

KIND NEWSLETTER

2nd Quarter 2019

Summer Edition_v3 | Edited by Programme Management Office | For enquiries and opinions: ym.seo@kindkorea.or.kr

Celebrating the 1st Anniversary with Partners



Marking its first anniversary in June 2019, KIND listened to clients and shared the joy with partners at various events

There is a long tradition in Korea for every baby's first birthday: 'Dol (meaning 1st birthday) Jabi (meaning grabbing)'. Having the infant pick up from a tray full of items with different symbolic meanings, 'Dol Jabi' is a fun way to wish the best for the baby's future. For KIND's 1st anniversary, although 'Dol Jabi' was not practiced, two important events were held instead: Construction sector-KIND CEO summit (Go to page3 for details) on **June 25th**, and

PIS Fund launching ceremony (Refer to page2 for details) on **June 27th**. KIND staff expressed mixed feelings of being pleased and emotional, having survived the tough first year, but gratefulness to shareholders and clients and positivity on KIND's future were on everyone's mind. Now, imagine KIND received 'Dol Jabi' tray for this anniversary: Which items would it pick up? All KIND staff agreed they should be coins and yarns, as they symbolize prosperity and long life!



KIND at a glance

For those who're still unfamiliar...

- What KIND stands for: Korea overseas INfra-structure & urban Dev-elopment corporation
- Established under: Min-istry of Land, Infra-structure & Transport(MOLIT) Korea
- Relevant Law: Overseas Construction Promotion Act
- Status: SOE(State-owned Enterprise)
- Identity: DFI(Development Finance Institution), PPP Project Developer & Investor

KIND supported two new projects: PetChem plant & Urban development

KIND derived a Korean firm's \$1.1bil. EPC award in Poland, and decided investment in Vietnam urban development worth \$390mil.



On **May 10th**, Hyundai Engineering's \$1.1bil. EPC contract for PDH/PP plant came with co-investment agreement among Polish main sponsor, KIND, and Hyundai Eng. It was recorded as the biggest plant project ever happened in Poland, as well as the biggest contract awarded to a Korean firm in Poland.

Daewoo E&C's ambitious

development 'Starlake' in Hanoi has been already drawing much attention from the market. On **June 25th**, KIND's Investment Decision Committee approved \$10mil. investment to join Korean investors.





[MOU] Building G2G partnership for project development: Bangladesh and Kazakhstan

MOUs with the two countries' authorities have clear direction on new infra project development



Two MOUs were signed in Nur-Sultan, Kazakhstan on **April 22nd** among various institutions: from Kazakh side, Baiterek, KPPF, Kazakh PPP Center, and Health Development Center, and from Korean side KIND, and KHIDI. Both MOUs focus on sharing potential project information, so that each party can propose new opportunities to the other, and arrange potential investors for them.

MOU signed between KIND and Bangladesh PPP Authority on **April 1st** is monumental, in that according to Bangladesh's recent



policy, bilateral G2G partnership officialized by entering into MOU may allow direct negotiation contract for new PPP projects. Both parties are in close daily

communication to exchange interests of potential investors and new infrastructure projects. The result of this continuous discussion will be openly discussed in the 1st Joint Platform meeting, which is being planned in mid-July. (Refer to page7 for further details)

[Funds] The new PIS Fund launched: investing in Plant, Infrastructure & Smart city projects

The Plant Infrastructure and Smart City fund (“PIS fund”) was officially launched upon investors’ signing at the ceremony which celebrated both KIND’s 1st anniversary and the fund launching on **June 27th**. Ms. Hyunmi Kim, Minister of Land, Infrastructure and Transport was present and delivered encouraging messages to all participants and investors. One thing particular about this new fund is that it has dual hierarchy: the fund of funds, on top of various theme investment funds. At the ceremony, about \$520mil. of ‘fund of funds’ was committed, and about \$780mil. of ‘theme funds’ are to be subscribed by various public and private financial institutions.

[Funds] New series of GIF (Global Infra Funds) 5, 6 for new area themes

Another fund news: Global Infrastructure Funds added new series of GIF 5 and 6, and KIND will invest in these new GIFs after its commitment on already-launched GIF 7. The signing for GIF 5 and 6 was done on **May 28th** by KIND, KB Asset Management, KB Kookmin Bank, KB Insurance, KB Securities, and Yellow Umbrella Mutual Aid Fund. The funds (Around \$87mil. each) are raised to finance infrastructure development projects in India+ASEAN region for GIF5, while GIF6 is for CIS, Caucasus countries, and Mongolia.

▶ TRANSPARENCY • GOVERNANCE • EFFICIENCY • INTEGRITY • ACCOUNTABILITY • INCLUSION • SUSTAINABILITY • GROWTH ▶

The Third Global Roundtable on Infrastructure Governance and Tools



REGULATION, GOVERNANCE, AND TRANSPARENCY—BUILDING THE FOUNDATION FOR SUSTAINABLE DEVELOPMENT

• SEOUL, REPUBLIC OF KOREA • May 23-24, 2019 •

Hosted by the World Bank, KIND, and Korea Eximbank
Sponsored by the ADB, GIF, GH, KDI School, OCP, OECD, PPIAF

[Events] KIND, together with World Bank & KEXIM hosted 'Global roundtable on Infra Governance'

Co-hosting this major global seminar made it clear that KIND is well acknowledged as a reliable development institution

On May 23rd and 24th, KIND, the World Bank and Korea Exim Bank - with sponsorship from KDI School and many others- cohosted a global event on infrastructure governance and tools. Though this event of Global Roundtable was the third time, it is the first time that it was held in Asia region, and hosted by an Asian institution: KIND had the honor. The roundtable was a great success receiving over 150 delegates around the globe. KIND hopes to continue cohosting such events with various bilateral and multilateral institutions so that they can share global issues in development, and try to tackle together.

[Events] CEO Summit between construction sector - KIND

On June 25th, KIND invited CEOs and executives of Korean construction firms that are actively developing overseas projects, for a discussion over breakfast at Four Seasons Seoul. KIND introduced its roles and supporting measures on infrastructure projects, and listened to valuable opinions from 10 VIPs from SsangYong E&C, Samsung Engineering, Hyundai Engineering, Hyundai E&C, Hyundai Development Co., Daelim, Daewoo E&C, GS E&C, SK E&C, and Posco E&C. Mr. Kyunggoo Hur, CEO of KIND showed his respect on the efforts of construction sector, and requested close communications for new projects.



[Events] Global roadshows in Bangladesh, Vietnam and Indonesia

Promoting KIND's recognition and building closer relationships with global public/private sectors through having roadshows was one of the key performance indices for 2019. During the 2nd quarter of 2019 only, KIND hit the road to hold roadshows in Bangladesh (on April 1st and 2nd), in Vietnam (on April 10th and 11th) and in Indonesia (on June 18th and 19th). Roadshows included not only the events KIND hosted, or cohosted with other institutions, but also KIND's visits to each country's government, authorities, financial institutions, and companies. The roadshows will be continued in the 3rd and 4th quarter 2019.

[Events] Infra Cooperation Centers opened: Uzbekistan and Indonesia

To fulfill another goal for 2019, KIND is in the process of establishing overseas offices called 'Infrastructure Cooperation Centers'. Out of four centers that will be opened within 2019, two had official opening ceremonies – Uzbekistan (on May 22nd), and Indonesia (on June 18th). It is meaningful to address Korean government's diplomatic directions by setting up the centers at strategic locations of New Northern and New Southern Policies.

KIND will fully utilize these centers both as the communication channel to the resident country and adjacent markets, and also as project sources where new opportunities can be directly excavated from the field.



On behalf of the World Bank Group Korea office, I would like to congratulate KIND on their first year anniversary. Korea continues to provide valuable lessons for other countries from its extraordinary development experience and KIND is at heart of facilitating infrastructure and urban development solutions. We wish you all the best in the coming years and look forward to working closely to further deepen the successful partnership between the WBG and KIND.

- Hoon Sahib Soh, Special Representative / World Bank Group Korea Office

I sincerely congratulate on the first anniversary of KIND.

I am personally much pleased that Hyundai Engineering's 'Polimery Police' PDH/PP plant will remain and be remembered as KIND's first achievement for this kind, this market, and this size ever since KIND's establishment. Indeed, KIND is playing its part to support Korean companies' overseas project development. Hyundai Engineering and KIND are now proven best partners!

- Byung Hun Jung, General Manager / Hyundai Engineering



My heartiest congratulations on the first anniversary of KIND!

It is admirable that within such a short period KIND managed to build networks through MOUs with various governmental and international organizations, as well as set up a strong identity as PPP-specialized institution which serves well for its purpose of establishment. If I would wish further, I hope KIND takes the pivotal role to enhance Korean companies' project profitability and stability by providing more customized solutions for overseas PPP markets.

- Shin Young Kang, Head of Policy Group / International Contractors Association of Korea

Always welcoming, and friendly companion for Korean Companies, KIND!

It was like yesterday KIND was launched amid high expectations and wishes, but already a year passed. I think KIND did fairly great job to install foundation stone on which Korean companies take higher level for overseas infrastructure projects. Especially, total solutions covering from G2G cooperation, coordinating committees, to investment/financing packages KIND spent tremendous efforts to prepare for are now serving as a great booster for Korean companies to go through severe environments. Wishing this great performance will continue, I will keep my imagination on what KIND will be in 10 years from now.

- Kookhwan Ma, Exec Managing Director / Koramco Fund Energy Infrastructure Group



KIND reminds me of the new soccer star Mr Kang-in Lee, who is called "the youngest big brother". It is because literally he is the youngest in Korea team, but he led the team so well and eventually won the Golden Ball in U-20 World Cup 2019. I strongly believe that KIND will make great results like he does. I also wish KIND will keep an attitude of '牛步萬里' (Similar meaning with "Slow and Steady wins the race"), rather than get shortsighted with quick numbers. Congratulations, KIND!

- Ick Pyo Kong, Senior Manager / Korea Trade-Investment Promotion Agency

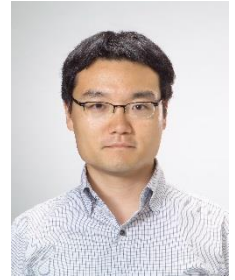
It was a pleasant news that KIND is established, but I did not know how it would work. Working with KIND for a Colombia 4G project made me learn a lot, and more importantly the experience made me contemplate on right procedures to approach road PPP projects. That is why I have big hopes for upcoming projects KIND will contribute to - Not only Korea Expressway Corp, but also many private companies will be benefited.

Dispatched to IDB for technical cooperation on transport sector, I'm trying hard to extend knowledge and experiences to Latin American countries. I'll also keep on trying hard to develop new opportunities for Korean companies with KIND to contribute to. Thank you and congratulations!

- Chung Hwan Lee, Senior Manager (Currently secondeed to IDB) / Korea Expressway Corporation



My sincerest congratulations for the 1st birthday of KIND. I believe that it is the human resources that enabled KIND to make a reliable supporting institution in such a short period. There are experts who came from both public and private sectors in KIND. I meet them all the time, and I get to learn a lot from them. And there are new employees in KIND as well, so I had the chance to give a lecture to them, and I was much impressed by their passionate attitudes. I have no doubts that there are bottomless opportunities where KEXIM and KIND can create synergy. It's already on, at least in the markets I'm in charge of: Indonesia and Africa. I'm hopeful that some of the projects from these regions will show as successful deals in the headline of 2nd anniversary newsletter. Congratulations again!



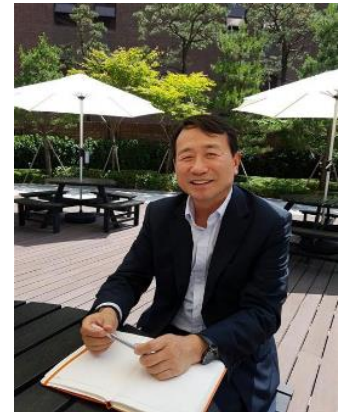
- **Sang Hoon Shin, Deputy Director / The Export-Import Bank of Korea**



Congratulate on the first anniversary of Korea Overseas Infrastructure and Urban Development Corporation. For the last 12 months, KIND has set up provisions of all-encompassing supports for Korean Companies, from deal sourcing and project development to financial support and investment. Please keep on doing such pivotal roles, and KIAMCO will do the utmost to contribute to the work.

- **Sung Hoon Kim, Head of Investment Team 7 / KDB Infrastructure Investment AMC**

I appreciate and congratulate for the 1st anniversary of KIND, the institution that is striving to support Korean companies' overseas investment project development. It must be the leadership of the CEO Mr Kyunggoo Hur, and the whole staff's efforts that made it possible to be surefooted in the short period. The Institution I lead - Korea-Africa Foundation - was set up almost at the same time as KIND, has also had supports from KIND in regards to expert advisory and seminar lectures. I sincerely hope cooperation between KAF and KIND will increase not only for Africa, but also the whole global markets. I can't wait to see the days we can call 'Renaissance of Korea's overseas construction', and there is no doubt that KIND will be in the center of it. Thank you very much, and congratulations again.



- **Yeon Ho Choi, Foundation Director / The Korea-Africa Foundation**



I'd like to congratulate for KIND's 'Dol' (meaning 1st birthday) deeply from the heart. This anniversary brings me the memories of tired looks KIND employees showed every time I tried to interview them – I really admire restless efforts that all of you have done for the last twelve months, and I wouldn't save any words of compliments that from those efforts KIND finally came up with big deals done. With bigger hopes on top of the past achievements, again I congratulate for KIND.

- **Saet Byeol Hong, Reporter / Construction News**

Sincere congratulations on KIND's 1st anniversary. I remember vividly that I was nervous to do a presentation at the founding ceremony, and I just realized that it was one year ago. Time really flies.

I myself witnessed KIND's restless efforts not only to establish organizational structure internally, but also to actively guide Korean companies to access global PPP markets. I cannot figure out how much more efforts would take for KIND's main business: Investment analysis and execution. Admiring such endeavors, I would still like to request for your continuous supports for providing greater access to Korean companies like mine. Congratulations again.

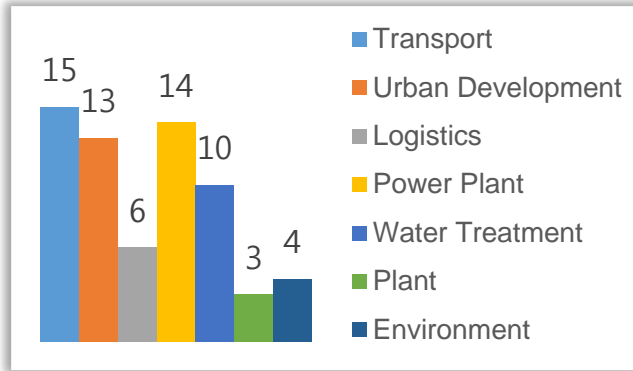


- **Woojin Jang, General Manager / SK E&C**

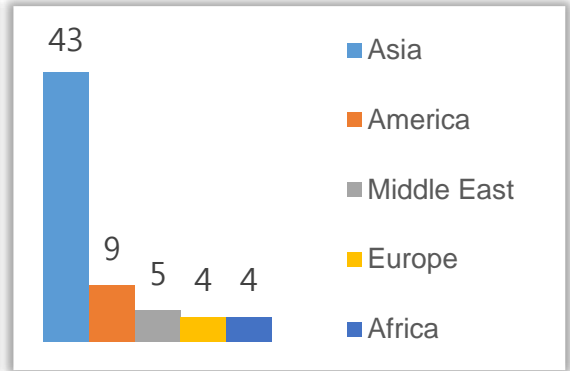
[Projects] Big leaps in investment decisions and # of projects

Total # of Projects: 65

as of 3rd Week June 2019



| # of Projects by Sector |



| # of Projects by Region |

Projects KIND's investments approved for

as of 3rd Week June 2019

Project	KIND Investment	Status
Kazakh Almaty Ring road PPP	\$15.0M	Working on financial closing
Chile Talka Solar Power 10.4MW	\$ 6.5M	COD estimated in July 2019
Poland Polimery Police PDH/PP	\$50.0M	Adjusting conditions in details
Vietnam Starlake Urban development	\$10.0M	Finalizing shareholding structure
Total	\$81.5M	

Compared to the previous quarter, the total number of projects in the deal pipeline increased from 60 to 65. When it comes to the number of projects KIND committed investments for, there were two in 2018, and none in the 1st quarter of 2019. But in this 2nd quarter, two more projects were added, so in total, four projects are approved for investment.

Regarding sectors, the majority of the projects was transport(15), followed by power plant(14). Region-wise, Asia still has the most: 43 out of 65.

[F/S] More and more companies benefited KIND's Feasibility Study support program

In 2nd quarter, KIND decided to support feasibility study for 7 projects with the budget of 3.5bil. KRW, in addition to 5 projects which were decided in the first quarter with the budget of 1.9 bil. KRW. These projects include Dala New City Development project in Myanmar, Proving Ground project in Indonesia, and so on. As KIND's feasibility study program's advantages over other institutions' are getting famous, more companies are bringing their overseas projects opportunities from the early stages. The results of the studies will be provided to the applicant companies within the year.

[Funds] Indirect investment source complimenting direct investment

By 2Q 2019, KIND committed investment in four funds in total, and became the overall managing institution for the biggest one - PIS fund

When KIND was established, big parts of the capital it received from shareholders were the shares of GIF (Global Infra Funds) 1~4. From its start, KIND became the shareholder of the funds.

But it is never the end. Following the investment commitment for GIF7 at the end of 2018, KIND committed investments in GIF5, 6, and furthermore, PIS fund as well. So now it became limited partner for four indirect investment vehicles, while nominated by MoLIT as the overall managing institution for PIS.

These indirect investments will be dealt by grand partners with different perspectives from KIND's, so eventually it will compliment KIND's main role – direct investments.

[G2G] Series of events for Bangladesh project development

The most active cooperation activities happening in the 3Q is with Bangladesh

1) Business Partnership conference

- Host: KOTRA, KIND
- Participants: Public and private sectors from both Korea and Bangladesh
- Location/Dates: In Dhaka, Bangladesh / July 14th

2) Infrastructure investment forum

- Host: KEXIM, KIND, HSBC, Sherman (a law firm)
- Participants: Working level groups from Bangladesh government and public institutions
- Location/Dates: In Seoul, Korea / July 16th ~ 19th (Main forum is on 17th | 18th & 19th programs optional)

3) Bangladesh PPPA – KIND Joint Platform 1st Meeting

- Host: KIND
- Participants: PPPA, Line ministries of Bangladesh / MoLIT, Potential investors and contractors from Korea
- Location/Dates: In Seoul, Korea / July 18th ~ 19th

[Event] More Infra Centers to open / and new roadshow plans combined with Colombia Construction Conference

Infra cooperation centers to be opened in Vietnam and Kenya, while roadshows are prepared for Colombia which will be combined with Construction Conference participation

KIND is in preparation to open two more overseas infrastructure centers in Vietnam and Kenya within the 3rd quarter. Vietnam is an important client country in accordance with New Southern Policy. The last out of four planned centers will be opened in Nairobi, Kenya. Through this only office KIND has for the whole African continent, it is expected to find opportunities for Africa.

Also, KIND is currently planning to launch three more roadshows within the year – in Sri Lanka, Colombia, and Chile. Especially for Colombia, KIND will match the roadshow schedule with the dates of Colombia Construction Conference which will be held on **Aug 28th ~ 30th**. One more roadshow is expected to be held in 3Q, leaving only one for 4Q.

[F/S] 8~9 projects will be given F/S supports for 3Q and 4Q

While the 7 projects that were selected in the first half of the year will see their completion of feasibility studies mostly in 3Q, KIND estimates about 8 or 9 projects in total for the later half of the year can be benefited feasibility study supports. The project list will include new projects selected from the application competition, new projects suggested by foreign governments based on G2G partnership, and others based on discussions with MoLIT.

[Internal] KIND in search for new talents

KIND plans to hire around 20 new employees in the fields of business administration, fund management, and project development within the year. In the 3rd quarter, a recruitment service firm will be selected through a competitive tender, and set up the guidelines for recruitment. Applications, interviews, and final decisions will be made in the 4th quarter.

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.
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[Voices within] TaekWon Seo (EVP on Strategy & Planning)



One of the most obvious trends on the earth is 'Urbanization'. As urbanization deepens in our modern day lives, the degree of industry development also shifts from the primary, secondary, tertiary to quaternary industry. By its nature, urbanization includes various kinds of infrastructure such as for transport to mitigate congestion, logistics for businesses, supply platform for energy sources and water for industrial production, treatment of waste and wastewater, and so on.

Assuming that one country's economic development is determined by its infrastructure, the greatest challenge for developing countries should be the reality that the pace of urbanization is so rapid that the pace of supplying infrastructures cannot keep up. Although Korea is a particular case that is being covered by the world's first 5G telecom network, many developing countries are not even fully covered by 3G network.

Rapid growth of infrastructure demand is not the only problem. Developing world is having serious shortfall on both financial and technical resources. More and more governments are trying to tap private and foreign resources in the schemes such as PPP in order to fill the infrastructure demand-supply gap. To accommodate the situation, KIND was established last June. As an institution that has "Infrastructure and Urban Development" in its name, every investment KIND makes should have the development impact in infrastructure and urban areas. Such development means improving the quality of life on individual level, and promising growth opportunities on national level.

Then, how can KIND get this opportunity? I would like to raise this old-fashioned keyword, 'Cost-effectiveness'. In the past, it was like a pronoun of Korean EPCs' competitiveness, but now it is more like Chinese companies' pronoun. However, cost-effective bid is still the foremost choice of all project owners. I am not talking about low EPC price, but cost effectiveness throughout the project lifecycle. Such cost-effectiveness can be achieved by creativeness in engineering, boldness in cost restructuring, or innovative new financial methods. From all measures possible, KIND with its partners will endeavor to enhance financial competitiveness and technical advancedness for cost-effective infrastructure development. I believe that there must be at least one public institution who puts grave efforts for this matter, and KIND will be the one. That way, construction industry will be glad to join KIND's campaign. Lastly, I would like to take this opportunity to thank all those who have helped KIND so far.

[Voices outside] ChangGoo Jung (Head of KRC, Int'l Contractors Association of Korea)



First of all, I would like to congratulate on the very first anniversary of the KIND's establishment. There has been concerns and anticipations, at the same time, for this new organization over the past year. However, in my personal point of view, as it is the newly-established fledgling institution, both patience and closer attention seem to be needed for the time being.

The ICAK, which had been the only support group in Korea's overseas construction industry until very recently, has been hoping for a close and practical cooperation with KIND rather than competing against each other. The need for an establishment of financial institution solely geared toward the Korean international contractors was undeniable, and this had been the point consistently made by the KRC before KIND's inception. In this perspective, both ICAK and KIND

must become strong buttresses for the Korean contractors in terms of further improving its competitiveness in the global infrastructure markets.

Korea has been ranked quite high at 5th ~ 6th globally, in terms of its absolute contract volume. However, in more qualitative perspectives, such as profitability and types of project awarded, it still largely remains in an old-fashioned traditional way of undertaking the international projects, such as simple subcontracting. The so-called '4th industrial revolution' is under way in all industries, but our international construction industry is now highly likely to be left out of the global competition unless the industry as a whole shape up our future with more sustainable strategies.

Moreover, the trend of global construction market is rapidly transitioning into the investment-led development projects, such as PPP. Countries like Japan (through JOIN) and the U.S. (by establishing its new Development Finance Institution, USIDFC) are also actively seeking ways to prepare themselves for the new paradigms in the global infrastructure markets. In this regard, the launch of KIND was essential and inevitable when considering this rapid shifts in the trends of global construction industry.

I sincerely hope KIND will serve as the vanguard of Korean contractors' advancement into the markets around the world. Before I close, I would also like to make two suggestive points. First, I hope that KIND will maintain the principle of sharing the risk portion with the utmost priority when deciding on projects discovered by the private sector. Second, as early as in the project identification stage, I hope KIND would maximize the ratio of so-called 'Korean Contents' so that not only the major contractors, but also the domestic engineering companies can be benefitted from its trickle-down effect.