Macquarie Korea Infrastructure Fund

Investor Presentation

1Q 2020
Important Notice

DISCLAIMER

This presentation and the information contained herein do not constitute any offer, solicitation, or advertisement of the securities of Macquarie Korea Infrastructure Fund (the “MKIF”) and does not constitute ‘solicitation’ as defined under the Financial Investment Services and Capital Markets Act of Korea. The MKIF does not have any intention to, and does not make, directly or indirectly, any offer or solicitation of its securities by this presentation.

MKIF and Macquarie Korea Asset Management Co., Ltd. (“MKAM”) are not authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their 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.

This presentation is not an offer for sale of the securities of MKIF in the United States except in transactions exempt from the registration requirements of the US Securities Act of 1933 and the US Investment Company Act of 1940. This document may not be distributed in the United States and the Shares will not be offered or sold to persons in the United States.

This presentation does not constitute a prospectus or other offering circular, in whole or in part. Any decision to purchase securities in the context of the offering of securities, if any, should be made solely on the basis of information contained in a published prospectus or other offering circular issued by the MKIF in connection with such an offering.

This presentation contains certain “forward looking statements.” These forward looking statements that include words or phrases such as the MKIF or its management “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees”, or other words or phrases of similar import. Similarly, statements that describe the MKIF’s objectives, plans or goals also are forward-looking statements. All such forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward-looking statements are made based on management’s current expectations or beliefs as well as assumptions made by, and information currently available to, management. There is no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

Investments in MKIF are subject to investment risk, including possible delays in repayment or loss of income and/or capital investment. 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.
1 MKIF Overview
A Leading Infrastructure Fund in Korea

- Established in 2002 / Listed on the Korea Exchange in 2006
- Market capitalization of KRW ~4.0 trillion\(^1\)
- Invests only in Korea as defined under the Korean PPP Act\(^2\)
- Delivered approximately ~6.0% distribution yield\(^3\) in 2019
- Issuer credit rating of AA0 (Stable)\(^4\)

### Key Shareholder Groups\(^5\)

- International investors: 26.1%
- Domestic institutions: 45.0%
- Retail: 28.9%

### Top Shareholders\(^6\)

1. Newton Investment Management: 9.4%
2. Hanwha Group of Companies\(^7\): 4.8%
3. Shinyoung Asset Management: 3.5%
   
   * Macquarie Group: 3.6%

---

1. As at 29 Apr 2020
2. Act on Public Private Partnerships in Infrastructure (“PPP Act”) states infrastructure sectors including roads, railways, ports, water treatment, waste management, etc.
3. Distribution yield based on FY2019 closing share price of KRW 11,600 and FY2019 distributions; historical performance does not guarantee future performance
4. Issuer credit rating by NICE Investor Service on 3 Apr 2020
5. As at 31 Dec 2019
6. Source: Financial Supervisory Service (disclosures on holders and affiliates for the last 12 months from 29 Apr 2020)
7. Includes Hanwha General Insurance, Hanwha Life Insurance and Hanwha Asset Management
Fund History

### Establishment / Listing
**2002 / 2006**
- Established in Dec 2002
- Investment committed in 15 assets
  - 14 toll roads
  - 1 subway line
- Capital reached KRW 1.3tn

### Mandate
**Core / Core+**
(Korea only)

### Portfolio
**11 Roads, 1 Port, 1 Rail**
(all concessions)

### Market Capitalisation
**KRW ~4.0 trillion**
(KOSPI top 50)

**MKIF History**

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

#### 2002 ~ 2006
**Establishment & Capital Raising**
- Established in Dec 2002
- Investment committed in 15 assets
  - 14 toll roads
  - 1 subway line
- Capital reached KRW 1.3tn

#### 2006 ~ 2009
**IPO & Asset Stabilization**
- IPO in Mar 2006 (KRW 1.0tn)$^1$
- Listing on KRX and LSE$^1$
- 5 greenfield assets commenced operation on time & on budget
- Asset performance stabilized

#### 2007 ~
**Active Fund and Asset Management**
- 7 investments$^2$ / 4 divestments$^3$
- 9 fund-level debt refinancing$^4$
- Effective IR: improved market awareness & active share trading

#### 2017 ~
**Share Offering & New Growth**
- Mandate expansion
- Follow-on offering (KRW 147.2 bn)
- Seeking diverse investment opportunities

---

1. KRW 0.6tn = issuance of new shares, KRW 0.4tn = sale of old shares / MKIF delisted from LSE in Mar 2016
2. 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)
5. 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)
6. 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)
MKIF is a holding company of 13 infrastructure project companies. Active management of the underlying project companies. 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.

**Corporate Debt**
- Credit facility (KRW 250 bn)
- Corporate bonds (KRW 200 bn)

**Underlying Project Companies**
- Baekyang Tunnel Ltd.
- Kwangju Beltway Investment Co., Ltd.
- New Airport Hiway Co., Ltd.
- Soojungsan Investment Co., Ltd.
- Cheonan Nonsan Expressway Co., Ltd.
- Woomyunsan Infraway Co., Ltd.
- Kwangju Ring Road Company Ltd.
- MCB Co., Ltd.
- Gyeogsu Highway Co., Ltd.
- Seoul-Chuncheon Highway Co., Ltd.
- Incheon Bridge Co., Ltd.
- BNCT Co., Ltd.
- Dongbuk LRT Co., Ltd.

MKIF corporate tax exempted when 90% or more of its distributable earnings is distributed.

---

1. Includes investment commitment in Dongbuk LRT Co., Ltd.
2. MKIF-invested project companies
3. Out of KRW 250bn credit facility, KRW 55.1bn is drawn
4. KRW 100bn, 5-year bond (maturity date of Jun 2023) and KRW 100bn, 7-year bond (maturity date of Jun 2025)
Portfolio Summary

- KRW 1.7 trillion invested across 13 infrastructure assets in Korea
- Weighted average remaining life of the portfolio is 16.8 years (out of weighted average concession term of 29.4 years)
- Ratio of central and local government involvement is 71:29

Portfolio Composition by Asset

- Baekyang Tunnel: BYTL
- Gwangju Second Beltway, Section 1: KBICL
- Incheon International Airport Expressway: NAHC
- Soojungsan Tunnel: SICL
- Cheonan-Nonsan Expressway: CNEC
- Woomyunsan Tunnel: WIC
- Gwangju Second Beltway, Section 3-1: KRRC
- Machang Bridge: MCB
- Yongin-Seoul Expressway: YSE
- Seoul-Chuncheon Highway: SCH
- Incheon Grand Bridge: IBC
- Busan New Port Phase 2-3: BNP 2-3
- Dongbuk Light Rail Transit: DBR

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

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

<table>
<thead>
<tr>
<th>Relevant Authority</th>
<th>Government support period³</th>
<th>Concession term³</th>
</tr>
</thead>
<tbody>
<tr>
<td>(C) Central government</td>
<td>Present to 2025</td>
<td>~17 years</td>
</tr>
<tr>
<td>(L) Local government</td>
<td>Present to 2025</td>
<td>~17 years</td>
</tr>
</tbody>
</table>

1. Based on MKIF investment amount plus investment commitment of KRW 82.7bn in Dongbuk LRT Co., Ltd. (nil has been deployed)
2. Revenue guarantee and cost compensation payments received from relevant authorities, toll freeze compensations related to the CPI growth, etc.
3. Government support and early termination payment provisions vary for each concession
4. Project companies have the right to receive payments if the relevant concession agreement is terminated prior to expiration of the concession term, including termination due to events attributable to the concession company, the relevant authority, or for events of force majeure
5. Construction period of 5 years (2020~2024) expected, followed by a 30-year operation period (2025~2054 expected)
Financial Position

1. MKIF debt capped at 30% of its capital under PPP Act, with the current outstanding debt at KRW 255.1 billion out of KRW 450 billion limit under the existing loan agreements
   - KRW 55.1 billion is drawn from KRW 250 billion of credit facility limit
   - KRW 200 billion fixed-rate bonds (KRW 100 billion, 5-year bond maturing in June 2023 & KRW 100 billion, 7-year bond maturing in June 2025)
2. Weighted average interest rate of MKIF debt is 3.12%, and remaining average maturity is 4.0 years
3. Project company-level debt is expected to decline as senior debts are redeemed, and average remaining maturity of external debt is 6.5 years

**Project Company-level External Debt Balance**

<table>
<thead>
<tr>
<th>Year</th>
<th>(KRW bil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>800</td>
</tr>
<tr>
<td>2025</td>
<td>700</td>
</tr>
<tr>
<td>2030</td>
<td>600</td>
</tr>
<tr>
<td>2035</td>
<td>500</td>
</tr>
<tr>
<td>2040</td>
<td>400</td>
</tr>
<tr>
<td>2045</td>
<td>300</td>
</tr>
<tr>
<td>2050</td>
<td>200</td>
</tr>
<tr>
<td>2055</td>
<td>100</td>
</tr>
</tbody>
</table>

1. Current MKIF debt ceiling under PPP Act is KRW 544.7bn (30% of current MKIF paid-in-capital of KRW 1,815.6bn)
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 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 51.8bn)
5. Proportionately consolidated MKIF net debt / (proportionately consolidated MKIF net debt + average MKIF market capitalization for the previous 3 months)
6. Outstanding external debt balance of the underlying project companies based on respective MKIF equity ownership, assuming absence of additional restructuring or new investment
Distribution

- Distribution is paid semi-annually (record dates are 30 June and 31 December)
- Distribution floor is higher of taxable income or 100% of distributable accounting income to maintain tax exempt status

Distribution History

1. Distribution amount is treated as dividend income and is tax payable under the relevant Korean law. Investors are advised to consult their own tax advisors for the appropriate tax treatment of the distribution
2. Past result does not guarantee future performance
3. Includes over-distribution amount
4. FY2017 aggregated distribution per share of KRW 540 is lower than FY2017 earnings per share of KRW 557 due to the dilution effect from the issuance of new shares
Investment Highlights

- MKIF is structured to deliver long-term cash flow and income to investors via stable and growth-embedded portfolio
  - Stable, predictable, and inflation-linked income structure
  - Optimal capital structure of MKIF and continuous improvement in the financial position of project companies
  - Additional growth potential through (i) increase of ownership stake in the underlying project companies and (ii) new investment
  - Increase of shareholder return via enhanced portfolio value and sustainable distribution

---

1. Conceptual diagram, assuming the current portfolio remains unchanged; may be different from actual cash flow
1Q 2020 Performance
Key Performance

• **MKIF revenue and net income (P14)**
  - MKIF recorded revenue of KRW 140.9 billion and net income of KRW 130.1 billion for 1Q 2020 (the “Quarter”), an increase of 2.6% and 4.7% respectively compared with the previous corresponding period (“pcp”).
  - Revenue improved due to greater dividend income⁴, and net income increased due to higher revenue and reduced expenses.

• **Performance of toll roads (P17)**
  - On a weighted average basis, 11 toll road assets have delivered traffic volume and revenue declines of 7.1% and 18.2% during the Quarter over pcp.
  - The declines were caused mostly by reduced outdoor activities, delayed opening of schools and increased remote work in response to the Coronavirus outbreak.
  - Traffic revenue declined more than volume primarily due to the effect of the toll fare reduction² of Cheonan-Nonsan Expressway as part of restructuring in December 2019. Toll revenue loss resulting from the toll fare reduction will be fully compensated by end of month following an applicable quarter.

• **Performance of Busan New Port Phase 2-3 (P18)**
  - BNP 2-3 handled 0.51 million TEUs during the Quarter, a decline of 5.6% over pcp. The decline was mainly caused by:
    (i) the slowdown in global economy due to the Coronavirus outbreak
    (ii) a temporary reduction in the supply of active ships following the enforcement of IMO 2020 where an increasing number of ships have been immobilized in order to take required measures to comply with the new regulation - this issues has been affecting BNP 2-3’s handling volume since 4Q 2019
  - Revenue improved by 0.7% over pcp to KRW 27.1 billion due to a change in volume mix and an increase in tariff.
  - EBITDA improved by 3.5% over pcp to KRW 11.8 billion due to an increase in revenue and a slight decrease in operating expenses, recording an EBITDA margin of 43.4% for the Quarter.

---

1. 1Q 2020: dividend income of KRW 28.9bn from New Airport Hiway Co., Ltd.; KRW 45.3bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 17.0bn from Soojungsan Investment Co., Ltd.
   1Q 2019: dividend income of KRW 27.7bn from New Airport Hiway Co., Ltd.; KRW 51.8bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 7.0bn from Soojungsan Investment Co., Ltd.

2. The toll fare of Cheonan-Nonsan Expressway was reduced by 48% from KRW 9,400 per vehicle to KRW 4,900 per vehicle for Type 1 vehicles (small vehicles) as of 23 December 2019, but the Ministry of Land, Infrastructure and Transport (The “MOLIT”) has designated Korea Expressway Corporation to fully compensate (i) toll revenue loss resulting from the toll fare reduction for the remaining concession period and (ii) the support payment arising from the Minimum Revenue Guarantee (“MRG”) provision during the MRG period. The MOLIT guarantees full payment. Please refer to the disclosure dated 10 December 2019 on MKIF’s website (www.mkif.com) for further details.
1Q 2020 revenue and net income increased by 2.6% and 4.7% respectively compared with the pcp.

The increase in net income was mainly due to greater dividend income\(^1\) and reduced expenses.

### Financial Results

**Unaudited, non-consolidated – 1Q 2020 and 1Q 2019**

<table>
<thead>
<tr>
<th></th>
<th>1Q 2020 (Jan – Mar)</th>
<th>1Q 2019 (Jan – Mar)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>49,607</td>
<td>50,660</td>
<td></td>
</tr>
<tr>
<td>Dividend income(^1)</td>
<td>91,184</td>
<td>86,489</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>75</td>
<td>163</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>140,866</td>
<td>137,312</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fee</td>
<td>8,192</td>
<td>9,942</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,840</td>
<td>2,450</td>
<td></td>
</tr>
<tr>
<td>Other fees and expenses</td>
<td>739</td>
<td>693</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>10,771</td>
<td>13,085</td>
<td>(17.7%)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>130,095</td>
<td>124,227</td>
<td>4.7%</td>
</tr>
<tr>
<td>Normalised net income(^2)</td>
<td>130,095</td>
<td>124,227</td>
<td>4.7%</td>
</tr>
<tr>
<td><strong>EPS (KRW per share)</strong></td>
<td>373</td>
<td>356</td>
<td></td>
</tr>
<tr>
<td>Normalised EPS (KRW per share)(^2)</td>
<td>373</td>
<td>356</td>
<td></td>
</tr>
</tbody>
</table>

1. 1Q 2020: dividend income of KRW 28.9bn from New Airport Hiway Co., Ltd.; KRW 45.3bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 17.0bn from Soojungsan Investment Co., Ltd. 1Q 2019: dividend income of KRW 27.7bn from New Airport Hiway Co., Ltd.; KRW 51.8bn from Cheonan-Nonsan Expressway Co., Ltd.; KRW 7.0bn from Soojungsan Investment Co., Ltd.
2. Excludes one-off items
   1Q 2020: no one-off item
   1Q 2019: no one-off item
Financial Results
Audited, non-consolidated – 2019 and 2018

- 2019 revenue and net income increased by 12.8% and 19.5% respectively compared with the pcp
- The increase in net income was mainly due to higher interest income from Seoul-Chuncheon Highway Co., Ltd., greater dividend income\(^1\) and reduced expenses

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>295,204</td>
<td>261,615</td>
<td>12.8%</td>
</tr>
<tr>
<td>Interest income</td>
<td>198,935</td>
<td>195,810</td>
<td></td>
</tr>
<tr>
<td>Dividend income(^1)</td>
<td>93,721</td>
<td>65,553</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>2,548</td>
<td>252</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>46,917</td>
<td>53,903</td>
<td>(13.0%)</td>
</tr>
<tr>
<td>Management fee</td>
<td>36,087</td>
<td>38,495</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>7,942</td>
<td>9,831</td>
<td></td>
</tr>
<tr>
<td>Other fees and expenses</td>
<td>2,888</td>
<td>5,577</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>248,287</td>
<td>207,712</td>
<td>19.5%</td>
</tr>
<tr>
<td>Normalised net income(^2)</td>
<td>246,057</td>
<td>207,712</td>
<td>18.5%</td>
</tr>
<tr>
<td>EPS (KRW per share)</td>
<td>711</td>
<td>595</td>
<td></td>
</tr>
<tr>
<td>Normalised EPS (KRW per share)(^2)</td>
<td>705</td>
<td>595</td>
<td></td>
</tr>
</tbody>
</table>

1. 2019: dividend income of KRW 34.9bn from New Airport Highway Co., Ltd.; KRW 51.8bn from Cheonan Nonsan Expressway Co., Ltd.; KRW 7.0bn from Soojungsan Investment Co., Ltd. 2018: dividend income of KRW 31.3bn from New Airport Highway Co., Ltd.; KRW 34.2bn from Cheonan Nonsan Expressway Co., Ltd.
2. Excludes one-off items
   2019: prepayment fee income of KRW 2.2bn resulted from the refinancing of BNCT Co., Ltd. 2018: no one-off item
### Statement of Financial Position

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

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested Assets</td>
<td>1,686,484</td>
<td>1,667,890</td>
</tr>
<tr>
<td>Cash &amp; deposits</td>
<td>51,847</td>
<td>28,241</td>
</tr>
<tr>
<td>Loans</td>
<td>1,192,020</td>
<td>1,197,032</td>
</tr>
<tr>
<td>Equity securities</td>
<td>442,617</td>
<td>442,617</td>
</tr>
<tr>
<td>Others</td>
<td>454,669</td>
<td>431,084</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>446,242</td>
<td>422,582</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,674</td>
<td>2,674</td>
</tr>
<tr>
<td>Deferred costs, net</td>
<td>3,879</td>
<td>3,954</td>
</tr>
<tr>
<td>Prepayment</td>
<td>1,874</td>
<td>1,874</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,141,153</td>
<td>2,098,974</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fee payable</td>
<td>8,192</td>
<td>9,047</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>55,137</td>
<td>20,009</td>
</tr>
<tr>
<td>Bonds</td>
<td>199,563</td>
<td>199,535</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>6,583</td>
<td>6,635</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>269,475</td>
<td>235,226</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>1,815,615</td>
<td>1,815,615</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>56,063</td>
<td>48,133</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Equity</strong></td>
<td>1,871,678</td>
<td>1,863,748</td>
</tr>
<tr>
<td><strong>Total Liabilities and Shareholders’ Equity</strong></td>
<td>2,141,153</td>
<td>2,098,974</td>
</tr>
</tbody>
</table>

### CHANGE OF INVESTMENT

<table>
<thead>
<tr>
<th>Project Company</th>
<th>Item</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kwangju Beltway Investment Co., Ltd.</td>
<td>Senior Debt</td>
<td>(5,000)</td>
</tr>
</tbody>
</table>

* Excludes loan amortization of KRW 12 million from Baekyang Tunnel Ltd.
Toll Roads Performance

- Key highlights for 1Q 2020 are:
  - The declines traffic volume and revenue were caused mostly by reduced outdoor activities, delayed opening of schools and increased remote work in response to the Coronavirus outbreak.
  - Incheon International Airport Expressway & Incheon Grand Bridge showed higher declines in traffic volume due to decreasing number of airport users.
  - Woomyunsan Tunnel recorded a relatively higher decline in traffic volume as the tunnel had been impacted by both the Coronavirus outbreak and the normalization of traffic following the completion of roadwork by a major competing road in 3Q 2019.
  - Cheonan-Nonsan Expressway’s revenue declined more than volume primarily due to the effect of the toll fare reduction as part of restructuring in December 2019. Toll revenue loss resulting from the toll fare reduction will be fully compensated by end of month following an applicable quarter.
  - Gwangju 2nd Beltway, Section 1 & 3-1, Cheonan-Nonsan Expressway and Seoul-Chuncheon Highway are located in regions of Korea where the number of Coronavirus cases has been relatively low, and they showed milder declines in traffic volume than the other assets.

<table>
<thead>
<tr>
<th>1Q 2020</th>
<th>Average daily traffic volume</th>
<th>Average daily revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vehicles/day</td>
<td>% change yoy</td>
</tr>
<tr>
<td>Baekyang Tunnel</td>
<td>69,812</td>
<td>(8.7%)</td>
</tr>
<tr>
<td>Gwangju 2nd Beltway, Section 1</td>
<td>54,307</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>Incheon International Airport Expressway</td>
<td>79,096</td>
<td>(11.6%)</td>
</tr>
<tr>
<td>Soojungsan Tunnel</td>
<td>44,348</td>
<td>(8.1%)</td>
</tr>
<tr>
<td>Cheonan-Nonsan Expressway</td>
<td>50,652</td>
<td>(4.6%)</td>
</tr>
<tr>
<td>Woomyunsan Tunnel</td>
<td>30,155</td>
<td>(12.2%)</td>
</tr>
<tr>
<td>Gwangju 2nd Beltway, Section 3-1</td>
<td>47,988</td>
<td>(2.5%)</td>
</tr>
<tr>
<td>Machang Bridge</td>
<td>35,247</td>
<td>(7.4%)</td>
</tr>
<tr>
<td>Yongin-Seoul Expressway</td>
<td>88,156</td>
<td>(6.5%)</td>
</tr>
<tr>
<td>Seoul-Chuncheon Highway</td>
<td>50,908</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Incheon Grand Bridge</td>
<td>48,480</td>
<td>(11.4%)</td>
</tr>
<tr>
<td><strong>Weighted average growth rate</strong></td>
<td><strong>(7.1%)</strong></td>
<td><strong>(18.2%)</strong></td>
</tr>
</tbody>
</table>

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

BNCT 1Q 2020 Performance

<table>
<thead>
<tr>
<th></th>
<th>1Q 2020</th>
<th>1Q 2019</th>
<th>Change over pc p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume (TEU million)</td>
<td>0.51</td>
<td>0.54</td>
<td>(5.6%)</td>
</tr>
<tr>
<td>Revenue (KRW billion)</td>
<td>27.1</td>
<td>26.9</td>
<td>0.7%</td>
</tr>
<tr>
<td>EBITDA (KRW billion)</td>
<td>11.8</td>
<td>11.4</td>
<td>3.5%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>43.4%</td>
<td>42.2%</td>
<td>1.2%p</td>
</tr>
</tbody>
</table>

- BNP 2-3 handled 0.51 million TEUs during 1Q 2020, a decline of 5.6% over pc p. The decline in volume was mainly caused by the following:
  (i) the slowdown in global economy due to the Coronavirus outbreak
  (ii) a temporary reduction in the supply of active ships following the enforcement of IMO 2020 where an increasing number of ships have been immobilized in order to take required measures to comply with the new regulation - this issues has been affecting BNP 2-3’s handling volume since 4Q 2019

- Revenue improved by 0.7% to KRW 27.1 billion due to a change in volume mix and an increase in tariff. EBITDA improved by 3.5% to KRW 11.8 billion due to an increase in revenue and a slight decrease in operating expenses

BNCT Historical Results

- BNP 2-3’s target handling volume for 2020 is 2.39 million TEUs, or a 7.6% increase from the 2019 level
- BNCT raised additional capex funding in April 2019 via debt refinancing to undertake further capacity expansion
  - BNCT targets to increase the maximum capacity of BNP 2-3 to 3.2 million TEUs by the end of 2020

1. Actual performance may vary from the forecast provided by the management of BNCT
2. A new environmental regulation implemented by the International Maritime Organization (IMO) in an effort to reduce sulphur oxide emission from ships. Effective 2020, all ships must comply with this regulation by taking required measures, including installation of scrubbers (pollution control device) or use of low-sulphur fuel oil, to call ports in IMO’s 174 member states
Busan Port

- Busan Port is comprised of Busan New Port (the “New Port”) and Busan North Port (the “North Port”)
- Busan Port handled 21.6 million TEUs of container volume in 2019, of which the New Port handled 69% or 14.9 million TEUs
- Total handling volume for the New Port has grown over the last 7 years mainly due to (i) stable container volume growth in Busan Port overall and (ii) migration of vessel services from the North Port to the New Port
- Busan Port Authority forecasts continued volume growth in Busan Port overall, with 2020 target of 22.6 million TEUs, a 3.2% growth over pcp

Busan Port Highlights

<table>
<thead>
<tr>
<th>FY2018</th>
<th>BNP 2-3</th>
<th>New Port¹</th>
<th>North Port¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Terminals in Operation</td>
<td>(New Port Terminal)</td>
<td>5 Terminals</td>
<td>3 Terminals</td>
</tr>
<tr>
<td>Capacity¹ (TEUs p.a.)</td>
<td>2.5 mil</td>
<td>15.2 mil</td>
<td>7.0 mil</td>
</tr>
<tr>
<td>Handling Volume³ (TEUs)</td>
<td>2.22 mil</td>
<td>14.9 mil</td>
<td>6.7 mil</td>
</tr>
<tr>
<td>Volume Growth (over pcp)</td>
<td>(5.4%)</td>
<td>2.3%</td>
<td>(0.5%)</td>
</tr>
<tr>
<td>Utilisation Rate</td>
<td>89%</td>
<td>98%</td>
<td>96%</td>
</tr>
<tr>
<td>Market Share⁴ within Busan Port</td>
<td>10%</td>
<td>69%</td>
<td>31%</td>
</tr>
</tbody>
</table>

1. Source: Busan Port Authority
3. Source: volume for BNP 2-3 includes shifting; volumes for the New Port and the North Port are compiled by Busan Port Authority and do not include shifting
4. Based on 2019 handling volume

Historical Performance of the New Port³

![Historical Performance of the New Port chart](image-url)
## Litigation and Dispute

- The pending litigation and dispute are summarized below

<table>
<thead>
<tr>
<th>Project Company</th>
<th>% of MKIF Portfolio</th>
<th>Case</th>
<th>Progress</th>
<th>Current Status</th>
</tr>
</thead>
</table>
| **Baekyang Tunnel Ltd. ("BYTL")** | 0.1% | Claim of overdue payments\(^2\) | - Busan District Court ruled against BYTL in October 2016  
- Busan high Court ruled against BYTL in April 2017  
- The Supreme Court remanded the case to Busan High Court in January 2019 | Case remanded to Busan High Court |
| **Incheon Grand Bridge Co., Ltd. ("IBC")** | 17.3% | Interpretation of the non-competition provision under the Concession Agreement\(^3\) | - IBC submitted a request for arbitration to the International Chamber of Commerce (the “ICC”) in April 2018  
- Arbitration ruling expected during 1H 2020\(^4\) | Arbitration in progress at the ICC |

---

1. On MKIF investment amount basis
2. Claimed amount: KRW 13.1bn (toll compensation)
3. Refer to the disclosure on MKIF website (www.mkif.com) on 20 Apr 2018
4. Actual duration of the Arbitration may differ from the expectation
3 Refinancing of BNCT Co, Ltd.
Refinancing Highlights

• BNCT Co., Ltd. (“BNCT”), the concessionaire of Busan New Port 2-3 (“BNP 2-3”), undertook debt refinancing in April 2019 that primarily involves the following:

(i) Refinancing of the existing senior debt (KRW 461.5 billion) on increased size (KRW 535.3 billion) and extended maturity (+8.25 years\(^1\))
   - New senior debt includes the additional capex funding of KRW 65.6 billion that will enable BNCT to increase the maximum capacity of BNP 2-3 to 3.2 million TEUs by 2020\(^2\)
   - Extended maturity with a more smoothed-out repayment schedule is expected to enhance BNCT’s liquidity

(ii) Establishment of a new external mezzanine debt tranche (KRW 96.0 billion) to fully retire the existing junior subordinated debt (KRW 44.6 billion)
   - Entire deferred interest on junior subordinated debt (KRW 49.2 billion) to be received by MKIF
   - MKIF recorded a one-off gain of KRW 2.2 billion in the first half of 2019

(iii) A one-year concession term reduction (28 years and 3 months) as per profit sharing with the government

Busan New Port 2-3

• Full-service container terminal in Busan: BNP 2-3 is a 2.5 million TEU capacity full-service container terminal in Busan, the sixth largest container port in the world

• Recent performance: handling volume reached ~89%\(^3\) of current full capacity of 2.5 million TEUs, driven by stable container volume growth in Busan and migration of vessel services from the North Port\(^4\) to the New Port\(^4\)

• Further growth prospect: further capacity expansion of BNP 2-3 will allow BNCT to accommodate the growing volume

---

1. Based on the last principal repayment date
2. Target by the management of BNCT
3. Based on 2019 handling volume
4. The North Port = Busan North Port; The New Port = Busan New Port
## Refinancing Summary

<table>
<thead>
<tr>
<th>Source</th>
<th>Pre-Transaction</th>
<th>Post-Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior Debt (Refinanced)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amount:</strong> principal increased from KRW 461.5bn to KRW 535.3bn, which includes capex funding of KRW 65.6bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest Rates:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Tranche A-2 (floating): KRW 310.0bn at 91CD&lt;sup&gt;1&lt;/sup&gt; + 225bps p.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Tranche B (floating): KRW 135.3bn at 91CD&lt;sup&gt;1&lt;/sup&gt; + 250bps p.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maturity:</strong> 1Q 2036&lt;sup&gt;2&lt;/sup&gt; (▲ 8.25 years&lt;sup&gt;2&lt;/sup&gt;)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>External Mezz-Debt (New)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amount:</strong> KRW 96.0bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest Rate:</strong> 5.5% p.a.</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Maturity:</strong> 1Q 2036</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Debt (No Change)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amount:</strong> KRW 193.0bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest Rate:</strong> 12.0% p.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maturity:</strong> 1Q 2033&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Junior Sub-Debt (Retired)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amount:</strong> KRW 44.6bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest Rate:</strong> 14.0% p.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maturity:</strong> 4Q 2037</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. 1.10% on 31 Mar 2020 (KOFIA)
2. Based on the last principal repayment date
3. The sub-debt principal is to be redeemed after the senior debt principal and external mezz-debt principal are fully repaid

**Note:** MKIF indicates Macquarie Investment Funds, and Tr indicates tranche.
Restructuring of Cheonan Nonsan Expressway Co., Ltd.
Restructuring Highlights

- Cheonan Nonsan Expressway Co., Ltd. (“CNEC”) completed restructuring in December 2019 that involves:
  (i) Reduction of toll fare by 48%\(^1\) (toll fare reduction effective from 23 December 2019)
  (ii) MOLIT\(^2\) has designated KEC\(^3\) to fully compensate the Toll Fare Reduction Compensation\(^4\) for the remaining concession period and the MRG Compensation\(^5\) during the MRG Period; MOLIT\(^2\) to guarantee full payment
    - KEC\(^3\) to compensate the Toll Fare Reduction Compensation\(^4\) and MRG Compensation\(^5\) in advance, and retrieve them with toll revenues to be earned from operating Cheonan Nonsan Expressway for a period agreed by the MOLIT after the concession period ends
    - Both Compensations\(^4,5\) are due end of the month following the applicable quarter
    - Impact of traffic volume increase attributable to the toll fare reduction is to be calculated based on traffic volume / toll fare elasticity, and will be excluded from the Toll Fare Reduction Compensation\(^4\)
  (iii) No change in the Concession Period, MRG Period and shareholding & capital structures of CNEC

---

1. Toll Fare reduced from KRW 9,400 per vehicle to KRW 4,900 per vehicle for Type 1 vehicles (small vehicles)
2. The Ministry of Land, Infrastructure and Transport
3. Korea Expressway Corporation; a state-owned enterprise under the MOLIT with the credit rating of AAA from Korea Ratings, KIS Rating and NICE Rating as at the date of disclosure; MOLIT to guarantee payment shortfall by KEC pursuant to the Amended Concession Agreement
4. Toll Fare Reduction Compensation: toll revenue loss resulting from the toll fare reduction as a result of the Restructuring
5. MRG Compensation: the support payment arising from the Minimum Revenue Guarantee (“MRG”) provision under the Concession Agreement
Investment in Dongbuk Light Rail Transit Project
Investment Highlights

1. To invest in a light rail transit Project in northeast Seoul
   - **Dongbuk Light Rail Transit Project**
     - Concession project to build & operate a light rail transit system in northeast Seoul
     - Competent Authority: Seoul Metropolitan City Concessionaire: Dongbuk LRT Co., Ltd.
     - Project investment of KRW 779.7bn in the form of equity and sub & senior loans
     - Construction: 5 years (2020-2024 target) Operation: 30 years (2025-2054 expected)
   - **MKIF to invest KRW 82.7bn**
     - Targets to acquire 30% of equity (KRW 35.4bn) and 50% of sub-loan (KRW 47.3bn) interest in the Concessionaire
     - Investment amount is equivalent to ~5% of MKIF portfolio
     - To be funded with MKIF’s available cash and unused revolving credit facility; drawdown anticipated over the construction period

2. Dongbuk LRT is expected to serve transport needs of various groups
   - **To provide a competitive transportation option along its route**
     - The route passes through population-dense areas in Seoul with ~520,000 residents living near the railway stations
     - Current surrounding transport infrastructure is comparatively under-developed to efficiently serve this robust demand
     - Dongbuk LRT is expected to offer a new competitive transportation means along its route in terms of travel time and cost, attracting some of the commuting drivers and public transportation users in the region
   - **To provide an access to and from the main business districts of Seoul**
     - 7 of 16 stations are transfer stations that connect to 9 other metro systems in Seoul
     - Dongbuk LRT will provide users an access to/from 3 main business districts of Seoul (CBD, YBD, GBD) via its transfer stations

3. Positive impacts to MKIF expected
   - **Improvement in distributable earnings**
     - Improvement in MKIF’s distributable earnings expected due to income generated from the investment
     - Secured various contractual provisions from the Seoul Metropolitan City (“SMC”) and construction investors (“CI”) to protect MKIF against risks associated with the Project’s revenue
   - **Return enhancement**
     - Enhancement of MKIF’s total shareholder return anticipated following the Investment
   - **Extension of the operating life of MKIF portfolio by ~1 year**
     - The Investment will extend the weighted average operating life of MKIF portfolio by ~1 year to 16.8 years

---

1. Weighted average on an investment amount basis on 31 Mar 2020; full deployment of the Investment assumed
2. MKIF has KRW 51.8bn of available cash and KRW 194.9bn of unused revolving credit facility balance on 31 Mar 2020
3. Source: Statistical Geographic Information Service provided by Statistics Korea of the Korean Government; number of residents is the sum of residents registered to local districts that Dongbuk LRT railway stations are located
4. Actual may be different from expectation
5. SMC Obligations: (i) free ride compensation (up to 21.2%~30.8% of annual Concession Agreement (“CA”) forecast demand, (ii) toll freeze compensation, (iii) termination payment upon early termination of the concession
6. CI Obligations: (i) For every year starting from the fifth anniversary of the operation period to the end of the operation period, if the accumulated actual revenue of the Concessionaire falls at or below 80% of the accumulated CA forecast revenue, the CIs are obligated to provide a joint guarantee to complete the refinancing necessary to fully repay FIs’ equity capital and principal & interest of the subordinated loan, (ii) If the termination payment received due to fault of the Concessionaire is insufficient to fully repay FIs’ equity capital and principal & interest of the subordinated loan, the CIs are to provide a joint guarantee on the shortfall, (iii) If the accumulated actual operating costs exceed the accumulated CA forecast operating costs, the CIs are obligated to reimburse the excess cost to the Concessionaire, (iv) Cash deficiency support of KRW 60bn is provided to the Concessionaire to guarantee a certain level of quarterly cash yield for the FIs
Located in the population-dense region in northeast Seoul, Dongbuk LRT is expected to provide users a competitive transportation means along its route and an access to/from main business districts of Seoul.
1. Other Financial Investors (“FI”): Fund under Industrial Bank of Korea (16.88%) and Fund under an affiliate of Korea Development Bank (13.12%)
2. Construction Investors (“CI”): Hyundai Engineering Co., Ltd. (12.80%), Hyundai Rotem Co. (8.84%), Kumho Industrial Co., Ltd. (6.96%), Kolon Global Corporation Co., Ltd. (4.20%), Hoban Engineering Co., Ltd. (4.20%), Dae Myung Construction (3.00%)

4. Interest rates include the fee charged by Korea Credit Guarantee Fund to guarantee repayment of the loan
5. 2.08% on 31 Mar 2020 (KOFIA)
## Project Participants

### Major Cis

<table>
<thead>
<tr>
<th>Company</th>
<th>Investment Form</th>
<th>Credit Rating¹</th>
<th>Asset²</th>
<th>Revenue²</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>HYUNDAI Engineering CO. LTD</td>
<td>Equity</td>
<td>AA-</td>
<td>KRW 6.2tn</td>
<td>KRW 6.3tn</td>
<td>Major EPC company in Korea</td>
</tr>
<tr>
<td>HYUNDAI Rotem</td>
<td>Equity</td>
<td>A-</td>
<td>KRW 4.0tn</td>
<td>KRW 2.4tn</td>
<td>Global manufacturer of trains</td>
</tr>
</tbody>
</table>

¹ Latest credit rating published by Korea Ratings Corporation, Korea Investor Services Inc. and/or NICE Investors Service Co. on bonds issued by respective company

### Major FIs and Senior Loan Lenders

<table>
<thead>
<tr>
<th>Company</th>
<th>Investment Form</th>
<th>Credit Rating¹</th>
<th>Asset²</th>
<th>Revenue²</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>KB Kookmin Bank</td>
<td>Senior Loan</td>
<td>AAA</td>
<td>KRW 357.0tn</td>
<td>KRW 11.4tn</td>
<td>#1 Bank in Korea (rank based on asset size²)</td>
</tr>
<tr>
<td>Industrial Bank of Korea</td>
<td>Equity Senior Loan</td>
<td>AAA</td>
<td>KRW 289.5tn</td>
<td>KRW 9.9tn</td>
<td>Government-owned Bank</td>
</tr>
<tr>
<td>KDB Bank</td>
<td>Equity Senior Loan</td>
<td>AAA</td>
<td>KRW 260.1tn</td>
<td>KRW 6.6tn</td>
<td>Government-owned Bank</td>
</tr>
</tbody>
</table>

¹ Latest credit rating published by Korea Ratings Corporation, Korea Investor Services Inc. and/or NICE Investors Service Co. on bonds issued by respective company

² Asset and revenue from 2018 consolidated financial statements of respective company; the revenues of the banks are the sum of interest income and commission income
Asset Highlights (1) – Location & Potential Demands

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

Seoul City’s Demographics by Region¹

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

Seoul City’s Employment Status by Region²

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

---

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

2. Source: Seoul City Public Database (number of employees in CBD (Jongno-gu and Jung-gu), YBD (Yeongdeungpo-gu and Mapo-gu) and GBD (Gangnam-gu and Seocho-gu))
Dongbuk LRT is anticipated to offer a new competitive means of transportation along its heavily-congested route.

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

Source for Car/Bus/Subway: major map service providers in Korea
Source for Dongbuk LRT: Seoul City Press Release on 25 Sep 2019 and the results of traffic due diligence studies arranged by the Concessionaire and MKIF
Asset Highlights (3) – Robust Public Transportation User Base

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

Demand for Subways¹
- ~290,000 daily passengers are using the existing subways near Dongbuk LRT

Demand for Buses²
- ~350,000 daily users are taking buses along the route of Dongbuk LRT

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

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

Dongbuk LRT

101 Shopping Mall
102 Homeplus Mart
103 Kyungdong Market
104 Korea University
105 E-Mart
106 Shopping Mall
107 E-Mart
108 Homeplus Mart
109
110
111
112
113
114
115
116

#101
#103
#105
#106
Region Landscape (2)

Dongbuk LRT passes through highly-populated regions with narrow street lines underground.
Region Landscape (3)

Dongbuk LRT passes through highly-populated regions with narrow street lines underground.
Region Landscape (4)

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

Stations → #101 #102 #103 #104 #105 #106 #107 #108 #109 #110 #111 #112 #113 #114 #115 #116

101: Shopping Mall (Enter Six)
101, 107: Cinema (CGV)
101, 106, 107, 111: E-Mart
102, 113: Homeplus Mart

103: Kyungdong Market
104: Korea University
107: Hyundai Department Store
107: Lotte Department Store

109: Forest of Dreams (660,000 m²)
112: Eulji Hospital
113: Seoul Tech University
114: Academy Zone
## Revenue Analysis

1. **Fare Revenue**
   - **A. Farebox Revenue**
     - \[ \text{KRW 1,250}^1 \times \text{# Paid Direct Users} + \text{Distance Revenue} (>10\text{km}) \]
     - **Transfer Discount**
   - **B. Free Ride Compensation**
     - \[ \text{KRW 1,250}^1 \times \text{# Free Direct Users}^4 \]
   - **C. Toll Freeze Compensation**
     - \[ \text{Toll Difference}^6 \times \text{Direct Users + Transfer Users} \]

1. **Ancillary Revenue**
   - **Store Lease**
   - **Advertisement**
   - **Telecommunication**

---

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

Contractual provision in place to protect the FIs (MKIF) from downside risk on the entire revenue.
Appendix
# Management Fee

<table>
<thead>
<tr>
<th>Management Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 85bps p.a. of (Net Investment Value (*NIV) + Commitment) of MKIF</td>
</tr>
<tr>
<td>• Commitment means all amounts that MKIF has firmly committed for future investment; commitment of KRW 82.7 billion outstanding on 31 March 2020</td>
</tr>
<tr>
<td>• Management Fee is calculated and paid on a quarterly basis</td>
</tr>
</tbody>
</table>

* NIV for any quarter equals:

<table>
<thead>
<tr>
<th>NIV for any quarter equals:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The average market capitalisation(^1) of MKIF over all trading days in the quarter</td>
</tr>
<tr>
<td>• NIV is adjusted down by MKIF net debt (debt minus cash &amp; cash equivalents) when net debt is a negative figure</td>
</tr>
</tbody>
</table>

---

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

**Minimum Revenue Guarantee ("MRG") Scheme**

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

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

(As at 31 March 2020)
### Performance of the Project Companies in Operation

(Unit: KRW mil)

<table>
<thead>
<tr>
<th>Project Company</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Adjusted operating revenue</td>
<td>OPEX</td>
</tr>
<tr>
<td>Baekyang Tunnel Ltd.</td>
<td>26,669 (4,411)</td>
<td>22,258 (68,700)</td>
</tr>
<tr>
<td>Kwangju Beltway Investment Co., Ltd.</td>
<td>34,889 (7,865)</td>
<td>27,024 (5,691)</td>
</tr>
<tr>
<td>New Airport Hiway Co., Ltd.</td>
<td>259,892 (32,731)</td>
<td>227,161 (60,810)</td>
</tr>
<tr>
<td>Soojunsan Investment Co., Ltd.</td>
<td>24,806 (4,535)</td>
<td>20,272 (16,354)</td>
</tr>
<tr>
<td>Cheonan Nonsan Expressway Co., Ltd.</td>
<td>247,819 (36,267)</td>
<td>211,552 (253,531)</td>
</tr>
<tr>
<td>Woomyunsan Infraway Co., Ltd.</td>
<td>28,158 (4,927)</td>
<td>23,232 (10,796)</td>
</tr>
<tr>
<td>Kwangju Ring Road Company Ltd.</td>
<td>22,912 (8,212)</td>
<td>14,700 (2,022)</td>
</tr>
<tr>
<td>MCB Co. Ltd.</td>
<td>34,560 (6,310)</td>
<td>28,249 (3,020)</td>
</tr>
<tr>
<td>Gyeongsu Highway Co., Ltd.</td>
<td>63,641 (16,273)</td>
<td>47,368 (344,192)</td>
</tr>
<tr>
<td>Seoul-Chuncheon Highway Co., Ltd.</td>
<td>139,605 (27,612)</td>
<td>111,994 (395,694)</td>
</tr>
<tr>
<td>Incheon Bridge Co. Ltd.</td>
<td>113,559 (24,580)</td>
<td>88,979 (339,842)</td>
</tr>
<tr>
<td>BNCT Co., Ltd.</td>
<td>113,113 (60,203)</td>
<td>52,910 (543,351)</td>
</tr>
<tr>
<td><strong>Proportionate average</strong></td>
<td><strong>505,813 (104,104)</strong></td>
<td><strong>401,710 (466,260)</strong></td>
</tr>
</tbody>
</table>

1. Based on 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 cash balance of Surplus Income Account (which is overseen by the relevant authority) were excluded
5. For calculation of net debt, the senior loan backed by the relevant authority was excluded
6. On a proportionate average basis based on MKIF’s equity interest in each project company
## MKIF Investment Details

(As at 31 March 2020)

<table>
<thead>
<tr>
<th>Project Company</th>
<th>Asset Abbrev.</th>
<th>Equity</th>
<th>Ownership (%)</th>
<th>Subordinated Debt</th>
<th>Senior Debt</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baekyang Tunnel Ltd.</td>
<td>BYTL</td>
<td>1.2</td>
<td>100.0</td>
<td>-</td>
<td>1.2</td>
<td>2.4</td>
</tr>
<tr>
<td>Kwangju Beltway Investment Co., Ltd.</td>
<td>KBICL</td>
<td>33.1</td>
<td>100.0</td>
<td>85.2²</td>
<td>82.3</td>
<td>200.6</td>
</tr>
<tr>
<td>New Airport Hiway Co., Ltd.</td>
<td>NAHC</td>
<td>23.6</td>
<td>24.1</td>
<td>51.7</td>
<td>-</td>
<td>75.3</td>
</tr>
<tr>
<td>Soojungsan Investment Co., Ltd.</td>
<td>SICL</td>
<td>47.1</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>47.1</td>
</tr>
<tr>
<td>Cheonan Nonsan Expressway Co., Ltd.</td>
<td>CNEC</td>
<td>87.8</td>
<td>60.0</td>
<td>182.3</td>
<td>-</td>
<td>270.1</td>
</tr>
<tr>
<td>Woomyunsan Infraway Co., Ltd.</td>
<td>WIC</td>
<td>5.3</td>
<td>36.0</td>
<td>-</td>
<td>15.0</td>
<td>20.3</td>
</tr>
<tr>
<td>Kwangju Ring Road Company Ltd.</td>
<td>KRRC</td>
<td>28.9</td>
<td>75.0</td>
<td>-</td>
<td>-</td>
<td>28.9</td>
</tr>
<tr>
<td>MCB Co. Ltd.</td>
<td>MCB</td>
<td>33.8</td>
<td>70.0</td>
<td>79.0</td>
<td>-</td>
<td>112.8</td>
</tr>
<tr>
<td>Gyeongsu Highway Co., Ltd.</td>
<td>YSE</td>
<td>51.5</td>
<td>43.75</td>
<td>99.6</td>
<td>-</td>
<td>151.1</td>
</tr>
<tr>
<td>Seoul-Chuncheon Highway Co., Ltd.</td>
<td>SCH</td>
<td>0.6</td>
<td>15.83</td>
<td>161.7</td>
<td>-</td>
<td>162.3</td>
</tr>
<tr>
<td>Incheon Bridge Co. Ltd.</td>
<td>IBC</td>
<td>54.4</td>
<td>64.05</td>
<td>241.0</td>
<td>-</td>
<td>295.4</td>
</tr>
<tr>
<td>BNCT Co., Ltd.</td>
<td>BNP 2-3</td>
<td>66.4</td>
<td>30.0</td>
<td>193.0</td>
<td>-</td>
<td>259.4</td>
</tr>
<tr>
<td>Dongbuk LRT Co., Ltd.</td>
<td>DBR</td>
<td>35.4</td>
<td>30.0</td>
<td>47.3</td>
<td>-</td>
<td>82.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>469.1</td>
<td></td>
<td>1,140.8</td>
<td>98.5</td>
<td>1,708.4</td>
</tr>
<tr>
<td><strong>Percentage (%)</strong></td>
<td></td>
<td>27.4%</td>
<td></td>
<td>66.8%</td>
<td>5.8%</td>
<td>100%</td>
</tr>
</tbody>
</table>

1. Based on MKIF investment amount plus investment commitment of KRW 82.7bn in Dongbuk LRT Co., Ltd. (nil has been deployed)
2. Includes KRW 3.2bn working capital facility and KRW 50bn new shareholder loan

(As at 31 March 2020)

<table>
<thead>
<tr>
<th>Asset</th>
<th>Relevant Authority</th>
<th>Concession Term</th>
<th>Concession Term Remaining</th>
<th>Support Payment Duration</th>
<th>Support Payment Duration Remaining</th>
<th>Revenue Guarantee Threshold</th>
<th>Revenue Cap Threshold</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baekyang Tunnel</td>
<td>Busan Metropolitan City</td>
<td>25.0</td>
<td>4.8</td>
<td>25.0</td>
<td>4.8</td>
<td>90%</td>
<td>110%</td>
<td></td>
</tr>
<tr>
<td>Gwangju 2nd Beltway, Section 1</td>
<td>Gwangju Metropolitan City</td>
<td>28.0</td>
<td>8.8</td>
<td>28.0</td>
<td>8.8</td>
<td>Investment cost compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incheon International Airport Expressway</td>
<td>MOLIT</td>
<td>30.0</td>
<td>10.8</td>
<td>20.0</td>
<td>0.8</td>
<td>80%</td>
<td>110%</td>
<td>Target cash flow of the concessionaire guaranteed</td>
</tr>
<tr>
<td>Soojungsan Tunnel</td>
<td>Busan Metropolitan City</td>
<td>25.0</td>
<td>7.1</td>
<td>25.0</td>
<td>7.1</td>
<td>90%</td>
<td>110%</td>
<td>For toll revenue below 90%, Busan Metropolitan City is obligated to compensate 91.5% of the shortfall amount</td>
</tr>
<tr>
<td>Cheonan-Nonsan Expressway</td>
<td>MOLIT</td>
<td>30.0</td>
<td>12.7</td>
<td>20.0</td>
<td>2.7</td>
<td>82%</td>
<td>110%</td>
<td>Partial revenue sharing in excess of 82% to 110% level</td>
</tr>
<tr>
<td>Woomyunsan Tunnel</td>
<td>Seoul Metropolitan City</td>
<td>30.0</td>
<td>13.8</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td>As part of the capital restructuring transaction completed in Jan 2016, MRG provision was removed</td>
</tr>
<tr>
<td>Gwangju 2nd Beltway, Section 3-1</td>
<td>Gwangju Metropolitan City</td>
<td>30.0</td>
<td>14.7</td>
<td>30.0</td>
<td>14.7</td>
<td>90%</td>
<td>110%</td>
<td></td>
</tr>
<tr>
<td>Machang Bridge</td>
<td>GSND</td>
<td>30.0</td>
<td>18.3</td>
<td>30.0</td>
<td>18.3</td>
<td>75.78%</td>
<td>100%</td>
<td>Revenue guarantee applies to MCB account</td>
</tr>
<tr>
<td>Yongin-Seoul Expressway</td>
<td>MOLIT</td>
<td>30.0</td>
<td>19.3</td>
<td>10.0</td>
<td>-</td>
<td>70%</td>
<td>130%</td>
<td></td>
</tr>
<tr>
<td>Seoul-Chunchon Highway</td>
<td>MOLIT</td>
<td>30.0</td>
<td>19.4</td>
<td>15.0</td>
<td>4.4</td>
<td>60%</td>
<td>140%</td>
<td></td>
</tr>
<tr>
<td>Incheon Grand Bridge</td>
<td>MOLIT</td>
<td>30.0</td>
<td>19.6</td>
<td>15.0</td>
<td>4.6</td>
<td>80%</td>
<td>120%</td>
<td></td>
</tr>
<tr>
<td>Busan New Port Phase 2-3</td>
<td>MOF</td>
<td>28.3</td>
<td>20.0</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dongbuk Light Rail Transit</td>
<td>Seoul Metropolitan City</td>
<td>30.0</td>
<td>30.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Weighted average**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weighted average</td>
</tr>
<tr>
<td></td>
<td>29.4</td>
</tr>
</tbody>
</table>

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

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

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

---

**Macquarie Group Limited**

**Macquarie Asset Management (MAM)**

Total AUM: $A562 billion\(^1\)

**Macquarie Infrastructure and Real Assets (MIRA)**

Alternatives (Infrastructure, Renewable Energy, Real Estate, Agriculture, etc.)

**Macquarie Investment Management (MIM)**

Equities and Fixed Income

**Commodities and Global Markets (CGM)**

**Banking and Financial Services (BFS)**

**Macquarie Capital (MacCap)**

---

**Contribution to Macquarie Group Net Profit\(^2\)**

- **Macquarie Asset Management**: 39%
- **Commodities and Global Markets**: 40%
- **Banking and Financial Services**: 13%
- **Macquarie Capital**: 8%

---

1. As at 30 Sep 2019
2. Based on 1H 2020 (1 Apr 2019 – 30 Sep 2019) net profit