

KIND Quarterly

Spring Edition | By Programme Mgt. Office | For enquiries and opinions: ym.seo@kindkorea.or.kr

KIND at a glance

For those who're still unfamiliar...

- ◆ What **KIND** stands for: **K**orea overseas **I**nfrasturcture & urban **D**evelopment corporation
- ◆ Basic Information
 - Inaugurated in June 2018
 - Established under Ministry of Land, Infrastructure & Transport (MOLIT), Korea
 - Relevant Law: Overseas Construction Promotion Act
 - No. of employees: 58
- ◆ What KIND does:
 - 1) Funding for F/S, concept planning, master planning
 - 2) Transaction Advisory and Financial Advisory
 - 3) Leader of Team Korea / Main Channel to materialize G2G discussions
 - 4) Strategic / Financial Investor / Mezzanine financier
- ◆ KIND's Identity: Bilateral DFI (Development Finance Institution) that supports clients' PPP projects by investing in SPV's equity or mezzanine debt



KIND Hit the road

Starting the first two months of 2019, KIND got out from cubicles and visited private / governmental companies to discuss new opportunities at the clients' home grounds

Instead of just sitting at the office waiting for the clients to reach out, KIND started the year 2019 making moves towards clients' offices. The main purposes of these visits were two: 1) listen to what difficulties clients currently have in overseas project development, and 2) source new project opportunities.

In every visit, after briefing on KIND's past activities and short/long-term plans, KIND was able to receive information on various new projects that are at early/mid-stages, and start preliminary discussion on how KIND can support on each project. Many of the clients it visited expressed strong interests in KIND's Feasibility Study Support program that could share the burden of initial development cost. Clients were also interested in KIND's initiative to raise new fund on plant, infrastructure and smart city theme with the target of 3 trillion KRW, i.e., around 2.7 billion USD.

KIND was not slow to make the next steps that are needed for each project. Internal experts already started to review the projects along with external experts and partners. KIND will blaze a trail in further cooperation with Korean companies by making success stories together in global infrastructure and urban development sector.



Highlights – 1st Quarter 2019

In the first quarter only, KIND built new cooperative relationships by inking 8 MOUs, co-hosted KEXIM-KIND-IFC-MIGA workshop, and held IR conferences for PIS Fund

The less-than-a-year old organization has kept itself busy actively participating in various events and activities as well as working on a host of prospective projects. Firstly, on top of 15 MOUs signed in 2018, 8 new MOUs were signed only within the first quarter of 2019.

- Korea EXIM Bank (Bilateral/ECA, Jan 9th),
- ICO (Spanish ECA, Jan 16th),
- Construction & Research Institute of Korea (Governmental institution, Feb 12th),
- Korea Financial Investment Association (Industry cooperative, Feb 14th),
- International Contractor Association of Korea (Industry cooperative, Feb 22nd),
- Asia Development Bank (Multilateral/Regional Development Bank, March 4th),
- Korea Railway Network Authority (Governmental infrastructure authority, Mar 19th), and
- Beijing Enterprises Water Group (Chinese enterprise, Mar 20th)

It also co-hosted a grand event together with already-renowned bilateral and multilateral institutions of Korea EXIM Bank, International Finance Corporation, and Multilateral Investment Guarantee Agency. It was one of the historical moments proving that KIND is well accepted and acknowledged as a fellow development finance institution by Korea's foremost governmental bank and the World Bank Group companies despite its short history.



In February, all KIND staff was pleased to receive its first interns from Myanmar, Indonesia, Columbia and Bangladesh. The interns were post graduate students from International School of Urban Sciences, University of Seoul, but before their studying abroad, they were federal or regional government servants.

Also in February, to uphold its new mandate to manage and supervise PIS (Plant, Infrastructure and Smart City) fund, KIND held two IR conferences once with public sector, again with private financiers.

Upcoming activities – 2nd Quarter 2019

The first 4 overseas offices to open, a handful of new MOUs to sign, a WBG/ADB/AIIB/KEXIM co-hosting event, and last but not the least – KIND's 1st anniversary!

When it comes to sourcing new opportunities and information, being at the field is the best policy. To be so, KIND has chosen 4 countries according to its long-term strategy and will open its first four overseas offices in Hanoi, Jakarta, Tashkent, and Nairobi (You can easily name all four countries where these cities are in, right?)

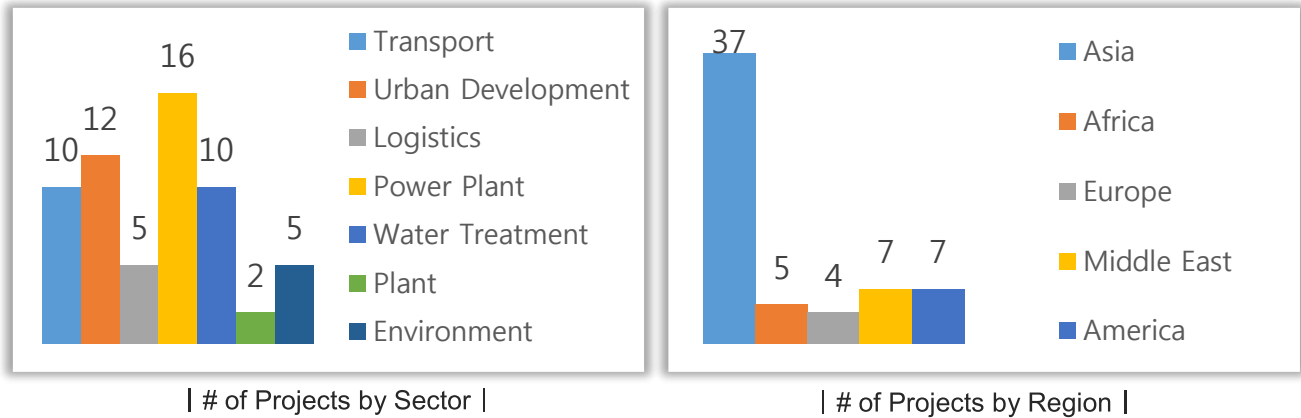
The 2nd quarter is no exception for KIND to concretize cooperative relationships – 5 new MOUs are planned to be signed only within the quarter.

Following from the February's KEXIM-KIND-IFC-MIGA workshop, there comes a bigger, global-scaled event that will be co-hosted by KIND, MDBs and ECAs – The Third Global Roundtable on Infrastructure Governance and Tools on May 23~24. Further details for this great event will be announced later.

Last but not the least, KIND's 1st anniversary will be in June – a holiday yay!!

Project Development: Positive ahead

Following with three decisions made in '18, KIND endeavors to make more investment decisions within 2Q '19, as well as trying hard to make the new PIS Fund take off



At the end of March '19, the total number of projects KIND is reviewing for its investment is 60. It is noted that the number of projects is growing fast by 10 compared to 50 at the end of last year: the number of projects in KIND's deal pipeline is increased by 20% within only a quarter.

There are a few reasons for this increase. Firstly, KIND was able to gather new project opportunities excavated by companies during project selection process that feasibility study supports will be granted to. Secondly, more opportunities were presented in KIND's visits to private/governmental companies last Jan and Feb. Thirdly, KIND has started new project initiations with the long-term development perspectives.

Regarding sectors and regions, majority of the projects was power plants(16), followed by urban development (12), and others. Region-wise, Asia has the biggest number of 37, out of that, Indonesia has as many as 14.

With the handy tools to develop new projects described below, KIND plans to increase the number of deal pipelines to around 70 and make the final investment decisions for around four projects within 2019.

Other than initiating project investments, KIND is also focusing to initiate a new government-private financing platform called PIS (Plant, Infrastructure & Smart City) Fund. This is a crucial part of integrated overseas construction promotion program announced by the government early this year, and PIS Fund is planned to raise 3 trillion KRW (about 2.7 billion USD), presumably from public side 1.5 trillion, and the rest from private.

Handy tools to develop new projects: Feasibility Study, Overseas offices, and GIF/PIS Funds

KIND is the one and only governmental entity that identifies itself as project developer. To lead development, tools and skills are required and KIND is getting well equipped with handy tools as follows:

- Feasibility study: The budget comes from Ministry of Land, Infrastructure & Transport of Korea. This fund is provided upon requests from Korean governmental/private entities, and foreign governments. The results will be great basis to start developing new projects.
- Overseas offices: Partial budget support for setting up and running overseas offices also comes from MOLIT. The offices will be useful deal sourcing channels collecting new deal information from each region.
- GIF/PIS Funds: GIF stands for Global Infrastructure Funds, and so far 7 funds were launched and invested with different themes of infrastructure areas and regions. PIS is the new funds described above.

Be Kind, for everyone you meet is fighting a hard battle.

From the movie "I, Daniel Blake" directed by Ken Loach

KIND is kind. We welcome all enquiries and consulting requests.

Contact us at ym.seo@kindkorea.or.kr / +82 2 6746 7366

[Voices within] CEO's message

Seasoned global PPP expert who took the hard job of leading KIND talks on global market and target projects

+ First of all, congratulations on launching this quarterly newsletter. As a newcomer in the field, it is meaningful for KIND to endeavor to communicate in every possible way. I hope this effort will continue till the day newsletters are issued monthly: more often than quarterly.

+ Global infrastructure construction market is changing in various dimensions and it is no more possible to define global market's status in one word as a whole. It is increasingly important to embrace differences in each region and each infrastructure area, and to address different requirements from different markets. This is one reason why KIND focuses on clients' choices on markets and areas, rather than choosing on its own.

+ Other than the activities KIND has been performing since the inception – investments on projects and funds, raising new funds, supporting feasibility studies, etc. -, it is high time KIND took the lead of creating new project opportunities. Projects KIND is reviewing cover a variety of areas such as energy, roads, plants, and environmental, and their locations are in different regions such as Americas, Africa, Asia and Europe.

+ There are growing expectations on KIND in both government and corporate sides, which each and every staff member of KIND takes very seriously. Thanks to our utmost efforts to fulfill such expectations, I am very positive that the market can see the fruits of the efforts within the early half of the year. We will remain thankful for whatever supports you can fetch for KIND.



[Voices outside] SeungSoo JIN (AfDB)

AfDB Energy Finance Expert on potential cooperation with KIND in Africa market



Congratulation on the 1st newsletter of KIND! KIND is indeed a very good news for Korean companies who are willing to go out on the limb to pursue emerging market opportunities. Within the time of less than 1 year, it appears KIND has been at its full speed setting many important milestones. In particular, I believe establishment of overseas offices deserve much appreciation - surely the best way to stay close to clients and partners in different corners of the world.

Currently working in the East African Regional Hub of AfDB, Nairobi office, I look forward to the imminent establishment of an overseas office in Nairobi, Kenya. Africa is indeed the most untapped yet one of the most attractive investment places for its high potential. On the African continent, the financing gap for infrastructure is estimated around USD 68-108 billion per year (*AfDB economy outlook, 2018*). Against the backdrop of steady economic development at average 6% p.a. during the past 10 years and the positive outlook in East Africa, the private

sector in Europe and China has been increasingly taking the first comers' advantage as project developers, through making investments on their own.

Thus far, Korean companies' participation in Africa's infrastructure has heavily relied on Korean government's soft loan called Economic Development Cooperation Fund that's provided to African governments and the roles of Korean companies as project developers/investors have been very much limited due to the constraints associated with the perceived high risk for investments in Africa. However, by providing the necessary risk capital and various advisory services to the Korean project developers, KIND is expected to pave a way for infrastructure and urban development in Africa tapping into Korean experience and technology.

Last November, KIND was invited to 2018 African Investment Forum, the biggest annual platform hosted by AfDB matching demand and supply in private financing. The private financing operations of AfDB are always seeking good business opportunities backed up by strong project developers. Down the road, we look forward to tangible cooperation between AfDB and KIND, hoping it happens very soon in the near future.