

Macquarie Infrastructure and Real Assets (MIRA)



Macquarie Korea Infrastructure Fund

Investor Presentation

4Q 2020



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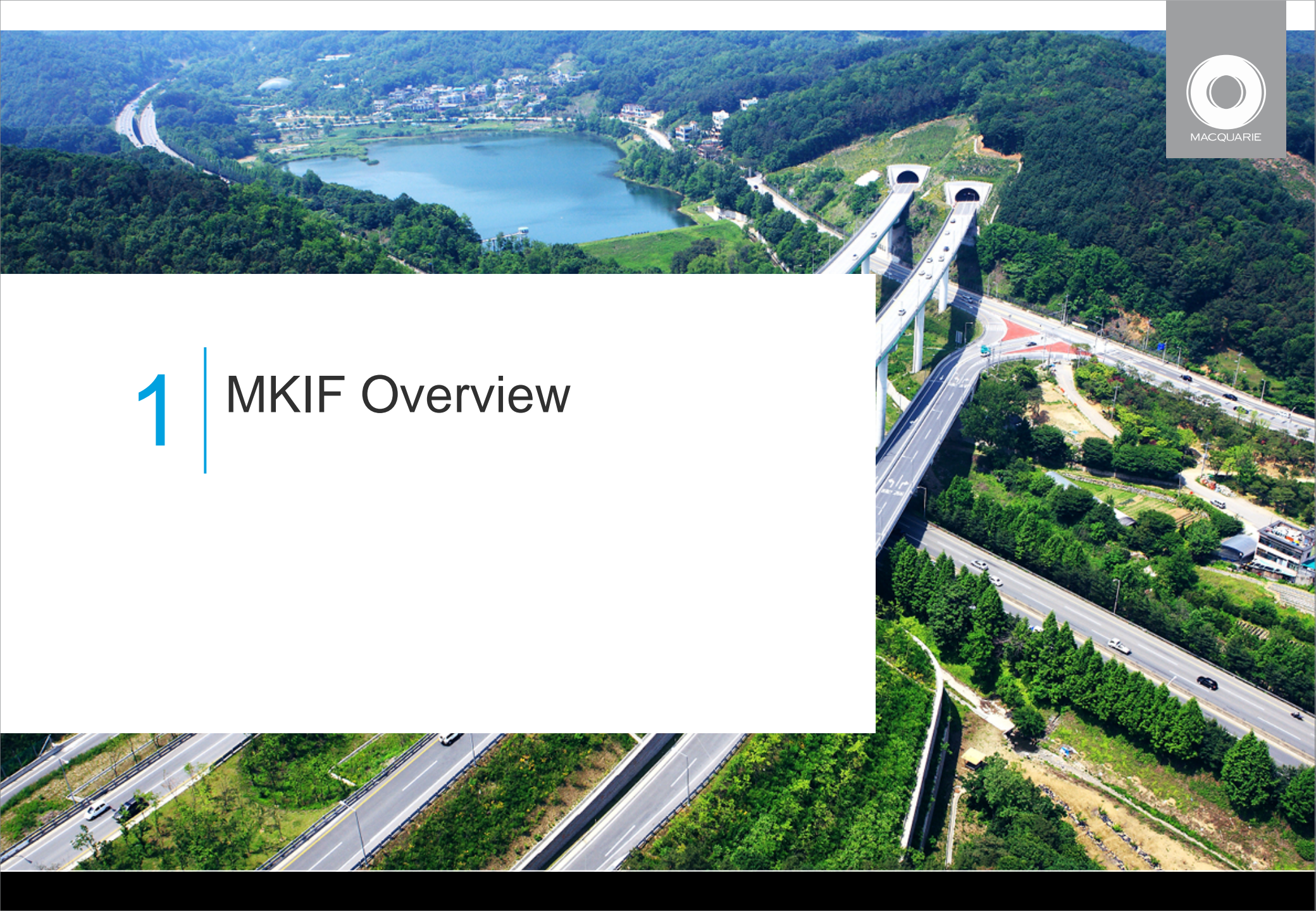


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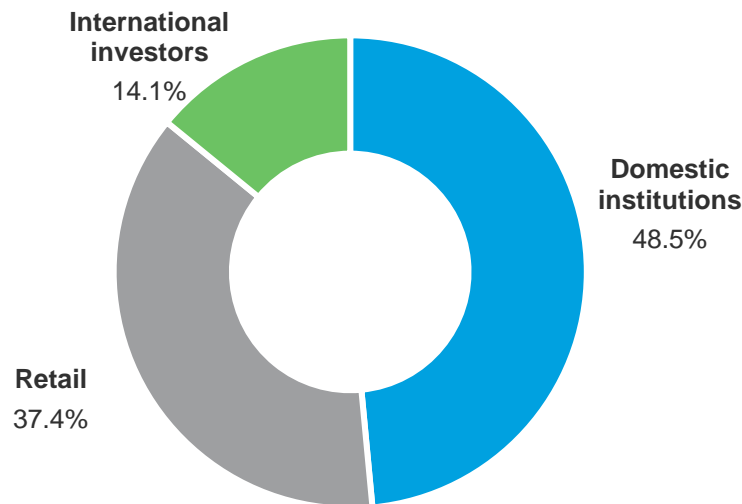
1 | MKIF Overview



A Leading Infrastructure Fund in Korea

- Established in 2002 / Listed on the Korea Exchange in 2006
- Market capitalization of KRW ~4.0 trillion¹
- Invests only in Korea as defined under the Korean PPP Act²
- Delivered approximately ~6.8% distribution yield³ in 2020
- Issuer credit rating of AA0 (Stable)⁴

Key Shareholder Groups⁵



1. As at 28 Jan 2021

2. Act on Public Private Partnerships in Infrastructure ("PPP Act") states infrastructure sectors including roads, railways, ports, water treatment, waste management, etc.

3. Distribution yield based on FY2020 closing share price of KRW 10,650 and FY2020 distributions; historical performance does not guarantee future performance

4. Issuer credit rating by NICE Investor Service on 3 Apr 2020

5. As at 31 Dec 2020

Fund History

Establishment / Listing 2002 / 2006	Mandate Core and Core+ (Korea only)	Portfolio 12 Roads, 1 Port, 1 Rail (all concessions)	Market Capitalisation KRW ~4.0 trillion (KOSPI top 72)
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MKIF History¹

Pioneered the infrastructure sector in Korea, leading the market with best fund and asset management practices

2002 ~ 2006

Establishment & Capital Raising

- Established in Dec 2002
- Investment committed in 15 assets
 - 14 toll roads
 - 1 subway line
- Capital reached KRW 1.3tn

2006 ~ 2009

IPO & Asset Stabilization

- IPO in Mar 2006 (KRW 1.0tn)²
- Listing on KRX and LSE²
- 5 greenfield assets commenced operation on time & on budget
- Asset performance stabilized

2007 ~

Active Fund and Asset Management

Fund-level

- 8 investments³ / 4 divestments⁴
- 9 fund-level debt refinancing⁵
- Effective IR: improved market awareness & active share trading

Asset-level

- 16 asset-level restructuring⁶
- 14 asset-level dispute resolutions⁷
- Actively engaged with current issues

2017 ~

Share Offering & New Growth

- Mandate expansion
- Seeking diverse investment opportunities
- 1st follow-on offering in 2017 (KRW 147.2 billion)
- 2nd follow-on offering in 2020 (KRW 244.2 billion)

1. Please refer to page 7 for asset acronyms

2. KRW 0.6tn = issuance of new shares, KRW 0.4tn = sale of old shares / MKIF delisted from LSE in Mar 2016

3. BNP 2-3 initial investment (2008); MCB bolt-on (2008); BNP 2-3 bolt-on (2013); YSE bolt-on (2015); IBC bolt-on (2017); SCH bolt-on (2018); DBR (2019); B2RR (2020)

4. New Daegu Busan Expressway (2008); Seosuwon-Osan Pyungtaek Expressway (2010); Daegu 4th Beltway East (2012); Subway Line 9 (2013)

5. MKIF debt refinancing disclosed in May 2007; Apr 2009; Nov 2009; May 2011; Jun 2011; Feb 2014; May 2016; Jun 2018; Jan 2019

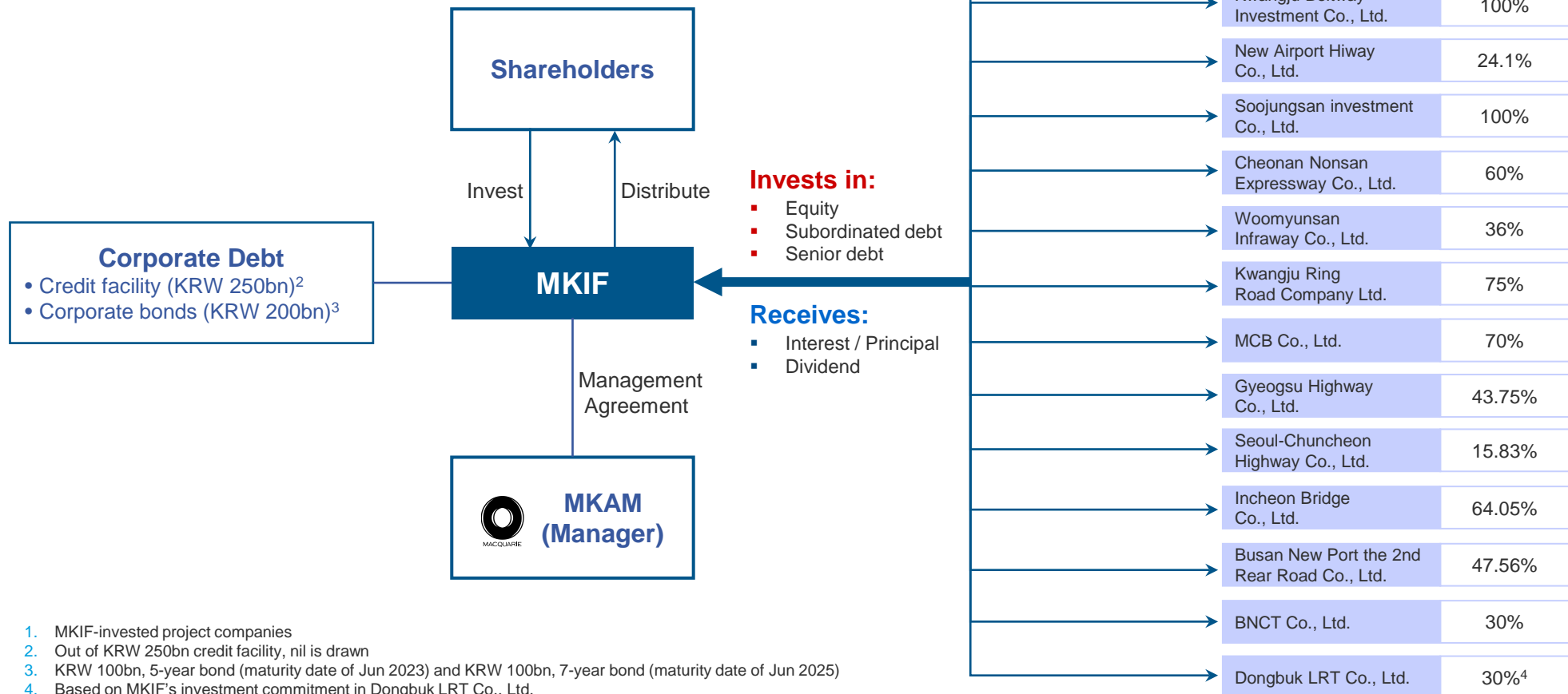
6. Asset-level refinancing disclosed in Feb 2007 (Daegu 4th Beltway East); Jan 2008 (BYTL); Dec 2008 (WIC); Mar 2009 (IBC); May 2009 (CNEC); Nov 2010 (MCB); Aug 2015 (NAHC); Oct 2015 (YSE); Jan 2016 (WIC); Dec 2016 (KBICL); Jan 2017 (MCB); Aug 2017 (IBC); Jun 2018 (SCH); Apr 2019 (BNP 2-3); Dec 2019 (CNEC); Dec 2020 (SCH)

7. Disputes resolved in Oct 2013 (BNP 2-3); Apr 2015 (MCB); Aug 2015 (KBICL); Dec 2016 (KBICL); Jan 2019 (SICL & BYTL); Mar 2019 (SICL); 2018-2019 (5 tax litigations involving SICL, WIC, KBICL, NAHC, CNEC), May 2020 (BYTL), Jun 2020 (IBC)

Business Structure

(As at 31 December 2020)

- MKIF is a holding company of 14 infrastructure project companies
- Active management of the underlying project companies¹
- Fund is managed by Macquarie Korea Asset Management Co., Ltd. ("MKAM")
- MKIF corporate tax exempted when 90% or more of its distributable earnings is distributed



1. MKIF-invested project companies
 2. Out of KRW 250bn credit facility, nil is drawn
 3. KRW 100bn, 5-year bond (maturity date of Jun 2023) and KRW 100bn, 7-year bond (maturity date of Jun 2025)
 4. Based on MKIF's investment commitment in Dongbuk LRT Co., Ltd.

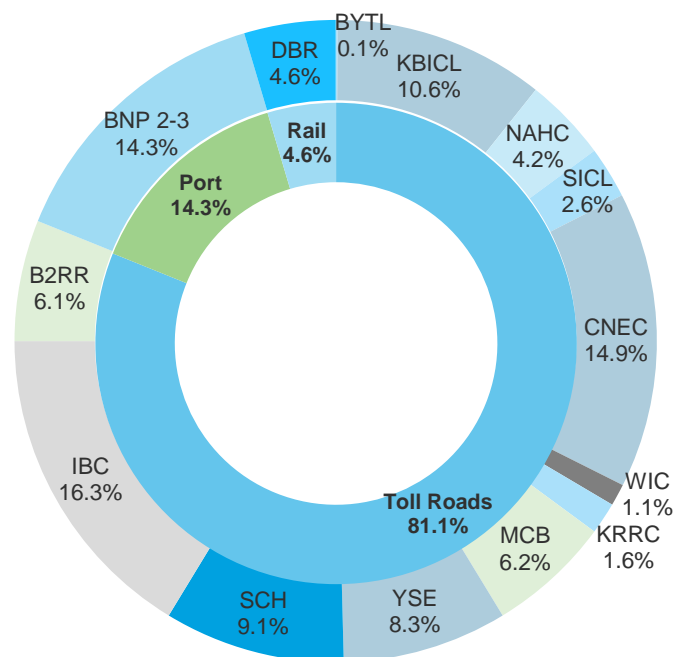
Portfolio Summary¹



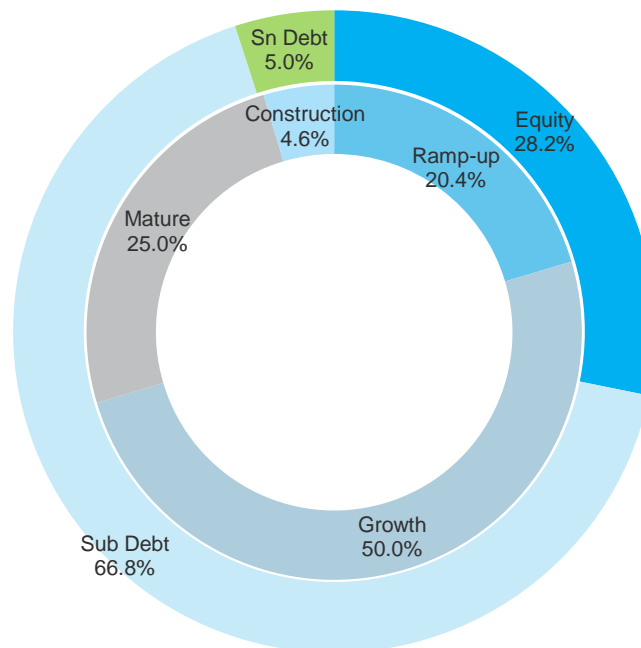
(As at 31 December 2020)

- KRW 1.8 trillion invested across 14 infrastructure assets in Korea
- Weighted average remaining life of the portfolio is 16.7 years (out of weighted average concession term of 29.4 years)
- Ratio of central and local government involvement is 73:27

Portfolio Composition by Asset¹



Portfolio Composition by Investment¹ and Phase^{1,2}



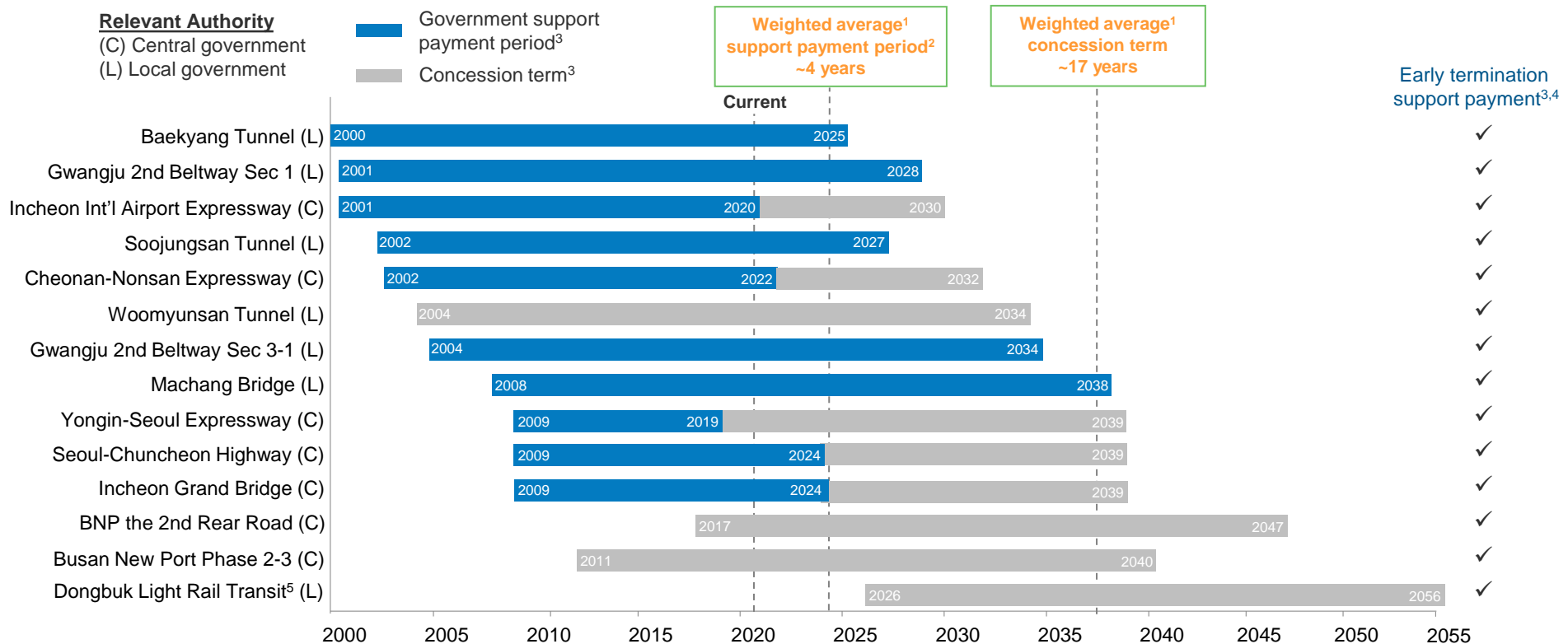
Asset names	Abbrev.
Baekyang Tunnel	BYTL
Gwangju Second Beltway, Section 1	KBICL
Incheon International Airport Expressway	NAHC
Soojungsan Tunnel	SICL
Cheonan-Nonsan Expressway	CNEC
Woomyunsan Tunnel	WIC
Gwangju Second Beltway, Section 3-1	KRRC
Machang Bridge	MCB
Yongin-Seoul Expressway	YSE
Seoul-Chuncheon Highway	SCH
Incheon Grand Bridge	IBCB
BNP the 2nd Rear Road	B2RR
Busan New Port Phase 2-3	BNP 2-3
Dongbuk Light Rail Transit	DBR

1. Based on MKIF investment amount plus investment commitment of KRW 82.7bn in Dongbuk LRT Co., Ltd. (KRW 15.0bn has been deployed)
2. Ramp-up (operating life ≤ 10 years or previous year's average daily traffic volume growth rate ≥ previous year's CPI growth rate+7%): BNP 2-3, B2RR
 Growth (previous year's average daily traffic volume growth rate ≥ previous year's CPI growth rate+3%, exclusive of the ramp-up assets): NAHC, KBICL, KRRC, YSE, SCH, IBC
 Mature (previous year's average daily traffic volume growth rate < previous year's CPI growth rate+3%): BYTL, WIC, CNE, SICL, MCB
 Construction: DBR
 (CPI=consumer price index of Korea as published on www.index.go.kr; 2019 CPI growth rate=0.4%)

Concession Term and Government Support Period

(As at 31 December 2020)

- Weighted average¹ remaining life of ~17 years under the concession agreements
- 10 toll road companies are entitled to receive government support payments² from their respective authorities for next ~4 years on average
- All underlying project companies are protected under the early termination support payment provision



1. Based on MKIF investment amount plus investment commitment of KRW 82.7bn in Dongbuk LRT Co., Ltd. (KRW 15.0bn has been deployed)
2. Revenue guarantee and cost compensation payments received from relevant authorities, toll freeze compensations related to the CPI growth, etc. Weighted average support payment period is based on the periods of government support payments other than toll freeze compensation, as toll freeze compensation is typically covered throughout entire concession term
3. Government support and early termination payment provisions vary for each concession
4. Project companies have the right to receive payments if the relevant concession agreement is terminated prior to expiration of the concession term, including termination due to events attributable to the concession company, the relevant authority, or for events of force majeure
5. Construction period of 5 years (1H 2021~1H 2026) expected, followed by a 30-year operation period

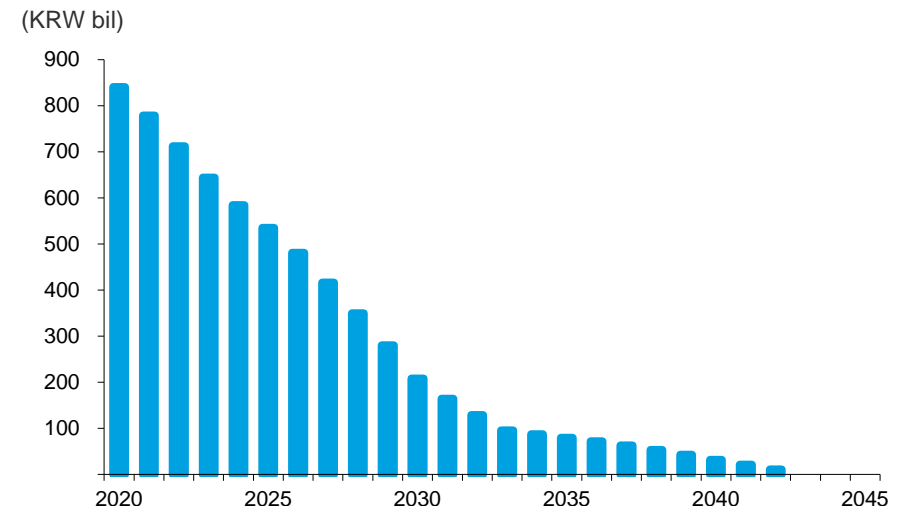
Financial Position

(As at 31 December 2020)

- MKIF debt capped at 30% of its capital under PPP Act¹, with the current outstanding debt at KRW 250 billion out of KRW 450 billion limit under the existing loan agreements
 - Nil is drawn from KRW 250 billion of credit facility limit
 - KRW 200 billion fixed-rate bonds (KRW 100 billion, 5-year bond maturing in June 2023 & KRW 100 billion, 7-year bond maturing in June 2025)
- Weighted average interest rate of MKIF debt is 3.09%, and remaining average maturity is 3.2 years
- Project company-level debt is expected to decline as senior debts are redeemed, and average remaining maturity² of external debt³ is 6.1 years

CASH ⁴	KRW 408.5bn
EXTERNAL DEBT AVERAGE MATURITY ³	6.1 years
GEARING ⁵	17.9%

Project Company-level External Debt Balance⁶

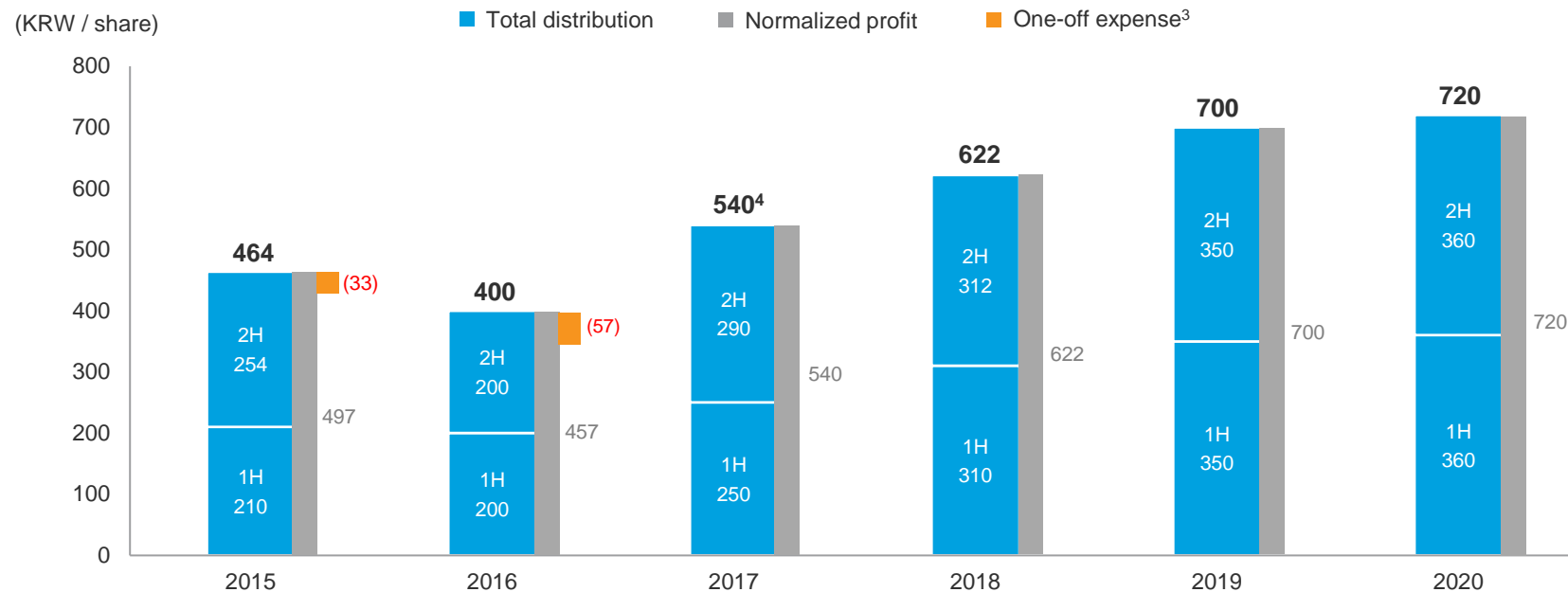


1. Current MKIF debt ceiling under PPP Act is KRW 617.3bn (30% of current MKIF paid-in-capital of KRW 2,057.5bn)
2. Average remaining maturity of external debt of the underlying project companies based on MKIF equity ownership
3. External debt of the underlying project companies is defined as the total drawn debt of the underlying project companies minus: (i) borrowing from MKIF; (ii) borrowing from third parties with the same and/or subordinated term as MKIF's; (iii) borrowing of which default risk and redemption obligation have been transferred to the relevant authority as a result of restructuring
4. Proportionately consolidated MKIF cash and cash equivalents (inclusive of MKIF cash and cash equivalents of KRW 71.4bn)
5. Proportionately consolidated MKIF net debt / (proportionately consolidated MKIF net debt + average MKIF market capitalization for the previous 3 months)
6. Outstanding external debt balance of the underlying project companies based on respective MKIF equity ownership, assuming absence of additional restructuring or new investment

Distribution

- Distribution is paid semi-annually (record dates are 30 June and 31 December)
- Distribution floor is higher of taxable income or 100% of distributable accounting income to maintain tax exempt status
- 2020 second half distribution of KRW 360 per share¹ (total amount of KRW 134.0 billion) will be paid on 26 February 2021

Distribution History²

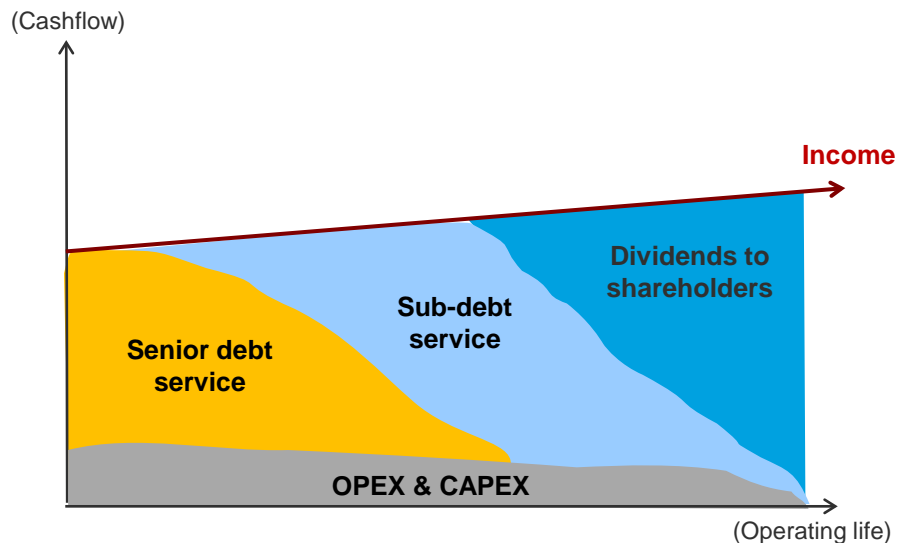


1. Distribution amount is treated as dividend income and is tax payable under the relevant Korean law. Investors are advised to consult their own tax advisors for the appropriate tax treatment of the distribution
2. Past result does not guarantee future performance
3. Includes over-distribution amount
4. FY2017 and FY2020 aggregated distribution per share are lower than the respective earnings per share due to the dilution effect from the issuance of new shares

Investment Highlights

- MKIF targets to deliver long-term cash flow & income to investors via new acquisitions, active asset management and prudent capital management
 - Additional growth potential through (i) new investments and (ii) bolt-on investments in the invested project companies
 - Enhancement in / protection of investment return by managing various activities of the project companies, including operation, restructuring and disputes
 - Some project companies generate relatively stable and predictable income based on inflation-linked government support payments
 - Continuous monitoring of the capital structure of MKIF and the financial positions of the project companies

Conceptual Cash Flow¹ of Infrastructure Project Companies



MKIF Strategy & Objective

**Deliver long-term
cash flow & income to investors**

**Additional
growth
potential**

+

**Enhance / protect
investment return**

New & bolt-in investments

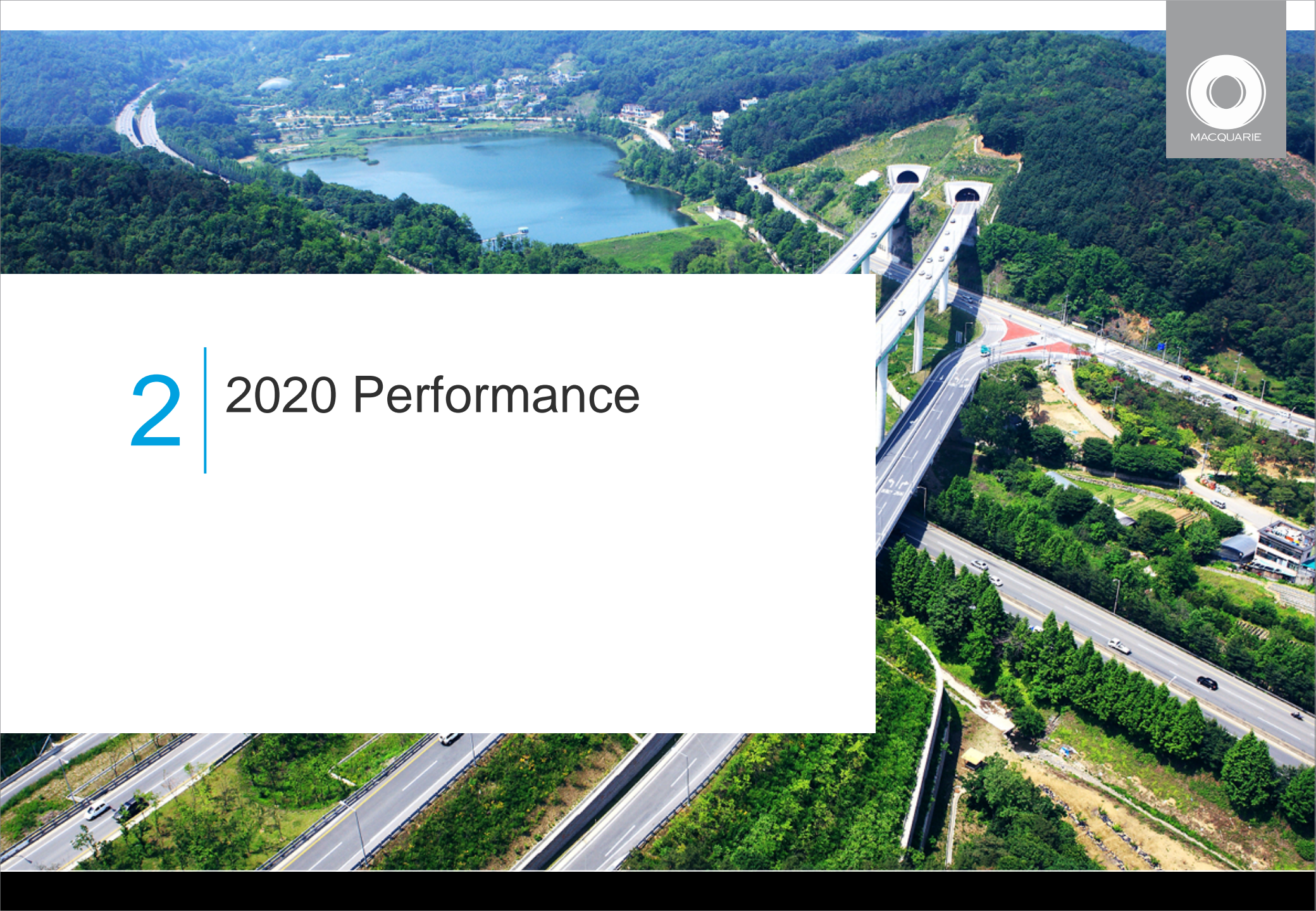
Seeking investment opportunities using the expertise and network of Macquarie as the global infrastructure manager

Asset management & fund capital management

Active asset management & prudent capital management based on extensive experience in managing infrastructure assets

1. Conceptual cash flow chart of an infrastructure project company with long-term project financing and does not necessarily represent actual cash flow of MKIF's invested project companies. The chart assumes that such project company (i) does not undergo additional restructuring and (ii) is able to generate its targeted income. Cash flow may be negatively affected if such project company is not able to generate its targeted income due to internal / external factors

2 | 2020 Performance



Key Performance

• MKIF revenue and net income (P14)

- MKIF recorded revenue of KRW 304.4 billion and net income of KRW 259.3 billion for 2020 (the "Period"), increases of 3.1% and 4.4% respectively compared with the previous corresponding period ("pcp"). Revenue increased due to higher dividend income¹, and net income increased due to higher revenue and reduced expenses.

• Performance of toll roads (P17)

- On a weighted average basis, 12 toll road assets have delivered traffic volume and revenue declines of 8.9% and 21.2%² during the Period over pcp.
- Declines were caused mostly by a decrease in number of airport users, reduced outdoor activities, delayed opening of schools and increased remote work in response to Covid-19 outbreak.

• Performance of Busan New Port Phase 2-3 (P18)

- BNP 2-3 handled 2.23 million TEUs during the Period, an increase of 0.5% over pcp. Revenue and EBITDA improved by 8.0% and 15.5% to KRW 122.2 billion and KRW 61.1 billion, respectively, during the Period over pcp.

• Closing of two legal disputes (P20)

- The litigation that involved the claim of overdue government support payments by Baekyang Tunnel Ltd. and the international arbitration requested by Incheon Bridge Co., Ltd. for the interpretation of the terms of Non-Compete Provision under the Concession Agreement were closed.

• Investment in Busan New Port the 2nd Rear Road Project (P38)

- On 24 September 2020, MKIF committed to invest a total of KRW 110.7 billion to acquire 47.6% of equity (KRW 41.5 billion) and 81.0% of subordinated loan (KRW 69.2 billion) interests in Busan New Port the 2nd Rear Road Co., Ltd., the concessionaire of Busan New Port the 2nd Rear Road Project.
- MKIF made the investment (KRW 110.7 billion) at the end of September 2020 using the proceed drawn down from its revolving credit facility.

• MKIF follow-on offering (P23)

- On 29 October 2020, MKIF announced to issue 23,148,149 new common shares via a follow-on offering in the form of "rights offering followed by a public offering of forfeited shares."
- The offer price was determined as KRW 10,550 per share, and a total of 41,560,189 shares (subscription rate of 180%) were subscribed.
- MKIF received the offering proceed of KRW 244.2 billion on 22 December 2020, and the new shares were listed on the Korea Exchange on 4 January 2021.
- MKIF's share capital has increased by KRW 241.9 billion³ from KRW 1,815.6 billion to KRW 2,057.5 billion, and its debt ceiling has increased by KRW 72.6 billion from KRW 544.7 billion to KRW 617.3 billion.

• Restructuring of Seoul-Chuncheon Highway Co., Ltd. (p21)

- On 22 December 2020, Seoul-Chuncheon Highway Co., Ltd., the concessionaire of Seoul-Chuncheon Highway ("SCH"), signed the Amended Concession Agreement with the Ministry of Land, Infrastructure and Transport as part of restructuring.
- The toll fare of Seoul-Chuncheon Highway was reduced by 28%, but SCH will be fully compensated for any revenue loss resulting from the toll fare reduction.

1. 2020: dividend income of KRW 31.3bn from New Airport Hiway Co., Ltd.; KRW 45.3bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 17.0bn from Soojungsan Investment Co., Ltd.; KRW 4.9bn from Kwangju Ring Road Company, Ltd.

2019: dividend income of KRW 34.9bn from New Airport Hiway Co., Ltd.; KRW 51.8bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 7.0bn from Soojungsan Investment Co., Ltd.

2. Traffic revenue declined more than volume primarily due to the effect of the toll fare reductions of Cheonan-Nonsan Expressway and Seoul-Chuncheon Highway as part of restructuring in December 2019 and December 2020, respectively. Toll revenue loss resulting from both toll fare reduction will be fully compensated via quarterly compensation and quarterly funding, respectively

3. Calculated based on the offering proceed of KRW 244.2bn minus the offering costs of KRW 2.3bn

Financial Results

Audited, non-consolidated – 2020 and 2019



- 2020 revenue and net income increased by 3.1% and 4.4% respectively compared with the pcg
- Revenue increased due to higher interest income and dividend income¹, and net income increased due to higher revenue and reduced expenses

(Unit: KRW million)

	2020	2019	% Change
Revenue	304,396	295,204	3.1%
Interest income	205,730	198,935	
Dividend income ¹	98,471	93,721	
Other income ²	195	2,548	
Expenses	45,101	46,917	(3.9%)
Management fee	33,684	36,087	
Interest expense	8,377	7,942	
Other fees and expenses	3,040	2,888	
Net income	259,295	248,287	4.4%
Normalised net income²	259,295	246,057	5.4%
EPS (KRW per share)	742	711	
Normalised EPS (KRW per share)²	742	705	

1. 2020: dividend income of KRW 31.3bn from New Airport Hiway Co., Ltd.; KRW 45.3bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 17.0bn from Soojungsan Investment Co., Ltd.; KRW 4.9bn from Kwangju Ring Road Company, Ltd.
2. 2019: dividend income of KRW 34.9bn from New Airport Hiway Co., Ltd.; KRW 51.8bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 7.0bn from Soojungsan Investment Co., Ltd.
3. Excludes one-off items
2020: no one-off item
2019: other income of KRW 2.2bn (prepayment fee income resulted from the refinancing of BNCT Co., Ltd.)

Financial Results

Unaudited, non-consolidated – 4Q 2020 and 4Q 2019



- 4Q 2020 revenue and net income increased by 19.4% and 24.6% respectively compared with the pcq
- The increase in revenue and net income was mainly due to higher dividend income¹

(Unit: KRW million)

	4Q 2020 (Oct – Dec)	4Q 2019 (Oct – Dec)	% Change
Revenue	59,304	49,663	19.4%
Interest income	54,384	49,588	
Dividend income ¹	4,875	-	
Other income	45	75	
Expenses	11,905	11,631	2.4%
Management fee	8,329	9,047	
Interest expense	2,896	1,911	
Other fees and expenses	680	673	
Net income	47,399	38,032	24.6%
Normalised net income²	47,399	38,032	24.6%
EPS (KRW per share)	135	109	
Normalised EPS (KRW per share)²	135	109	

1. 4Q 2020: dividend income of KRW 4.9bn from Kwangju Ring Road Company, Ltd.

4Q 2019: none

2. Excludes one-off items

4Q 2020 and 4Q 2019: no one-off item

Statement of Financial Position

Non-consolidated – as at 31 December 2020 and 31 December 2019



(Unit: KRW mil)

	31 December 2020	31 December 2019
Assets		
Invested Assets	1,801,033	1,667,890
Cash & deposits	71,362	28,241
Loans	1,265,761	1,197,032
Equity securities	463,910	442,617
Others	532,855	431,084
Interest receivable	525,281 ¹	422,582
Other receivables	2,348	2,674
Deferred costs, net	3,267	3,954
Prepayment	1,959	1,874
Total Assets	2,333,888	2,098,974
Liabilities		
Management fee payable	8,329	9,047
Long-term debt	-	20,009
Bonds	199,644	199,535
Other liabilities	8,791	6,635
Total Liabilities	216,764	235,226
Shareholders' Equity		
Share capital ²	2,057,517	1,815,615
Retained earnings	59,607	48,133
Total Shareholders' Equity	2,117,124	1,863,748
Total Liabilities and Shareholders' Equity	2,333,888	2,098,974

CHANGE OF INVESTMENT

Project Company	Item	2020
Kwangju Beltway Investment Co., Ltd.	Senior Debt	(13,000)
Busan New Port the 2nd Rear Road Co., Ltd. ¹	Equity	18,873
Busan New Port the 2nd Rear Road Co., Ltd. ¹	Subordinated Debt	69,227
Dongbuk LRT Co., Ltd.	Equity	2,419
Dongbuk LRT Co., Ltd.	Subordinated Debt	12,550
Total*		90,069

* Excludes loan amortization of KRW 47 million from Baekyang Tunnel Ltd.

- Existing interest receivable of KRW 22,965 million on subordinated debt to Busan New Port the 2nd Rear Road Co., Ltd. ("B2RR") was acquired as part of MKIF's investment in the equity and subordinated debt of B2RR. MKIF's total investment amount of KRW 111.1 billion to B2RR, including the transaction cost of 0.4 billion, was allocated to interest receivable, subordinated debt and equity
- Share capital increased by KRW 241,902 million post the follow-on offering announced by MKIF on 29 October 2020; the increment amount is calculated based on offering proceed of KRW 244,213 million minus offering costs of KRW 2,311 million

Toll Roads Performance

- Key highlights for 2020 are:
 - The declines traffic volume and revenue were caused mostly by decline in the number of airport users, reduced outdoor activities, delayed opening of schools and increased remote work in response to the Coronavirus outbreak
 - Incheon International Airport Expressway & Incheon Grand Bridge** showed higher declines in traffic volume due to decreasing number of airport users
 - Revenue of Cheonan-Nonsan Expressway and Seoul-Chuncheon Highway** declined more than volume primarily due to the effect of the toll fare reduction part of restructuring in December 2019 and December 2020, respectively. Toll revenue loss resulting from both toll fare reductions will be fully compensated via quarterly compensation and quarterly funding, respectively
 - Gwangju 2nd Beltway, Section 1 & 3-1, Cheonan-Nonsan Expressway and Seoul-Chuncheon Highway** are located in regions of Korea where the impact of Coronavirus has been relatively mild, and thus their traffic performance was better than the other assets

	2020				4Q 2020			
	Average daily traffic volume		Average daily revenue ¹		Average daily traffic volume		Average daily revenue ¹	
	Vehicles/day	% change yoy	KRW1,000/day	% change yoy	Vehicles/day	% change yoy	KRW1,000/day	% change yoy
Baekyang Tunnel	72,029	(7.2%)	59,620	(6.9%)	73,265	(6.8%)	60,801	(6.4%)
Gwangju 2nd Beltway, Section 1	59,996	1.3%	63,929	2.2%	63,361	1.8%	67,642	2.6%
Incheon International Airport Expressway	68,272	(28.2%)	304,491	(34.7%)	64,743	(32.7%)	287,243	(40.0%)
Soojungsan Tunnel	45,680	(7.2%)	41,930	(6.9%)	46,132	(8.3%)	42,431	(7.9%)
Cheonan-Nonsan Expressway	54,448	0.2%	249,780	(42.4%)	56,420	2.5%	262,764	(41.4%)
Woomyunsan Tunnel	33,965	(3.9%)	74,371	(3.6%)	36,437	1.1%	79,875	1.4%
Gwangju 2nd Beltway, Section 3-1	53,390	0.8%	57,299	0.9%	56,709	2.0%	61,014	2.1%
Machang Bridge	38,565	(2.7%)	84,272	(2.4%)	40,536	(0.2%)	89,655	(0.8%)
Yongin-Seoul Expressway	94,088	(4.8%)	150,263	(4.4%)	95,611	(5.8%)	153,666	(6.0%)
Seoul-Chuncheon Highway	59,669	3.5%	326,062	3.7%	59,767	3.9%	326,104	1.8%
Incheon Grand Bridge	43,144	(24.8%)	203,762	(26.4%)	41,688	(28.1%)	223,183	(33.8%)
BNP the 2nd Rear Road	17,839	3.6%	34,767	5.1%	18,798	4.7%	36,888	5.5%
Weighted average growth rate¹		(8.9%)		(21.2%)		(9.6%)		(23.1%)

- Does not include government support payments; Baekyang Tunnel, Gwangju 2nd Beltway Section 1 & 3-1, Incheon International Airport Expressway, Soojungsan Tunnel, Cheonan-Nonsan Expressway, Machang Bridge, Seoul-Chuncheon Highway and Incheon Grand Bridge receive support payments from government if their toll revenue or cash flow in a given period is less than specified amount under concession agreement
- On a weighted average basis based on the revenue size and MKIF equity ownership in each project company

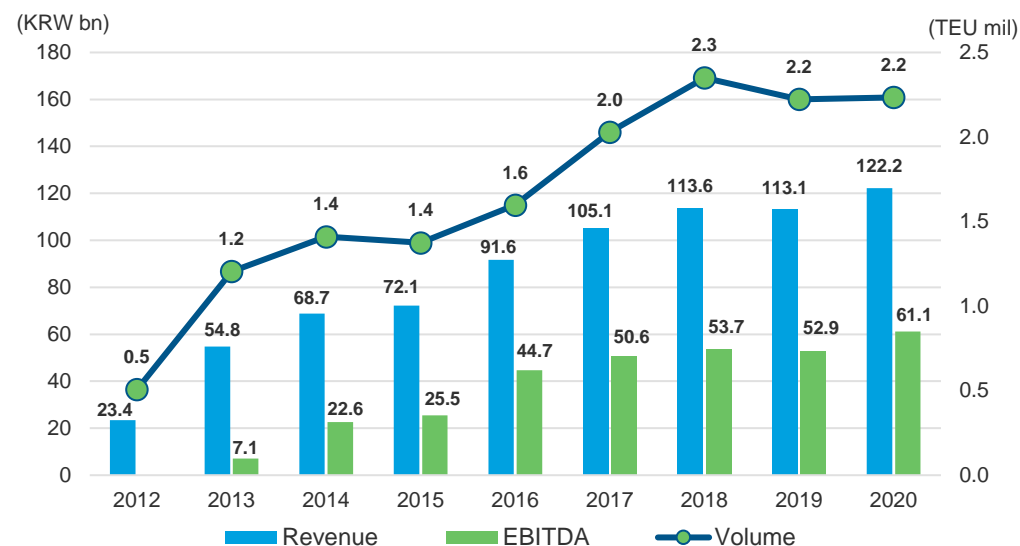
Port Performance



BNCT 2020 Performance

	2020	2019	Change Over pcp	4Q 2020	4Q 2019	Change over pcp
Volume (TEU million)	2.23	2.22	0.5%	0.58	0.55	5.4%
Revenue (KRW billion)	122.2	113.1	8.0%	32.1	28.0	14.7%
EBITDA (KRW billion)	61.1	52.9	15.5%	16.6	13.6	21.7%
EBITDA margin	50.0%	46.8%	3.2%p	51.6%	48.6%	3.0%p

BNCT Historical Results



- BNP 2-3 handled 2.23 million TEUs during 2020, an increase of 0.5% over pcp.
- Revenue improved by 8.0% over pcp to KRW 122.2 billion due to a change in volume mix and an increase in tariff
- EBITDA improved by 15.5% over pcp to KRW 61.1 billion due to an increase in revenue and a decrease in operating expenses. EBITDA margin was 50%
- BNCT raised additional capex funding in April 2019 via debt refinancing to undertake further capacity expansion, and the maximum capacity of BNP 2-3 has increased from 2.5 million TEUs to 3.2 million TEUs during January 2021

Busan Port

- Busan Port is comprised of Busan New Port (the “New Port”) and Busan North Port (the “North Port”)
- Busan Port handled 21.5 million TEUs¹ of container volume in 2020, of which the New Port handled 69% or 14.9 million TEUs
- The New Port’s utilization rate and the market share within Busan have been on a growing trend over the last 8 years mainly due to (i) stable container volume growth in Busan Port overall and (ii) migration of vessel services from the North Port to the New Port

Busan Port Highlights

FY2018	BNP 2-3	New Port ¹	North Port ¹
Number of Terminals in Operation	(New Port Terminal)	5 Terminals	3 Terminals
Capacity ² (TEUs p.a.)	2.5 mil	15.2 mil	7.3 mil
Handling Volume ³ (TEUs)	2.23 mil	14.9 mil	6.6 mil
Volume Growth (over pcp)	0.5%	(0.3%)	(1.1%)
Utilisation Rate	89%	98%	91%
Market Share ⁴ within Busan Port	10%	69%	31%

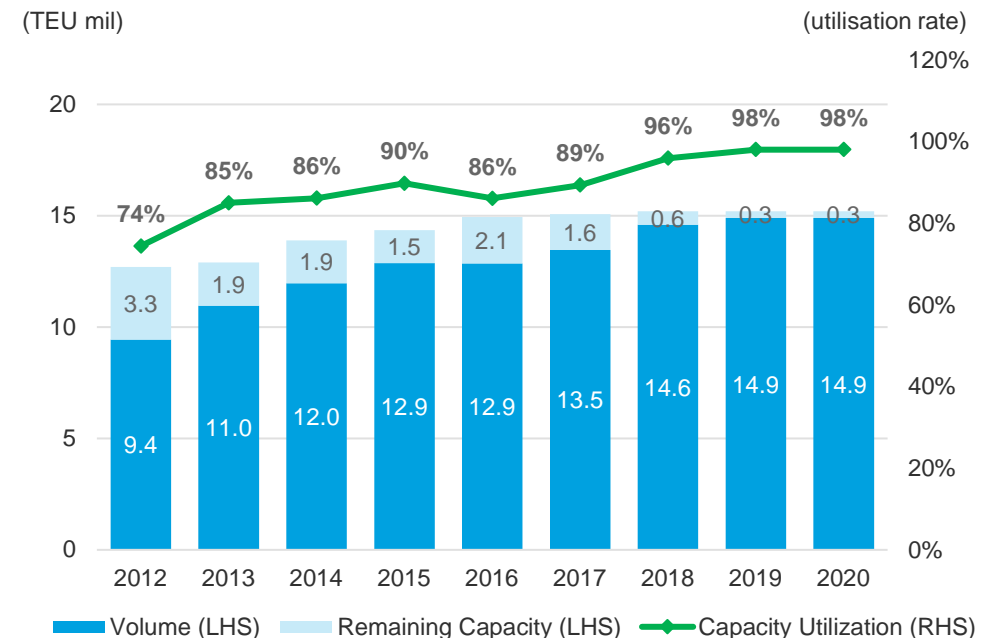
1. Source: Busan Port Authority

2. Excludes the expanded capacity, as the capacity expansion of BNP 2-3 was completed in Jan 2021

3. Source: volume for BNP 2-3 includes shifting; volumes for the New Port and the North Port are compiled by Busan Port Authority and do not include shifting

4. Based on 2020 handling volume

Historical Performance of the New Port³



Major Litigation and Dispute



(As at 31 December 2020)

Project Company (MKIF Investment %)	Case	Progress	Status / MKIF Impact
Baekyang Tunnel Ltd. ("BYTL") (0.1%)	Claim of overdue government support payments	<ul style="list-style-type: none"> - BYTL filed a lawsuit against Busan Metropolitan City ("BMC") in January 2016 to claim overdue support payments - Busan District Court ruled against BYTL in October 2016 and Busan high Court also ruled against BYTL in April 2017 - Supreme Court remanded the case to Busan High Court in January 2019 - BYTL and BMC assessed considerations raised by Supreme Court and signed an agreement (the "Agreement") in April 2020, stipulating that a change in the corporate tax rate in Korea during the concession period is a legitimate cause for adjusting the real toll fare of Baekyang Tunnel - Busan High Court rendered a decision (the "Decision") in May 2020, recommending a reconciliation of the dispute pursuant to the terms of the Agreement; the Decision became effective in June 2020 	<p>Closed (settlement by mutual agreement):</p> <ul style="list-style-type: none"> - A change in the corporate tax rate in Korea during the concession period is a legitimate cause for adjusting the real toll fare of Baekyang Tunnel - The Decision has no financial impact to MKIF and BYTL, as the impact of the changes in the corporate tax rate in Korea since the operational commencement of Baekyang Tunnel has been already reflected - The real toll fare of Baekyang Tunnel is expected to be adjusted accordingly upon any prospective change in the corporate tax rate in the future
Incheon Bridge Co., Ltd. ("IBC") (16.3%)	Interpretation of the terms of Non-Compete Provision under the Concession Agreement	<ul style="list-style-type: none"> - The Ministry of Land, Infrastructure and Transport ("MOLIT") announced its interpretation¹ of the terms of the Non-Compete Provision in November 2017 - IBC submitted a request for arbitration to the International Chamber of Commerce (the "ICC") in April 2018 to verify the interpretation of the terms of the Non-Compete Provision - IBC received an original copy of the Final Award of the arbitration from the ICC in June 2020 	<p>Closed (ICC's Final Award):</p> <ul style="list-style-type: none"> - MOLIT's compensation obligation under the Non-Compete Provision is triggered if a new competing road causes traffic volume of Incheon Grand Bridge ("IGB") to decline by mere 5% or more - The 3rd Bridge, a construction project pursued by Incheon Metropolitan City, will be a newly constructed competing road that would be subject² to the Non-Compete Provision - Therefore, MOLIT has an obligation to compensate³ IBC for any loss⁴ arising from the 3rd Bridge from the date of the start of the operation of the 3rd Bridge until the end of IGB's concession period - The Final Award rendered is final and binding to both parties (MOLIT and IBC), and accordingly, IBC shall be entitled to full compensation³ for any loss arising from a newly constructed competing road within the meaning of the Non-Compete Provision

1. MOLIT announced that its compensation obligation is triggered only if a new competing road is constructed and as a result IGB's traffic volume is reduced to less than 70% of actual traffic volume of the year immediately preceding operational commencement of the new competing road ("70% Threshold"), and the scope of compensation should be limited to the loss caused by decrease in traffic volume under 70% Threshold
2. According to the Final Award, the arbitral tribunal of the ICC determined that if and when the 3rd Bridge is operating, the 3rd Bridge (i) is likely to cause significant reduction (5% or more) in the traffic volume of IGB and (ii) is likely to trigger MOLIT's compensation obligation in accordance with the Non-Compete Provision
3. Compensation excludes any decline in the actual toll revenue which is not ascribed to the competing road, and covers the entire loss arising from or in relation to the competing road
4. Calculated as the difference between the toll revenue that would have been earned in the given year in the absence of the 3rd Bridge (the "New Toll Revenue Forecast"⁵) and the actual toll revenue of each given year
5. The maximum threshold of the New Toll Revenue Forecast shall be equal to the estimated toll revenue of the corresponding year under the Concession Agreement

3 Restructuring of Seoul-Chuncheon Highway Co., Ltd.

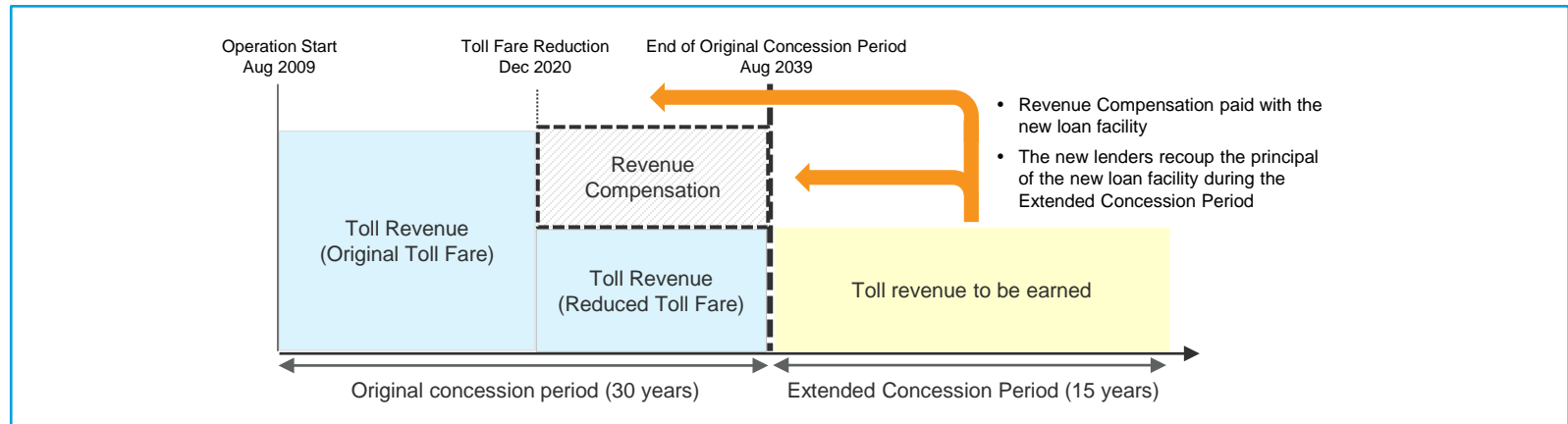


Restructuring Highlights

Restructuring Highlights

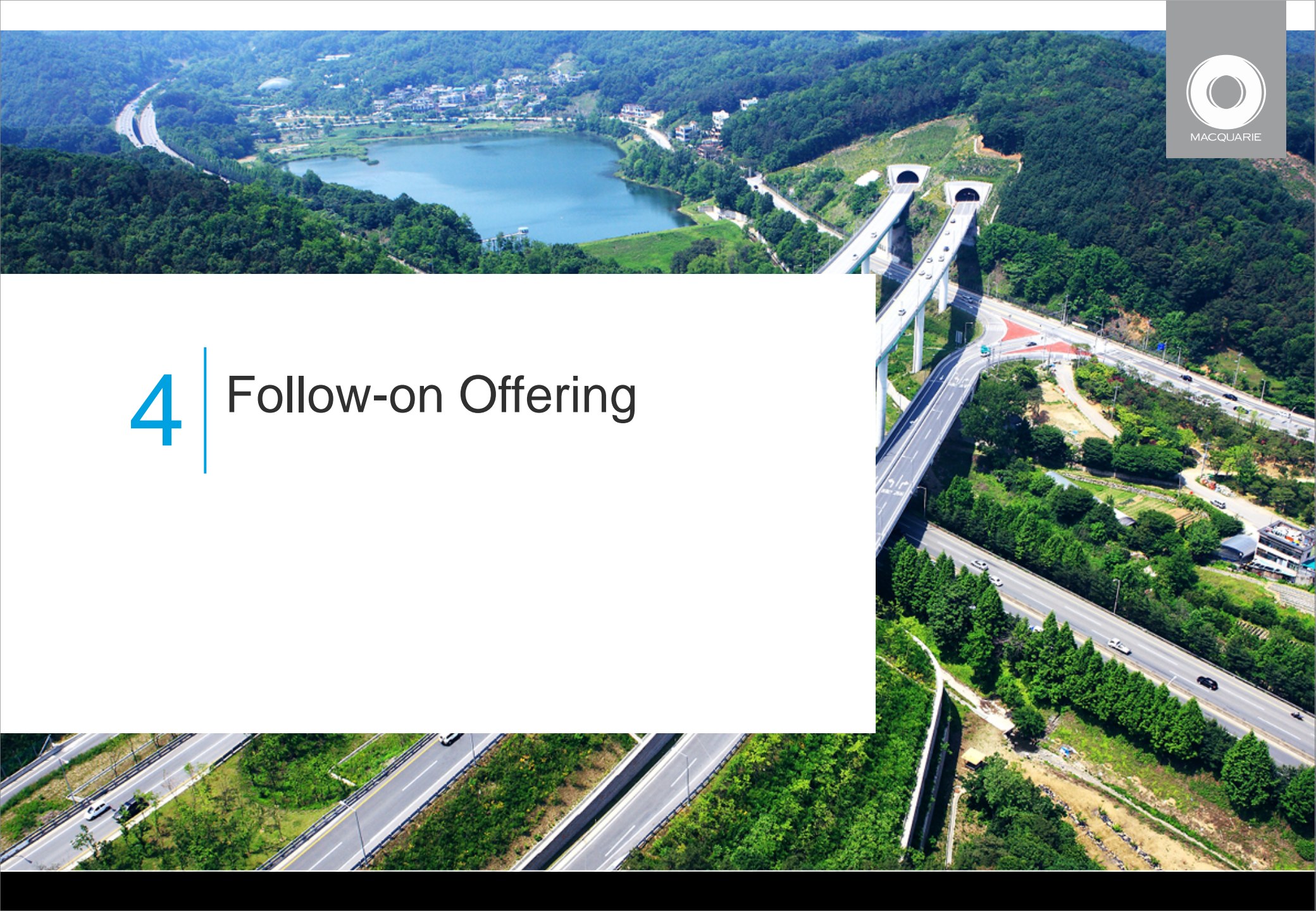
- Seoul-Chuncheon Highway Co., Ltd. ("SCH") completed restructuring in December 2020 that involves:
 - (i) Reduction of toll fare by 28%¹ (toll fare reduction effective from 24 December 2020)
 - (ii) The new lenders will fully compensate SCH for toll revenue loss (the "Revenue Compensation") resulting from the toll fare reduction during the remaining original concession period through quarterly funding from a new loan facility with a facility limit of KRW 1,070 billion
 - The quarterly funding² includes the Revenue Compensation, interest expense & financing costs associated with the new loan facility and other expenses related to the restructuring
 - Impact of traffic volume increase attributable to the toll fare reduction is to be calculated based on traffic volume / toll fare elasticity and will be excluded from the Revenue Compensation
 - (iii) The concession period of the Seoul-Chuncheon Highway project will be extended by 15 years from 12 August 2039 to 11 August 2054 (the "Extended Concession Period"), and the principal of the new loan facility will be repaid during the Extended Concession Period
 - MKIF is to exit its investment in SCH at the end of the original concession period, as the anticipated project return during the Extended Concession Period is not in line with MKIF's target level due to adoption of the cost compensation scheme³
 - (iv) No change in the amount and terms of MKIF's investment in SCH during the original concession period

Conceptual Diagram: Revenue Compensation



- Toll fare reduced from KRW 5,700 per vehicle to KRW 4,100 per vehicle for Type 1 vehicles (small vehicles); toll fare based on the entire section of Seoul-Chuncheon Highway
- Funding is adjusted for the tax shield created from the restructuring
- If the resulting amount from (actual revenue – expense items specified in the Amended Concession Agreement) is a negative figure, the competent authority provides cost compensation for the deficit; if it is a positive figure, the competent authority recoups the excess
- Conceptual diagram and may be different from the actual; while the MRG provision is effective until Aug 2024, the diagram assumes that SCH would not rely on MRG in the future based on recent traffic volume growth of Seoul-Chuncheon Highway

4 | Follow-on Offering



2020 MKIF Follow-on Offering

- **Offer Size:** 23,148,149 new common shares (6.6% of previous outstanding shares)
- **Offer Type:** a rights offering followed by a public offering of forfeited shares
 - Shareholders registered to MKIF's shareholders' registry on 11 Nov 2020 (the "Record Date") were provided warrants (the "Warrants") that grant preferential subscription rights on the New Shares pro-rata to their shareholdings; the Warrants were listed for trading from 30 Nov 2020 to 4 Dec 2020
 - The holders of the Warrants may over-subscribe up to 100% of their allotted number of new shares in excess of their allotted shares ("Over-subscription")
- **Offer Price:** KRW 10,550 per share (pre-determined discount rate of 2.5% applied to the reference price¹)
- **Subscription Results:** 41,560,189 shares were subscribed in aggregate (total subscription rate of 180%)
 - Number of shares subscribed and over-subscribed by warrant holders: 27,190,177 shares (subscription rate of 117%)
 - Number of shares subscribed by participants of the public offering of the fractional shares²: 14,370,012 shares (subscription ratio: 921.27 : 1)
- **Offer Proceed & Listing:** MKIF received the Offering Proceed of KRW 244.2 billion on 22 Dec 2020, and the new shares were listed on 4 Jan 2021
- **Use of Proceed³:**
 - KRW 82.7 billion: investment in Dongbuk Light Rail Transit Project (MKIF's investment commitment is KRW 82.7 billion)
 - KRW 110.7 billion: repayment of KRW 110.7 billion drawn down from MKIF's revolving credit facility at the end of Sep 2020 for investment in Busan New Port the 2nd Rear Road Project
 - Remaining KRW 48.5 billion: repayment of MKIF's debt to maintain liquidity required for potential new investments & operational needs in the future
- **MKIF Impact:**
 - MKIF's share capital has increased to KRW 2,057.5 billion (KRW 241.9 billion³ increase from the previous share capital of KRW 1,815.6 billion)
 - MKIF debt ceiling has increased to KRW 617.3 billion⁴ (KRW 72.6 billion increase from the previous debt ceiling of KRW 544.7 billion⁴)

1. Determined pursuant to Article 57 of the Regulation on Securities Issuance and Disclosures
 2. 15,598 fractional shares resulted from the allocation of the over-subscribed shares
 3. Calculated based on the offering proceed of KRW 244.2bn minus the offering costs of KRW 2.3bn
 4. MKIF debt ceiling under PPP Act is 30% of its share capital

5 | Investment in Dongbuk Light Rail Transit Project



Investment Highlights

1 To invest in a light rail transit Project in northeast Seoul

• Dongbuk Light Rail Transit Project

- Concession project to build & operate a light rail transit system in northeast Seoul
- Competent Authority: Seoul Metropolitan City
Concessionaire: Dongbuk LRT Co., Ltd.
- Project investment of KRW 779.7bn in the form of equity and sub & senior loans
- Construction: 5 years (1H 2021-1H 2026 expected) / Operation: 30 years

• MKIF to invest KRW 82.7bn

- Targets to acquire 30% of equity (KRW 35.4bn) and 50% of sub-loan (KRW 47.3bn) interest in the Concessionaire
- Investment amount is equivalent to ~5% of MKIF portfolio¹
- To be funded with the offering proceeds from MKIF's follow-on offering²; drawdown anticipated over the construction period³

2 Dongbuk LRT is expected to serve transport needs of various groups

• To provide a competitive transportation option along its route

- The route passes through population-dense areas in Seoul with ~520,000⁴ residents living near the railway stations
- Current surrounding transport infrastructure is comparatively under-developed to efficiently serve this robust demand
- Dongbuk LRT is expected to offer a new competitive transportation means along its route in terms of travel time and cost, attracting some of the commuting drivers and public transportation users in the region

• To provide an access to and from the main business districts of Seoul

- 7 of 16 stations are transfer stations that connect to 9 other metro systems in Seoul
- Dongbuk LRT will provide users an access to/from 3 main business districts of Seoul (CBD, YBD, GBD) via its transfer stations

3 Positive impacts to MKIF expected⁵

• Improvement in distributable earnings

- Improvement in MKIF's distributable earnings expected due to income generated from the Investment
- Secured various contractual provisions⁶ from the Seoul Metropolitan City ("SMC") and construction investors ("CI") to protect MKIF against risks associated with the Project's revenue

• Return enhancement

- Enhancement of MKIF's total shareholder return anticipated following the Investment

• Extension of the operating life of MKIF portfolio by ~1 year¹

- The Investment will extend the weighted average operating life of MKIF portfolio by ~1 year¹

1. Weighted average on an investment amount basis on 31 Dec 2020; full deployment of the investment commitment assumed

2. Please refer to the relevant follow-on offering disclosure dated 29 Oct 2020

3. KRW 15.0bn has been deployed out of MKIF's investment commitment of KRW 82.7bn in Dongbuk LRT Co., Ltd.

4. Source: Statistical Geographic Information Service provided by Statistics Korea of the Korean Government; number of residents is the sum of residents registered to local districts that Dongbuk LRT railway stations are located

5. Actual may be different from expectation

6. SMC Obligations: (i) free ride compensation (up to 21.2%~30.8% of annual Concession Agreement ("CA") forecast demand, (ii) toll freeze compensation, (iii) termination payment upon early termination of the concession

7. CI Obligations: (i) For every year starting from the fifth anniversary of the operation period to the end of the operation period, if the accumulated actual revenue of the Concessionaire falls at or below 80% of the accumulated CA forecast revenue, the CIs are obligated to provide a joint guarantee to complete the refinancing necessary to fully repay FIs' equity capital and principal & interest of the subordinated loan, (ii) If the termination payment received due to fault of the Concessionaire is insufficient to fully repay FIs' equity capital and principal & interest of the subordinated loan, the CIs are to provide a joint guarantee on the shortfall, (iii) If the accumulated actual operating costs exceed the accumulated CA forecast operating costs, the CIs are obligated to reimburse the excess cost to the Concessionaire, (iv) Cash deficiency support of KRW 60bn is provided to the Concessionaire to guarantee a certain level of quarterly cash yield for the FIs

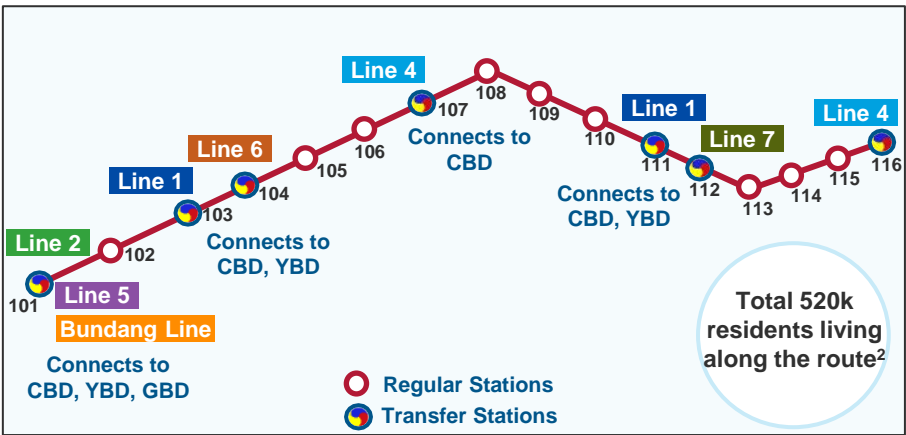
Project Overview

Located in the population-dense region in northeast Seoul, Dongbuk LRT is expected to provide users a competitive transportation means along its route and an access to/from main business districts of Seoul

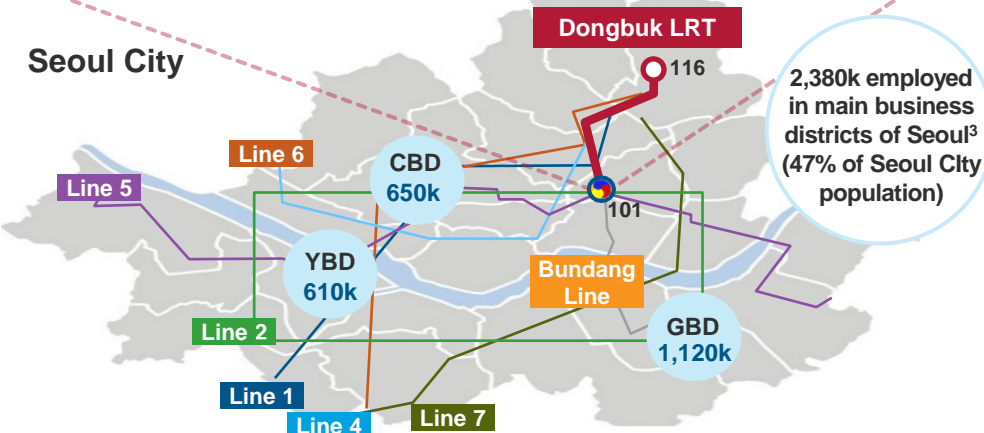
Project Overview

Concessionaire	Dongbuk LRT Co., Ltd.
Competent Authority	Seoul Metropolitan City ("SMC")
Project Type	Build-transfer-operate
Target Asset	Dongbuk Light Rail Transit System
Location	Northeast Seoul (Wangsimni of Seongdong-gu ~ Sanggye of Nowon-gu)
Length	13.4km
No. of Stations	16 (including 7 transfer stations)
Construction Period	5 years January 2020 ~ December 2024 (expected)
Concession Term (Operation Period)	30 years from operation commencement date January 2025 ~ December 2054 (expected)
Project Investment ¹	KRW 779.7bn

Dongbuk LRT Route



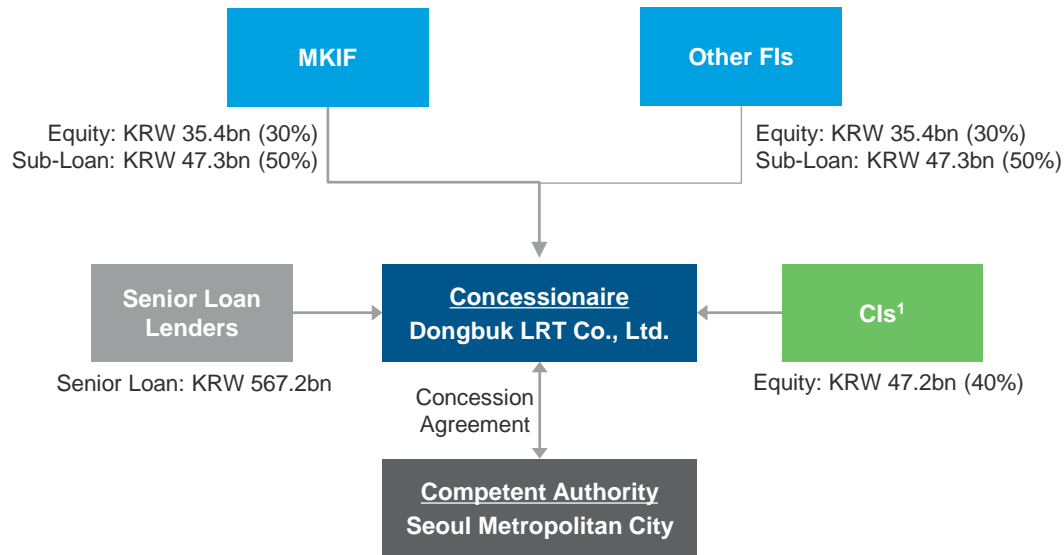
Seoul City



1. Amount of private investment required post government subsidy
2. Source: Statistical Geographic Information Service provided by Statistics Korea of the Korean Government; number of residents is the sum of residents registered to local districts which Dongbuk LRT railway stations are located
3. Source: Seoul City Public Database (number of employees in Central Business District ("CBD"; Jongno-gu and Jung-gu), Yeouido Business District ("YBD"; Yeongdeungpo-gu and Mapo-gu) and Gangnam Business District ("GBD"; Gangnam-gu and Seocho-gu))

Project Structure

Project Structure



Project Investment Summary

Equity	KRW 117.9bn
Subordinated Loan ("Sub-Loan")	KRW 94.6bn
Senior Loan	KRW 567.2bn
Total Project Investment	KRW 779.7bn

Key Financing Terms

Tranche	Size	Key Terms ²
Senior Loan Tranche A / B	KRW 500.0bn	<ul style="list-style-type: none"> Interest Rate: <ul style="list-style-type: none"> - Fixed 3.3% - 3-year, AA- unsecured corporate bond rate³ + 1.3% p.a. Term: 29 years
Senior Loan Tranche C / D	KRW 67.2bn	<ul style="list-style-type: none"> Interest Rate: <ul style="list-style-type: none"> - Fixed 3.3% - 3-year, AA- unsecured corporate bond rate³ + 1.3% p.a. Term: 7 years
Senior Loan	KRW 567.2bn	
Sub-Loan	KRW 94.6bn	<ul style="list-style-type: none"> Interest Rate: <ul style="list-style-type: none"> - Fixed 9.0% (construction period) - Fixed 14.0% (operation period) Term: 34.5 years
Total	KRW 661.8bn	



1. Construction Investors ("CI"): Hyundai Engineering Co., Ltd. (12.80%), Hyundai Rotem Co. (8.84%), Kumho Industrial Co., Ltd. (6.96%), Kolon Global Corporation Co., Ltd. (4.20%), Hoban Engineering Co., Ltd. (4.20%), Dae Myung Construction (3.00%)

2. Interest rates include the fee charged by Korea Credit Guarantee Fund to guarantee repayment of the loan




3. 2.208% on 31 Dec 2020 (KOFIA)

Project Participants

Major CIs

Company	Investment Form	Credit Rating ¹	Asset ²	Revenue ²	Remarks
 HYUNDAI ENGINEERING CO., LTD.	Equity	AA-	KRW 6.3tn	KRW 6.8tn	Major EPC company in Korea
 HYUNDAI Rotem	Equity	A-	KRW 4.1tn	KRW 2.5tn	Global manufacturer of trains

Major FIs and Senior Loan Lenders

Company	Investment Form	Credit Rating ¹	Asset ²	Revenue ²	Remarks
 KB Kookmin Bank	Senior Loan	AAA	KRW 387.4tn	KRW 12.3tn	#1 Bank in Korea (rank based on asset size ²)
 Industrial Bank of Korea	Equity Senior Loan	AAA	KRW 31815tn	KRW 10.4tn	Government-owned Bank
 KDB Bank	Equity Senior Loan	AAA	KRW 268.8tn	KRW 6.6tn	Government-owned Bank

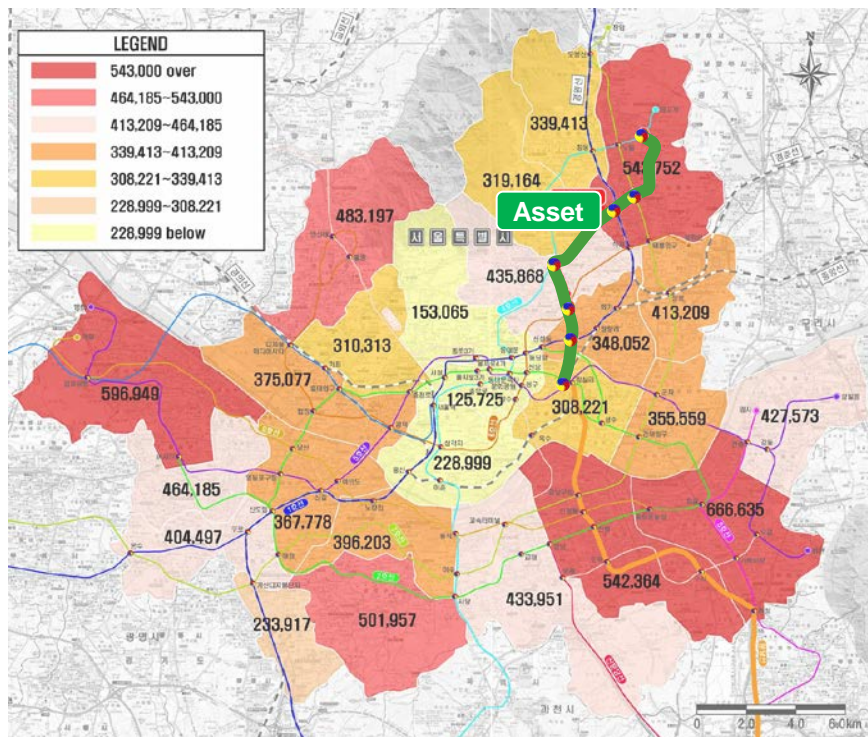
1. Latest credit rating published by Korea Ratings Corporation, Korea Investor Services Inc. and/or NICE Investors Service Co. on bonds issued by respective company
2. Asset and revenue from 2019 consolidated financial statements of respective company; the revenues of the banks are the sum of interest income and commission income

Asset Highlights (1) – Location & Potential Demands

Dongbuk LRT is expected to serve transportation needs of local population and those employed in the main business districts of Seoul City

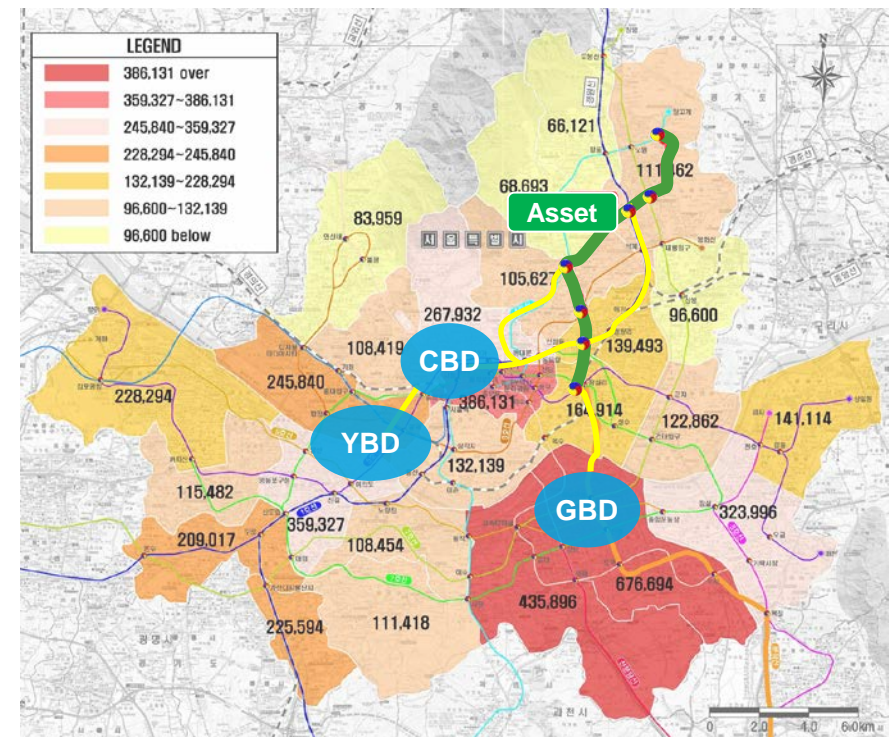
Seoul City's Demographics by Region¹

- Dongbuk LRT passes through population-dense areas in Seoul
- ~520,000 residents are currently living near the railway stations of Dongbuk LRT



Seoul City's Employment Status by Region²

- Dongbuk LRT provides an access to the main business districts of Seoul (CBD, YBD, GBD) via its transfer stations
- ~2,380,000 people (~47% of total population of Seoul City) are in employment in CBD / YBD / GBD

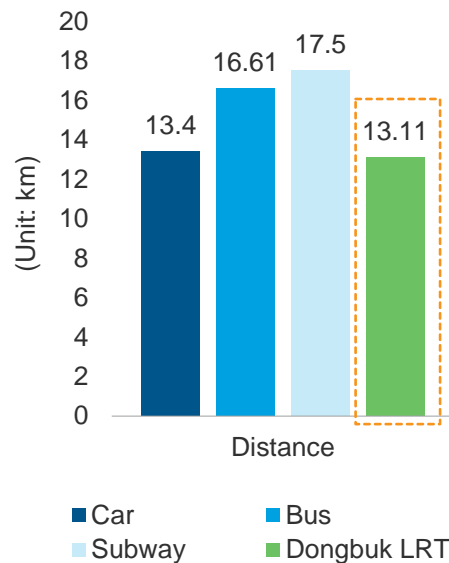


1. Source: Statistical Geographic Information Service provided by Statistics Korea of the Korean Government; number of residents is the sum of residents registered to local districts which Dongbuk LRT railway stations are located
 2. Source: Seoul City Public Database (number of employees in CBD (Jongno-gu and Jung-gu), YBD (Yeongdeungpo-gu and Mapo-gu) and GBD (Gangnam-gu and Seocho-gu))

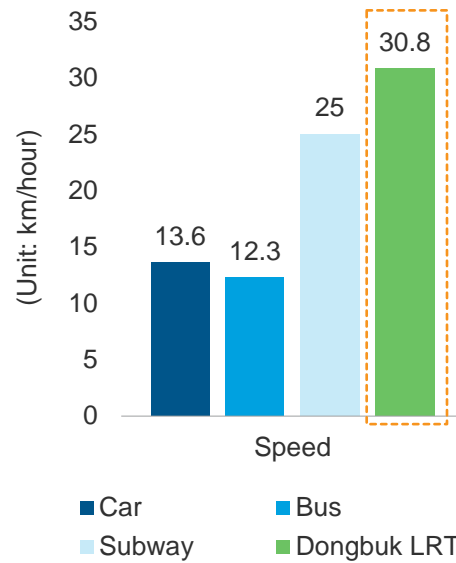
Asset Highlights (2) – Competitive Means of Transportation¹

Dongbuk LRT is anticipated to offer a new competitive means of transportation along its heavily-congested route

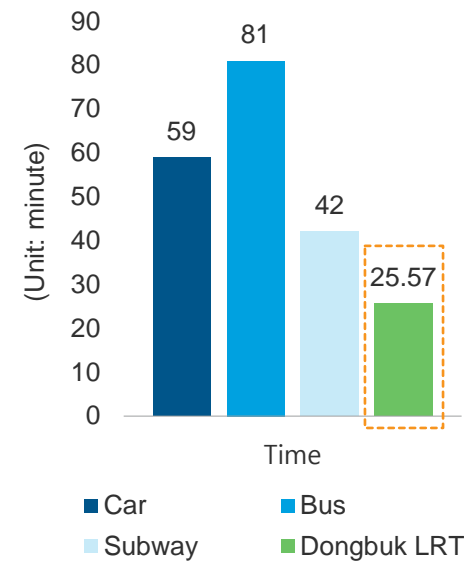
Travel Distance



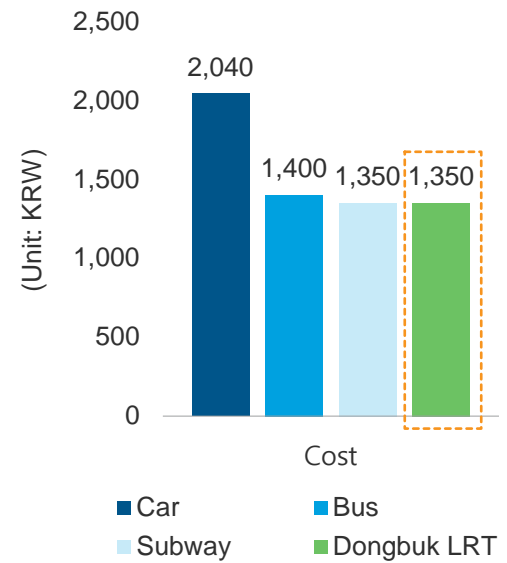
Travel Speed



Travel Time



Travel Cost



Dongbuk LRT is anticipated to offer a competitive transportation means in terms of travel time and cost

1. Source for Car/Bus/Subway: major map service providers in Korea
Source for Dongbuk LRT: Seoul City Press Release on 25 Sep 2019 and the results of traffic due diligence studies arranged by the Concessionaire and MKIF

Asset Highlights (3) – Robust Public Transportation User Base

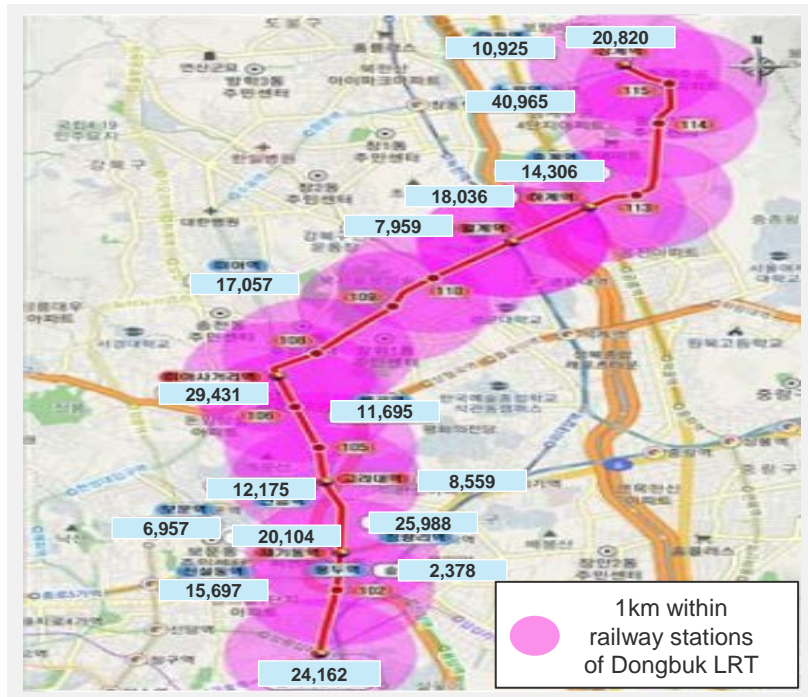
Dongbuk LRT is forecasted attract some of ~640,000 daily users of the existing public transportation in the region

Demand for Subways¹

- ~290,000 daily passengers are using the existing subways near Dongbuk LRT

Demand for Buses²

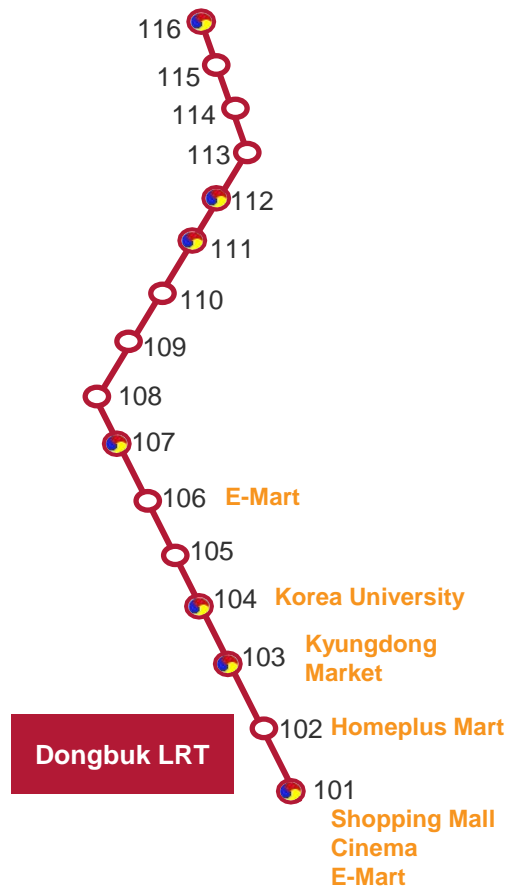
- ~350,000 daily users are taking buses along the route of Dongbuk LRT



1. Source: Seoul City Public Database
 2. Source: Korea Rail Information Center managed by Korea Rail Network Authority under the Ministry of Land, Infrastructure and Transport of the Korean Government

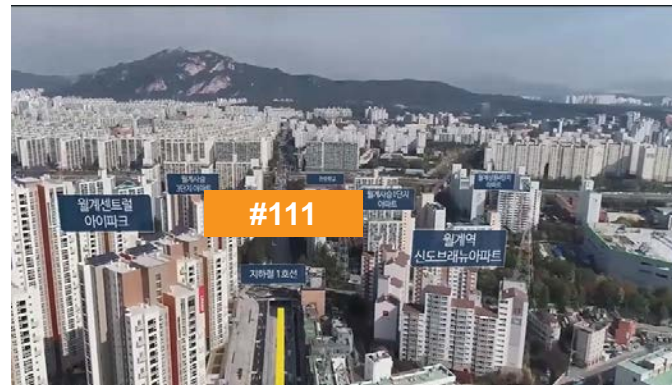
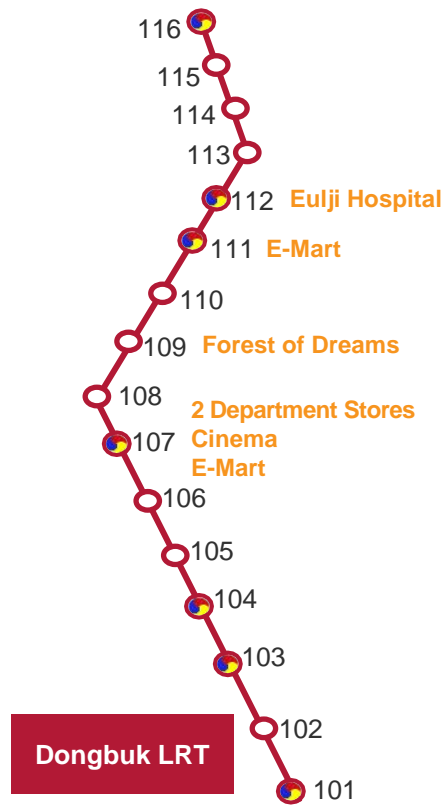
Region Landscape (1)

Dongbuk LRT passes through highly-populated regions with narrow street lines underground



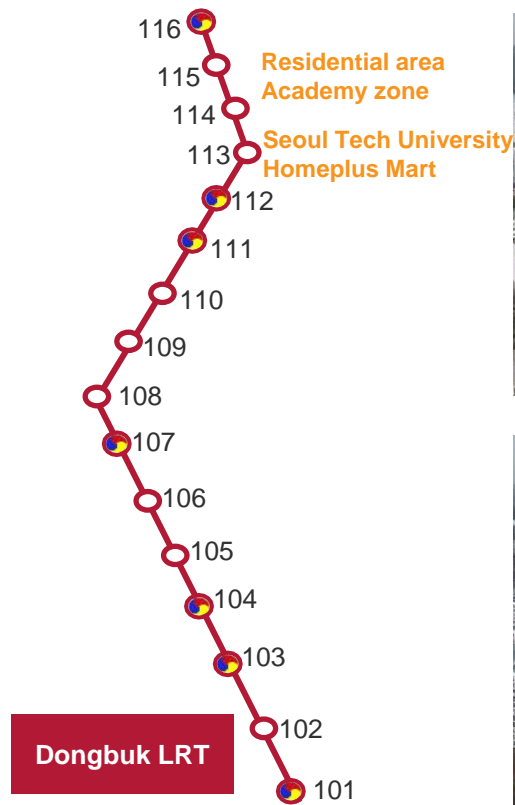
Region Landscape (2)

Dongbuk LRT passes through highly-populated regions with narrow street lines underground



Region Landscape (3)

Dongbuk LRT passes through highly-populated regions with narrow street lines underground



Region Landscape (4)

Numerous facilities and attractions are in place along the route for users to visit



101: Shopping Mall (Enter Six)



101,107,: Cinema (CGV)



101,106,107,111: E-Mart



102,113: Homeplus Mart



103: Kyungdong Market



104: Korea University



107: Hyundai Department Store



107: Lotte Department Store



109: Forest of Dreams (660,000 m²)



112: Eulji Hospital



113: Seoul Tech University



114: Academy Zone



Revenue Analysis

1 Fare Revenue

A Farebox Revenue

$$\left[\begin{array}{c} \text{P} \\ \text{KRW 1,250}^1 \\ \text{(Actual Base Fare)} \end{array} \times \begin{array}{c} \text{Q} \\ \text{\# Paid Direct Users} \end{array} + \begin{array}{c} \text{Distance Revenue} \\ \text{(>10km)} \\ \text{(Distance Fare}^2\text{)} \end{array} \right] - \begin{array}{c} \text{Transfer} \\ \text{Discount}^3 \end{array}$$

B Free Ride Compensation^{4,5} from SMC

$$\begin{array}{c} \text{KRW 1,250}^1 \\ \text{(Actual Base Fare)} \end{array} \times \begin{array}{c} \text{\# Free Direct Users}^4 \end{array}$$

C Toll Freeze Compensation⁶ from SMC

$$\begin{array}{c} \text{Toll Difference}^6 \end{array} \times \begin{array}{c} \text{Direct Users + Transfer Users} \end{array}$$

2 Ancillary Revenue

$$\begin{array}{c} \text{Store Lease} \end{array} + \begin{array}{c} \text{Advertisement} \end{array} + \begin{array}{c} \text{Telecommunication} \end{array}$$

**Contractual provision⁷
in place to protect the
FIs (MKIF) from
downside risk on the
entire revenue**

1. Actual base fare charged to users in 2019
2. Greater than 10km, within 50km: KRW 100 per 5km / Greater than 50km: KRW 100 per 8km
3. Discount on transfers among public transportations in the Seoul Metropolitan area in accordance with the Metropolitan Unity Fare system in Korea
4. The groups listed in the relevant Korean law (people with age of 65 or more, handicapped, national merit veterans, etc.) can use certain public transportation free of charge in Korea
5. Compensated up to 21.2%~30.8% of the annual CA forecast demand
6. Compensation for the difference between the CA fare and the actual fare; the CA fare is KRW 1,120 on a real basis for year 2007 and escalates annually with the consumer price index
7. For every year starting from the fifth anniversary of the operation period to the end of the operation period, if the accumulated actual revenue of the Concessionaire falls at or below 80% of the accumulated CA forecast revenue, the CIs are obligated to provide a joint guarantee to complete the refinancing necessary to fully repay FIs' equity capital and principal & interest of the subordinated loan

6 | Investment in BNP the 2nd Rear Road Project



Investment Highlights

1 To invest in Busan New Port the 2nd Rear Road Project

• Busan New Port the 2nd Rear Road Project

- A concession project to operate & manage a 15.3km Busan New Port the 2nd Rear Road (“BNP SRR”) that links Busan New Port Hinterland Complex and Jillye Junction on Namhae Expressway
- Competent Authority: the Ministry of Land, Infrastructure and Transport (“MOLIT”) Concessionaire: Busan New Port the 2nd Rear Road Co., Ltd. (“BNP SRRC”)
- Operation: 30 years (2017 ~ 2047)

• MKIF to invest KRW 110.7bn

- To acquire 47.6% of equity (KRW 41.5bn) and 81.0% of subordinated loan (KRW 69.2bn) interests in the Concessionaire
- Investment is ~6%¹ of MKIF portfolio
- Investment (KRW 110.7 billion) was made at the end of Sep 2020 using the proceeds drawn down from revolving credit facility

2 Competitive transportation means to/from Busan New Port

• One of two main roads to/from Busan New Port

- Compared to its competing road, BNP SRR is predicted² to provide travel distance and time reductions of 18.3km and 34 minutes to travelers to/from Busan New Port³
- Compound annual traffic growth rate of 49% during initial ramp-up period from the operation commencement in 2017 to 2019

• Potential increase in traffic demand

- Current traffic demand mostly comes from Busan New Port (1-1 ~ 2-3), Busan New Port Hinterland Complex and adjacent residential & commercial complexes
- Potential for increase in traffic demand exists based on the development² of Busan New Port 2-4 ~ 2-6, Busan Second New Port and additional industrial complexes near the region

3 Positive impacts to MKIF expected⁴

• Improvement in distributable earnings

- Improvement in MKIF’s distributable earnings expected due to income generated from the Investment
- Secured various contractual provisions⁵ from construction investors (“CI”s) to protect MKIF against possible risks associated with the Project

• Return enhancement

- Enhancement of MKIF’s total shareholder return anticipated following the Investment

• Extension of the operating life of MKIF portfolio by ~1 year¹

- The Investment will extend the weighted average operating life of MKIF portfolio by ~1 year¹

1. As at 31 Dec 2020

2. Source: Development Plan for Busan-Jinhae Free Economic Zone announced by MOLIT on 26 Dec 2017; public releases distributed by the Ministry of Maritime Affairs and Fisheries on 3 May 2019 and 25 Jun 2019

3. Source: public release by MOLIT on 10 Jan 2017; distance and time are based on a travel between Busan New Port Hinterland Complex (Ungdong District) and Jillye Junction on Namhae Expressway

4. Actual may be different from expectation

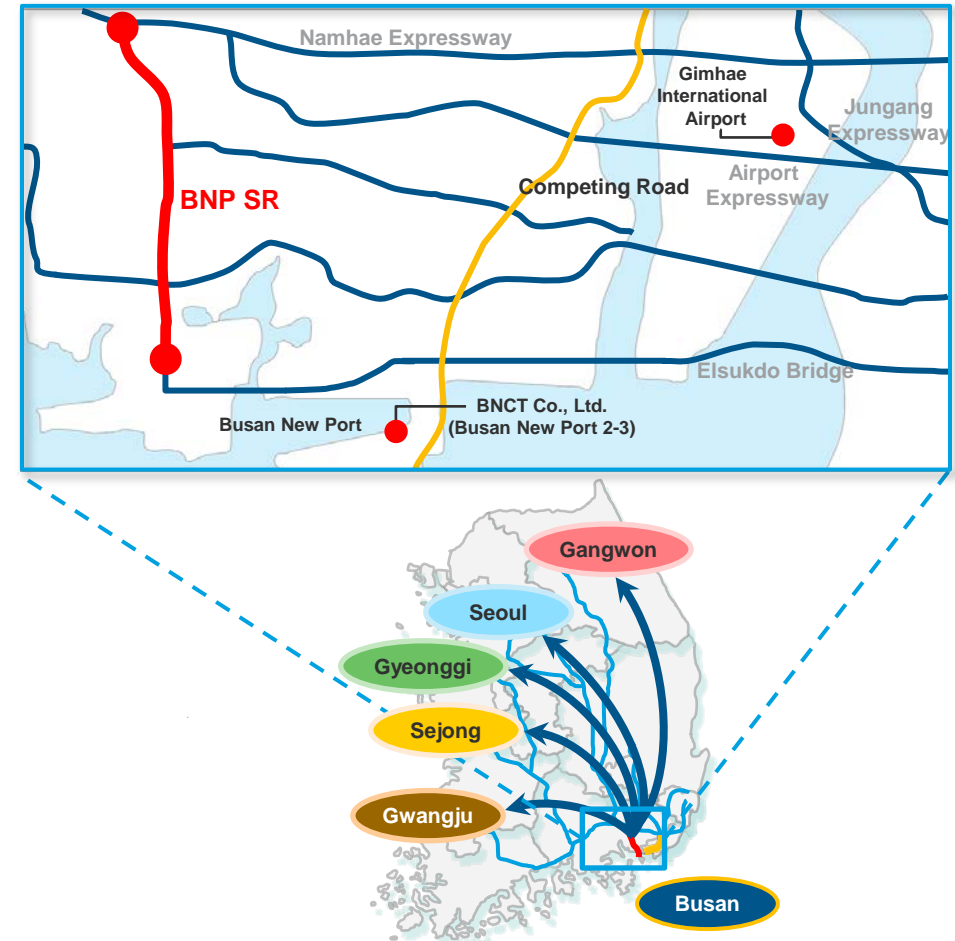
5. CI Obligations: (i) If the cash yield of FIs falls below 4.2% p.a. (the “Minimum Guarantee Cash Yield”) during the operation period, CIs are obligated to provide the CI CDS Loan to the Concessionaire, (ii) if specific conditions are met during the operating period, FIs have an option to obligate CIs complete the refinancing necessary to fully redeem FIs’ Investment Principal, (iii) if actual operating costs exceed the forecast operating costs under the Concession Agreement, CIs are obligated to either reimburse the excess cost to the Concessionaire or provide alternative operational services on a joint basis, (iv) if the termination payment received due to fault of the Concessionaire is insufficient to fully repay FIs’ equity capital and principal & interest of the subordinated loan, CIs are to provide a joint guarantee on the shortfall

Project Overview

Project Overview

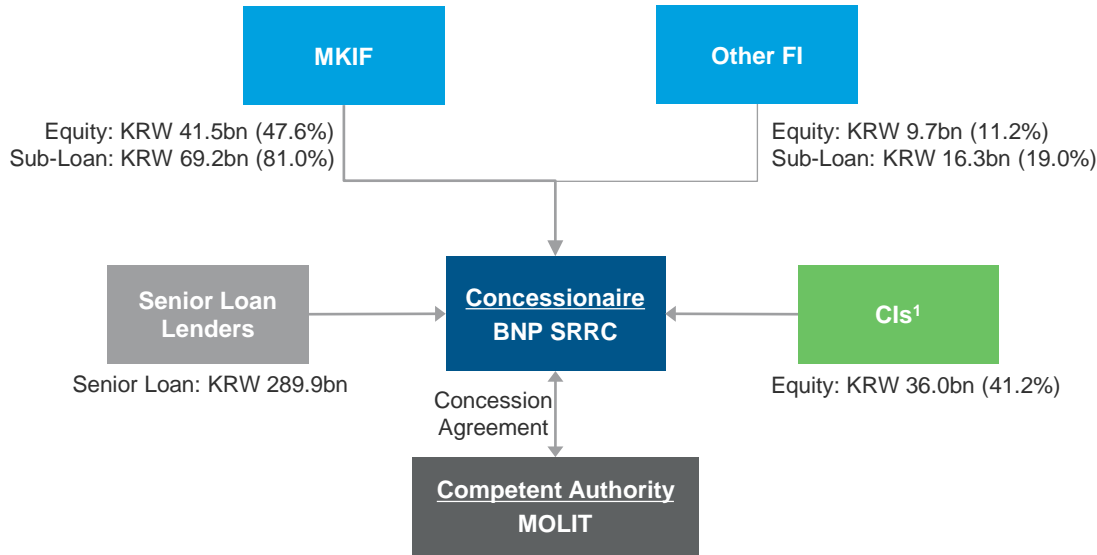
Concessionaire	Busan New Port the 2nd Rear Road Co., Ltd.
Competent Authority	Ministry of Land, Infrastructure and Transport
Project Type	Build-Transfer-Operate
Target Asset	Busan New Port the 2nd Rear Road
Location	Busan New Port Hinterland Complex (Changwon-si, Gyeongsangnam-do) ~ Jillye Junction on Namhae Expressway (Gimhae-si, Gyeongsangnam-do)
Length	15.3km (double 2-lane)
Facilities	16 bridges 5 tunnels
Construction Period	5 years 13 July 2012 ~ 12 January 2017
Concession Term (Operation Period)	30 years from operation commencement date 13 January 2017 ~ 12 January 2047

Location



Project Structure

Project Structure



Project Investment Summary

Equity	KRW 87.2bn
Senior Loan	KRW 289.9bn
Subordinated Loan ("Sub-Loan")	KRW 85.5bn
Total Project investment	KRW 462.6bn²




Key Financing Terms

Tranche	Size	Key Terms
Senior Loan Tranche A	KRW 250.0bn	<ul style="list-style-type: none"> Interest rate: Fixed 3.1% p.a. Term: 23 years
Senior Loan Tranche B	KRW 39.9bn	<ul style="list-style-type: none"> Interest rate: 3-year, AA- unsecured corporate bond rate³ + 0.85% p.a. Term: 23 years
Senior Loan	KRW 289.9bn	
Sub-Loan	KRW 85.5bn	<ul style="list-style-type: none"> Interest rate: Fixed 10% p.a. Term: 26 years
Total	KRW 375.4bn	


1. Lotte E&C Co., Ltd. 12.2%, Doosan E&C Co., Ltd. 5.2%, Ssangyong E&C Co., Ltd. 4.7%, POSCO E&C Co., Ltd. 4.7%, Hanwha E&C Corp. 4.1%, Halla Corp. 4.1%, Dongwon Construction Industries Co., Ltd. 2.7%, DSME Construction Co., Ltd. 2.7%, Bando E&C Co., Ltd. 0.8%
2. Excludes the loans provided by CIs, as the purpose these loans is to provide contingent compensation to the FIs rather than to be used directly for the pursuit of the project
3. 2.208% on 31 Dec 2020 (KOFIA)

Project Participants

Major CIs

Company	Investment Form	Credit Rating ¹	Asset ²	Revenue ²	Ranking ³
 LOTTE E&C	Equity	A+	KRW 5.0tn	KRW 5.3tn	#8 EPC company in Korea
 POSCO E&C	Equity	A+	KRW 6.7tn	KRW 7.7tn	#5 EPC company in Korea
 Hanwha Engineering&Construction	Equity	A-	KRW 6.9tn	KRW 4.0tn	#11 EPC company in Korea

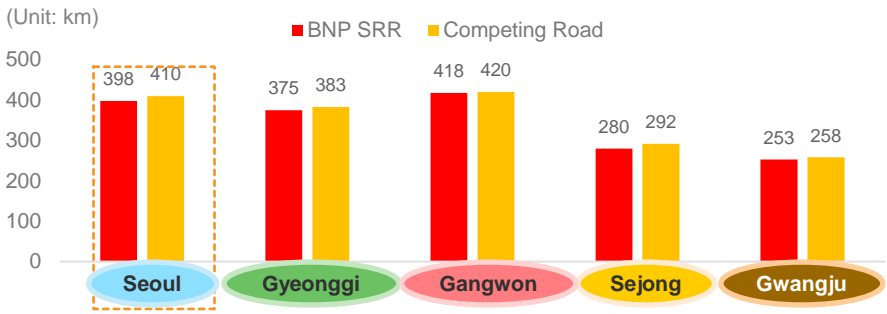
Major FI

Company	Investment Form	Credit Rating ¹	Asset ²	Revenue ²	Ranking
 KB Kookmin Bank	Equity Senior Loan Sub-Loan	AAA	KRW 387.4tn	KRW 12.3tn	#1 bank in Korea (based on asset size ²)

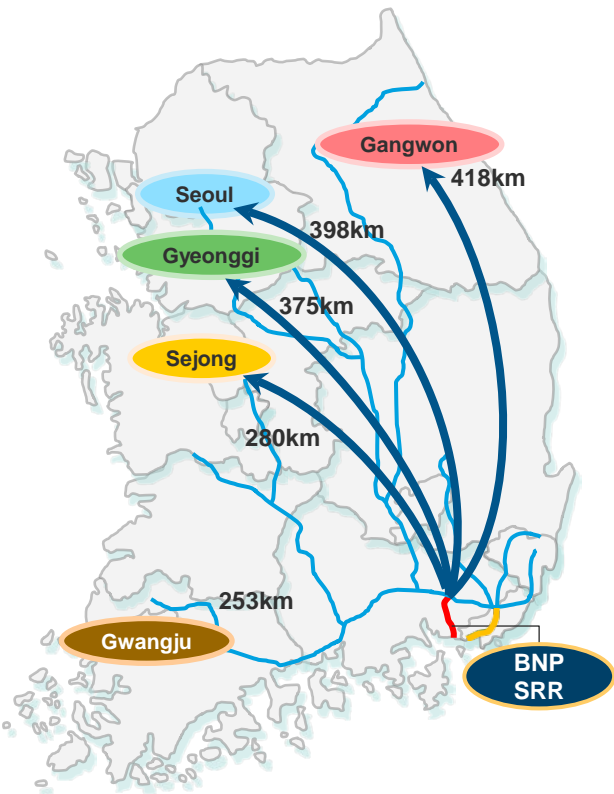
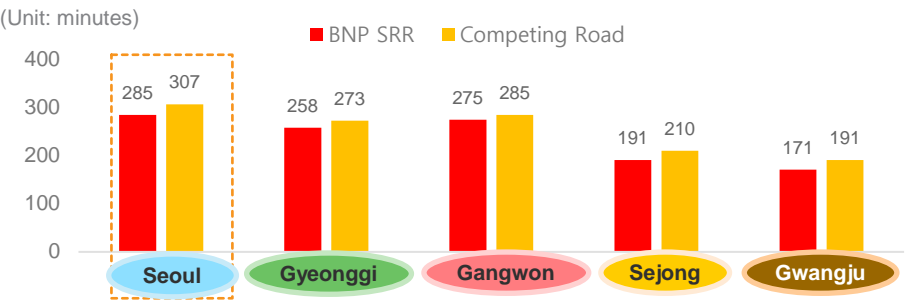
1. Latest credit rating published by Korea Ratings Corporation, Korea Investor Services Inc. and/or NICE Investors Service Co. on bonds issued by respective company
2. Asset and revenue from 2019 consolidated financial statements of respective company; the revenue of Kookmin Bank is the sum of interest income and commission income
3. 2020 EPC company ranking published by Construction Association of Korea

Competitive Analysis

Travel Distance¹



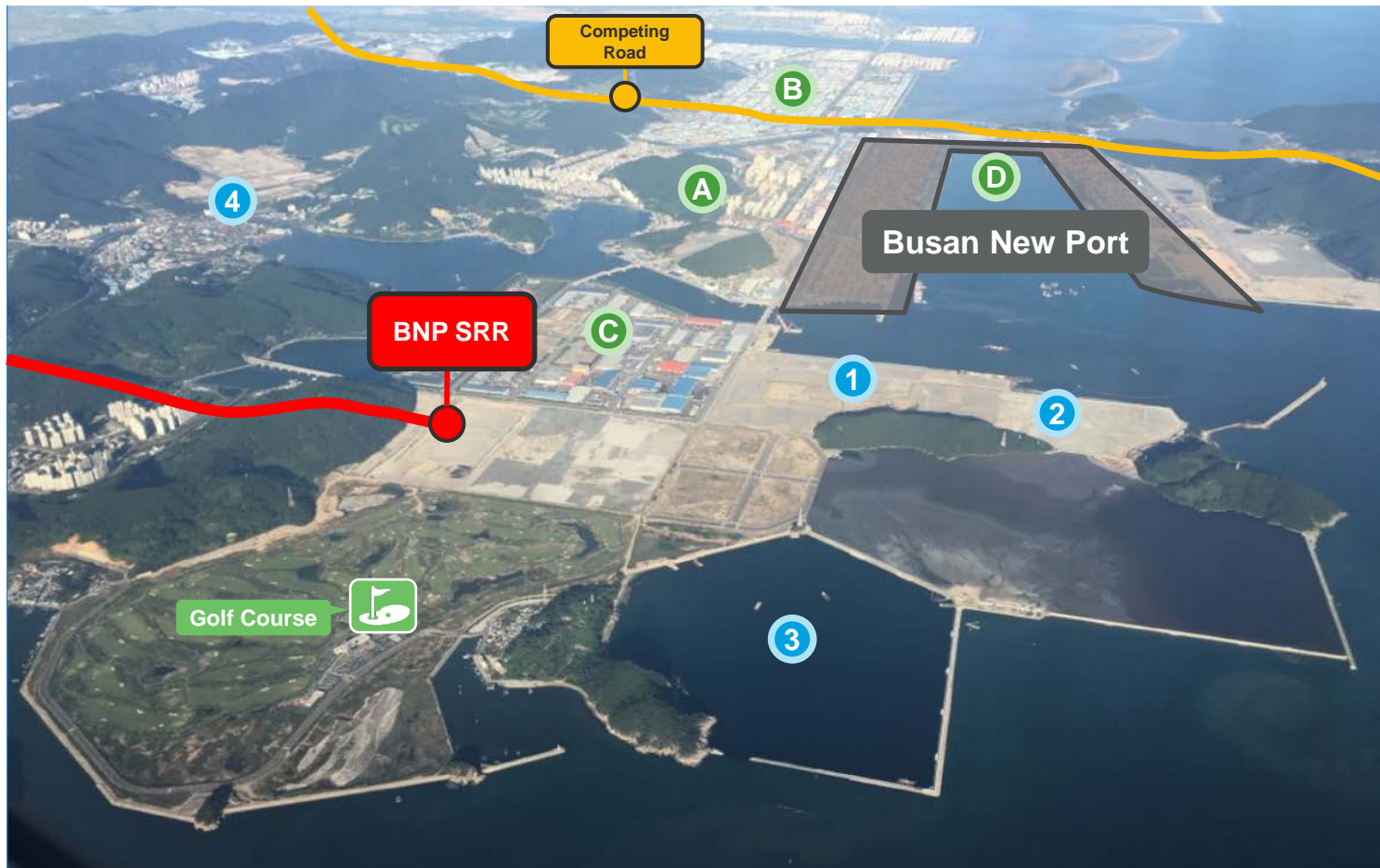
Travel Time¹



BNP SRR offers a competitive transportation means in terms of travel distance and time to users traveling to/from Busan New Port to major cities of Korea

1. The results of traffic due diligence studies arranged by the Concessionaire and MKIF

Traffic Demand Overview



Current Traffic Demand Bases

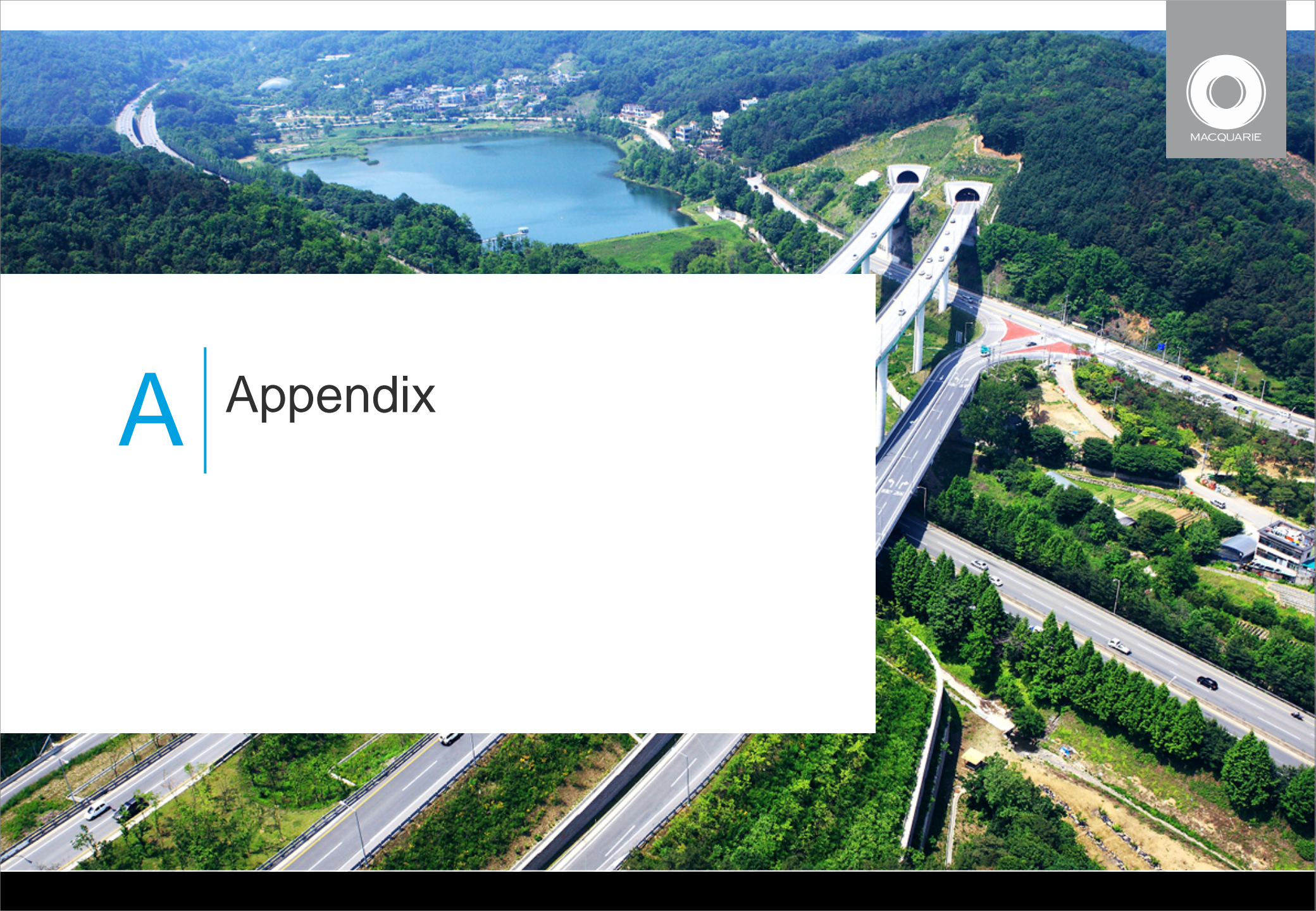
- A** Busan New Port Hinterland Complex Section 2
- B** Adjacent residential & commercial complexes
- C** Busan New Port Hinterland Complex Section 1
- D** Busan New Port 1-1 ~ 2-3

Prospective Traffic Demand Bases¹

- 1** Busan New Port 2-5
- 2** Busan New Port 2-6
- 3** Busan Second New Port
- 4** Dudong Industrial Complex

¹. Source: Development Plan for Busan-Jinhae Free Economic Zone announced by MOLIT on 26 Dec 2017; public releases distributed by the Ministry of Maritime Affairs and Fisheries on 3 May 2019 and 25 Jun 2019

A | Appendix



Management Fee



(As at 31 December 2020)

Management Fee

- 85bps p.a. of (Net Investment Value (*NIV) + Commitment) of MKIF
- Commitment means all amounts that MKIF has firmly committed for future investment; commitment of KRW 67.7 billion outstanding on 31 December 2020
- Management Fee is calculated and paid on a quarterly basis

* NIV for any quarter equals:

- The average market capitalisation¹ of MKIF over all trading days in the quarter
- NIV is adjusted down by MKIF net debt (debt minus cash & cash equivalents) when net debt is a negative figure

1. Based on volume weighted average trading price for the quarter

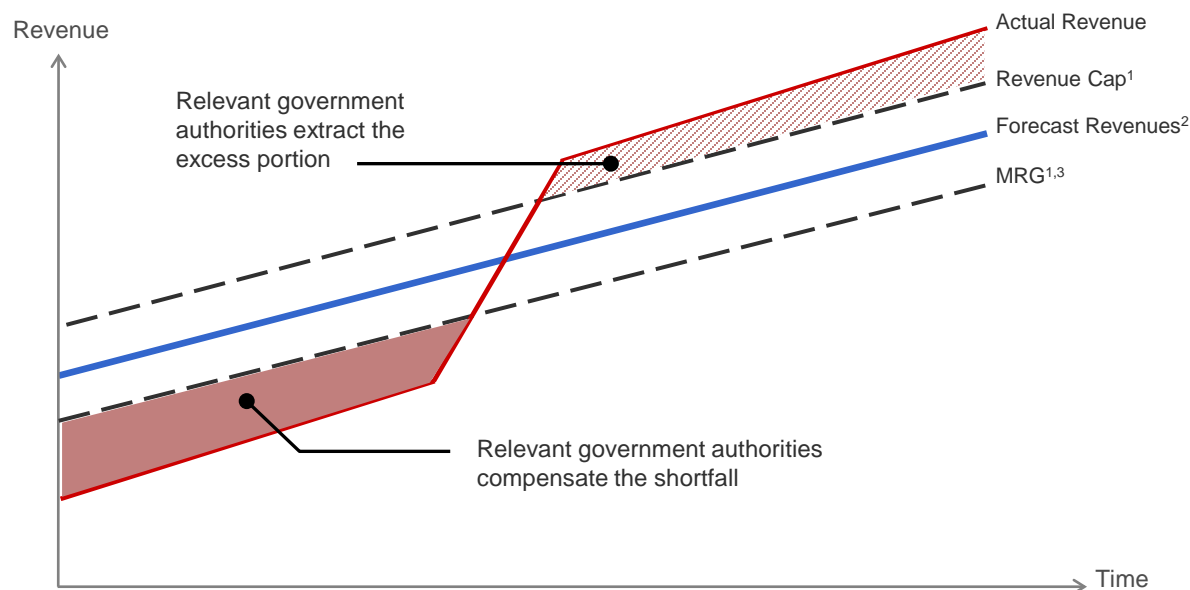
Minimum Revenue Guarantee



(As at 31 December 2020)

Minimum Revenue Guarantee (“MRG”) Scheme

(Conceptual Diagram)



- Inflation-linked revenue support
- MRG line tracking the forecast revenue line (typically 70~90% below forecast revenue)
- Current sovereign ratings of Korea:
 - S&P: AA (Stable)
 - Moody's: Aa2 (Stable)

1. MRG and revenue caps vary across assets
2. Forecast revenues set out in the Concession Agreement
3. In two MRG assets invested by MKIF, no revenue guarantee applies if actual revenue falls below 50% of the toll revenue forecast

Performance of the Project Companies in Operation¹

(Unit: KRW mil)

Project Company	2020						2019					
	Adjusted operating revenue ²	OPEX	Adjusted EBITDA ²	Net debt ³	Adjusted EBITDA margin	Net debt to adjusted EBITDA	Adjusted operating revenue ²	OPEX	Adjusted EBITDA ²	Net debt ³	Adjusted EBITDA margin	Net debt to adjusted EBITDA
Baekyang Tunnel Ltd.	26,676	(4,811)	21,865	54,973	82%	2.5x	26,669	(4,411)	22,258	68,700	83%	3.1x
Kwangju Beltway Investment Co., Ltd.	42,858	(9,097)	33,761	(6,604)	79%	(0.2x)	34,889	(7,865)	27,024	(5,691)	77%	(0.2x)
New Airport Hiway Co., Ltd.	275,119	(33,719)	241,400	(7,535)	88%	(0.0x)	259,892	(32,731)	227,161	(60,810)	87%	(0.3x)
Soojongsan Investment Co., Ltd.	24,522	(4,931)	19,591	(12,911)	80%	(0.7x)	24,806	(4,535)	20,272	(16,354)	82%	(0.8x)
Cheonan Nonsan Expressway Co., Ltd.	259,542	(34,163)	225,379	(397,312)	87%	(1.8x)	247,819	(36,267)	211,552	(253,531)	85%	(1.2x)
Woomyunsan Infraway Co., Ltd. ⁴	27,212	(5,228)	21,984	(12,725)	81%	(0.6x)	28,158	(4,927)	23,232	(10,796)	83%	(0.5x)
Kwangju Ring Road Company Ltd.	23,462	(7,187)	16,276	(6,354)	69%	(0.4x)	22,912	(8,212)	14,700	(2,022)	64%	(0.1x)
MCB Co., Ltd. ⁵	33,922	(5,810)	28,112	(3,755)	83%	(0.1x)	34,560	(6,310)	28,249	(3,020)	82%	(0.1x)
Gyeongsu Highway Co., Ltd.	62,186	(16,585)	45,601	328,770	73%	7.2x	63,648	(16,273)	47,375	344,192	74%	7.3x
Seoul-Chuncheon Highway Co., Ltd.	161,622	(27,462)	134,160	348,843	83%	2.6x	139,605	(27,612)	111,994	395,694	80%	3.5x
Incheon Bridge Co., Ltd.	98,848	(17,903)	80,945	305,533	82%	3.8x	113,559	(24,548)	89,011	339,842	78%	3.8x
Busan New Port the 2nd Rear Road Co., Ltd.	12,841	(5,934)	6,907	278,295	54%	40.3x	12,183	(6,260)	5,922	265,098	49%	44.8x
BNCT Co., Ltd.	122,167	(61,049)	61,118	568,942	50%	9.3x	113,113	(60,203)	52,910	543,351	47%	10.3x
Proportionate average⁶	526,085	(103,010)	423,075	481,083	80%	1.1x	511,611	(107,061)	404,550	592,351	79%	1.5x

1. Based on audited financial statements for 2019 and unaudited financial statements for 2020

2. Revenue compensation and other compensations from the relevant government authority are reflected on accrued basis, not on cash basis (therefore is different from revenue stated in audit report)

3. Net debt = external debt – cash & cash equivalents

4. For calculation of net debt, Shareholder Debt A backed by the relevant authority and cash balance of Surplus Income Account (which is overseen by the relevant authority) were excluded

5. For calculation of net debt, the senior loan backed by the relevant authority was excluded

6. On a proportionate average basis based on MKIF's equity interest in each project company

MKIF Investment Details¹



(As at 31 December 2020)

(Units: KRW bn, %)

Project Company	Asset Abbrev.	Equity	Ownership (%)	Subordinated Debt	Senior Debt	Total
Baekyang Tunnel Ltd.	BYTL	1.2	100.0	-	1.1	2.3
Kwangju Beltway Investment Co., Ltd.	KBICL	33.1	100.0	85.2 ²	74.3	192.6
New Airport Hiway Co., Ltd.	NAHC	23.6	24.1	51.7	-	75.3
Soojungsan Investment Co., Ltd.	SICL	47.1	100.0	-	-	47.1
Cheonan Nonsan Expressway Co., Ltd.	CNEC	87.8	60.0	182.3	-	270.1
Woomyunsan Infraway Co., Ltd.	WIC	5.3	36.0	-	15.0	20.3
Kwangju Ring Road Company Ltd.	KRRC	28.9	75.0	-	-	28.9
MCB Co. Ltd.	MCB	33.8	70.0	79.0	-	112.8
Gyeongsu Highway Co., Ltd.	YSE	51.5	43.75	99.6	-	151.1
Seoul-Chuncheon Highway Co., Ltd.	SCH	0.6	15.83	161.8	-	162.4
Incheon Bridge Co. Ltd.	IBC	54.4	64.05	241.0	-	295.4
Busan New Port the 2nd Rear Road Co., Ltd.	B2RR	41.5	47.56	69.2	-	110.7
BNCT Co., Ltd.	BNP 2-3	66.4	30.0	193.0	-	259.4
Dongbuk LRT Co., Ltd.	DBR	35.4	30.0	47.3	-	82.7
Total		510.6		1,210.1	90.4	1,811.1
Percentage (%)		28.2%		66.8%	5.0%	100%

1. Based on MKIF investment amount plus investment commitment of KRW 82.7bn in Dongbuk LRT Co., Ltd. (KRW 15.0bn has been deployed)

2. Includes KRW 3.2bn working capital facility and KRW 50bn new shareholder loan

Government Support Payment Provisions

(As at 31 December 2020)

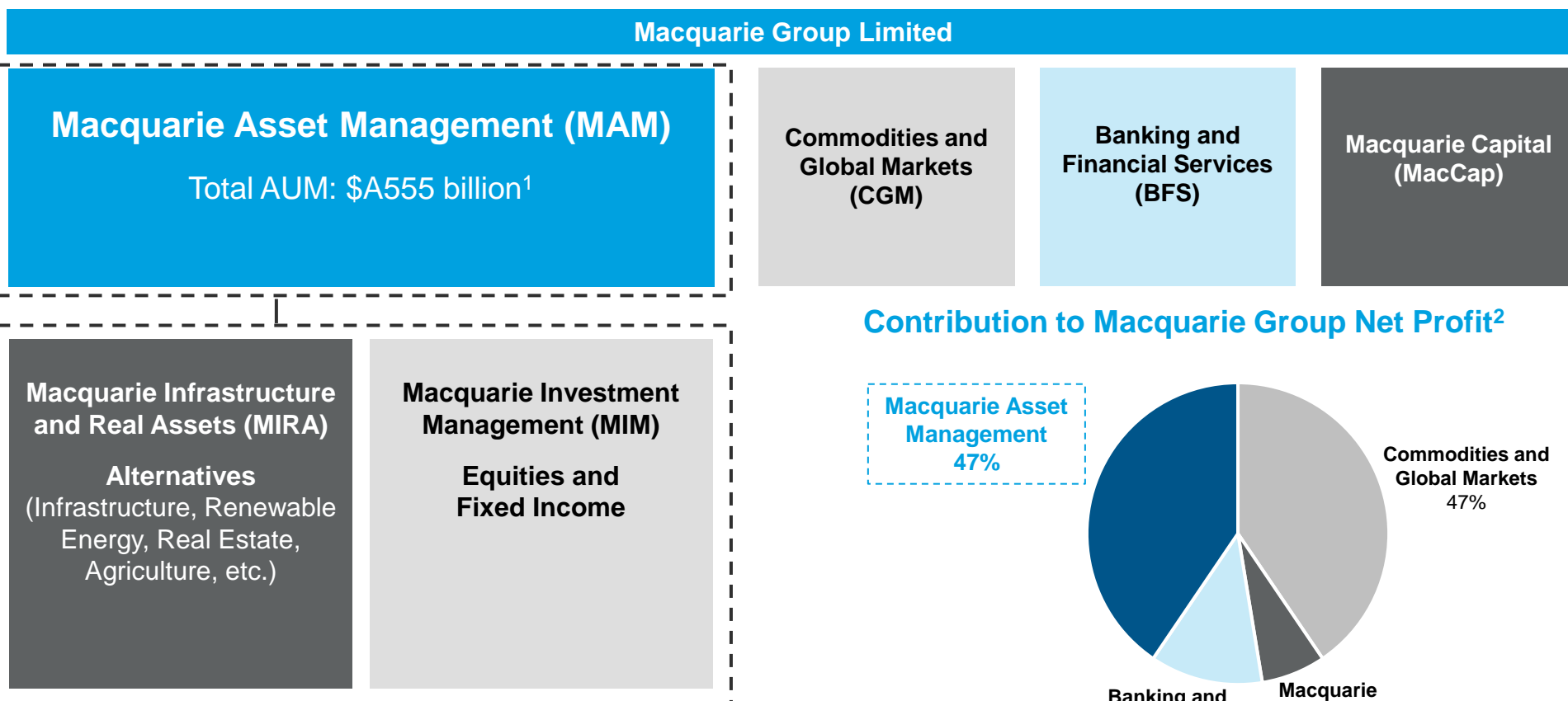
Asset	Relevant Authority	Concession Term	Concession Term Remaining	Support Payment Duration	Support Payment Duration Remaining	Revenue Guarantee Threshold ¹	Revenue Cap Threshold ^{1,2}	Remarks
Baekyang Tunnel	Busan Metropolitan City	25.0	4.0	25.0	4.0	90%	110%	
Gwangju 2nd Beltway, Section 1	Gwangju Metropolitan City	28.0	8.0	28.0	8.0	Investment cost compensation		Target cash flow of the concessionaire guaranteed
Incheon International Airport Expressway	MOLIT ³	30.0	10.0	20.0	-	80%	110%	Partial revenue sharing in excess of 80% to 110% level
Soojungsan Tunnel	Busan Metropolitan City	25.0	6.3	25.0	6.3	90%	110%	For toll revenue below 90%, Busan Metropolitan City is obligated to compensate 91.5% of the shortfall amount
Cheonan-Nonsan Expressway	MOLIT	30.0	12.0	20.0	2.0	82%	110%	Partial revenue sharing in excess of 82% to 110% level
Woomyunsan Tunnel	Seoul Metropolitan City	30.0	13.0		N/A			As part of the capital restructuring transaction completed in Jan 2016, MRG provision was removed
Gwangju 2nd Beltway, Section 3-1	Gwangju Metropolitan City	30.0	13.9	30.0	13.9	90%	110%	
Machang Bridge	GSND ³	30.0	17.5	30.0	17.5	75.78%	100%	Revenue guarantee applies to MCB account ⁴ 50:50 revenue sharing with relevant authority in excess of expected revenue at 100% level
Yongin-Seoul Expressway ⁵	MOLIT ³	30.0	18.5	10.0	-	70%	130%	
Seoul-Chuncheon Highway ⁵	MOLIT ³	30.0	18.6	15.0	3.6	60%	140%	
Incheon Grand Bridge	MOLIT ³	30.0	18.8	15.0	3.8	80%	120%	
BNP the 2nd Rear Road		30.0	26.0					
Busan New Port Phase 2-3	MOF ³	28.3	19.3		N/A			
Dongbuk Light Rail Transit	Seoul Metropolitan City	30.0	30.0					Construction: 2020~2024 expected Operation: 30 years (2025~2054 expected)
Weighted average ⁶		29.4	16.7	14.5	3.6			

1. % of annual concession agreement projected revenue
2. Relevant government authorities are entitled to receive the portion exceeding the threshold
3. MOLIT (Ministry of Land, Infrastructure and Transport) / GSND (Gyeongsang Namdo Government) / MOF (Ministry of Oceans and Fisheries)
4. Refer to the disclosures on MKIF website (www.mkif.com) on 2 January 2017 for detailed information on MCB restructuring
5. No revenue guarantee applies if actual revenue is below 50% of the annual concession agreement projected revenue
6. Weighted average based on MKIF investment amount

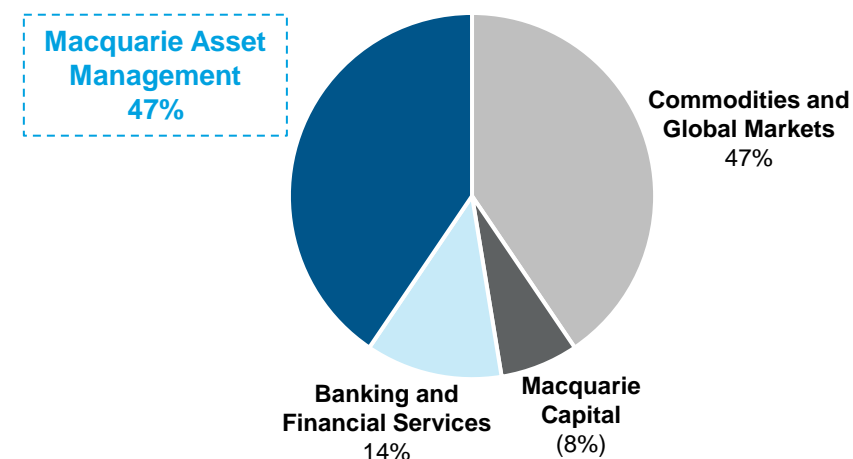
Macquarie Group and MIRA

MIRA is a standalone business within MAM and has a 26-year track record in global infrastructure investment and management

MKAM is an entity within MIRA that has focused on investment and management of landmark infrastructure assets in Korea since its establishment in 2002



Contribution to Macquarie Group Net Profit²



1. As at 30 Sep 2020

2. Based on 1H 2021 (1 Apr 2020 – 30 Sep 2020) net profit

Notice on Environmental, Social and Governance



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.