



# Macquarie Korea Infrastructure Fund

Investor Presentation

3Q 2022



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# 01

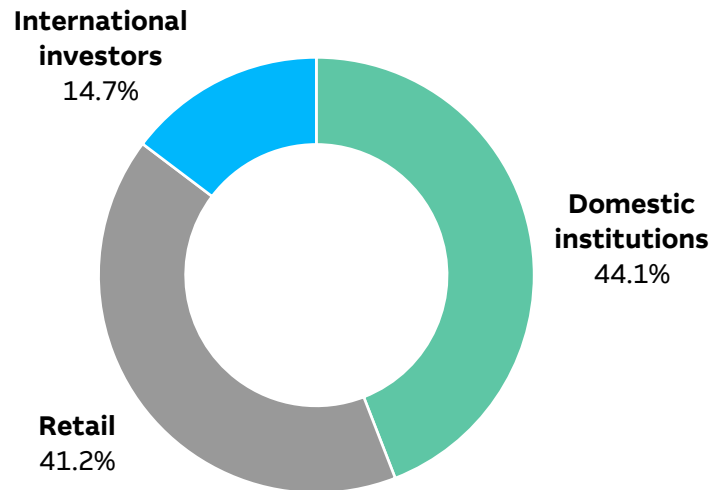
## MKIF Overview



# A Leading Infrastructure Fund in Korea

- Established in 2002 / Listed on the Korea Exchange in 2006
- Market capitalization of KRW ~4.8 trillion<sup>1</sup>
- Invests only in Korea as defined under the Korean PPP Act<sup>2</sup>
- Delivered approximately ~5.3% distribution yield<sup>3</sup> in 2021
- Issuer credit rating of AA0 (Stable)<sup>4</sup>

## Key Shareholder Groups<sup>1</sup>



1. Market capitalization is as at 30 Sep 2022 and key shareholder groups are as at 30 Jun 2022

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 FY2021 closing share price of KRW 14,050 and 2021 annual distribution of KRW 750 per share; historical performance does not guarantee future performance

4. Issuer credit rating by NICE Investor Service on 1 Apr 2022

# Fund History

Establishment / Listing <b>2002 / 2006</b>	Mandate <b>Core and Core+</b> (Korea only)	Portfolio <b>13 Roads, 1 Port, 1 Rail, 2 City Gas</b>	Market Capitalisation <b>KRW ~4.8 trillion</b> (KOSPI top 57)
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## MKIF History<sup>1</sup>

### 2002 ~ 2006

#### Establishment and 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 and Asset Stabilization

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

### 2007 ~

#### Active Fund and Asset Management

##### Fund-level

- 11 investments<sup>3</sup> / 4 divestments<sup>4</sup>
- 11 fund-level debt refinancing<sup>5</sup>
- Effective IR: improved market awareness & active share trading

##### Asset-level

- 16 asset-level restructuring<sup>6</sup>
- 15 asset-level dispute resolutions<sup>7</sup>
- Actively engaged with current issues

### 2017 ~

#### Share Offering and New Growth

- Mandate expansion
- Seeking diverse investment opportunities
- Follow-on offering in 2017 (KRW 147.2 billion)
- Follow-on offering in 2020 (KRW 244.2 billion)
- Follow-on offering in 2021 (KRW 393.5 billion)

1. Please refer to page 8 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); HY (2021); SRB (2021); IGEX (2022)

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; Jun 2021; Mar 2022

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)

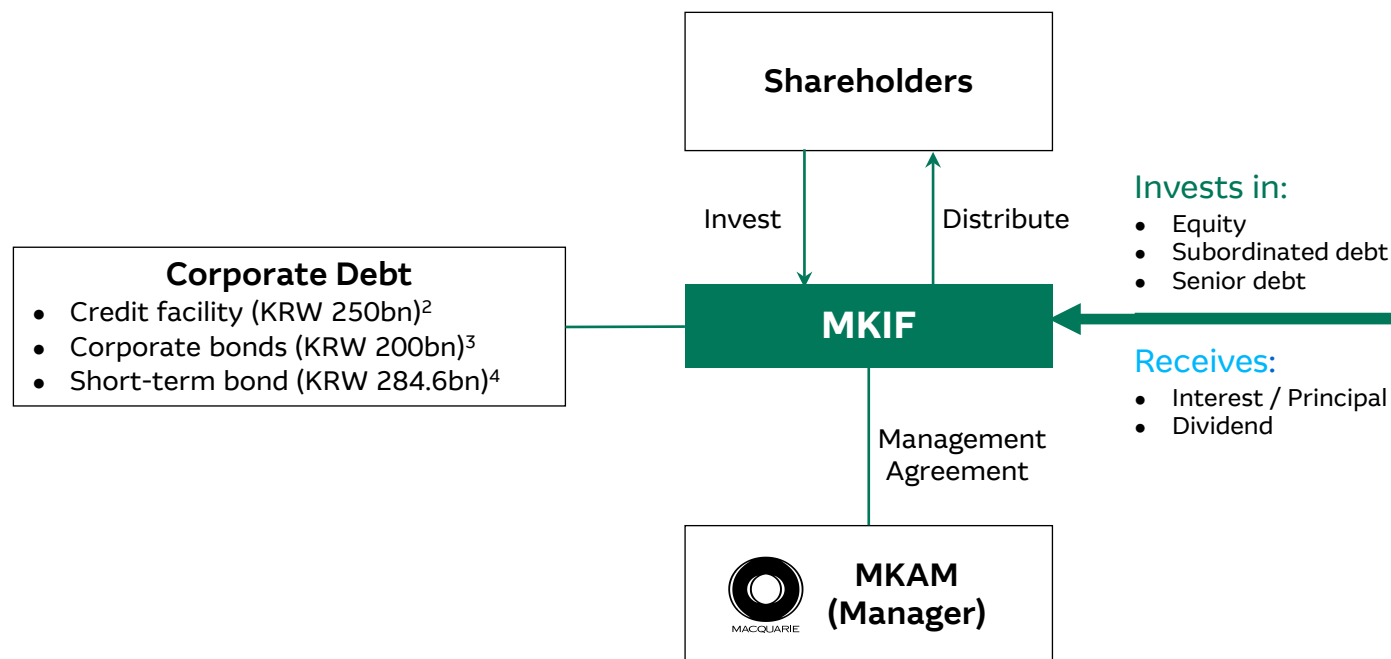
7. Disputes resolved in Oct 2013 (BNP 2-3); Apr 2015 (MCB); Aug 2015 (KBICL); Dec 2016 (KBICL); Jan 2019 (SICL & BYTL); Mar 2019 (SICL); 2018~2019 (5 tax litigations involving SICL, WIC, KBICL, NAHC, CNEC), May 2020 (BYTL), Jun 2020 (IBC), Dec 2021 (KBICL)



# Business Structure

(As at 30 September 2022)

- MKIF is a holding company of 17 infrastructure project companies
- Active management of the underlying project companies<sup>1</sup>
- 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



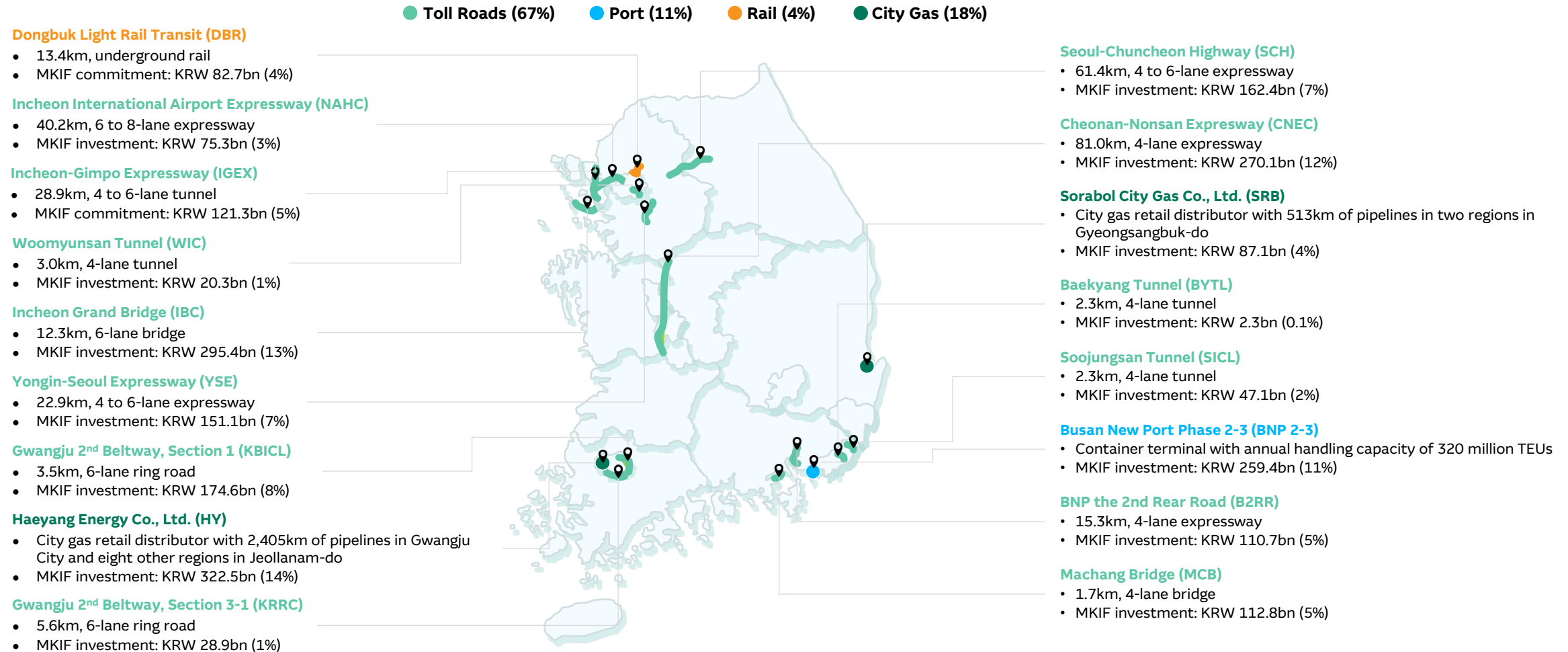
Underlying Project Companies	MKIF Shareholding
Baekyang Tunnel Ltd.	100%
Kwangju Beltway Investment Co., Ltd.	100%
New Airport Hiway Co., Ltd.	24.1%
Soojungsan investment Co., Ltd.	100%
Cheonan Nonsan Expressway Co., Ltd.	60%
Woomyunsan Infraway Co., Ltd.	36%
Kwangju Ring Road Company Ltd.	75%
MCB Co., Ltd.	70%
Gyeongsu Highway Co., Ltd.	43.75%
Seoul-Chuncheon Highway Co., Ltd.	15.83%
Incheon Bridge Co., Ltd.	64.05%
Busan New Port the 2nd Rear Road Co., Ltd.	47.56%
Incheon-Gimpo Expressway Co., Ltd.	22.8% <sup>5</sup>
BNCT Co., Ltd.	30%
Dongbuk Urban Railway Co., Ltd.	30% <sup>5</sup>
Youngsan Clean Energy Ltd.	100%
Bomun Clean Energy Ltd.	100%

1. MKIF-invested project companies  
 2. Out of KRW 250bn credit facility, KRW 123bn is drawn (credit facility agreement maturity date of 28 Jan 2024)  
 3. KRW 100bn, 5-year bond (maturity date of 11 Jun 2023) and KRW 100bn, 7-year bond (maturity date of 11 Jun 2025)  
 4. KRW 151bn drawn from the short-term bond facility with the limit of KRW 284.6bn (underwriting agreement maturity date of 11 Sep 2023)  
 5. Based on MKIF's investment commitment  
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# Portfolio Summary<sup>1</sup>

(As at 30 September 2022)

- KRW 2.3 trillion invested across 17 infrastructure assets in Korea in the form of equity (25.3%), subordinated debt (71.6%) and senior debt (3.1%)



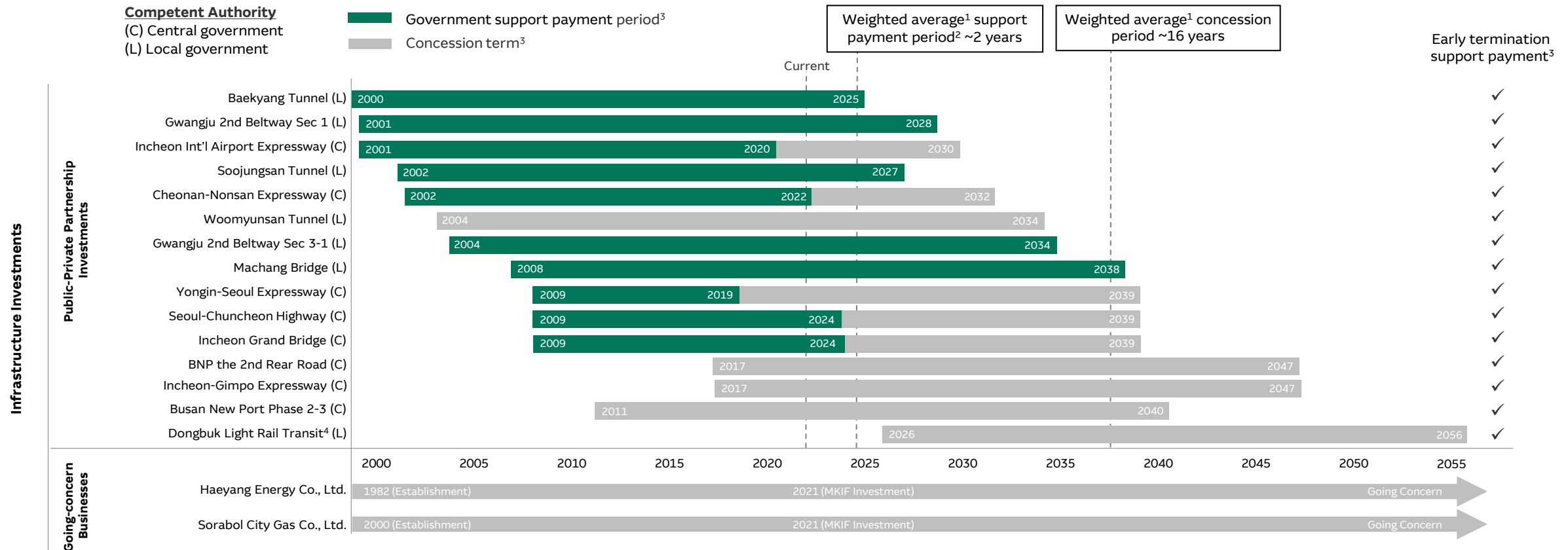
1. All amounts and percentages are based on MKIF's investment amounts (including investment commitments in Dongbuk Urban Railway Co., Ltd. and Incheon-Gimpo Expressway Co., Ltd.)  
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# Concession/Operation Period

(As at 30 September 2022)

- MKIF invests in 17 project companies, of which 15 are public-private partnership investments with a fixed concession period defined under respective concession agreement with competent authority, while the remaining 2 are going-concern businesses.

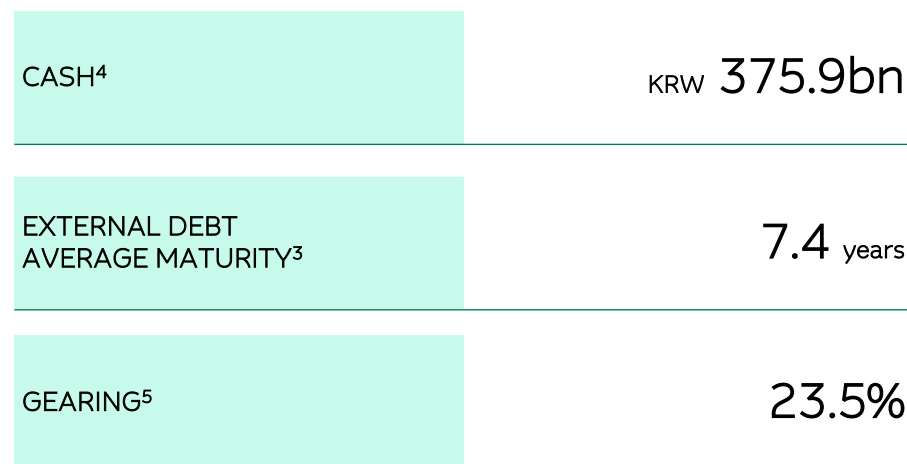


- Based on MKIF's investment amounts and investment commitment in Dongbuk Urban Railway Co., Ltd. and Incheon-Gimpo Expressway Co., Ltd.
- Revenue guarantee and cost compensation payments received from competent authorities, toll freeze compensations related to the CPI growth, etc. Weighted average support 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
- 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 competent authority, or for events of force majeure
- Construction period of 5 years (2021~2026) expected, followed by a 30-year concession period

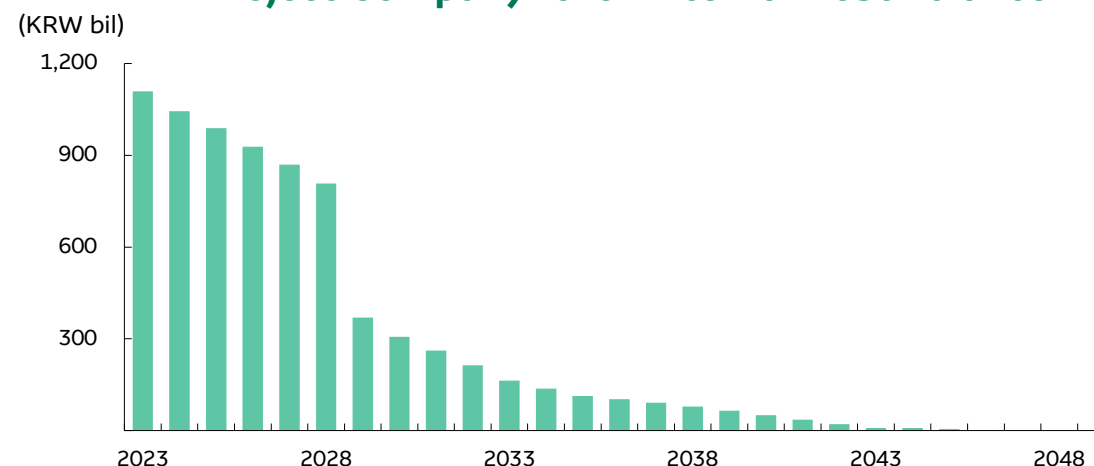
# Financial Position

(As at 30 September 2022)

- MKIF debt capped at 30% of its capital under PPP Act<sup>1</sup>, with the current outstanding debt of KRW 474.0 billion out of KRW 734.6 billion facility size under the existing loan agreements
  - KRW 123 billion is drawn from KRW 250 billion of credit facility limit (credit facility agreement maturity date of 28 January 2024)
  - 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)
  - KRW 151 billion has been issued from KRW 284.6 billion of short-term bond facility (underwriting agreement maturity date of 11 September 2023)
- Weighted average interest rate of MKIF debt is 3.8%, and remaining average maturity is 1.3 years
- Project company-level debt is expected to decline as senior debts are redeemed, and average remaining maturity<sup>2</sup> of external debt<sup>3</sup> is 7.4 years



**Project Company-level External Debt Balance<sup>6</sup>**



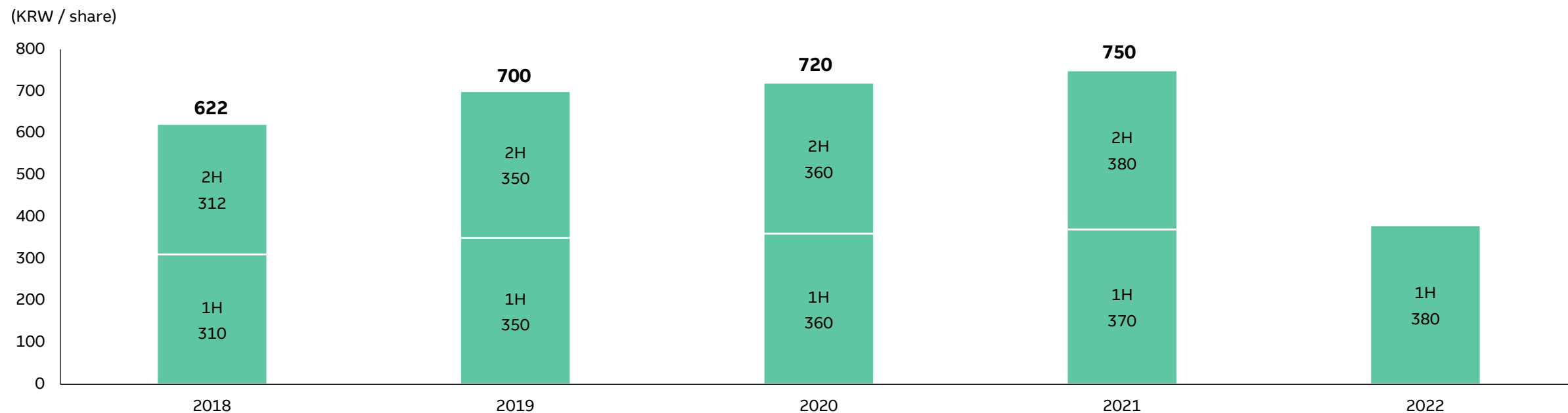
1. Current MKIF debt ceiling under PPP Act is KRW 734.6bn (30% of current MKIF paid-in-capital of KRW 2,448.9bn; rounded down to the nearest tenth billion)
2. Average remaining maturity of external debt of the underlying project companies based on MKIF equity ownership
3. External debt of the underlying 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 26.1bn)
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 distributable accounting income to maintain tax exempt status
- 2022 first half distribution of KRW 380 per share<sup>1</sup> (total amount of KRW 153.8 billion) was paid on 29 August 2022

## Distribution History<sup>2</sup>



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

# 02

## 3Q 2022 Performance





# Key Performance

## MKIF revenue and net income (P14)

- MKIF recorded the revenue of KRW 70.8 billion and net income of KRW 55.7 billion in 3Q 2022 (the “Quarter”), increases of 9.6% and 8.4% respectively compared with the previous corresponding period (“pcp”), and recorded the revenue of KRW 307.3 billion and net income of KRW 261.6 billion year-to-30 September 2022 (“2022 YTD”), increases of 8.2% and 5.9% respectively compared with pcp. Revenue increased due to higher interest income, and net income increased due to higher revenue.

## Performance of toll roads (P17)

- On a weighted average basis, 13 toll road assets delivered traffic volume and revenue growths of 6.8% and 2.7% for the Quarter over pcp.
- Traffic revenue improved less than volume as the respective government authorities requested certain assets to apply toll exemption during the Chuseok holiday season in 3Q 2022, while such toll exemption did not take place in 3Q 2021. The assets which toll exemption was applied are to receive full compensation for revenue loss from the respective government authorities.

## Performance of Busan New Port Phase 2-3 (“BNP 2-3”) (P18)

- BNP 2-3 handled 0.64 million TEUs during the Quarter, a decrease of 0.8% over pcp. The decrease was caused by five days of shutdown of the entire Busan Port due to typhoons (versus two days of shutdown in 3Q 2021).
- Despite a slight volume decrease, revenue and EBITDA improved by 14.3% and 14.2% respectively over pcp to KRW 43.2 billion and KRW 22.4 billion due to the impact of the retroactive adjustment in 2022 tariffs for certain shipping lines.

## Performance of City Gas Business (P20)

- Haeyang Energy Co., Ltd. (“HY”) recorded the sales volume of 112 million m<sup>3</sup> during the Quarter, an increase of 0.2% over pcp. Revenue increased by 55.7% over pcp to KRW 114.8 billion. Revenue grew more than sales volume because the increase in the average KOGAS wholesale tariff is passed through to HY’s revenue.
- EBITDA improved by 87.0% to KRW 10.6 billion mainly due to the greater seasonal effect which had a positive impact on profitability and the absence of one-off expense related to the equity transfer of HY in 3Q 2021.
- Sorabol City Gas Co., Ltd. (“SRB”) recorded the sales volume of 34 million m<sup>3</sup> during the Quarter, an increase of 3.8% over pcp. Revenue increased by 73.1% over pcp to KRW 36.7 billion. Revenue grew more than sales volume because the increase in the average KOGAS wholesale tariff is passed through to SRB’s revenue.
- EBITDA increased by 86.1% to KRW 2.6 billion mainly due to the greater seasonal effect which had a positive impact on profitability and the absence of one-off expense related to the equity transfer of SRB in 3Q 2021.

# Financial Results<sup>1</sup>

- 3Q 2022 revenue and net income increased by 9.6% and 8.4% respectively compared with the pcq.
- The increase in revenue and net income was mainly due to higher interest income.

(Unit: KRW million)

	3Q 2022 (Jul - Sep)	3Q 2021 (Jul - Sep)	% Change
<b>Revenue</b>	<b>70,833</b>	<b>64,631</b>	<b>9.6%</b>
Interest income	68,365	62,218	
Dividend income <sup>2</sup>	2,412	2,412	
Other income	56	1	
<b>Expenses</b>	<b>15,118</b>	<b>13,210</b>	<b>14.4%</b>
Management fee	10,821	10,385	
Interest expense	3,447	2,100	
Other fees and expenses	850	725	
<b>Net income</b>	<b>55,715</b>	<b>51,421</b>	<b>8.4%</b>
<b>Normalised net income<sup>3</sup></b>	<b>55,715</b>	<b>51,421</b>	<b>8.4%</b>
<b>EPS (KRW per share)</b>	<b>138</b>	<b>132</b>	
<b>Normalised EPS (KRW per share)<sup>3</sup></b>	<b>138</b>	<b>132</b>	

1. Unaudited, non-consolidated

2. 3Q 2022: KRW 2.4bn from New Airport Hiway Co., Ltd.  
3Q 2021: KRW 2.4bn from New Airport Hiway Co., Ltd.

3. Excludes one-off items  
3Q 2022 and 3Q 2021: no one-off item



# Financial Results<sup>1</sup>

- 2022 YTD revenue and net income increased by 8.2% and 5.9% respectively compared with the pcp.
- The increase in revenue and net income was mainly due to higher interest income.

(Unit: KRW million)

	2022 YTD (Jan - Sep)	2021 YTD (Jan - Sep)	% Change
<b>Revenue</b>	<b>307,339</b>	<b>284,033</b>	<b>8.2%</b>
Interest income	199,190	171,265	
Dividend income <sup>2</sup>	108,033	112,762	
Other income	116	6	
<b>Expenses</b>	<b>45,759</b>	<b>36,993</b>	<b>23.7%</b>
Management fee	34,442	29,612	
Interest expense	8,767	5,221	
Other fees and expenses	2,550	2,160	
<b>Net income</b>	<b>261,580</b>	<b>247,040</b>	<b>5.9%</b>
<b>Normalised net income<sup>3</sup></b>	<b>261,580</b>	<b>247,040</b>	<b>5.9%</b>
<b>EPS (KRW per share)<sup>4</sup></b>	<b>646</b>	<b>664</b>	
<b>Normalised EPS (KRW per share)<sup>3,4</sup></b>	<b>646</b>	<b>664</b>	

1. Unaudited, non-consolidated

2. 2022 YTD: KRW 19.2bn from New Airport Hiway Co., Ltd.; KRW 60bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 17.5bn from Soojungsan Investment Co., Ltd.; KRW 11.2bn from Kwangju Ring Road Company, Ltd.

2021 YTD: KRW 13.2bn from New Airport Hiway Co., Ltd.; KRW 84bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 12.5bn from Soojungsan Investment Co., Ltd.; KRW 3bn from Kwangju Ring Road Company, Ltd.

3. Excludes one-off items

2022 YTD and 2021 YTD: no one-off item

4. While net income improved in 2022 YTD compared with the pcp, EPS decreased due to the increase in the number of outstanding shares of MKIF following the issuance of new shares via follow-on offering in August 2021.

# Statement of Financial Position

(Unit: KRW million)

	30 September 2022	31 December 2021
<b>Assets</b>		
Invested Assets	<b>2,278,304</b>	<b>2,193,958</b>
Cash & deposits	26,103	53,510
Loans	1,710,335	1,628,614
Equity securities	541,866	511,834
Others	<b>699,388</b>	<b>628,768</b>
Interest receivable	692,807	621,744
Other receivables	2,351	2,348
Deferred costs, net	2,109	2,582
Prepayment	2,121	2,094
<b>Total Assets</b>	<b>2,977,692</b>	<b>2,822,726</b>
<b>Liabilities</b>		
Bonds	349,296	250,409
Long-term debt	123,000	20,106
Management fee payable	10,821	11,995
Other liabilities	7,164	6,703
<b>Total Liabilities</b>	<b>490,281</b>	<b>289,213</b>
<b>Shareholders' Equity</b>		
Share capital	2,448,937	2,448,937
Retained earnings	38,474	84,576
<b>Total Shareholders' Equity</b>	<b>2,487,411</b>	<b>2,533,513</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,977,692</b>	<b>2,822,726</b>

## Change in Investment

(Unit: KRW million)

Project Company	Item	2022
Kwangju Beltway Investment Co., Ltd.	Senior Debt	(5,000)
Dongbuk Urban Railway Co., Ltd.	Equity	7,685
	Subordinated Debt	8,100
Incheon-Gimpo Expressway Co., Ltd.	Equity	22,346
	Subordinated Debt	78,656
<b>Total*</b>		<b>111,787</b>

\* Excludes loan amortization of KRW 34 million from Baekyang Tunnel Ltd.

1. Unaudited, non-consolidated for 30 September 2022 and audited, non-consolidated for 31 December 2021; Pursuant to the Financial Investment Services and Capital Markets Act and the resolution by the internal appraisal committee of MKAM, MKIF reports all its unlisted equity investments at acquisition cost  
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# Toll Roads Performance

- Highlights for the Quarter include:
  - Incheon International Airport Expressway and Incheon Grand Bridge, two assets which traffic performance was negatively impacted by the outbreak of COVID-19 in 2020, have been on a steady recovery.
  - Traffic revenue improved less than volume as the respective government authorities requested certain assets to apply toll exemption during the Chuseok holiday season in 3Q 2022, while such toll exemption did not take place in 3Q 2021. The assets which toll exemption was applied in 3Q 2022 are to receive full compensation for revenue loss from the respective government authorities.
  - The construction completion of the nearby competing road has led to the normalization of the traffic volume of Woomyunsan Tunnel.

	2022 YTD				3Q 2022			
	Average daily traffic volume		Average daily revenue <sup>1</sup>		Average daily traffic volume		Average daily revenue <sup>1</sup>	
	Vehicles/day	% change yoy	KRW1,000/day	% change yoy	Vehicles/day	% change yoy	KRW1,000/day	% change yoy
Baekyang Tunnel	71,898	(1.5%)	59,920	(1.4%)	73,089	1.0%	60,866	1.1%
Gwangju 2nd Beltway, Section 1	65,295	1.8%	68,875	1.3%	67,535	1.8%	71,100	1.8%
Incheon International Airport Expressway	77,645	16.5%	304,221	17.7%	88,610	23.7%	344,922	22.7%
Soojungsan Tunnel	45,529	(1.1%)	42,210	(0.9%)	46,325	1.1%	42,895	1.2%
Cheonan-Nonsan Expressway	57,849	3.9%	494,843	2.0%	59,944	3.5%	489,240	(2.8%)
Woomyunsan Tunnel	28,931	(11.1%)	63,599	(10.9%)	29,557	(6.5%)	64,980	(6.4%)
Gwangju 2nd Beltway, Section 3-1	61,249	5.5%	65,823	5.5%	63,580	5.1%	68,252	5.2%
Machang Bridge	42,908	3.3%	93,202	1.8%	44,032	3.1%	91,981	(2.2%)
Yongin-Seoul Expressway	92,289	(1.4%)	145,451	(3.2%)	93,584	(0.5%)	143,544	(4.8%)
Seoul-Chuncheon Highway	63,854	3.1%	272,139	0.2%	70,702	2.0%	288,437	(4.2%)
Incheon Grand Bridge	51,207	17.8%	226,967	13.9%	58,118	24.5%	248,112	17.0%
BNP 2nd Rear Road	20,231	4.6%	39,339	4.5%	20,426	4.4%	39,562	3.9%
Incheon-Gimpo Expressway	54,241	0.7%	160,407	(0.8%)	53,857	1.7%	155,199	(2.1%)
<b>Weighted average growth rate<sup>2</sup></b>		<b>5.0%</b>		<b>3.5%</b>		<b>6.8%</b>		<b>2.7%</b>

1. Does not include government support payments; Baekyang Tunnel, Gwangju 2nd Beltway Section 1 & 3-1, 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

2. On a weighted average basis based on the revenue size and MKIF equity ownership in each project company



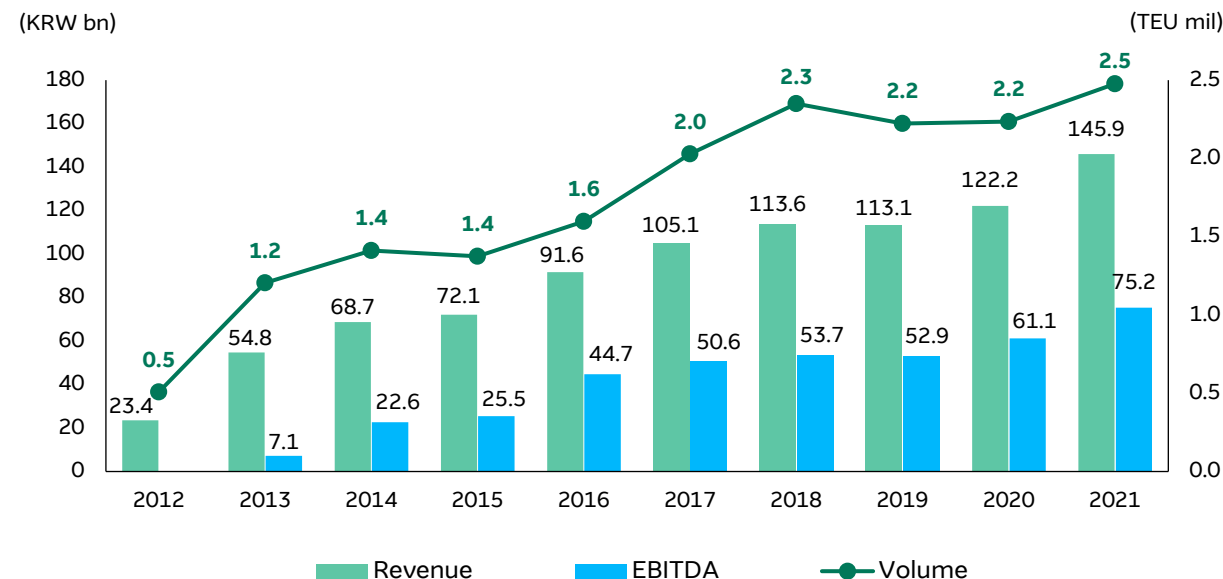
# Port Performance

## BNCT 3Q 2022 Performance

	2022 YTD	2021 YTD	Change over pcq	3Q 2022	3Q 2021	Change over pcq
Volume (TEU million)	2.02	1.82	11.1%	0.64	0.65	(0.8%)
Revenue (KRW billion)	124.7	105.9	17.8%	43.2	37.7	14.3%
EBITDA (KRW billion)	63.5	53.9	17.9%	22.4	19.6	14.2%
EBITDA margin	50.9%	50.9%	-	51.9%	52.0%	(0.1%p)

- BNP 2-3 handled 0.64 million TEUs during the Quarter, a decrease of 0.8% over pcq. The decrease was caused by five days of shutdown of the entire Busan Port due to typhoons (versus two days of shutdown in 3Q 2021).
- Despite a slight volume decrease, revenue improved by 14.3% over pcq to KRW 43.2 billion due to the impact of the retroactive adjustment in 2022 tariffs for certain shipping lines.
- EBITDA improved by 14.2% over pcq to KRW 22.4 billion, recording an EBITDA margin of 51.9% for the Quarter.

## BNCT Historical Results



- 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.

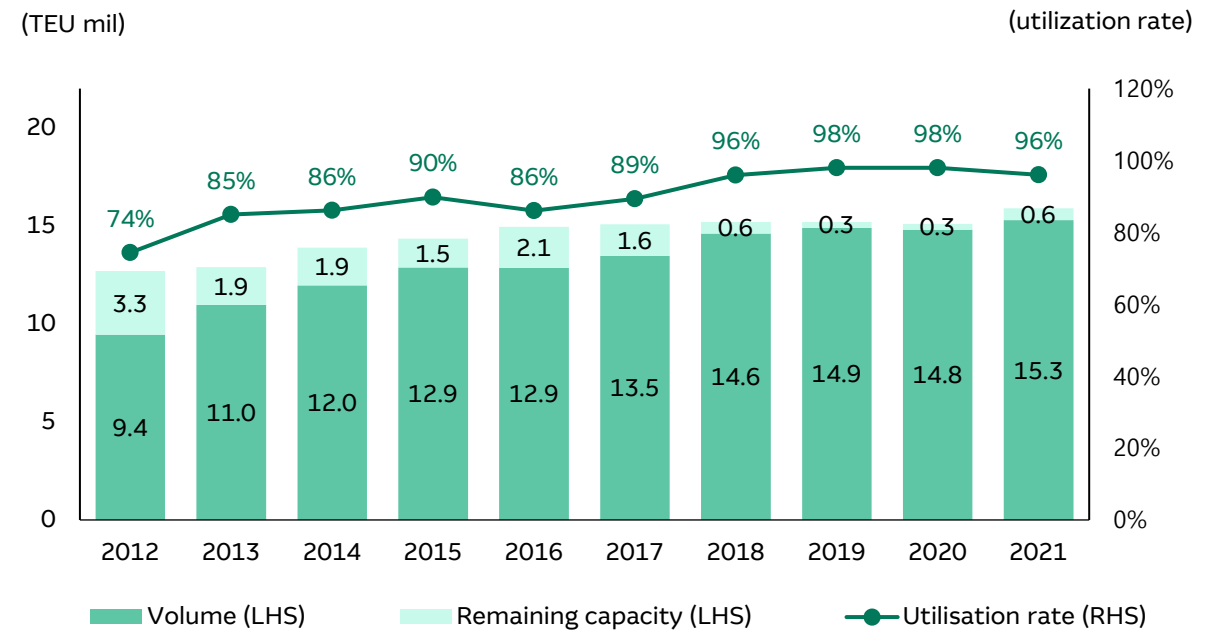
# Busan Port

- Busan Port is comprised of Busan New Port (the “New Port”) and Busan North Port (the “North Port”).
- Busan Port handled 22.1 million TEUs<sup>1</sup> of container volume in 2021, of which the New Port handled 69% or 15.3 million TEUs.
- The New Port’s utilization rate and the market share within Busan have been on a growing trend over the last 9 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

FY2021	BNP 2-3	New Port <sup>1</sup>	North Port <sup>1</sup>
Number of Terminals in Operation	(Part of New Port)	5 Terminals	3 Terminals
Capacity (TEUs p.a.)	3.2 mil	15.9 mil	7.3 mil
Handling Volume <sup>2</sup> (TEUs)	2.5 mil	15.3 mil	6.8 mil
Volume Growth (over pcp)	10.8%	3.5%	3.1%
Utilisation Rate	77%	96%	93%
Market Share <sup>3</sup> within Busan Port	11%	69%	31%

## Historical Performance of the New Port<sup>2</sup>



1. Source: Busan Port Authority

2. 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

3. Based on 2021 handling volume

# City Gas Business Performance

## HY 3Q 2022 Performance

	2022 YTD	2021 YTD	Change over pcp	3Q 2022	3Q 2021	Change over pcp
Volume (million m <sup>3</sup> )	579	559	3.5%	112	112	0.2%
Revenue <sup>1</sup> (KRW billion)	484.5	356.2	36.0%	114.8	73.7	55.7%
EBITDA (KRW billion)	40.6	35.9	13.2%	10.6	5.7	87.0%
EBITDA margin	8.4%	10.1%	(1.7%p)	9.2%	7.7%	1.5%p
Pipeline length <sup>2</sup>	2,456km	2,405km	2.1%	2,456km	2,405km	2.1%
Penetration rate <sup>2</sup>	82.9%	81.9%	1.0%p	82.9%	81.9%	1.0%p

- HY recorded the sales volume of 112 million m<sup>3</sup> during the Quarter, an increase of 0.2% over pcp. Revenue increased by 55.7% over pcp to KRW 114.8 billion.
- Revenue grew more than sales volume because the increase in the average KOGAS wholesale tariff is passed through to HY's revenue.
- EBITDA improved by 87.0% to KRW 10.6 billion mainly due to the greater seasonal effect which had a positive impact on profitability and the absence of one-off expense related to the equity transfer of HY in 3Q 2021.

## SRB 3Q 2022 Performance

	2022 YTD	2021 YTD	Change over pcp	3Q 2022	3Q 2021	Change over pcp
Volume (million m <sup>3</sup> )	150	142	5.5%	34	33	3.8%
Revenue <sup>1</sup> (KRW billion)	134.5	89.6	50.1%	36.7	21.2	73.1%
EBITDA (KRW billion)	12.3	9.5	29.5%	2.6	1.4	86.1%
EBITDA margin	9.2%	10.6%	(1.4%p)	7.1%	6.6%	0.5%p
Pipeline length <sup>2</sup>	544km	513km	6.2%	544km	513km	6.2%
Penetration rate <sup>2</sup>	70.8%	70.6%	0.2%p	70.8%	70.6%	0.2%p

- SRB recorded the sales volume of 34 million m<sup>3</sup> during the Quarter, an increase of 3.8% over pcp. Revenue increased by 73.1% over pcp to KRW 36.7 billion.
- Revenue grew more than sales volume because the increase in the average KOGAS wholesale tariff is passed through to SRB's revenue.
- EBITDA increased by 86.1% to KRW 2.6 billion mainly due to the greater seasonal effect which had a positive impact on profitability and the absence of one-off expense related to the equity transfer of SRB in 3Q 2021.

1. Revenue is mostly impacted by sales volume, KOGAS wholesale tariff and retail distribution tariff. Average wholesale tariff has been increasing due to a rise in the natural gas price

2. As at the end of each period; penetration rate is for residential



# 03

## Investment in Incheon-Gimpo Expressway Project



# Project Overview

## Project Overview<sup>1</sup>

<b>Concessionaire</b>	Incheon-Gimpo Expressway Co., Ltd. ("IGEC")
<b>Competent Authority</b>	Ministry of Land, Infrastructure and Transport ("MOLIT")
<b>Project Type</b>	Build-Transfer-Operate
<b>Target Asset</b>	Incheon-Gimpo Expressway ("IGEX")
<b>Location</b>	Jung-gu, Incheon Metropolitan City ~ Gimpo City, Gyeonggi Province (Part of the western section of the 2nd Seoul Beltway)
<b>Length</b>	28.9km (double 2 to 3-lane)
<b>Facilities</b>	5 interchanges 40 bridges 1 tunnels
<b>Construction Period</b>	5 years 23 March 2012 ~ 22 March 2017
<b>Concession Term (Operation Period)</b>	30 years from operation commencement date 23 March 2017 ~ 22 March 2047
<b>Toll Fare</b>	KRW 2,600 per vehicle <sup>1</sup>

1. As of 26 Apr 2022; type 2 (small vehicle, mini truck) toll fare based on the entire road; subject to a slight reduction after the benefit sharing % is determined  
2. Source: public releases from MOLIT on 1 Jun 2020 and Ansan City on 24 Feb 2022  
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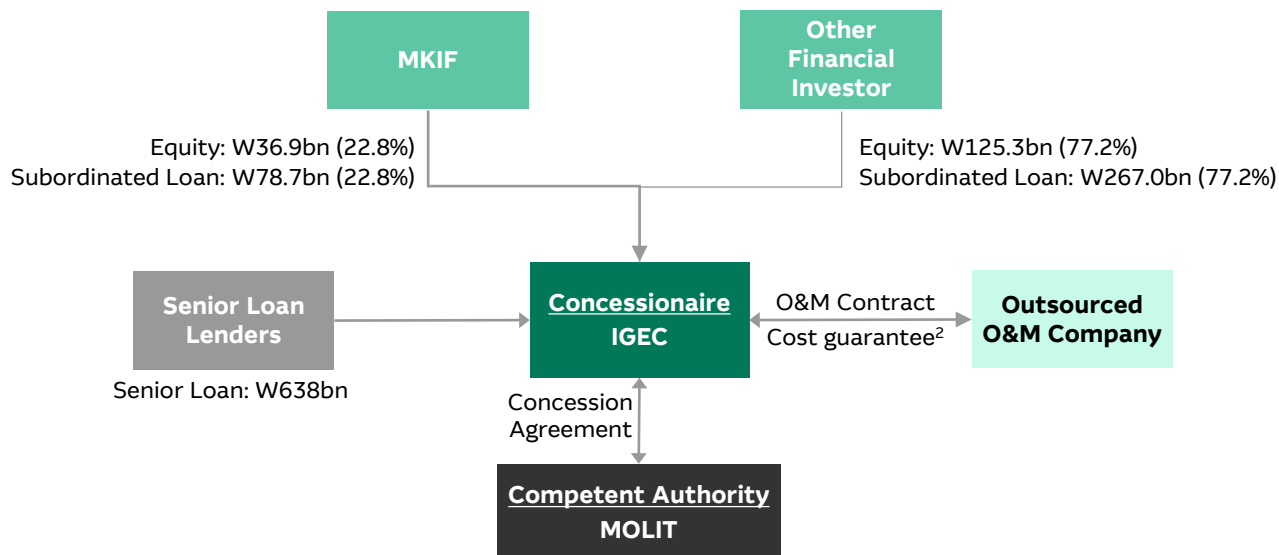
## Location





# Transaction Structure

## Transaction Structure<sup>1</sup>



## Project Investment

Equity	W247.3bn <sup>3</sup>
Subordinated Loan	W345.7bn
Senior Loan	W638.0bn
<b>Total Project Investment</b>	<b>W1,231.0bn<sup>4</sup></b>

## Key Financing Terms

Tranche	Size	Key Terms
Senior Loan Tranche A	W119bn	<ul style="list-style-type: none"> <li>Interest rate: 91CD<sup>5</sup> + 1.8%</li> <li>Tenor: 14 years</li> </ul>
Senior Loan Tranche B	W119bn	<ul style="list-style-type: none"> <li>Interest rate: 91CD<sup>5</sup> + 1.4%</li> <li>Tenor: 14 years</li> </ul>
Senior Loan Tranche C	W240bn	<ul style="list-style-type: none"> <li>Interest rate: 3.5%</li> <li>Tenor: 20 years</li> </ul>
Senior Loan Tranche D	W60bn	<ul style="list-style-type: none"> <li>Interest rate: 4.0%</li> <li>Tenor: 21 years</li> </ul>
Senior Loan Tranche E	W100bn	<ul style="list-style-type: none"> <li>Interest rate: 4.4%</li> <li>Tenor: 23 years</li> </ul>
<b>Senior Loan</b>	<b>W638bn</b>	
Subordinated Loan	W345.7bn	<ul style="list-style-type: none"> <li>Interest rate: 11.5%<sup>6</sup></li> <li>Tenor: 19 years</li> </ul>
<b>Total</b>	<b>W983.7bn<sup>4</sup></b>	

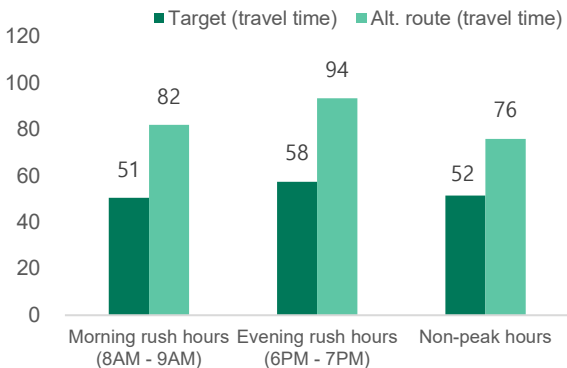
- Based on the anticipated benefit sharing % between the Concessionaire and the competent authority of 2%; the existing construction investors agreed to bear any risk associated with the change in benefit sharing %, and MKIF's investment amounts in equity and subordinated loan may slightly change according to the resulting benefit sharing %
- The outsourced O&M company will bear the risk associated with cost required for managing and operating the target asset pursuant to the O&M contract
- The equity investment in the Concessionaire is W247.3bn, but the new financial investors including MKIF have committed to purchase the equity at discount from the existing shareholders
- Does not include the junior subordinated loan commitment of KRW 25bn (MKIF's commitment is KRW 5.7bn), which is triggered only if the cash yield of FIs fall below 4.2% p.a.
- 3.24% as of 30 Sep 2022
- While the base rate is fixed 11.5% p.a., if the resulting figure from dividing the free cash flow available for the corresponding loan by the outstanding balance of the corresponding loan falls below 11.5%, the lenders of the corresponding loan have an option to set such resulting figure as one-off annual interest rate for that particular period



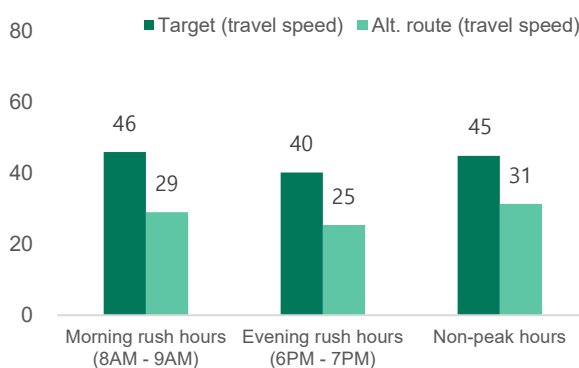
# Competitive Analysis & Traffic Demand

## Competitive Analysis

(Unit: minute)



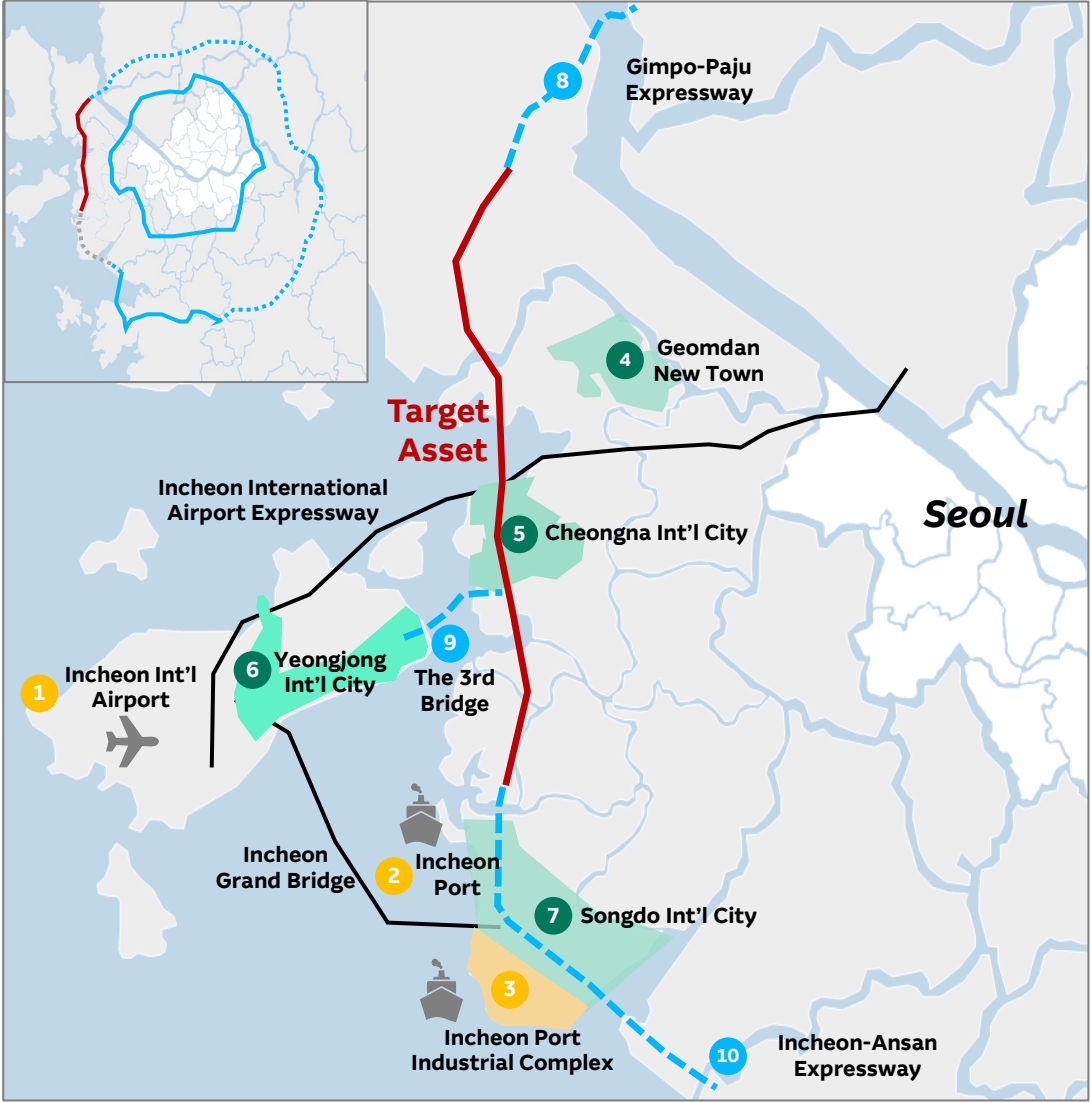
(Unit: km/hour)



## Traffic Demand

Type	Demand	Note <sup>1</sup>
Airport / Port / Industrial	1 Incheon Int'l Airport	• 71.77 million annual users (in 2019, before Covid-19)
	2 Incheon Port	• Handled 3.35 million TEUs of container in 2021
	3 Industrial Complex	• 2.55 million m <sup>2</sup> industrial complex planned by 2025
Residential / Commercial	4 Geomdan New Town	• Targets to develop a town of ~190k people by 2023
	5 Cheongna Int'l City	• Targets to develop a business town of ~100k people by 2024 (current population of ~110k)
	6 Songdo Int'l City	• Targets to develop a tech city with ~260k people by 2030 (current population of ~190k)
	7 Yeongjong Int'l City	• Targets to develop a city of leisure/tourism with ~180k people by 2027 (current population of ~100k)
Connecting Roads	8 Gimpo-Paju Expr.	• Operation commencement expected in 2025
	9 The 3rd Bridge	• Operation commencement expected in 2025
	10 Incheon-Ansan Expr.	• Operation commencement expected in 2029

1. Source: Incheon Free Economic Zone website, Incheon Metropolitan City website, Incheon International Airport Corp. statistics, Incheon Port statistics, public releases from MOLIT and Ansan City  
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# A

## Appendix





# Management Fee

(As at 30 June 2022)



## 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 43.4 billion<sup>1</sup> outstanding as at the quarter.
- Management Fee is calculated and paid on a quarterly basis.



## \* NIV for any quarter equals:

- The average market capitalisation<sup>2</sup> 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.

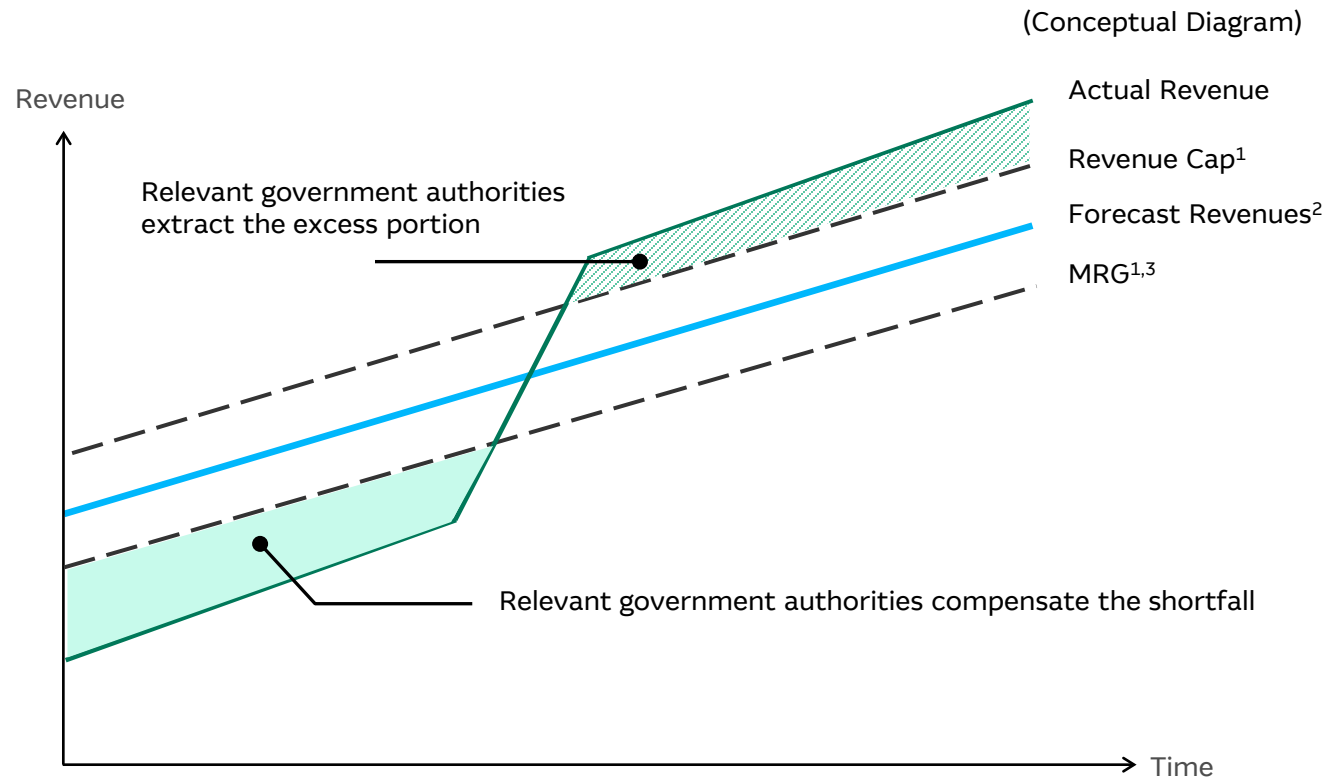
1. Investment commitments in Dongbuk Urban Railway Co., Ltd. (KRW 37.7bn) and Incheon-Gimpo Expressway Co., Ltd. (KRW 5.7bn)

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



# Minimum Revenue Guarantee (MRG)

(As at 30 September 2022)



- 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  
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# Performance of the Project Companies in Operation<sup>1</sup>

(Unit: KRW mil)

Project Company	2021						2020					
	Adjusted operating revenue <sup>2</sup>	OPEX	Adjusted EBITDA <sup>2</sup>	Net debt <sup>3</sup>	Adjusted EBITDA margin	Net debt to adjusted EBITDA	Adjusted operating revenue <sup>2</sup>	OPEX	Adjusted EBITDA <sup>2</sup>	Net debt <sup>3</sup>	Adjusted EBITDA margin	Net debt to adjusted EBITDA
Baekyang Tunnel Ltd.	27,864	(4,494)	23,370	40,512	84%	1.7x	27,036	(4,816)	22,220	54,973	82%	2.5x
Kwangju Beltway Investment Co., Ltd. <sup>4</sup>	45,308	(8,957)	36,351	(3,529)	80%	(0.1x)	42,858	(9,097)	33,761	(6,604)	79%	(0.2x)
New Airport Hiway Co., Ltd.	142,116	(32,998)	109,118	(131,065)	77%	(1.2x)	275,118	(33,719)	241,399	(7,535)	88%	(0.0x)
Soojongsan Investment Co., Ltd.	25,117	(5,043)	20,074	(17,104)	80%	(0.9x)	24,872	(4,926)	19,945	(12,911)	80%	(0.6x)
Cheonan Nonsan Expressway Co., Ltd.	264,696	(37,738)	226,959	(335,033)	86%	(1.5x)	259,542	(34,163)	225,379	(397,312)	87%	(1.8x)
Woomyunsan Infraway Co., Ltd. <sup>4</sup>	26,048	(4,795)	21,253	(17,838)	82%	(0.8x)	27,212	(5,190)	22,022	(12,725)	81%	(0.6x)
Kwangju Ring Road Company Ltd.	25,247	(6,991)	18,256	(17,738)	72%	(1.0x)	23,462	(7,187)	16,276	(6,354)	69%	(0.4x)
MCB Co., Ltd. <sup>4</sup>	37,182	(5,975)	31,208	(3,854)	84%	(0.1x)	33,855	(5,810)	28,045	(3,755)	83%	(0.1x)
Gyeongsu Highway Co., Ltd.	62,748	(15,384)	47,364	326,891	75%	6.9x	62,187	(16,585)	45,602	337,770	73%	7.4x
Seoul-Chuncheon Highway Co., Ltd. <sup>4</sup>	181,687	(27,267)	154,420	295,898	85%	1.9x	162,001	(27,462)	134,540	348,843	83%	2.6x
Incheon Bridge Co., Ltd.	101,199	(16,163)	85,035	261,398	84%	3.1x	98,850	(17,841)	81,009	305,124	82%	3.8x
Busan New Port the 2nd Rear Road Co., Ltd.	14,040	(6,796)	7,244	269,864	52%	37.3x	12,841	(7,779)	5,062	266,310	39%	52.6x
Incheon-Gimpo Expressway Co., Ltd. <sup>5</sup>	57,464	(9,518)	47,946	627,292	83%	13.1x	53,980	(8,548)	45,431	640,253	84%	14.1x
BNCT Co., Ltd.	145,949	(70,703)	75,247	557,985	52%	7.4x	122,167	(61,049)	61,118	568,942	50%	9.3x
Haeyang Energy Co., Ltd.	534,324	(483,066)	51,259	(54,002)	10%	(1.1x)	519,965	(467,553)	52,412	(49,591)	10%	(0.9x)
Sorabol City Gas Co., Ltd.	134,906	(121,824)	13,083	(26,328)	10%	(2.0x)	122,381	(108,981)	13,400	(21,365)	11%	(1.6x)
<b>Proportionate average<sup>6</sup></b>	<b>1,199,523</b>	<b>(713,143)</b>	<b>486,380</b>	<b>480,576</b>	<b>41%</b>	<b>1.0x</b>	<b>1,181,463</b>	<b>(682,317)</b>	<b>499,146</b>	<b>554,080</b>	<b>42%</b>	<b>1.1x</b>

1. Based on 2021 and 2020 audited financial statements

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 loans backed by the relevant authority were excluded and the cash balance of Surplus Income Account (which is overseen by the relevant authority) were excluded

5. As MKIF committed to invest in the subordinated debt of Incheon-Gimpo Expressway Co., Ltd. on 14 March 2022, the subordinated debt was excluded from net debt calculation for 2020 and 2021

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

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# MKIF Investment Details<sup>1</sup>

(As at 30 September 2022)

(Unit: KRW bn)

Project Company	Asset Abbrev.	Equity	Ownership (%)	Subordinated Debt	Senior Debt	Total
Baekyang Tunnel Ltd.	BYTL	1.2	100%	-	1.1	2.3
Kwangju Beltway Investment Co., Ltd.	KBICL	33.1	100%	85.2 <sup>2</sup>	56.3	174.6
New Airport Hiway Co., Ltd.	NAHC	23.6	24.1%	51.7	-	75.3
Soojungsan Investment Co., Ltd.	SICL	47.1	100%	-	-	47.1
Cheonan Nonsan Expressway Co., Ltd.	CNEC	87.8	60%	182.3	-	270.1
Woomyunsan Infraway Co., Ltd.	WIC	5.3	36%	-	15.0	20.3
Kwangju Ring Road Company Ltd.	KRRC	28.9	75%	-	-	28.9
MCB Co. Ltd.	MCB	33.8	70%	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
Incheon-Gimpo Expressway Co., Ltd.	IGEX	36.9	22.8%	84.4	-	121.3
BNCT Co., Ltd.	BNP 2-3	66.4	30%	193.0	-	259.4
Dongbuk Urban Railway Co., Ltd.	DBR	35.4	30%	47.3	-	82.7
Youngsan Clean Energy Ltd.	HY	32.3	100%	290.2	-	322.5
Bomun Clean Energy Ltd.	SRB	8.7	100%	78.4	-	87.1
<b>Total</b>		<b>588.5</b>		<b>1,663.1</b>	<b>72.4</b>	<b>2,324.0</b>
<b>Percentage (%)</b>		<b>25.3%</b>		<b>71.6%</b>	<b>3.1%</b>	<b>100%</b>

1. Based on MKIF's investment amounts (including investment commitment in Dongbuk Urban Railway Co., Ltd. and Incheon-Gimpo Expressway Co., Ltd.)

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

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# Government Support Payment Provisions<sup>1</sup>

(As at 30 September 2022)

(Unit : year, %)

Asset	Competent Authority	Concession Term	Remaining Concession Term	Support Payment Duration	Remaining Support Payment Duration	Revenue Guarantee Threshold <sup>2</sup>	Revenue Cap Threshold <sup>2,3</sup>	Remarks
Baekyang Tunnel	Busan Metropolitan City	25.0	2.3	25.0	2.3	90%	110%	
Gwangju 2nd Beltway, Section 1	Gwangju Metropolitan City	28.0	6.3	28.0	6.3	Investment cost compensation		Competent authority provides agreed cashflow to concessionaire to guarantee MKIF investment return
Soojungsan Tunnel	Busan Metropolitan City	25.0	4.6	25.0	4.6	90%	110%	For toll revenue below 90%, Busan Metropolitan City is obligated to compensate 91.5% of the shortfall amount
Cheonan-Nonsan Expressway	MOLIT <sup>4</sup>	30.0	10.2	20.0	0.2	82%	110%	Partial revenue sharing in excess of 82% to 110% level
Gwangju 2nd Beltway, Section 3-1	Gwangju Metropolitan City	30.0	12.2	30.0	12.2	90%	110%	
Machang Bridge	GSND <sup>4</sup>	30.0	15.8	30.0	15.8	75.78%	100%	Revenue guarantee applies to MCB account 50:50 revenue sharing with competent authority in excess of 100%
Seoul-Chuncheon Highway <sup>5</sup>	MOLIT <sup>4</sup>	30.0	16.9	15.0	1.9	60%	140%	
Incheon Grand Bridge	MOLIT <sup>4</sup>	30.0	17.1	15.0	2.1	80%	120%	

1. For the government support payment provisions that are effective as at the record date

2. % of annual concession agreement projected revenue

3. Relevant government authorities are entitled to receive the portion exceeding the threshold

4. MOLIT (Ministry of Land, Infrastructure and Transport) / GSND (Gyeongsang Namdo Government)

5. No revenue guarantee applies if actual revenue is below 50% of the annual concession agreement projected revenue

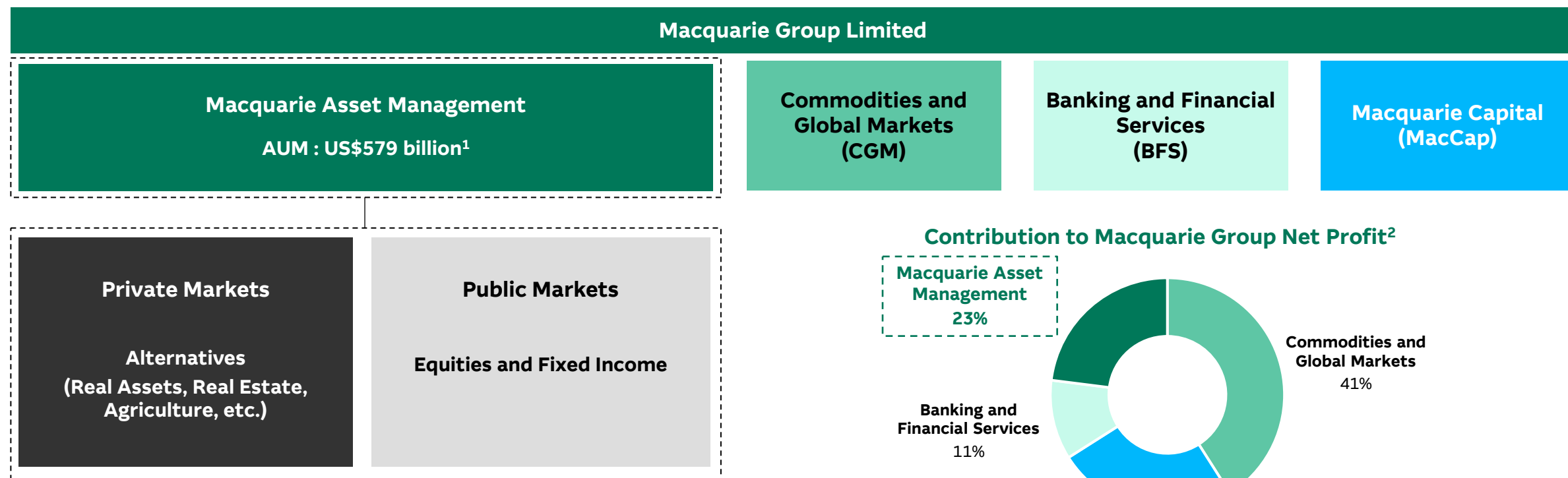
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# Macquarie Group and MAM Real Assets

MAM Real Assets is a division under Macquarie Asset Management (MAM) within Macquarie Group and has a 26-year track record in global infrastructure investment and management.

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



1. As at 31 Mar 2022

2. Based on 2022 (1 Apr 2021 – 31 Mar 2022) net profit

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# 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 Asset Management (MAM) applies to its fund management activities to the extent relevant and possible. MAM aims to improve the sustainability performance of its portfolio companies by addressing material ESG issues and opportunities to enhance long-term value for our investors. MAM 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. MAM also regularly collect a range of ESG data from portfolio companies, allowing us to track and support improvement of their ESG performance. 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, 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, Macquarie Asset Management (MAM) announced a commitment to investing and managing our 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.