



# Macquarie Korea Infrastructure Fund

## 2023 1<sup>st</sup> Quarter Asset Management Report

**Period Quarter 1 (1 January 2023 - 31 March 2023)**

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

**Fund code: 35801**

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## Important notice

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

### Disclaimer

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

### General advice warning

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

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# 1. General Report

## 1.1 Overview

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

Investment Grade: 4\*

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

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

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

## 1.2 Asset Details

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

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

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

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

(Unit: KRW, share)

Type	Q4 2022	Q1 2023	% Change
<b>Total Assets (A)</b>	3,048,090,033,230	3,099,804,334,064	1.70%
<b>Total Liabilities (B)</b>	507,082,949,771	559,855,541,804	10.41%
<b>Net Asset Value (C=A-B)</b>	2,541,007,083,459	2,539,948,792,260	-0.04%
<b>Shares (D)</b>	404,845,547	404,845,547	0.00%
<b>NAV per share (E=C/D)</b>	6,276.49	6,273.87	-0.04%

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

### ※ Distribution payment (during the first quarter)

(Unit: KRW, share)

Date of Declaration	Distribution Amount (KRW Million)	Balance after Payment (Shares)	NAV per share		Remarks
			Before declaration	After declaration	
2023-01-31	157,890	404,845,547	6,319.20	5,930.62	

## 1.3 Ad-hoc Disclosures

Ad-hoc disclosures made during the past three months are as below.

Date	Disclosure
31 January 2023	Reports Fourth Quarter 2022 Operating Report
31 January 2023	Reports Fourth Quarter 2022 Asset Management Report
31 January 2023	Reports Audited Non-Consolidated Financial Statements for the
31 January 2023	Reports 2022 Full year Financial Results and Asset Performance
16 February 2023	Convening of Annual General Meeting of Shareholders
24 March 2023	Result of FY2023 Annual General Meeting of Shareholders

## 2. Management Performance and Term Performance

### 2.1 Overview

Established on 12 December 2002, MKIF is a leading private sector infrastructure investor in Korea under the PPI Act and governed by the Act. MKIF is mandated to invest in concession companies that construct or operate infrastructure assets through equity and debt. MKIF is focused on generating profits from its investments and distributing these profits to its shareholders. As of 31 December 2022, MKIF has committed to invest in 13 toll roads, 1 light rail transit, 1 port and 2 city gas retail distributors with a total investment commitment of KRW 2,319.3 billion.

### 2.2 Management plan

MKIF is focusing on investments in loans to, and unlisted equity of, concession companies that operate infrastructure assets.

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

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

### 2.3 Management performance

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

#### 2.3.1 Short-term performance

(Unit: %)

Type	3 Months (2023.01.01~)	6 Months (2022.10.01~)	9 Months (2022.07.01~)	12 Months (2022.04.01~)
MKIF	6.17	8.46	10.29	12.54
Comparative Index +				N/A

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

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

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

#### 2.3.2 Long-term performance

(Unit: %)

Type	1 Year (2022.04.01~)	2 Years (2021.04.01~)	3 Years (2020.04.01~)	5 Years (2018.04.01~)
MKIF	12.54	12.41	12.04	12.56
Comparative Index ^				N/A

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

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

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

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## 2.4 Profit and Loss summary

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

(Unit: KRW million, %)

Type	Equity (unlisted)	Loans	Dividend Income	Short-term Facilities & Deposit	Other Assets	Total Profit (Loss)
Q1 2023	-	69,619	103,871	82	65	173,637
Q4 2022	-	69,074	-	40	173	69,287



## 3. Details of Assets

### 3.1 Asset portfolio

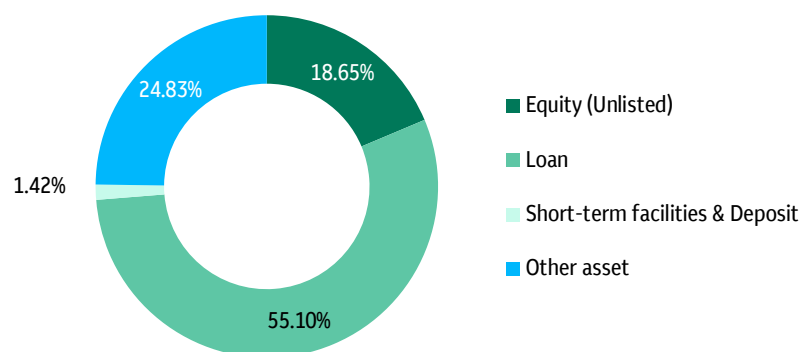
MKIF's investment portfolio consists of equity(unlisted), loans, cash and deposits and other assets.

(Unit: KRW million, %)

Type	Equity (unlisted)	Loans +	Short-term facilities & Deposit	Other assets ^	Total assets
<b>KRW</b>	578,230	1,707,970	43,846	769,758	3,099,804
<b>Composition Ratio</b>	18.65	55.10	1.42	24.83	100

+ Include loans to concession companies

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



### 3.2 Top ten invested assets

(Unit: KRW million, %)

Rank	Type	Name	Acquisition Value +	Composition Ratio ^
1	Subordinated loan	Youngsan Clean Energy Ltd.*	290,200	9.36
2	Subordinated loan	Incheon Bridge Co., Ltd.	241,000	7.77
3	Subordinated loan	BNCT Co., Ltd.	193,000	6.23
4	Subordinated loan	Cheonan-Nonsan Expressway Co., Ltd.	182,250	5.88
5	Subordinated loan	Gyungsu Highway Co., Ltd.	99,633	3.21
6	Equity (unlisted)	Cheonan-Nonsan Expressway Co., Ltd.	93,815	3.03
7	Subordinated loan	Seoul-Chuncheon Highway Co.,Ltd.	87,450	2.82
8	Subordinated loan	MCB Co., Ltd.	79,000	2.55
9	Subordinated loan	Incheon-Gimpo Expressway Co., Ltd.	78,656	2.54
10	Subordinated loan	Bomun Clean Energy Ltd.**	78,400	2.53

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

^ Ratio refers to the contribution to total assets.

\* Youngsan Clean Energy Ltd. is an investment vehicle that acquired 100% of equity stake in Haeyang Energy Co., Ltd..

\*\* Bomun Clean Energy Ltd. is an investment vehicle that acquired 100% of equity stake in Sorabol City Gas Co., Ltd..

### 3.3 MKIF's asset portfolio details

#### 3.3.1 Equity securities (unlisted) (top five assets)

(Unit: Share, KRW million, %)

Name	No. of Shares	Percentage Interest	Acquisition Value (A)	Appraisal Value (B) +	Gain/ Loss (B)-(A)	Composition Ratio ^
Cheonan-Nonsan Expressway Co., Ltd.	17,550,000	60	93,815	93,815	-	3.03
BNCT Co., Ltd.	13,284,000	30	67,048	67,048	-	2.16
Incheon Bridge Co., Ltd.	7,826,100	64.05	58,053	58,053	-	1.87
Gyungso Highway Co., Ltd.	10,319,853	43.75	52,095	52,095	-	1.68
Soojungsan Investment Co., Ltd.	1,114,880	100	47,248	47,248	-	1.52

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

^ Ratio refers to the contribution to total assets.

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

(Unit: Share, KRW million, %)

Name	No. of Shares	Percentage Interest	Acquisition Value (A)	Appraisal Value (B) +	Gain/ Loss (B)-(A)	Composition Ratio ^
Cheonan-Nonsan Expressway Co., Ltd.	17,550,000	60	93,815	93,815	-	3.03
BNCT Co., Ltd.	13,284,000	30	67,048	67,048	-	2.16
Incheon Bridge Co., Ltd.	7,826,100	64.05	58,053	58,053	-	1.87
Gyungso Highway Co., Ltd.	10,319,853	43.75	52,095	52,095	-	1.68
Soojungsan Investment Co., Ltd.	1,114,880	100	47,248	47,248	-	1.52
Incheon-Gimpo Expressway Co., Ltd.	11,254,373	22.8	44,161	44,161	-	1.42
MCB Co., Ltd.	7,955,780	70	33,925	33,925	-	1.09
Kwangju Beltway Investment Co., Ltd.	6,610,000	100	33,050	33,050	-	1.07
Youngsan Clean Energy Ltd.*	32,286,000	100	32,286	32,286	-	1.04
Kwangju Ring Road Co., Ltd.	5,775,000	75	29,495	29,495	-	0.95
Dongbuk Light Rail Transit	5,587,600	27.11	27,938	27,938	-	0.90
New Airport Hiway Co., Ltd.	3,665,273	24.10	25,235	25,235	-	0.81
Busan New Port 2nd Rear Road	8,295,138	47.56	18,873	18,873	-	0.61
Bomun Clean Energy Ltd.**	8,714,000	100	8,714	8,714	-	0.28
Seoul-Chuncheon Highway Co., Ltd.	3,588,118	18.16**	5,062	5,062	-	0.16
Baekyang Tunnel Ltd.	100,000	100	1,231	1,231	-	0.04
Woomyunsan Infraway Co., Ltd. ^^	835,200	36	-	-	-	-

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

^ Ratio refers to the contribution to total assets.

\* Youngsan Clean Energy Ltd. is an investment vehicle that acquired 100% of equity stake in Haeyang Energy Co., Ltd..

\*\* Bomun Clean Energy Ltd. is an investment vehicle that acquired 100% of equity stake in Sorabol City Gas Co., Ltd..

++ As Seoul-Chuncheon Highway Co., Ltd. completed its capital reduction in Dec 2022, MKIF's stake went up from 15.83% to 17.59%. Also, through the additional investment in Seoul-Chuncheon Highway Co., Ltd. made on 6 January 2023, MKIF's stake went up to 18.16%. For details, refer to MKIF disclosure on 13 December 2022.

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

### 3.4 Loans to concession companies (top five assets)

(Unit: KRW million)

Name	Acquisition Value	Interest Receivable +	Issued Date	Maturity Date	Guarantee	Credit Rating
<b>Youngsan Clean Energy Ltd.* (Subordinated loan)</b>	290,200	36,553	12/07/2021	12/07/2051	N/A	N/A
<b>Incheon Bridge Co., Ltd. (Subordinated loan)</b>	241,000	84,507	18/08/2017	18/11/2037	N/A	N/A
<b>BNCT Co., Ltd. (Subordinated loan)</b>	193,000	475,570	25/02/2008	25/11/2032	N/A	N/A
<b>Cheonan-Nonsan Expressway Co., Ltd. (Subordinated loan)</b>	182,250	3,495	20/05/2005	20/05/2029	N/A	N/A
<b>Gyungso Highway Co., Ltd. (Subordinated loan)</b>	99,633	74,401	29/10/2015	29/07/2039	N/A	N/A

+These values are accumulated interest receivables.

\* Youngsan Clean Energy Ltd. is an investment vehicle that acquired 100% of equity stake in Haeyang Energy Co., Ltd..

### 3.5 Short term facilities and deposit

(Unit: KRW million, %)

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

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

+ This value is the principal.

^ Ratio refers to the contribution to total assets.

### 3.6 Other assets

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

(Unit: KRW million, %)

Type	Amount	Composition Ratio ^
<b>Interest Receivable and others*</b>	769,758	24.83

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

^ Ratio refers to the contribution to total assets.

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

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## 4. Registered Asset Managers

### 4.1 Registered infrastructure asset managers\*

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

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

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

### 4.2 Change in registered infrastructure asset managers

Period ^	Registered asset managers
	N/A

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

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

## 5. Cost Summary

### 5.1 Fees to service providers

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

(Unit: KRW million, %)

Type	Q4 2022		Q1 2023		Remarks
	Amount	Ratio+	Amount	Ratio+	
<b>MKIF</b>					
Management fee	9,898	0.399	10,389	0.414	
Sales agent fee	-	-	-	-	
Custodian fee	127	0.005	123	0.005	
Administrator fee	79	0.003	77	0.003	
Total	10,104	0.407	10,589	0.407	
Other expenses^	597	0.024	556	0.022	
Transaction fee	-	-	-	-	
Securities transaction tax	-	-	-	-	

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

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

### 5.2 Total expense ratio

(Unit: annualised, %)

Type	Collective Investment Vehicle	
	Total Expense Ratio*	Commission Ratio
<b>MKIF</b>		
	Q4 2022	1.7116
	Q1 2023	1.8022

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

## 6. Invested Asset Transactions and Debt Facility

### 6.1 Equity transactions

(Unit: number of shares, KRW million)

Buy		Sell		Turnover Ratio+	
Shares	Amount	Shares	Amount	Q1 2023	Annualised rate
459,683	3,640 <sup>^</sup>	-	-	-	-
711,500	3,558 <sup>^^</sup>				

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

<sup>^</sup> Additional investment made to Seoul-Chuncheon Highway Co., Ltd. on 6 January 2023

<sup>^^</sup> Additional investment made to Dongbuk Urban Railway Co., Ltd. on 27 February 2023

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

(Unit: %)

Q3 2022	Q4 2022	Q1 2023
-	-	-

### 6.3 Loan sales

(Unit: KRW million)

Name	Type	Date	Amount
N/A			

### 6.4 Loan injections

(Unit: KRW million)

Name	Type	Date	Amount
Dongbuk Urban Railway Co., Ltd. <sup>^</sup>	Subordinated	2023-02-28	3,750
Incheon-Gimpo Expressway Co., Ltd. <sup>+</sup>	Junior Subordinated	2023-03-16	979

<sup>^</sup> Additional investment in Dongbuk Urban Railway Co., Ltd. made in February 2023 for subordinated loan.

<sup>+</sup> Additional investment in Incheon-Gimpo Expressway Co., Ltd. made in March 2023 for junior subordinated loan.

## 6.5 Debt facility status

(Unit: KRW million)

Name	Limit of the Facility <sup>+</sup>	Debt facility amounts		
		Cumulative to Q4 2022	Movements in Q1 2023	Cumulative to Q1 2023
Shinhan Bank	60,000	32,916	10,833	43,749
Samsung Fire & Marine Insurance	50,000	27,430	9,028	36,458
Industrial and Commercial Bank of China	50,000	27,430	9,028	36,458
National Agricultural Cooperative Federation	30,000	16,459	5,416	21,875
Mirae Asset Life Insurance	60,000	32,916	10,833	43,749
<b>Total</b>	<b>250,000</b>	<b>137,151</b>	<b>45,138</b>	<b>182,289</b>

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

## 6.6 Corporate bond status

(Unit: KRW million)

Name	Par Value	Interest rate	Issue Date	Maturity Date	Credit Rating
Unsecured Bond Tranche 2-1 (5year) <sup>+</sup>	100,000	2.980	11/06/2018	11/06/2023	AA0
Unsecured Bond Tranche 2-2 (7year) <sup>+</sup>	100,000	3.205	11/06/2018	11/06/2025	AA0
Electronic Short-term Bond <sup>^</sup>	158,000	4.810	06/03/2023	02/06/2023	A1

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

<sup>^</sup> MKIF executed the underwriting agreement for issuance of electronic short-term bonds("ESTB") to increase the amount threshold up to KRW 284.6 billion from existing underwriting agreement of KRW 167.2 billion. Current outstanding balance is KRW 151.0 billion as of Q4 2022. Underwriters for ESTB are KB securities, Shinhan investment, Korea investment and securities, NH investment and securities and Samsung securities. Refer to MKIF disclosure on 10 March 2022 for more details.

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## 7. Major Risks relating to Fund Management and Management Plan

### 7.1 Major risks to fund management including liquidity risk

#### A. Potential risk factors from investment strategies

Potential risk factors	Description
Portfolio company risk	The portfolio company's ability of cash generation, debt repayment, and dividend payment can be affected by factors that company cannot control such as economic circumstance, market conditions, and the construction of competing asset. As a result portfolio company may underperform than original forecast.
Liquidity risk	MKIF may have insufficient liquidity to fund major investments, operating expenses, and repayment of principal and interest of debts by underperformance of portfolio company or unexpected.
Environmental and social risk	Business activities of portfolio company may have a negative impact on the environment, employees, investors, and other stakeholders.
Risk of industrial accidents	Industrial accidents for workers may happen in the course of business activities of portfolio company

#### B. Risk events such as fund redemption or fund sale during risk events

Not applicable as MKIF is close-end fund

### 7.2 Management plan on major risks

Management plan	Description
Investment Deliberation Committee and decision-making procedure	A due diligence on target portfolio assets including feasibility study and risks analysis is performed for a transaction of fund assets in accordance with Macquarie's internal guideline, the System 7 process. Through the Investment Deliberation Committee, consisted of transaction manager, legal manager, independent risk manager, compliance manager, and fund management team head, the transaction is deliberated and approved in accordance with the Board Charter (the company's board of directors and delegation rules).



Management plan	Description
Implementation of the Transition Plan	In order to respond to major risks identified through due diligence, the progress of the implementation of risk management plan and transition plans are periodically reviewed. When there are major changes, these are reflected in the existing transition plan.
Liquidity management	In accordance with the PPI Act, the company can borrow up to 30% of its share capital. As of current quarter-end, debt facility size under existing loan agreement and outstanding debt balance is 30% and 22% of the share capital respectively complying with the legal limit of borrowing. In addition, the company manages liquidity risk by quarterly review of liquidity, together of cash and borrowing limit, to fund expected operating costs and investment commitment.
Quarterly industrial safety accidents and ESG reports and regular risk management status monitoring	The asset manager reports quarterly industrial safety accidents of assets under management. In addition, at least three years of asset risk management system evaluation is conducted, and risk manager will decide to proceed with an in-depth inspection at annual basis to review the major risks factors of portfolio company and implement necessary measures.

### 7.3 Cross trading

Cross trading	Recent 3 months	Recent 6 months	Recent 9 months	Recent 12 months
Purchase	-	-	-	-
Selling	-	-	-	-

+ There has been no cross trading since last twelve months

### 7.4 Major emergency plan

Major emergency plan	Description
Portfolio company's emergency plan	The asset manager reviews appropriateness of crisis measures for portfolio company's emergency event and reports it to the risk manager. In addition, appropriate insurance is purchased in case of financial loss that may occur in contingencies such as fire or disaster.
Fund's emergency plan	In accordance with Business Resilience Plan (BRP), strategies of critical process, activity or function is documented for scenarios of physical site risk, IT risk, employee risk, supplier risk, and data risk. It is periodically retested through BRP document review and remote working test, etc.

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## 8. Principal Investment by Asset Manager

Fund	Investment amount	Investment return%
MKIF	No principal investment	Not applicable

+ There is no principal investment in MKIF by the asset manager (Macquarie Korea Asset Management Co., Ltd.) as of end of this quarter.

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

MKAM, as an affiliate of the Macquarie Group (Macquarie) and in a capacity as a manager and corporate director of MKIF, has adopted ESG framework that Macquarie Asset Management (MAM) applies to its fund management activities to the extent relevant and possible. MAM aims to improve the sustainability performance of 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 manage its global portfolio in line with net zero emissions by 2040.

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

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

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

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

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

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## 10. Notice

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

**For more information on the website:**

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

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

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# Appendix I. MKIF Board of Directors

## Supervisory directors

Name	Career
<b>Hwa-Jin Kim</b>	<ul style="list-style-type: none"><li>• Chairman of Proxy Voting Advisory Committee, Korea Corporate Governance Service</li><li>• President of Seoul Corporate Governance Forum</li><li>• Hyundai Heavy Industries Group independent director</li><li>• Law School professor at Seoul National University</li><li>• A foreign chair-professor of Law school, University of Michigan</li></ul>
<b>Tae-Yeon Nam</b>	<ul style="list-style-type: none"><li>• Kim &amp; Chang</li><li>• Arthur Andersen Seoul Co.</li><li>• International finance division at Ssangyong Investment Securities Co., Ltd.</li><li>• International Bureau of Fiscal Documentation</li><li>• KICPA</li></ul>
<b>Jae Do Moon</b>	<ul style="list-style-type: none"><li>• Chairman of H2KOREA</li><li>• President &amp; Chairman of the Korea Trade Insurance Corporation</li><li>• Vice Minister of the Ministry of Trade, Industry and Energy</li><li>• Secretary of Trade, Industry and Energy to the President of Korea</li></ul>

## Corporate director - MKAM

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

## Appendix II. Summary of Financial Statements

### Statements of Financial Position

As of 31 Mar 2022, As of 31 Dec 2022 and 31 Mar 2023

(Unit: KRW million)

	31 Mar 2023	31 Dec 2022	31 Mar 2022
<b>Assets</b>			
<b>Invested assets</b>	<b>2,330,046</b>	<b>2,305,832</b>	<b>2,316,559</b>
Cash & deposits	43,846	27,547	69,988
Loans receivable	1,707,970	1,707,253	1,709,608
Equity securities	578,230	571,032	536,963
<b>Others</b>	<b>769,758</b>	<b>742,258</b>	<b>720,884</b>
Interest receivables	763,434	735,892	653,890
Other receivables	2,349	2,350	62,352
Prepaid expense	1,843	1,895	2,537
Prepayment	2,132	2,121	2,105
<b>Total assets</b>	<b>3,099,804</b>	<b>3,048,090</b>	<b>3,037,443</b>
<b>Liabilities</b>			
<b>Operational liabilities</b>	<b>538,345</b>	<b>486,066</b>	<b>484,774</b>
Bond	356,056	348,915	349,774
Long-term debt	182,289	137,151	135,000
<b>Others</b>	<b>21,511</b>	<b>21,017</b>	<b>18,685</b>
Payables	3,414	3,414	-
Management fee payable	10,389	9,898	11,710
Other liabilities	7,708	7,705	6,975
<b>Total liabilities</b>	<b>559,856</b>	<b>507,083</b>	<b>503,459</b>
<b>Shareholders' equity</b>			
<b>Share capital</b>	<b>2,448,937</b>	<b>2,448,937</b>	<b>2,448,937</b>
Retained earnings (accumulated deficit)	91,011	92,070	85,047
<b>Total shareholders' equity</b>	<b>2,539,948</b>	<b>2,541,007</b>	<b>2,533,984</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,099,804</b>	<b>3,048,090</b>	<b>3,037,443</b>

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## Statements of Income

For the Quarters Ended 31 Mar 2022, 31 Dec 2022 and 31 Mar 2023

(Unit: KRW million)

	Quarter Ended 31 Mar. 2023	Quarter Ended 31 Dec. 2022	Quarter Ended 31 Mar. 2022
<b>Revenue</b>	<b>173,637</b>	<b>69,287</b>	<b>169,303</b>
1. Interest income	69,701	69,114	63,654
2. Dividend Income	103,871	-	105,621
3. Other income	65	173	28
<b>Expenses</b>	<b>16,806</b>	<b>15,691</b>	<b>14,992</b>
1. Management fee	10,389	9,898	11,710
2. Custodian fee	123	127	121
3. Administrator fee	77	79	75
4. Interest expense	5,551	4,849	2,379
5. Other expense	666	738	707
<b>Net income</b>	<b>156,831</b>	<b>53,596</b>	<b>154,311</b>

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# Corporate Directory

## **Manager of MKIF**

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

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

## **MKIF Custodian**

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

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

## **MKIF Administrator**

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

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