



Broch Industries

REAL ESTATE INVESTMENT OPPORTUNITIES IN SOUTH KOREA



May 2014

Summary

1. Korea

Projet	Reference	Price M\$		Yearly Net Profits
Gangnam Business Hotel, Seoul Korea	HH1901	129	(all included)	8% + α (land increase)
Luxury 5 stars Casino Hotel, Busan Korea	HC1910	650		7,5% + α (land increase)
Hally-World Hotel, Seoul Korea	HH1902	60	(all included)	7.8 % + α (land increase)
Business offices at Songdo, Seoul Korea	CC1910	190		6%
Center of North Port, Busan (KOREA)	CC1910	333		10%
Ocean Six Well-Being Center , Ansan (Korea)	CC1905	80	(all included)	11 % + α (land increase)
Richwell Tower Building Teaser	646-13	24.3		7.48%
Overview of Galsa Ship building		600		6%
Overview of DuckchunEcocity		400		6%
Total		2466.3M\$		

WHY SOUTH KOREA ?

The economy of South Korea is the third-largest in Asia and the advantages to have a foot in Korea are numerous:

60 min Shanghai
1h30min Tokyo
2h30min Hong Kong
5h30min Singapore



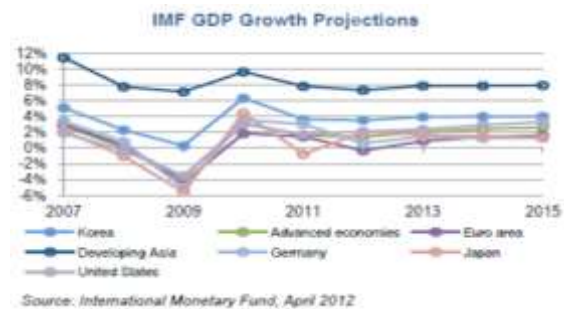
From Korea, you have access to 1/3 world population within just 3.5 hours flying time, making Korea the business hub of all North-East Asia !

Advantages of Korea Location



“ South Korea offers appealing growth, world brands. ”

“ With one of the best growth rates among OECD countries, we believe South Korea's dynamism is unique. The adjective 'emerging' no longer applies in our view – the IMF expects its GDP to grow by about 4% annually until 2015, much higher than in many developed economies. The country boasts a budget surplus and relatively low and stable inflation. ”



[BNP PARISBAS. Emmanuelle Wilbrod, Investment Specialist – Emerging Markets. 02/07/2012]

“ Investing in S. Korea Today is Like Buying the U.S. in the 1990s. ”

“If you're tired of the crisis a month routine we've seen with the United States and the Eurozone, there's always South Korea.

In fact, for demographic and budgetary reasons, South Korea is much like the United States was during the prosperous 1990s--not the deficit-ridden, slow-growing place the U.S. has become.

The truth is South Korea, has very little foreign debt, and recently re-elected the pro-business party by a comfortable margin. What's more, South Korea has kept its government the smallest in the OECD club of rich nations.

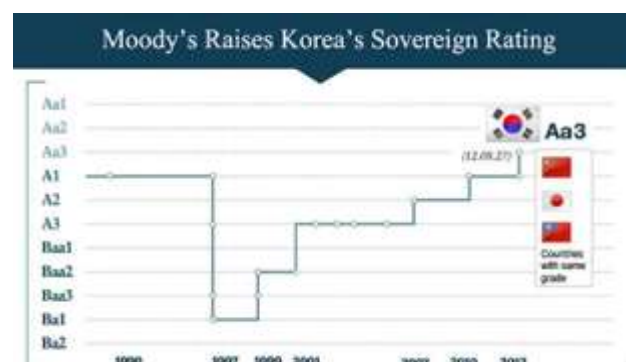
So if you haven't considered investing in South Korea you should.”

[By MARTIN HUTCHINSON, Global Investing Specialist, Money Morning January 21, 2013.]

“ Moody's Upgrades Korea's Credit Rating to Aa3s ”

“ Moody's Investors Service has upgraded Korea's credit rating from A1 to Aa3, while maintaining its stable outlook. The Aa3 and stable ratings are the highest rating the country has ever received. (...)

The rating agency's reasons for the upgrade included: 'strong fiscal fundamentals', 'a high degree of economic resilience and competitiveness', 'reduced external vulnerability of the banking sector', and 'continuation of status-quo in North-South geopolitics'...”



[Source: Moody's Investors Service]

BROCH INDUSTRIES (BI)

Introduction of BI

BROCH INDUSTRIES (BI) is an investment advising firm with a Team in Europe, South Korea and China.

Our Associates are working in finance and real estate for over 20 years, and they are ready to support your investment strategies in case of need.

Our strategy is to identify as early as possible exceptional investment opportunities with a low risk profile and a “ready to be invested” position (land acquired, construction permits, initial investments, management team, market needs validated, etc.)

Our investment targets are generally premium real estate projects (comparative higher profit profile with maximum collaterals).

We are proposing some services like:

Professional Services	Management Services
BI is able to develop highly specialized management services, in reference to our knowledge of the property business, with support of qualified professionals and a high volume of activity.	Complete management activities, including the buying, selling, renting, providing insurance and financial planning services enabling our Clients to find the best solution (with analyses & market study). Management of large portfolio of residential and commercial buildings for both private and institutional owners. Residential lease management: specialists in residential leasing and management, PPE residential or commercial lettings.
Expertise	Compliance regulatory advises
BI can provide a quality service and integrate a wide range of expertise and a high level of skill in property management appreciated by our clients: complete property consultancy.	We can provide in strict compliance with statutory and regulatory requirements, appropriate advices and guide you through the process of buying or selling a property, using a large client base to buy or to sell quickly, with regular law updated.

Location Expert Strategy

All investment projects should be well planned, with the adapted and flexible financial and legal structures:

Our support in investment strategy is to consolidate for our Clients local resources (local financing sources, banks, law firms, real estate experts & asset assessment companies) in order to guaranty the fluidity, transparency and control of all due diligence processes and investment transactions.

Concerning South Korea, we believe it could be for professional investors an excellent place for their diversification strategies.

South Korea is offering one of the best ratio in term of risk placement and profit return among OCDE countries:

The main Advantages are:

1. Foreign investors can legally acquire land
2. High asset protection and conservation (Legal Protection)
3. Clear ownership structures (Ownership Guaranteed)
4. Profits of land price are raising (Economy Growth)
5. Renting and operation profits guaranteed (Master Lease Contract)
6. Possibility to hedge totally against capital loses
7. Management from professional fund managers
8. Transparent accounting and fiscal systems
9. Comparative low management fees
10. No discrimination between local or foreign capital

Investment vehicles

Investment can be made simply by direct ownership or could be performed through various special investment vehicles (Swiss or Luxembourg Equity Holding Company backed by a Real Estate Trust Fund (RETF), or Real Estate Investment Trust (REIT)); our experts are ready to advise the potential investors.

In discussing with Project Development Companies or Promoters, investment projects could be combined with other instruments like subordinated or debt capital, Mezzanine, privileged equity, etc. with payments guaranteed by financial collaterals or properties (land + buildings).

In general, foreign investors can easily apply for local financings or joint-investment with local investment companies: loan conditions are discussed directly with banks.

Exit period are usually every 10, 15, 20 years, according to investor's profiles and investee's properties. Shorter or longer periods can be arranged upon request.



HOTEL PROPERTIES IN ASIA:

SOUTH KOREA

SELECTION OF MAY 2014

SOUTH KOREA, Country Risks:

Rank: 30

Credit Rating: 80.74 (S&P, Moody, Fitch)

Outlook: Stable to Positive (according to Moody, South Korea has a rating of Aa3 like Japan)

Note: credit rating above 80 or above A+ are representing low risk countries


H: hotel project

C: office & commercial project

Notice: This Journal of executive properties is provided on confidential and trustful relation base. The content can be changed and removed any time.

Details of each project, as well other projects not listed in this Journal, can be obtained upon request and letter of interest by qualified serious investors.

GANGNAM BUSINESS HOTEL, SEOUL (KOREA)		HH1901	
Price:	129 M\$ (all included)		
Yearly Net Profits:	8% + α (land increase)		
Location: Seoul City, Kangnam			
Description: Located near of Samsung group headquarter and the Korean “silicon valley”. The hotel, excellently located (next to subway station), is addressing the chronic demand of business accommodation hotels in Seoul. Land area: 1,855m2 Gross floor area: 29,719 m2 Nb of floors: 30 floors (5 underground) Nb of rooms: 440 (first class business)			
Investment vehicle:	A. Land ownership transfer: OK B. Buyout of corp. shares: OK (partial or total) C. Real Estate Fund: Ok, if required		
Investee or Seller	Upon request		
Profit Guaranty:	Master Lease Contract: 10, 15, 20 years (upon agreement)		
Management Company	Upon request		
Exit Strategy	Sale of the hotel or sale of the shares		
Status:	Upon request		

Luxury 5 Stars Casino Hotel, Busan (KOREA)		HC1910	
Price:	650M\$		
Yearly Net Profits:	7.5% + α (land increase)		
Location: Busan city			
Description: Located at one of the best business location in Busan, the hotel is close other luxury hotel like Novotel, Park Hyatt, Lotte, Westin, Centum, G-Hotel will be managed by Langham. It will be virtually one of the top Korean hotel, and maybe the best hotel in Busan. G-Hotel Project is comprised of top class hotel, casino and retail facilities in Block -A and serviced apartment, deluxe hotel and shopping mall complex in Block -B. Total area equates to Block -A and Block -B Land area: 28,000 m2 Floor area: 108,800 m2 Rooms: about 1000 rooms			
Investment vehicle:	A. Land ownership transfer: OK B. Buyout of corp. shares: 100% OK C. Real Estate Fund: Ok		
Investee or Seller	Upon request		
Profit Guaranty:	Master Lease Contract: 10, 15, 20 years (upon agreement)		
Management	Upon request		


HALLY-WORLD HOTEL, SEOUL (KOREA)		HH1902
Price:	60 M\$ (all included)	
Yearly Net Profits:	7.8 % + α (land increase)	
Location: Hallyu World, Goyang City ("great" Seoul)		
Description: Located between Seoul city and Seoul International airport on the Hallyu World site ("Asian Hollywood"). The hotel is near of Kintex (Korea Exhibition Center) with 5.6 visitors per year, and the future China town. The 1.2 M Chinese visitors are mainly moved to other hotels in Seoul because there are no enough available rooms on the site of Hallyu World. Land area: 10,452 m2 Gross floor area: 17,440 m2 Nb of floors: 17 floors (1 underground) Nb of rooms: 252 (Type: Business Hotel)		
Investee or Seller	Upon request	
Profit Guaranty:	Master Lease Contract: 10, 15, 20 years (upon agreement)	
Management Company	Master Lease Contract: Lotte or Lamada or Best-Western	
Exit Strategy	Sale of the hotel or sale of the shares	
Status:	Upon request	


Business offices at Songdo, Seoul (KOREA)		CC1910
Price:	190M\$	
Yearly Net Profits:	6%	
Location: Songdo new city		
Description:		
Located at Songdo new business city,near of Incheon International airport.		
The high end office and business building is currently owned by Posco, Korean state giant company in steel manufacturing.		
Built in 2012 by Posco E&C, the building is hosting a Posco division.		
Posco is offering to the investor a guaranteed net profit rate of 6% during 5 years, with a reselling option to Posco (condition to be negotiated).		
Land area: 28,000 m2		
Floor area: 108,800 m2		
Rooms: about 1000 rooms		
Investment vehicle:	A. Land ownership transfer: OK B. Buyout of corp. shares: 100% OK C. Real Estate Fund: Ok, if required	
Investee or Seller	Upon request	
Profit Guaranty:	6% during 5 years.	
Status:	Built	

Center of North Port, Busan (KOREA)		CC1910
Price:	333M\$	
Yearly Interest and Capital Repayment	10%	



Description	Construction of the transfer centers for the North Port redevelopment project.
	Type of the private capital investment (B.O.T : Built Operation Transfer)
	Renting period 30 years
	Joint project with Korean government.
	Break-Even: 16 Years

OCEAN SIX Well-BEING CENTER , ANSAN (KOREA)	CC1905
Price:	80 M\$ (all included)
Yearly Net Profits:	11 % + α (land increase)
Location: Ansan city (next to Seoul), Korea	
<p>Description:</p> <p>Next to subway station Joongang linking Seoul, the well-being center (theme shops, sport clinics, fitness, spa, water park, massage sauna, food court, sky park, etc.) is targeting 6% of nearby population (414,000 persons).</p> <p>Land area: 8,270 m²</p> <p>Gross floor area: 33,775 m²</p> <p>Nb of floors: 9 floors (2 underground)</p> <p>Nb of parkings: 364</p>	
Investment vehicle:	<p>A. Land ownership transfer: OK</p> <p>B. Buyout of corp. shares: 100% OK</p> <p>C. Real Estate Fund: Ok, if required</p>
Investee or Seller	Upon request
Profit Guaranty:	Master Lease Contract: 10, 15, 20 years (upon agreement)
Management Company	Upon request
Exit Strategy	Sale of the Wel-Being Center
Status:	Land acquired, building already built, interior finishing 1 year

Richwell Tower Building Teaser, Kangnam-gu, Seoul, Korea		646-13	
Asking Price:		24.3M\$	
Rate of profit		7.48% Loan	
 Non contractual image	No. of Stories	13 th above ground/ 4 th under ground	
	Lot area	541.2m ²	
	Total floor area	5,606.96m ²	
	Completion Date	October 30, 2013	
	Rate of profit	Without Loan	7.48%/year
		With Loan	7.88%/year
		Interest rate of Loan	6%/year
Price	Nominal Price	About 25.2M USD	
	Asking Price	About 24.3M USD	

* 1 USD = 1071 KRW (Exchange rate of 3/12, 2014)

Floor area ratio		728.83%	Use	Office, neighboring equipment
the building to land ratio		59.73%	Structure	ferroconcrete
Building area		323.24m ²	Elevator	2 for peoples
Parking lot	In side	40	Heating & cooling	Central system(Electric System)
	Out side	1		

Security Deposit	2.1M USD	Loan(option)	4.7M USD
Rent	126,000 USD/month		
Maintenance income	36,400 USD/month	Maintenance cost	24,300 USD/month

* Rent and Security deposit are estimated with no vacancy in mind.

* Now Leasing.

3. Comments

- 1) This building is located in main area of Seoul. So it has high value as property.
- 2) This building is located in subway area. Walk 1 minute distance to subway "Yeoksam Station"
- 3) There are major businesses districts nest to this building.
- 4) We can discount the building price about 460 thousand USD.

Shipbuilding Industry Complex Development Project

Business Abstract

1) Objectives

- Development of Shipbuilding industrial complex and Back up City in Galsa Bay close by Bay Free Economic Zone, Gyeongsangnam-do (local government in southland of Korean peninsula).
- Collaboration of Gyeongsangnam-do (local government) and private joint company for establishing spatial cluster in the level of industrial expansion.



- 1) Location
Galsa-ri, Keumsung-myeon, Hadong-gun, Gyeongsangnam-do, Korea
- 2) Business area : 5,613,300 m² (Galsa Shipbuilding Complex)
+ 2,541,000 m² (Duckchun Ecocity- back up city)
- 3) Period of expected construction : 48 months
- 4) Construction company : SK Construction
(Responsibility for the fulfillment of construction)

Overview of Galsa Ship building complex



- Business type: Ship building industry complex development and land sale
- Business Area: 5,613,300m²
- Construction Period: 48 months
- Construction Company : SK construction
- Sea Landfill Company : Hanshin Engineering & Construction
- (Complete 80% of landfill)
- Permission:
Authorized by Gyeongsangnam-do (local government) 2014-2
- Project Cost : USD 1,050,000,000
 - land: USD 160,000,000
 - construction: USD 640,000,000
 - others:USD 250,000,00
- Lone request
- **Amount: USD 600,000,000**
- Term of redemption : 3 years
- Gross profit : 6%
- Guaranteed by Gyeongsangnam Province

Overview of DuckchunEcocity (back up city)

▶ 조감도



- Business type : Back up city development and land sale
- Business Area : 2,541,000m²
- Construction Period : 48 months
- Construction Company : SK construction
- Permission :
Authorized by Gyeongsangnam-do(local Government) 2007-644
- Project Cost : USD 507,000,000
- land: USD 90,000,000
- construction: USD 230,000,000
- others:USD 187,000,000

Total Available Loan Application :

- **Amount: USD 400,000,000**
- Term of redemption: 3 years
- Gross profit : 6%
- Guaranteed by Gyeongsangnam Province

Thank you for your attention !

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LISTING AND OTHER RELATED DOCUMENTS ARE GIVEN TO INVESTORS AS NON BINDING
CONDITIONS AND WITHOUT GARANTIES.