

# Macquarie Korea Infrastructure Fund

Investor Presentation

4Q 2023



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# 01

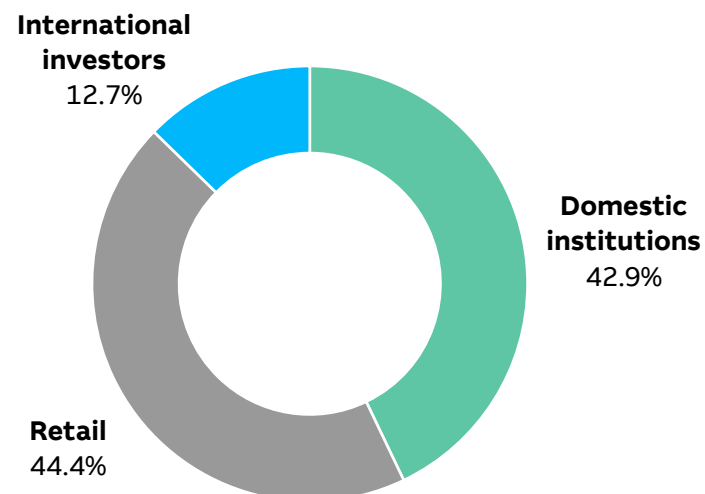
## MKIF Overview



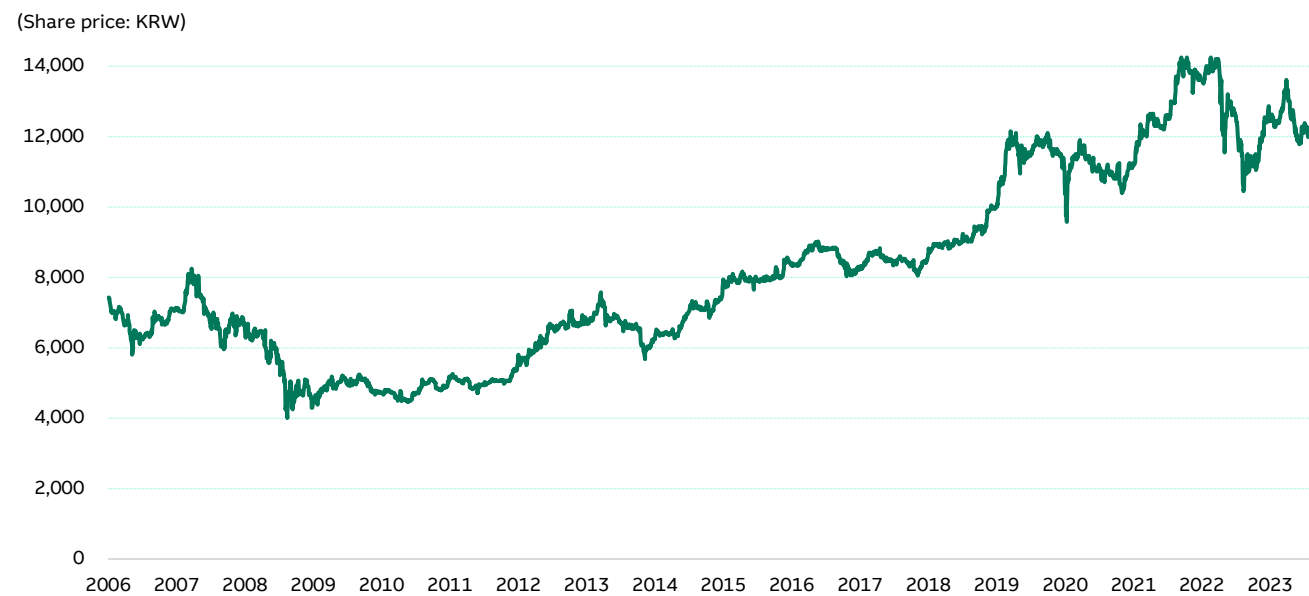
# A Leading Infrastructure Fund in Korea

- Established in 2002 / Listed on the Korea Exchange in 2006
- Market capitalization of KRW ~5.4 trillion<sup>1</sup>
- Invests only in Korea as defined under the Act on Public Private Partnerships in Infrastructure<sup>2</sup> (“PPP Act”) of Korea
- Delivered approximately ~6.2% distribution yield<sup>3</sup> in 2023
- Issuer credit rating of AA0 (Stable)<sup>4</sup>

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



## Historical Share Price<sup>5</sup>



1. As at 31 Dec 2023

2. PPP Act states infrastructure sectors including roads, railways, ports, water treatment, waste management, etc.

3. Distribution yield based on FY2023 closing share price of KRW 12,440 and 2023 annual distribution of KRW 775 per share; historical performance does not guarantee future performance

4. Issuer credit rating by NICE Investor Service on 31 Mar 2023

5. MKIF share price since IPO on 15 Mar 2006 to 31 Dec 2023; historical performance does not guarantee future performance

# Fund History

Establishment / Listing <b>2002 / 2006</b>	Mandate <b>Core and Core+</b> (Korea only)	Portfolio <b>14 Roads, 1 Port, 1 Rail, 3 City Gas</b>	Market Capitalisation <b>KRW 5.4 trillion</b> (KOSPI top 69)
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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
  - 14 investments<sup>3</sup> / 4 divestments<sup>4</sup>
  - 13 fund-level debt refinancing<sup>5</sup>
  - Effective IR: improved market awareness & active share trading
- Asset-level
  - 17 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)
- Follow-on offering in 2023 (KRW 361.0 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); SCH bolt-on (2022); CNCITY (2023), SEUE (2023)

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; Jun 2023; Sep 2023

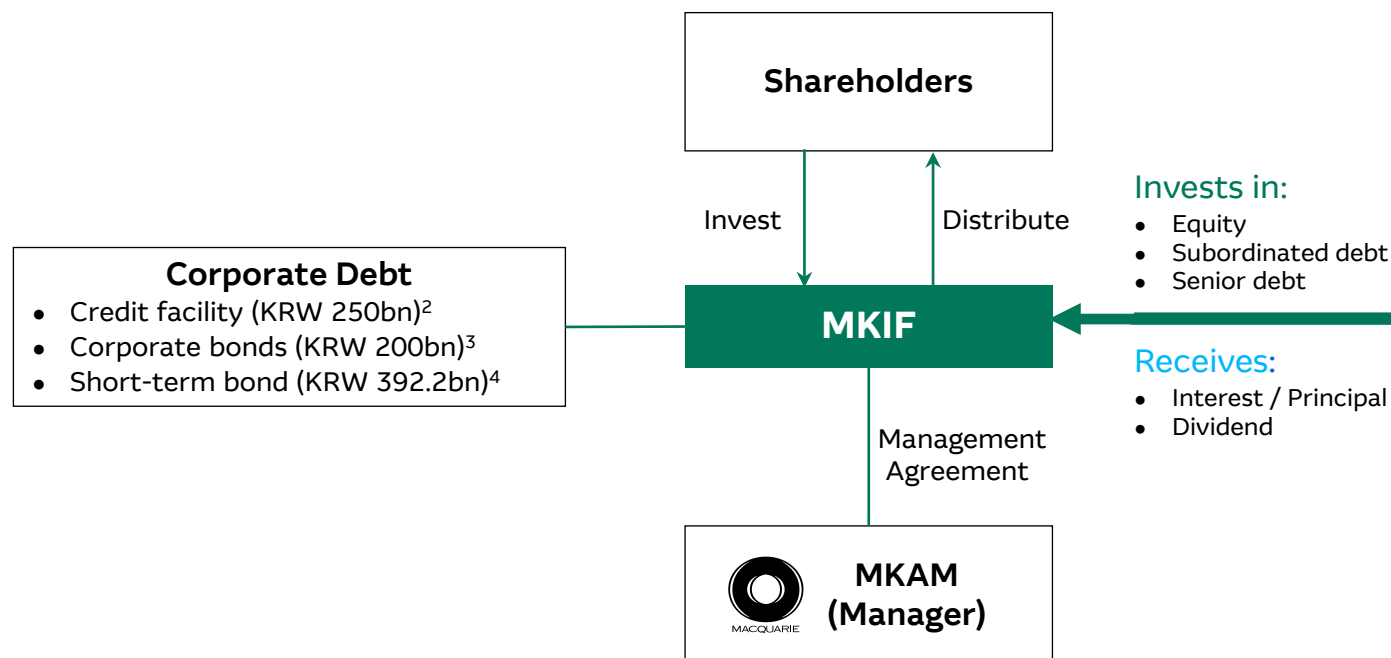
6. Asset-level refinancing disclosed in Feb 2007 (Daegu 4th Beltway East); Jan 2008 (BYTL); Dec 2008 (WIC); Mar 2009 (IBC); May 2009 (CNEC); Nov 2010 (MCB); Aug 2015 (NAHC); Oct 2015 (YSE); Jan 2016 (WIC); Dec 2016 (KBICL); Jan 2017 (MCB), Aug 2017 (IBC); Jun 2018 (SCH); Apr 2019 (BNP 2-3); Dec 2019 (CNEC); Dec 2020 (SCH); Sep 2023 (NAHC)

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 31 December 2023)

- MKIF is a holding company of 19 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



1. MKIF-invested project companies
  2. Out of KRW 250bn credit facility, KRW 96.4bn is drawn (credit facility agreement maturity date of 28 Jan 2024)
  3. KRW 100bn, 5-year bond (maturity date of 12 Jun 2028) and KRW 100bn, 7-year bond (maturity date of 11 Jun 2025)
  4. KRW 110bn drawn from the short-term bond facility with the limit of KRW 392.2bn (underwriting agreement maturity date of 11 Sep 2025)
  5. Based on MKIF's investment commitment
  6. Youngsan Clean Energy Ltd. & Bomun Clean Energy Ltd. are investment vehicles for Haeyang Energy Co., Ltd. & Sorabol City Gas Co., Ltd., respectively
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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 Infracore Co., Ltd.	36%
Kwangju Ring Road Company Ltd.	75%
MCB Co., Ltd.	70%
Gyeongsu Highway Co., Ltd.	43.75%
Seoul-Chuncheon Highway Co., Ltd.	18.16%
Incheon Bridge Co., Ltd.	64.05%
Busan New Port the 2nd Rear Road Co., Ltd.	47.56%
Incheon-Gimpo Expressway Co., Ltd.	22.76%
East Seoul Underpass Co., Ltd.	40% <sup>5</sup>
BNCT Co., Ltd.	30%
Dongbuk Urban Railway Co., Ltd.	30%
Youngsan Clean Energy Ltd. <sup>6</sup>	100%
Bomun Clean Energy Ltd. <sup>6</sup>	100%
CNCITY Energy Co., Ltd.	48% <sup>7</sup>

# Portfolio Summary<sup>1</sup>

(As at 31 December 2023)

- KRW 2.7 trillion invested across 19 infrastructure assets in Korea in the form of equity (32%), subordinated debt (66%) and senior debt (2%)

## Dongbuk Light Rail Transit (DBR)

- 13.4km, underground rail
- MKIF commitment: KRW 82.7bn (3%)

## Incheon International Airport Expressway (NAHC)

- 40.2km, 6 to 8-lane expressway
- MKIF investment: KRW 75.3bn (3%)

## Incheon-Gimpo Expressway (IGEX)

- 28.9km, 4 to 6-lane tunnel
- MKIF commitment: KRW 128.0bn (5%)

## Woomyunsan Tunnel (WIC)

- 3.0km, 4-lane tunnel
- MKIF investment: KRW 20.3bn (1%)

## Incheon Grand Bridge (IBC)

- 12.3km, 6-lane bridge
- MKIF investment: KRW 295.4bn (11%)

## Yongin-Seoul Expressway (YSE)

- 22.9km, 4 to 6-lane expressway
- MKIF investment: KRW 151.1bn (6%)

## Gwangju 2<sup>nd</sup> Beltway, Section 1 (KBICL)

- 3.5km, 6-lane ring road
- MKIF investment: KRW 144.9bn (5%)

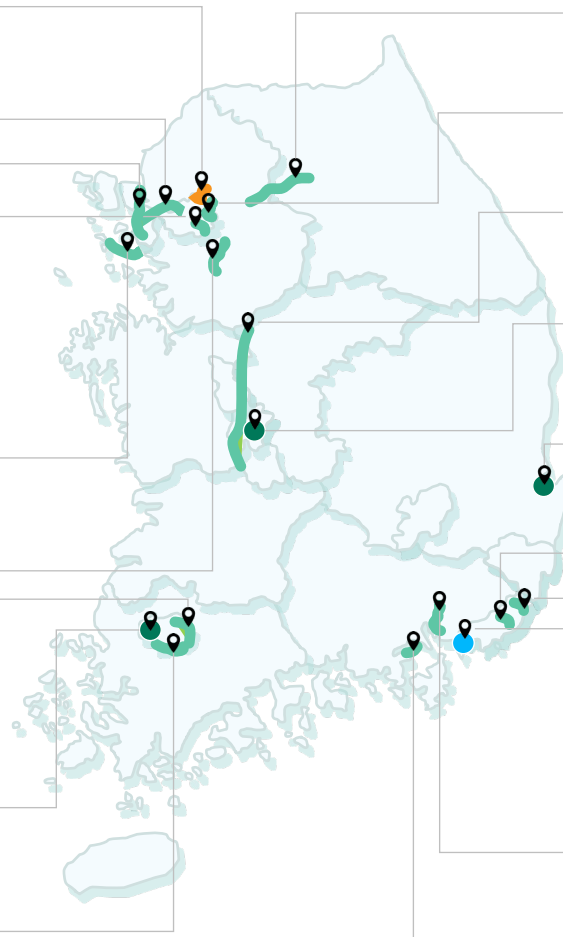
## Haeyang Energy Co., Ltd. (HY)

- City gas retail distributor with 2,524km of pipelines in Gwangju City and eight other regions in Jeollanam-do
- MKIF investment: KRW 322.5bn (12%)

## Gwangju 2<sup>nd</sup> Beltway, Section 3-1 (KRRC)

- 5.6km, 6-lane ring road
- MKIF investment: KRW 28.9bn (1%)

● Toll Roads (65%) ● Port (10%) ● Rail (3%) ● City Gas (22%)



## Seoul-Chuncheon Highway (SCH)

- 61.4km, 4 to 6-lane expressway
- MKIF investment: KRW 166.0bn (6%)

## Seoul East Underground Expressway (SEUE)

- 10.1km, 4-lane underground expressway
- MKIF investment: KRW 214.8 (8%)

## Cheonan-Nonsan Expressway (CNEC)

- 81.0km, 4-lane expressway
- MKIF investment: KRW 270.1bn (10%)

## CNCITY Energy Co., Ltd. (CNCITY)

- City gas retail distributor with 1,766km of pipelines in Daejeon City and Gyeryong City
- MKIF investment: KRW 183.2bn (7%)

## Sorabol City Gas Co., Ltd. (SRB)

- City gas retail distributor with 591km of pipelines in two regions in Gyeongsangbuk-do
- MKIF investment: KRW 87.1bn (3%)

## Baekyang Tunnel (BYTL)

- 2.3km, 4-lane tunnel
- MKIF investment: KRW 2.2bn (0.1%)

## Soojongsan Tunnel (SICL)

- 2.3km, 4-lane tunnel
- MKIF investment: KRW 47.1bn (2%)

## Busan New Port Phase 2-3 (BNP 2-3)

- Container terminal with annual handling capacity of 300 million TEUs
- MKIF investment: KRW 259.4bn (10%)

## BNP the 2nd Rear Road (B2RR)

- 15.3km, 4-lane expressway
- MKIF investment: KRW 110.7bn (4%)

## Machang Bridge (MCB)

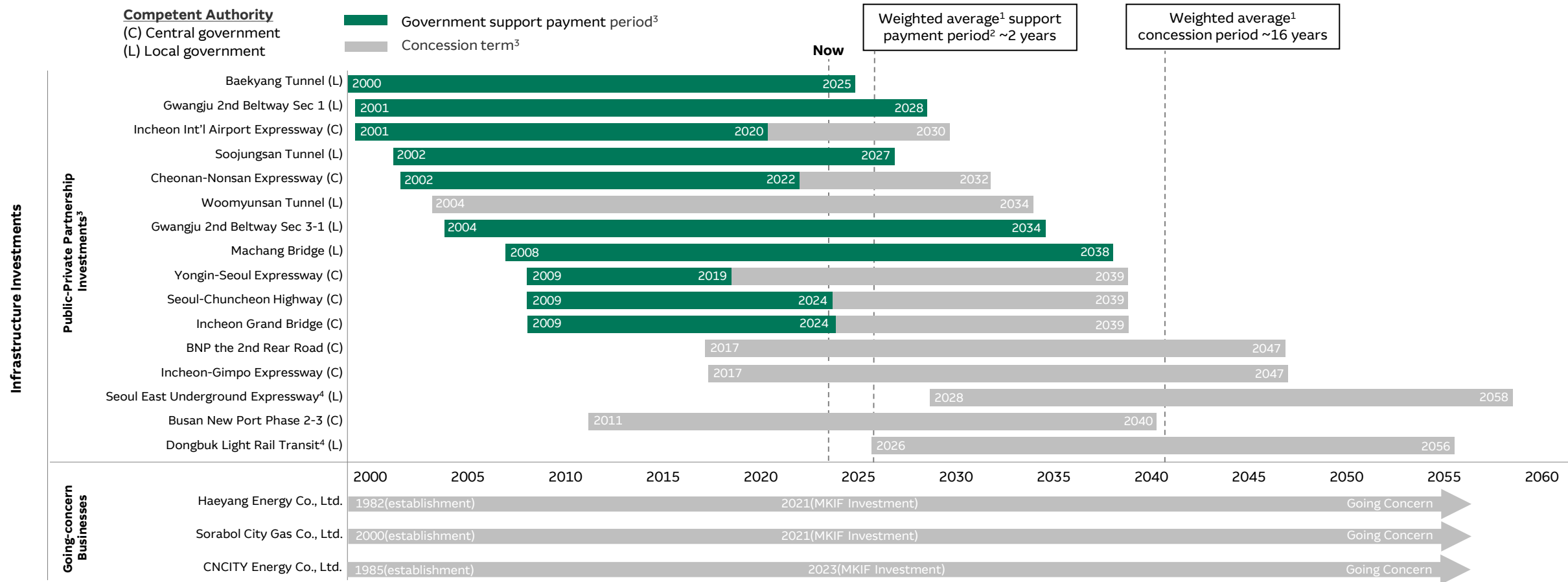
- 1.7km, 4-lane bridge
- MKIF investment: KRW 112.8bn (4%)

1. All amounts and percentages are based on MKIF's investment amounts (including investment commitments in Incheon-Gimpo Expressway Co., Ltd. and East Seoul Underpass Co., Ltd.)

# Concession/Operation Period

(As at 31 December 2023)

- MKIF invests in 19 project companies, of which 16 are public-private partnership investments with a fixed concession period defined under respective concession agreement with competent authority, while the remaining 3 are going-concern businesses.

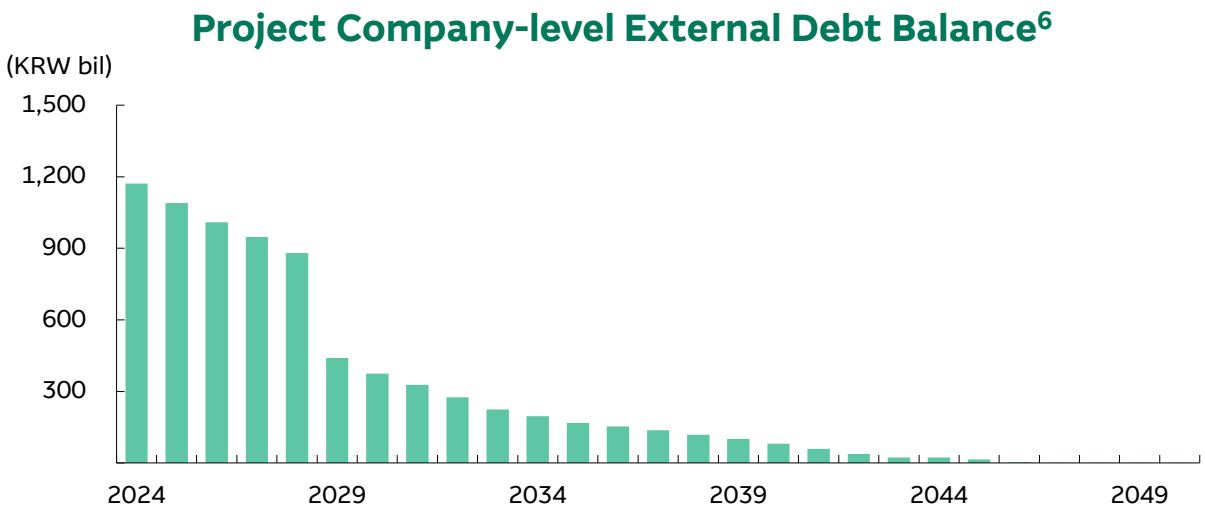
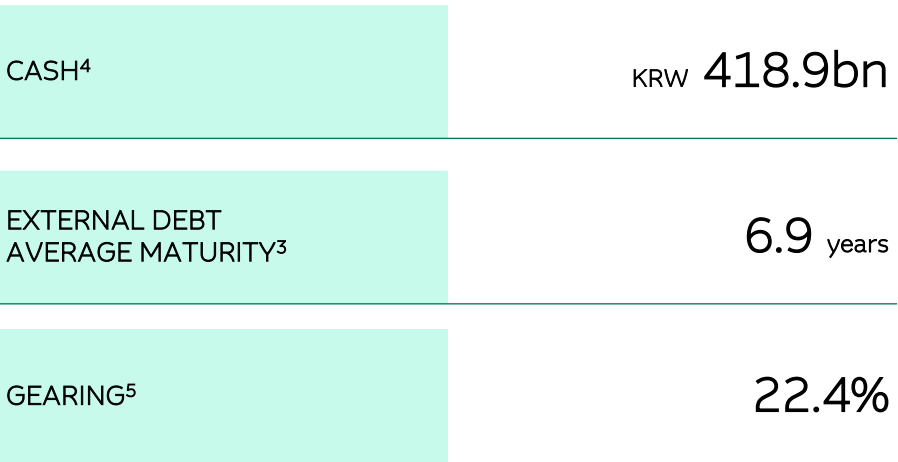


- Based on MKIF's investment amounts and investment commitment in Incheon-Gimpo Expressway Co., Ltd. and East Seoul Underpass Co., Ltd.
- Revenue guarantee and cost compensation payments received from competent authorities, toll freeze compensations related to the CPI growth, etc. Weighted average support 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 termination 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 expected, followed by a 30-year operating period

# Financial Position

(As at 31 December 2023)

- MKIF debt capped at 30% of its capital under PPP Act<sup>1</sup>; from the committed debt of KRW 842.2 billion, the outstanding amount is KRW 406.4 billion
  - KRW 96.4 billion 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 on 12 June 2028 & KRW 100 billion, 7-year bond maturing on 11 June 2025)
  - KRW 110 billion issued from KRW 392.2 billion of short-term bond facility (underwriting agreement maturity date of 11 September 2025)
- Weighted average interest rate of MKIF debt is 4.6%, and remaining average maturity is 1.5 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 6.9 years



1. Current MKIF debt ceiling under PPP Act is KRW 842.2bn (30% of current MKIF share capital of KRW 2,807.4bn; rounded down to the nearest tenth of a 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 23.5bn)

5. Proportionately consolidated MKIF net debt / (proportionately consolidated MKIF net debt + average MKIF market capitalization for the previous 3 months)

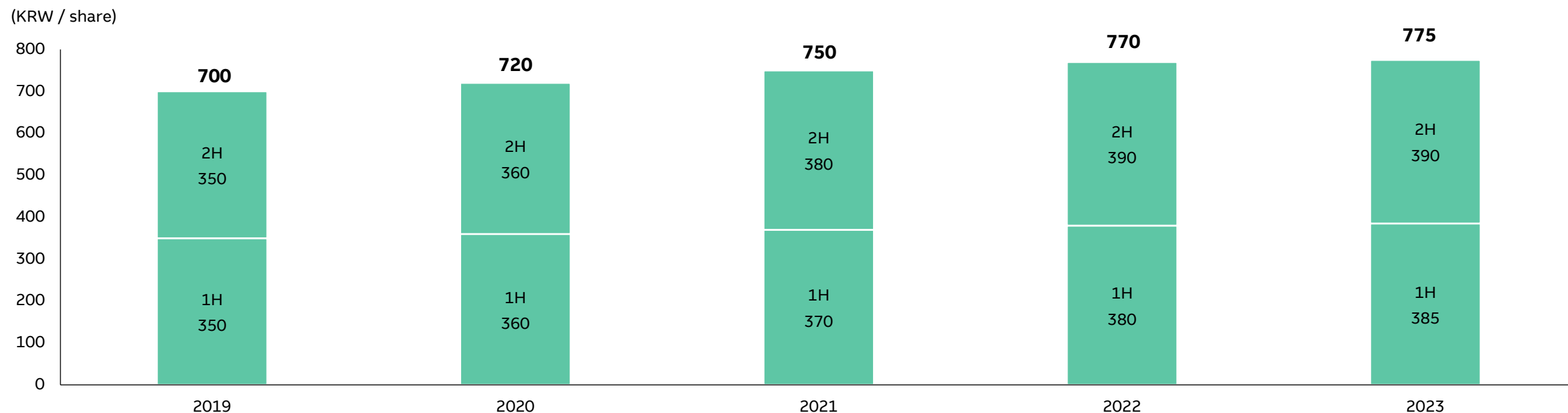
6. Outstanding external debt balance of the underlying project companies based on respective MKIF equity ownership, assuming absence of additional restructuring or new investment

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# 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
- 2023 second half distribution of KRW 390 per share<sup>1</sup> (total amount of KRW 170 billion) will be paid on 29 February 2024

## 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

## 2023 Performance



# Summary of Financial & Operating Results

## MKIF revenue and net income (P17)

- MKIF recorded revenue of KRW 396.1 billion and net income of KRW 326.2 billion for 2023 (the “Period”). Revenue and net income increased by 5.2% and 3.5% respectively compared with the previous corresponding period (“pcp”). Revenue and net income increased due to higher interest income.

## Performance of toll roads (P20)

- On a weighted average basis, 13 toll road assets delivered traffic volume and revenue growths of 9.3% and 8.3% respectively for the Period over pcp. Traffic volume improved due to the increased number of drivers using toll roads to reach the airport and participate in outdoor activities following the easing of COVID-19 social distancing measures.

## Performance of Busan New Port Phase 2-3 (“BNP 2-3”) (P21)

- BNP 2-3 handled 2.72 million TEUs during the Period, an increase of 1.1% over pcp. Revenue and EBITDA decreased by 4.5% and 9.1% respectively to KRW 159.6 billion and KRW 76.9 billion.
- Revenue and EBITDA fell despite the increase in volume because the ancillary revenue, which includes container refrigeration and storage services, declined.

## Performance of City Gas Business (P23)

- The sales volume of Haeyang Energy Co., Ltd. (“HY”), Sorabol City Gas Co., Ltd. (“SRB”), and CNCITY Energy Co., Ltd. (“CNCITY”) declined due to higher average temperature over pcp and slowdown in the economy.
- Sales volume of HY decreased by 7.0% to 757 million m<sup>3</sup> during the Period. Revenue and EBITDA decreased by 2.5% and 6.9% respectively to KRW 724.9 billion and KRW 51.1 billion.
- Sales volume of SRB decreased by 5.5% to 200 million m<sup>3</sup> during the Period. Revenue and EBITDA decreased by 4.3% and 12.0% respectively to KRW 198.2 billion and KRW 14.0 billion. EBITDA decline % is greater than sales volume decrease % because of one-off increase in EBITDA in 2022 due to an adjustment in accounting treatment (in 2022, sales volume and EBITDA were up 4.7% and 21.2% respectively over pcp).
- Sales volume of CNCITY decreased by 10.5% to 662 million m<sup>3</sup> during the Period. Revenue and EBITDA decreased by 4.5% and 8.9% respectively to KRW 670.7 billion and KRW 40.6 billion.

# Summary of Key Transactions (1/3)

## Investment in CNCITY Energy Co., Ltd. (P24)

- On 2 June 2023, MKIF signed (i) the share purchase agreement with the existing shareholders of CNCITY Energy Co., Ltd. (“CNCITY”) to purchase 957,437 shares of CNCITY and (ii) the share subscription agreement with CNCITY to acquire 1,250,000 new shares to be issued by CNCITY (together the “Acquisition”).
- On 25 July 2023, MKIF completed the financial closing of the Acquisition and as a result owns 48% of equity stake in CNCITY. MKIF utilized its debt to secure KRW 186.7 billion (includes transaction cost of KRW 3.5 billion) required to consummate the Acquisition and repaid the drawn debt using the follow-on offering proceed received on 9 August 2023.

## Issuance a Corporate Bond of KRW 100 billion

- On 12 June 2023, MKIF completed the issuance of a KRW 100 billion, 5-year, fixed rate, unsecured bond at an annual interest rate of 4.406%.
- MKIF used the proceed of KRW 100 billion to repay the existing KRW 100 billion, 5-year, fixed-rate, unsecured bond which matured on 12 June 2023.

## Follow-on Offering (P30)

- On 13 June 2023, the Board of MKIF approved the issuance of 30,935,808 new common shares (7.64% of current outstanding shares) (the “New Shares”) (the “Offering”). In order to pursue the Offering, MKIF signed underwriting agreements with five co-lead managers and submitted the securities registration statement to the Financial Supervisory Service.
- The final offer price was determined on 27 July 2023 as KRW 11,670 per share, and 43,674,422 shares were subscribed in aggregate, resulting in the total subscription rate of 141.2%. MKIF received the Offering proceed of KRW 361 billion on 9 August 2023, and the New Shares were listed on 21 August 2023.
- MKIF used the net Offering proceed of KRW 358.5 billion, calculated based on the Offering proceed of KRW 361.0 billion net of the issuance cost of KRW 2.5 billion, on the following:
  - KRW 128.0 billion: investment in the Incheon-Gimpo Expressway project, as disclosed by MKIF on 14 March 2022
  - KRW 186.7 billion: investment in CNCITY Energy Co., Ltd., as disclosed by MKIF on 2 June 2023
  - KRW 43.8 billion: restoration of liquidity for potential future investments by MKIF

# Summary of Key Transactions (2/3)

## Execution of the Underwriting Agreement for the Short-Term Bond Facility of KRW 392.2 billion

- On 11 September 2023, MKIF executed the underwriting agreement for the short-term bond facility with three underwriters. The underwriting agreement is effective from 11 September 2023 to 11 September 2025, and MKIF can issue an unlimited number of short-term bonds with tenor of 90 days or less up to KRW 392.2 billion at an annual interest rate of 91-day CD + 120bps. Each underwriter is obligated to underwrite up to the amount stated in the underwriting agreement. MKIF plans to use the proceeds from issuing short-term bonds for investment purpose.

## Restructuring of New Airport Hiway Co., Ltd. (“NAHC”)

- On 24 September 2023, NAHC signed the amended concession agreement with the MOLIT, and key highlights are as below:
  - Reduction of toll rate by 51%<sup>2</sup> (effective from 1 October 2023)
  - Revenue loss resulting from the toll rate reduction for the remaining concession period will be compensated in full by the institutions designated by the MOLIT
  - No change with the shareholding & capital structure of NAHC and MKIF’s investment amount & terms

## Submission of a Request for Arbitration to the International Chamber of Commerce (“ICC”) by MCB Co., Ltd. (“MCB”)

- After the amended concession agreement signed by MCB and Gyeongsangnam-Do (“GSND”), the competent authority, became effective on 26 January 2017, MCB had received support payments from GSND pursuant to the revenue allocation scheme. However, since January 2023, GSND has started applying a varied, self-developed methodology for calculating support payments payable to MCB. As a result, GSND provided only KRW 0.8 billion, or KRW ~3.4 billion less than KRW 4.2 billion of support payment requested by MCB from 1 January 2023 to 25 September 2023.
- Accordingly, on 25 September 2023, MCB submitted a request for arbitration to seek a declaration on its claim of KRW ~3.4 billion<sup>2</sup> of overdue support payment from GSND. In accordance with the terms of the amended concession agreement and the arbitration rules of the ICC, an arbitral tribunal comprising of three arbitrators will review the arbitration process and render a decision. The decision of the arbitral tribunal is expected<sup>3</sup> to be made within a period of around 12 months from the date the request for arbitration is submitted to the ICC, and the decision will be final and binding to the parties involved.

1. Toll rate reduced from KRW 6,600 per vehicle to KRW 3,200 per vehicle for Type 1 vehicles (small vehicles) passing the Incheon Airport tollgate

2. The stated amount corresponds to the sum of support payments for 4Q 2022, 1Q 2023, and 2Q 2023 requested to GSND in January, April and July of 2023 respectively. If GSND continues to decline to pay full amount of support payments requested by MCB in the future, MCB will increase the amount claimed via arbitration accordingly

3. Actual duration of the Arbitration may differ from the expectation

# Summary of Key Transactions (3/3)

## Investment in Seoul East Underground Expressway Private Investment Project (P27)

- On 22 November 2023, MKIF committed to invest KRW 214.8 billion into Seoul East Underground Expressway Private Investment Project (the “SEUE Private Investment Project”) (the “Investment”). To consummate the Investment, MKIF executed the (i) shareholders’ agreement with the other shareholders of East Seoul Underpass Co., Ltd., the concessionaire (the “Concessionaire”), (ii) loan agreement with the Concessionaire and (iii) share purchase agreement with non-financial shareholders.
- MKIF will secure KRW 214.8 billion required for the Investment by utilizing its credit facility and issuing short-term bonds.
  - MKIF will acquire 27.6% of equity shareholding (KRW 35.5 billion), 40% of subordinated loan (KRW 94.8 billion), and 40% of conditional junior subordinated loan (up to KRW 20 billion) of the Concessionaire during construction period (60 months from December 2023 expected<sup>1</sup>).
  - Furthermore, MKIF will invest KRW 64.5 billion to acquire additional 12.4% equity shareholding in the Concessionaire after operation commences.
  - Upon financial closing, MKIF will have 40% of equity shareholding (KRW ~100 billion), 40% of subordinated loan (KRW 94.8 billion), and 40% of conditional junior subordinated loan (up to KRW 20 billion) of the Concessionaire.

1. Expectation / plan announced by SMC; actual may vary depending on construction period, etc.  
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# Financial Results (Annual)<sup>1</sup>

- 2023 revenue and net income increased by 5.2% and 3.5% respectively compared with the pcg.
- The increase in revenue and net income was mainly due to higher interest income.

(Unit: KRW million)

	2023	2022	% Change
<b>Revenue</b>	<b>396,084</b>	<b>376,626</b>	<b>5.2%</b>
Interest income	289,682	268,303	
Dividend income <sup>2</sup>	106,282	108,033	
Other income	120	290	
<b>Expenses</b>	<b>69,931</b>	<b>61,450</b>	<b>13.8%</b>
Management fee	44,774	44,340	
Interest expense	21,555	13,616	
Other fees and expenses	3,602	3,494	
<b>Net income</b>	<b>326,153</b>	<b>315,176</b>	<b>3.5%</b>
<b>Normalised net income<sup>3</sup></b>	<b>326,153</b>	<b>315,176</b>	<b>3.5%</b>
<b>EPS (KRW per share)<sup>4</sup></b>	<b>782</b>	<b>779</b>	<b>0.4%</b>
<b>Normalised EPS (KRW per share)<sup>3,4</sup></b>	<b>782</b>	<b>779</b>	

1. Audited, non-consolidated

2. 2023: KRW 19.3bn from New Airport Hiway Co., Ltd.; KRW 60.0bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 13.5bn from Soojungsan Investment Co., Ltd.; KRW 12.0bn from Kwangju Ring Road Company, Ltd.; KRW 1.5bn from Woomyunsan Infraway Co., Ltd.  
2022: KRW 19.3bn from New Airport Hiway Co., Ltd.; KRW 60.0bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 17.5bn from Soojungsan Investment Co., Ltd.; KRW 11.2bn from Kwangju Ring Road Company, Ltd.

3. 2023 and 2022: no one-off item

4. Change % of net income and EPS are different because the number of outstanding shares of MKIF increased after the completion of a follow-on offering in 3Q 2023

# Financial Results (Quarterly)<sup>1</sup>

- 4Q 2023 revenue and net income increased by 6.4% and 4.3% respectively compared with the pcq.
- The increase in revenue and net income was mainly due to higher interest income.

(Unit: KRW million)

	4Q 2023	4Q 2022	% Change
<b>Revenue</b>	<b>73,694</b>	<b>69,287</b>	<b>6.4%</b>
Interest income	73,692	69,114	
Dividend income	-	-	
Other income	2	173	
<b>Expenses</b>	<b>17,792</b>	<b>15,691</b>	<b>13.4%</b>
Management fee	11,981	9,898	
Interest expense	4,872	4,849	
Other fees and expenses	939	944	
<b>Net income</b>	<b>55,902</b>	<b>53,596</b>	<b>4.3%</b>
<b>Normalised net income<sup>2</sup></b>	<b>55,902</b>	<b>53,596</b>	<b>4.3%</b>
<b>EPS (KRW per share)<sup>3</sup></b>	<b>128</b>	<b>132</b>	<b>(3.3%)</b>
<b>Normalised EPS (KRW per share)<sup>2,3</sup></b>	<b>128</b>	<b>132</b>	

1. Unaudited, non-consolidated

2. 4Q 2023 and 4Q 2022: no one-off item

3. Change % of net income and EPS are different because the number of outstanding shares of MKIF increased after the completion of a follow-on offering in 3Q 2023

# Statement of Financial Position

(Unit: KRW million)

	31 December 2023	31 December 2022
<b>Assets</b>		
Invested Assets	2,499,408	2,305,832
Cash & deposits	23,502	27,547
Loans	1,703,566	1,707,253
Equity securities	772,340	571,032
Others	839,736	742,258
Interest receivable	834,023	735,892
Other receivables	2,348	2,350
Deferred costs, net	1,204	1,895
Prepayment	2,161	2,121
<b>Total Assets</b>	<b>3,339,144</b>	<b>3,048,090</b>
<b>Liabilities</b>		
Bonds	309,221	348,915
Long-term debt	96,356	137,151
Management fee payable	11,981	9,898
Other liabilities	9,695	11,119
<b>Total Liabilities</b>	<b>427,253</b>	<b>507,083</b>
<b>Shareholders' Equity</b>		
Share capital	2,807,423	2,448,937
Retained earnings	104,468	92,070
<b>Total Shareholders' Equity</b>	<b>2,911,891</b>	<b>2,541,007</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,339,144</b>	<b>3,048,090</b>

## Change in Investment

(Unit: KRW million)

Project Company	Item	2023
KBICL	Senior Debt	(18,700)
SCH	Equity	3,640
DBR	Equity	11,002
	Subordinated Debt	11,600
IGEX	Junior Subordinated Debt	3,460
CNCITY	Equity	186,666
<b>Total*</b>		<b>197,668</b>

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

# Toll Roads Performance

- Highlights for 2023 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, are showing steady recovery.
  - The substantial gap between traffic revenue change % and traffic volume change % of Incheon International Airport Expressway is due to the toll rate reduction which became effective on 1 October 2023. Revenue loss resulting from the toll rate reduction will be compensated in full by the institutions designated by the competent authority.
  - Traffic revenue change % was less than volume change % for certain assets as respective government authorities requested them to apply toll exemption during the Lunar New Year holiday season in 2023, while such toll exemption did not take place in 2022. These assets receive full compensation for revenue loss from respective government authorities.

	2023				4Q 2023			
	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	71,869	(0.7%)	59,834	(0.8%)	71,139	(3.5%)	59,305	(3.5%)
Gwangju 2nd Beltway, Section 1	68,786	4.8%	72,337	4.5%	69,354	3.9%	73,100	4.2%
Incheon International Airport Expressway	106,510	31.5%	383,411	18.7%	114,992	26.4%	244,335	(35.6%)
Soojungsan Tunnel	47,314	3.0%	43,780	2.8%	47,876	1.4%	44,302	1.5%
Cheonan-Nonsan Expressway	59,346	2.3%	282,367	6.4%	59,031	1.0%	293,115	5.7%
Woomyunsan Tunnel	29,464	0.8%	64,820	0.9%	29,501	(1.9%)	64,919	(1.8%)
Gwangju 2nd Beltway, Section 3-1	64,360	4.3%	69,045	4.1%	64,991	2.9%	69,788	2.9%
Machang Bridge	45,418	4.1%	96,428	1.4%	46,677	2.2%	98,752	(2.0%)
Yongin-Seoul Expressway	93,634	0.7%	145,609	(0.9%)	94,456	(0.8%)	147,884	(2.3%)
Seoul-Chuncheon Highway	60,712	(3.2%)	256,093	(4.7%)	58,759	(1.0%)	250,259	(3.3%)
Incheon Grand Bridge	67,964	27.9%	308,441	27.0%	68,718	16.6%	350,514	20.9%
BNP 2nd Rear Road	21,796	6.9%	41,547	5.0%	21,758	4.3%	41,917	4.2%
Incheon-Gimpo Expressway	54,958	1.5%	162,530	1.2%	54,432	0.9%	162,431	0.7%
<b>Weighted average growth rate<sup>2</sup></b>		9.3%		8.3%		6.5%		1.6%

1. Does not include government support payments; Baekyang Tunnel, Gwangju 2nd Beltway Section 1 & 3-1, Soojungsan Tunnel, 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 (assumed full investment of committed amounts)

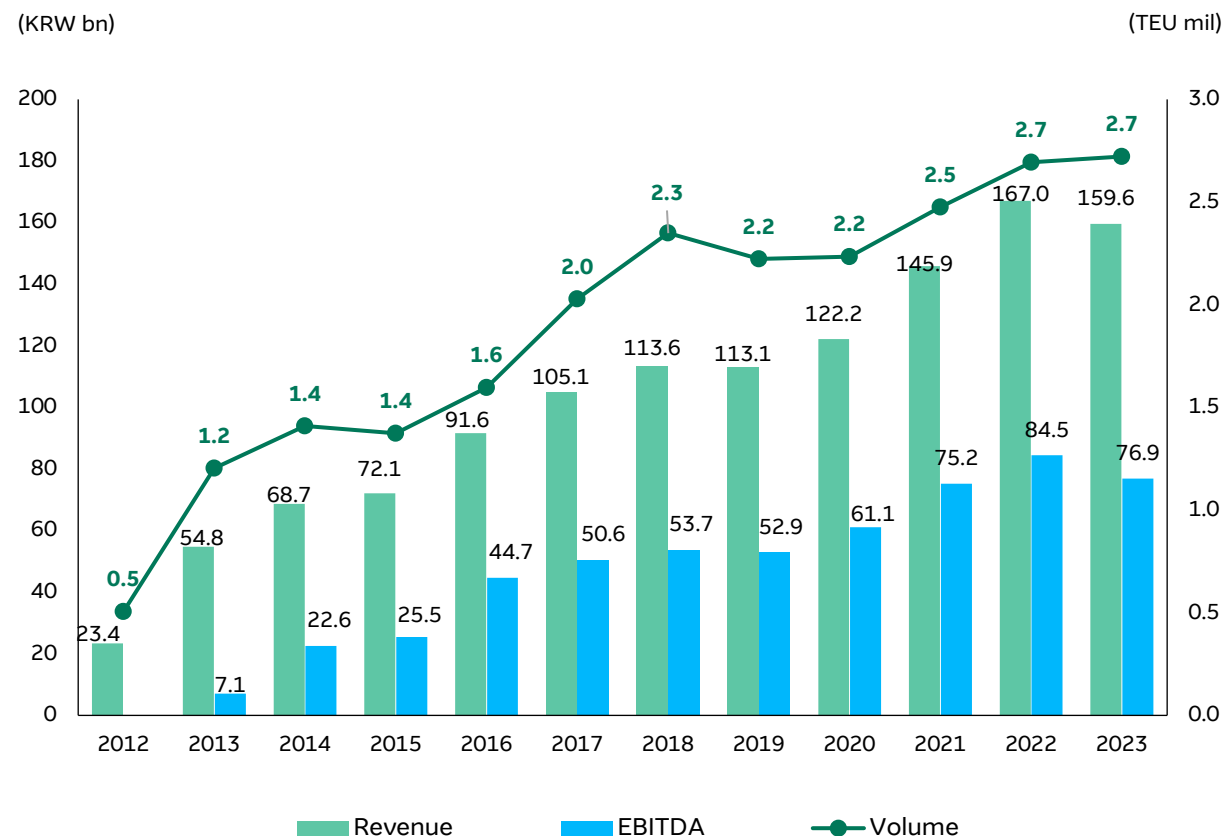
# Port Performance

## BNCT 2023 Performance

	2023	2022	Change over pcq	4Q 2023	4Q 2022	Change over pcq
Volume (TEU million)	2.72	2.69	1.1%	0.62	0.68	(8.8%)
Revenue (KRW billion)	159.6	167.0	(4.5%)	35.7	42.3	(15.7%)
EBITDA (KRW billion)	76.9	84.5	(9.1%)	15.3	21.0	(26.9%)
EBITDA margin	48.2%	50.6%	(2.4%p)	43.0%	49.6%	(6.6%p)

- BNP 2-3 handled 2.72 million TEUs during the Period, an increase of 1.1% over pcq.
- Revenue decreased by 4.5% over pcq to KRW 159.6 billion. EBITDA decreased by 9.1% over pcq to KRW 76.9 billion, recording an EBITDA margin of 48.2%.
- Revenue and EBITDA fell despite the increase in volume because the ancillary revenue, which includes container refrigeration and storage services, declined.
- 4Q 2023 volume declined as global shipping industry has been negatively affected by the geopolitical tensions in the Red Sea.

## BNCT Historical Results



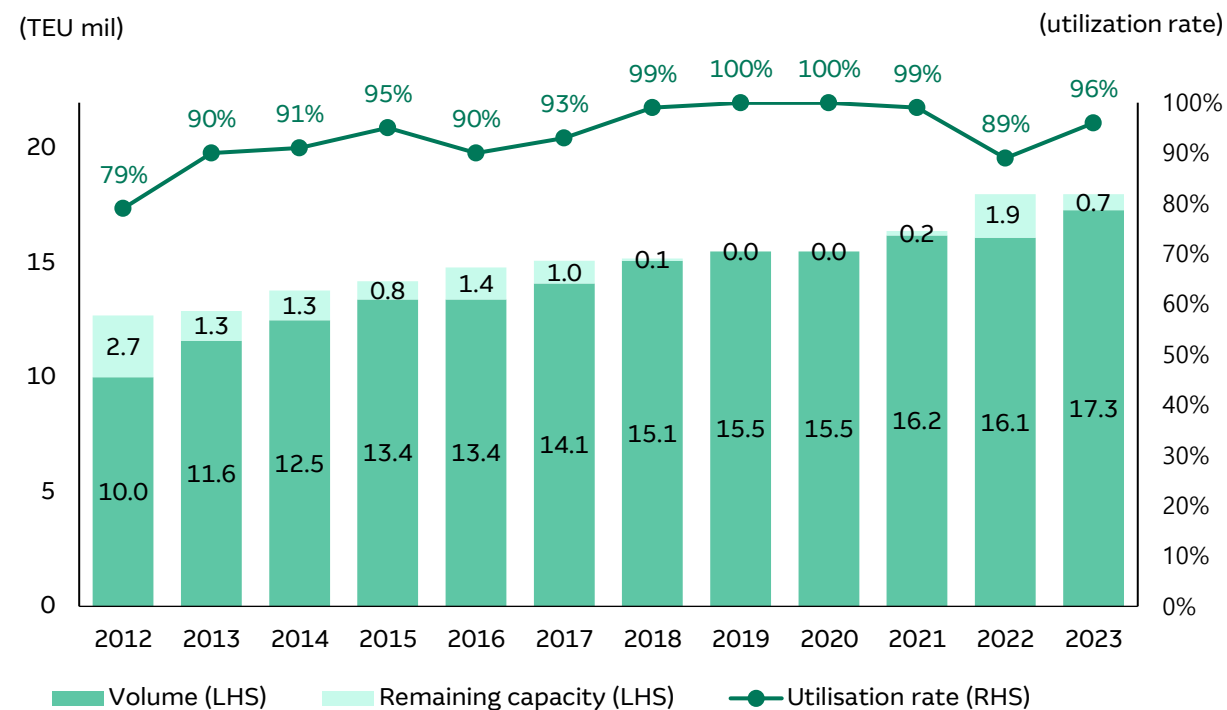
# Busan Port<sup>1</sup>

- Busan Port is comprised of Busan New Port (the “New Port”) and Busan North Port (the “North Port”).
- Busan Port handled 23.9 million TEUs of container volume in 2023, of which the New Port handled 72% or 17.3 million TEUs.

## Busan Port Highlights

	BNP 2-3	New Port	North Port
Number of Terminals in Operation	(Part of New Port)	6 Terminals	3 Terminals
Capacity (TEUs p.a.)	3.0 mil	18.0 mil	7.3 mil
Handling Volume (TEUs)	2.7 mil	17.3 mil	6.6 mil
Volume Growth (over pcp)	1.1%	7.7%	0.4%
Utilisation Rate	90%	96%	90%
Market Share <sup>3</sup> within Busan Port	11%	73%	28%

## Historical Performance of the New Port



1. Source: terminal operators  
 2. Based on 2023 handling volume  
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# City Gas Business Performance

## HY 2023 Performance

- Sales volume decreased by 7.0% to 757 million m<sup>3</sup>.
- Revenue decreased by 2.5% over pcg to KRW 724.9 billion.
- EBITDA declined by 6.9% to KRW 51.1 billion.

	2023	2022	Change over pcg	4Q 2023	4Q 2022	Change over pcg
Volume (million m <sup>3</sup> ) <sup>1</sup>	757	815	(7.0%)	224	235	(5.0%)
Revenue (KRW billion) <sup>2</sup>	724.9	743.7	(2.5%)	205.6	259.2	(20.7%)
EBITDA (KRW billion)	51.1	54.9	(6.9%)	12.2	14.3	(14.7%)
Pipeline length	2,524km	2,491km	1.4%	2,524km	2,491km	1.4%

## SRB 2023 Performance

- Sales volume decreased by 5.5% to 200 million m<sup>3</sup>.
- Revenue decreased by 4.3% to KRW 198.2 billion.
- EBITDA declined by 12.0% to KRW 14.0 billion. EBITDA decline % is greater than sales volume decrease % because of one-off increase<sup>3</sup> in EBITDA in 2022 due to an adjustment in accounting treatment.

	2023	2022	Change over pcg	4Q 2023	4Q 2022	Change over pcg
Volume (million m <sup>3</sup> ) <sup>1</sup>	200	211	(5.5%)	59	62	(4.2%)
Revenue (KRW billion) <sup>2</sup>	198.2	207.1	(4.3%)	54.4	72.6	(25.0%)
EBITDA (KRW billion)	14.0	15.9	(12.0%)	4.3	3.5	21.2%
Pipeline length	591km	556km	6.4%	591km	556km	6.4%

## CNCITY 2023 Performance

- Sales volume decreased by 10.5% to 662 million m<sup>3</sup>.
- Revenue decreased by 4.5% to KRW 670.7 billion.
- EBITDA declined by 8.9% to KRW 40.6 billion.

	2023	2022	Change over pcg	4Q 2023	4Q 2022	Change over pcg
Volume (million m <sup>3</sup> ) <sup>1</sup>	662	739	(10.5%)	201	222	(9.6%)
Revenue (KRW billion) <sup>2</sup>	670.7	702.0	(4.5%)	198.2	253.7	(21.9%)
EBITDA (KRW billion)	40.6	44.6	(8.9%)	11.7	12.9	(9.9%)
Pipeline length	1,766km	1,749km	1.0%	1,766km	1,749km	1.0%

1. 2023 volume decrease is mostly due to higher average temperature over pcg and slowdown in the economy

2. Revenue is mostly impacted by sales volume, KOGAS wholesale tariff and retail distribution tariff. Average wholesale tariff is adjusted to reflect the change in natural gas price, and such adjustment impacts both revenue & cost of goods sold.

3. In 2022, sales volume and EBITDA were up 4.7% and 21.2% respectively over pcg.

# 3

Investment in  
CNCITY Energy Co., Ltd.



# Company & Business Overview<sup>1</sup>

## Company Overview

Company Name	CNCITY Energy Co., Ltd. ("CNCITY")
Establishment	1985
Business Areas	Retail distribution of city gas / heat & electricity generation
Total Assets / Revenue <sup>2</sup>	KRW 734.9 billion / KRW 897.2 billion (city gas 87%, heat & electricity 13%)

## Business Overview: City Gas

Distribution Area (penetration rate <sup>3</sup> )	Daejeon City and Gyeryong City (95%)
Pipeline Length	Total 1,748km
No. of Users	683,796
Amount of Gas Distributed	739 million m <sup>3</sup>
Gas Distribution by User Type	Residential: 55% / General & Commercial: 21% / Industrial: 13% / Others: 11%

## Business Overview: Heat & Electricity

Facility Capacity	113 MW capacity combined heat & power plants
Products & Users	- Electricity: customers in Daejeon City & Korea Power Exchange - Heat/steam: ~60k users across 11 regions in Daejeon City (heat) and 24 industrial users (steam)
Volume Sold	- Electricity: 160,077 MWh - Heat/steam: 987,819 gcal

1. Source: Korea City Gas Association and the audit report of CNCITY; all figures are as at 31 Dec 2022 or on a 2022 annual basis

2. Total assets are based on FY2022 consolidated basis financial statements of CNCITY and revenue is the sum of CNCITY's FY2022 revenue and FY2022 revenue of an affiliate which CNCITY acquired in 2022

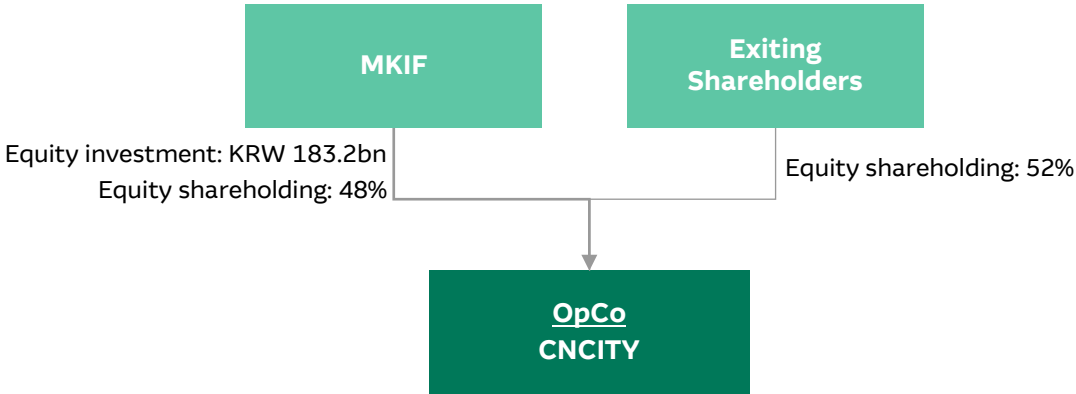
3. For residential

## City Gas Distribution Area



# Investment Structure

## Investment Structure<sup>1</sup>



## Class of Stocks

(Unit: number of shares)

	Class 1 Preferred Stock ("Class 1 PS")	Class 2 Preferred Stock <sup>1</sup> ("Class 2 PS")	Class 3 Preferred Stock <sup>1</sup> ("Class 3 PS")	Common Stock <sup>1</sup>	Total (shareholding %)
<b>MKIF</b>	2,207,437	-	-	-	2,207,437 (48%)
<b>Existing shareholders</b>	-	45,000	2,343,685	10	2,388,695 (52%)
<b>Total</b>	2,207,437 (48%)	45,000 (1%)	2,343,685 (51%)	10	4,596,132 (100%)

## Dividend Payment Policy<sup>2</sup>

Year since MKIF Investment <sup>3</sup>	Class 1 PS & Class 2 PS <sup>1</sup> (cumulative <sup>4</sup> , participating)	Class 3 PS (cumulative, participating)	Common stock
Years 1 - 5	Annual dividend rate of 6% - Pay annual dividend of 4.5% for years 1 - 5 - Pay dividend shortfall <sup>5</sup> during years 6 - 7	Pay annual dividend of 1.5% only after meeting the dividend payment obligations of Class 1 PS & Class 2 PS	Additional Dividends are payable upon (i) meeting the dividend payment obligations of all classes of preferred stocks (Class 1, 2, 3) and (ii) relevant shareholder resolution is passed
Year 6	- Pay annual dividend of 6% - Pay 50% of dividend shortfall <sup>5</sup>		
Year 7	- Pay annual dividend of 6% - Pay 50% of dividend shortfall <sup>5</sup>		
Year 8+	Pay annual dividend of 6%	After meeting the dividend payment obligations of Class 1 PS & Class 2 PS,  Catch up until the accumulated dividend rate of Class 3 PS becomes equivalent to that of Class 1 PS & Class 2 PS	Additional Dividends must be paid to all shareholders (Class 1 PS, Class 2 PS, Class 3 PS and common stock) pro-rata to their shareholding

- 45,000 Class 2 PS shares do not have voting rights; Of the original 2,343,695 common shares, 2,343,685 were converted to Class 3 PS in the second half of 2023
- Dividends for all preferred stocks (Class 1, 2, 3) are calculated by applying the respective dividend rate to the per-share price equivalent to MKIF's per-share acquisition price of CNCITY's shares
- Year 0 = the year which the closing of the Investment is completed (2023)
- If the dividend payment obligation is not met in a certain year, 6% penalty interest rate is applied to any unpaid dividend amount and such penalty is added onto the dividend obligation in the following year; the penalty interest rate is simple interest during years 1 - 5, and compounded interest since year 6
- The difference between the sum of actual dividend payments made to Class 1 PS and Class 2 PS shareholders and the total amount of dividend payments supposedly made to Class 1 PS and Class 2 PS shareholders if an annual dividend rate of 6% is applied; an additional interest rate of 6% is applied to the remaining 50% of dividend shortfall payable in year 7

# 4

## Investment in Seoul East Underground Expressway Private Investment Project



# Project Overview

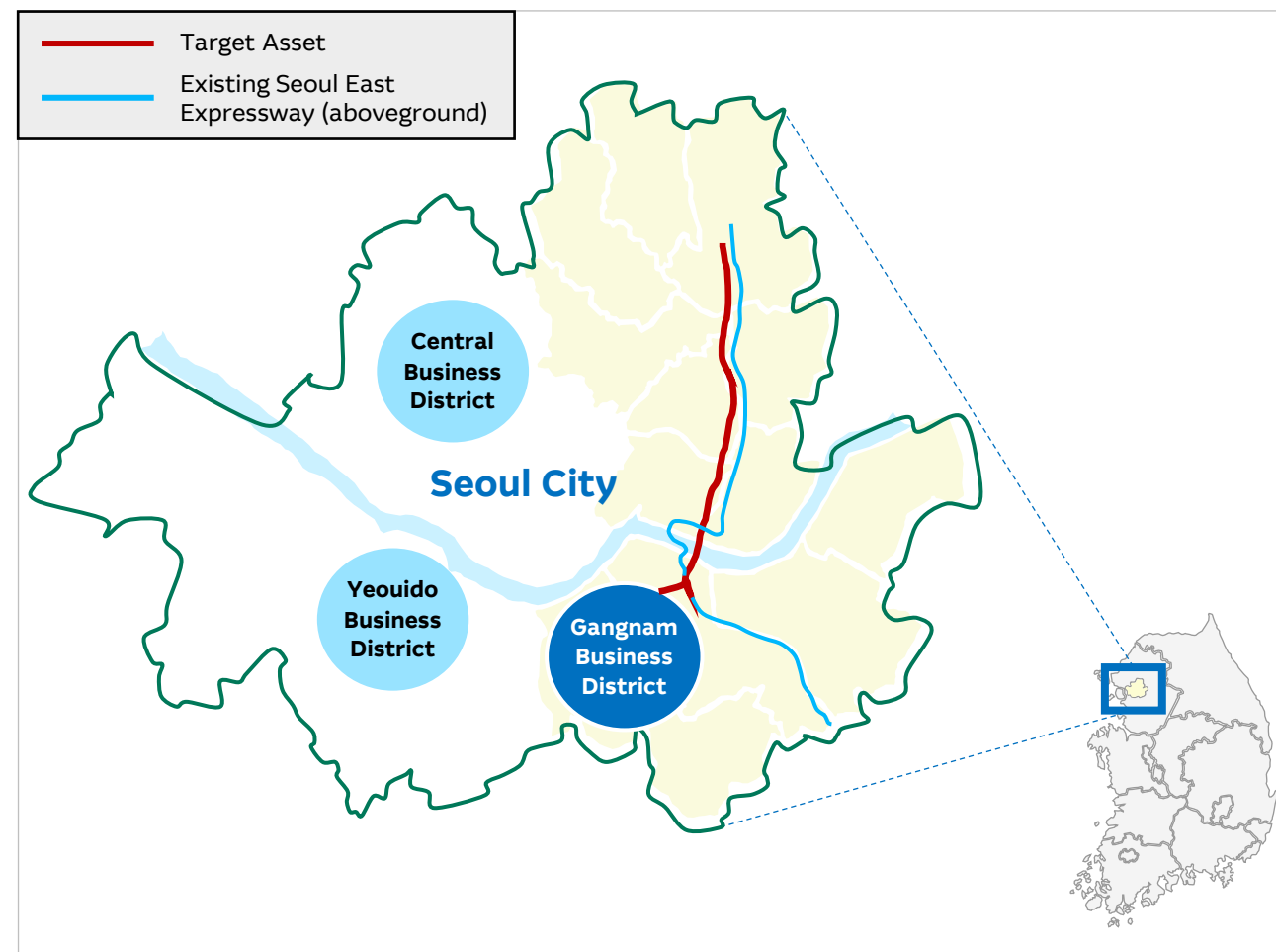
## Project Overview

<b>Concessionaire</b>	East Seoul Underpass Co., Ltd. ("ESUC")
<b>Competent Authority</b>	Seoul Metropolitan City
<b>Project Type</b>	Build-Transfer-Operate
<b>Target Asset</b>	Private investment section of Seoul East Underground Expressway
<b>Location</b>	Seokgwan-dong, Seongbuk-gu ~ Samseong-dong, Gangnam-gu (Part of Seoul East Underground Expressway Project, Stage 1 <sup>1</sup> )
<b>Length</b>	10.1km (double 2-lane)
<b>Facilities</b>	Underground expressway - 4 entry / exit interchanges
<b>Construction Period</b>	60 months from Dec 2023 (expected <sup>2</sup> )
<b>Concession Term (Operation Period)</b>	30 years from operation commencement date Dec 2028 – Nov 2058 (expected <sup>2</sup> )
<b>Toll Fare</b>	KRW 2,500 per vehicle <sup>3</sup>

1. Stage 1 encompasses a 12.2km underground road from Seokgwan-dong, Seongbuk-gu to Daechi-dong, Gangnam-gu
2. Based on the public release by Seoul Metropolitan City on 27 Mar 2023; may vary from actual depending on construction progress, etc.
3. Real basis as of 2015; toll fare for small vehicles for using the entire road
4. Map demonstrating approximate location of key assets and districts for information purpose

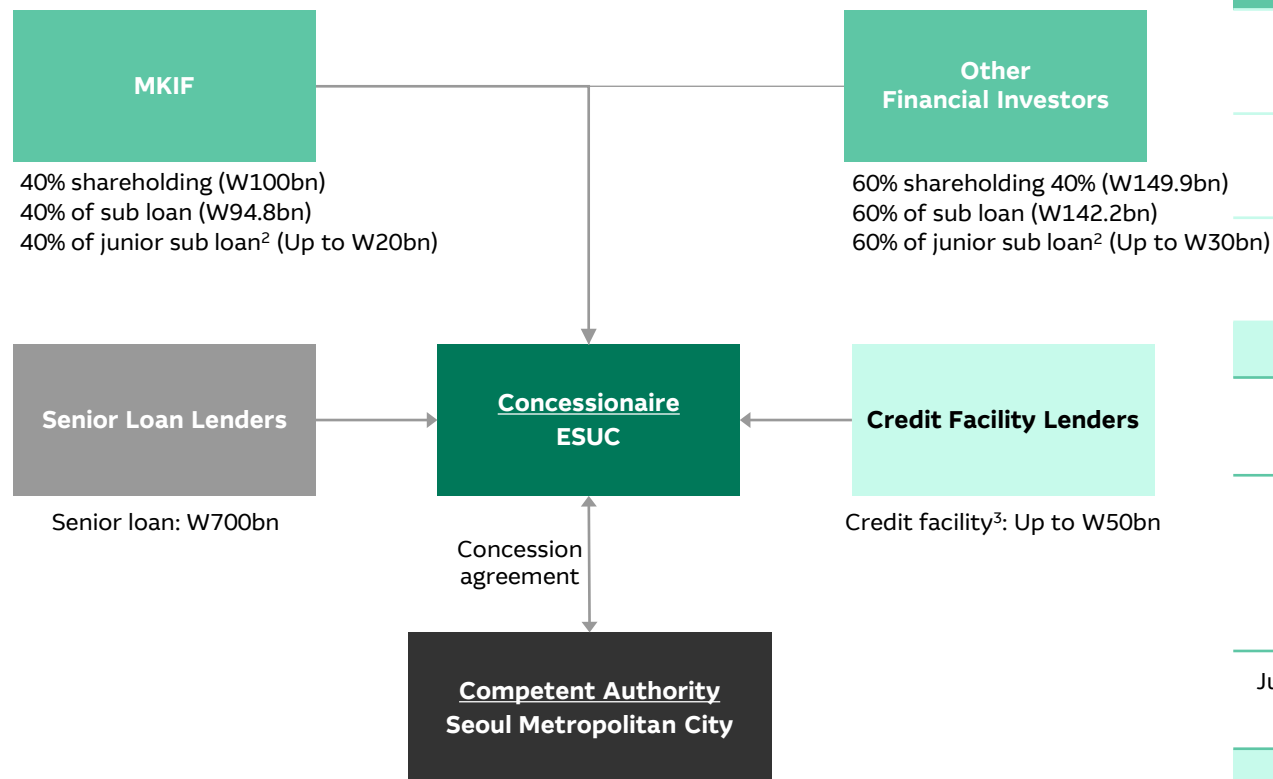
© Macquarie Korea Infrastructure Fund

## Location<sup>4</sup>



# Transaction Structure

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



## Key Financing Terms

Tranche	Size	Key Terms
Senior Loan Tranche A	W210bn	<ul style="list-style-type: none"> <li>Interest rate: 4.9%</li> <li>Tenor: 22.25 years</li> </ul>
Senior Loan Tranche B	W94bn	<ul style="list-style-type: none"> <li>Interest rate: 91CD<sup>4</sup> + 1.5%</li> <li>Tenor: 22.25 years</li> </ul>
Senior Loan Tranche C	W396bn	<ul style="list-style-type: none"> <li>Interest rate: 91CD<sup>4</sup> + 1.7%</li> <li>Tenor: 22.25 years</li> </ul>
<b>Senior Loan</b>	<b>W700bn</b>	
Credit Facility (Conditional <sup>3</sup> )	Up to W50bn	<ul style="list-style-type: none"> <li>Interest rate: 91CD<sup>4</sup> + 3.0%</li> </ul>
Subordinated Loan	W237bn	<ul style="list-style-type: none"> <li>Interest rate: 10% (during construction), 12% (during operation)</li> <li>Tenor: 34.25 years</li> </ul>
Junior Subordinated Loan (Conditional <sup>2</sup> )	Up to W50bn	<ul style="list-style-type: none"> <li>Same as subordinated loan</li> </ul>
<b>Total</b>	<b>- W937bn (senior &amp; sub loans)</b> <b>- Up to W100bn (conditional credit facility &amp; junior sub loan)</b>	

1. Structure after all commitments have been fulfilled; MKIF plans to acquire 27.6% of equity (W35.5bn), 40% of sub loan and 40% of junior sub loan during construction stage, and use W64.5bn to acquire 12.4% of equity after operation commences
2. Conditional junior sub loan which is drawn when the annualized cash yield for the financial investors is below 6.5%
3. Conditional credit facility which is drawn when there is insufficient cash to service senior loan
4. 3.68% on 30 Jan 2023

# 5

## Follow-On Offering



# 2023 Follow-on Offering

- **Offer Size:** 30,935,808 new common shares (7.64% of previous outstanding shares) (the “New Shares”) / KRW 361.0 billion
- **Use of Offering Proceed<sup>1</sup>:**
  - KRW 128.0 billion: investment in the Incheon-Gimpo Expressway project, as disclosed by MKIF on 14 March 2022
  - KRW 186.7 billion: investment in CNCITY Energy Co., Ltd., as disclosed by MKIF on 2 June 2023
  - KRW 43.8 billion: restoration of liquidity for potential future investments by MKIF
- **Offer Type:** a rights offering followed by a public offering of forfeited shares
  - Shareholders registered to MKIF’s shareholders’ registry on 29 Jun 2023 (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 18 Jul 2023 to 24 Jul 2023
  - 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 11,670 per share (determined by applying the pre-determined discount rate of 3.5% to the reference price<sup>2</sup>)
- **Subscription:** 43,674,422 shares were subscribed in aggregate (total subscription rate of 141.2%)
  - Number of shares subscribed and over-subscribed by Warrant holders: 35,091,048 shares (subscription rate of 113.4%)
  - Number of shares subscribed from the public offering of the fractional shares<sup>3</sup>: 8,583,374 shares (subscription ratio: 239 : 1)
- **Offering Proceed and Listing:** MKIF received the proceed of KRW 361 billion on 9 August 2023, and the New Shares were listed on the Korea Exchange on 21 Aug 2023
- **MKIF Impact:**
  - MKIF’s share capital increased to KRW 2,807.4 billion (KRW 358.5 billion<sup>1</sup> increase from the previous share capital of KRW 2,448.9 billion)
  - MKIF debt ceiling increased to KRW 842.2 billion<sup>4</sup> (KRW 107.6 billion increase from the previous debt ceiling of KRW 734.6 billion<sup>4</sup>).

1. Based on net offering proceed of KRW 358.5bn, calculated by subtracting the issuance costs of KRW 2.5bn from the offering proceed of KRW 361.0bn

2. Determined pursuant to Article 57 of the Regulation on Securities Issuance and Disclosures

3. 35,954 fractional shares resulted from the allocation of the Warrant holders’ subscription & over-subscription

4. MKIF debt ceiling under PPP Act is 30% of its share capital

# A

## Appendix



# Management Fee

(As at 31 December 2023)



## 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 216.8 billion<sup>1</sup> outstanding as at the record date.
- 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. Outstanding commitment from Incheon-Gimpo Expressway Co., Ltd. (KRW 2.0bn) and East Seoul Underpass Co., Ltd. (KRW 214.8bn)

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

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

(Unit: KRW mil)

	2023						2022					
Project Company	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.	31,237	(6,760)	24,477	9,189	78%	0.4x	29,578	(4,770)	24,808	25,984	84%	1.0x
Kwangju Beltway Investment Co., Ltd. <sup>4</sup>	50,795	(8,053)	42,742	(5,710)	84%	(0.1x)	46,349	(8,757)	37,592	(2,549)	81%	(0.1x)
New Airport Hiway Co., Ltd.	219,489	(37,769)	181,720	(171,320)	83%	(0.9x)	165,005	(32,187)	132,818	(126,474)	80%	(1.0x)
Soojongsan Investment Co., Ltd.	27,132	(5,234)	21,899	(16,927)	81%	(0.8x)	25,987	(4,984)	21,003	(13,597)	81%	(0.6x)
Cheonan Nonsan Expressway Co., Ltd.	216,459 <sup>5</sup>	(42,985)	173,474	(354,432)	80%	(2.0x)	279,750	(38,391)	241,359	(363,328)	86%	(1.5x)
Woomyunsan Infraway Co., Ltd. <sup>4</sup>	23,645	(5,295)	18,349	(23,916)	78%	(1.3x)	23,431	(5,008)	18,423	(23,578)	79%	(1.3x)
Kwangju Ring Road Company Ltd.	29,266	(7,788)	21,478	(17,288)	73%	(0.8x)	26,465	(8,315)	18,150	(16,761)	69%	(0.9x)
MCB Co., Ltd. <sup>4</sup>	43,118	(7,441)	35,677	(3,307)	83%	(0.1x)	39,849	(6,984)	32,865	(3,251)	82%	(0.1x)
Gyeongsu Highway Co., Ltd.	64,174	(17,482)	46,692	305,204	73%	6.5x	61,286	(16,861)	44,425	315,562	72%	7.1x
Seoul-Chuncheon Highway Co., Ltd. <sup>4</sup>	168,265	(28,811)	139,454	182,957	83%	1.3x	170,356	(27,340)	143,017	235,314	84%	1.6x
Incheon Bridge Co., Ltd.	132,482	(20,151)	112,331	168,658	85%	1.5x	109,515	(18,150)	91,365	201,645	83%	2.2x
Busan New Port the 2nd Rear Road Co., Ltd.	17,172	(7,232)	9,940	272,070	58%	27.4x	15,401	(6,896)	8,505	272,962	55%	32.1x
Incheon-Gimpo Expressway Co., Ltd.	61,413	(10,696)	50,717	603,937	83%	11.9x	59,630	(10,439)	49,191	616,679	82%	12.5x
BNCT Co., Ltd.	159,574	(82,688)	76,886	485,899	48%	6.3x	167,046	(82,505)	84,540	520,366	51%	6.2x
Haeyang Energy Co., Ltd.	724,981	(673,858)	51,123	(36,534)	7%	(0.7x)	743,710	(688,797)	54,913	(41,466)	7%	(0.8x)
Sorabol City Gas Co., Ltd.	198,224	(184,272)	13,952	(20,831)	7%	(1.5x)	207,107	(191,248)	15,859	(28,776)	8%	(1.8x)
CNCITY Energy Co., Ltd.	670,663	(630,022)	40,641	101,486	6%	2.5x	701,997	(657,392)	44,604	172,878	6%	3.9x
<b>Proportionate sum &amp; average<sup>6</sup></b>	<b>1,811,234</b>	<b>(1,284,909)</b>	<b>526,324</b>	<b>387,713</b>	<b>29%</b>	<b>0.7x</b>	<b>1,852,412</b>	<b>(1,312,203)</b>	<b>540,209</b>	<b>487,255</b>	<b>29%</b>	<b>0.9x</b>

1. Based on 2023 unaudited financial statements and 2022 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. Revenue of Cheonan Nonsan Expressway Co., Ltd. decreased due to the expiration of the government support provision (minimum revenue guarantee) in 2022

6. On a proportionate average basis based on MKIF's equity interest in each project company on 31 Dec 2023 (margin and multiple are averages, other figures are sums)

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

(As at 31 December 2023)

(Unit: KRW bn)

Project Company	Asset Abbrev.	Equity	Ownership (%)	Subordinated Debt	Senior Debt	Total
Baekyang Tunnel Ltd.	BYTL	1.2	100%	-	1.0	2.2
Kwangju Beltway Investment Co., Ltd.	KBICL	33.1	100%	85.2 <sup>2</sup>	26.6	144.9
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	4.2	18.16%	161.8	-	166.0
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	43.7	22.76%	84.3	-	128.0
East Seoul Underpass Co., Ltd.	SEUE	100.0	40%	114.8	-	214.8
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
CNCITY Energy Co., Ltd.	CNCITY	183.2	48%	-	-	183.2
<b>Total</b>		<b>882.1</b>		<b>1,777.8</b>	<b>42.6</b>	<b>2,702.5</b>
<b>Percentage (%)</b>		<b>32.6%</b>		<b>65.8%</b>	<b>1.6%</b>	<b>100%</b>

1. Based on MKIF's investment amounts (including investment commitment in Incheon-Gimpo Expressway Co., Ltd. and East Seoul Underpass Co., Ltd.)

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

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

(As at 31 December 2023)

(Unit : year, %)

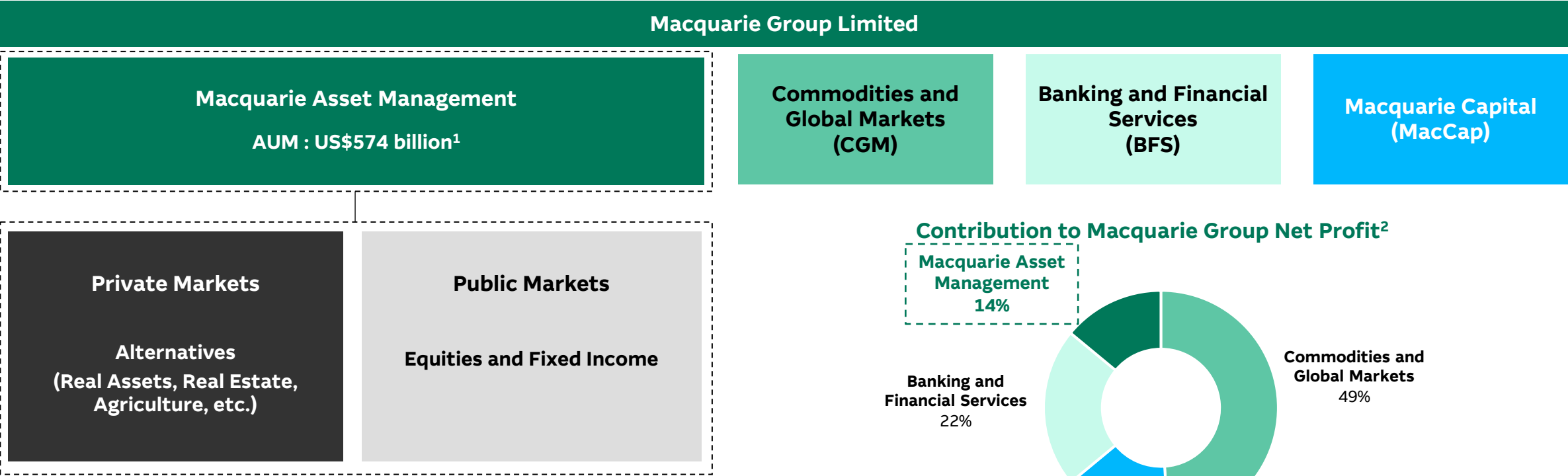
Asset	Competent Authority	Concession Term	Remaining Concession Term	Support Payment Duration	Remaining Support Payment Duration	Revenue Guarantee Threshold <sup>2</sup>	Revenue Cap Threshold <sup>2,3</sup>	Remarks
Baekyang Tunnel	Busan Metropolitan City	25.0	1.0	25.0	1.0	90%	110%	
Gwangju 2nd Beltway, Section 1	Gwangju Metropolitan City	28.0	5.0	28.0	5.0	Investment cost compensation		Competent authority provides agreed cashflow to concessionaire to guarantee MKIF investment return
Soojungsan Tunnel	Busan Metropolitan City	25.0	3.3	25.0	3.3	90%	110%	For toll revenue below 90%, Busan Metropolitan City is obligated to compensate 91.5% of the shortfall amount
Gwangju 2nd Beltway, Section 3-1	Gwangju Metropolitan City	30.0	10.9	30.0	10.9	90%	110%	
Machang Bridge	GSND <sup>4</sup>	30.0	14.5	30.0	14.5	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	15.6	15.0	0.6	60%	140%	
Incheon Grand Bridge	MOLIT <sup>4</sup>	30.0	15.8	15.0	0.8	80%	120%	

- For the government support payment provisions that are effective as at the record date
- % of annual concession agreement projected revenue
- Relevant government authorities are entitled to receive the portion exceeding the threshold
- MOLIT (Ministry of Land, Infrastructure and Transport) / GSND (Gyeongsang Namdo Government)
- No revenue guarantee applies if actual revenue is below 50% of the annual concession agreement projected revenue

# Macquarie Group and MAM Real Assets

MAM Real Assets is a division under Macquarie Asset Management (MAM) within Macquarie Group and has a 27-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 30 Sep 2023  
2. Based on 1 Apr 2023 – 30 Sep 2023 net profit  
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# Notice on Sustainability

## Our vision

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. 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) net zero commitment

In December 2020, we announced a commitment to invest and manage our portfolio in line with global net zero emissions by 2040.

The implementation of our net zero commitment is inherently complex, and we are in the early stages of making progress on our goals. There have been significant developments in this area over the past three years, including new methodologies that were not available in 2020, along with a deeper understanding of the various pathways to net zero and their associated challenges across the sectors and asset classes in which we invest.

In light of these developments, we confirm our commitment to invest and manage our portfolio in line with global net zero scope 1 and 2 greenhouse gas (GHG) emissions by 2040, where we have control or significant influence<sup>1</sup>. Where we do not have control or significant influence, such as in our managed portfolio of public securities, we will continue to support the goals of the Paris Agreement<sup>2</sup> in a manner consistent with our client-guided fiduciary and regulatory responsibilities.

Over the coming months, we will provide more detail on how we are implementing our net zero strategy across our various asset classes. We will also disclose further information on our interim targets, the assumptions we have made and the methodologies we are using<sup>3</sup>.

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.

1. MAM generally only has influence over scope 1 and 2 emissions. However, to the extent possible, in line with the Net Zero Asset Managers initiative guidance, MAM intends to support assets where it has control or significant influence to reduce their scope 3 emissions
2. The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by maintaining a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The Intergovernmental Panel on Climate Change concluded the need for net zero emissions by 2050 to remain consistent with 1.5°C
3. Learn more: [Macquarie Asset Management - Our approach to sustainability](https://mim.fgsfulfillment.com/download.aspx?sku=MAM-SUSTAIN-APPROACH) (https://mim.fgsfulfillment.com/download.aspx?sku=MAM-SUSTAIN-APPROACH)