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14 March 2022

MACQUARIE KOREA INFRASTRUCTURE FUND
MKIF TO INVEST IN INCHEON-GIMPO EXPRESSWAY PROJECT

On 11 March 2022, Macquarie Korea Infrastructure Fund (“MKIF”) committed to acquire 22.8% of equity interest and 22.8% of subordinated loan interest in Incheon-Gimpo Expressway Co., Ltd. (the “Concessionaire”) (the “Transaction”). The Transaction is part of the refinancing (the “Refinancing”) undertaken by the Concessionaire, and MKIF executed the Share Purchase Agreement to provide KRW 36.9 billion¹ to the existing shareholders to purchase 22.8% of equity interest and the Subordinated Loan Agreement to invest KRW 78.7 billion in the Concessionaire for 22.8% of subordinated loan.

The Project is a build-transfer-operate (“BTO”) type concession granted by the Ministry of Land, Infrastructure and Transport (“MOLIT”) to the Concessionaire to build and operate the target asset, Incheon-Gimpo Expressway (“IGEX”). In accordance with the BTO scheme, (i) the Concessionaire constructs IGEX; (ii) the ownership of the asset is transferred to MOLIT upon construction completion; (iii) and the Concessionaire operates the asset for 30 years (23 March 2017 ~ 22 March 2047) pursuant to the Concession Agreement signed with MOLIT on 18 July 2007 to recoup original investment and earn investment return.

IGEX is a dual two to three-lane, 28.9km long expressway connecting Jung-gu in Incheon Metropolitan City and Gimpo City in Gyeonggi Province in South Korea. As part of the western section of the 2nd Seoul Beltway, IGEX provides reduction in travel distance and time to drivers who commute vertically between Incheon Metropolitan City and Gimpo City. Furthermore, through its connected roads (Seoul-Incheon Expressway and Incheon International Airport Expressway), IGEX also offers a competitive transportation means to people who travel horizontally across the western part of Seoul Metropolitan Area. The compounded annual traffic growth rate of IGEX was 13.5% from the operation commencement in 2017 to 2021, and further residential, commercial and industrial developments in the adjacent areas² and the operation commencements of additional connecting roads² in the future are forecasted to bring a positive impact on the traffic demand of IGEX.

After the Refinancing³ is completed, the Concessionaire is to secure an investment of KRW 983.7 billion⁴ (KRW 638.0 billion of senior loan and KRW 345.7 billion of subordinated loan) in aggregate

1. 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 %

2. Geomdan New Town, Songdo International City, Cheongna International City, Yeongjong International City, Incheon Port Industrial Complex / Gimpo-Paju Expressway, Incheon the 3rd Bridge, Incheon-Ansan Expressway

3. MOLIT granted a written conditional pre-approval to the Concessionaire on 17 February 2022. If the Refinancing does not succeed, the existing construction investors agreed to compensate MKIF of the entire invested amount and any accrued interests in association with the Transaction

4. 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.

from senior lenders and two new financial investors (the “FI”s) including MKIF. Also, the shareholding of the Concessionaire is expected to change from 100% held by the existing shareholders to 22.8% held by MKIF 22.8% and 77.2% held by the other new FI.

MKIF plans to secure KRW 115.6 billion required for the Transaction by issuing a short-term bond⁵, and the drawdowns for the Transaction will be made in two steps in consideration of the review process by the competent authority. The first drawdown of KRW 100.6 billion is anticipated on 16 March 2022 to acquire 8.9% of equity interest and 22.8% of subordinated loan interest in the Concessionaire, and the second drawdown of KRW 15.0 billion is anticipated during the second quarter of 2022 to acquire additional 13.9% equity interest in the Concessionaire. MKIF is expected to have invested in 22.8% of equity interest (KRW 36.9 billion¹) and 22.8% of subordinated loan interest (KRW 78.7 billion) in the Concessionaire upon financial closing.

Project Summary (Post the completion of the Refinancing)

	Details	MKIF Impact
Equity	KRW 247.3bn <u>New FIs: 100%</u> - MKIF: 22.8% - Other FI (Consus Fund): 77.2%	<ul style="list-style-type: none"> • MKIF to invest KRW 36.9bn (purchase of equity at discount)
Senior Loan	KRW 638.0bn Comprised of Tranches A, B, C, D and E Detailed terms are stated in the supplementary material attached to this disclosure	
Subordinated Loan	KRW 345.7bn - Interest rate: 11.5% p.a. ⁶ - Tenor: 19 years	<ul style="list-style-type: none"> • MKIF to invest KRW 78.7bn
Junior Subordinated Loan	KRW 25.0bn - Interest rate: 11.5% p.a. ⁶ - Tenor: 19 years	<ul style="list-style-type: none"> • MKIF committed KRW 5.7bn • Conditional loan, provided only if the cash yield of FIs fall below 4.2% p.a.
Concession Term	30 years from the operation commencement date	<ul style="list-style-type: none"> • 23 March 2017 ~ 22 March 2047
Toll Fare	KRW 2,600 per vehicle ⁷	<ul style="list-style-type: none"> • Type 2 (small vehicle, mini truck) toll fare based on the entire road
MOLIT Obligation	Termination payment upon early termination of the Concession	<ul style="list-style-type: none"> • Pursuant to the Concession Agreement

5. Please refer to the disclosure filed by MKIF on 10 March 2022 titled “Execution of Underwriting Agreement for Issuance of Short-Term Bonds Up to KRW 284.6 billion”

6. 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

7. As of the date of this disclosure (14 March 2022); subject to a slight reduction after the benefit sharing % is determined

The Investment is expected to bring the following impacts⁸ to MKIF:

- Improvement in MKIF's total shareholder return and distributable earnings
- Diversification of the source of income and risk for the fund
- Increase in the weighted average operating life of the portfolio by ~1 year⁹

MKIF Portfolio⁹

Asset Class (no. of assets)	Pre-Investment	Post-Investment
Toll Road (12 → 13)	KRW 1,456.0bn (66%)	KRW 1,577.3bn (68%)
Port (1)	KRW 259.4bn (12%)	KRW 259.4bn (11%)
Rail (1)	KRW 82.7bn (4%)	KRW 82.7bn (4%)
City Gas (2)	KRW 409.6bn (18%)	KRW 409.6bn (17%)
Total (16 → 17)	KRW 2,207.7bn (100%)	KRW 2,329.0bn (100%)

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8. Actual may be different from expectation

9. On an investment amount basis on 31 December 2021; full deployment of the Transaction (excluding the junior subordinated loan commitment) assumed

Project Overview

Project Overview¹

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

1. As of the date of this disclosure (14 March 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

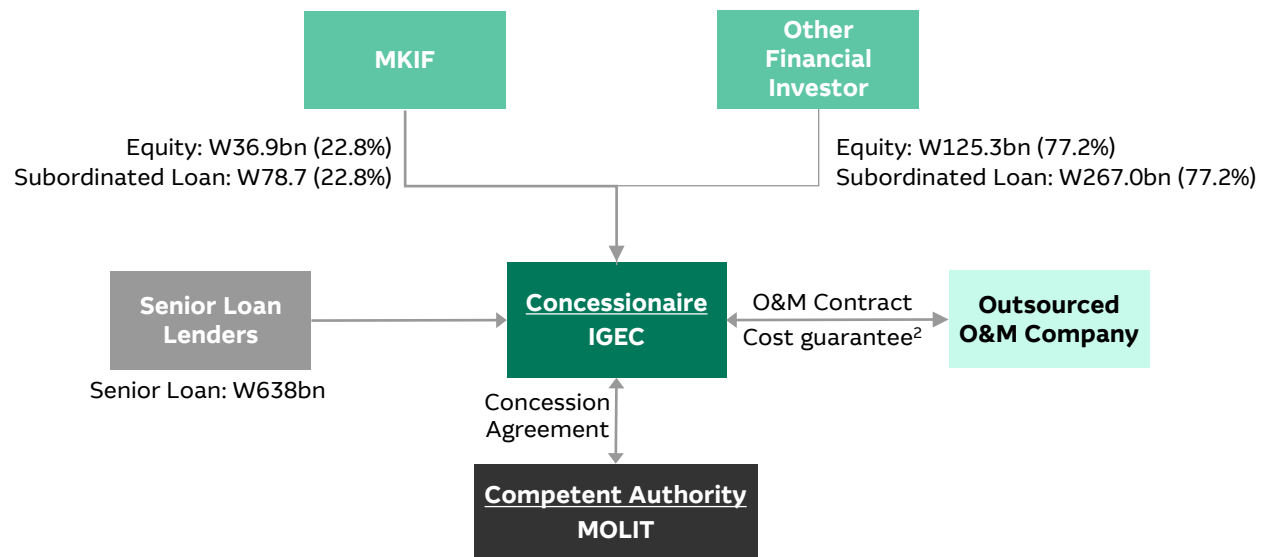
2. Source: public releases from MOLIT on 1 June 2020 and Ansan City on 24 February 2022

Location



Transaction Structure

Transaction Structure¹



Project Investment

Equity	W247.3bn ³
Subordinated Loan	W345.7bn
Senior Loan	W638.0bn
Total Project Investment	W1,231.0bn⁴

Key Financing Terms

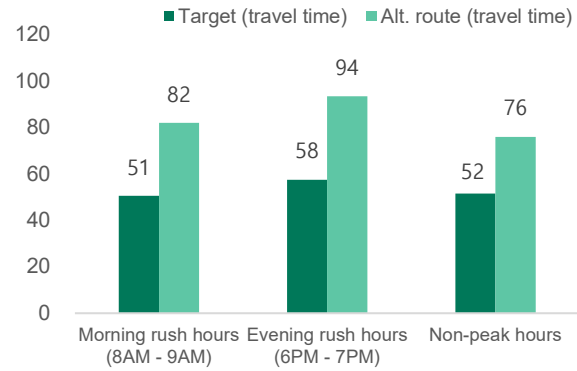
Tranche	Size	Key Terms
Senior Loan Tranche A	W119bn	<ul style="list-style-type: none"> Interest rate: 91CD⁵ + 1.8% Tenor: 14 years
Senior Loan Tranche A	W119bn	<ul style="list-style-type: none"> Interest rate: 91CD⁵ + 1.4% Tenor: 14 years
Senior Loan Tranche A	W240bn	<ul style="list-style-type: none"> Interest rate: 3.5% Tenor: 20 years
Senior Loan Tranche A	W60bn	<ul style="list-style-type: none"> Interest rate: 4.0% Tenor: 21 years
Senior Loan Tranche B	W100bn	<ul style="list-style-type: none"> Interest rate: 4.4% Tenor: 23 years
Senior Loan	W638bn	
Subordinated Loan	W345.7bn	<ul style="list-style-type: none"> Interest rate: 11.5%⁶ Tenor: 19 years
Total	W983.7bn⁴	

- 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.
- 1.5% as of 11 March 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

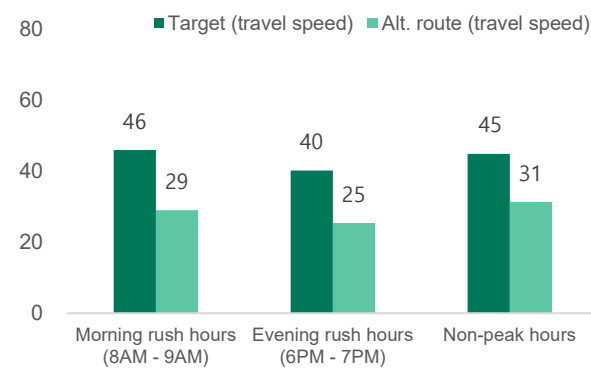
Competitive Analysis & Traffic Demand

Competitive Analysis

(Unit: minute)



(Unit: km/hour)



Traffic Demand

Type	Demand	Note ¹
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 ² 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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