



MACQUARIE

# Macquarie Korea Infrastructure Fund

2021 3<sup>rd</sup> Quarter Asset Management Report



Name

Macquarie Korea Infrastructure Fund (MKIF)

Period Quarter 3 (1 July 2021 - 30 September 2021)

Prepared by Macquarie Korea Asset Management Co., Ltd. (MKAM)

Fund code: 35301

## Important notice

Under the Financial Investment Services and Capital Markets Act (the “Act”), Macquarie Korea Infrastructure Fund (“MKIF”) is required to upload an Asset Management Report at MKIF website, in the form and containing specific information set out in the Act, on a quarterly basis. This Asset Management Report has been prepared by MKIF in compliance with its statutory obligations.

### Disclaimer

MKIF and Macquarie Korea Asset Management Co., Ltd. (“MKAM”), are not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of MKIF/ MKAM. Neither MKIF, nor any member of the Macquarie Group companies, including MKAM, guarantees the performance of MKIF, the repayment of capital or the payment of a particular rate of return on MKIF securities.

### General advice warning

The contents of this report do not constitute an offer, invitation or recommendation for the subscription or purchase of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MKIF, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

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# 1. General Report

## 1.1 Overview

Under the Financial Investment Services and Capital Markets Act (the Act)

Investment Grade: 4\*

<b>Fund name</b>	Macquarie Korea Infrastructure Fund (MKIF)
<b>Fund type</b>	Investment company/Special asset fund/Closed-end with an option for new share issuance
<b>Fund code</b>	35801
<b>Date of incorporation</b>	12 December 2002
<b>Date of registration</b>	26 December 2002
<b>Date of listing</b>	15 March 2006
<b>Financial year end</b>	31 December every year
<b>Fund maturity</b>	Perpetual (until the occurrence of dissolution events defined in the Articles of Incorporation of MKIF)
<b>Asset manager</b>	Macquarie Korea Asset Management Co., Ltd. (MKAM)
<b>Sales agents</b>	The shares of the MKIF have been listed on Korea Exchange stock market. An investor may trade the shares through the account opened at a registered securities firm.
<b>Custodian</b>	Korea Securities Finance Corporation (KSFC)
<b>Fund administrator</b>	Hana Investors Service Co., Ltd.
<b>Board of directors</b> ^	Corporate Director: MKAM Supervisory Directors: Woo Young Jung, Hwa Jin Kim and Daeki Kim
<b>Key staff of MKAM</b> ^	Boum Sik Suh (CEO) Jinwook Park (Fund Management) Do Kyung Kim (Legal) Ju Dong Kim (Finance) Ronnie Kim (Risk Management) Dae Sung Lee (Compliance)
<b>MKIF profile</b>	<p>MKIF, managed by MKAM, has the portfolio of infrastructure assets in Korea that have been, or are being, constructed under the Act on Public-Private Partnerships in Infrastructure (PPI Act).</p> <p>MKIF was established in December 2002 with a mandate to invest in entities that construct or operate infrastructure businesses such as toll roads, bridges and tunnels in Korea. MKIF invests in these infrastructure businesses through equity and debt. MKIF is focused on generating profits from its investments and distributing these profits to its shareholders.</p>

\* MKAM assessed MKIF risk level, the investment grade, at 4 in consideration of MKIF's target asset and associated risk. However, this is a subjective rating by MKAM and should not be recognized as an official rating by any external rating agencies

^ See Section 4. Registered Asset Managers and Appendix I. MKIF Board of Directors for more information.

## 1.2 Asset Details

Under the Act, MKIF is required to report the net asset value per share (NAV per share) of its portfolio.

The total net asset value of MKIF's portfolio is calculated by subtracting total liabilities from total assets of MKIF. MKIF's assets include its equity and debt investments in concession companies, cash and deposits and other investment securities. The net asset value per share of MKIF is calculated by dividing total net asset value by the number of outstanding shares.

The Collective Investment Property Appraisal Committee of MKAM has chosen to adopt the acquisition cost as its assessment of fair value for the unlisted equity investments under the Act and accounting principles generally accepted in Korea (K-GAAP). In addition, the debt investments are measured at amortised cost under the Act and K-GAAP.

The calculation of the NAV per share of MKIF is set out in the table below. For the purposes of this calculation, asset and liability information is based on the balance sheet of MKIF, which is attached as Appendix II.

(Unit: KRW, share)

Type	Q2 2021	Q3 2021	% Change
<b>Total Assets (A)</b>	2,395,623,438,516	2,771,362,407,390	15.68%
<b>Total Liabilities (B)</b>	216,871,236,147	287,479,658,963	32.56%
<b>Net Asset Value (C=A-B)</b>	2,178,752,202,369	2,483,882,748,427	14.00%
<b>Shares (D)</b>	372,192,485	404,845,547	8.77%
<b>NAV per share (E=C/D)</b>	5,853.83	6,135.38	4.81%

+ NAV per share of MKIF is calculated by dividing total net asset value by the number of outstanding shares. However, as MKIF is listed on the Korea Exchange, its shares are traded at share price.

^ MKIF completed follow-on public offering of 32,653,062 of common shares at the price of KRW 12,050 per share in 3Q 2021. NAV has been increased by KRW 391,419,477,502 net of issuance cost KRW 2,049,919,598. For details, refer to MKIF disclosure on 12 August 2021.

## ※ Distribution payment (during the third quarter)

(Unit: KRW, share)

Date of Declaration	Distribution Amount (KRW Million)	Balance after Payment (Shares)	NAV per share		Remarks
			Before declaration	After declaration	
2021-07-29	137,711	372,192,485	5,891.44	5,532.72	

## 2. Management Performance and Term Performance

### 2.1 Overview

Established on 12 December 2002, MKIF is a leading private sector infrastructure investor in Korea under the PPI Act and governed by the Act. MKIF is mandated to invest in concession companies that construct or operate infrastructure assets through equity and debt. MKIF is focused on generating profits from its investments and distributing these profits to its shareholders. As of 30 September 2021, MKIF has committed to invest in 12 toll roads, 1 light rail transit, 1 port and 2 city gas retail distributors with a total investment commitment of KRW 2,220.7 billion. On 15 June 2021, MKIF signed the SPA to acquire 100% of equity stake in Haeyang Energy Co., Ltd. and Sorabol City Gas Co., Ltd. which are city gas retail distributors through investment vehicles respectively. The investment completed on 12 July 2021 via Youngsan Clean Energy Ltd. and Bomun Clean Energy Ltd. which are holding companies for Haeyang Energy and Sorabol City Gas respectively. MKIF made additional investment for repayment of short-term borrowings at each holding company on 17 August 2021.

### 2.2 Management plan

MKIF is focusing on investments in loans to, and unlisted equity of, concession companies that operate infrastructure assets under concessions from Korean central, provincial or city governments throughout the country.

Target assets for infrastructure investment in Korea have historically been concessionaires operating toll roads, bridges, and tunnels, etc. Target portfolio company is an entity conducting facilities projects defined under Article 2 Sub-paragraph 1 of the PPI Act.

MKIF is to invest in entities that develop and/or operate Infrastructure Assets and to target to generate stable returns to our shareholders through capital growth and cash distribution.

### 2.3 Management performance

The table below sets out the historical NAV (including the distribution paid) for MKIF. As explained above and given that the majority of MKIF's assets are held at their acquisition cost, the net asset value is not representative of changes in the value of the MKIF portfolio.

#### A. Short-term performance

(Unit: %)

Type	3 Months	6 Months	9 Months	12 Months
MKIF	1.69	3.97	12.19	11.30
<b>Comparative Index +</b>	N/A			

+ There is no comparable index available because MKIF is the only listed infrastructure fund in Korea with publicly available NAV data.

※ Performance quoted above is historical and does not guarantee future performance.

※ NAV increase by the follow-on public offering in 3Q 2021, 4Q 2020 and 3Q 2017 is not reflected in performance calculation.

#### B. Long-term performance

(Unit: %)

Type	1 Year	2 Years	3 Years	5 Years
MKIF	11.30	10.94	11.84	12.35
<b>Comparative Index ^</b>	N/A			

^ There is no comparison index available because MKIF is the only listed infrastructure fund in Korea with publicly available NAV data.

※ Performance quoted above is historical and does not guarantee future performance.

※ NAV increase by the follow-on public offering in 3Q 2021, 4Q 2020 and 3Q 2017 is not reflected in performance calculation.

## 2.4 Profit and Loss summary

The table below sets out the profit and loss incurred by MKIF in its P&L during the Quarter, in comparison with any profit and loss from the previous quarter.

(Unit: KRW million, %)

Type	Equity(unlisted)	Loans	Dividend Income	Short-term Facilities & Deposit	Other Assets	Total Profit (Loss)
Q3 2021	-	62,202	2,412	16	1	64,631
Q2 2021	-	55,148	-	63	3	55,214

## 2.5 Environmental, Social and Governance (ESG)

MKAM, as an affiliate of the Macquarie Group (Macquarie) and in a capacity as a manager and corporate director of MKIF, has adopted ESG framework that Macquarie Infrastructure and Real Assets (MIRA) applies to its fund management activities to the extent relevant and possible. MIRA(Macquarie Infrastructure and Real Assets) aims to improve the sustainability performance of portfolio companies by addressing material ESG issues and opportunities to enhance long-term value for our investors. MIRA addresses a broad range of ESG risks and opportunities throughout the entire investment lifecycle from screening and due diligence through to ongoing asset management and exit. We also regularly collect a range of ESG data from portfolio companies, allowing us to track and support improvement of their ESG performance. ESG information is communicated to investors at least annually in fund reports provided to investors, within fund investor presentations and during one-on-one investor meetings. We are committed to continuously improving our ESG performance and look forward to continuing to share our progress with investors.

### Macquarie Asset Management (MAM) climate change commitment

As long-term investors in companies that underpin economies and communities, we take our responsibility to address climate change risks seriously. As stewards of these vital businesses, we have a duty to ensure they play their part in global efforts to address our warming planet.

Macquarie Group is supporting the transition to a low carbon economy by progressing a range of initiatives to mitigate climate change and adapt to its effects. On the fifth anniversary of the Paris Agreement, MIRA's parent company, Macquarie Asset Management (MAM), announced a commitment to manage its global portfolio in line with net zero emissions by 2040.

The public commitment articulated our goal to implement Paris-aligned or net zero business plans at each of our fund portfolio companies by the end of 2022. This commitment has several steps that are already underway:

- measure greenhouse gas emissions of all portfolio companies;
- identify pathways to reduce emissions;
- develop business plans that contribute to a net zero economy by 2040, or sooner;
- for new investments, target completion of these steps within 24 months of acquisition;
- work with portfolio companies with the aim that they will be meeting their Paris-aligned/net zero emissions reduction pathways by 2030; and
- report on our progress annually.

This detailed commitment complements extensive activity across the broader Macquarie Group in developing and managing renewable energy projects, helping clients on their decarbonisation pathways, and adapting infrastructure for climate resilience.

We look forward to working with our investors, portfolio companies, regulators and other stakeholders to achieve these transformational objectives for the benefit of all. We remain grateful for these partnerships and we welcome continued engagement as we seek to play our part in building a more sustainable future for everyone.

Please visit [MIRAFunds.com](https://www.mirafunds.com) for more detail regarding our climate change commitment as well as our approach to ESG, sustainability and responsible investment.

## 3. Details of Assets

### 3.1 Asset portfolio

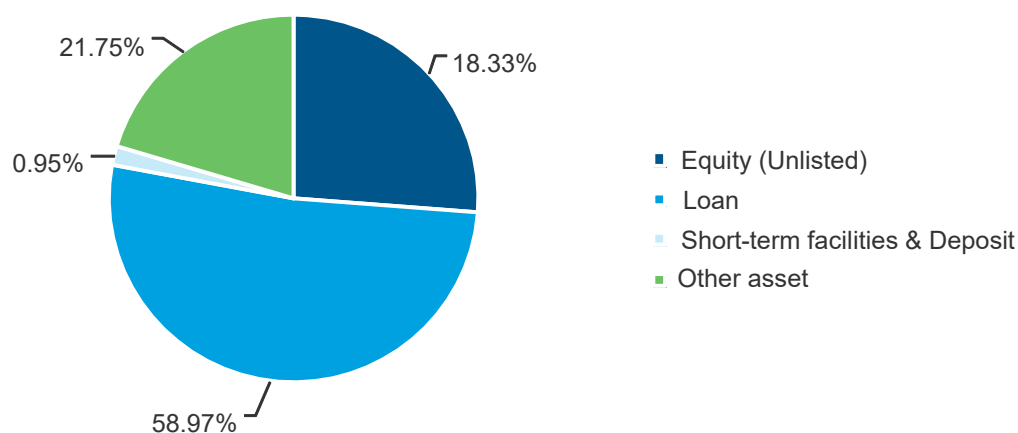
MKIF's investment portfolio consists of equity(unlisted), loans, cash and deposits and other assets.

(Unit: KRW million, %)

Type	Equity (unlisted)	Loans +	Short-term facilities & Deposit	Other assets ^	Total assets
<b>KRW</b>	507,945	1,634,326	26,421	602,670	2,771,362
<b>Composition Ratio</b>	18.33	58.97	0.95	21.75	100

+ Include loans to concession companies

^ Other assets: interest receivable, other receivables and prepaid expenses



### 3.2 Top ten invested assets

(Unit: KRW million, %)

Rank	Type	Name	Acquisition Value +	Composition Ratio ^
1	Subordinated loan	Youngsan Clean Energy Ltd.	290,200	10.47
2	Subordinated loan	Incheon Bridge Co., Ltd.	241,000	8.70
3	Subordinated loan	BNCT Co., Ltd.	193,000	6.96
4	Subordinated loan	Cheonan-Nonsan Expressway Co., Ltd.	182,250	6.58
5	Subordinated loan	Gyungso Highway Co., Ltd.	99,633	3.60
6	Equity (unlisted)	Cheonan-Nonsan Expressway Co., Ltd.	93,815	3.39
7	Subordinated loan	Seoul-Chuncheon Highway Co.,Ltd.	87,450	3.16
8	Subordinated loan	MCB Co., Ltd.	79,000	2.85
9	Subordinated loan	Bomun Clean Energy Ltd.	78,400	2.83
10	Senior loan	Seoul-Chuncheon Highway Co.,Ltd.	74,327	2.68

+ Under K-GAAP and the Act, MKIF recognizes the value of its equity investments in concession companies at their acquisition costs including transaction costs

^ Ratio refers to the contribution to total assets



## 3.3 MKIF's asset portfolio details

## A. Equity securities (unlisted) (top five assets)

(Unit: Share, KRW million, %)

Name	No. of Shares	Percentage Interest	Acquisition Value (A)	Appraisal Value (B) +	Gain/ Loss (B)-(A)	Composition Ratio ^
Cheonan-Nonsan Expressway Co., Ltd.	17,550,000	60%	93,815	93,815	-	3.39
BNCT Co., Ltd.	13,284,000	30%	67,048	67,048	-	2.42
Incheon Bridge Co., Ltd.	7,826,100	64.05%	58,053	58,053	-	2.09
Gyungso Highway Co., Ltd.	10,319,853	43.75%	52,095	52,095	-	1.88
Soojungsan Investment Co., Ltd.	1,114,880	100%	47,248	47,248	-	1.70

+ Under K-GAAP and the Act, MKIF records the value of its equity investments in concession companies at their acquisition costs including transaction costs

^ Ratio refers to the contribution to total assets

## B. Equity securities (unlisted) (more than 1% of total issued shares)

(Unit: Share, KRW million, %)

Name	No. of Shares	Percentage Interest	Acquisition Value (A)	Appraisal Value (B) +	Gain/ Loss (B)-(A)	Composition Ratio ^
Cheonan-Nonsan Expressway Co., Ltd.	17,550,000	60%	93,815	93,815	-	3.39
BNCT Co., Ltd.	13,284,000	30%	67,048	67,048	-	2.42
Incheon Bridge Co., Ltd.	7,826,100	64.05%	58,053	58,053	-	2.09
Gyungso Highway Co., Ltd.	10,319,853	43.75%	52,095	52,095	-	1.88
Soojungsan Investment Co., Ltd.	1,114,880	100%	47,248	47,248	-	1.7
MCB Co., Ltd.	7,955,780	70%	33,925	33,925	-	1.22
Kwangju Beltway Investment Co., Ltd.	6,610,000	100%	33,050	33,050	-	1.19
Youngsan Clean Energy Ltd.	32,286,000	100%	32,286	32,286	-	1.16
Kwangju Ring Road Co., Ltd.	5,775,000	75%	29,495	29,495	-	1.06
New Airport Hiway Co., Ltd.	3,665,273	24.10%	25,235	25,235	-	0.91
Busan New Port 2 <sup>nd</sup> Rear Road	8,295,138	47.56%	18,873	18,873	-	0.68
Bomun Clean Energy Ltd.	8,714,000	100%	8,714	8,714	-	0.31
Dongbuk Light Rail Transit	1,090,900	10.49%	5,455	5,455	-	0.2
Seoul-Chuncheon Highway Co., Ltd.	3,128,435	15.83%	1,423	1,423	-	0.05
Baekyang Tunnel Ltd.	100,000	100%	1,231	1,231	-	0.04
Woomyunsan Infraway Co., Ltd. *	835,200	36%	-	-	-	-

+ Under K-GAAP and the Act, MKIF recognizes the value of its equity investments in concession companies at their acquisition costs including transaction costs

^ Ratio refers to the contribution to total assets

\* Woomyunsan Infraway Co., Ltd. completed its capital reduction on 16 January 2009 and on 16 February 2016. The value of equity investment in Woomyunsan Infraway Co., Ltd. was recognised as zero because the total proceeds of capital reduction paid to MKIF exceeded the acquisition value of the equity investment. For details, refer to MKIF disclosure on 14 January 2016.

### C. Loans to concession companies (top five assets)

(Unit: KRW million, %)

Name	Acquisition Value	Interest Receivable +	Issued Date	Maturity Date	Guarantee	Credit Rating
Youngsan Clean Energy Ltd. (Subordinated loan)	290,200	4,261	12/07/2021	12/07/2051	N/A	N/A
Incheon Bridge Co., Ltd. (Subordinated loan)	241,000	62,722	18/08/2017	18/11/2037	N/A	N/A
BNCT Co., Ltd. (Subordinated loan)	193,000	392,399	25/02/2008	25/11/2032	N/A	N/A
Cheonan-Nonsan Expressway Co., Ltd. (Subordinated loan)	182,250	22,755	20/05/2005	20/05/2029	N/A	N/A
Gyungso Highway Co., Ltd. (Subordinated loan)	99,633	49,635	29/10/2015	29/07/2039	N/A	N/A

+These values are accumulated interest receivables

### D. Short term facilities and deposit

(Unit: KRW million, %)

Name*	Banks	Deposit amount +	Date of Deposit	Maturity Date	Interest Receivable	Composition Ratio ^
N/A						

\* Each deposit amount exceeding 5% of the Total Assets

+ This value is the principal

^ Ratio refers to the contribution to total assets

### E. Other assets

The other assets are set out in the table below and consist of accrued income.

(Unit: KRW million, %)

Type	Amount	Composition Ratio ^
Interest Receivable and others*	602,670	21.75

\* Other assets under the invested assets composition (ex: accrued dividends, accrued income etc), exceeding 5% of the total assets

^ Ratio refers to the contribution to total assets

For more information, refer to Quarterly Business Reports and Documents of Settlement of Accounts on the website of KOFIA (<http://dis.kofia.or.kr>). However, the effective dates of the Quarterly Business Reports and Documents of Settlement of Accounts on the website of KOFIA may be different from the effective dates of this report.

## 4. Registered Asset Managers

### 4.1 Registered infrastructure asset managers\*

MKAM is licensed under the Act to carry out asset management activities for MKIF. MKAM employs at least two infrastructure asset management professionals who meet certain qualifications as follows.

Name	KOFIA registration number	Title	Management fund other than MKIF		Fund with performance fee scheme	
			Number of fund(s)	Total asset under management	Number of fund(s)	Total asset under management
<b>Jinwook Park</b>	2115000350	Division Director	N/A	N/A	N/A	N/A
<b>Jae Woo Jung</b>	2110000811	Associate Director	N/A	N/A	N/A	N/A

\* For more details, refer to current MKIF prospectus disclosed on DART (<http://dart.fss.or.kr>) fund disclosure. The prospectus translated in English can be found in MKIF website ([www.macquarie.com/mkif](http://www.macquarie.com/mkif)).

### 4.2 Change in registered infrastructure asset managers

Period ^	Registered asset managers
October 2019 ~ Present	Jaw Woo Jung, Jinwook Park
February 2019 ~ September 2019	Jae Woo Jung, Boum Sik Suh, Yoonsik Pak ( ~ March 2019)
March 2016 ~ February 2019	Yoonsik Pak, Jae Woo Jung

^ Change in registered asset managers during the past three years.

For more information, refer to ad-hoc disclosures on the website of KOFIA (<http://dis.kofia.or.kr>). However, the effective dates of information displayed on the website of KOFIA may be different from the effective dates of information in this report.

## 5. Cost Summary

### 5.1 Fees to service providers

The table below sets out fees paid by MKIF to its service providers.

(Unit: KRW million, %)

Type		Q2 2021		Q3 2021		Remarks
		Amount	Ratio+	Amount	Ratio+	
MKIF	Management fee	10,557	0.489	10,385	0.447	
	Sales agent fee	-	-	-	-	
	Custodian fee	108	0.005	117	0.005	
	Administrator fee	67	0.003	73	0.003	
	Total	10,732	0.497	10,575	0.455	
	Other expenses <sup>^</sup>	410	0.019	389	0.017	
	Transaction fee	-	-	-	-	
	Securities transaction	-	-	-	-	

+ Ratio refers to fees as a proportion of Net Asset Value

<sup>^</sup> Other expenses include fund audit fee, fund settlement fee and other recurring expenditures other than transaction fee. Excluding transaction fee

### 5.2 Total expense ratio

(Unit: annualised, %)

Collective Investment Vehicle		
Type	Total Expense Ratio*	Commission Ratio
MKIF	Q2 2021	2.0708
	Q3 2021	1.8724

\* Total Expense ratio refers to a ratio calculated by dividing the total management fee and other expenses borne by the collective investment vehicle by annual average balance of the fund (before deducting the fees and expenses) and represents the total fees and expenses borne by the investor during the management period

## 6. Invested Asset Transactions and Debt Facility

### 6.1 Equity transactions

(Unit: number of shares, %)

Buy		Sell		Turnover Ratio+	
Shares	Amount	Shares	Amount	Q3 2021	Annualised rate
607,100	3,036 <sup>^</sup>	-	-	-	-
32,286,000	32,286 <sup>*</sup>				
8,714,000	8,714 <sup>#</sup>				

+ The Turnover Ratio shows frequency level for the equity transactions. The ratio refers to average disposal amounts divided by average retained equity amounts during the period. Provided that the average equity investment is 10 billion and the average equity disposal amount is 10 billion, turnover ratio is 100%. High turnover ratio will increase fund cost.

<sup>^</sup> Additional investment made in Dongbuk Urban Railway Co., Ltd. on 29 September 2021

<sup>\*</sup> Youngsan Clean Energy Ltd. has been established for acquisition of Haeyang Energy Co., Ltd. and investment made during Q3 2021

<sup>#</sup> Bomun Clean Energy Ltd. has been established for acquisition of Sorabol City Gas Co., Ltd. and investment made during Q3 2021

### 6.2 Equity turnover ratio during the past three quarters

(Unit: %)

Q1 2021	Q2 2021	Q3 2021
-	-	-

### 6.3 Loan sales

(Unit: KRW million)

Name	Type	Date	Amount
	N/A		

### 6.4 Loan injections

(Unit: KRW million)

Name	Type	Date	Amount
Youngsan Clean Energy Ltd. +	Subordinated	2021-07-12	254,400
Youngsan Clean Energy Ltd. +	Subordinated	2021-08-17	35,800
Bomun Clean Energy Ltd. <sup>^</sup>	Subordinated	2021-07-12	68,500
Bomun Clean Energy Ltd. <sup>^</sup>	Subordinated	2021-08-17	9,900

+ Initial investment in Youngsan Clean energy Ltd. made in July 2021 and additional investment in August 2021 for subordinated loan.

<sup>^</sup> Initial investment in Bomun Clean energy Ltd. made in July 2021 and additional investment in August 2021 for subordinated loan.

### 6.5 Debt facility status

(Unit: KRW million)

Name	Debt facility amounts			
	Limit of the Facility+	Cumulative to Q2 2021	Movements in Q3 2021	Cumulative to Q3 2021
Shinhan Bank	60,000	-	4,800	4,800

<b>Samsung Fire &amp; Marine Insurance</b>	50,000	-	4,000	4,000
<b>Industrial and Commercial Bank of China</b>	50,000	-	4,000	4,000
<b>National Agricultural Cooperative Federation</b>	30,000	-	2,400	2,400
<b>Mirae Asset Life Insurance</b>	60,000	-	4,800	4,800
<b>Total</b>	<b>250,000</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>

+ MKIF refinanced its corporate debt facility ("New Facility") on 28 January 2019 and repaid the previous corporate debt facility ("Previous Facility"). The New Facility limit of KRW 250 billion will remain the same with the Previous Facility. For details, refer to MKIF disclosure on 28 January 2019

## 6.6 Corporate bond status

(Unit: KRW million)

Name	Par Value	Interest rate	Issue Date	Maturity Date	Credit Rating
Unsecured Bond Tranche 2-1 (5year) +	100,000	2.980	11/06/2018	11/06/2023	AA0
Unsecured Bond Tranche 2-2 (7year) +	100,000	3.205	11/06/2018	11/06/2025	AA0
Electronic Short-term Bond ^	50,800	0.720	13/08/2021	11/11/2021	A1

+ MKIF issued KRW 200 billion of unsecured, fixed-rate bonds to repay the KRW 190 billion of short-term loan executed on 31 May 2018. For more information, please refer to the disclosure on 11 June 2018.

^ MKIF issued a new KRW 167.2 billion electronic short-term bond("ESTB") for the purpose of investment in Haeyang Energy Co., Ltd. and Sorabol City Gas Co., Ltd. Current outstanding balance is KRW 50.8 billion as of Q3 2021. Underwriters for ESTB are KB securities, Shinhan investment, Korea investment and securities and NH investment and securities. Refer to MKIF disclosure on 11 June 2021 for more details.

## 7. Environmental, Social and Governance (ESG)

MKAM, as an affiliate of the Macquarie Group (Macquarie) and in a capacity as a manager and corporate director of MKIF, has adopted ESG framework that Macquarie Infrastructure and Real Assets (MIRA) applies to its fund management activities to the extent relevant and possible. MIRA aims to improve the sustainability performance of portfolio companies by addressing material ESG issues and opportunities to enhance long-term value for our investors. MIRA addresses a broad range of ESG risks and opportunities throughout the entire investment lifecycle from screening and due diligence through to ongoing asset management and exit. MIRA also regularly collect a range of ESG data from portfolio companies, allowing us to track and support improvement of their ESG performance. ESG information is communicated to shareholders at least annually in fund reports and fund presentations. MKAM is committed to continuously improving our ESG performance and look forward to continuing to share our progress with investors.

### Macquarie Asset Management (MAM) climate change commitment

As long-term investors in companies that underpin economies and communities, MIRA take our responsibility to address climate change risks seriously. As stewards of these vital businesses, MIRA have a duty to ensure they play their part in global efforts to address our warming planet.

Macquarie Group is supporting the transition to a low carbon economy by progressing a range of initiatives to mitigate climate change and adapt to its effects. On the fifth anniversary of the Paris Agreement, Macquarie Asset Management (MAM), which MIRA belongs to as one of its business group, announced a commitment to manage its global portfolio in line with net zero emissions by 2040.

The public commitment articulated our goal to implement Paris-aligned or net zero business plans at each of our fund portfolio companies by the end of 2022. This commitment has several steps that are already underway:

- measure greenhouse gas emissions of all portfolio companies;
- identify pathways to reduce emissions;
- develop business plans that contribute to a net zero economy by 2040, or sooner;
- for new investments, target completion of these steps within 24 months of acquisition;
- work with portfolio companies with the aim that they will be meeting their Paris-aligned/net zero emissions reduction pathways by 2030; and
- report on our progress annually.

This detailed commitment complements extensive activity across the broader Macquarie Group in developing and managing renewable energy projects, helping clients on their decarbonisation pathways, and adapting infrastructure for climate resilience.

MIRA look forward to working with our investors, portfolio companies, regulators and other stakeholders to achieve these transformational objectives for the benefit of all. MIRA remain grateful for these partnerships and MIRA welcome continued engagement as MIRA seek to play our part in building a more sustainable future for everyone.

Please visit [MIRAFunds.com](https://www.mirafunds.com) for more detail regarding our climate change commitment as well as our approach to ESG, sustainability and responsible investment.

## 8. Notice

Under the Act, MKAM shall prepare this report and upload it on the website of MKIF and KOFIA after confirmation from the Custodian (KSFC).

**For more information on the website:**

MKIF                      [www.mkif.com](http://www.mkif.com)

KOFIA                    <http://dis.kofia.or.kr>



## Appendix I. MKIF Board of Directors

### Supervisory directors

Name	Career
<b>Woo Young Jung</b>	<ul style="list-style-type: none"> <li>• Attorney, Lee &amp; Ko</li> <li>• Adjunct Professor, Graduate School of Law, Korea University</li> <li>• Outside Director, Hanjin Shipping</li> <li>• Arbitrator, Korean Commercial Arbitration Board</li> <li>• Committee Member, Policy Advisory Committee, Ministry of Oceans and Fisheries</li> <li>• Legal Advisor, Industrial Bank of Korea</li> <li>• Legal Advisor, Bank of Korea</li> </ul>
<b>Hwa Jin Kim</b>	<ul style="list-style-type: none"> <li>• Chairman of Proxy Voting Advisory Committee, Korea Corporate Governance Service</li> <li>• President of Seoul Corporate Governance Forum</li> <li>• Hyundai Heavy Industries Group independent director</li> <li>• Law School professor at Seoul National University</li> <li>• A foreign chair-professor of Law school, University of Michigan</li> </ul>
<b>Daeki Kim</b>	<ul style="list-style-type: none"> <li>• Outside Director of Doosan Heavy Industries &amp; Construction Co., Ltd.</li> <li>• Advisor to Hanwha Life Insurance Co., Ltd.</li> <li>• Chief of Policy Staffs, Office of the President</li> <li>• Senior Secretary to the President for Economic Affairs, Office of the President</li> <li>• Vice Minister of Culture, Sports and Tourism</li> <li>• Commissioner of the Korea National Statistical Office</li> <li>• Head of National Budget Office, Ministry of Planning and Budget</li> <li>• Secretary to the President for Economic Affairs, Office of the President</li> <li>• Economist, World Bank</li> <li>• Deputy Director, Economic Planning Board</li> </ul>

### Corporate director – MKAM

Name	Career
<b>Boum Sik Suh</b>	<ul style="list-style-type: none"> <li>• Representative Director, Macquarie Korea Asset Management Co., Ltd. ("MKAM")</li> <li>• Former Managing Director, Macquarie Korea Opportunities Management Limited</li> <li>• Joined Macquarie Infrastructure and Real Asset Division (MIRA) in 2003 and held various roles mainly in infrastructure asset investment and transaction advisory in Hong Kong, Singapore, Seoul and Japan</li> </ul>
<b>Yong Hwan Kim</b>	<ul style="list-style-type: none"> <li>• Country Lead of Macquarie Group Korea</li> <li>• Representative Director, Macquarie Korea Asset Management Co., Ltd.</li> <li>• Former Representative Director, Macquarie Korea Opportunities Limited prior to the merger with MKAM</li> <li>• Joined Macquarie in 2002, previously held senior positions in Macquarie Capital Korea and Macquarie Securities Korea Limited. (Investment Banking Division)</li> </ul>
<b>Do Kyung Kim</b>	<ul style="list-style-type: none"> <li>• Head of Legal, Macquarie Korea Asset Management Co., Ltd.</li> <li>• Former lawyer at Kim Chang &amp; Lee and Yulchon</li> <li>• Attorney at law and a member of the Korea Bar</li> </ul>

## Appendix II. Summary of Financial Statements

### Statements of Financial Position

As of 30 Sept 2020, As of 30 Jun 2021 and 30 Sept 2021

(Unit: KRW million)

	30 Sept 2021	30 Jun 2021	30 Sept 2020
<b>Assets</b>			
<b>Invested assets</b>	<b>2,168,692</b>	<b>1,815,325</b>	<b>1,733,099</b>
Cash & deposits	26,421	85,678	15,097
Loans receivable	1,634,326	1,265,737	1,233,909
Equity securities	507,945	463,910	484,093
<b>Others</b>	<b>602,670</b>	<b>580,298</b>	<b>525,119</b>
Interest receivables	595,389	572,791	517,360
Other receivables	2,393	2,349	2,348
Prepaid expense	2,794	3,007	3,470
Prepayment	2,094	2,151	1,941
<b>Total assets</b>	<b>2,771,362</b>	<b>2,395,623</b>	<b>2,258,218</b>
<b>Liabilities</b>			
<b>Operational liabilities</b>	<b>270,435</b>	<b>199,698</b>	<b>414,765</b>
Bond	250,435	199,698	199,617
Long-term debt	20,000	-	215,148
<b>Others</b>	<b>17,044</b>	<b>17,172</b>	<b>15,632</b>
Payables	1	1	2
Management fee payable	10,385	10,557	8,488
Other liabilities	6,658	6,614	7,142
<b>Total liabilities</b>	<b>287,479</b>	<b>216,870</b>	<b>430,397</b>
<b>Shareholders' equity</b>			
<b>Share capital</b>	<b>2,448,937</b>	<b>2,057,517</b>	<b>1,815,615</b>
<b>Retained earnings (accumulated deficit)</b>	<b>34,946</b>	<b>121,236</b>	<b>12,206</b>
<b>Total shareholders' equity</b>	<b>2,483,883</b>	<b>2,178,753</b>	<b>1,827,821</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,771,362</b>	<b>2,395,623</b>	<b>2,258,218</b>

**Statements of Income**

For the Quarters Ended 30 Sept 2020, 30 Jun 2021 and 30 Sept 2021

(Unit: KRW million)

	Quarter Ended 30 Sept. 2021	Quarter Ended 30 Jun. 2021	Quarter Ended 30 Sept. 2020
<b>Revenue</b>	<b>64,631</b>	<b>55,214</b>	<b>53,929</b>
1. Interest income	62,218	55,211	51,502
2. Dividend Income	2,412	-	2,412
3. Other income	1	3	15
<b>Expenses</b>	<b>13,210</b>	<b>12,886</b>	<b>11,039</b>
1. Management fee	10,385	10,557	8,488
2. Custodian fee	117	108	93
3. Administrator fee	73	67	58
4. Interest expense	2,100	1,557	1,872
5. Other expense	535	597	528
<b>Net income</b>	<b>51,421</b>	<b>42,328</b>	<b>42,890</b>

## Corporate Directory

### **Manager of MKIF**

#### **Macquarie Korea Asset Management Co., Ltd.**

18th Floor, Tower A, Centropolis Building,  
26, Ujeongguk-ro, Jongno-gu, Seoul, 03161, KOREA  
Telephone +82 2 3705 8565  
Facsimile + 82 2 3705 8596

### **MKIF Custodian**

#### **Korea Securities Finance Corp.**

10, Gookjegeumyoongro-8-gil,  
Yeongdeungpo-gu,  
Seoul, 07330, KOREA  
Telephone + 82 2 3770 8800  
Facsimile + 82 2 3770 8244

### **MKIF Administrator**

#### **Hana Investors Service Co., Ltd.**

10th Floor, 66 Eulji-ro, Jung-gu,  
Seoul, 04538, KOREA  
Telephone + 82 2 6714-4600  
Facsimile + 82 2 6714-4800