

PROMISING INVESTMENT OPPORTUNITIES



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1. Market Environment of Property, Tourism and Leisure

Property Investment Environment

Current Status of Overseas Property Market

In 2012, the property development and tourism industries have been affected by the global crisis caused by the United States and Europe. As a result, many companies have chosen to participate in existing projects rather than initiate a new project. The resilience of the private sector has been weakened as the growth rate of the U.S. economy is expected to be lowered to 3.5% (compared to 3.8% in 2011) and the global economy seems to inevitably slow down due to the fiscal crisis in Europe while still suffering from the aftermath of the global financial crisis. This will ultimately lead to polarization of the investment market because it is expected to cause a withdrawal of investment and a decrease in the debt ratios of companies.

Current Status of Domestic Property Market

In 2012, the Korean economy is expected to grow by 3.6% (3.3% in the 1st half, 3.8% in the 2nd half). External factors, the global financial crisis and other uncertainties in the global economy will have negative effects on foreign investment.

Organizing new projects in the Korean property development market is difficult unless there is a guarantee for return on investment, due to the bankruptcy of mutual savings banks, regulations on loans for project financing (PF), and unstable recovery of investment. Foreign investors are making investments in retail, office and residential buildings (townhouses), and social overhead capital (SOC) projects due to high liquidation rates. They used to prefer independent investment projects but are now shifting to joint ventures. Also, the distribution industry is already being affected by the Korea-U.S. FTA and the Korea-EU FTA, so the commercial property market is expected to show positive changes.

Government Policies and Trends of Relevant Organizations

The designation of six free economic zones, two tourism and leisure cities, one special self-governing province, one multifunctional administrative city, and eight innovation cities shows the determination of the central government and municipalities to focus on locally centered models of land development. Private capital is essential in the process of making decisions on development areas and detailed project plans, so conflicts with private sector projects are possible.

Large-scale Local Development Projects

Diverse large-scale local development projects are being carried out: the Saemangeum development, 4-river project, relocation of public agencies, development of innovation cities, 2018 Pyeongchang Winter Olympics and 2012 Yeosu Expo. The common goal of these projects is the revitalization of local economies and more efficient development of national territory. As multiple projects are conducted simultaneously, it is difficult to concentrate investments on major projects, but investors have more diverse options.

Tourism and Leisure Investment Environment

The tourism and leisure industries are highly affected by economic growth. The UN World Tourism Organization (UNWTO) announced in October 2011 that the tourism industry started a slow recovery in 2009 and has now nearly returned to pre-crisis levels. Also, according to the World Travel & Tourism Council, the global tourism industry is expected to grow by 2.8% in 2012, attracting USD 2 trillion of capital investment and creating more than 100 million jobs. The annual average of capital increase will be 5% for the next 10 years (2010-2019) and total capital will amount to USD 2.6 trillion. In particular, the tourism industry of Far East Asia will grow by more than 6.7%.

Major Indicators of Tourism, Leisure and Local Development (December 2011)

[Unit: %]

	Korea	Japan	China	USA	Russia
Share of tourism in GDP	4.9	9.2	8.6	8.8	5.8
Expected real economic growth	4.8	2.3	12.9	1.8	4.1
Share of tourism in total employment	5.4	7.1	8.3	10.4	5.5
Share of tourism in total capital investment	2.1	2.9	3.3	5.2	2.1

Source: Statistics Korea

The World Economic Forum in 2011 announced that the competitiveness of Korea's tourism industry ranked 32nd out of the 133 countries surveyed and 6th out of the 26 Asia-Pacific nations. Korea has competitive advantages in cultural resources (5th), infrastructure for information and communications technologies (8th), and lags behind in terms of national awareness of tourism (120th) and price competitiveness (96th).

Investment Environment for Tourism, Leisure and Local Development

Advantages	Disadvantages
Cultural resources: 5 th	Awareness of tourism: 120 th
Infrastructure for information and communications technologies: 8 th	Price competitiveness: 96 th
Ground transportation: 18 th	Infrastructure for tourism: 94 th

Source: World Economic Forum 2011

Korea's Environment and Policies to Attract Investment in Tourism, Leisure and Local Development

Current statistics related to investment in tourism and local development are divided into several categories including food, accommodations, property, lease, recreation and entertainment. Over the past 5 years, investment in the tourism industry accounted for 20% of that of the service sector. In 2011, investment decreased to the 2009 level, but is expected to grow in 2012.

Investment in Tourism and Property by Sector

[USD million, %]

	2007		2008		2009		2010		2011	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
Total	10,515		11,711		11,484		13,071		13,673	
Services	7,612	72.4	8,387	71.6	7,594	66.1	6,302	48.21	7,269	53.16
Food & Accommodations (A)	422	5.5	37	0.4	176	2.3	58	0.9	127	0.9
Property & Lease (B)	977	12.8	689	8.2	1,420	18.7	2,687	42.6	1,474	10.8
Recreation & Entertainment (C)	366	4.8	151	1.8	55	0.7	110	1.7	469	3.4
(A)+(B)+(C)	1,765	23.1	877	10.4	1,651	21.7	2,855	45.2	2,070	15.8

Source: INSC (report basis)

Trends in the Tourism Industry

The Korea Cultural & Tourism Institute has selected 10 key trends in the tourism industry: 1) Expansion of multi-cultural tourism, 2) Rise of new senior consumers, 3) Expansion of health tourism, 4) Consumer-led creative tourism, 5) Rise of try-sumers (consumers who try new things), 6) Tourism guided by social network, 7) Introduction of greener business, 8) Social tourism (social tourism companies), 9) Expansion of neo-luxury, 10) Leisure zapping. This means that the industry is now shifting to a more complicated market. The number of visitors from neighboring countries (Japan, China) is largely affected by the ups and downs of the economy.

* Tourists from China: (2001) 12 mil. → (2005) 31 mil. → (2009) 48 mil. (18.8%↑ annually)

Domestic demand for tourism and leisure sports has also increased.

* In advanced countries, leisure sports such as horseback riding and yachting start to grow dramatically when countries achieve USD 20,000 of per capita national income (e.g. Japan in 1987).

Tourism and Leisure Investment Envir

• Trends in Foreign Investment

Singapore's development of an integrated resort has resulted in 3 million tourists on average annually, 30,000 new jobs, and 2% of annual GDP growth. After the successful hosting of the Shanghai Expo and the Guangzhou Asian Games, China also plans to attract more than 50 million tourists a year by making bold investments to found an international tourism industry complex that includes the KRW 3.5 trillion Disney Theme Park.

• Trends in Domestic Investment

Current projects have diversified targets and clear development purposes: The CJ Group's East Busan Tourism Complex, LEGO Land, floatels, integrated resorts in Chuncheon, Gangwon Province, Boonma Iho Land's integrated resort town in North Jeju Island, the Berjaya Group's investment in Seogwipo tourism and leisure complex (hotels, convention centers, casino for foreigners, resorts), SUTL (Singapore)'s North Port marina resort in Busan.

Market for Property, Tourism and Leisure

Foreign Investment in Tourism, Leisure and Local Development

Thanks to direct and indirect impacts of Korea's free trade agreements with the United States and the European Union, various foreign companies related to local development, tourism and leisure are operating in the Korean market. TAUBMAN, Forever21, Chelsea and KOZAR LLC from the United States, China's Boonma and Australia's Macquarie have participated in local development projects. The Oriental Mandarin Hotel plans to open a branch in Seoul, where the Banyan Tree Hotel has already been established. Jeju Island is attracting investment from Chinese investors, as Boonma Group is investing in Iho Land and Malaysia's Berjaya is investing in the Yaerae Complex. With Korea's marine tourism industry attracting worldwide attention, marina resort development companies including the U.S.' FMD, Singapore's SUTL and Australia's BP Development are penetrating the Korean market.

Foreign Company Investment Trends

Investors prefer greenfield investments or participation in existing development projects. Also, they are mitigating risks by taking part in consortiums or establishing SPCs rather than ownership investment.

Investment Market Related to Korea's FTAs with USA and EU

As investors and retailers see profit possibilities in shopping malls, distribution, and logistics thanks to the effectuation of Korea's FTAs, they are negotiating with domestic companies for joint investment and monitoring the investment market. Companies including TARBMAN, 555, FOREVER 21, MERLIN Entertainment Group, and Simon Property Group are investing through consortiums with Korean partners. IKEA and Decathlon are making ownership investments.

2. Market Environment for Investment in Tourism and Leisure

Hotels

Domestic Hotel Industry

As of 2009, the number of hotels in Korea was 674, with 73,175 rooms. High-end hotels accounted for a large part, at 35,768 rooms (48.9%), compared to the 24,369 rooms (33.3%) of low-end hotels. In Seoul, there are 23,864 rooms from 137 hotels, which seems insufficient to meet the demands of foreign tourists. In particular, the number of low-end hotels is especially small.

Hotels in Korea by Class (Dec. 31, 2009)

		High-end hotels			Low-end hotels			Other (e.g. family hotels)	Other	
		Top 1	Top 2	Total	1 st class	2 nd class	3 rd class			Total
		No. of hotels	61	78	139 (20.6%)	172	120			75
Korea	No. of rooms	21,785	13,983	35,768 (48.9%)	14,282	6,080	4,007	24,369 (33.3%)	13,038 (17.8%)	73,175 (100%)
	No. of hotels	18	25	43	33	23	13	69	25	137
Seoul	No. of rooms	9,399	5,924	15,323 (64.2%)	3,656	1,412	666	5,734 (24.0%)	2,807 (11.8%)	23,864 (100%)

- 74.8% of tourists in Korea stay at hotels and only 6.5% use motels or inns.
- More infrastructure for tourist accommodations is needed to address the lack of hotels in the Seoul metropolitan area and attract more foreign tourists. About 60-70% of the tourists visiting Korea stay in Seoul or nearby cities such as Incheon, aggravating the lack of accommodations in Seoul.
- More mid- and long-term strategies are needed to establish infrastructure for tourist accommodations, creating more demand for traveling to the West Coast area, which is within a day trip's distance from Seoul. The demand is expected to amount to 700 million visitors. The number of Chinese tourists traveling abroad is among the highest in the world, but only 2.9% of them are visiting Korea.
 - * Number of Chinese traveling abroad (2009): 45 million
 - Number of Chinese traveling to Korea: 1.34 million
- Attracting only 5% of the Chinese tourists (estimated to be 100 million in 2012) would mean 5 million additional tourists in Korea, but if Korea plans to attract 10 million tourists in 2012, about 16,000 more rooms will be needed in the Seoul metropolitan area.
- According to recent research on incoming tourists, if Korea aims to attract 10 million foreign investors in 2012, 33,000 more rooms are needed across the country.

Demand for Tourism Accommodations

Year		Supply and Demand of Hotel Rooms		Supply and Demand Analysis				
		Current supply	Excess	No. of people using hotel facilities	Occupancy rate	Days spent in hotels	No. of people staying at hotels	Appropriate occupancy rate (70%)
2009	Korea	73,175	+ 4,113	7,818,000	74%	6.1 days	2	69,062
	Seoul	23,864	- 10,667	3,909,000	74%	6.1 days	2	34,531
2012	Korea	84,951	- 3,386	10,000,000	74%	6.1 days	2	88,337
	Seoul	27,705	- 16,463	5,000,000	74%	6.1 days	2	44,168

* 5.1% growth rate applied until 2012, based on the assumption that domestic tourists use accommodations other than hotels.

* Assuming that 50% of foreign tourists stay in Seoul.

Construction of Tourist Hotels in Seoul

Construction of Hotels (2010-2016)

	Total	Under construction			Planned				
		Total	High-end	1 st class	2 nd class	Total	High-end	1 st class	2 nd class
No. of hotels	31	13	6	3	4	18	10	6	2
No. of rooms	7,587	2,496	1,812	435	249	5,091	3,756	1,201	134

- Sites for New Construction
 - Dongdaemun Design Plaza: 1 high-class hotel, 2 business hotels
 - Partial recognition of public contribution when constructing a business hotel in sites subject to prior negotiation for changes in urban plans
 - Incentives for tourist hotel construction in sites for urban environment improvement projects
 - Operation of "consulting doctors" for tourist hotels
 - Consulting services to facilitate the small and mid-sized tourist hotels and to attract more foreigners
 - Foundation of large tourism and accommodation complex in Seoul for foreign tourists
 - Foundation of large tourism and accommodation complex connected to exhibition and convention-centers
 - Facilities for one-stop tourism services: Casino, duty-free shops, restaurants

Marina

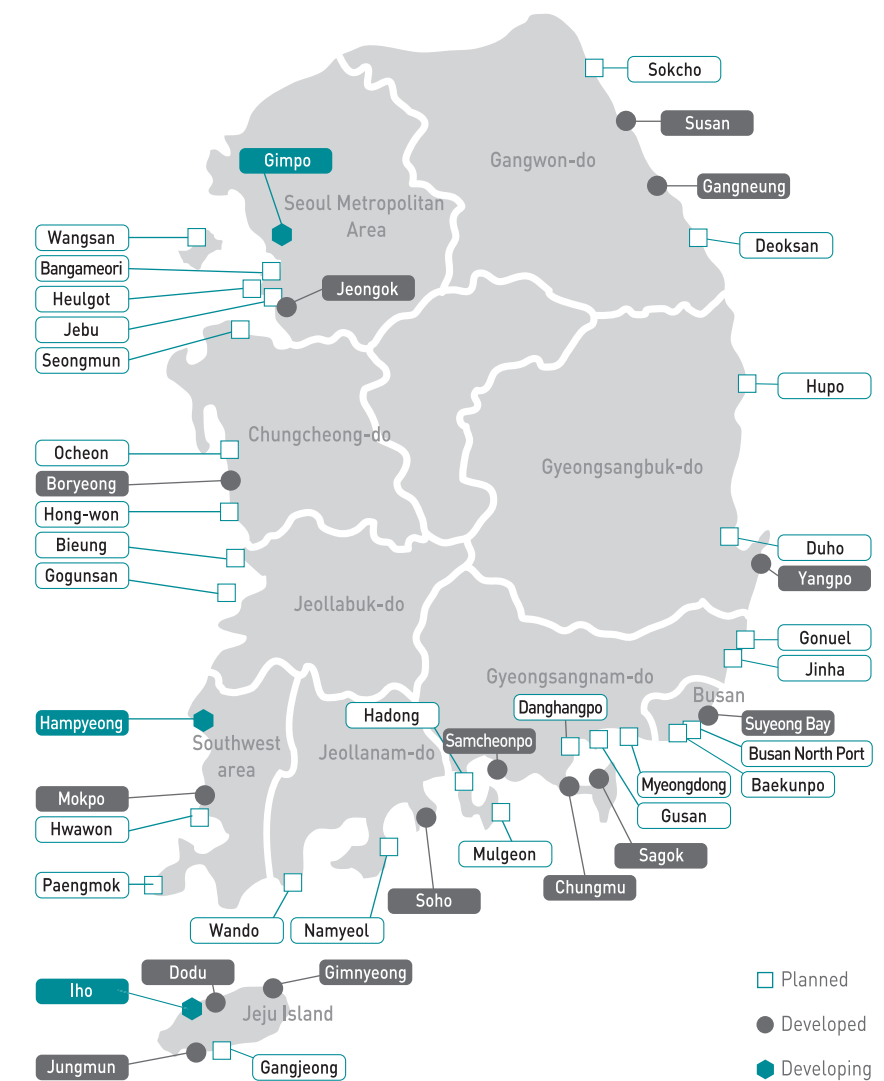
Domestic Marina Industry

- Starting from Suyeong Bay (1986), 14 marinas have been founded in Korea, including in Jeongok and Mokpo. However, berthing facilities are still insufficient (1,240 ships, 17.8% of the total number of yachts (6,967).
More marinas are planned along rivers due to access to cities and constant temperatures (Seoul Marina at Han River, Gimpo Marina at Gyeongin Ara Waterway).
- Currently, eight public marinas and six private marinas are being operated, and recently, private marinas that provide other services including resorts (Chungmu) and conventions (Seoul) have been founded.
* (Public) Suyeong Bay, Jeongok, Mokpo, Gimpo, Susan, Gangneung, Yangpo, Soho (Private) Chungmu, Seoul, Samcheonpo, Dodu, Gimnyeong, Jungmun
- Marinas are not recreational facilities for high-income classes, but national infrastructure that creates jobs, facilitates tourism and helps the growth of small and medium sized enterprises. Korea needs specific strategies to nurture the marina industry as countries like Australia and Singapore do (e.g. East Asia yacht hub strategy). In order to attract more Chinese tourists who would otherwise go to Southeast Asia, Korea should develop marinas with accommodations, high-quality services and differentiated contents such as resort-type marinas.
- Development of Cooperation Model Between Government, Municipalities and Private Sector
 - The private sector leads the development of small marinas within idle coastal ports and fishing ports.
 - Plans are being reviewed to encourage participation by municipalities, fishers and private companies, considering the utilization of facilities and fit with residents.
 - The development of marinas is led by the private sector, as they can reap profits by operating additional facilities, including resorts. The government provides incentives such as exemption from fees for occupation or use. The government actively attracts investment from the private sector and links the investment with the development of tourism complexes (Ministry of Culture, Sports and Tourism), as the industry is still in its infancy.
- Demand Expansion Through Network Improvement and River Marinas
 - Founding network between each zone specializing in different functions.
 - Developing river marinas with easy access to cities, encouraging the use of yachts.
- Institutional Improvement for Facilitation of Private Investment
 - Constructing residential facilities and including real estate investment trusts in developers to enable sales of houses within marinas (2013, revision on Act on the Development, Management, etc. of Marinas, and the Enforcement Decree).
 - Adopting membership systems and preferential sales systems of berth seats to raise return on investment (2012 revision on Act on the Development, Management, etc. of Marinas).
 - * Sales of berth seats before the completion of construction so that developers can recover or prepare for investment.

2012 revision on Marina Act, River Act: Reduction of fees for occupying or using public waters regardless of location (rivers, seas), developers (private, public) or development procedures (Marina Act, other acts).

* Private sector projects are subject to 100% reduction of fees for occupation or use, unless otherwise specified in the Marina Act (50%).

Prospective Locations (44) for Marina Ports



Basic Plan for Marina Port Development (Jan. 2010)

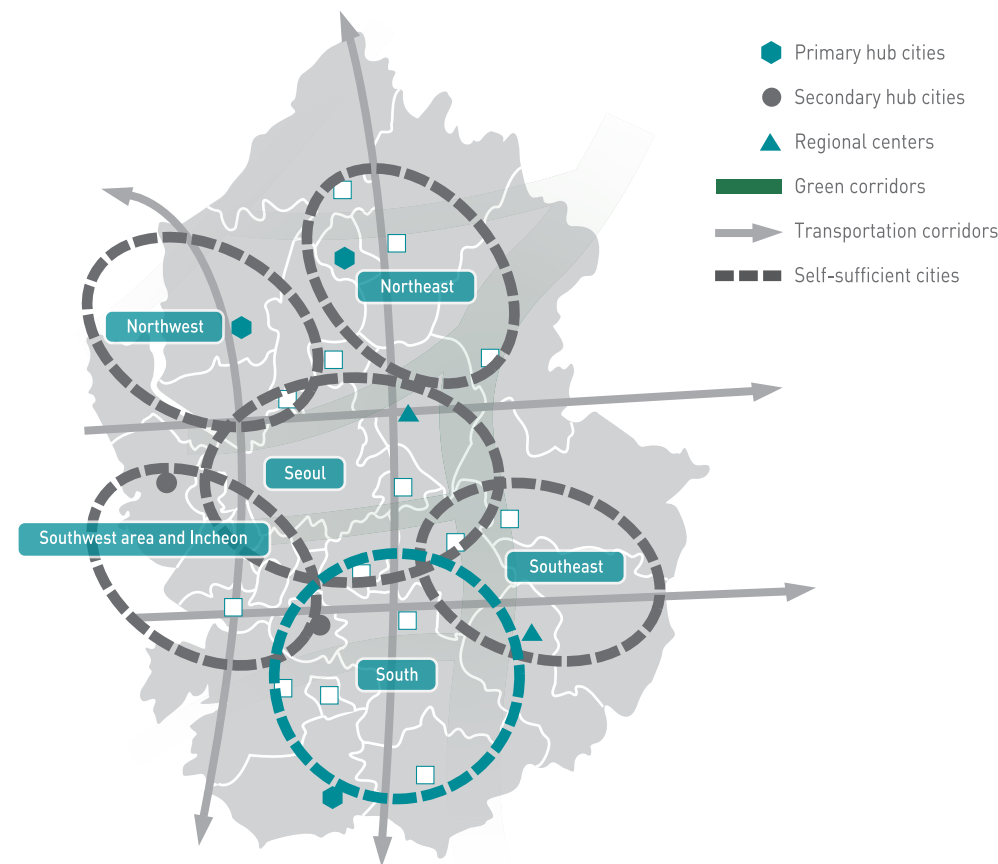
Applicable law	Act on the Development, Management, etc. of Marinas (enacted in June 2009)
Scale of development	44 marinas in 10 areas from 2010 to 2019 * Seoul Metropolitan Area (6), Chungcheong-do (4), Jeolla-do (9), Gyeongsang-do (16), Gangwon-do (4), Jeju-do (5)

Townhouses

Domestic Townhouse Industry

- Construction of townhouses is increasing mostly in Seoul and its vicinity, due to rising interest in townhouses.
- Many consumers prefer apartments for the sake of convenience, but as standards of living rise, attention is shifting to townhouses to avoid crowded apartments and urban lifestyles.
- Examples of townhouses: Apfelbaum and Dongyeonjae, Dongbaek, Yongin; Bunjiul Junwonmaeul, Yangpyeong; Pos Home Town, Yongin.
- The Land & Housing Corporation plans to increase the supply of townhouses to the 2nd new towns, including Paju and Unjeong, and multifunctional administrative cities.

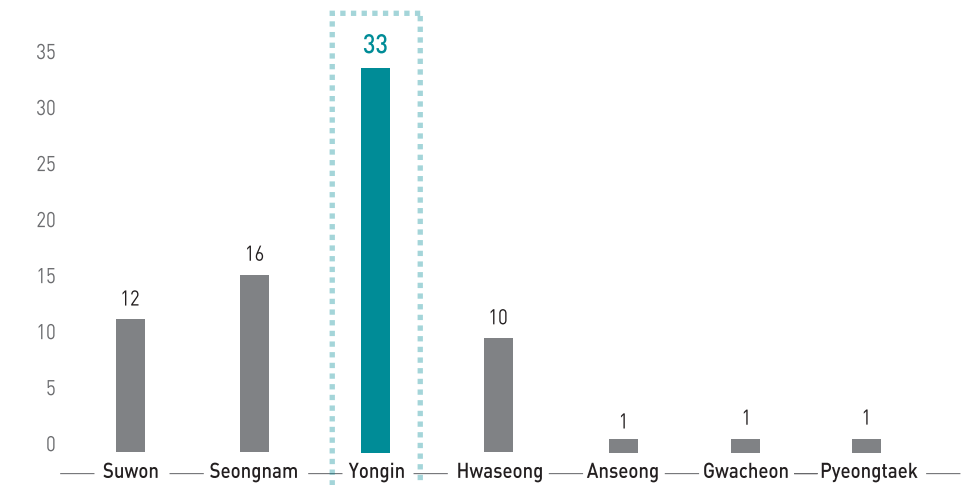
Townhouses in the Seoul Metropolitan Area (October 2011)



Source: Best Haus

- 102 townhouse complexes in the Seoul Metropolitan Area
- The most townhouses are located in the southern part of the metropolitan area (72.55%, 74 houses).
- 13 (12.75%) in the northwest, 8 (7.84%) in Seoul, 4 (3.92%) in the northeast, 2 (1.96%) in Incheon and the southwest, and 1 (0.98%) in the southeast area

Number of townhouse complexes in the southern part of the metropolitan area



Yongin accommodates the largest number of townhouses at 33 (44.59%) among cities in the southern part of the area.



• Limitations and Future Direction of Domestic Townhouses

- Townhouse prices are too high due to an excessive focus on the image of high-end residences. Most of them are very large in order to avoid regulations. So even if the price per unit is relatively low, the total price becomes high.
- Unless the price of townhouses is 20% lower than that of nearby row houses, they are not subject to the bond bidding system, maximum price limits and restrictions on mortgage loans.
- A proper institutional framework is needed to fit each type of housing such as row houses, multiplex houses and multi-household residences
- Easier regulations and thorough plans should be provided to develop both urban townhouses that are appropriate for crowded downtowns and suburban townhouses that usually serve as a second house.
- In 2012, the revitalization of the property market is expected to expand the supply of townhouses
- The supply of townhouses has been suspended since the 2008 global financial crisis. Stagnation in the apartment market is aggravating townhouse supply prospects.
- Experts say the property market will be revitalized from the first half of 2012, and various types of townhouses are expected to appear due to the diversification of residences such as duplex houses.

Silver Towns

• Domestic Silver Town Industry

Facilities for the elderly used to have a negative image, but currently, people see them as elements of a positive lifestyle where the elderly can enjoy an independent and relaxed life away from their children.

Number of Silver Towns in 2008 by Region

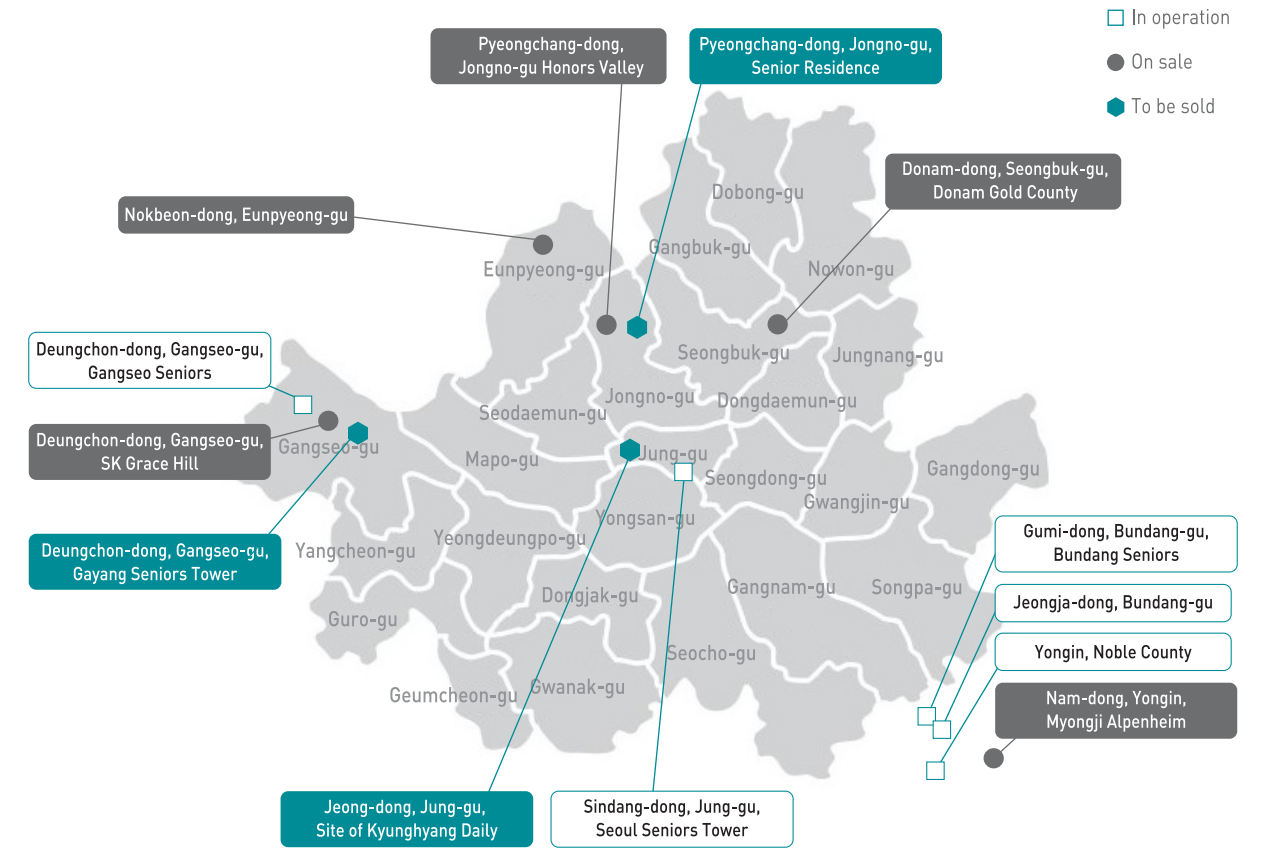
	Private facilities for elderly care	Private welfare housing for elderly
Seoul	3	3
Busan	2	3
Daegu	1	0
Incheon	1	0
Gwangju, Daejeon, Ulsan	0	0
Gyeonggi	28	5
Gangwon	11	1
Chungcheongbuk-do	4	0
Chungcheongnam-do	12	0
Jeollabuk-do	2	1
Jeollanam-do	1	0
Gyeongsangbuk-do	4	1
Gyeongsangnam-do	7	0
Jeju-do	0	0
Total	76	14

Source: Welfare facilities for the elderly by Ministry of Health & Welfare

- The current number of senior facilities falls far short of future needs, given the assumption that the demand for such facilities will increase with the rapid growth of the senior population.

Urban silver towns have been appearing recently in Seoul and the vicinity. In addition, silver towns that served as country houses in the early stages are being relocated to urban areas to improve access to cities and hospitals.

Silver Towns in Seoul (August 2005)



• Conditions for Developing Silver Towns

- The most important feature of silver towns is the provision of services, so it is risky to approach a silver town as a means of asset growth. No one moves into silver towns to increase the value of their asset or to own a house. Therefore, the purposes should be clear from the design stage of a silver town. It is most appropriate to follow a common development scenario (development, development & operation, transfer after development, outsourcing after development).
- Silver towns are mostly resided in by the elderly who have enough asset income after retirement, including liberal professionals, veterans, and former executives of large companies. They are the major targets of silver towns because they have money and tend to be independent. User-charged silver towns should be particularly careful in choosing customers because they are targeting the elderly with financial stability. Such customers dread depending on their children and are psychologically isolated but want to continue enjoying cultural life after retirement.
- Appropriate marketing strategies and cultural buffers are needed so that silver towns can be accepted as a trend rather than as part of unethical behavior that goes against Korea's traditional filial duty.

Theme Parks

• Domestic Theme Park Industry

- Korea's theme park market is the second largest in Asia with 3 (Everland, Lotte World, Seoul Land) of the world's top 50 theme parks. Customers are concentrated mostly in the three. The number of visitors has fallen since 2006.

Number of Visitors to Domestic Theme Parks

(Unit: 1000, %)

	2004	2005	2006	2007	2008	2009
Everland	8,196.8	8,650.5	8,342.6	8,150.0	8,070.0	7,820.0
Lotte World	7,538.7	5,062.3	4,344.6	2,408.8	4,448.5	4,400.2
Seoul Land	2,068.3	1,895.4	1,769.1	1,880.0	1,876.6	1,726.7
Korean Folk Village	1,445.7	1,387.2	1,384.1	1,387.7	1,337.2	965.0
Total of the Seoul metropolitan area (Growth)	17,449.4 [-10.6]	16,995.4 [-2.6]	15,840.4 [-6.8]	13,826.5 [-12.7]	15,732.3 [13.8]	14,911.9 [-5.2]
E World	2,327.6	1,911.2	1,750.7	1,710.3	1,802.4	1,506.0
Daejeon Kumdori Land	658.0	820.5	910.2	662.8	742.0	661.0
Daejeon O-World	1,105.3	822.2	892.6	819.4	938.0	950.0
Gyeongju World	1,017.4	918.2	809.4	809.6	1,150.0	1,206.0
Kumho Family Land	1,047.6	917.2	800.8	771.3	661.7	625.0
Tongdo Fantasia	857.5	868.6	751.9	687.8	609.0	537.0
Bugok Hawaii Land	868.2	771.9	727.7	687.3	671.0	459.0
Jeonju Dream Land	613.4	570.7	574.4	695.7	830.0	801.9
Total of the rest (Growth)	7,907.4 [-10.3]	7,600.4 [-3.9]	7,217.8 [-5.0]	6,844.1 [-5.2]	7,404.1 [7.5]	6,745.9 [-8.9]
Total (Growth)	25,356.9 [-10.5]	24,595.8 [-3.0]	23,058.2 [-6.3]	20,670.6 [-10.4]	23,136.4 [11.7]	21,657.7 [-6.4]

Source: Ministry of Culture, Sports and Tourism.

Note: 1) Everland figures include Caribbean Bay, 2) Figures based on paid customers.



Korea's top 2 theme parks: Lotte World (left) and Everland (right)

• Spread of Large Multifunctional Theme Parks

- Currently, popular theme parks in Korea such as Everland and Lotte World are located in urban areas or in the suburbs of large cities. None of the domestic theme parks are multifunctional theme parks where visitors can stay for over one day, like Disneyland. Recently, Japanese theme parks have also combined with other facilities, such as a spa, in order to attract more visitors and increase the time spent in the parks.

ex) LaQua Spa in the Tokyo Dome City.

• Participating in Development of Theme Parks

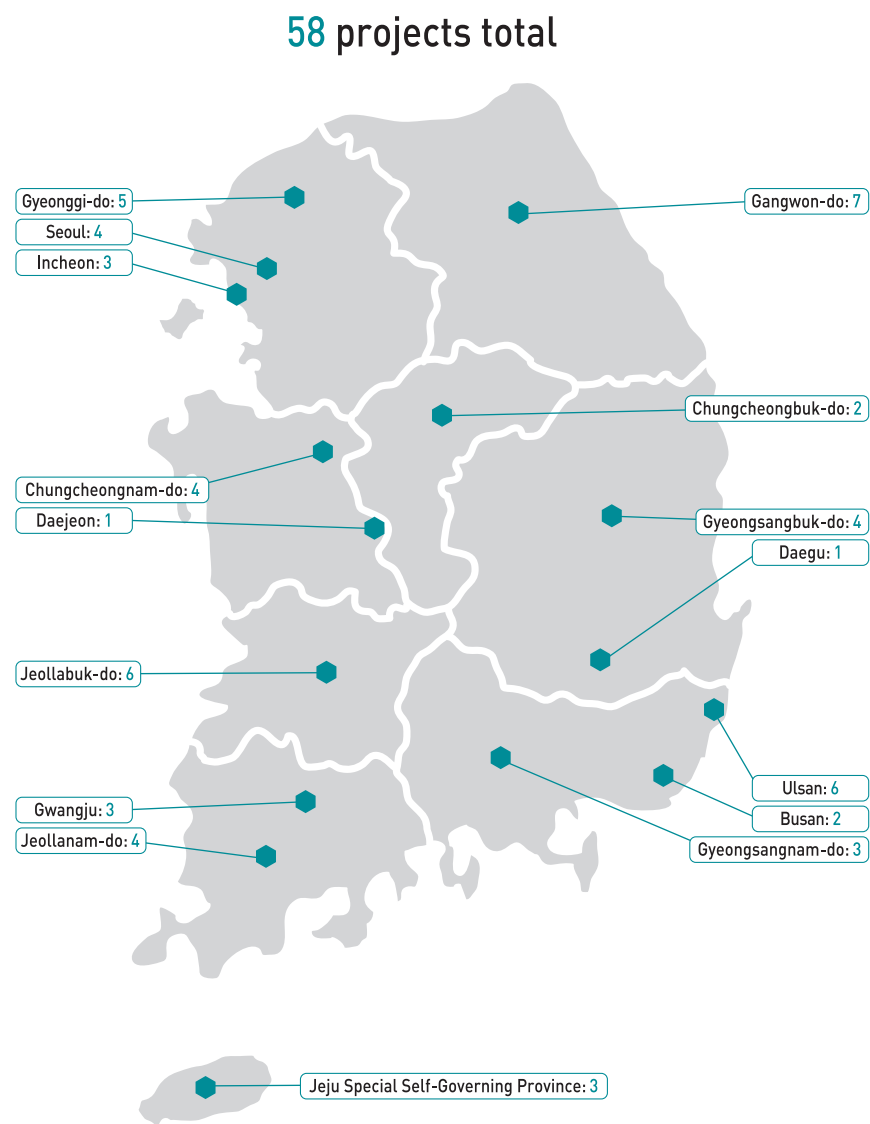
- Theme park projects require a large amount of initial investment, so support from municipalities is necessary. In particular, cost for land is critical because theme parks need to be located in a huge area with good conditions. Therefore, agreements with municipalities on land use could guarantee stable development from the initial stages.

ex) Seoul Land used the land free of charge for a long period of time, on the condition of returning the facilities to the city after the completion of construction. After the return, it paid a fee of 5% of the appraised value of the land and facilities.

• Development of Korean-Style Theme Parks

Theme parks should be tailored to the needs of Koreans, and the chains of global theme parks need strategies to appropriately localize. There have been many cases of failures due to a lack of localization strategies. Euro Disneyland, which opened in 1992, recorded 300 million francs of deficit in its first year.

3. Major Projects to Develop Property, Tourism and Leisure



Development Projects by Government and Municipality

1. Free Economic Zones (6)

01 | Saemangeum Gunsan Free Economic Zone (SGFEZ)



- Location: Gunsan City, Kimje City, Buan County (Jeollabuk-do)
- Area: 401km² (land formation 283km², freshwater lake 118 km²)
- Hub of the West Coast economic bloc, connecting Korea, Japan and China (covering 17.5% of the global GDP)
- The enactment of the Special Act to Promote Saemangeum Project has accelerated approval and administrative procedures. The zone will be nurtured as a new center for tourism and leisure in Northeast Asia. SGFEZ will feature an international marine tourism complex in Gogunsan Islands and the world's longest Saemangeum seawall (33km).
- The vision of SGFEZ is to become a competitive and sustainable economic zone featuring future-oriented new industries, in order to nurture knowledge-creating industries and new growth engines.
- Combining the tourism of the Dongjin River and SGFEZ would lead to an inception of a new international tourism hub that covers leisure, tourism and eco-tourism.

02 | Gwangyang Bay Free Economic Zone (GFEZ)



- Location: Yeosu, Suncheon, Gwangyang (Jeollanam-do) and Hadong (Gyeongsangnam-do).
- Area: 85.28km²
- Production inducement KRW 164 trillion; value added KRW 66 trillion; job creation 79,000
- GFEZ is aimed at establishing a mega hub port of Northeast Asia with 16 berth seats at the Gwangyang Port by completing the first-stage development of the port and a logistics complex in the hinterland. GFEZ is making efforts to become a leading free economic zone in Korea by developing

environmentally friendly hinterlands that feature several functions, including residence, education and research.

- GFEZ is actively identifying target companies in order to attract investment by contacting overseas economic organizations and increasing the number of economic experts designated for each region abroad.
- Aside from business services, the GFEZ provides many services including residence, R&D and education for foreigners and foreign companies.

03 | Busan-Jinhae Free Economic Zone (BJFEZ)



- Location: Gangseo-gu (Busan), Jinhae-gu (Changwon, Gyeongsangnam-do) and five areas (New Port, Myeongji, Jisa, Dudong, Ungdong)
- Area: 83.1km² (21 districts)
- BJFEZ is aimed at constructing an economic hub of Northeast Asia with 30 berth seats, an advanced industrial complex, an international business complex, foreign educational institutions, foreign hospitals, a tourism and leisure complex, advanced labor system, world-class market for foreign currencies and diverse services provided in different languages. To that end, it is pursuing a close connection with the Busan Port, which has the 5th largest cargo volume in the world.
- BJFEZ has a geopolitical advantage, as it is located between China, the largest market in the world, and Japan, a strong economy. More than 60 big cities with a population of 1 million are located within a 3-hour flight. Its importance will grow on the global stage as Korea, China and Japan are expected to account for one third of global trade by 2020.
- With the completion of the New Port, the zone will surely become a global trade center featuring a container terminal with 30 berth seats and 15 million TEU cargo. It will also accompany the foundation of Sinho Industrial Complex, Busan Science and Industrial Park, foreign investment zone industrial park and Mieum District High-tech Industrial Park to further develop future industries.

04 | Incheon Free Economic Zone (IFEZ)



- Location: Songdo, Yeongjong, Cheongna (Incheon)
- Area: 53.5km² (Songdo), 98.4km² (Yeongjong), 17.8km² (Cheongna)
- Formation of separate zones specializing in different functions (Songdo – business, IT·BT / Yeongjong logistics, tourism / Cheongna – finance, leisure)
- The international business complex is now in the last stages of construction. It will serve as an excellent business venue that provides the highest quality support for businesses, attracting companies from Korea and abroad.
- IFEZ provides every advantage as a planned city, including a convention center with innovative design (Convensia), high-class hotels, international schools, museums, high-end shopping malls and the Jack Nicklaus Golf Club Korea.

05 | Yellow Sea Free Economic Zone (YESFEZ)



- Location: Songak District (Dangjin), Inju District (Asan), Poseung District (Pyeongtaek)
- Area: 15.8km²
- The Yellow Sea FEZ is aimed at developing a knowledge-creating economic zone and forming a base for exports to and imports from China. It is jointly developed by Chungcheongnam-do and Gyeonggi-do.

- YESFEZ is comprehensively developing various functions including logistics, production, R&D, international business, residence, education and entertainment based on a world-class business cluster. It provides foreign companies and individuals with many incentives, including tax breaks, to enable freer and better business activities.
- Unlike other free economic zones, which focus on development as a hub, YESFEZ pursues network-type development that emphasizes the balanced development of different regions. Also, it concentrates on high value-added logistics, particularly related to trade with China, rather than general international education.

06 | Daegu-Gyeongbuk Free Economic Zone (DGFEZ)



- Location: Dong-gu, Suseong-gu, Nam-gu, Dalseong-gun (Daegu) and Pohang, Gumi, Yeongcheon, Gyeongsan (Gyeongsangbuk-do)
- Area: 32.56km² (10 districts)
- The Special Economic Zone for Knowledge Creation is aimed at establishing a model for inland economic zones that is differentiated from economic zones located at ports and becoming a Northeast Asian center of knowledge-based industries by attracting foreign investment.
- DGFEZ is making efforts to differentiate itself by establishing a network-type economic zone and pursuing the co-existence of different regions. It maximizes profit and minimizes financial dependence on the central government in order to found an environmentally friendly and sustainable free economic zone that guarantees independence.
- Access to the 11 districts in the zone will soon be improved dramatically. The government is deliberating on next year's budget of KRW 17 billion for three construction projects: an arterial road in the Technopolis (breadth 35m / length 5.2km), access road in the Suseong medical district (20m/1.8km) and arterial road in the Seongseo high-tech industry park.

2. Enterprise Cities

01 | Wonju Enterprise City



- Location: Gagok-ri & Sinpyeong-ri, Jijeong-myeon / Mujang-ri, Hojeo-myeon of Wonju, Gangwon-do
- Area: 5,290,000m²
- Target Population: 25,000
- Facilities: Advanced medical and health/bio industry complex, research institutes, logistics centers, medical & science parks, housing, public facilities
- Knowledge-based enterprise city: Center of cutting-edge medical and bio industry
- Major transportation point of central Korea: Intersection of three routes (Yeongdong Expressway, Joongang Expressway, a national highway), the Joongang Railroad connecting the Seoul and Yeongdong area, the airport in Wonju (Hoengseong)
- Logistics hub: Roads, railroads and air network running in all directions
- A central city of central Korea: A city that connects the inland Gangwon area, Gangwon Yeongdong area, Gyeonggi-do and Chungcheong-do

02 | Chungju Enterprise City



- Location: Iryu-myeon and Gageum-myeon, Judeok-eup, Chungju-si, Chungcheongbuk-do
- Area: 7,012,760m²
- Target population: 20,600
- Facilities: Industrial land for parts and materials of IT, BT and NT connected to R&D, corporate support centers including convention centers, complexes for residential and commercial purposes, multi-purpose sports facilities, infrastructure for various industries.

- Easy access to Seoul (1 hour) and the rest of Korea (up to 2 hours) – major traffic point of central Korea; Jungbu Naeryuk Expressway, Dongseo Expressway (under construction), Jungbu Naeryuk subway line (under construction), Cheongju International Airport (40 min), Yeongdong Expressway (30 min), Joongang Expressway (30 min).
- Synergy effects from the nearby Chungju High-Tech Industrial Park, abundant water resources and electricity from Chungju Dam, various spaces for leisure such as mountains, spas and lakeshores, self-sufficient and advanced enterprise city.

4. Successful Investment Cases

1. IFC Seoul

- Location: 23-1, Yeouido-dong, Yeongdeungpo-gu, Seoul
- Area: 33,054.9 square feet
- District types: General commercial area, public facilities protection district, environment improvement district
- Floor area ratio: 8.00x
- Total floor area: 5,460,000 square feet; floor area: 3,300,000 square feet; underground area: 2,160,000 square feet
- Developer: AIG Korean Real Estate Development
- Land information: Rectangular shape, possibility of being connected to a subway station, Han River within view.



2. Forever 21 (fashion retail) Shopping Mall

- Developer: Forever 21, Steiner, Sharaf Group
- Design: 3+ Tokyo
- Constructor: Samsung C&T Corporation
- Area: 185,124m²
- Facilities
 - 1) Commercial facilities (department store, designer-name stores, retail): 218,182m²
 - 2) Culture/entertainment facilities (medical, exhibition/performance): 46,280m²
 - 3) Convenient facilities (hotels, condominiums, restaurants): 158,678m²
 - 4) Parking lots: 591,736m² (above-ground: 320,000m², underground: 271,736m²)



3. AMEC (Incheon Bridge)

- The Incheon Bridge is the longest bridge in Korea and the 5th longest cable-stayed girder bridge in the world.
- The bridge is 12.3km long and connects Songdo International City, Yeongjong Island and Cheongna district.
- The bridge links the Incheon Free Economic Zone and the Incheon International Airport and is the first project in Korea to be developed by a foreign company (AMEC).
- Project manager: Incheon Bridge Investment Ltd. (41%), AMEC (23%), Incheon City (6%), Kookmin Bank (15%), Korea Development Bank (15%)



4. Berjaya Jeju Resort

- World-class resort-type complex featuring residence, leisure and medical services
- Thanks to continuous investment in the joint venture since 2008, FDI has reached KRW 124.6 billion.
- Construction started in the first half of 2009 and the resort is planned to open in the second half of 2015.
- Location: Yaerae-dong, Seogwipo-si, Jeju-do
- Area: 744,000m²
- Developer: Berjaya Jeju Resort
- Facilities: Resort, condominiums, hotels, convenient facilities



5. LEGO Land

- First LEGO Land in East Asia
- Location: Chuncheon, Gangwon-do
- Area: 1,322,000m²
- Project period: 2011-2018
- Facilities: LEGO Land (theme park), tourist facilities, hotels and accommodations, premium outlet
- Developer: Merlin Entertainments Group
- Investor: SPC



6. SUTL Global Marina Busan

- Busan Port Authority signed a memorandum of understanding with SUTL Group for cooperation.
- First marina project in Korea to attract foreign investment
- Busan has high potential for the development of relevant industries.
- Development method: BTO
- Location: Jungang-dong, Jung-gu, Busan
- Area: 99,190m²
- Project period: August 1, 2012 - March 31, 2014
- Facilities: Clubhouse, international conference rooms, port facilities
- Berthing capacity: 200 ships



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