

[UNOFFICIAL TRANSLATION REFERENCE PURPOSE ONLY]

THIS ENGLISH TRANSLATION OF THE PROSPECTUS IS FOR INFORMATION PURPOSES ONLY, AND MKIF DOES NOT GUARANTEE THE ACCURACY AND CORRECTNESS OF THIS TRANSLATION. THIS ENGLISH TRANSLATION MAY CONTAIN UNINTENDED ERRORS OR INACCURACIES, AND THE CONTENTS IN THE ORIGINAL PROSPECTUS IN KOREAN MAY HAVE BEEN OMITTED OR ALTERED. AS A RESULT OF SUCH ERRORS, INACCURACIES, OMISSIONS OR ALTERATIONS, THIS ENGLISH TRANSLATION MAY BE READ OR INTERPRETED DIFFERENTLY FROM THE KOREAN ORIGINAL. INVESTORS MUST READ THE ORIGINAL PROSPECTUS IN KOREAN CAREFULLY BEFORE ANY INVESTMENT DECISION. IN THE EVENT OF A DIFFERENCE BETWEEN THE KOREAN ORIGINAL AND THE ENGLISH TRANSLATION, THE KOREAN ORIGINAL PREVAILS. THIS ENGLISH TRANSLATION IS NEITHER PREPARED FOR THE PURPOSE OF SUBMISSION TO ANY GOVERNMENTAL ENTITY, STOCK EXCHANGE OR ANY OTHER SIMILAR INSTITUTION OUTSIDE KOREA NOR LEGALLY BINDING ON MKIF. MKIF WILL NOT BE HELD LIABLE FOR ANY USE OF THIS ENGLISH TRANSLATION OR ANY INFORMATION CONTAINED THEREIN BY ANY PERSON.

Prospectus (English Translation)

[Collective Investment Securities - Company Type]

Submitted to the Financial Services Commission

10 December 2020

Company Name:	Macquarie Korea Infrastructure Fund (Fund Code: 35801)
Asset Manager:	Macquarie Korea Asset Management Co., Ltd. ("MKAM")
Contact:	(Address) 18th Floor, Unit A, Centropolis 26, Ujeongguk-ro, Jongno-gu Seoul 03161 KOREA (Tel) 02-3705-8565
Authorized Person:	(Title) Associate Director (Name) Dae Sung Lee (Tel) 02-3705-4950
Type of Security Offered and Number of Security Units on Offer (the "Offering"):	23,148,149 registered common shares with no par value
Total Amount of Offering Proceeds:	KRW 244,212,971,950
Shares Offered:	Type of securities issued and outstanding: registered common shares with no par value
Authorized Number of Shares:	Total number of shares authorized to be issued according to the Company's Articles of Incorporation ("AOI"): four billion (4,000,000,000) shares
Subscription Period:	Existing shareholders (warrant holders) subscription: 14 December 2020 – 15 December 2020 Public offering or sale subscription: 17 December 2020 – 18 December 2020
Initial Submission Date of the Prospectus:	9 November 2020
Registration Statement and Prospectus are available at:	A. Registration Statement E-Document Financial Supervisory Services → http://dart.fss.or.kr B. Prospectus

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	<p>E-Document Financial Supervisory Services → http://dart.fss.or.kr</p> <p>Written Document Macquarie Korea Infrastructure Fund → 18th Floor, Unit A, Centropolis, 26 Ujeongguk-ro, Jongno-gu, Seoul, Korea (Office of MKAM)</p> <p>KB Securities Co., Ltd., 50 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 07328 Korea NH Investment & Securities Co., Ltd., 60 Yeoui-daero, Yeongdeungpo-gu Seoul Korea Shinhan Investment Corp., 70 Yeoui-daero, Yeongdeungpo-gu, Seoul, 07325 Korea</p>
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The Financial Services Commission of Korea does not acknowledge the propriety and accuracy of this document nor does it guarantee or approve the value of MKIF's shares. We advise you to be as prudent as possible in making investment decisions as the investment may entail a loss of principal.

This English translation of the Korean Prospectus is for information purposes only, and MKIF does not guarantee the accuracy and correctness of this translation. Investors must read the original Prospectus in Korean carefully before any investment decision. In the event of a difference between the Korean original and the English translation, the Korean original prevails. This English translation is neither prepared for the purpose of submission to any governmental entity, stock exchange or any other similar institution outside Korea nor legally binding on MKIF. MKIF will not be held liable for any use of this English translation or any information contained therein by any person.

Name of the Collective Investment Vehicle and Fund Code (including Types)

Name of Company (Types)	KOFIA Fund Code
Macquarie Korea Infrastructure Fund ¹	35801

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DISCLAIMER FOR INVESTORS READING THIS PROSPECTUS REQUIRED UNDER FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT (“FSCMA”)

1. Investors should obtain and review this document before making any investment decisions in Macquarie Korea Infrastructure Fund (“MKIF” or “the Company” or “we”).
2. Investors should review the investment risk level (moderate, Level 4 out of the six risk categories) and the recommended investor type of the fund and consider their own investment history and investment preferences before making any investment decisions in MKIF. However, the rating is a subjective rating by MKAM and should not be recognized as an official rating from any rating agencies and should not be a substitution of your own assessment of the risks associated with an investment in the Company or the Company’s business.
3. There is no assurance that the investment purposes or target returns of the investment strategies described in the prospectus, the (proposed) investment prospectus and the (proposed) short-form investment prospectus will be realized in the future and the information about the past investment results should be used for reference purposes only as there is no assurance that the Company’s past investment will be realized in the future. Therefore, in deciding whether to invest in the Company’s shares, the investor must independently investigate the risks associated with the shares and make investments under their own responsibility.
4. Please refer to the investment risk section set forth in the prospectus, the (proposed) investment prospectus and the (proposed) short-form investment prospectus for details on the investment risks related to the Company, such as loss of capital invested.
5. The 14 businesses that the Company has currently invested or committed to invest (collectively, “invested”) are affected by external factors that are beyond the control of the Company, such as business environment to which the Company belongs, COVID-19 and overall economic condition of Korea. Please note that such factors may have an adverse effect on the profitability of the Company and consequentially affect the rate of return on the investment.
6. The Company is a collective investment vehicle that distributes the profits derived from and based on its investment performance. Accordingly, the Company is not subject to the Depositor Protection Act and thus Korea Deposit Insurance Company shall not be responsible for preventing any loss of principal amount for each of the investors’ investment. Especially, unlike bank deposits, investors purchasing shares of MKIF from a bank or other financial institution subject to the Depositor Protection Act will not be protected under the Depositor Protection Act.
7. The Company is a closed-end collective investment vehicle and was listed on the Korea Exchange for the purpose of enhancing the liquidity of its shares. Investors may still be exposed to liquidity risk in the trading of publicly listed MKIF shares due to various reasons, including but not limited to a low trading volume.
8. The investment performance of the Company is irrelevant to the investment performance of the investment traders and brokers, KB Securities Co., Ltd., NH Investment & Securities Co., Ltd., and Shinhan Financial Investment Co., Ltd., and the investment traders and brokers only perform consignment sales (recruitment and sales) of the proposed publicly offered shares and do not have any effect on the determination of the Company’s value.
9. The creation and distribution of this Prospectus, the (preliminary) investment prospectus, and the (preliminary) simplified investment prospectus do not mean that the asset manager, investment dealers, and

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brokers of the Company are offering advisory services regarding the proposed investment of the Company shares. Please note that the asset manager, investment dealers, and brokers are not responsible for the consequences of any investment made by the investors.

10. The public offering schedule of the Prospectus is not fixed, and is subject to change (i) by an adjustment request from relevant agencies or (ii) review process of the Prospectus.

Limitation on Liability

Investments in the Company shall not be deemed deposits with, or other liabilities of, Macquarie Korea Asset Management Co., Ltd. ("MKAM" or the "Manager"), Macquarie Group Limited, or any entity in the Macquarie Group (collectively, "Macquarie"), and are subject to investment risk, including possible delays in repayment or loss of income and/or capital invested. Neither the Company nor Macquarie represents or warrants the performance of the Company, the repayment of principal amount of the investment or the payment of a particular rate of return on the Company shares.

This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. MKIF is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the Shares are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

The Shares may not be distributed in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the Shares constitutes a prospectus or a similar notice (as such terms are understood under the Swiss Financial Services Act (FinSA)) or the listing rules of any stock exchange or regulated trading facility in Switzerland.

This document is personal to the recipient only and not for general circulation in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to investors who qualify as "professional clients" under art. 4 para. 3 of the FinSA.

Neither this document nor any other offering or marketing material relating to the offering or the Shares have been or will be filed with or approved by any Swiss regulatory authority or authorized review body. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA). The offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). Accordingly, the investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

The Warrants and the Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 ("U.S. Securities Act") or under the securities laws of any U.S. state and, accordingly, may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable U.S. state securities laws. In addition, MKIF is not, and will not be, registered under the U.S. Investment Company Act of 1940. As a result, the Warrants are being sold and the Shares are being offered and sold solely outside the United States to non-U.S. persons in "offshore transactions", as defined and in reliance on Regulation S under the U.S. Securities Act. In the event of and applicable limited to the public offering for forfeited shares, U.S. investors may not subscribe for shares due to the restrictions under the U.S. Investment Company Act.

Before investing in the Company, any existing investors or potential investors must consider whether the investment in the Company is appropriate in terms of investor's investment requirements, purpose, and its financial status, and should further obtain an independent professional advice, if necessary.

Any other institution referred to in the document other than Macquarie Bank Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of this entity do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

This Prospectus may contain information regarding future expectations and forecasts (the "Future Forecasts"). Macquarie does not guarantee the accuracy or future fulfillment of the Future Forecasts. Furthermore, the propriety of the assumptions used for the Future Forecasts are not guaranteed. Investments entail risks and may incur a loss of principal. Neither the achievement of investment strategy or goals nor investor's returns are guaranteed.

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Chapter 1. Details of the Issuance or Sale of New Shares

Chapter 1 Details of the Issuance or Sale of New Shares

1. Company Name

Name of Company	KOFIA ² Fund Code
Macquarie Korea Infrastructure Fund ¹	35801

¹ Macquarie Korea Infrastructure Fund (“MKIF”) will be hereafter referred to as the “Company” or the “Issuer”

² Korea Financial Investment Association (“KOFIA”)

2. Company Description

A. Type of Company	Investment Company	-
B. Type of Invested Asset	Special Assets	-
C. Open/Closed-end Type	Closed-end Type	Shares of the Company are non-redeemable
D. Accumulative/Unit Type	Accumulative Type	The Company can raise additional capital by offering new shares
E. Special Form Indication	-	-

* Please refer to Chapters 2 (Company Overview), Sections 8 (Investments) and 9 (Investment Strategies, Risk Management, and Revenue Structure) for details on investment targets and strategies.

3. Estimated Offering Proceeds

(Unit : KRW, Shares)

Type of Security Offered	Number of Security Units on Offer	Par Value	Offer Price per Share ¹	Total Offering Proceeds ²	Offering Type
Registered common shares	23,148,149	No par value	10,550	244,212,971,950	Rights offering (100% allocation to existing shareholders) followed by a public offering of forfeited shares if any

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¹ Final Offer Price (the “Final Offer Price” or the “Offer Price”)

² The Total Offering Proceeds equals the Offer Price multiplied by the number of new shares on offer.

■ Estimated Offer Price per Share Calculation

The Offer Price per Share has been estimated in accordance with the method generally adopted in the market.

Offer price per share is calculated per Article 57 of the “Enforcement Decree of the Capital Markets Act, and the Regulation on Securities Issuance and Disclosures” despite that in case of this Offering, where all of newly issued shares are allocated to existing shareholders, the issuer may freely determine the offer price per Article 5-18 of the “Regulations on the Issuance and Disclosure of Securities.” This decision was made by the Issuer in consideration of minimizing market confusion by following the existing practice commonly done in follow-on offering transactions. Detailed calculation methodologies of Estimated Offer Price, Base Price A, Base Price B, and the Final Offer Price are as follow, and all figures shall be rounded up to the nearest trading unit.

- ① Estimated Offer Price: The trading day (28 October 2020) immediately preceding the date on which the board of directors of the Company passes a resolution for this offering (29 October 2020) is taken as the initial date of valuation. The reference share price is the lower of (a) the price of the arithmetic mean of the volume-weighted average share price (being calculated based on the total traded value of the share at the exchange) over one-month, one-week and the closing price of the initial date and (b) the closing price of the initial date. A 2.5% discount rate is then applied to such reference share price, and the issuance price is calculated using the following formula:

$$\text{Reference Price} \times [1 - \text{Discount Rate (2.5\%)}]$$

► Estimated Offer Price = $\frac{\text{Reference Price} \times [1 - \text{Discount Rate (2.5\%)}]}{1 + [\text{Capital Increase Ratio (6.63\%)} \times \text{Discount Rate (2.5\%)}]}$

Estimated Offer Price Calculation Results

Initial Date : 28 October 2020

(Unit : Shares, KRW)

Category	Date	Market Close Price	Trading Volume	Trading Value
1	Sept 29, 2020	11,000	475,553	5,232,176,700
2	Oct 05, 2020	11,000	358,291	3,939,965,600
3	Oct 06, 2020	10,950	1,201,064	13,134,862,400
4	Oct 07, 2020	10,850	1,733,180	18,798,736,500

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Category	Date	Market Close Price	Trading Volume	Trading Value
5	Oct 08, 2020	10,800	1,728,291	18,704,237,350
6	Oct 12, 2020	10,700	3,360,365	36,105,145,700
7	Oct 13, 2020	10,850	599,705	6,483,310,550
8	Oct 14, 2020	11,000	1,065,736	11,661,015,550
9	Oct 15, 2020	10,950	606,402	6,632,167,350
10	Oct 16, 2020	10,950	393,212	4,296,136,100
11	Oct 19, 2020	11,000	674,073	7,400,546,850
12	Oct 20, 2020	11,000	598,152	6,545,055,000
13	Oct 21, 2020	11,000	451,394	4,953,376,250
14	Oct 22, 2020	11,000	1,779,072	19,567,684,550
15	Oct 23, 2020	11,000	840,275	9,315,583,500
16	Oct 26, 2020	11,150	860,985	9,579,371,000
17	Oct 27, 2020	11,200	576,119	6,429,211,100
18	Oct 28, 2020	11,200	715,932	8,002,977,200
Volume-weighted average share price of one-month (A)		10,922		
Volume-weighted average share price of one-week (B)		11,084		
Closing price at the Starting Date (C)		11,200		
Average of A, B, and C (D)		11,068	[(A) + (B) + (C)] / 3	
Base Price		11,068	Lower of (C) and (D)	
Discount Rate		2.5%		
Capital Increase Ratio		6.63%		
Estimated Offer Price		10,800	Estimated Offer Price = [Reference Price × (1 – Discount Rate)] / (1 + Capital Increase Ratio × Discount Rate) (rounded up to the nearest trading unit price)	

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② Base Price A: The third trading day (6 November 2020) immediately preceding the date on which new shares are allocated (11 November 2020) is taken as the initial date of valuation. The reference share price is the lower of (a) the price of the arithmetic mean of the volume-weighted average share price (being calculated based on the total traded value of the share at the exchange) over one-month, one-week and the closing price of the initial date and (b) the closing price of the initial date. A 2.5% discount rate is applied and the issuance price is calculated using the following formula:

$$\text{Reference Price} \times [1 - \text{Discount Rate (2.5\%)}]$$

► Base Price A = -----

$$1 + [\text{Capital Increase Ratio (6.63\%)} \times \text{Discount Rate (2.5\%)}]$$

Base Price A Calculation Results

Date : 6 November 2020

(Unit : Shares, KRW)

Category	Date	Market Close Price	Trading Volume	Trading Value
1	Oct 07, 2020	10,850	1,733,180	18,798,736,500
2	Oct 08, 2020	10,800	1,728,291	18,704,237,350
3	Oct 12, 2020	10,700	3,360,365	36,105,145,700
4	Oct 13, 2020	10,850	599,705	6,483,310,550
5	Oct 14, 2020	11,000	1,065,736	11,661,015,550
6	Oct 15, 2020	10,950	606,402	6,632,167,350
7	Oct 16, 2020	10,950	393,212	4,296,136,100
8	Oct 19, 2020	11,000	674,073	7,400,546,850
9	Oct 20, 2020	11,000	598,152	6,545,055,000
10	Oct 21, 2020	11,000	451,394	4,953,376,250
11	Oct 22, 2020	11,000	1,779,072	19,567,684,550
12	Oct 23, 2020	11,000	840,275	9,315,583,500
13	Oct 26, 2020	11,150	860,985	9,579,371,000
14	Oct 27, 2020	11,200	576,119	6,429,211,100
15	Oct 28, 2020	11,200	715,932	8,002,977,200

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Category	Date	Market Close Price	Trading Volume	Trading Value
16	Oct 29, 2020	11,100	697,642	7,765,507,750
17	Oct 30, 2020	11,000	914,040	10,100,676,000
18	Nov 02, 2020	11,050	596,619	6,549,125,750
19	Nov 03, 2020	11,050	246,862	2,722,178,150
20	Nov 04, 2020	11,000	770,346	8,471,504,100
21	Nov 05, 2020	10,950	791,834	8,679,126,950
22	Nov 06, 2020	11,000	705,798	7,727,355,200
Volume-weighted average share price of one-month (A)		10,938		
Volume-weighted average share price of one-week (B)		10,975		
Closing price at the Starting Date (C)		11,000		
Average of A, B, and C (D)		10,971	[(A) + (B) + (C)] / 3	
Reference Price		10,971	Lower of (C) and (D)	
Discount Rate		2.5%		
Capital Increase Ratio		6.63%		
Base Price A		10,700	Base Price A = [Reference Price × (1 – Discount Rate)] / (1 + Capital Increase Ratio × Discount Rate) (rounded up to the nearest trading unit price)	

③ Base Price B: The third trading day (14 December 2020) immediately preceding the first day of subscription for existing shareholders (11 November 2020) is taken as the initial date of valuation. The reference share price is the lower of (a) the price of the arithmetic mean of the volume-weighted average share price (being calculated based on the total traded value of the share at the exchange) over one-month, one-week and the closing price of the initial date and (b) the closing price of the initial date. A 2.5% discount rate is applied and the issuance price is calculated using the following formula:

► Base Price B = Reference Price × [1 – Discount Rate (2.5%)]

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Base Price B Calculation Results

Date : 9 December 2020

(Unit : Shares, KRW)

Category	Date	Market Close Price	Trading Volume	Trading Value
1	Dec 03, 2020	10,850	868,451	9,417,355,800
2	Dec 04, 2020	10,850	1,173,652	12,703,261,350
3	Dec 07, 2020	10,850	921,768	9,970,413,450
4	Dec 08, 2020	10,850	545,007	5,897,212,850
5	Dec 09, 2020	10,800	509,630	5,511,661,600
Volume-weighted average share price of one-week (A)		10,825		
Closing price at the Starting Date (B)		10,800		
Average of A and B (C)		10,812	[(A) + (B)] / 2	
Reference Price		10,800	Lower of (B) and (C)	
Discount Rate		2.5%		
Base Price B		10,550	Base Price B = [Reference Price × (1 – Discount Rate)] (rounded up to the nearest trading unit price)	

④ Final Offer Price: The Final Offer Price is the lower of Base Price A and Base Price B. For companies that are investment companies, the provisions of special provisions for stock-listed legal persons under Chapter 3-2 of Part 3 of the “Financial Investment Services and Capital Markets Act” do not apply. However, pursuant to Article 165-6 of the “Financial Investment Services and Capital Markets Act” and Article 5-15 Paragraph 2 of the “Regulations on the Issuance and Disclosure of Securities”, if the lower of Base Price A and Base Price B is lower than the price calculated by applying a 40% discount rate to the volume-weighted average share price between the third to fifth trading days prior to the subscription date, the price calculated by applying the 40% discount to the volume-weighted average share price between the third to fifth trading days prior to the subscription date is used as the Final Offer Price.

Date : 9 December 2020

(Unit : Shares, KRW)

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Category	Date	Market Close Price	Trading Volume	Trading Value
1	Dec 07, 2020	10,850	921,768	9,970,413,450
2	Dec 08, 2020	10,850	545,007	5,897,212,850
3	Dec 09, 2020	10,800	509,630	5,511,661,600
Base Price		10,817	The volume-weighted average share price between the third to fifth trading days prior to the subscription date	
Discount Rate		40%		
60% of Base Price		6,500	Base Price x (1 – Discount Rate) (rounded up to the nearest trading unit price)	

► Final Offer Price = MAX[MIN[Base Price A, Base Price B], 60% of Base Price]

Date : 9 December 2020

(Unit : KRW)

Category	Price
Base Price A	10,700
Base Price B	10,550
60% of Base Price*	6,500
*Base Price: the volume-weighted average share price between the third to fifth trading days prior to the subscription date	
Final Offer Price	10,550

⑤ Matters Concerning the Final Disclosure of the Final Offer Price: Base Price A will be determined on 6 November 2020 and will be publicly announced on the Financial Supervisory Service's electronic disclosure system. The Final Offer Price will be determined on 9 December 2020 and will be publicly announced on the Financial Supervisory Service's electronic disclosure. It will also be announced on the Company's homepage (www.macquarie.com/mgl/mkif/kr)

※ The general public Offer Price is the same as the Final Offer Price applied at the time of the subscription to the existing shareholders.

Matters related to the funds raised according to the Estimated Offer Price calculation are as follows.

A. Capital Raised

(Unit : KRW)

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Category	Amount
Total Offering Proceeds (1)	244,212,971,950
Issuance costs (2)	2,310,401,798
Net proceeds [(1)-(2)]	241,902,570,152

Note 1: The above total is calculated based on the Final Offer Price.

Note 2: The above total offering or sales amount will be applied in accordance with the purpose of the capital and the Company will use its own funds to cover the issuance costs.

B. Issuance Costs*

(Unit : KRW)

Category	Amount	Basis of Calculation
Registration fee to FSS	12,210,648	0.005% of the total Offering Proceeds
Acquisition Fee	1,465,277,831	0.6% of the total Offering Proceeds
Lead Arranger Fee	488,425,943	0.2% of the total Offering Proceeds
Listing Fee	11,190,000	Offering Proceeds between 200 billion won and 500 billion won (29.97million won + 80,000 won per billion won for the amount that exceeds 200 billion won) / 3 (when calculating the fee per billion won, the amount less than 1 billion won is rounded up)
Issuance Registration Fee	1,000,000	300 won per 1,000 shares (including stocks and warrants) (upper limit: 500,000/ lower limit: 4,000)
Standard Code Issuance Fee for Warrants Fee	10,000	Fixed amount
Printing and Mailing Fee	202,817,376	Administrative fees such as printing and mailing of offering circulars, subscription rights notification, etc.
Other Expenses	129,470,000	legal advisory fee, etc.
Total	2,310,401,798	-

Note 1: The above amount is calculated based on the Final Offer Price.

Note 2: Issuance costs are subject to change depending on the Final Offer Price, the Company's share price at the Korea Exchange on the trading day immediately preceding the application date for listing or any changes to the policies of relevant institutions.

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Note 3: Other expenses are estimates that are subject to change.

4. Offering Process

■ Review of the Offering Method

The Company is an infrastructure investment and financing company that operates in accordance with the “Public-Private Partnerships in Infrastructure Act” (“PPP Act”), an investment company and a closed-end collective investment vehicle according to the “Financial Investment Services and Capital Markets Act”, and a corporation (Choo-Sik-Hoe-Sa) according to the “Commercial Code”.

The Company may issue new shares in accordance with Article 41-7 of the PPP Act and Article 34-5 of the Enforcement Decree of the PPP Act, Article 196 of the “Financial Investment Services and Capital Markets Act” and Article 16 of the Articles of Incorporation of the Company (the “AOI”).

※ Relevant Statutes

<Act on Public-Private Partnerships in Infrastructure (the “PPP Act”)>

Article 41-7 (Conditions on Issuing New Shares and Beneficiary Certificates)

Issuance of new shares or beneficiary certificates by an infrastructure investment and financing company after its incorporation shall adopt the method prescribed by Presidential Decree when calculating the offer price which shall be on the basis of the net asset value of the collective investment vehicle.

< Enforcement Decree of the Act on Public-Private Partnerships in Infrastructure >

Article 34-5 (Conditions on Issuing New Shares or Additional Beneficiary Certificates)

“Methods prescribed by Presidential Decree” in Article 41-7 of the PPP Act provides guidelines on the calculation of net asset value per share (“NAV per share”) for collective investment securities as defined in Article 238 (6) of the Financial Investment Services and Capital Markets Act. For collective investment securities that have shares and/or beneficiary certificates that publicly trade on stock markets as defined under Article 8-2 (4) 1 of the Financial Investment Services and Capital Markets Act (including multilateral-trade contracting companies under Article 8-2 (5) of the same act), NAV per share calculation may consider traded values of such shares and/or beneficiary certificates. In the absence of the publicly traded valuation reference, fair value may be considered.

<Financial Investment Services and Capital Markets Act>

Article 196 (Investment Company's Shares)

- ① An investment company's shares shall be in the registered form with no par value.
- ② An investment company shall electronically issue its shares, without delay, in a manner prescribed in “Act on Electronic Registration of Stocks, Bonds, Etc.” on the day of its incorporation and/or on the day when offering proceeds from new share issuance is received.
- ③ When an investment company issues new shares after its incorporation, the number of new shares, the issue value and the time limit for the payment shall be determined by its board of directors unless otherwise stated in its articles of incorporation states.

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④ When an investment company that is allowed to repurchase its own shares upon request from existing shareholder(s) (hereafter referred to as an "open-end investment company" in this Article) issues new shares after its formation, its board of directors may determine the following matters. In this regard, such open-end investment company shall post the daily issue value fixed in a manner under subparagraph 3 at the branch offices and sales offices of the investment trader or the investment broker that sells the investment company's shares, and shall also disclose it through its Internet homepage, etc.

1. The time period for issuance of new shares

2. The maximum limit of the number of new shares issued within the time period for issuance under subparagraph 1

3. The daily issue value during the time period for issuance under subparagraph 1 and the method for determining the time limit for payment of the share price.

⑤ **An investment company shall, if it issues new shares after its formation, make equal the issue value of new shares issued on the same day and other terms and conditions of issuance.** In this regard, the issue value of new shares shall be determined in a manner prescribed by Presidential Decree based on net asset value of the assets owned by the investment company.

⑥ Article 194 (7) shall apply mutatis mutandis to the subscribers for shares when issuing new shares.

⑦ In cases where an investment company issues new shares after its formation, subscribers for the shares shall acquire the rights and duties of a shareholder simultaneously with the payment of the share price.

<Articles Of Incorporation>

Article 16. Issuance of New Shares

① When the Company issues new shares after the effective date of the AOI, the board of directors shall decide the following:

(1) Issuing number of new shares;

(2) Method of determining the issue price and the payment date for the Offering Proceeds of shares.

② The number of shares to be allotted upon the subscription for new shares is determined by dividing the subscription payment amount with the issue price per share.

③ "Business Day" hereinafter means all the days on which banks in Korea are open for the conduct of a substantial portion of their commercial banking business other than Saturdays, Sundays and days that are legal holidays,.

④ The unit of subscription of shares shall be one share.

Also, the Company is an investment and financing company according to the PPP Act and the following regulations do not apply to the Company in issuing new shares pursuant to Article 44 Paragraph 1 of the PPP Act as well as Article 165-2 Paragraph 1 Item 2 and Article 206 Paragraph 2 of the "Financial Investment Services and Capital Markets Act".

- Article 165-6 (Special Cases concerning Issuance, Allocation of Shares, etc.) and Article 230 Paragraph 2, 3, 4 (Closed-end Fund) of the "Financial Investment Services and Capital Markets Act"
- Article 5-16 (Scope of Application and Definitions) and Article 5-18 (Determination of Issue Value in Capital Increase for Consideration) of the "Regulations on the Issuance and Disclosure of Securities"
- Article 418 (Terms of Warrants, Designation and Public Notice of Record Date for Allotment), Article 419 (Peremptory Notice to Holders of Warrants), Article 420 (Share Subscription Forms), Article 420-2 (Issuance of Warrants), Article 420-3 (Transfer of Warrants), Article 420-4 (Electronic Registration of Warrants), and

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Article 420-5 (Applications for Subscription by Warrants) of the “Commercial Code”

- All regulations in relation to public offering in the “Regulations on Securities Underwriting Business, Etc.

Therefore, when the Company issues new shares, the laws and regulation that ordinary listed companies must follow when offering new shares do not apply to the Company’s offering and allotment process, nor the requirements that other close-ended funds are subject to when issuing new securities. None of the laws in relation to shareholder warrants apply to the Company either.

※ Relevant Statutes

<Financial Investment Services and Capital Markets Act>

Article 230 (Close-ended Fund)

- ② The collective investment business entity of an investment trust or an undisclosed investment association, or an investment company, etc. may issue additional collective investment securities for a close ended fund only when there is no possibility of having an adverse effect on the existing investors' interests, as prescribed by Presidential Decree.
- ③ The collective investment business entity of an investment trust or an investment company shall, if there is no specific method provided for in the trust agreement or the articles of incorporation for guaranteeing the way of recovering the invested capital, etc. to investors, list the collective investment securities within ninety days from the day on which the collective investment securities of a close-ended fund are initially issued.
- ④ Article 238 (6) through (8) shall not apply to collective investment securities of a close-ended fund: Provided, That the provisions shall apply when the close-ended fund is allowed to issue additional collective investment securities in accordance with paragraph (2).

<Regulations on the Issuance and Disclosure of Securities>

Article 5-16 (Scope of Application and Definitions)

- ① Matters concerning the standards for the management of the financial status of the listed corporations under Article 165-16 of the Act and Article 176-17 of the Decree shall be governed by the provisions of this Section.
- ② "Capital increase by allotment to shareholders" in this Section means capital increase by issuing new shares under Article 165-6 (1) 1 of the Act, while "capital increase by allotment to third parties" means capital increase by issuing new shares under Article 165-6 (1) 2 of the Act.
- ③ "Capital increase by ordinary public offering" in this Section means capital increase under Article 165-6 (1) 3 of the Act, and "capital increase by preemptive offering to shareholders" means capital increase under Article 165-6 (4) 3 of the Act.
- ④ The "transaction day" in this paragraph refers to the day that the share is traded in the stock market.

<Regulations on the Issuance and Disclosure of Securities>

Article 5-18 (Determination of Issue Value in Capital Increase for Consideration)

- ① Where a listed corporation increases capital by ordinary public offering or by allotment to third parties for consideration, the issuance value shall be calculated by applying the discount rate determined by the listed corporation to the volume-weighted arithmetic mean share price, as the reference share price, over the three day period commencing from the trading date falling 5 trading days prior to, and ending on the trading date falling 3 trading days prior to, the trading day immediately preceding the subscription date: Provided, that the discount rate shall not be more than 30/100 in cases of capital

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increase by ordinary public offering, while the discount rate shall not be more than 10/100 in cases of capital increase by allotment to third parties.

<Commercial Code>

Article 418 (Terms of Warrants, Designation and Public Notice of Record Date for Allotment)

- ① Each shareholder shall be entitled to the allotment of new shares in proportion to the number of shares which he/she holds.
- ② A company may make an allotment of new shares to other persons than shareholders, as provided for in the articles of incorporation, notwithstanding the provisions of paragraph (1): Provided, That in such cases, it shall be limited to cases necessary for the achievement of the company's operational objectives, such as introduction of new technology, improvement of financial structures, etc.
- ③ A company shall fix a record date and shall, at least two weeks before such record date, give a public notice to the effect that shareholders entered in the register of shareholders as of such record date shall be entitled to the rights mentioned in paragraph (1) and that such warrants are transferable, if applicable: Provided, That if the above record date is within the period set forth in Article 354 (1), the public notice shall be given at least two weeks before the first day of such period.
- ④ In cases where a company makes an allotment of new shares to other persons than its shareholders pursuant to paragraph (2), the company shall notify the shareholders of the matters set forth in subparagraphs 1, 2, 2-2, 3, and 4 of Article 416 by no later than two weeks before the date of payment of the subscription price, or shall publicly notify the same.

Article 419 (Peremptory Notice to Holders of Warrants)

- ① A company shall notify the holders of warrants of the classes and number of shares subject to such warrants and that their rights shall be forfeited if they fail to apply for subscription to new shares on or before a fixed date. In such cases, if the matters set forth in subparagraphs 5 and 6 of Article 416 have been determined, the details thereof shall also be notified.
- ② A notice under paragraph (1) shall be given at least two weeks before the date set forth in paragraph (1).
- ③ In cases where a holder of warrants fails to apply for subscription to new shares on or before the specified date after a notice under paragraph (1) is given, his/her rights shall be forfeited.

Article 420 (Share Subscription Forms)

Directors shall prepare a share subscription form containing the following matters:

1. Matters set forth in Article 289 (1) 2 through 4;
2. Matters set forth in Article 302 (2) 7, 9 and 10;
3. Matters set forth in subparagraphs 1 through 4 of Article 416;
4. Where the company issues shares in accordance with Article 417, the conditions of such issuance and the amount yet to be amortised;
5. Restrictions on the warrants of shareholders or a provision that the warrants are to be given to a particular third party, if applicable;
6. Date of the resolution on the issuance of shares.

Article 420-2 (Issuance of Warrants)

- ① In cases where a company has provided for matters set forth in subparagraph 5 of Article 416, the company shall issue warrants in accordance with subparagraph 6 of Article 416, if applicable, or issue them at least two weeks prior to the date under Article 419 (1), as the case may be.
- ② Each warrant shall contain a serial number in addition to the following and directors shall write their names

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and affix their seals, or shall affix their signatures, thereon:

1. A statement to the effect that it is a preemptive right;
2. Matters set forth in Article 420;
3. The class and number of shares subject to the preemptive right;
4. A statement to the effect that the right shall be forfeited if subscription to shares is not applied for on or before the specified date.

Article 420-3 (Transfer of Warrants)

- ① A preemptive right shall be transferred only by the delivery of the warrant thereof.
- ② The provisions of Article 336 (2) of this Act and Article 21 of the Check Act shall apply *mutatis mutandis* to warrants.

Article 420-4 (Electronic Registration of Warrants)

As prescribed in the articles of incorporation, a company may register warrants with the electronic registration ledger of an electronic registration agency, in lieu of issuing warrants. In such cases, the provisions of Article 356-2 (2) through (4) shall apply *mutatis mutandis*.

Article 420-5 (Applications for Subscription by Warrants)

- ① If a warrant of preemptive right has been issued, subscription to shares shall be applied for by the certificate. In such cases, the provisions of Article 302 (1) shall apply *mutatis mutandis*.
- ② A person who has lost a warrant may apply for subscription to shares by the share subscription form: Provided, That such offer shall become null and void if the application for subscription to shares is made by a warrant.

As listed above, the majority of the regulations regarding follow-on offering for ordinary listed companies do not apply to the Company. On the trading day immediately preceding the filing date of the Registration Statement, the Company's NAV per share was KRW 5,273.75 whereas the Company's share price at the exchange was KRW 11,200. Since the NAV per share is significantly lower than the share price, it is not appropriate to calculate the Offer Price based the Company's net asset value.

Therefore, for the Offering, the Offer Price may be calculated "in consideration of the price that is traded in the stock market" and with other legal requirements being the "number of new shares, issuing price, and payment date shall be determined by the board of directors."

However, in order to minimize confusion by investors, the Company has decided to adopt, *mutatis mutandis*, one of the public offering processes defined in the "Financial Investment Services and Capital Markets Act" (Article 165-6 Paragraph 1 Item 3 and Article 165-6 Paragraph 4 Item 4 of the same Act). This Offering, in order to maximize protection of the rights and interests of existing shareholders, has been structured as per Article 418 Paragraph 1 of the Commercial Act *mutatis mutandis*, where the Company's existing shareholders are entitled to all of the newly issued shares. According to Article 418 Paragraph 1 of the Commercial Act, shareholders of a corporation hold the right to be allocated new shares, and the reason for guaranteeing such right is to protect the rights and interests of shareholders by preventing dilution of the shareholders' share ratio. In addition, existing shareholders who do not wish to participate in the subscription may transfer/sell their warrants. This structure was put in place by the Company to maximize the shareholder protection by allowing them to recoup some of the dilution loss.

[UNOFFICIAL TRANSLATION REFERENCE PURPOSE ONLY]

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The Offering will become a public offering should there be any forfeited shares subsequent to the subscription by and allocation to existing shareholders. The Company has applied *mutatis mutandis* to Article 165-6 Paragraph 2 Item 1 and Article 176-8 Paragraph 1 of the Financial Investment Services and Capital Markets Act and signed a standby underwriting contract with KB Securities Co., Ltd., NH Investment & Securities Co., Ltd. and Shinhan Investment & Securities Co., Ltd. The Company plans to issue and list subscription certificates on the stock market.

In terms of subscription in excess of the allotted shares, the limit is set at 20/100 in accordance with Article 165-6 Paragraph 2 Item 2 of the Capital Markets Act and Article 176-6 Paragraph 2 of the Enforcement Decree of the same act. However, the Company which is an investment and financing company under the PPP Act and an investment company under the Financial Investment Services and Capital Market Act, is not subject to Article 165-6 and related regulations, and the excess subscription limit shall be set at 100/100.

※ Relevant Statutes

< Financial Investment Services and Capital Markets Act >

Article 165-6(Regulation on Securities Issuance and Disclosures)

① Where new shares (in case of Item 3, it includes shares that have been already issued. Hereinafter, it is the same for this item and Item 4) are allotted in the following methods.

1. Offering shareholders an opportunity to make subscriptions for new stocks in order to allocate new stocks in proportion to the number of stocks held by them.

② Where a stock-listed corporation allocates new stocks, the issuance of the stocks for which no subscription has been made or the price of which has not been paid until the date of allocation (hereafter referred to as "forfeited stocks" in this Article and Article 165-18) shall be withdrawn: Provided, That the same shall not apply to cases where new stocks are issued at a price higher than that prescribed and publicly notified by the Financial Services Commission, falling under any of the following subparagraphs:

1. Where an investment trader who is not in the special relationship prescribed by Presidential Decree concludes a contract with the relevant stock-listed corporation for the purpose of acquiring all the forfeited stocks as an underwriter, if any forfeiture of stocks occurs;

2. In cases falling under paragraph (1) 1, where the relevant stock-listed corporation and a shareholder agree separately at the time the subscription is made to make a subscription for stocks exceeding the number of stocks to be allocated under the subscription for new stocks (hereafter referred to as "excessive subscription" in this subparagraph), with the purpose of allocating the forfeited stocks preferentially to such shareholder who has made the excessive subscription. In such cases, the number of forfeited stocks to be allocated shall not exceed the number of stocks calculated by multiplying the number of stocks to be allocated under the subscription for new stocks by the percentage prescribed by Presidential Decree;

3. Other cases prescribed by Presidential Decree taking into comprehensive consideration the efficiency of fund raising by stock-listed corporations, protection of shareholders, etc., and necessity of maintaining fair market order.

< Enforcement Decree of the Financial Investment Services and Capital Markets Act >

Article 176-8 (Methods, etc. of Issuance and Allocation of Stocks)

① "Special relationship prescribed by Presidential Decree" in Article 165-6 Paragraph 2 Item 1 of the Act means the relationship as affiliated companies.

② "Percentage prescribed by Presidential Decree" in the latter part of Article 165-6 Paragraph 2 Item 2 of the Act means 20 percent.

③ "Cases prescribed by Presidential Decree" in Article 165-6 Paragraph 2 Item 3 of the Act means any of the following cases:

1. In cases of public offering or sale without filing a registration statement as referred to in Article 130

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Paragraph 1 of the Act;

2. Where a stock-listed corporation fails to allocate new stocks issued pursuant to Article 165-7 of the Act or Article 38 Paragraph 2 of the Framework Act on Labor Welfare but allocates forfeited stocks (referring to the forfeited stocks under the main sentence of Article 165-6 Paragraph 2 of the Act) to the members of an employee stock ownership association.

④ “Method prescribed by Presidential Decree” the latter part of Article 165-6 Paragraph 3 of the Act means any of the following methods:

1. Listing on a securities market;
2. Making a sale, brokerage, or mediation of warrants or agent service therefor effectuated through at least two investment traders (referring to investment traders or investment brokers not related to a stock-listed corporation as affiliates thereof). In such cases, detailed matters necessary for the sale or brokerage, mediation or agent service shall be prescribed and publicly notified by the Financial Services Commission.

Offer price per share is calculated per Article 57 of the “Enforcement Decree of the Capital Markets Act, and the Regulation on Securities Issuance and Disclosures” despite that in case of this Offering, where all of newly issued shares are allocated to existing shareholders, the issuer may freely determine the offer price per Article 5-18 of the “Regulations on the Issuance and Disclosure of Securities.” This decision was made by the Issuer in consideration of minimizing market confusion by following the existing practice commonly done in follow-on offering transactions. For more detail regarding the calculation of the Estimated Offer Price, please refer to 3. Estimated Offering Proceeds.

Following the review of the Offering structure and type against all relevant regulations and market practice as above, the Company determines to launch a new share offering as below.

A. Details of Offering

(1) Offering method: rights offering followed by a public offering of forfeited shares

Offering Portfolio	Number of Shares	Offer Price per Share	Total Offering Proceeds	Note
Employee Share Allocation	-	-	-	-
Shareholder Allocation	23,148,149 (100%)	KRW 10,550	KRW 244,212,971,950	-
Public Offering	-	-	-	-
Other	-	-	-	-
Total	23,148,149 (100%)	KRW 10,550	KRW 244,212,971,950	-

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Note 1: As an investment company under the Private Investment Act and an investment company under the Capital Markets Act, there is no employee share ownership allocation since the Company is a paper company without any employees.

Note 2: The total amount of forfeited shares issued after subscribing to existing shareholders (including the number of shares that exceed subscription limit) will be allocated to the public offering.

Note 3: This capital increase is carried out in the way of acquiring the balance of each company by participating as a joint representatives of KB Securities Co., NH Investment & Securities Co., Ltd. and Shinhan Financial Investment Co., Ltd. Subscription for third-party depository shareholders, subscription for special accounts (formerly named shareholder), and subscription for general public offering can be carried out by each of the joint representative managing companies. In addition, in the event there are unsubscribed shares even after the general public offering after the shareholder allocation, the joint representative managing company will take over as an individual debtor at the rate of acquisition in the agreement, which is the balance of the capital increase. If a joint representative managing company fails to fulfill its obligation to take over, another joint representative managing company will jointly and severally take over. However, if there is a share less than the single share price, KB Securities Co., Ltd., among the joint representative managing companies, will take over. Other details related to the acquisition shall be in accordance with the contents of the stand-by underwriting agreement.

[Allotment Ratio Calculation per Share for Existing shareholders]

Category	Details
A. Common Shares	349,044,336 Shares
B. Preferred Shares	-
C. Total Number of Shares Issued (A + B)	349,044,336 Shares
D. Treasury Shares + Treasury Share Trust	-
E. Total Number of Shares Issued Excluding Treasury Shares (C - D)	349,044,336 Shares
F. Number of New Share Issuance	23,148,149 Shares
G. New Shares as % of Outstanding Shares before the Offering(F/C)	6.63%
H. Allotment to Existing Shareholders	23,148,149 Shares
I. Allotment Ratio per Share for Existing Shareholders (H/ E)	0.0663186495 Shares

Note 1: The subscription unit for existing shareholders is one share. The individual subscription limit for existing shareholders is determined by the number of allotted shares calculated by the sum of (i) the number of shares within allotment limit which is each share possessed by the shareholders enlisted on the list of shareholders as of the new share allotment date multiplied by the new share allotment ratio of 0.0663186495 (any value below 1 share will be rounded downwards) and (ii) the number of shares that exceed subscription limit (1 share per share within allotment limit; excess subscription ratio 100%); provided that with respect to the part exceeding the subscription limit shall be deemed as none-offering being made.

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(i) Subscription limit for existing shareholders = Number of shares within allotment limit + Number of shares that exceed subscription limit

(ii) Number of shares within allotment limit = Number of shares in possession x New share allotment ratio (0.0663186495 share) (however, round down any value below 1 share)

(iii) Number of shares that exceed subscription limit = Number of shares within allotment limit X Excess subscription ratio (100%)

(2) Terms of the Offering

Item			Details			
Number of New Shares			23,148,149 shares			
Offer Price per Share		Estimated	-			
		Final	KRW 10,550			
Offering Proceeds		Estimated	-			
		Final	KRW 244,212,971,950			
Subscription Unit			1) Existing shareholders: The subscription unit for existing shareholders is one share. The individual subscription limit for existing shareholders is determined by the number of allotted shares up to the excess subscription limit (one unit multiplied by the number of warrants; number of shares below 1 shall be rounded downwards)			
			2) Public offering			
			Category		Units of subscription	
			10 shares or more	100 shares or less	Units of 10 shares	
			Over 100 shares	500 shares or less	Units of 50 shares	
			Over 500 shares	1,000 shares or less	Units of 100 shares	
			Over 1,000 shares	5,000 shares or less	Units of 500 shares	
			Over 5,000 shares	10,000 shares or less	Units of 1,000 shares	
			Over 10,000 shares	50,000 shares or less	Units of 5,000 shares	
			Over 50,000 shares	100,000 shares or less	Units of 10,000 shares	
			Over 100,000 shares	500,000 shares or less	Units of 50,000 shares	
			Over 500,000 shares		Units of 100,000 shares	
Subscription Period	Existing Shareho	Opening Date	14 December 2020			

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Item			Details
	Iders Public offering	Closing Date	15 December 2020
		Opening Date	17 December 2020
		Closing Date	18 December 2020
Deposits for Subscription	Shareholder Allocation (Certificate of Acquisition Rights)		100% of Offer Price per share
	Exceeding the Subscription Limit		100% of Offer Price per share
	Public offering		100% of Offer Price per share
Receipt of the Offering Proceeds by the Company			22 December 2020
Base Date Regarding Distributions on New Shares			1 January 2020 ¹

¹However, the distribution for the first half of 2020 that has been paid out will be excluded by Article 18 of the AOI.

Note 1: Please refer to Chapter 2 (Company Overview) Section 11 (Process of Purchase, Sale and Redemption of Shares) and Chapter 1 (Details on Offering of Newly Issued Shares or Outstanding Shares) Section 4 (Details and Procedure of Offering) for details on offering method.

Note 2: The subscription limit for the general offering is within the range of 100% of the general offering stock and there is no subscription for the shares that exceeds the subscription limit.

Note 3: The Financial Supervisory Services or FSS may request revision and during the review process for the registration statement and the schedule listed on this document may change according to the request for revision and others. An execution of the registration statement does not confirm that the listed items within this registration statement is true or correct and does not translate to the government guaranteeing or authorizing the value of these securities and therefore, the responsibilities for the investment on these securities fall solely on the shareholders and the investors.

B. Particulars of the Offering

(1) Announcement and Date of the Offering

Category	Details	Other
Announcement of New Share Issuance (Base date for New Share)	29 October 2020	Announcement through the Company's website (www.macquarie.com/mgl/mkif/kr)

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Category	Details	Other
Allocation)		
Announcement of the Final Offer Price	10 December 2020	Announcement through the Company's website (www.macquarie.com/mgl/mkif/kr)
Announcement of General Public Subscription Notice	16 December 2020	Announcement through <ol style="list-style-type: none"> 1. Company website (www.macquarie.com/mgl/mkif/kr) 2. KB Securities Co., Ltd. website (www.kbsec.com) 3. NH Investment & Securities Co., Ltd. website (www.nhqv.com) 4. Shinhan Financial Investment Co., Ltd. website (www.shinhaninvest.com)
Allotment Notice	NH Securities & Investment Co., Ltd (02-750-5562, 5524) Samsung Securities Co., Ltd (02-2020-7588, 7563)	Announcement through <ol style="list-style-type: none"> 1. KB Securities Co., Ltd. website (www.kbsec.com) 2. NH Investment & Securities Co., Ltd. website (www.nhqv.com) 3. Shinhan Financial Investment Co., Ltd. website (www.shinhaninvest.com)

Note 1: Subscription notices and allotment notices are posted on the websites of the joint representative managing companies, replacing individual announcements.

Public Offering Schedule

Date	Work Details	Notes
29 October 2020	Board of directors resolution	-
	Announcement of new share issuance and the base date for allotment of new shares	Announcement through the Company's website (www.macquarie.com/mgl/mkif/kr)
	Submission of registration statement	-
6 November 2020	Calculation of Base Price A	3 trading days prior to the first day of subscription
10 November 2020	Ex-rights	-
11 November 2020	New share allotment base date	Shareholders confirmed
23 November 2020	Announcement of new share allotment	-
30 November 2020	Listing period of certificate of new share	Trading for more than 5 trading

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Date	Work Details	Notes
~ 4 December 2020	ownership	days
9 December 2020	Calculation of Final Offer Price	3 trading days prior to the first subscription date for the existing shareholders
10 December 2020	Announcement of Final Offer Price	Announcement through the Company's website (www.macquarie.com/mgl/mkif/kr)
14 December 2020 ~ 15 December 2020	Subscription for existing shareholders and those exceeding the subscription limit	
16 December 2020	Announcement of public offering subscription	Announcement through the Company's website and the websites of the joint representative managing companies
17 December 2020 ~ 18 December 2020	Subscription through public offering	-
22 December 2020	Subscription payment/refund	-
4 January 2021	Distribution of share certificates	-
4 January 2021	New shares listed	-

Note 1: As an investment company under the Private Investment Act and an investment company under the Capital Markets Act, the Company is not subject to Article 418 of the Commercial Act (Terms of Warrants, Designation and Public Notice of Record Date for Allotment) so there is no obligation to issue new shares and announce the base date. Nevertheless, in order to protect the rights and interest of the shareholders, the issuance of new shares and the announcement of the base dates were carried out and the announcement of the new share issuance and the base date were completed as soon as possible without disturbing the capital increase schedule.

Note 2: The Financial Supervisory Services or FSS may request revision during the review process for the registration statement and the schedule listed on this document may change according to the request for revision and others. An execution of the registration statement does not confirm that the listed items within this document is true or correct and does not translate to the government guaranteeing or authorizing the value of these securities and therefore, the responsibilities for the investment on these securities fall solely on the shareholders and the investors.

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(2) Subscription Method

1) Subscription unit for existing shareholders (subscription for warrants): one who was allotted with the warrants as a shareholder and who has purchased and held warrants can subscribe within the limit of the number of certificates held at each headquarter and branch office of the securities company that was deposited with the warrant and of the Joint Lead Managers. However, registered shareholders among existing shareholders who directly hold their own stock certificates without depositing them to a securities company may subscribe at a headquarter or branch of each Joint Lead Managers upon submitting a personal identification, together with the new share allotment notice. A subscription deposits amount is 100% of the Offering Proceeds, and the subscription deposits are replaced by a payment on the share payment date with no interest on the subscription deposits.

The electronic securities system was implemented on September 16, 2019, and listed shares of listed corporations will be converted into electronic securities as mandatory electronic securities conversion subjects on the effective date of the electronic securities system. Before the implementation of the electronic securities system, shares of beneficial shareholders which are deposited in a securities company are collectively converted into electronic securities in the account of the securities company, and shares held by existing registered shareholders are issued to a special account opened by a transfer agency and managed for each holder.

For this capital increase, the warrants will be issued and listed after the effective date of the electronic securities system and will be issued as electronic securities. Warrants allotted for shares held by shareholders in a securities company account (formerly bona fide shareholders stockholding') are issued and received in the account of the relevant securities companies, and warrants allotted regarding shares managed in a special account of a transfer agency (formerly 'listed shareholders stockholding') is issued to each holder in a special account within the transfer agency.

Once 'special account holders (formerly 'listed shareholders') apply for the transfer of warrants from a 'special account' to a 'general electronic registration account (securities company account)' with a transfer agency, then they are able participate in the subscription for this capital increase or trade the warrants.

'Special account holders (formerly 'listed shareholders') can also subscribe to this capital increase by directly subscribing at headquarters or branches of the Joint Lead Managers without transferring warrants to the 'general electronic registration account (securities company account).' However, please note that the purchase and sale of warrants is only possible after applying for the transfer of warrants from a special account to a general electronic registration account (an account of a securities company) with a transfer agency.

2) Excess Subscription: only those who have subscribed for warrants under Paragraph 1 may subscribe to additional 100% of the subscription limit for warrants. However, subscription deposits shall be 100% of the

[UNOFFICIAL TRANSLATION REFERENCE PURPOSE ONLY]

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excess subscription amount, and the subscription deposits shall be replaced with the payment on the share payment date with no interest on the subscription deposits.

3) Public offering subscription: Upon presenting a personal identification, an allotted subscription form and subscription deposits to the relevant subscription location in accordance with the subscription method determined and publicly announced by the relevant subscription location. However, the subscription deposits must be 100% of the subscription amount, and the subscription deposits shall be replaced with a payment on the share payment date with no interest for the subscription deposits. Multiple subscriptions per each subscription location are permissible, but double subscriptions at one subscription location are not, and among collective investment vehicles, excluding a collective investment vehicle managed by a different management entity, multiple subscriptions at one subscription location are not permissible. In addition, as of the subscription date, only customers who have a consignment account can subscribe at the subscription location, and subscription is permissible by opening an account before the subscription termination date.

4) Investors who wish to subscribe to this capital increase (excluding ‘persons to whom the issuer is exempt from issuing investment prospectus’ under Article 132 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act and ‘professional investors’ under the Financial Investment Services and Capital Markets Act) must receive the prospectus before subscription and must sign or seal the document evidencing the aforementioned.

5) Other matters

- ① When there is a double subscription in allotting the public offering, it is deemed that the subscriber has not subscribed for all of the subscriptions. However, in the event of the public offering participation after subscribing in accordance with the number of warrants held by the holders of the warrants, it is not deemed to be a prohibited double subscription.
- ② For a portion of the subscription that exceeds the subscription limit per person, it is considered that there is no subscription.
- ③ Subscribers must subscribe with its legal name in accordance with the Act on Real Name Financial Transactions and Confidentiality.

(3) Subscription Limit and Subscription Unit

- ① The individual subscription limit of existing shareholders is the total number of (i) warrants (round down for less than one share) calculated by multiplying 0.0663186495 shares which is the ratio of new shares allotment to each share held in the shareholders list as of the new share allotment base date and (ii) shares available for the excess subscription (multiplying the number of warrants held per each share), and the allotment ratio per each existing shareholder’s share may be subject to change due to a change in treasury shares such as treasury shares and treasury share trusts.
- ② The subscription limit of the public offering subscribers is the same as the number of shares in which forfeited rights have been triggered after allotting shareholders including shares of the excess

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subscription within the limit of total offering shares of the public offering. For a portion that exceeds the subscription limit, it is considered that there is no subscription. Subscription units are as follows.

【Subscription units by subscription shares 】

Number of Subscription Shares	Subscription Units
10 shares or more ~ not exceeding 100	10
Above 100 ~ not exceeding 500	50
Above 500 ~ not exceeding 1,000	100
Above 1,000 ~ not exceeding 5,000	500
Above 5,000 ~ not exceeding 10,000	1,000
Above 10,000~ not exceeding 50,	5,000
Above 50,000 ~ not exceeding 100,000	10,000
Above 100,000 ~ not exceeding 500,000	50,000
Above 500,000	100,000

(4) Subscription Outcome and Allotment Method

- 1) Existing shareholders' subscription (subscription of warrants): It is allotted pursuant to the number of subscribed shares within the range of warrants held by existing shareholders (although the special provisions for stock-listed companies under Chapter 3-2 of Part 3 of the Capital Markets Act do not apply to companies that are investment companies, in accordance with Article 165-6, Paragraph 3 of the Capital Markets Act and Articles 5-19 of the 'Regulations on Issuance and Announcement of Securities', warrants is issued to existing shareholders); provided that as of the date of new shares allotment, new shares allotment ratio is subject to change due to exercise of stock-related bonds, adjustment to treasury stocks, exercise of share purchase option, etc.
- 2) Allotment for excess subscription: in the case of forfeited shares (including fraction shares) triggered after the subscription of existing shareholders (holders of warrants), forfeited shares are allotted in proportion to the number of shares subscribed in excess (excess subscription ratio: 1 share per allotted new share) by the existing shareholder (the holder of warrants). In such case, shares less than one share are not rounded down to be allotted (However, 100% allotment if the number of shares for the excess subscription is less than the number of forfeited shares)

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Forfeited shares [number of shares allotted to existing shareholders – number of subscribed shares of existing shareholders¹]

* Excess Subscription Allotment Rate = -----
Number of shares for the excess subscriptions

¹ ‘subscribed shares of existing shareholders’ refers to subscribed shares by holders of the warrant.

3) Public Offering Subscription

The forfeited shares and fraction shares arising as a result of the aforementioned subscription and excess subscription will be offered by the Joint Lead Arranger to the general public as follows; provided that pursuant to Article 9 Paragraph 2 Item 3 of the “Regulations on Securities Underwriting Business, Etc.”, 10% of the public offering shares will be allotted to a high-risk high-return investment trust and remaining 90% of such shares will be allotted to an individual subscriber or an institutional investor without distinction. A subscription competition rate and allotment for such 10% of the public offering shares with respect to a high-risk high-return investment trust and such remaining 90% of the public offering shares for an institutional investor is calculated and allotted, separately. However, in the case of shares not being fully subscribed, the remainder of which is to be allotted to a group of excess subscription.

- ① When calculating the allotment amount for the public offering, in relation to the amount of each subscription of the Joint Lead Managers (means the number of subscribed shares applied as the public offering method at each subscription location of the Joint Lead Managers and calculated individually for Joint Lead Managers), it is allotted to each subscriber of the Joint Lead Managers (‘combined allotment’) in accordance with the integrated competition ratio which equals to the total number of the subscription of the Joint Lead Managers (referring to the total subscription amount received by the Joint Lead Managers which was applied through public offering) divided by shares allotted for the public offering.
- ② In the event of an allotment in relation to the public offering, if the total subscription amount of the Joint Lead Managers exceeds the number of shares allotted for the public offering, in principle, the subscription competition rates are allotted on a pro rata basis and by rounding downwards any value below from 5 and rounding upwards any value above from 6 to minimize the number of remaining shares. Thereafter, the final remaining shares are allotted from the largest subscriber in order, but if the number of the largest subscribers of the same rank is greater than the final remaining stocks, the Joint Lead Managers will randomly allot them through a lottery method.
- ③ In the event that the total subscription amount of the Joint Lead Managers is less than the number of shares allotted for the public offering, the Joint Lead Managers are each obligated to acquire the forfeited shares in accordance within the underwriting limit as stipulated by the stand-by underwriting agreement (“the mandatory number of shares to be acquired”) but in the event that the Joint Lead Managers fail to fulfill its obligation to acquire, another joint lead manager must subscribe jointly and severally. ##Review the Underwriting Agreement

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However, pursuant to Article 9 Paragraph 2 of the “Regulations on Securities Underwriting, Business, Etc.”, Joint Lead Managers is entitled not to allot to a public offering in the case where the amount of a public offering allotted to a high-risk high-return investment trust and/or retail investor is less than KRW 100 million.

[Acquisition Ratio of the Joint Lead Managers under the Stand-by Underwriting Agreement]

Category	Category	Ratio of mandatory shares to be acquired within the Underwriting Limit
Joint Lead Managers	KB Securities Co., Ltd.	40%
	NH Investment & Securities Co.	30%
	Shinhan Investment Corp.	30%

Footnote) The detailed method for calculating the number of shares to be acquired by each of the Joint Lead Managers is subject to the stand-by underwriting agreement.

4) If the amount of the shares to be allotted for the public offering is equal to or less than KRW 100 million, it will not be allotted to the subscriber and may be directly acquired by the Joint Lead Managers.

5) Notification of the allotment outcomes

In relation to outcomes of the allotment to each subscriber, announcements regarding allotment details and refunds of the excess subscription, in lieu of an individual notification, will be posted on the subscription sites on websites of KB Securities Co., Ltd. (www.kbsec.com), NH Investment & Securities Co. (www.nhqv.com) and Shinhan Investment Corp. (www.shinhaninvest.com) on December 22, 2020.

(5) Obligation to distribute the prospectus

In accordance with the Financial Investment Services and Capital Markets Act effective from February 4, 2009 and Article 124 of the same Act, investors who participate in this subscription for a capital increase must receive the prospectus.

Investors who wish to subscribe to the capital increase (except for professional investors as set out in Article 9, Paragraph 5 of the Financial Investment Services and Capital Markets Act and those to whom the issuer is exempted from distributing prospectus pursuant to Article 132 of the Enforcement Decree of the same Act) must be informed that they would not be able to participate in the subscription of this capital increase unless they perform procedures such as confirmation of a prospectus receipt.

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[FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT]

Article 9 (Other Definitions)

(5) The term "professional investor" in this Act means any of the following entities who has an ability to take risks accompanying an investment in light of expertise held in connection with financial investment instruments, the scale of assets owned, etc.: Provided, That when a professional investor prescribed by Presidential Decree gives written notice to a financial investment business entity of its intention to be treated as an ordinary investor, the financial investment business entity shall give consent to the professional investor, unless good cause exists, and the professional investor shall be treated as an ordinary investor if consent is given by the financial investment business entity: <Amended by Act No. 9407, Feb. 3, 2009>

1. The State;
2. The Bank of Korea;
3. Financial institutions specified by Presidential Decree;
4. Stock-listed corporations: Provided, That where a stock-listed corporation trades over-the-counter derivatives with a financial investment business entity, it shall be deemed a professional investor where it gives written notice to the financial investment business entity of its intention to be treated as a professional investor;
5. Other entities specified by Presidential Decree.

Article 124 (Fair Use of Investment Prospectus)

(1) No one shall allow any other person to acquire securities or sell securities to any other person, unless an investment prospectus (referring to a short-form investment prospectus under paragraph (2) 3, if any investor in collective investment securities fails to separately request the delivery of an investment prospectus under Article 123; hereafter the same shall apply in this paragraph and Article 132) prepared in conformity with Article 123 is delivered to the person (excluding professional investors and those specified by Presidential Decree) who intends to acquire the securities after the relevant registration statement becomes effective. In such cases, it shall be deemed that the investment prospectus is delivered at the time the following requirements are fully satisfied, if the investment prospectus is delivered by means of an electronic document under Article 436: <Amended by Act No. 11845, May 28, 2013>

1. The person to whom the electronic document is addressed (hereinafter referred to as "addressee of the electronic document") shall consent to the delivery of the investment prospectus by means of an electronic document;
2. The addressee of the electronic document shall designate the kind of an electronic transmission medium and place for receiving the electronic document;
3. The addressee of the electronic document shall confirm his/her receipt of the electronic document;
4. The contents of the electronic document shall be identical with those of the investment prospectus in writing.

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[ENFORCEMENT DECREE OF THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT]

Article 11 (Public Offering and Public Sale of Securities)

(1) In calculating 50 persons pursuant to Article 9 (7) and (9) of the Act, the number of persons who have been invited to subscribe for securities of the same class as the securities in the instant case in any manner other than by public offering or public sale within six months before the public invitation to subscribe shall be aggregated: Provided, That any of the following persons are excluded from such aggregation: <Amended by Presidential Decree No. 21765, Oct. 1, 2009; Presidential Decree No. 22516 Dec. 7, 2010; Presidential Decree No. 24636, Jun. 21, 2013; Presidential Decree No. 24697, Aug. 27, 2013; Presidential Decree No. 27291, Jun. 28, 2016; Presidential Decree No. 27414, Jul. 28, 2016>

1. Any of the following professionals:

- (a) A professional investor;
- (b) Deleted; <by Presidential Decree No. 27291, Jun. 28, 2016>
- (c) An accounting firm established under the Certified Public Accountant Act;
- (d) A credit rating company (referring to a company authorized to engage in credit rating business under Article 335-3 of the Act; hereinafter the same shall apply);
- (e) A person who provides accounting, advisory services or similar services to the issuer with an officially recognized qualification, such as a certified public accountant, appraiser, attorney-at-law, patent attorney or tax accountant;
- (f) Any other person prescribed and publicly notified by the Financial Services Commission from among professionals who are in a position to have good knowledge of financial standing, business affairs, etc. of the issuer;

2. Any of the following related persons:

- (a) The largest shareholder (referring to the largest shareholder defined in subparagraph 6 of Article 2 of the Act on Corporate Governance of Financial Companies. In this regard, "finance company" shall be construed as "corporation", and "outstanding stocks (including equity shares; hereinafter the same shall apply)" as "outstanding stocks"; hereinafter the same shall apply) of the issuer and shareholders who hold not less than 5 percent of the total number of outstanding stocks;
- (b) Executive officers (including a person referred to in each subparagraph of Article 401-2 (1) of the Commercial Act; hereafter the same shall apply in this subparagraph) of the issuer and members of the employee stock ownership association established under the Framework Act on Labor Welfare;
- (c) Affiliated companies of the issuer and their executive officers;
- (d) Shareholders of an unlisted stock corporation (excluding a corporation that has ever publicly offered or sold its stocks) where the issuer is an unlisted stock corporation;
- (e) Executive officers and/or employees of a domestic affiliated company of the issuer, where the issuer is a foreign enterprise established pursuant to the statutes of a foreign country, and sells its stocks of to executive officers and/or employees of the domestic affiliated company in accordance with a stock option plan, etc. for improving the welfare of employees;
- (f) Promoters of a company, if the company is incorporated by the issuer;
- (g) Other related persons, prescribed and publicly notified by the Financial Services Commission among those who are in a position to have good knowledge of financial standing, business affairs, etc. of the issuer.

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Article 132 (Persons Exempt from Issuing Investment Prospectus)

"Those prescribed by Presidential Decree" in the main sentence of Article 124 (1) of the Act means persons falling under any of the following subparagraphs: <Amended by Presidential Decree No. 21611, Jul. 1, 2009; Presidential Decree No. 24636, Jun. 21, 2013>

1. Persons falling under any provision of Article 11 (1) 1 (c) through (f) and items of Article 11 (1) 2;
- 1-2. Persons falling under Article 11 (2) 2 or 3;
2. Persons who expressed their intent to refuse to receive an investment prospectus in writing, by phone, cable, facsimile, e-mails or similar telecommunications, or other methods prescribed and publicly notified by the Financial Services Commission;
3. Persons who intend to acquire additional collective investment securities equivalent to those already acquired: Provided, That it shall be limited to where the investment prospectus of the relevant collective investment securities provide the same details as the investment prospectus issued immediately before.

1) Distribution location: KB Securities Co., NH Investment & Securities Co., Ltd. and Shinhan Financial Investment Co., Ltd.'s headquarters, branches, webpages, HTS and MTS (for existing shareholders, scheduled to be mailed).

2) Distribution method:

※ Prospectus distribution method and date

Category	Distribution Method	Distribution Date
Existing Shareholders	<p>Distributed through methods 1), 2) and 3)</p> <p>1) Mail</p> <p>2) Distributed at the headquarters and branches of the Joint Lead Managers</p> <p>3) Distributed through websites or HTS of the Joint Lead Managers</p>	<p>1) When mailing: receipt until the first date of the existing shareholders' subscription (December 14, 2020).</p> <p>2) Distribution at the headquarters and branches of The Joint Lead Managers : until the termination date of the subscription (December 15, 2020)</p> <p>3) Distribution through websites or HTS of the Joint Lead Managers: Until the termination date of the subscription (December 15, 2020)</p>

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Retail investors	<p>Distributed through methods 1) and 2)</p> <p>1) Distributed at the headquarters and branches of the Joint Lead Managers</p> <p>2) Distributed through websites or HTS of the Joint Lead Managers</p>	<p>1) Distribution at the headquarters and branches of The Joint Lead Managers : until the termination date of the subscription (December 18, 2020)</p> <p>2) Distribution through websites or HTS of the Joint Lead Managers: Until the termination date of the subscription h(December 18, 2020)</p>
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① Distribution method to existing shareholders

-Prospectus will be mailed to existing shareholders. However, shareholders who participate an existing shareholder subscription through the Joint Lead Managers may also receive the prospectus through the websites of the Joint Lead Manager or through HTS and MTS.

② Distribution method to retail investors

-In principle, the prospectus may be distributed as printed copies at the above distribution locations.

-Prospectus can be downloaded from the website of KB Securities Co., NH Investment & Securities Co., Ltd. and Shinhan Investment & Securities Co., Ltd., and from HTS and MTS, and subscribers may subscribe after completing the download.

-However, if a receipt of the electronic document can be confirmed under the condition that the recipient has specified the type and place of the electronic document upon providing a prior consent of the recipient of the electronic document, Distribution by an electronic document is also permissible. The prospectus in the form of an electronic document is considered to have been appropriately distributed for the subscription only when all of the following requirements are satisfied.

1. The recipient of the electronic document must agree to receive a prospectus by means of an electronic document.
2. The recipient of the electronic document shall designate the type and place of the electronic transmission medium to receive the electronic document.
3. It must be confirmed that the recipient of the electronic document has received the electronic document.
4. The content of the electronic document should be the same as the written prospectus.

③ Other matters

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-Investors wishing to participate in this subscription must receive a prospectus and sign the distribution confirmation before the subscription.

-The declaration of intent to decline to receive a prospectus shall only be made in writing, by telephone, telegraph, copy transmission, e-mail and similar electronic communications and in other methods determined and publicly notified by the Financial Services Commission.

-If you do not receive a prospectus or do not declare your intent to decline to receive it in the same way as described above, you will not be able to participate in this subscription.

-Investors who wish to receive a prospectus by means of an electronic document must satisfy all the requirements of Article 124 (1) of the Capital Market and Financial Investment Business Act.

3) Procedure to confirm a receipt of a prospectus

① Subscriber who receive a prospectus via mail (in the case of the existing shareholders subscription)

-If you visit the subscription location to subscribe, please fill out a confirmation form of a prospectus distribution and proceed with the subscription.

-When subscribing through HTS or MTS, you must confirm a receipt of the prospectus before you can subscribe.

-When subscribing via phone, you can check the distribution of prospectus through the recording records of each subscription location. (Please refer to a guidance of the relevant subscription location.)

② Receipt of a prospectus through a branch visit

-Please proceed with the subscription after confirming the distribution of a prospectus.

③ Distribution through KB Securities Co., Ltd., NH Investment & Securities Co., Ltd. and Shinhan Financial Investment Co., Ltd.'s websites, HTS and MTS (for retail investors)

-In order to proceed with the subscription a check box added to the subscription screen page, confirming the distribution of the prospectus must be filled prior to downloading the prospectus.

※ Summary of a subscription method by a subscriber type and a subscription location

[Subscription locations]

1) General shareholders among existing stockholders (formerly “bona fide shareholder”): headquarters and branches of the securities company that they deposited stock certificates to and of the Joint Lead Managers

2) Holders of special accounts among existing shareholders (formerly “registered shareholders”): headquarters and branches of the Joint Lead Managers

3) Retail investors: headquarters and branches of the Joint Lead Managers

[UNOFFICIAL TRANSLATION REFERENCE PURPOSE ONLY]

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Subscription Locations	Subscription Method	Subscription Procedure	
		Existing Shareholders' direct subscription or special account holders (listed shareholders) subscription	Retail Investors of Forfeited Shares
Joint Lead Managers : KB Securities Co., Ltd. NH Investment & Securities Co., Ltd. Shinhan Financial Investment Co., Ltd.	Subscription through Branch Visit	Subscription upon confirmation procedure for confirming that the prospectus was distributed (However, if you decline to receive a prospectus, you must submit a document confirming the decline before subscription) (until 16:00 the subscription end date)	Subscription upon confirmation procedure for confirming that the prospectus was distributed (However, if you decline to receive a prospectus, you must submit a document confirming the decline before subscription) (until 16:00 the subscription end date)
	Subscription through HTS, MTS and websites	Subscription upon confirmation procedure for confirming that the prospectus was distributed (until 16:00 the subscription end date)	<p>① Prior consent to download the prospectus in the form of an electronic document</p> <p>② Download of a prospectus</p> <p>③ Confirmation that the prospectus has been distributed</p> <p>Subscription after going through the aforementioned procedure</p> <p>(Until 16:00 on the subscription end date)</p>
	Subscription through ARS	Subscription upon confirmation procedure for confirming that the prospectus was distributed (until 16:00 the subscription end date)	Subscription upon confirmation procedure for confirming the receipt of the prospectus (until 16:00 the subscription end date)
	Subscription via phone	Subscription upon confirmation procedure for confirming that the prospectus was distributed (confirmation through recording) (until 16:00 the	-

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		subscription end date)	
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##Awaiting the Arranger's final confirmation

Footnote 1) General shareholders among existing stockholders (formerly "bona fide shareholder") may proceed with the subscription at the securities company that they deposited stock certificates to and in such case please confirm the subscription method and the subscription termination date of the relevant securities company.
Footnote 2) In the event that holders of special accounts (formerly "listed shareholders") among existing shareholders (formerly "registered shareholders") proceed with the subscription, please conclude the subscription by 14:00 considering the processing time.

4) Others

- ① In the case of this capital increase, a prospectus will be mailed to the registered shareholders as of the new stock allotment date after this prospectus becomes effective. Investors who have not received due to a mail return or other reasons can receive a prospectus through a branch visit. However, in the case of receiving the prospectus in the form of an electronic document, the subscription is feasible only when all the requirements of Article 124 (1) of the Financial Investment Services and Capital Market Act are satisfied.
- ② Subscription method through a securities company other than KB Securities Co., NH Investment & Securities Co., Ltd. and Shinhan Investment & Securities Co., Ltd. for the subscription of existing shareholders: Please proceed with subscription pursuant to subscription methods and regulations of a security company in question. Even in this case, please note that you will not be able to participate in the subscription of the capital increase unless you perform procedures such as a receipt confirmation of the prospectus

※ Subjects who are exempt from the prospectus receipt in accordance with § 124 of the Financial Investment Services and Capital Market Act and § 132 of the Enforcement Decree of the same Act are not obligated to receive a prospectus.

[THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT]

Article 124 (Fair Use of Investment Prospectus)

- (1) No one shall allow any other person to acquire securities or sell securities to any other person, unless an investment prospectus (referring to a short-form investment prospectus under paragraph (2) 3, if any investor in collective investment securities fails to separately request the delivery of an investment prospectus under Article 123; hereafter the same shall apply in this paragraph and Article 132) prepared in conformity with Article 123 is delivered to the person (excluding professional investors and those specified by Presidential Decree) who intends to acquire the securities after the relevant registration statement becomes effective. In such cases, it shall be deemed that the investment prospectus is delivered at the time the following requirements are fully satisfied, if the investment prospectus is delivered by means of an electronic document under Article 436: <Amended by Act No. 11845, May 28, 2013>

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1. The person to whom the electronic document is addressed (hereinafter referred to as "addressee of the electronic document") shall consent to the delivery of the investment prospectus by means of an electronic document;
2. The addressee of the electronic document shall designate the kind of an electronic transmission medium and place for receiving the electronic document;
3. The addressee of the electronic document shall confirm his/her receipt of the electronic document;
4. The contents of the electronic document shall be identical with those of the investment prospectus in writing.

[Enforcement Decree of Financial Investment Services and Capital Market Act]

Article 132 (Persons Exempt from Issuing Investment Prospectus)

"Those prescribed by Presidential Decree" in the main sentence of Article 124 (1) of the Act means persons falling under any of the following subparagraphs: <Amended by Presidential Decree No. 21611, Jul. 1, 2009; Presidential Decree No. 24636, Jun. 21, 2013>

1. Persons falling under any provision of Article 11 (1) 1 (c) through (f) and items of Article 11 (1) 2;
- 1-2. Persons falling under Article 11 (2) 2 or 3;
2. Persons who expressed their intent to refuse to receive an investment prospectus in writing, by phone, cable, facsimile, e-mails or similar telecommunications, or other methods prescribed and publicly notified by the Financial Services Commission;
3. Persons who intend to acquire additional collective investment securities equivalent to those already acquired: Provided, That it shall be limited to where the investment prospectus of the relevant collective investment securities provide the same details as the investment prospectus issued immediately before.

[Regulations on business and business of financial investment companies]

Article 2-5 (Obligation to explain, etc.)

1. (omitted)
2. When a financial investment company makes an investment recommendation to retail investors, a prospectus including investment explanation must be distributed, excluding the case where a retail investor declines to receive such in accordance with Article 132-2 (regardless of a name such as a proposal, contract, explanation material, etc, and in the case of a prospectus pursuant to Article 12301 of the Act and in the case of a collective investment certificate, a short-form investment prospectus pursuant to Article 124-2.3 of the Act.) (omitted below)

(6) Matters concerning replacement, return and payment of subscription deposits

Subscription deposits shall be replaced by the subscription payment on the subscription payment date but if the subscription deposits are less than the subscription payment amount and such amount is not received from subscribers by the subscription payment date, the allotted shares corresponding such shortfall amount must be acquired by the Joint Lead Managers with their own expense, and in the case of the excess subscription deposits, it would be refunded on the subscription date (December 22, 2020). In this case, no interest will be accrued on such subscription deposits.

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The Joint Lead Managers must pay the subscription payment to the WBO Center of SC First Bank on the due date.

(7) Matters concerning the distribution of the Share Certificates

Share certificates distribution commencement date: January 4, 2021 (As the electronic securities system was implemented on September 16, 2019, shares are registered and issued to share accounts held by each shareholder on the listing date without issuing physical share certificates and distributed from the listing date. However, please be advised that the schedule may change during business discussions with related organizations.)

(8) Matters concerning warrants

New stock allotment base date	Financial investment business entity for trading new shares	
	Company Name	Company Identification Number
November 11, 2020	KB Securities Co., Ltd.	00164876
	NH Investment & Securities Co., Ltd.	00120182
	Shinhan Investment Corp.	00138321

Footnote) By way of adopting, *mutatis mutandis*, Article 165-6 (3) of the Financial Investment Services and Capital Markets Act, the Company issues warrants which is the rights to acquire new common shares in proportion to the number of common shares owned by common shareholders. In accordance with Article 416 of the Commercial Act and Articles 5-19 of the 'Regulation on Issuance and Disclosure of Securities', a transfer of the warrants is permitted by a resolution of the Board of Directors on October 29, 2020. In addition, the warrants will be listed on the Korea Exchange.

1) In the case of this capital increase, the warrants will be issued and listed after the enforcement date of the electronic securities system (September 16, 2019). Shares allotted to shares held by shareholders in a securities company account (formerly bona fide shareholders shareholding') are issued and received in the account of the relevant securities company, and the warrants allotted to shares managed in a special account of a transfer agency (formerly 'registered shareholders shareholding') will be issued to each owner in a special account within the transfer agency.

2) The securities companies that will broker the sale and purchase of warrants are KB Securities Co., NH Investment & Securities Co., Ltd. and Shinhan Financial Investment Co., Ltd.

3) Sale and purchase of warrants, etc.

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Shareholders who wish to purchase or sell warrants must attach documents proving the sale and purchase of the warrants and claim an account transfer of the warrants to a consignor's account under the name of the counterparty to the securities company that are deposited with the warrants. One who purchases the warrants through a consignor's account can subscribe for that amount, and the right and effect will be lost if the subscription is not made within the subscription period.

4) Subscription method of an investor who purchased the warrants

The transferee who deposits the warrants to the securities company may subscribe for 200% of the quantity stated in the relevant warrants through offices of the securities company and the headquarters and branches of the Joint Lead Managers, and the right and effect will be lost if the subscription is not made within the subscription period.

5) Listing of the warrants

After the allotment of shareholders, the Company is planning to apply for a listing of the warrant related to the capital increase in the public offering of forfeited shares. If the warrants are listed, the listing period is scheduled for 5 trading days from November 30, 2020 to December 04, 2020, and during the period, the listed warrants can be purchased and sold on the Korea Exchange. The warrants will be delisted on December 7, 2020. (In accordance with 'new listing' under Article 150 of the Stock Market Listing Regulations, it must be listed for at least 5 trading days, and in accordance with 'Standards for Delisting New Stock Certificates' under Article 152 of the Same Act, the listing must be delisted no later than 5 trading days before the commencement of shareholder subscription.)

6) Additional matters related to the transaction of the warrants

As the Company plans to apply for listing of the warrants for the capital increase, all transactions related to the listing of the warrants, which have been confirmed through consultation with related organizations, are as follows.

① Listing method: all warrants registered and issued electronically are listed.

② Shareholders' transaction of the warrants

Category	Listed transaction method	Account transfer transaction method

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Method	Shareholders' warrants are issued electronically to be listed. Anyone who purchases the warrants through a market exchange and holds it in a securities company's account may subscribe for that amount, and if the subscription is not made within the subscription period, such right and effect will extinguish. Since the shareholders' warrants are issued electronically, no physical certificate is issued.	Shareholders who wish to buy or sell warrants must attach documents proving the sale of warrants to the consignment securities company and request a transfer of warrants to the account of the consignor under the name of the counterparty. A person who purchases a new shareholder's authorization certificate through a consignor's account may subscribe as much as 200% of the quantity, and the right and effect will be lost if the subscription is not made within the subscription period.
Period	November 30, 2020 to December 4, 2020 (5 trading days)	November 23, 2020 to December 8, 2020

After the allotment of shareholders, the Company plans to apply for listing on the Korea Exchange for a warrant owned by bona fide shareholders related to the paid-in capital increase for the public offering. If the warrants are listed, the warrant can be bought and sold on the Korea Exchange during the listing period. These warrants will be delisted on December 07, 2020. (In accordance with 'new listing' under Article 150 of the 「Securities Market Listing Regulations」, it must be listed for at least 5 trading days. Therefore, the listing must be delisted 5 trading days prior to the commencement of the shareholder subscription).

i) Listed transactions: from November 30, 2020 to December 04, 2020 (5 trading days).

ii) Account transfer transaction: from November 23, 2020 to December 08, 2020.

* an account transfer (over-the-counter transactions) is possible until December 08, 2020, which is the settlement date for the listing of the warrants, and from December 09, 2020, the account transfer will be limited as the details of the subscription rights of the warrants are confirmed.

iii) Since the warrants is issued electronically, the physical copies are not issued.

③ Special account owner (formerly 'listed shareholder') transaction

i) Once 'special account holders (formerly 'listed shareholders') apply for the transfer of warrants from a 'special account' to a 'general electronic registration account (securities company account)' with a

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transfer agency, then they are able participate in the subscription for a paid-in capital increase or trade the warrants.

- ii) 'Special account holders (formerly 'listed shareholders') can also subscribe to this capital increase by directly subscribing at headquarters or branches of the Joint Lead Managers without transferring warrants to the 'general electronic registration account (securities company account).' However, please note that the purchase and sale of warrants is only possible after applying for the transfer of warrants from a special account to a general electronic registration account (an account of a securities company) with a transfer agency.

④ 'special account holders (formerly 'listed shareholders') transaction of the warrants

- i) Once 'special account holders (formerly 'listed shareholders') apply for the transfer of warrants from a 'special account' to a 'general electronic registration account (securities company account)' with a transfer agency, then they are able participate in the subscription for this capital increase or trade the warrants.
- ii) 'Special account holders (formerly 'listed shareholders') can also subscribe to this capital increase by directly subscribing at headquarters or branches of the Joint Lead Managers without transferring warrants to the 'general electronic registration account (securities company account).' However, please note that the purchase and sale of warrants is only possible after applying for the transfer of warrants from a special account to a general electronic registration account (an account of a securities company) with a transfer agency.

Please note that this is only possible after applying the account transfer first.

(9) Other matters

1) Dividend date of new shares

January 1, 2020 is the starting date of dividend period for new shares issued by this public offering.

2) Information use restrictions

The Joint Lead Manager, KB Securities Co., Ltd., NH Investment & Securities Co., Ltd., and Shinhan Investment & Securities Co., Ltd., which are the Joint Lead Managers, must not disclose information obtained in connection with the implementation of the stand-by underwriting agreement to a third party or use such information for the purposes other than to improve the management of the issuing company.

3) Other

In the process of reviewing this securities report by the Financial Supervisory Service, measures such as a request for correction or others may be taken. If a request for correction or others occurs, the schedule described in the report may be changed. This securities report becoming effective does not mean an acknowledgment of the information contained in the securities report being true or accurate, or the government guaranteeing or

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approving the value of this collective investment securities. Therefore, investors are solely responsible for the investment in this collective investment securities.

In addition, this collective investment securities are a performance dividend product that is not protected by the Depositor Protection Act and may result in loss of the investment principal, so please be cautious about your investment.

5. Underwriting

A. Matters regarding the underwriting method

[Underwriting Method : Stand-by underwriting]

Underwriter			Types and Number of Underwritten Shares	Terms of Underwriting	Method of Underwriting
Name	ID No.	Address			
KB Securities Co.	00168476	50, Yeouinaru-ro, Yeongdeungpo-gu, Seoul	Registered common shares 23,148,149 shares	1	Stand-by underwriting
NH Securities & Investment Co., Ltd	00120182	60, Yeoui-daero, Yeongdeungpo-gu, Seoul			
Shinhan Financial Investment Co., Ltd.	00138321	70, Yeoui-daero, Yeongdeungpo-gu, Seoul			

¹ The Joint Lead Managers, KB Securities Co., NH Investment & Securities Co., Ltd. and Shinhan Financial Investment Co., Ltd. will underwrite the unsubscribed residual shares on a pro rata basis. In the case where any of the Joint Lead Managers fails to fulfill its underwriting obligation, the remaining Joint Lead Managers shall underwrite jointly and severally.

[Underwriting ratio of the Joint Lead Manager under the stand-by underwriting agreement]

Category	Category	Ratio of mandatory shares to be acquired within the Underwriting Limit
	KB Securities Co., Ltd.	40%

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Joint Lead Managers	NH Investment & Securities Co.	30%
	Shinhan Investment Corp.	30%

Footnote) The detailed method for calculating the number of shares to be acquired by each of the Joint Lead Managers is subject to the stand-by underwriting agreement.

B. Matters regarding payments for acquisitions

Category	Underwriter	Underwriting Fee	Lead Management Fee
Joint Lead Managers	KB Securities Co., Ltd.	40% of 0.6 % of the Total Offering Proceeds (0.24% of the Total Offering Proceeds)	40% of 0.2 % of the Total Offering Proceeds (0.08% of the Total Offering Proceeds)
	NH Investment & Securities Co.	30% of 0.6 % of the Total Offering Proceeds (0.18% of the Total Offering Proceeds)	30% of 0.2 % of the Total Offering Proceeds (0.06% of the Total Offering Proceeds)
	Shinhan Investment Corp.	30% of 0.6 % of the Total Offering Proceeds (0.18% of the Total Offering Proceeds)	30% of 0.2 % of the Total Offering Proceeds (0.06% of the Total Offering Proceeds)

6. Offering and Listing

[Schedule for Additional Listing]

Date (Scheduled)	Details
23 December 2020	Request for additional listing
04 January 2021	Listing of new shares

(1) The Company is a close-ended investment company and the shares issued by the Company are listed in the stock market of the Korea Exchange.

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(2) The shareholders can only redeem their investments only by selling their shares in the stock market of the Korea Exchange after the shares are listed.

(3) However, (x) if the overall market interest increases, the investment would become relatively less attractive which in turn might cause the share price to decrease or (y) due to the lack of market participants resulting in lack of trade volume in the market, the liquidity of these shares may be severely restricted.

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Chapter 2. Company Overview

1. Company Name

Name of Company	KOFIA Fund Code
Macquarie Korea Infrastructure Fund	35801

2. History

The details of the Company's history are set out below. Please refer to the Offering Circular published on the Company's website (<http://www.mkif.com>) for the details on the history of the Company prior to and at the time of the initial public offering.

Date	Details
December 2002	- Incorporation of Korea Road Infrastructure Fund on 12 December 2002
November 2005	- MKAM licensed by the Financial Services Commission ("FSC") as an infrastructure asset management company under the Indirect Investment Asset Management Business Act (the "IIAMBA") - Amendment of the Company's AOI to convert MKIF from a private investment company under the Securities Investment Company Act to a public investment company under the IIAMBA in order to be listed - Change of the Company's name from Korea Road Infrastructure Fund to Macquarie Korea Infrastructure Fund
February 2006	Registration of MKIF as an investment company under the IIAMBA
March 2006	- Capital raising of KRW 600 billion through initial public offering in Korea and placement to international investors - Dual listing on the Korea Exchange and the London Stock Exchange (as GDR)
April 2006	Acquisition of senior and subordinated loan commitments to Koda Development Co., Ltd., the concessionaire of the Incheon Grand Bridge Project
October 2006	Commitment to provide a subordinated loan of KRW 80 billion to Kyunggi Highway Co., Ltd., the concessionaire of the Seosuwon-Osan-Pyungtaek Expressway Project
November 2006	Commitment to invest subordinated loan in Seoul-Chuncheon Highway Co., Ltd., the concessionaire of the Seoul-Chuncheon Highway Project
February 2007	Equity investment and initial drawdown of the subordinated loan to Gyeongsu Highway Co., Ltd., the concessionaire of the Yongin-Seoul Expressway Project
April 2007	- MKIF received a credit rating of AA- (stable) from Korea Ratings - Refinancing of senior loans provided by third parties in Daegu East Circulation Road Co., Ltd. with MKIF-provided loan - Financial close on MKIF's subordinated loan investment in Kyunggi Highway Co., Ltd, the concessionaire of the Seosuwon-Osan-Pyungtaek Expressway Project
May 2007	Execution of a credit facility agreement (5-year term, facility size of KRW 500 billion)

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Date	Details
November 2007	Participation in the Third KRX IR EXPO organized by the Korea Exchange
December 2007	Commitment to provide subordinated loan of KRW 193 billion and equity of KRW 66.4 billion to BNCT Co., Ltd., the concessionaire of the Busan New Port Phase 2-3 Project
January 2008	Securitization of the shareholder loan in Baekyang Tunnel Ltd., the concessionaire of the Baekyang Tunnel Project by issuing an asset-backed security
March 2008	Divestment of MKIF's entire holding of the convertible bond issued by New Daegu Busan Expressway Co., Ltd. (maturity of 5 years, 6.5% equity conversion, nominal value: KRW 32 billion)
July 2008	Financial close on purchasing the remaining 51% equity interest in MCB Co., Ltd., the concessionaire of the Machang Bridge Project
March 2009	Divestment of MKIF's senior loan commitment to Incheon Bridge Co., Ltd., the concessionaire of the Incheon Grand Bridge Project
May 2009	Execution of the underwriting agreement related to securitization of MKIF's interest receivables on the subordinate loan provided to Cheonan Nonsan Expressway Co., Ltd., the concessionaire of the Cheonan-Nonsan Expressway Project (execution of the first securitization transaction)
January 2010	Divestment of MKIF's subordinate loan commitment to Kyunggi Highway Co., Ltd, the concessionaire of the Seosuwon-Osan-Pyungtaek Expressway Project
March 2010	Execution of the second securitization transaction related to securitization of the subordinated loan interest receivables from Cheonan-Nonsan Expressway Co., Ltd., the concessionaire of the Cheonan-Nonsan Expressway Project
November 2010	Divestment of 30% equity interest in MCB Co., Ltd., the concessionaire of the Machang Bridge Project
March 2011	Execution of the third securitization transaction related to securitization of the subordinated loan interest receivables from Cheonan-Nonsan Expressway Co., Ltd., the concessionaire of the Cheonan-Nonsan Expressway Project
April 2011	Upgrade of MKIF's domestic credit rating to AA (stable) from AA- (stable)
May 2011	Issuance of KRW 250 billion aggregate principal amount of unsecured bonds (KRW 190 billion for 7 years, KRW 60 billion for 5 years)
June 2011	Amendment to the terms of the credit facility agreement terms (term extended to June 2016, facility size of KRW 250 billion)
June 2012	Divestment of MKIF's entire investment, equity and subordinated loan to Daegu East Circulation Road Co., Ltd., the concessionaire of the Daegu Fourth Beltway East Project
October 2013	Divestment of MKIF's entire investment, equity and subordinated loan to Seoul Metro Line 9 Co., Ltd., the concessionaire of the Seoul Subway Line 9 Section 1 Project
October 2013	Additional subordinated loan commitment of KRW 50 billion to BNCT Co., Ltd., the concessionaire of the Busan New Port Phase 2-3 Project
February 2014	Refinancing of the revolving credit facility (term extended to February 2019, facility size of KRW 250 billion)
August 2015	Refinancing of New Airport Highway Co., Ltd., the concessionaire of Incheon International Airport Expressway Project (new financing agreement and capitalization)
October 2015	Refinancing of and additional investment in Gyeongsu Highway Co., Ltd., the

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Date	Details
	concessionaire of the Yongin-Seoul Expressway Project (increase in MKIF's shareholding in the concessionaire from 35% to 43.75%; shareholding ratio in terms of voting rights increased to 58.3%)
January 2016	Restructuring of the Woomyunsan Tunnel project (implementation of revenue partitioning structure and new financing agreement)
March 2016	Delisting of the GDR from the London Stock Exchange ¹
May 2016	Issuance of electronic short-term bonds (matures in May 2018, issued amount: KRW 60 billion)
January 2017	Restructuring of the Machang Bridge project (implementation of revenue partitioning structure and new financing agreement)
August 2017	Refinancing of and additional investment in Incheon Bridge Co., Ltd., the concessionaire of the Incheon Bridge Project (increase in MKIF's shareholding in the concessionaire from 41.02% to 64.05%)
September 2017	Capital raising of KRW 147.2 billion through follow-on public offering in Korea and placement to international institutional investors
June 2018	Issuance of KRW 200 billion aggregate principal amount of unsecured bonds (KRW 100 billion for 5 years, KRW 100 billion for 7 years)
June 2018	Refinancing of and additional investment in Seoul-Chuncheon Highway Co., Ltd., the concessionaire of the Seoul-Chuncheon Highway Project (increase in MKIF's shareholding in the concessionaire from 15% to 15.83%)
January 2019	Refinancing of the revolving credit facility (term extended to January 2024, facility size of KRW 250 billion)
April 2019	Refinancing of BNCT Co., Ltd., the concessionaire of the Busan New Port Phase 2-3 Project (new financing agreement, etc.)
December 2019	Restructuring of Cheonan-Nonsan Expressway Co., Ltd., the concessionaire of the Cheonan-Nonsan Expressway Project (introduced compensation settlement structure for revenue loss resulting from toll fare reduction)
December 2019	Commitment to invest equity of KRW 35.4 billion and subordinated loan of KRW 47.3 billion in Dongbuk LRT Co. Ltd., the concessionaire of the Dongbuk Light Rail Transit Project
September 2020	Execution of and commitment to equity investment of KRW 41.5 billion and subordinated loan of KRW 69.2 billion in the Busan New Port the 2nd Rear Road Co., Ltd., the concessionaire of the Busan New Port the 2nd Rear Road Project

¹At the time of MKIF's IPO in March 2006, GDRs were issued and listed on the London Stock Exchange to enable foreign investors to participate in the IPO process. However, the majority of the GDRs issued in the past have been cancelled and converted back to their original shares. Therefore, MKIF made the decision to delist its GDR as of 24 March 2016 considering low cost effectiveness of maintaining the listing of GDRs.

3. Term of Trust Agreement (Duration of the Company)

- Duration of the Company: The duration of the Company commences from the date of the incorporation and

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ends on the date of its dissolution based on any of the following events as defined in the Company's AOI.

The Company shall be dissolved if any of the following events occurs:

- A. By a resolution adopted at the general meeting of shareholders
- B. Merger
- C. Insolvency
- D. Court's order or court's judgment
- E. Cancellation of registration by the order of the FSC

If any of the above events occurs, a receiver or liquidator shall report to the FSC within 30 days of the dissolution.

The duration during which the Company exists may differ from an investor's intended period of investment.

4. Asset Management Company

A. Asset Management Company Overview

Company Name	Macquarie Korea Asset Management Co., Ltd. ("MKAM" or the "Manager")
Contact	18th Floor, Unit A, Centropolis, 26 Ujeongguk-ro, Jongno-gu, Seoul, Korea (Postal Code: 03161) +82 2 3705 8565
History	<p>(1) Established as "Macquarie Infrastructure Asset Management" in Korea on 17 October 2002</p> <p>(2) Appointed as MKIF's asset management company (used interchangeably with an asset manager) on 13 December 2002</p> <p>(3) Changed the name to "Macquarie Shinhan Infrastructure Asset Management" on 23 December 2002</p> <p>(4) Licensed as an infrastructure asset manager in Korea under the IIAMBA on 11 November 2005</p> <p>(5) Licensed to manage funds investing in special assets (limited to infrastructure assets) on 4 February 2009 pursuant to the FSCMA</p> <p>(6) Licensed to manage funds investing in special assets (removal of the limitation to investment in infrastructure assets) in June 2010 pursuant to the FSCMA</p> <p>(7) In February 2012, an affiliate of Macquarie Group purchased 50% of the common shares in MKAM, increasing Macquarie's shareholding in MKAM to 100% of the voting shares (changed its name from Macquarie Shinhan Infrastructure Asset Management to the current MKAM)</p> <p>(8) Expanded its collective investment license to include management of real estate funds in November 2013</p> <p>(9) In October 2015, registered to manage private placement funds offered to professional investors pursuant to the amended FSCMA</p> <p>(10) On 2 March 2020, completed the merger with its affiliate company, Macquarie Korea Opportunities Management Ltd., which was registered with the FSC as the general partner</p>

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	of its private equity funds. The merger accordingly expanded the business scope of MKAM to include the general partner of private equity funds as defined under the FSCMA
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Note) Please refer to Chapter 4 Section 1 (Asset Management Company) for more details.

5. Registered Asset Managers

A. Current Asset Management Professionals

MKAM is licensed under the Financial Investment Services and Capital Markets Act (“FSCMA”) to act as the manager of special asset funds (not limited to management of infrastructure funds). As part of its licensing requirements, MKAM is required to employ at least two “infrastructure asset management professionals.”

Below is a list of MKIF’s asset management professionals.

[Current Asset Management Professionals and Funds under Management]

Name	Year of Birth	Position	Funds under Management		Annualized Return of the Same Class Funds (equity-type)				Years of Asset Management Experience
			No. of Funds under Management	Size of Funds under Management	Asset Management Professional		Asset Management Company		
					Recent 1 year	Recent 2 years	Recent 1 year	Recent 2 years	
Jae Woo Jung	1981	Associate Director	2	KRW 4,178.8 billion	7.00%	6.97%	6.49%	6.58%	10 years 1 month
Jinwook Park	1964	Division Director	1	KRW 3,839.5 billion	-	-			7 years 9 months

Note 1) The names, sizes and returns of the funds managed by the asset management professionals in recent three years are disclosed on the website of KOFIA (www.kofia.or.kr).

Note 2) Please note that the number and sizes of the funds under management are as of 30 September 2020.

Note 3) Annualized returns of the same class funds refer to the average performance of the same class funds classified by the asset management company. Performance of the respective asset management professional indicates the performance while working at the respective asset management company.

Note 4) Years of asset management experience refers to the entire period the respective asset management professional has managed funds in the past.

[Work Experience of Asset Management Professionals]

Name	Career
Jae Woo Jung	<ul style="list-style-type: none"> - Associate Director of the Infrastructure Fund Management Team at MKAM - Member of the MKIF management team (portfolio & capital management) since August 2010 - Manager of a special assets fund investing in Korean private concession businesses since December 2012 - Worked in financing and asset management at Korea Securities Finance Corporation from 2009 to 2010 - Worked in corporate finance at Korea Development Bank from 2008 to 2009
Jinwook Park	<ul style="list-style-type: none"> - Division Director of the Infrastructure Fund Management Team at MKAM - Member of the MKIF management team (portfolio & capital management) - Compliance Officer of MKAM from 2005 to 2012 - Worked at Daehan Investment & Trust (currently Hana Financial Investment) from 1989 to

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B. Changes in Asset Management Professionals

Period	Asset Management Professionals
October 2019 ~ Present	Jae Woo Jung, Jinwook Park
February 2019 ~ September 2019	Yunsik Pak (~March 2019), Jae Woo Jung, Boum Sik Suh
March 2016 ~ February 2019	Yunsik Pak, Jae Woo Jung

6. Company Structure

A. Type and Form of Company

- Investment company, special assets, closed-end (Non-redeemable), accumulative type
- Infrastructure investment and financing company under the Act on Public-Private Partnerships in Infrastructure (“PPP Act”)

The Company is a special asset collective investment vehicle that conforms to Article 229 Item 3 of the FSCMA and an investment company that conforms to Article 9 Paragraph 18 Item 2 of the same Act and an infrastructure investment and financing company incorporated in accordance with Article 41 of the PPP Act.

The Company is an infrastructure investment and financing company which was established in accordance with the PPP Act in December 2002 and operates the collective investment assets (holding assets) through investments in companies engaged in the infrastructure businesses according to the PPP Act and aims to distribute the generated profit to its shareholders.

Since the listing on 15 March 2006, the Company’s shares have been traded on the Korea Exchange. The Company’s stock code (ticker) registered on the Korea Exchange is 088980. The Company, as a collective investment vehicle, does not have any other class except for its shares listed on the Korea Exchange.

An investor that seeks to invest in the Company may open an account at a securities firm registered with the Korea Exchange and trade shares through the account. Securities firms may charge fees for transactions.

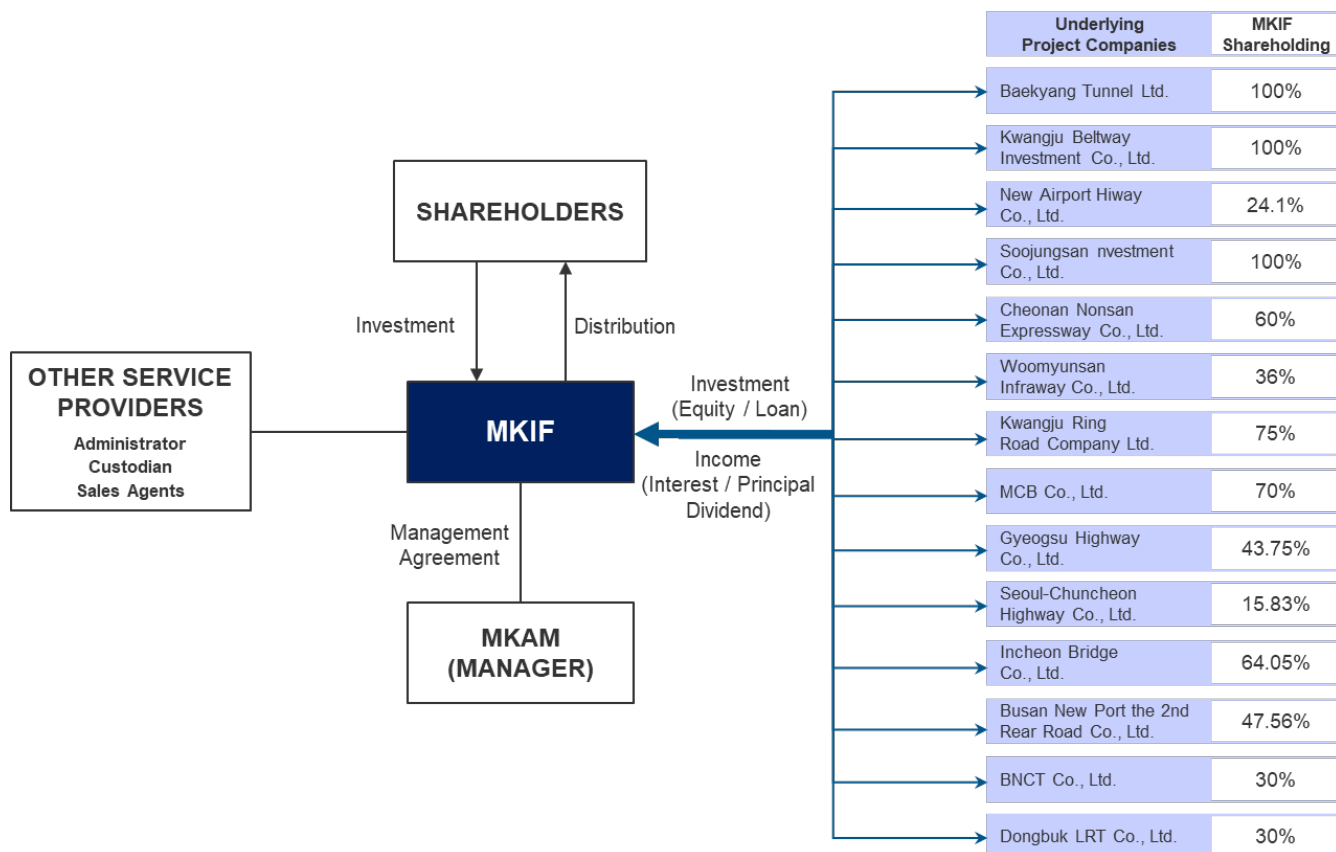
Meanwhile, being subject to the Electronic Securities System, which was introduced on 16 September 2019 pursuant to the Act on Electronic Registration of Stocks, Bonds, etc. (the “Electronic Securities Act”), the Company needs to register and issue securities electronically without issuing physical certificates. All administrative affairs concerning securities, including transfer, securitization, and exercise of rights, are handled electronically. On 18 July 2019, the Company revised its AOI to reflect the provisions stipulated in the Electronic Securities Act. As requested by the Electronic Securities Act, the Company also informed its shareholders about the introduction of the Electronic Securities System and its impact.

B. Investment Structure of Company

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MKIF Investment Structure



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Dongbuk Light Rail Transit

- 13.4km, underground rail
- MKIF commitment: KRW 82.7bn (5%)

Incheon International Airport Expressway

- 40.2km, 6 to 8-lane expressway
- MKIF investment: KRW 75.3bn (4%)

Woomyunsan Tunnel

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

Incheon Grand Bridge

- 12.3km, 6-lane bridge
- MKIF investment: KRW 194.5bn (16%)

Yongin-Seoul Expressway

- 22.9km, 4 to 6-lane expressway
- MKIF investment: KRW 151.1bn (8%)

Gwangju 2nd Beltway, Section 1

- 3.5km, 6-lane ring road
- MKIF investment: KRW 195.6bn (11%)

Gwangju 2nd Beltway, Section 3-1

- 5.6km, 6-lane ring road
- MKIF investment: KRW 28.9bn (2%)

Seoul-Chuncheon Highway

- 61.4km, 4 to 6-lane expressway
- MKIF investment: KRW 162.3bn (9%)

Cheonan-Nonsan Expressway

- 81.0km, 4-lane expressway
- MKIF investment: KRW 270.1bn (15%)

Baekyang Tunnel

- 2.3km, 4-lane tunnel
- MKIF investment: KRW 2.4bn (0.1%)

Soojungsan Tunnel

- 2.3km, 4-lane tunnel
- MKIF investment: KRW 47.1bn (3%)

Busan New Port Phase 2-3

- 840,000m² container terminal
- MKIF investment: KRW 259.4bn (14%)

BNP the 2nd Rear Road

- 15.3km, 4-lane expressway
- MKIF investment: KRW 110.7bn (6%)

Machang Bridge

- 1.7km, 4-lane bridge
- MKIF investment: KRW 112.8bn (6%)

● Expressway ● Bridge ● Tunnel ● Port ● Rail

Asset investment status, investment amount, investment contract amount, company investment amount, and the percentage of the investment contract amount indicated in parentheses are of 30 September 2020.

7. Investment Purposes

The Company invests in shares, bonds and/or loans of business entities that develop and/or operate infrastructure businesses under the Article 2 Item 3 of PPP Act. As an infrastructure investment company, the Company focuses on generating profits through dividends income and interest income on its investments and ultimately distributing the profits from investment activities to its shareholders.

While infrastructure funds investing in the infrastructure businesses are expected to generate stable returns, there is no guarantee on the return of the principal investment amount without any loss and that the initial investment goals and performance targets will be achieved.

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8. Investments

A. Investment Portfolio

The investment portfolio of the Company is comprised of stocks, bonds, collateralized bonds issued by the companies engaged in businesses related to new construction, expansion, improvement, or operation (“social infrastructure businesses”) (“project companies”) (Article 2 Paragraphs 2 and 3; Article 43 Paragraph 1 of PPP Act). The Company generates profits from dividends and interests through its investments and distributes these profits to the investors of the Company.

※ The definitions of terms used in <Act on Public-Private Partnerships In Infrastructure> are as follows:

1. The term "infrastructure" means any of the following fundamental facilities which serve as the foundation of production, increase the efficiency of such facilities, and accommodate the convenience of users and in the lives of the public:
 - (a) Facilities that serve as the basis for economic activities such as roads, railroads, harbor facilities, airport facilities, multi-purpose dams, waterworks systems, sewage systems, river facilities, fishery harbor facilities, waste disposal facilities;
 - (b) Facilities necessary for providing social services such as kindergartens, schools, libraries, science museums, cultural complex facilities, and public health care facilities; and
 - (c) Public facilities necessary for the performance of the national or local government, such as public buildings, veterans' facilities, disaster prevention facilities, barracks facilities, or public facilities provided for general public use, such as sports facilities and recreation facilities.
2. Notwithstanding Paragraph 1, the following facilities are excluded from Paragraph 1 social infrastructure as facilities that are likely to significantly harm public interests when operated by the private sector:
 - (a) Facilities designated by the Minister of Defense as facilities handling military secrets under Paragraph 1 of Article 2 of the “Military Secret Protection Act”;
 - (b) Facilities determined by the Minister of Defense as necessary for military operations in Paragraph 1 (a) of Article 2 of the “Defense and Military Facility Project Act”;
 - (c) Diplomatic Information and Communications Network; and
 - (d) Other facilities prescribed by Presidential Decree.
3. The term "public-private partnership project" means projects related to the establishment, expansion, improvement, or operation of social infrastructure.

Article 43 (Scope of Asset Management)

(1) An collective investment vehicle may perform the following businesses:

1. Acquisition of stocks, shares, and bonds issued by corporations with the purpose of implementing infrastructure projects;
2. Loans to and acquisition of loans against corporations with the purpose of implementing infrastructure projects;
3. Investments in a corporation (excluding the collective investment vehicle) with the purposes of investing by the mode of subparagraph 1 or 2 in the corporation with the purposes of implementing infrastructure projects;
4. Other investments approved as necessary for achieving the purposes under subparagraphs 1 through 3 by the

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Financial Services Commission.

The investment portfolio of the Company is currently composed only of investments in the project companies of public-private partnership projects. A public-private partnership project is proposed by the private sector as prescribed in Article 9 of the PPP Act, or any concession project conducted by the project companies in accordance with a master plan for a public-private partnership project as prescribed in Article 10 of the PPP Act (defined in Article 2 Subparagraph 6 of the PPP Act).

The Company currently invests in shares and bonds and extends loans to project companies that develop and/or operate infrastructure facilities (as defined in the PPP Act including toll roads, bridges, tunnels, rails, ports, etc.) under concessions from central or municipal governments, and the Company also intends to invest in project companies that develop and/or operate infrastructure facilities or other assets permitted under relevant laws.

As of 30 September 2020, the Company has invested KRW 1,814.1 billion in its target assets and it will continue to make similar investments within the scope permitted by relevant laws in project companies engaged in infrastructure businesses. The Company has invested in 14 Korean infrastructure assets composed of 12 toll road projects, including bridges and tunnels, a single container terminal project, and a single rail project.

The table below summarizes the Company's investments as of 30 September 2020. Detailed information of the assets stated in the table below is available on the website of MKIF (<http://www.mkif.com>).

Name	Status	Commitment (KRW billion)				Equity Ownership (%)
		Equity	Sub Debt	Senior Debt	Total	
New Airport Hiway Co., Ltd.	Operating	23.6	51.7	-	75.3	24.1
Baekyang Tunnel Ltd.	Operating	1.2	-	1.2	2.4	100.0
Kwangju Ring Road Co., Ltd.	Operating	28.9	-	-	28.9	75.0
Kwangju Beltway Investment Co., Ltd.	Operating	33.1	85.2 ¹	77.3	195.6	100.0
Woomyunsan Infraway Co., Ltd.	Operating	5.3	-	15.0 ²	20.3	36.0
Cheonan-Nonsan Expressway Co., Ltd.	Operating	87.8	182.3	-	270.1	60.0
Soojungsan Investment Co., Ltd.	Operating	47.1	-	-	47.1	100.0
MCB Co., Ltd.	Operating	33.8	79.0	-	112.8	70.0
Seoul-Chuncheon Hiway Co., Ltd.	Operating	0.6	161.8	-	162.4	15.83
Incheon Bridge Co., Ltd.	Operating	54.4	241.0	-	295.4	64.05
Yongin-Seoul Expressway Co., Ltd.	Operating	51.5	99.6	-	151.1	43.75
Busan New Port the 2nd Rear Road Co., Ltd.	Operating	41.5	69.2	-	110.7	47.56

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Name	Status	Commitment (KRW billion)				Equity Ownership (%)
		Equity	Sub Debt	Senior Debt	Total	
BNCT Co., Ltd.	Operating	66.4	193.0	-	259.4	30.0
Dongbuk LRT Co., Ltd.	Under construction	35.4	47.3	-	82.7	30.0
Total	-	510.6	1,210.1	93.5	1,814.2	-
Percentage (%)	-	28.1	66.7	5.2	100.0	-

¹Includes KRW 3.2 billion of working capital facility and KRW 50 billion of new shareholder loan.

²As a result of the capital restructuring of Woomyunsan Tunnel project on 14 January 2016, the previous subordinated debt has been refinanced with a new shareholder loan tranche B.

Note 1) Based on investment amount and commitment to invest in Dongbuk LRT Co., Ltd. (nil has been deployed from the committed amount of KRW 82.7 billion)

B. New Investment Target Related to the Capital Raising and Purpose of Fund Use

In some case, the Company needs to quickly raise investments related to infrastructure projects (roads, railroads, ports, etc. For more details, see A. Investment Portfolio) and other funds necessary for the operation of the company. In preparation for this, the Company must always secure an appropriate level of financial liquidity (cash, withdrawable credit loans, residual borrowing limits) determined by the Company, taking into account the borrowing limit (30% of the Company's capital) under the Private Investment Act. Therefore, the Company plans to first use the Company's cash and borrowing to quickly raise investment and operating funds, and if necessary, increase the capital through a paid-in capital increase to re-secure the financial liquidity necessary for the company's management, including future provisional new investments.

In accordance with the above strategy, the Company will invest KRW 82.7 billion out of the net offering proceeds of KRW 241.9 billion (total offering proceeds of KRW 244.2 billion net of issuance costs of KRW 2.3 billion) in the Dongbuk Light Rail Transit Project announced on 26 December 2019 (investment commitment amount of KRW 82.7 billion). The Company will use KRW 110.7 billion for the purpose of repaying the debts withdrawn by the Company at the end of September 202 for the investment in the Busan New Port the 2nd Rear Road Project announced on 24 September 2020 (investment commitment amount of KRW 110.7 billion). The remaining KRW 48.5 billion will be used to to repay the loans of the Company in order secure the financial liquidity needed to operate the Company, including future provisional new investments.

[Plan of Fund Use]

Purpose of Fund Use	Investment Commitment Amount (KRW billion)	Investment Commitment Drawdown Date	Note
Dongbuk Light Rail	82.7	Projected 2021 - 2022 ¹	Scheduled to be

¹ The Company investment contract drawdown date is projected to be 2021 – 2022 from the estimated construction period of the Dongbuk Light Rail Transit of 2020 – 2024. However, the actual drawdown date and construction period may be different.

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Transit Project			withdrawn sequentially during the construction period ¹
Busan New Port the 2nd Rear Road Project	110.7	Completed at the end of September 2020	Investment agreement payment completed by withdrawing Company debt which is to be repaid by the proceeds of capital increase
Repayment of the loans of the Company	48.5		Securing the financial liquidity needed to operate the Company, including future new investments
Total	241.9		

Footnote 1) Although it is expected that the drawdown period for the commitment amount of the Company is from 2021 to 2022 during the anticipated construction period for Dongbuk Light Rail Transit Project, which is from 2020 to 2024, but it may differ.

(1) Dongbuk Light Rail Transit Project

On 26 December 2019, the Company, by investing a total of KRW 82.7 billion in the Dongbuk LRT Co., Ltd., the concessionaire of the Dongbuk Light Rail Transit Project, decided to acquire 30% of the concessionaire's shares and 50% of total amount of the subordinated loan.

The Dongbuk Light Rail Transit Project is a profit-oriented private investment project promoted by the competent authority, the Seoul Metropolitan Government. The concessionaire is to provide part of the project cost to construct the Dongbuk Light Rail Transit for five years and upon completion, the ownership is to be transferred to the Seoul Metropolitan Government. In accordance with the concession agreement signed with the Seoul Metropolitan Government in July 2018, the concessionaire is to directly operate the project for 30 years from the start of the operation and is to receive private investment and certain profits as user fees. Currently, the projected construction period is January 2020 to December 2024, and the operating period accordingly is January 2025 to December 2054 (30 years).

The Dongbuk Light Rail Transit is a 13.4km long line connecting the northeastern area of Seoul from Seongdong-gu (Wangsim-ri) to Nowon-gu (Sanggye), and is built underground for all sections. After opening, the Dongbuk Light Rail Transit will become a competitive means of transportation that allows citizens to move quickly at a low cost, and it is expected that some of the demand for automobiles and existing public transportation will be converted to the Light Rail Transit. In addition, 7 of the total 16 stations are transfer

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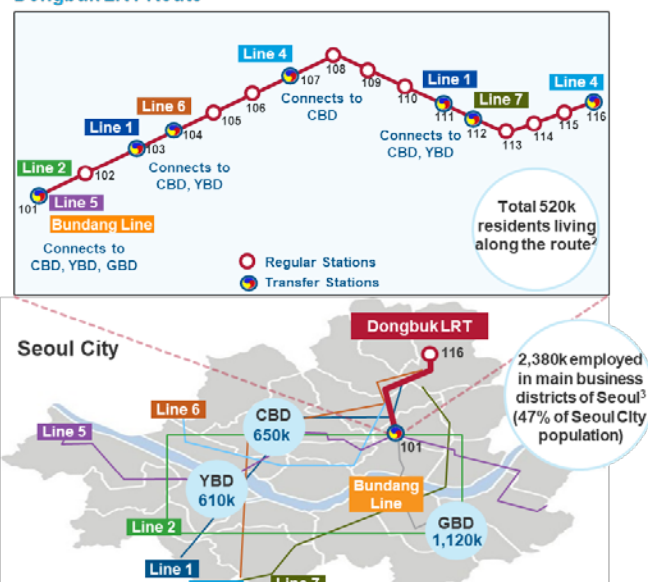
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stations, providing citizens with access to travel to and from the major business districts of Seoul city center (CBD), Yeouido (YBD), and Gangnam (GBD) via nine other Seoul metro lines.

Project Overview

Concessionaire	Dongbuk LRT Co., Ltd.
Competent Authority	Seoul Metropolitan City ("SMC")
Project Type	Build-transfer-operate
Target Asset	Dongbuk Light Rail Transit System
Location	Northeast Seoul (Wangsimni of Seongdong-gu ~ Sanggye of Nowon-gu)
Length	13.4km
No. of Stations	16 (including 7 transfer stations)
Construction Period	5 years January 2020 ~ December 2024 (expected)
Concession Term (Operation Period)	30 years from operation commencement date January 2025 ~ December 2054 (expected)
Project Investment ¹	KRW 779.7bn

Dongbuk LRT Route

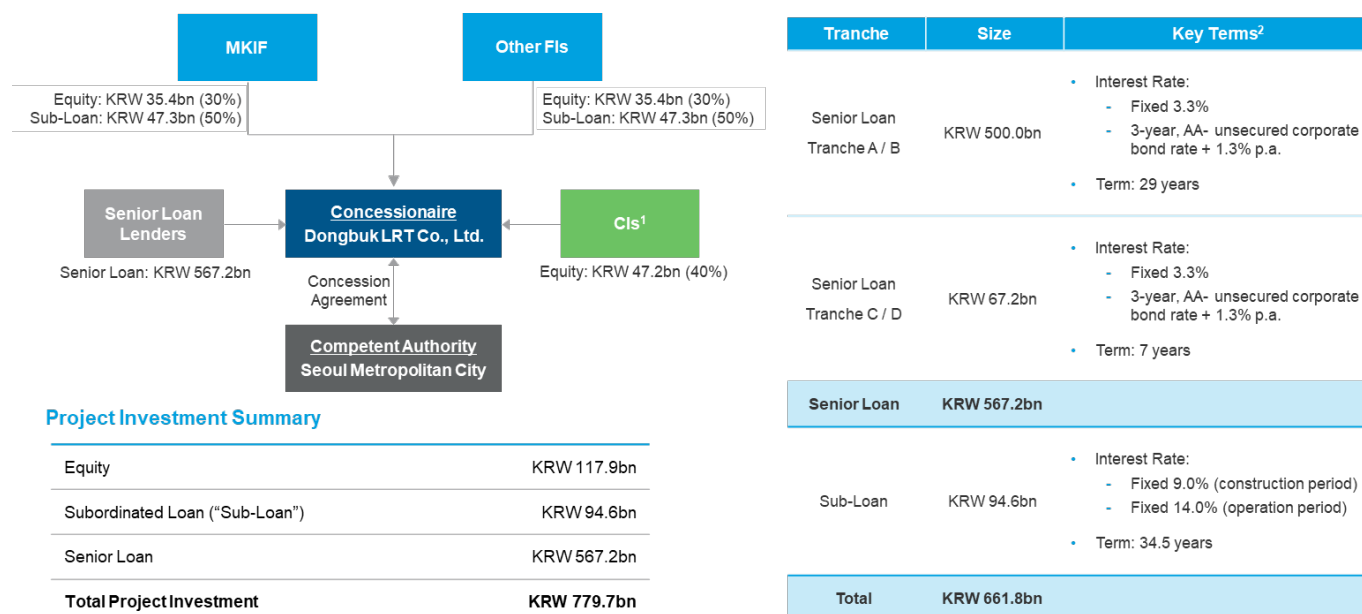


1. Amount of private investment required excluding government subsidy
2. Source: Statistical Geographic Information Service provided by Statistics Korea of the Korean Government; number of residents is the sum of residents registered to local districts which Dongbuk LRT railway stations are located
3. Source: Seoul City Public Database (number of employees in Central Business District ("CBD"; Jongno-gu and Jung-gu), Yeouido Business District ("YBD"; Yeongdeungpo-gu and Mapo-gu) and Gangnam Business District ("GBD"; Gangnam-gu and Seocho-gu))

For the construction of the Dongbuk Light Rail Transit, the concessionaire signed an agreement to finance a total of KRW 779.7 billion in private investment funds from three financial institutions including the Company, six construction investor institutions, and senior loan lenders. The investment type is KRW 117.9 billion in capital, KRW 94.6 billion in subordinated loans, and KRW 567.2 billion in senior loans. The Company plans to invest KRW 35.4 billion, which is 30% of the capital, and KRW 47.3 billion, which is 50% of the subordinated loans.

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- 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%)
- Interest rates include the fee charged by Korea Credit Guarantee Fund to guarantee repayment of the loan

In accordance with the concession agreement, the Seoul Metropolitan Government is to compensate the concessionaire for losses caused by the demand for free rides within the scope stipulated in the concession agreement and pay for the fare difference. If the project is terminated due to reasons stipulated in the concession agreement, payment is to be provided upon termination. In addition, if the cumulative operation income calculated annually from the 5th year of the operation period until the end of the operation period is less than 80% of the project income estimated under the concession agreement, together with the Company, the construction investors who participated in the Dongbuk LRT Project has agreed to repay the full amount of the capital and the subordinated loan invested by financial investors, including the Company, through financing.

The investment commitment of the Company is expected to be withdrawn sequentially from 2021 to 2022 during the projected construction period (2020-2024). However, there is a possibility that the use of the paid-in capital increase may be postponed due to delays in the withdrawal of the investment caused by other unexpected factors such as delayed construction. (See construction-related risks in part II of the collective investment – 10. Investment risks for collective investment bodies – C. Other risks – (3) asset-related risks under construction). In such case, the Company plans to repay the Company's borrowing with paid-in capital increase during the delayed period to reduce interest costs and secure and maintain financial liquidity. However, investors are advised to note that the delay in the timing of the Company's revenue recognition point related to the Dongbuk LRT project may negatively affect the shareholder's return on the investment.

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(2) Busan New Port the 2nd Rear Road Project

On 24 September 2020, the Company, by investing a total of KRW 110.7 billion in the Busan New Port the 2nd Rear Road Co., Ltd., the concessionaire of the Busan New Port the 2nd Rear Road Project, decided to acquire 47.6% of the concessionaire's shares and 81.0% of the subordinated loan held by existing financial investors.

The Busan New Port the 2nd Rear Road Project is a profit-oriented private investment project promoted by the Ministry of Land, Infrastructure and Transport. The concessionaire is to provide part of the project cost to construct the Busan New Port the 2nd Rear Road and upon completion, the ownership is to be transferred to the Ministry of Land, Infrastructure and Transport. In accordance with the concession agreement signed with the Ministry of Land, Infrastructure and Transport on 31 October 2008, the concessionaire is to directly operate the project for 30 years from the start of the operation (13 January 2017 to 12 January 2047) and is to receive private investment and certain profits as user fees.

The Busan New Port the 2nd Rear Road is a double 2-lane highway with a total length of 15.3km connecting the Busan New Port Hinterland Complex in Eungdong Region, Changwon-si, Gyeongsangnam-do and the Jillye Junction on Namhae Expressway located in Gimhae-si, Gyeongsangnam-do. This highway is currently one of two major roads directly connecting the Busan New Port and the inland along with the 1st Rear Road. In particular, it is analyzed that the average travel distance between the metropolitan area, Chungcheong-do, and Jeolla-do area is about 18.3km shorter and the travel time is about 34 minutes shorter than using the 1st Rear Road.² From the initial ramp-up period since opening in 2017 to 2019, the traffic volume of this road has increased by an average of 49% per year. In 2020, despite the COVID-19 outbreak, it is showing an increased volume compared to the same time period last year.

² The Ministry of Land, Infrastructure and Transport press release dated 10 January 2017; driving distance and travel time are calculated based on the section from Ungdong District of Busan New Port to Jillye Jungion on Namhae Expressway.

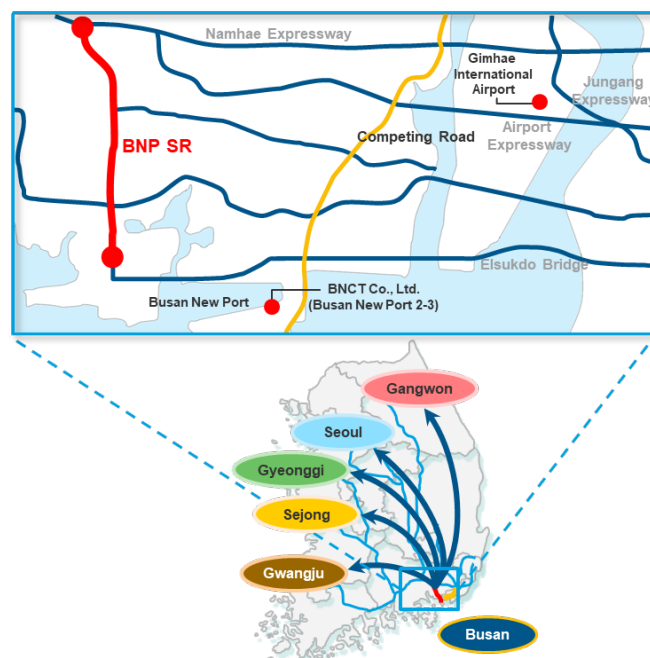
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Project Overview

Concessionaire	Busan New Port the 2nd Rear Road Co., Ltd.
Competent Authority	Ministry of Land, Infrastructure and Transport
Project Type	Build-Transfer-Operate
Target Asset	Busan New Port the 2nd Rear Road
Location	Busan New Port Hinterland Complex (Changwon-si, Gyeongsangnam-do) ~ Jillye Junction on Namhae Expressway (Gimhae-si, Gyeongsangnam-do)
Length	15.3km (double 2-lane)
Facilities	16 bridges 5 tunnels
Construction Period	5 years 13 July 2012 ~ 12 January 2017
Concession Term (Operation Period)	30 years from operation commencement date 13 January 2017 ~ 12 January 2047

Location

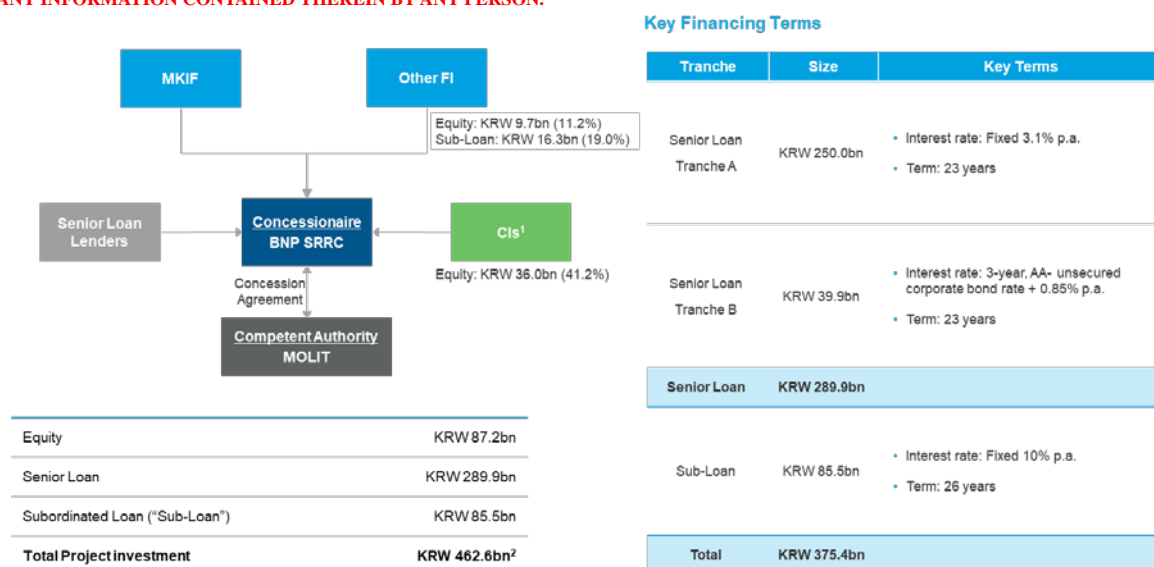


After this investment, the concessionaire will receive a total of KRW 462.6 billion³ from two financial investor institutions including the Company, nine construction investor institutions, and senior loan lenders. The investment type is KRW 87.2 billion in capital, KRW 85.5 billion in subordinated loans, and KRW 289.9 billion in senior loans. The Company has made an agreement to acquire 47.6% of the concessionaire shares by investing KRW 41.5 billion and to acquire 81.0% of the subordinated loan by investing KRW 69.2 billion. The Company made an investment by withdrawing the agreed amount (KRW 110.7 billion) in full at the end of September 2020 by way of firstly using unused revolving corporate credit facility and plans to repay the revolving corporate credit facility used for the advance withdrawal with the payment of the current capital increase to regain the financial liquidity necessary for the Company's operation.

³ Excluding loans provided by construction investors since they are not for direct use the project but for the provision of funds to the financial investors.

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1. Lotte E&C Co., Ltd. 12.2%, Doosan E&C Co., Ltd. 5.2%, Ssangyong E&C Co., Ltd. 4.7%, POSCO E&C Co., Ltd. 4.7%, Hanwha E&C Corp. 4.1%, Halla Corp. 4.1%, Dongwon Construction Industries Co., Ltd. 2.7%, DSME Construction Co., Ltd. 2.7%, Bando E&C Co., Ltd. 0.8%
2. Excludes the loans provided by construction investors as the construction investor-provided loans are primarily used to provide financial support to FIs

If the quarterly cash return⁴ of financial investors during the operating period is less than 4.2% per year (hereinafter referred to as the "minimum guaranteed cash rate of return"), construction investors have agreed to compensate for the shortfall so that the financial investors can achieve the minimum guaranteed cash rate of return by replenishing a total capped amount of KRW 55 billion (hereinafter referred to as "replenishment of funds for construction investors⁵"). In addition, if certain requirements⁶ are met during the operating period, financial investors reserve the right to require construction investors to re-finance funds to repay entire capital and subordinated loan principals invested by financial investors (hereinafter "investment principal"). Upon exercising this right, financial investors are to be repaid in full on the investment principal, and in addition, an amount that satisfies the minimum guaranteed cash rate of return (or higher, depending on the time of the exercise) until the time of the repayment of the investment principal.

⁴ Cash return = (interest income received + dividend income received + other income received) / (simple arithmetic average of the sum of the principals of subordinated loans and paid-in capital of financial investors at the end of the previous two quarters)

⁵ If all limits are exhausted, construction investors are obligated to provide financial investors with alternatives to preserve the minimum guaranteed cash return.

⁶ In case the actual toll income at the end of each business year during the operating period is less than 85% of the toll income estimated by senior lenders for two consecutive years, and at the same time is more than 80% of the total limit for replenishment of funds from construction investors has been exhausted.

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If the future traffic demand of the Dongbuk Light Rail Transit and the Busan New Port the 2nd Rear Road is lower than expected, there is a possibility that the Company may not achieve the original target rate of return. On the other hand, the Company has secured protective measures to ensure investment principal and a certain level of profit from each of the construction investors who participated in each project, in preparation for the risks related to the income of the two projects. Nevertheless, investors should note that some or all of the amounts guaranteed by the above safeguards may not be provided due to unforeseen circumstances, which may adversely affect the return on investment for shareholders.

C. Investment Restrictions

Pursuant to Article 43 of the PPP Act, the Company is only permitted to invest in the following assets (“infrastructure assets”).

※ Relevant Statutes

< ACT ON PUBLIC-PRIVATE PARTNERSHIPS IN INFRASTRUCTURE >

Article 43 (Scope of Asset Management)

- ① A collective investment vehicle may perform the following businesses
 - 1. Acquisition of stocks, shares, and bonds issued by corporations with the purpose of implementing infrastructure projects;
 - 2. Loans to and acquisition of loans against corporations with the purpose of implementing infrastructure projects;
 - 3. Investments in a corporation (excluding the collective investment vehicle) with the purposes of investing by the mode of subparagraph 1 or 2 in the corporation with the purposes of implementing infrastructure projects;
 - 4. Other investments approved as necessary for achieving the purposes under subparagraphs 1 through 3 by the Financial Services Commission.
- ② When deemed necessary for running business under each subparagraph of paragraph (1), a collective investment vehicle may offer its assets as security or make guarantees.
- ③ A collective investment vehicle may manage its surplus funds as follows:
 - 1. Deposit into a financial institution, etc.;
 - 2. Purchase of national or public bonds;
 - 3. Purchase of bonds of the same credit rating as national or public bonds or corporate bills within the limit as prescribed by Presidential Decree.

“Restrictions on Operation of Assets” as stipulated in Article 81 of the FSCMA shall not apply to the Company under Article 44 of the PPP Act.

※ Inapplicable Statutes

< Financial Investment Services and Capital Markets Act >

Article 81 (Restrictions on Asset Management)

- ① No collective investment business entity shall commit any of the following acts while managing the collective trust property: Provided, That the entity may be allowed to undertake such act if there is no possibility of undermining the protection of investors and the stable management of the collective investment property, as prescribed by Presidential Decree:
 - 1. Any of the following acts, committed while investing the collective investment property in securities (excluding collective investment securities and the other securities specified by Presidential Decree, but

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including the assets for investment as specified by Presidential Decree; hereinafter the same shall apply in this subparagraph) or derivatives:

A. Investing the assets of each Collective Investment Vehicle managed by each collective investment business entity in an identical item of securities in excess of the ratio prescribed by Presidential Decree within the limit of 10/100 of the total assets of each Collective Investment Vehicle. In such cases, equity securities (including securities depositary receipts that are related to equity securities issued by a corporation, etc.; hereinafter the same shall apply in this Sub-Section) and other securities, excluding any equity securities issued by the identical corporation, etc., shall be deemed identical securities respectively;

B. Investing the total assets of all Collective Investment Vehicles managed by each collective investment business entity in equity securities issued by an identical corporation, etc. in excess of 20/100 of the total number of equity securities;

C. Investing the total assets of each Collective Investment Vehicle in equity securities issued by an identical corporation, etc. in excess of 10/100 of the total number of equity securities;

D. Trading over-the-counter derivatives with a person who does not meet the qualification requirements prescribed by Presidential Decree;

E. Investing assets in excess of the guidelines prescribed by Presidential Decree for the assessed risks contingent to trading derivatives;

F. Investing the assets of each Collective Investment Vehicle to the extent that the assessed risks ensuing from price fluctuation in the securities issued by an identical corporation, etc. (including securities depositary receipts related to the securities issued by the corporation, etc.) out of the underlying assets exceed 10/100 of the total assets of each Collective Investment Vehicle;

G. Investing assets of each Collective Investment Vehicle to the extent that the assessed risks of the opposite trading party ensuing from trading over-the-counter derivatives with the same opposite party exceed 10/100 of the total assets of each Collective Investment Vehicle;

2. Any of the following acts, committed while investing the collective investment property in real property;

A. Disposing of real estate within a period of time prescribed by Presidential Decree not exceeding five years after the acquisition of real estate: Provided, That in cases where a parcel of land, buildings, etc. developed or constructed by a real estate development project (referring to a project for developing a parcel of land into housing lots, lots for industrial purposes, etc. or constructing or reconstructing a building or any other structure on the tract of land; hereinafter the same shall apply) are sold in lots or in units or where it is otherwise necessary for the protection of investors, as prescribed further by Presidential Decree, such disposal shall be excluded herefrom;

B. Disposing of a parcel of land without any building or other structure thereon before executing a real estate development project for such a parcel of land: Provided, That in cases where the Collective Investment Vehicle is merged, terminated, or dissolved or where it is otherwise necessary for the protection of investors, as prescribed further by Presidential Decree, such disposal shall be excluded herefrom;

3. Any of the following acts, committed while investing the collective investment property in collective investment securities (including foreign collective investment securities under Article 279 (1); hereinafter the same shall apply in this subparagraph):

A. Investing the assets of each Collective Investment Vehicle in the collective investment securities of a Collective Investment Vehicle (including foreign Collective Investment Vehicles under Article 279 (1)) managed by the same collective investment business entity (including foreign collective investment business entities under Article 279 (1)), in excess of 50/100 of the total assets of the Collective Investment Vehicle;

B. Investing the assets of each Collective Investment Vehicle in the collective investment securities of the same Collective Investment Vehicle (including foreign Collective Investment Vehicles under Article 279 (1)), in excess of 20/100 of the total assets of the Collective Investment Vehicle;

C. Investing assets in the collective investment securities of a Collective Investment Vehicle (including foreign

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Collective Investment Vehicles under Article 279 (1)), which is allowed to invest in collective investment securities in excess of 40/100 of the total assets;

D. Investing assets in the collective investment securities of a privately placed fund (including foreign privately placed funds corresponding to the privately placed fund hereunder);

E. Investing the collective investment property of each Collective Investment Vehicle in the collective investment securities of the same Collective Investment Vehicle (including foreign Collective Investment Vehicles under Article 279 (1)), in excess of 20/100 of the total number of the collective investment securities. In such cases, the calculation of the ratio shall be based on the day on which such investment is made;

F. Investing assets in collective investment securities to the extent that the aggregate of sales commissions or sales remuneration paid to the investment dealer or the investment broker, who sells the collective investment securities of a Collective Investment Vehicle, and sales commission or sales remuneration paid to the investment dealer (including foreign investment dealers (referring to persons who engage in a business corresponding to the investment trading business in a foreign country in accordance with the Acts and subordinate statutes of the foreign country), who sells the collective investment securities of other Collective Investment Vehicles (including foreign Collective Investment Vehicles under Article 279 (1)) in which the aforesaid Collective Investment Vehicle invests in, or the investment broker (including foreign investment brokers (referring to persons who engage in a business corresponding to the investment brokerage business in a foreign country in accordance with the Acts and subordinate statutes of the foreign country))), exceeds the guidelines prescribed by Presidential Decree;

4. Any other act specified by Presidential Decree as likely to undermine the protection of investors, the stable management of collective investment property, etc.

② Matters pertaining to the method, etc. of determining the assessed risks under paragraph (1) 1 (e), the assessed risks under paragraph (1) 1 (f), and the assessed risks of the opposite trading party under paragraph (1) 1 (g) shall be determined by the Financial Services Commission and provided by public notice.

③ In cases where an investment has exceeded the investment limit under paragraph (1) owing to an unavoidable cause or event specified by Presidential Decree, such as price fluctuation in any investment asset, which belongs to the collective investment property, during the period prescribed by Presidential Decree beginning with the day on which the investment exceeded the prescribed limit, it shall be deemed that such investment was made in compliance with the investment limit.

④ Paragraph (1) 1 (a), (e) through (g), 3 (a), 3 (b) and investment ratios under each subparagraph of Article 229 shall not apply to the period of time specified by Presidential Decree, not exceeding six months from the date of the original creation or establishment of the Collective Investment Vehicle.

9. Investment Strategy, Risk Management and Revenue Structure

A. Investment Strategy and Risk Management

(1) Investment Strategy (Asset Management Strategy and Investment Guidelines)

The primary strategic objective of the Company is to generate profits for its shareholders through maximization of shareholder value and cash distribution, achieved by investing in project companies engaged in infrastructure businesses in Korea as defined under the PPP Act. The Company plans to achieve this goal by implementing the following:

- 1) Investing in entities that develop and/or operate infrastructure businesses in Korea under the PPP Act;

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- 2) Applying the asset management company's capabilities in identifying and originating promising infrastructure assets;
- 3) Focusing on investments in loans, unlisted bonds, equity and equity-linked securities;
- 4) Investing in infrastructure assets that add value to the Company's portfolio;
- 5) Investing in infrastructure assets that offer opportunities to maximize the Company's financial returns through enhanced leverage or refinancing;
- 6) Investing in infrastructure assets that are expected to offer returns consistent with or greater than the associated risk of the underlying infrastructure asset; and
- 7) Focusing investment in infrastructure assets that will enable the Company to exercise significant influence or control over key strategic, commercial and financial functions.

In addition to the asset types that the Company currently invests in, such as roads, bridges, tunnels, rails, and ports, the Company is contemplating on investing in a broader range of infrastructure assets defined under Article 2 Subparagraph 1 of the PPP Act.

Notwithstanding the foregoing, the aforementioned investment strategy does not guarantee that the investment goals and performance targets suggested by the Company will be met.

(2) Risk Management

The Company manages its portfolio risks by way of diversifying its investments.

In relation to any acquisition and divestment of assets, or any refinancing transaction, the Company performs due diligence on the target and its financials. In order to assess the key assumptions and to verify the key risk factors, the general work procedure of the Company is to analyze the risk factors from legal, finance, accounting, tax, regulations, traffic, insurance, environment, technology and operation perspectives with the respective experts.

The Company believes that it will continue to adequately find, evaluate and manage risk factors based on its expertise and experience in the infrastructure investment industry.

B. Revenue Structure

Investment performance of the Company may vary depending on cash inflow in the form of interest income, dividend income, fee income and disposal gain generated by the infrastructure assets that the Company has invested in.

Major expenses of the Company are comprised of 1) interest expenses on its outstanding debts; and 2) fees and expenses to its service providers, including asset management fee to the asset management company. For detailed information on compensation to the service providers, please refer to Section 13 (Fees and Expenses) of Chapter 2 of this document.

Pursuant to Article 41-5 of the PPP Act, the Company may borrow up to 30% of its total paid-in-capital and debt facilities within the aforementioned borrowing limit are currently in use for investment, distributions payout and operational purposes with the aim to maximize shareholder value.

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10. Risk Factors

The Company does not guarantee return of investors' investment principals. Accordingly, there is a risk of all or partial loss of the investment principal, and investors shall be fully responsible for any risks associated with potential losses of their investment principals. The Company, the asset manager of the Company, and sales agents are not responsible for any losses incurred as a result of investors' investments. Also, the Korea Deposit Insurance Corporation does not protect all or part of the investment principal pursuant to the Depositor Protection Act even if investors have purchased the fund from a bank subject to the protection of the bank deposits under the Depositor Protection Act.

The contents below set out the details of the risks that an investor must be aware of prior to making an investment in the Company, but does not include all of the risks associated with investments made in the Company.

A. Business Risks

(1) Risk Relating to Unfulfilled Payment Obligation by Relevant Government Authorities and/or Other Government Authorities

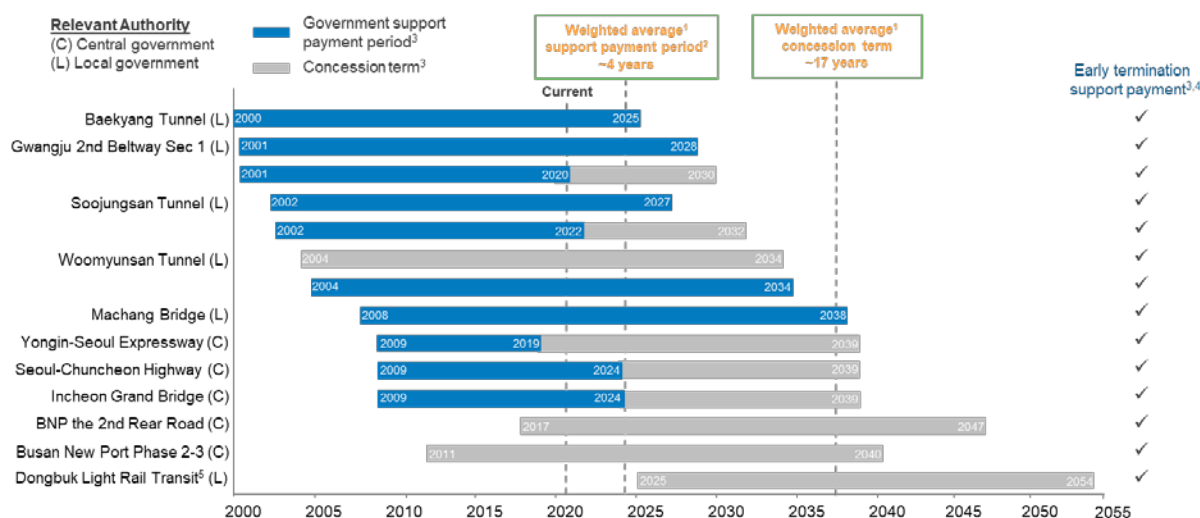
As of 30 September 2020, all of the 14 project companies that the Company has invested in (used interchangeably with "assets") are concessionaires in public-private partnerships based on concession agreements with relevant government authorities. **The relevant government authority is required to pay the required amount to the concessionaire in accordance with the respective concession agreement; however, the payment obligation may be unfulfilled or delayed due to the government policy, financial difficulty of the relevant government authority or other reasons during the deliberation or execution of budget of the relevant government authority.** As such, investors should be aware that **if the payment obligation of the relevant government authority or other government authorities is unfulfilled, the operating performance and the financial condition of the project company may be adversely affected.**

As of 30 September 2020, all of the 14 project companies that the Company has invested in are concessionaires in public-private partnerships based on concession agreements with relevant government authorities.

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[Concession Term and Government Support Period]



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. 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
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)

(Source: Data provided by the Company)

The concession agreements outline the obligations that each party must fulfill including the payment responsibilities by the relevant government authority to the concessionaires. The following are examples of such payment obligations.

[Payment Obligations]

Item	Description
Minimum Revenue Guarantee ("MRG")	<p>- If the amount of the operating income fails to meet the estimated operating income of the concession agreement during a particular operating period, the relevant government authority bears a portion of the market risk by making up for the deficit up to the amount determined in the concession agreement.</p> <p>- In the past, the MRG clause has been inserted in concession agreements for the purpose of attracting private investors, supporting outside loans and mitigating</p>

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	<p>uncertainty during the early operating stages. The level of MRG has played an important role in determining the credibility of the private investment projects.</p> <ul style="list-style-type: none"> - However, as the MRG has placed a heavy financial burden on government authorities, government authorities no longer provide the MRG for new public-private partnerships and are in the process of amending terms of the existing businesses for which government authorities have been covering the MRG (e.g. profit sharing through refinancing, project restructuring, etc.). However, this is only possible through mutual agreement with the existing concessionaires.
Toll Freeze Compensation	<ul style="list-style-type: none"> - The concession agreement provides the level of toll fare that the concessionaire may collect from the users (the “Agreed Toll”). As the actually collected toll (the “Actual Toll”) is determined and approved by the relevant government authority, if the Actual Toll is lower than the Agreed Toll, the relevant government authority must guarantee the difference between the Agreed Toll and the Actual Toll (e.g. difference between the Agreed Toll and the Actual Toll x number of users) (For restructured businesses, the concessionaire’s earnings may be guaranteed through means other than the guarantee of the difference between the Agreed Toll and the Actual Toll).
Payment Based on Terms of Restructuring	<ul style="list-style-type: none"> - For the restructured businesses, the relevant government authority may calculate and guarantee the deficit payable to the concessionaire through means other than the MRG or the guarantee of the difference between the Agreed Toll and the Actual Toll (e.g. reimbursement of expenses) in accordance with the terms of restructuring.
Termination Payment for Early Termination of Business	<ul style="list-style-type: none"> - If the public-private partnership has been terminated prior to the agreed termination date, the relevant government authority must pay the termination payment to the concessionaire in accordance with the concession agreement and the grounds for such termination. However, there may be a dispute between the relevant government authority and the concessionaire relating to the grounds for the termination, the terms of calculation of the termination payment and other terms of payment.
Other Exemptions and Additional Expenses Incurred by Relevant Government Authority’s Request	<ul style="list-style-type: none"> - There exist various forms of toll discounts based on the government policy (e.g. local resident discount, city bus discount, environment friendly vehicle discount, holiday toll exemption, etc.). Some of the losses incurred by such toll discounts may be reimbursed by the relevant government authorities or other government authorities. - If the toll collection method has changed or additional capital expenditure is required based on a request by the relevant government authority or a change in the relevant legislation, the relevant government authority may be obligated to provide a compensation. - Additional payment obligations by the relevant government authority may exist in accordance with the concession agreement and other related agreements.

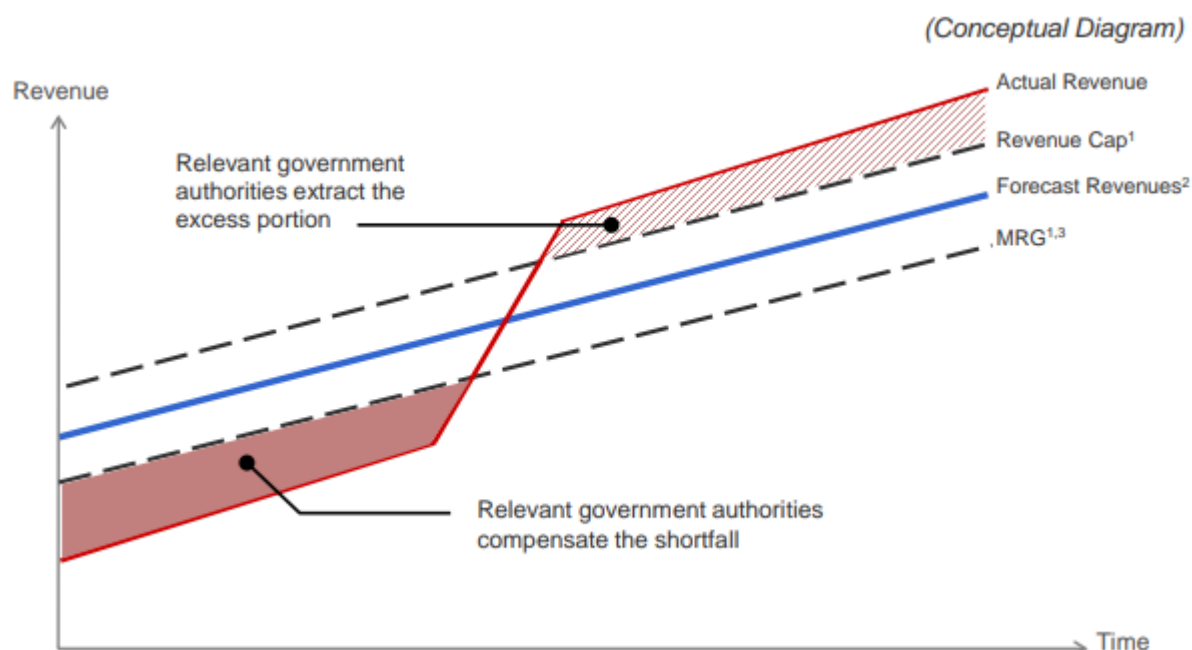
The Minimum Revenue Guarantee (“MRG”) is a scheme for the relevant government authority to bear the market risk to a certain limit if the amount of the operating income fails to meet the estimated operating income of the original concession agreement during a particular operating period. It is a mechanism for significantly raising the possibility of recovering investments by funds, and the guarantee level differs by applied time and by project. The level of MRG of a project has played an important role in determining the credibility of relevant private investment projects. However, as the MRG payout has placed a heavy financial burden on government authorities, government authorities began to reduce the guarantee period and level in 2003. Then, it stopped providing the MRG for private-proposed projects in 2006 and government-announced projects in 2009.

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[Minimum Revenue Guarantee Scheme]

Minimum Revenue Guarantee Scheme



- Inflation-linked revenue support from the government.
- MRG level and revenue cap level are set in connection with the forecast revenues under the concession agreement (MRG level is typically 70-90% of the forecast revenues).
- As of the reported date, credit rating of the Republic 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 applicable 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.

(Source: Data provided by the Company)

The relevant government authority is required to pay the required amount to the concessionaire in accordance with the respective concession agreement, however, the payment obligation may be unfulfilled or delayed due to the government policy, financial difficulty of the relevant government authority or other reasons during the deliberation or execution of budget of the relevant government authority. If the payment obligation of the relevant government authority or other government authorities is unfulfilled, the operating performance and the financial condition of the project company may be adversely affected, weakening the project company's capability to repay its debts. Investors should be aware that this may result in reduced interest payment, principal repayment and dividends that the Company receives from the project company and may have an adverse impact on the Company's business and financial conditions.

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(2) Legal Risks

A public-private investment project is a project initiated pursuant to the PPP Act to contribute to the development of the national economy by promoting the private sector to make investments in infrastructure projects that have been built and operated with government budget (roads, ports, rails, schools, and environmental facilities, etc.) and by encouraging private companies to pursue creative and efficient expansion of infrastructure sectors and operation of infrastructure assets. Investors should be aware that in case laws governing the Company and the Company's portfolio companies, including the PPP Act, are changed, it may have an adverse impact on the Company's business. Also, the amended Toll Road Act, which was promulgated on 16 January 2018, went into effect on 17 January 2019. Within public-private projects, road projects will be subject to new restrictions following the promulgation of the amended Toll Road Act. Given that the Company's assets are mostly public-private road projects, the new restrictions may have an adverse impact on the Company's business going forward.

A public-private investment project is a project initiated pursuant to the PPP Act to contribute to the development of the national economy by promoting the private sector to make investments in infrastructure projects that have been built and operated with government budget (roads, ports, rails, schools, and environmental facilities, etc.) and by encouraging private companies to pursue creative and efficient expansion of infrastructure sectors and operation of infrastructure assets.

The Company is an investment and financing company for infrastructure assets established under the PPP Act in December 2002 and the Company's business is conducted in accordance with the PPP Act and the FSCMA. Also, pursuant to Article 41-2 of the PPP Act and Article 34 of the Enforcement Decree of the same Act, the Company must maintain minimum net assets of KRW 1 billion for six months from the registration date and KRW 5 billion after six months from the registration date. Since an investment and financing company is deemed an investment company under the FSCMA, in principle, it is deemed a "corporation" under the Commercial Act. However, in order to further enhance the independence of the Board of Directors, the Board of Directors of an investment company consists of a corporate director (an asset management company) and at least two "supervisory directors." Provisions related to an investment company under the FSCMA, such as that a corporate director will represent an investment company and execute business affairs and obtain a resolution at the board of directors on important matters, are applied to an investment and financing company in the same way unless prescribed as exceptions in relevant laws.

※ Relevant Statutes

<Act on Public-Private Partnerships in Infrastructure>

Article 41-2 (Equity Capital, etc. of Infrastructure Fund)

- ① The equity capital of an investment and loan company shall be more than the amount as prescribed by Presidential Decree within the scope not exceeding 10 billion won on the basis of the time of application for registration.
- ② The minimum net assets of an investment and loan company shall be more than the amount prescribed by Presidential Decree within the scope not exceeding five billion won.

<Enforcement Decree of the Act on Public-Private Partnerships in Infrastructure>

Article 34 (Capital, etc. of Company Specializing in Investing and Financing for Infrastructure)

- ① "Amount as prescribed by Presidential Decree" in Article 41-2 (1) of the Act means one billion won

[UNOFFICIAL TRANSLATION REFERENCE PURPOSE ONLY]

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- ② "Amount prescribed by Presidential Decree" in Article 41-2 (2) of the Act means the amount pursuant to the following classifications:
1. Where six months have not passed since the registration of the relevant company specializing in investments and financing for infrastructure (hereinafter referred to as a "infrastructure fund") under Article 41 (1): 1 billion won;
 2. Where six months have passed since the registration of the relevant infrastructure fund: 5 billion won.

<Financial Investment Services and Capital Markets Act >

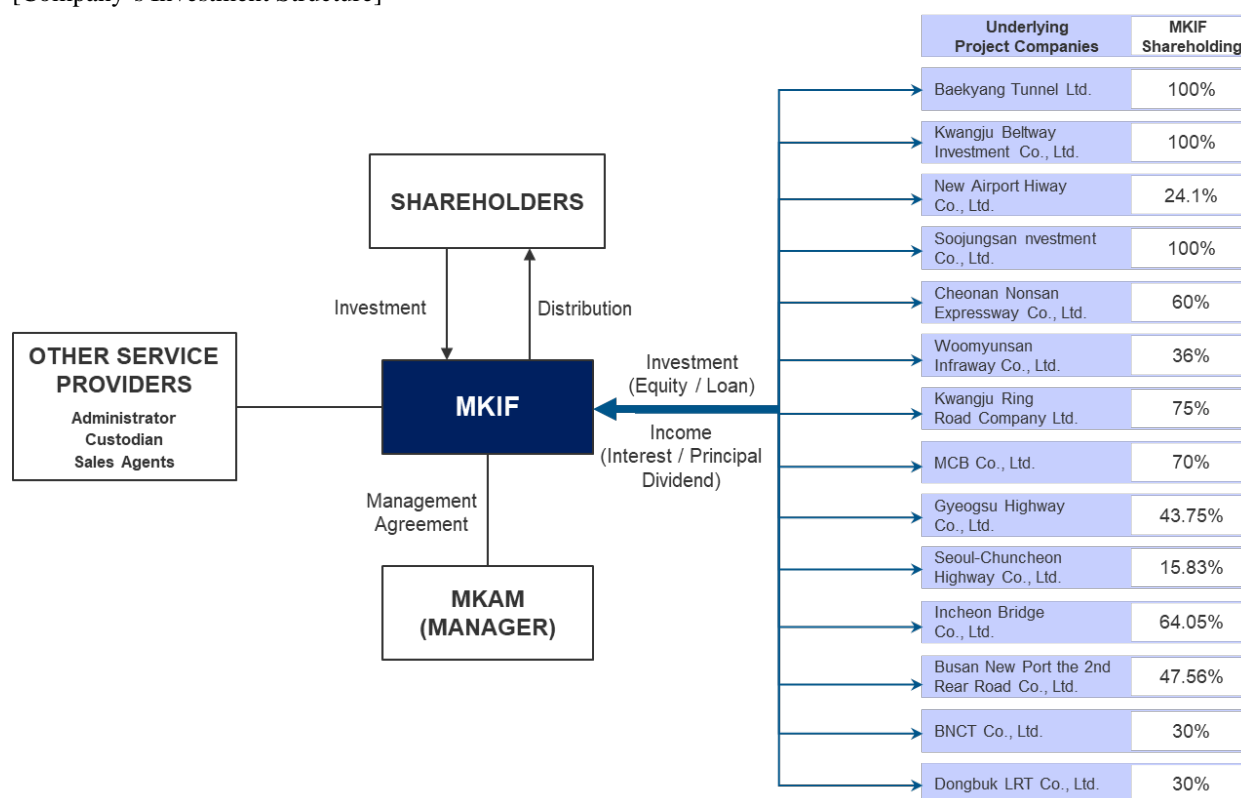
Article 9 (Other Definitions)

The term "collective investment scheme" in this Act means any of the following schemes established for making collective investments:

2. A collective investment scheme in the form of a corporation incorporated under the Commercial Act (hereinafter referred to as "investment company");

The Company aims to manage its investment assets by investing in, facilitating loans to or acquiring bonds issued by corporations with the purpose of implementing or operating infrastructure projects set forth in Article 2 of the PPP Act and distribute the profits from such investment activities to its shareholders. As of 30 September 2020, the Company is making investments within the scope allowed under the PPP Act, mostly in concessionaires established with the purpose of building and operating toll roads (including bridges and tunnels) ports, and rails.

[Company's Investment Structure]



MKIF Investment Structure

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(Source: Data provided by the Company)

Also, pursuant to Article 43 of the PPP Act, the Company is only permitted to invest in the following assets.

※ Relevant Statutes

< Act on Public-Private Partnerships in Infrastructure >

Article 43 (Scope of Asset Management)

- ① A collective investment vehicle may perform the following businesses
 1. Acquisition of stocks, shares, and bonds issued by corporations with the purpose of implementing infrastructure projects;
 2. Loans to and acquisition of loans against corporations with the purpose of implementing infrastructure projects;
 3. Investments in a corporation (excluding the collective investment vehicle) with the purposes of investing by the mode of subparagraph 1 or 2 in the corporation with the purposes of implementing infrastructure projects;
 4. Other investments approved as necessary for achieving the purposes under subparagraphs 1 through 3 by the Financial Services Commission.
- ② When deemed necessary for running business under each subparagraph of paragraph (1), an collective investment vehicle may offer its assets as security or make guarantees.
- ③ An collective investment vehicle may manage its surplus funds as follows:
 1. Deposit into a financial institution, etc.;
 2. Purchase of national or public bonds;
 3. Purchase of bonds of the same credit rating as national or public bonds or corporate bills within the limit as prescribed by Presidential Decree.

“Restrictions on Operation of Assets” as stipulated in Article 81 of the FSCMA shall not apply to the Company under Article 44 of the PPP Act. (Please refer to Section 8 (Investments) – B. (Investment Restrictions))

The Company aims to comply with applicable laws and requirements. However, unfavorable interpretation of applicable laws and subordinate regulations by relevant government authorities, changes in applicable laws or regulations, or enactment of new laws may have adverse effects on the Company which may lead to increased legal expenses. Investors should be aware that such changes in the legal environment may have an adverse effect on the Company.

Infrastructure projects in particular are widely affected by the government policy and the value of the project companies invested by MKIF may fluctuate due to new tax policies and changes in legislation or basis of legal interpretation. Therefore, investors should be aware that the loans or equity investments made by the Company may also be affected.

The amended Toll Road Act that went into effect on 17 January 2019 added provisions applicable to road projects among public-private investment projects apart from the PPP Act, which is the governing law of public-private investment projects. The amended Toll Road Act set forth applicable provisions for the relevant government authority to request a privately funded road concessionaire to explain reasons or develop countermeasures in if any of the events listed in the Toll Road Act occurs, such as material changes to privately funded roads or unlawful conducts by the privately funded road concessionaire. Furthermore, when the reasons

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or countermeasures proposed are deemed insufficient, the relevant government authority may request the concessionaire to amend the concession agreement and not pay all or part of government subsidies. As a result, while the power of the relevant government authority on a privately funded road project has increased, the discretionary rights of a concessionaire may be relatively reduced. Although it is not easy to analyze the ultimate impact of the enforcement of the amended Toll Road Act at this time, investors should be aware that the foregoing may have an adverse effect on the Company's business.

(3) Order and Disposition by Relevant Government Authority

The relevant government authority, as the administrative agency supervising the relevant private investment projects and a party of the concession agreement, is entitled to the rights of supervision/order, the termination of business, and disposition for public interest. **Notwithstanding the limited supervision and order rights as stipulated in the PPP Act, there have been instances where the relevant government authorities have exercised their rights extensively in an arbitrary manner.** Also, as for privately funded roads, **the amended Toll Road Act enforced recently specifies that a relevant government authority may request to change a concession agreement and not pay all or part of government subsidies in case certain conditions are met. This resulted in an increase in the power of the relevant government authority.** Although the concession agreement provides the predetermined termination payment payable to the concessionaire upon the termination of the concession agreement, **this termination payment may be insufficient to fully cover the concessionaire's payment obligations and performance of other obligations or the value of the project companies invested by the Company.**

The relevant government authority, as the administrative agency supervising the relevant public-private partnership and a party of the concession agreement, is entitled to the following rights:

Item	Description
Supervision/Order	<ul style="list-style-type: none"> - Pursuant to the PPP Act, the relevant government authority may supervise the tasks relating to the public-private partnership and issue orders necessary for supervision for the grounds prescribed by Article 35 of the Enforcement Decree of the PPP Act, including but not limited to, the prevention of defective construction, normal operation of the facilities, and essential maintenance, provided that it does not infringe upon free management of the concessionaire (Article 45 of the PPP Act) - Pursuant to the Toll Road Act, the relevant government authority may set standards for creating environment to maintain and manage privately funded roads safely and efficiently and order necessary improvement measures (Article 23-2 of the Toll Road Act).
Termination of Business, Disposition for Public Interest, and Revision of Concession Agreements	<ul style="list-style-type: none"> - If the termination conditions provided in the concession agreement have been met, the relevant government authority may terminate the concession agreement before the end of its term. - Pursuant to Article 47 of the PPP Act, the relevant government authority may implement the disposition for public interest following a review by the Public-Private Partnership Review Committee - In a certain situation, a toll road management agency may request the modification of a concession agreement after consulting with the Private Road Management Support Center (Article 23-5 Paragraph 3 of the Toll Road Act).
Other Rights	Apart from the above rights, the relevant government authority may be entitled to the rights of operation assessment and management as provided in the concession

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	agreement
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Notwithstanding the limited supervision and order rights as stipulated in the PPP Act, there have been instances where the relevant government authorities have exercised their rights extensively in an arbitrary manner. Among the Company's project companies, there has been a case in which the Baekyang Tunnel Ltd. filed a lawsuit against Busan Metropolitan City in connection with its claim for the unpaid government subsidy. For detailed information on these lawsuits, please refer to Section B. Company Risks (8) Risks Relating to Lawsuits.

On a separate note, the concession agreement may be terminated by the relevant government authority under the special circumstances set out below.

- Force majeure
- Defect in the construction of the relevant infrastructure facilities
- Bankruptcy of the concessionaire
- Dissolution of the concessionaire or a shareholders' resolution for liquidation
- Material breach by the concessionaire of the relevant laws, the concession agreement or any government order

Article 47, paragraph 1 of the PPP Act stipulates the conditions for disposition for public interest as follows.

1. Where it is necessary for public interest such as efficient operation of the infrastructure or a change of circumstances
2. Where it is required for the efficient implementation of the infrastructure construction works
3. Where force majeure such as war or natural disaster occurs

Although the concession agreement provides the predetermined termination payment payable to the concessionaire upon the termination of the concession agreement, this termination payment may be insufficient to fully cover the concessionaire's payment obligations and performance of other obligations or the value of the project companies invested by the Company.

Pursuant to Article 23-5 of the Toll Road Act, in the event of any one of the following subparagraphs under Paragraph 1 of the same Article, such as material change of circumstances or an unlawful conduct by a private road concessionaire, a toll road management agency may request a private road concessionaire to explain the reasons or develop countermeasures. In case the concessionaire fails to explain the reasons or the reasons are not deemed sufficient or in case the countermeasures are not developed or the countermeasures are not deemed sufficient, the toll road management agency may request to change the concession agreement upon consulting with the Private Road Management Support Center.

※ Relevant Statutes

< Toll Road Act >

Article 23-5 (Request to Change the Concession Agreement due to a Change of Situation, etc.)

- ① In the event of any one of the following subparagraphs, such as material change of circumstances or an

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unlawful conduct by a private road concessionaire, a toll road management agency may request a private road concessionaire to explain reasons or develop countermeasures.

1. Actual traffic volume is less than 70% of traffic volume set forth in a concession agreement executed in accordance with Article 2 Sub-paragraph 6 of the PPP Act (hereinafter the “concession agreement”) for three consecutive years;
 2. Actual toll revenue is less than 70% of toll revenue set forth in the concession agreement for three consecutive years;
 3. A private road concessionaire changes the equity ratio set forth in the concession agreement to the level below the requirement prescribed by Presidential Decree. However, not applicable in case the change was made upon an approval of the relevant government authority pursuant to Article 2 Subparagraph 4 of the PPP Act.
 4. A private road concessionaire borrows money at the interest rate exceeding the level prescribed by Presidential Decree;
 5. Type or grade of a road is changed; or
 6. Situations prescribed by Presidential Decree where a change to the concession agreement is deemed necessary due to significant changes in transportation conditions;
- ② Upon receiving the request pursuant to Paragraph 1, a private road concessionaire shall explain the reasons or develop countermeasures within 30 days from the date a toll road management agency had made the request.
- ③ In the event of any one of the following paragraphs, a toll road management agency may request to change the concession agreement upon consulting with the Private Road Management Support Center pursuant to Article 23-7.
1. A private road concessionaire does not provide the explanations pursuant to Paragraph 2 or the explanation is not sufficient;
 2. A private road concessionaire does not develop countermeasures pursuant to Paragraph 2; or
 3. Countermeasures pursuant to Paragraph 2 are deemed not able to or unlikely to address the reasons pursuant to Paragraph 1.
- ④ In case a private road concessionaire does not comply with the request pursuant to Paragraph 3, a toll road management agency may not pay all or part of government subsidies set forth in the concession agreement.

(4) Risks Relating to Failure of Relevant Government Authority to Fulfill Obligation to Raise Toll Fee

While the concession agreement provides that the actual toll shall be raised in accordance with the agreed toll according to the principle that the users benefitting from the relevant infrastructure facilities are obligated to bear the costs (the “Payment by Beneficiary Principle”), there may be cases under which the actual toll may be lower than the agreed toll due to a decision made by the head of the relevant government authority or other government authorities. As the difference between the actual toll and the agreed toll increases due to the fact that the actual toll remains lower than the agreed toll for an extended period of time, the relevant government authority may find it more difficult to normalize the actual toll, which may result in heavier financial burden for the relevant government authority. This may eventually lead to a higher chance of dispute between the relevant government authority and the concessionaire.

Pursuant to the concession agreement, the concessionaire is entitled to collect the agreed toll from users, and this is based on the Payment by Beneficiary Principle. As provided in the concession agreement, the agreed toll changes annually in line with the consumer price inflation rate for some of the projects, whereas the toll is determined on a nominal basis for the other projects.

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In order to raise the agreed toll following an increase in the consumer price inflation rate (or any other applicable reasons), the approval from the relevant government authority is required. While the concession agreement provides that the actual toll shall be raised in accordance with the agreed toll pursuant to the Payment by Beneficiary Principle, there may be cases under which the actual toll is lower than the agreed toll due to a decision made by the head of the relevant government authority or other government authorities. This obligates the relevant government authority to pay the difference between the agreed toll and the actual toll and places heavier financial burden on the relevant government authority as the actual traffic volume increases.

As the difference between the actual toll and the agreed toll increases due to the fact that the actual toll remains lower than the agreed toll for an extended period of time, the relevant government authority may find it more difficult to normalize the actual toll, which may result in heavier financial burden for the relevant government authority. This may eventually lead to a higher chance of dispute between the relevant government authority and the concessionaire. Even if the compensation for the difference between the actual toll and the agreed toll (“toll freeze compensation”) is to be paid by the government, the payment of the toll freeze compensation would be subsequent to the collection of the actual toll which may lower the concessionaire’s estimated earnings and cash flow in the short term and have an adverse impact on the concessionaire’s ability to repay its debts and pay dividends.

(5) Risks Relating to Toll Revenue Guarantee

As of 30 September 2020, out of 14 project companies the Company has invested in, 9 project companies have provisions in their concession agreements stating that the relevant government authority will provide a certain form of toll revenue guarantee to make up for a shortfall of income below a certain percentage of forecast revenues set forth in the concession agreement. However, investors should be aware that under the relevant concession agreements, **there is no guarantee that the relevant government authority would pay out a shortfall of toll revenue in cash in full amount in a timely manner according to the provisions guaranteeing toll revenue.**

As of 30 September 2020, out of 14 project companies the Company has invested in, 9 project companies have provisions in their concession agreements stating that the relevant government authority will provide a toll revenue guarantee in a certain form to make up for a shortfall of income below a certain percentage of forecast revenues set forth in the concession agreement.

As of 30 September 2020, the terms of the financial subsidy by the relevant government authority for each of the Company’s project companies are as follows.

[Government Support Payment Provisions]

(As of 30 September 2020)

(Unit: Year)

Asset	Relevant Government Authority	Concession Term	Concession Term Remaining	Support Payment Duration	Support Payment Duration Remaining	Revenue Guarantee Threshold ¹	Revenue Cap Threshold ¹²	Remarks
Baekyang	Busan Metropolitan	25.0	4.3	25.0	4.5	90%	110%	-

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Tunnel	City							
Gwangju 2 nd Beltway, Section 1	Gwangju Metropolitan City	28.0	8.3	28.0	8.5	Investment cost compensation		Target cash flow of the concessionaire guaranteed.
Incheon International Airport Expressway	Ministry of Land, Infrastructure and Transport	30.0	10.3	20.0	0.5	80%	110%	Partial revenue sharing in excess of 80% to 110% level.
Soojungsan Tunnel	Busan Metropolitan City	25.0	6.6	25.0	6.8	90%	110%	For toll revenue below 90%, Busan Metropolitan City is obligated to compensate 91.5% of the shortfall amount.
Cheonan-Nonsan Expressway	Ministry of Land, Infrastructure, and Transport	30.0	12.2	20.0	2.5	82%	110%	Partial revenue sharing in excess of 82% to 110% level.
Woomyunsan Tunnel	Seoul Metropolitan City	30.0	13.3	-	-	-	-	As part of the capital restructuring transaction completed in Jan 2016, MRG provision was removed
Gwangju 2 nd Beltway, Section 3-1	Gwangju Metropolitan City	30.0	14.2	30.0	14.4	90%	110%	-
Machang Bridge	Gyeongsang Namdo Government	30.0	17.8	30.0	18.0	75.78%	100%	Revenue guarantee applies to MCB account ³ .

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								50:50 revenue sharing with relevant authority in excess of expected revenue at 100% level.
Yongin-Seoul Expressway ⁴	Ministry of Land, Infrastructure, and Transport	30.0	18.8	10.0	-	70%	130%	-
Seoul-Chuncheon Expressway ⁴	Ministry of Land, Infrastructure, and Transport	30.0	18.9	15.0	4.1	60%	140%	-
Incheon Grand Bridge	Ministry of Land, Infrastructure, and Transport	30.0	19.1	15.0	4.3	80%	120%	-
Busan New Port 2nd Rear Road	Ministry of Land, Infrastructure, and Transport	30.0	26.3	-	-	-	-	
Busan New Port Phase 2-3	Ministry of Oceans and Fisheries	28.3	19.5	-	-	-	-	-
Dongbuk Light Rail Transit	Seoul Metropolitan City	30.0	30.0	-	-	-	-	Construction period: 2020-2024 projected Operation period: 30 years after construction (2025-2054 projected)
Weighted Average ⁵		29.4	16.9	14.5	3.7	-	-	-

¹ % of annual concession agreement projected revenue.

² Relevant government authorities are entitled to receive the portion exceeding the threshold.

³ Refer to the disclosure on MKIF website (www.mkif.com) on 2 January 2017 for detailed information on MCB restructuring.

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⁴ No revenue guarantee applies if actual revenue is below 50% of the annual concession agreement projected revenue.

⁵ Weighted average based on MKIF investment amount and committed investment amount in Dongbuk LRT Co. Ltd.

(Source: Data provided by the Company)

The toll revenue guarantee is applied only in case the actual toll revenue percentage reaches a certain level. If the toll revenue is in surplus, the excess income will be collected by or shared with the relevant government authority. In addition to the foregoing, in case the payment of a toll revenue guarantee to a concessionaire is delayed due to the relevant government authority's financial difficulties or other reasons, it may have an adverse impact on the operating performance and financial condition of the concessionaire. Investors should be aware that this in turn is likely to have a negative impact on the concessionaire's ability to repay its debts and pay dividends.

(6) Risks Relating to the Authority to Adjust Toll Fare

The Company does not have authority to adjust the toll fares of the roads the Company has invested in. Investors should be aware that **the profitability of the Company may be affected negatively depending on the relevant government authority's policy.**

Out of 14 project companies the Company has invested in, 12 are concessionaires operating roads. In some cases, the income of these concessionaires is partially dependent on government subsidies provided in accordance with the concession agreement, but in most cases, it is mainly dependent on the income of toll fees of each road operated. And the toll fares of these roads are determined pursuant to the terms of the concession agreements entered between the concessionaires and the relevant government authorities.

Pursuant to the concession agreement, the toll fare is determined by external factors such as the overall Korean economy, negative consumer perception against increasing toll fare, inflation rate and traffic volume. Relevant government authorities may limit raising toll fares or make requests to lower toll fares.

Traffic volume is also affected by external factors that cannot be controlled by the Company such as oil price, vehicle price and maintenance costs, population increase, natural disasters, climate conditions making driving difficult, environmental regulations limiting the use of vehicles, and overall economic conditions. Investors should be aware that the foregoing would affect the concessionaire's income and may have a negative impact on the profitability of the Company that invests in the said concessionaire.

(7) Risks Relating to Newly Constructed Competing Transportation Facilities

Among the toll road project companies the Company has invested in, the project companies for Cheonan-Nonsan Expressway, Incheon International Airport Expressway, and Incheon Grand Bridge projects face a possibility of encountering newly constructed competing transportation facilities. These project companies all have the non-compete provision in the relevant concession agreements and thus are entitled to compensation at the level specified in the concession agreements for the revenue decrease resulting from newly constructed competing transportation facilities. However, **when making an investment decision, please be aware that actual compensation level could be lower than the level specified in the concession agreements.**

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The competing transportation facility that may affect the traffic volume of Incheon Grand Bridge and Incheon International Airport Expressway is Yeongjong-Cheongna Link Road (the 3rd Bridge), which is expected to begin construction in 2020 and begin operation in early 2025.¹ The commencement of the 3rd Bridge is scheduled within the concession period of Incheon Grand Bridge and Incheon International Airport Expressway.

Competing transportation facilities that may affect the traffic volume of Cheonan-Nonsan Expressway are Pyeongtaek-Bueyo-Iksan Expressway (West Inland Expressway) and Seoul-Sejong Expressway (Seoul Sejong Expressway). West Inland Expressway began construction in 2019 and is expected to begin operation in phases from 2024 onwards (Phase 1 Pyeongtaek-Bueyo: 2024; Phase 2 Bueyo-Iksan: 2034)². Seoul Sejong Expressway began construction in December 2016 and is expected to begin operation in phases from 2022 onwards (Phase 1: 2022, Phase 2: June 2024)³. The commencement of these facilities is scheduled within the concession period of Cheonan-Nonsan Expressway.

When the competing roads begin operation, the traffic volumes of the aforementioned toll roads the Company has invested in are likely to decline. The concession agreement of each toll road project mentioned above specifies compensation for loss incurred due to newly constructed competing roads. However, there is a possibility of disagreements between the concessionaires and the relevant government authorities over the interpretation of the compensation provision in the concession agreements. In fact, Incheon Bridge Co., Ltd. submitted a request for arbitration (the "Arbitration") to the International Chamber of Commerce (the "ICC") on 20 April 2018 to seek ICC's declaration on the interpretation of the conditions that trigger Ministry of Land, Infrastructure and Transport (the "MOLIT")'s compensation obligation and the scope of compensation in connection with the non-compete provision, and received an original copy of the Final Award for the Arbitration on 24 June 2020 (Please refer to Section B (Company Risks) (8) (Risks Relating to Lawsuit)).

Notwithstanding the compensation provision in the concession agreements with regard to the opening of competing roads, due to differences in opinion between the relevant government authorities and concessionaires over the interpretation of the said provision, there is a possibility of not being fully compensated for the loss arising from the reduction in traffic volume caused by the opening of competing roads. Investors should be aware of the foregoing when making an investment decision.

¹ Incheon Metropolitan City press release (24 November 2017) and Incheon Free Economic Zone announcement (No. 2018-51)

² Ministry of Land Infrastructure Transport press release (3 December 2019)

³ Ministry of Land Infrastructure Transport press release (26 December 2019)

(8) Risks Relating to Operating Expenses and Capital Expenditure

Operating expenses and capital expenditure the project companies the Company has invested in spend for the operation, maintenance or management of infrastructure facilities and related facilities may differ from original estimates. If the actual amount of operating expenses and capital expenditure exceeds original estimates, additional expenses may lower return on the investment the Company made to the project companies. Operating expenses and capital expenditure may increase to the extent it becomes difficult for the project companies to fulfil debt obligations, resulting in a default of obligations. Investors should be aware that if such default occurs, the concession agreement between the project company and

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the relevant government authority may be terminated.

(9) Risks Relating to Entrustment of Tasks

The Company does not have full-time directors or employees and is required to designate an asset management company (collective investment company), a custodian, a sales agent, and an administrator. The Manager operates and manages assets in accordance with the regulations of the FSCMA and the PPP Act, and is expected to continue holding its collective investment business license in the future. However, the foregoing cannot be stated with certainty. **If the Manager no longer holds the collective investment business license, the Company may be required to appoint another collective investment company, and this may have an adverse impact on the financials and business of the Company.**

The Company does not have full-time directors or employees and is required to designate an asset management company (collective investment company), a custodian, a sales agent, and an administrator. Therefore, the Company relies on an asset management company for overall management of the Company. The Company's Manager is required to maintain a collective investment business license pursuant to the regulations of the FSCMA in order to manage and operate the Company.

※Relevant Statutes

< Financial Investment Services and Capital Markets Act >

Article 184 (Business Execution, etc. of Collective Investment Schemes)

- ① Voting rights in relation to equity securities (including depositary receipts related to the equity securities; hereafter the same shall apply in this Article) that belong to the property of an investment trust or an undisclosed investment association shall be exercised by the collective investment business entity of the investment trust or the undisclosed investment association; and voting rights in relation to the equity securities that belong to the collective investment property of an investment company, etc. shall be exercised by the investment company, etc.: Provided, That an investment company, etc. may entrust the collective investment business entity of the investment company, etc. to exercise the voting rights in relation to the equity securities that belong to the collective investment property of the investment company, etc.
- ② Management of the property of an investment trust or an undisclosed investment association shall be conducted by the collective investment business entity of the investment trust or the undisclosed investment association, while management of the collective investment property of an investment company, etc. shall be conducted by the corporate director, the managing member or the manager of the investment company, etc. or the collective investment business entity that is a general partner.
- ③ A collective investment business entity of an investment trust or an undisclosed investment association, or an investment company, etc. shall entrust the trust business entity with the custody and management of the collective investment property.
- ④ No collective investment business entity shall act as a trust business entity that keeps in custody and manages a collective investment property operated on its behalf.
- ⑤ To sell the collective investment securities of a collective investment scheme, a collective investment business entity of an investment trust or an undisclosed investment association, or an investment company, etc. shall execute a sales contract with an investment dealer or a sales entrustment contract with an

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investment broker: Provided, That it is not necessary to execute a sales contract or a sales entrustment contract, where the collective investment business entity of an investment trust or an undisclosed investment association sells the collective investment securities of the collective investment scheme in the capacity of an investment dealer or an investment broker.

- ⑥ An investment company shall entrust a fund accounting and administration company with the following affairs:
1. Issuing stocks of the investment company and transferring the title thereto;
 2. Computing the property of the investment company;
 3. Giving notices and public notices pursuant to relevant statutes or the articles of incorporation;
 4. Affairs related to calling and opening the directors' meeting and the general meeting of shareholders, preparation of minutes, etc;
 5. Other matters prescribed by Presidential Decree as necessary for handling the affairs of the investment company.
- ⑦ No investment company, etc. shall have a full-time executive officer and/or employee, nor shall have any sales office other than the head office.

The Manager operates and manages assets in accordance with the regulations of the FSCMA and the PPP Act, and is expected to continue holding its collective investment business license in the future . However, the foregoing cannot be stated with certainty. If the Manager no longer holds the collective investment business license, the Company may be required to appoint another collective investment company, and this may have an adverse impact on the financials and business of the Company.

MKAM has been appointed as the Company's Manager. Korea Securities Finance Corporation ("KSFC") has been appointed as the Company's custodian. Hana Investors Services has been appointed as the Company's administrator. The Company does not exercise control over the Manager, the custodian, or the administrator (the "Service Providers") and does not have the authority to appoint directors or employees of any of the Service Providers. The Company only controls the activities of the Service Providers in accordance with the relevant agreements entered into with each of the respective Service Providers. The business policy, HR, and business decisions made by the Service Providers may have an adverse effect on the financials and the business of the Company, and there is no guarantee that the Service Providers will continue to provide the level of service sought by the Company. In the event that a Service Provider, including the Manager, resigns or the relevant agreement expires, a timely appointment of a successor whose capability is satisfactory to the Company may not occur, and this may adversely affect the Company's investment activities, asset management, and capital management, etc.

B. Company Risks

(1) Risks Relating to the Project Companies

Investors to the Company should be aware that the project companies' ability related to cash flow generation, repayment of debts, and payment of dividends may be influenced by factors beyond the control of the Company and this may affect the profitability of the Company. **The book value of the invested assets in the project companies and interest receivables as of 30 September 2020 is KRW 2.2 trillion in aggregate, of which senior loans, subordinated loans, and equity securities respectively make up 4.2%, 51.0%, and 21.7% (proportion based on book value). The subordinated loans and equity securities which are subordinated in the repayment priority, take up a large portion of the Company's total invested assets. Therefore,**

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investors should be aware that delay in repayment of the invested assets may have an adverse effect on the likelihood of the full collection of the invested assets within the operating periods of the project companies.

The project companies in which the Company has invested in, have significant debts owed to the Company and other lenders. Whether each project company fulfills its liabilities and repays its debts is dependent entirely upon the cash flow generated by such project company.

The operating expenses and/or capital expenditure spent by the project companies for the operation, maintenance, and management of infrastructure and related facilities may exceed the forecast, and may have an adverse effect on the cash flow of the project companies which may lead to a lower rate of investment return of the Company.

Also, the project companies pay interests on subordinated loans or interests and loan principal on senior loans that have become due in accordance with the repayment schedule, before paying dividends. The Project Companies may reserve funds in a debt service account and there may be additional restrictions on the payment of subordinated loan principal and interests or dividend payout.

The interests on the floating senior loans payable by the project companies may increase if the market interest rate rises. This may decrease the principal and interests or dividends to be received by the Company. If the cash flow of the project companies is weakened on the grounds beyond the control of the Company, or if the project companies fail to fulfill the conditions of financing agreements, they may be required to refinance all or part of the debt or raise additional capital. Also, if refinancing or additional funding cannot be obtained, the project companies may default. In turn, the relevant creditors may declare an event of default on the project companies and the value of the Company's invested assets on the project companies may also decrease.

As discussed above, the investors to the Company should be aware that the project companies' ability related to cash flow generation, repayment of debts, and payment of dividends may be influenced by factors beyond the control of the Company.

However, in light of the revenue support agreements with the relevant government authorities and the fact that infrastructure businesses tend to have gradually improving performance over the course of time, the Company is of the view that the possibility of collecting investment funds and return on investments on subordinated loans and equity securities to be high. The operating period of each of the Company's project companies is as follows.

(As of 30 September 2020)

(Unit:

years)

Asset	Relevant Government Authority	Concession Period	Remaining Concession Period
Baekyang Tunnel	Busan Metropolitan City	25.0	4.3
Kwangju Beltway Investment Section 1	Kwangju Metropolitan City	28.0	8.3
New Airport Hiway	Ministry of Land, Infrastructure and Transport	30.0	10.3

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Asset	Relevant Government Authority	Concession Period	Remaining Concession Period
Soojungsan Investment	Busan Metropolitan City	25.0	6.6
Cheonan-Nonsan Expressway	Ministry of Land, Infrastructure and Transport	30.0	12.2
Woomyunsan Infraway	Seoul Metropolitan City	30.0	13.3
Kwangju Ring Road Section 3-1	Kwangju Metropolitan City	30.0	14.2
MCB	South Gyeongsang Province	30.0	17.8
Yongin-Seoul Expressway	Ministry of Land, Infrastructure and Transport	30.0	18.8
Seoul Chuncheon Highway	Ministry of Land, Infrastructure and Transport	30.0	18.9
Incheon Bridge	Ministry of Land, Infrastructure and Transport	30.0	19.1
Busan New Port 2nd Rear Road	Ministry of Land, Infrastructure and Transport	30.0	26.3
Busan New Port Phase 2-3	Ministry of Maritime Affairs and Fisheries	28.3	19.5
Dongbuk Light Rail Transit	Seoul Metropolitan City	30.0	30.0 ¹
Weighted Average ²		29.4	16.9

¹ 30 years from the completion date of construction (projected to be the end of 2024).

² Weighted average based on the Company's investment and committed investment in Dongbuk LRT Co., Ltd.

(Source: Data provided by the Company)

In 2017, the Company increased the shareholding in Incheon Bridge Co., Ltd. and the amount of subordinated loans to Incheon Bridge Co., Ltd. with part of the proceeds from the Company's follow-on public offering of KRW 147.2 billion and the interest income on Incheon Bridge Co., Ltd.'s subordinated loans received during the course of its refinancing. Also, in 2018, the Company increased the shareholding in Seoul Chuncheon Highway Co., Ltd. and invested in Seoul Chuncheon Highway Co., Ltd.'s new subordinated loans using part of the proceeds from the Company's follow-on public offering of KRW 147.2 billion and the cash inflow from the disproportionate capital reduction of Seoul Chuncheon Highway Co., Ltd. during the course of its refinancing.

In 2019, the Company committed to invest a total of KRW 82.7 billion in Dongbuk LRT Co., Ltd., the concessionaire of Dongbuk Light Rail Transit Project. The committed investment consists of KRW 35.4 billion, which accounts for 30% of equity in Dongbuk LRT Co., Ltd. and KRW 47.3 billion, which accounts for 50% of subordinated loan to Dongbuk LRT Co., Ltd. The drawdown is anticipated over the construction period.

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In 2020, a total of KRW 110.7 billion was committed in the Busan New Port 2nd Rear Road Co., Ltd., the concessionaire of the Busan New Port 2nd Rear Road Project. This is made up of KRW 41.5 billion which is 47.6% of the capital and KRW 69.2 billion which is 81.0% of the subordinated loans. The full amount of the commitment was drawdown in September 2020.

The book value of the invested assets in the project companies and interest receivables as of 30 September 2020 is KRW 2.2 trillion in aggregate, of which senior loans, subordinated loans, and equity securities respectively make up 4.2%, 51.0%, and 21.7% (proportion based on book value).

[Investment Portfolio]

(Unit: KRW 100 million)

	30 September 2020		31 December 2019		31 December 2018		31 December 2017	
	Amount	% ¹	Amount	% ¹	Amount	% ¹	Amount	% ¹
Loan Investment	12,339	55.2%	11,970	58.0%	12,680	59.8%	12,275	59.4%
Senior Loan	935	4.2%	1,035	5.0%	1,299	6.1%	1,564	7.6%
Subordinated Loan	11,404	51.0%	10,935	53.0%	11,381	53.7%	10,711	51.8%
Equity Security	4,841	21.7%	4,426	21.5%	4,426	20.9%	4,906	23.8%
Interest Receivable	5,174	23.1%	4,226	20.5%	4,093	19.3%	3,478	16.8%
Total	22,353	100.0%	20,621	100.0%	21,199	100.0%	20,659	100.0%

¹ Percentages are based on book value out of total investment assets

(Source: Data provided by the Company)

The subordinated loans and equity securities which are subordinated in the repayment priority, take up a large portion of the Company's total investment assets. Therefore, the investors should be aware that delay in the repayment period may have an adverse effect on the collection of investment assets within the business operating period.

(2) Risk Associated with Influence in Decision Making within the Project Companies

The Company currently has investments in 14 infrastructure businesses. The Company has provided debt financing and invested in shares of the entities that develop and/or operate the businesses or corporate entities established with the purpose of investing in the entities that develop and/or operate infrastructure businesses. **Therefore, the Company retains limited management control of such entities and these entities may have objectives different from those of the Company. The fact that the Company is unable to exercise managerial control over these entities' business, strategy, and policy may adversely impact the Company's efforts to generate cash and pay distributions.**

Further, there are other shareholders to some of the project companies in which the Company has

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invested in, and such shareholders may have investment objectives different from those of the Company. Therefore, the Company may exercise control over certain matters, but the approval of the other shareholders or directors appointed by those shareholders may be required in other circumstances.

In relation to the above, the Company may not be able to exercise significant control over business, dividend payouts, interest payments and other important decisions of the project companies, and we strongly advise that the investors in the Company carefully consider the above.

(3) Risks Relating to Interest Rate Increase

The revolving credit facility the Company has committed to is a floating-rate loan. Therefore, in a rising interest rate market, the interest the Company needs to pay with regard to the revolving credit facility may increase, which in turn may adversely affect the Company's financial conditions.

Also, some of the project companies in which the Company has invested have floating interest rate senior loans. Under the terms of such senior loans, the concessionaires are required to pay the interest and principal of the senior loans prior to making dividend or subordinated debt interest payments. **In a rising interest rate market, the concessionaires would be required to pay higher interest rate on the senior loans, which may reduce the amount payable to the Company as dividend or interest on subordinated loans.**

(4) Relating to the Operation of the Project Companies

As of 30 September 2020, the Company has invested in the concessionaire ("BNCT") of Busan New Port Phase 2-3 Project ("BNP 2-3") in the amount of KRW 193.0 billion in subordinated loan and in the amount of KRW 66.4 billion in equity securities. Interest receivable on subordinated loan is KRW 355.3 billion. Investors should be aware that **BNCT is an asset with a concession agreement which does not include MRG and therefore, even if its operating performance deteriorates, BNCT would not receive any subsidy payment from the relevant government authority.**

The Company has invested in BNCT, which is located in Busan New Port and has an annual handling volume capacity of 2.5 million TEUs. BNCT has commenced its operation in January 2012 and the amount of investment made by the Company in BNCT is KRW 259.4 billion as of 30 September 2020, which is composed of the subordinated loan extended to the project company in the amount of KRW 193.0 billion and equity securities in the amount of KRW 66.4 billion.

In April 2019, in order to increase its capacity to handle growing volume in the future and improve liquidity, BNCT entered into an agreement with new lenders to repay a part of existing loans and raise new external loans. As a result of this refinancing, the total amount of investment made by the Company decreased from KRW 304.0 billion (subordinated loan I KRW 193.0 billion, subordinated loan II KRW 44.6 billion, equity securities KRW 66.4 billion) to KRW 259.4 billion (subordinated loan KRW 193 billion, equity securities KRW 66.4 billion). By utilizing a part of the new external loans to purchase additional equipment, BNCT aims to increase BNP 2-3's annual maximum capacity from the current 2.5 million TEUs to 3.2 million TEUs by the end of 2020.

[Summary of BNP 2-3]

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- Terminal operation has commenced in January 2012
- Concession period of 28 years and 3 months (expires in April 2040)
- Berth length: 1,400m (4 ships)
- Annual handling capacity: 2.5 million TEUs (a plan to increase up to 3.2 million TEUs is underway)
- First vertically arranged automated terminal in Asia
- Main customers: Ocean Alliance, Korea Marine Transport Co., Ltd.

(Source: Data provided by the Company)

[Recent Performance of BNCT]

	2020 (by September)	2019	2018	2017	2016
Volume (TEU)	1.65 million	2.22 million	2.35 million	2.03 million	1.60 million
Handling Volume Growth Compared to Previous Year	(1.1%)	(5.4%)	15.8%	27.0%	16.2%
Operating Revenue (Unit: KRW billion)	90.0	113.1	113.6	105.1	91.6
Revenue Increase Compared to Previous Year	5.8%	(0.5%)	8.1%	14.7%	27.0%
EBITDA (Unit: KRW billion)	44.5	52.9	53.7	50.6	44.7
EBITDA Increase Compared to Previous Year	13.4%	(1.4%)	6.2%	13.2%	75.4%
EBITDA Margin	49.5%	46.8%	47.2%	48.1%	48.7%

(Source: Data provided by the Company)

① Volume Performance

BNCT has retained CMA CGM which is the parent company of BNCT's shareholder, Terminal Link, as the main customer. BNCT provides services by entering into terminal service agreement with each shipping company. Handling volume classified as controlled service under the Terminal Service Agreement between CMA CGM and BNCT are required to call at BNCT. This agreement is effective until BNCT's concession expires.

CMA CGM is a member of Ocean Alliance, a global shipping alliance officially established on 1 April 2017. Ocean Alliance currently consists of CMA CGM, APL, COSCO, Evergreen, and OOCL, and other shipping companies of Ocean Alliance which are not required to call at BNCT may also be prone to call at BNCT for cost reduction and convenience.

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However, the shipping companies of Ocean Alliance, including CMA CGM, do not guarantee a specified container volume to BNCT, and therefore, if the container volume of CMA CGM and Ocean Alliance decreases in the future, it may have an adverse impact on the performance of BNCT.

Also, the shipping industry is affected by macroeconomics and global trade dynamics. Decreases in global container volume caused by economic recession or protective trade policies, or changes in the environment such as a decrease in the general export and trade volume in Korea, may have an adverse effect on the performance of BNCT.

BNCT's cumulative total handling volume for 2020 Q3 decreased by 1.1% compared to the previous corresponding period ("pcp"), recording 1.65 million TEUs. The decrease is mainly attributable to the slowdown in global economy due to the Coronavirus outbreak. Revenue for 2020 Q3 improved by 5.8% over pcp to KRW 90 billion due to a change in volume mix and an increase in tariff, and EBITDA improved by 13.4% over pcp to KRW 44.5 billion due to an increase in revenue and a decrease in operating expenses.

② Revenue/TEU

The tariff of BNCT and Busan New Port may change in response to various factors such as economic conditions, supply and demand of containers in Busan New Port, and domestic or overseas competition.

In April 2017, tariff for some services were adjusted due to the reorganization of shipping alliances. However, the average revenue/TEU of BNCT (calculated by dividing the total revenue by the handling volume) recorded an annual growth of 1.9% over the past six years from 2013 to 2019.

③ Subordinated Loans

As of 30 September 2020, the principal of the subordinated loans extended to BNCT is KRW 193.0 billion and the unpaid interest is KRW 355.3billion, amounting to a total subordinated loan (including unpaid interest) of KRW 548.3billion.

In April 2019, BNCT entered into an agreement with new lenders to repay a part of existing loans and raise new external loans. As a result of this refinancing, the Company received the principal of subordinated loan II (KRW 44.6 billion) and the entire amount of deferred interest (KRW 49.2 billion). Therefore, upon the conclusion of the refinancing, the principal of subordinated loans to BNCT by the Company decreased from KRW 237.6 billion (subordinated loan I KRW 193.0 billion, subordinated loan II KRW 44.6 billion) to KRW 193 billion.

[Subordinated Loan]

(As of 30 September 2020)

Item	Subordinated Loan I
Principal	KRW 193 billion
Interest Payable	KRW 355.3billion
Drawdown Date	25 February 2008
Maturity Date	25 November 2032
Fixed Interest Rate	10~12%
Purpose of Loan	Investment

(Source: Data provided by the Company)

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BNCT is an asset with a concession agreement that does not have MRG and therefore, even if the revenue falls due to poor performance and/or freeze or decrease in tariffs, BNCT would not receive any subsidy payment from the relevant government authority. Weakened revenue may lead to low liquidity of BNCT and may increase the deferred interests on the subordinated loan (wholly owed to the Company). If this situation persists, losses may occur as the bad debt expenses could be recognized for the unpaid interests and the principal of the BNCT's Subordinated Loan and a loss in equity valuation may occur. Also, there is the possibility of the Company not receiving the outstanding principal of the subordinated loan and equity investment (KRW 66.4 billion) by the end of the concession period of BNCT.

Meanwhile, as of 30 September 2020, out of a total of 12 toll road businesses the Company has invested in, 9 toll road project companies (excluding Woomyunsan Infraway Co., Ltd., Yongin-Seoul Expressway Co., Ltd., and Busan New Port 2nd Rear Road Co., Ltd.) are entitled to receive the government subsidy from the relevant government authority in accordance with the concession agreement. The subsidy includes the compensation on the shortfall of toll revenue subject to traffic volume (minimum revenue guarantee), investment cost compensation and toll freeze compensation. The revenue of these project companies is dependent on the toll of the relevant roads apart from the income from the minimum revenue guarantee. In some cases, the income of these concessionaires is partially dependent on government subsidies provided in accordance with the concession agreement, but in most cases, it is mainly dependent on the income of toll fees of each road operated.

Pursuant to the concession agreement, the toll is determined by external factors such as the overall Korean economy, negative consumer perception on toll raise, inflation rate and traffic volume. Relevant government authorities may limit raises in toll fares or make requests to lower toll fares through restructuring or refinancing.

Traffic volume and the toll revenue are affected by various factors including the following.

- | |
|--|
| <ul style="list-style-type: none">• Toll fare• Oil price• Vehicle price and vehicle maintenance costs• Types of vehicles using toll roads (including bridges and tunnels)• Population increase, increase in vehicle ownership, increase in licensed drivers• Natural disasters such as flood, earthquake and forest fire• Decline in traffic demand due to outbreak of diseases such as epidemic or pandemic• Unfavourable weather conditions that negatively affect traffic volume, such as heavy snow, fog and rain• Environmental regulations limiting the use of vehicles• The quality and accessibility of toll roads compared to other competitive transportation means such as trains or other roads• Limits on the number of vehicles efficiently using toll roads during particular periods• Overall economic conditions |
|--|

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If the rate of traffic volume increase falls due to such factors, the growth rate of Company's revenue may fall or slow down, adversely affecting the Company's business and financial conditions.

The toll road business of the Company can be classified by whether there is a minimum revenue guarantee (or other guarantees provided by the relevant government bodies following restructuring as applicable, collectively referred to as "guarantee"), actual operating performance compared to the guarantee, and the period of guarantee compared to the concession period. The characteristics and risk factors of each classification are as follows.

• **Project without Guarantee Provided by the Relevant Government Authority**

- Currently, the Woomyunsan Tunnel project, the Yongin-Seoul Expressway project, and the Busan New Port 2nd Rear Road Project do not receive a revenue guarantee from their relevant government authorities. After the project restructuring was completed in January 2016, Woomyunsan Tunnel project no longer has the MRG provision. Instead, the revenue partitioning structure was introduced. Under the revenue partitioning structure, the agreed amount from the actual toll revenue is reserved upfront in the disposable income account in order to retrieve the investment principals invested by the Company and relevant interest income prior to other payments. Currently, the traffic performance is sufficient to meet the expected profit. However, in case the traffic performance deteriorates and the disposable income account balance becomes insufficient, the Company may not be able to retrieve a portion of the investment principals or interests. The Yongin-Seoul Expressway project initially had MRG by the relevant government authority, but it ended in 2019. Based on performance as of 2019 when the MRG ended, Yongin-Seoul Expressway achieved operation performance exceeding the guarantee level. There is no financial support from relevant authorities related to sales or expenses for the Busan New Port 2nd Rear Road Project.

• **Project with Guarantee Provided by the Relevant Government Authority Which Currently Has Operation Performance Exceeding Guaranteed Level**

- The following projects have been provided with a guarantee from their relevant government authorities but have operating performance exceeding the respective guarantee level (based on 2019 results): Baekyang Tunnel, Machang Bridge, Seoul-Chuncheon Expressway, and Incheon Grand Bridge. These project companies are generating increased revenues based on the operating performance exceeding the guarantee levels. However, as decrease in operating performance may lead to an immediate reduction in cash flow of these project companies, the guarantees provided by the relevant government authorities do not guarantee the current estimated values of these project companies.

• **Project with Guarantee Provided by Relevant Government Authority, Triggering the Payment under Guarantee due to Operating Performance Short of Minimum Revenue Guarantee Level, for which Guarantee Expires During Concession Period**

- The projects with guarantees provided by the relevant government authorities which have triggered the payments under the guarantees due to operating performance short of the minimum revenue guarantee level (based on 2019 results) but with the guarantee expiring during the concession period, are the Incheon International Airport Expressway and Cheonan-Nonsan Expressway projects. The guarantees provided by the relevant government authorities act as the downside protection on the revenue and cash flow of these two project companies, but if their operating performance does not improve significantly in the future, their revenues

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may fall considerably after the guarantee periods expire. Expiration of these guarantee periods may have an adverse effect on the Company's revenue and cash flow compared to the guarantee period.

• **Project with Guarantee Provided by Relevant Government Authority, Triggering the Payment under Guarantee due to Operating Performance Short of Minimum Revenue Guarantee Level, for which Guarantee Covers Entire Concession Period**

- The projects with guarantees provided by the relevant government authorities which have triggered payments under the guarantees due to operating performance short of the minimum revenue guarantee level (based on 2019 results), with the guarantee covering the entire concession period are the Soojungsan Tunnel, Kwangju Second Beltway Section 1 and Kwangju Second Beltway Section 3-1 projects. The three project companies have operating performance short of their guarantee levels, and currently receive payments under the respective guarantees. Since the payments under the guarantees provided by the relevant government authorities cover the entire concession periods, decreases in operating performance (compared to other toll road project companies) may not affect the Company's revenue and cash flow to the extent the other toll road project companies may affect. However, in order to meet the estimated return on investment, these project companies must continue to rely on the relevant government authorities' subsidy payments throughout their entire concession periods, and this may pose the Company to relevant risks.

w Airport Hiway Co., Ltd., Soojungsan Investment Co., Ltd., and Cheonan-Nonsan Expressway Co., Ltd. Dividend income in the first half of 2020 has increased by approximately KRW 4.7 billion over pcp.

(5) Risks Relating to Distribution Payout

There has been an ongoing disbursement of cash due to the payment of distribution in order to maintain stable investment return for shareholders and to qualify for corporate tax exemption (applied if 90% or more of the Company's distributable income is paid as distributions). However, **the Company has a need for liquidity due to timing mismatch between the cash inflow and the recognition of revenue in accounting. As of 30 September 2020, the Company's investments in subordinated loans and equity securities of the project companies, of which associated cash inflows are relatively deferred to the late part of the concession periods of the project companies, account for 71.9% of the total assets of the Company. Therefore, in case the level of cash outflow resulting from the payment of distribution is raised, the Company's financial soundness may deteriorate.**

There has been an ongoing disbursement of cash due to the payment of distributions in order to maintain stable investment return for shareholders and also to qualify for deduction of the taxable income pursuant to Article 51-2 of the Korean Corporate Tax Act (in the event 90% or more of distributable income is paid as distributions, the amount of distribution is deducted from the taxable income of the applicable fiscal year). Pursuant to the FSCMA and also in accordance with our AOI, the Company may pay distributions to shareholders in the form of distributions and/or over-distributions of profits, in which case there is a possibility that the distributions may be made in excess of the Company's net income in the relevant fiscal period in order to maintain shareholder value. Also, depending on the Company's financial conditions, the Company may provide distributions to shareholders in the form of new shares instead of payment in cash up to the amount of the profit distributions.

The following is the Company's historical distribution payouts per share.

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[Performance of Distribution Per Share]

(Unit: KRW/share)

Category	1H 2020	2019	2018	2017
Normalised Income	360	700	622	540
One-off Profit	-	-	-	-
One-off Loss ¹	-	-	-	-
Total Distribution	360	700	622	540

¹Including over-distribution of profits

Note 1) As an investor, please seek advice of a tax professional on tax treatment for dividend income

Note 2) Past performance does not guarantee future profits

(Source: Data provided by the Company)

The Company's distributions are derived from the interest income and dividend income from the loans and equity securities invested in the project companies. As of the third quarter of 2020, interest income was 61.8% of the Company's revenue. Recurring dividend income has been generated since 2015 from New Airport Hiway Co., Ltd., Soojungsan Investment Co., Ltd., and Cheonan-Nonsan Expressway Co., Ltd. The total Dividend income as of the third quarter of 2020 has decreased by approximately KRW 100 million over pcp.

[Profit and Loss of the Company]

(Unit: KRW million)

	3Q 2020	2019	2018	2017
Revenue	245,091	295,204	261,615	240,047
Interest income	151,345	198,935	195,810	177,785
Dividend income ¹	93,596	93,721	65,553	61,543
Other income	150	2,548	252	719
Expense	33,197	46,917	53,903	52,783
Management fees	25,355	36,087	38,495	36,538
Interest expense	5,481	7,942	9,831	13,408
Other expenses	2,361	2,888	5,577	2,837
Net income	211,894	248,287	207,712	187,264
Normalized net income ²	211,894	246,058	207,712	187,264
Earnings Per Share ("EPS") ³	607	711	595	557
Normalized EPS ³	607	705	595	557

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	3Q 2020	2019	2018	2017
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¹ Composition of dividend income (excluding one-off items)

- 3Q 2020: KRW 31.3 billion from New Airport Hiway Co., Ltd., KRW 45.3 billion from Cheonan-Nonsan Expressway Co., Ltd., and KRW 17.0 billion from Soojungsan Investment Co., Ltd.
- 2019: KRW 34.9 billion from New Airport Hiway Co., Ltd., KRW 51.8 billion from Cheonan-Nonsan Expressway Co., Ltd., and KRW 7.0 billion from Soojungsan Investment Co., Ltd.
- 2018: KRW 31.3 billion from New Airport Hiway Co., Ltd. and KRW 34.2 billion from Cheonan-Nonsan Expressway Co., Ltd.
- 2017: KRW 38.6 billion from New Airport Hiway Co., Ltd. and KRW 23.0 billion from Cheonan-Nonsan Expressway Co., Ltd.

² Net income excluding one-off items (one-off income and expenses, performance fees, etc.)

- 2019: prepayment charge (other operating income) of KRW 2.2 billion from the repayment of BNCT's Subordinated Loan II

³ - 2018 and 2019 and 3Q 2020 : Based on weighted average of 349,044,336 outstanding common shares

- 2017: Based on weighted average of 336,084,436 outstanding common shares

(For 269 days before the listing of new shares: 331,459,341 shares are applied; for 96 days after the listing of new shares: 349,044,336 shares are applied)

(Source: Data provided by the Company)

Interest income, a major source of the Company's revenue, is recognized according to the principle of accrual accounting. However, in the case of some project companies, cash inflow is being delayed, which results in timing mismatch between the cashflow from interest income and the recognition of interest income in accounting. Therefore, the Company's need for liquidity may increase and financial burden may rise.

Cash outflow from the payment of distribution is expected to continue in the future.

Given that the Company's investments in subordinated loans and equity securities of the project companies, of which associated cash inflows are relatively deferred to the late part of the concession periods of the project companies, account for 71.9% of total assets, if the size of cash outflow from the payment of the Company's distribution increases, the Company's financial soundness may deteriorate.

(6) Risks Relating to Payment Obligation by Relevant Government Authorities and Other Government Authorities

As of 30 September 2020, all of the 14 project companies that the Company has invested in are concessionaires in public-private partnerships based on concession agreements with relevant government authorities. The concession agreements include the payment obligations by the relevant government authorities to pay a certain required amount to the concessionaires. However, **the payment obligation may be unfulfilled or delayed due to the government policy, financial difficulty of the relevant government authority or other reasons during the deliberation or execution of budget of the relevant government authority. If the payment obligation of the relevant government authority or other government authorities is unfulfilled, the operating performance and the financial condition of the project company which has not received the required amount may be adversely affected, weakening the project company's capability to repay its debts. This may result in reduced interest payments, principal repayment and dividends that the Company receive from the project company and may have an adverse impact on the Company's business**

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and financial status.

As of 30 September 2020, all of the 14 project companies that the Company has invested in are concessionaires in public-private partnerships based on concession agreements with relevant government authorities. The concession agreements outline the obligations that each party must fulfill. For relevant payment obligations, refer to Section 1 (Business Risks) A.

There are cases where a relevant government authority is required to pay the amount set out above to the concessionaire in accordance with the respective concession agreement. In such cases, the relevant government must pay the amount set out above, and yet the payment obligation may be unfulfilled or delayed due to the government policy, financial difficulty of the relevant government authority or other reasons during the deliberation or execution of budget of the relevant government authority. If the payment obligation of the relevant government authority or other government authorities is unfulfilled, the operating and the financial condition of the project company which has not received the required amount may be adversely affected, weakening the project company's capability to repay its debts. This may result in reduced interest payments, principal repayment and dividends that the Company receive from the project company and may have an adverse impact on the Company's business and financial status.

Previously, in the Woomyunsan Tunnel, Kwangju Second Beltway Section 1 and Machang Bridge projects, the relevant government authorities have refused to pay the MRG and toll freeze compensation. The disputes with the relevant government authorities were resolved through negotiating a project restructuring with the objective of preserving the value of the Company's investments.

Asset	Time of Restructuring	Terms of Financing Before Restructuring	Summary of Business Structure After Restructuring	Major Effects of Restructuring on Investment Assets
Woomyunsan Tunnel	January 2016	MRG for entire operating period (79% until 2023, 78% after 2024)	<ul style="list-style-type: none"> Introduced the revenue partitioning structure¹. Reserves the amount (the "Reserve Amount") applied towards operating expenses, the Shareholder Loan B (refinanced the existing subordinated loans) and the dividend (disposable income) upfront in every quarter. Set such upfront reserves in nominal amounts in the concession agreement. 	<ul style="list-style-type: none"> Reserving upfront the amount required for the payment of the Shareholder Loan B and dividends to the shareholders (which are the Company's investment assets) from the revenue. Unless the future toll revenue decreases by over 30% compared to the toll revenue as of December 2015, the return on investment estimated by the Company would be met (return on investment would not be dependent financial support). Relevant government authority to be responsible for the payment of corporate taxes and repayment of the Shareholder Loan A. Added a clause restricting

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			<ul style="list-style-type: none"> • Use the revenue exceeding the Reserve Amount (surplus income) to pay corporate taxes and repay the Shareholder Loan A (refinanced the original senior loan and additional funding for the refinancing expenses). Relevant government authorities shall pay the deficit and collect the remaining balance. 	construction of (alternate) competitive roads as a replacement for MRG.
Kwangju Second Beltway, Section 1	December 2016	MRG 85% for entire operating period	<ul style="list-style-type: none"> • Introduced the investment cost compensation scheme². • Secured in advance the amount required to pay operating expenses and to repay investment principal. The relevant government authority provides deficits on a quarterly basis. 	<ul style="list-style-type: none"> • The legal dispute over the capital structure restoration has ended and disputable matters based on the terms of the existing agreement has also ended. • Collected the overdue MRG in full. • Relevant government authority to be responsible for paying corporate taxes.

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Machang Bridge	January 2017	MRG 75.78% for entire operating period	<ul style="list-style-type: none"> • Introduced the revenue allocation scheme¹. • Reserves the amount (the “Reserve Amount”) applied towards operating expenses, repayment of the subordinated loan and the dividend payout (disposable toll revenue) upfront in accordance with the consumer price inflation rate and traffic volume (68.44% up to 100% of estimated traffic, 50% in excess of 100%). • Use the revenue exceeding the Reserve Amount (disposable toll revenue subject to approval) to pay corporate taxes and repay the senior loan. Relevant government authorities pay the deficit and collect the remaining balance. • As a replacement of MRG, the relevant government authority guarantees minimum disposable toll revenue at the same level as MRG (75.78% of the estimated toll revenue) 	<ul style="list-style-type: none"> • It is anticipated that as the amount required for the payment of the subordinated loans and dividends for the shareholders (the subordinated loans and the shares are both the Company’s assets) are reserved upfront, the repayment of the principal and interests of the subordinated loans will be repaid in a stable manner. • In the event that future traffic exceeds estimated traffic, additional return on investment could be expected. • Relevant government authority to be responsible for the payment of corporate tax and the repayment of the senior loans. • Added a minimum disposable toll revenue guarantee which replaces MRG. It is also anticipated that toll related disputes would be minimized.
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¹It is a system which separates revenue into disposable toll revenue and disposal toll revenue subject to approval and manages them in separate accounts (disposable toll revenue account and disposal toll revenue subject to approval account). The concession agreement defines how the revenue is separated into each and the purpose of

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the amount reserved in each account is also defined in the concession agreement.

²The amount required for operating expenses and repayment of principal and interest on investment (which may differ from the concessionaire's actual interest expense and the repayment schedule of the investment principal) is defined in advance. If the revenue is insufficient to pay the operating expenses and investment expenses, the deficit is covered by the relevant government authority.

(Source: Data provided by the Company)

Failure by relevant government authorities to fulfill payment obligations may result in lawsuits from related parties. For details, please refer to Part B. (Company Risks) (8) (Risks Relating to Lawsuits).

As of 30 September 2020, the terms of the financial subsidy by the relevant government authority for each of the Company's project companies are as follows.

[Government Support Payment Provisions]

(As of 30 September 2020)

(Unit: Year)

Asset	Relevant Government Authority	Concession Term	Concession Term Remaining	Support Payment Duration	Support Payment Duration Remaining	Revenue Guarantee Threshold ¹	Revenue Cap Threshold ¹²	Remarks
Baekyang Tunnel	Busan Metropolitan City	25.0	4.3	25.0	4.5	90%	110%	-
Gwangju ^{2nd} Beltway, Section 1	Gwangju Metropolitan City	28.0	8.3	28.0	8.5	Investment Cost Compensation		Target cash flow of the concessionaire guaranteed.
Incheon International Airport Expressway	Ministry of Land, Infrastructure and Transport	30.0	10.3	20.0	0.5	80%	110%	Partial revenue sharing in excess of 80% to 110% level.
Soojungsan Tunnel	Busan Metropolitan City	25.0	6.6	25.0	6.8	90%	110%	For toll revenue below 90%, Busan Metropolitan City is obligated to compensate

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Asset	Relevant Government Authority	Concession Term	Concession Term Remaining	Support Payment Duration	Support Payment Duration Remaining	Revenue Guarantee Threshold ¹	Revenue Cap Threshold ¹²	Remarks
								91.5% of the shortfall amount.
Cheonan-Nonsan Expressway	Ministry of Land, Infrastructure, and Transport	30.0	12.2	20.0	2.5	82%	110%	In the event of partial revenue sharing in excess of 82% to 110% level, some of revenue will be retrieved by the government
Woomyun Tunnel	Seoul Metropolitan City	30.0	13.3	-	-	-	-	As part of the capital restructuring transaction completed in Jan 2016, MRG provision was removed
Gwangju ^{2nd} Beltway, Section 3-1	Gwangju Metropolitan City	30.0	14.2	30.0	14.4	90%	110%	-
Machang Bridge	Gyeongsang Nampo Provincial Government	30.0	17.8	30.0	18.0	75.78%	100%	Revenue guarantee applies to MCB account ³ . 50:50 revenue sharing with relevant authority in excess of expected revenue at 100% level.
Yongin-Seoul Expressway ⁴	Ministry of Land, Infrastructure, and Transport	30.0	18.8	10.0	-	70%	130%	-
Seoul-Chuncheon Expressway	Ministry of Land, Infrastructure	30.0	18.9	15.0	4.1	60%	140%	

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Asset	Relevant Government Authority	Concession Term	Concession Term Remaining	Support Payment Duration	Support Payment Duration Remaining	Revenue Guarantee Threshold ¹	Revenue Cap Threshold ¹²	Remarks
y ⁴	e, and Transport							
Incheon Grand Bridge	Ministry of Land, Infrastructure, and Transport	30.0	19.1	15.0	4.3	80%	120%	-
Busan New Port the 2 nd Real Road	Ministry of Land, Infrastructure, and Transport	30.0	26.3	-	-	-	-	
Busan New Port Phase 2-3	Ministry of Oceans and Fisheries	28.3	19.5	-	-	-	-	-
Dongbuk Light Rail Transit	Seoul Metropolitan City	30.0	30.0	-	-	-	-	Construction period: 2020-2024 projected Operation period: 30 years after construction (2025-2054 projected)
Weighted Average ⁵		29.4	16.9	14.5	3.7	-	-	-

¹ % of annual concession agreement projected revenue.

² Relevant government authorities are entitled to receive the portion exceeding the threshold.

³ Refer to the disclosure on MKIF website (www.mkif.com) on 2 January 2017 for detailed information on MCB restructuring.

⁴ No revenue guarantee applies if actual revenue is below 50% of the annual concession agreement projected revenue.

⁵ Weighted average based on MKIF investment amount and committed investment amount in Dongbuk LRT Co., Ltd..

(Source: Data provided by the Company)

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(7) Risks Relating to Debt

The Company may only borrow or issue debt up to the amount equal to 30% of the Company's paid-in capital, pursuant to Article 41-5(1) of the PPP Act (the "borrowing capacity"). **Based on the unconsolidated financial statements as of 30 September 2020, the Company's outstanding debt balance is approximately KRW 415.1 billion, which consists of KRW 200 billion of fixed-rate corporate bonds and KRW 215.1 billion withdrawn from a revolving corporate credit facility with the facility size of KRW 250 billion.**

The borrowing capacity of the Company as of 30 September 2020 is KRW 129.6 billion and the Company appears to maintain appropriate financial liquidity. However, **please be advised that if the Company's outstanding debt reaches the borrowing limit due to the investment commitment in relation to the public-private partnership of the Dongbuk Light Rail Transit and prospective new investment, the Company may be exposed to liquidity risks.**

Based on the unconsolidated financial statements as of 30 September 2020, the Company's outstanding debt balance is approximately KRW 415.1 billion, which amount consists of KRW 200 billion of fixed-rate corporate bonds and KRW 215.1 billion withdrawn from a revolving corporate credit facility with the facility size of KRW 250 billion.

The Company's debt has increased by KRW 195.1 billion in comparison to the end of the previous year, and cash and deposits have decreased by KRW 13.1 billion in comparison to the end of the previous year, resulting in an increase of net debt by KRW 208.2 billion. Such change is mainly attributable to the new investment in the Busan New Port the 2nd Real Road and the annual distribution payment in February 2020 and the interim distribution payment in August 2020.

As of 30 September 2020, the Company has a revolving corporate credit facility with the facility size of KRW 250 billion. The key terms of the credit facility are as follows.

[Material Terms of Credit Facility]

Type	Long-Term Debt
Lender	Shinhan Bank, etc.
Facility Size	KRW 250 billion
Amount drawn as of 30 September 2020	KRW 215.1 billion
Interest Rate ¹	Base Rate+1.8%
Maturity	28 January 2024

¹The base rate is the average of the 91-day CD rates over the three trading days immediately prior to the reference date, which rate are published by KOFIA. The Company may choose either of paying the interest on interest payment date or capitalise it to the principal of the loan.

(Source: Data provided by the Company)

The outstanding debt of the Company for the past 3 years is as follows.

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[Revolving Credit Facility]

(Unit: KRW 100 million, %)

Facility Size	Interest Rate (per annum)	30 September 2020	31 December 2019	31 December 2018	31 December 2017
2,500	Base Rate+1.8	2,151	200	826	-

[Bonds]

(Unit: KRW 100 million)

	30 September 2020	31 December 2019	31 December 2018	31 December 2017
Corporate Bonds	2,000	2,000	2,000	1,900
Electronic Short-Term Bonds	-	-	-	600
Total	2,000	2,000	2,000	2,500

(Source: Audit reports and data provided by the Company)

The Company may only borrow or issue bonds up to the amount equal to 30% of the Company's paid-in capital, pursuant to Article 41-5(1) of the PPP Act.

※ Relevant Statutes

<Act on Public-Private Partnerships in Infrastructure>

Article 41-5 (Loans of Funds and Issuance of Bonds)

① An investment and financing collective investment vehicle may borrow or issue bonds for the purposes of working capital and temporary investment subject to the following restrictions and the ratio set out in the Enforcement Decree; provided that when the investment and financing collective investment vehicle borrows or issues bonds for working capital purposes, it shall obtain the approval of the general stockholders' meeting or the general beneficiaries' meeting.

1. Investment and financing company: 30/100 of the equity capital;

2. Investment and financing trust: 30/100 of the total amount represented by beneficial securities.

②The restrictions on borrowing or bond issuance set out in paragraph (1) shall not apply to an investment and financing collective investment vehicle formed under Article 9 (19) of the FSCMA.

Considering the undrawn amount of the revolving credit facility, the borrowing capacity (KRW 129.6 billion based on the unconsolidated financial statements as of 30 September 2020), and the expected future cash inflows from the project companies such as dividends and interest, the Company appears to maintain appropriate financial liquidity. However, please be advised that if the Company's outstanding debt reaches the borrowing capacity due to the investment commitment to the public-private partnership of the Dongbuk Light Rail Transit and prospective new investment in the future, the Company may be exposed to liquidity risks.

[Outstanding Debt and Borrowing Capacity]

(Unit: KRW 100 million)

	30 September	31 December	31 December	31 December
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	2020	2019	2018	2017
Total Outstanding Debt (A)	4,151	2,200	2,826	2,500
Capital ¹	18,156	18,156	18,156	18,156
Borrowing Capacity (Capital*30%) (B)	5,447	5,447	5,447	5,447
Remaining Borrowing Capacity (B)-(A)	1,296	3,247	2,621	2,947

¹ On 19 September 2017, the Company issued 17,584,995 common shares at KRW 8,370 per share. The share issuance expense in an amount of KRW 2.6 billion has been deducted from the capital.

(Source: Audit reports and data provided by the Company)

(8) Risks Relating to Lawsuits

- The Ministry of Employment and Labor has been investigating since May 2020 approximately 50 domestic corporations which operate privately funded roads through each corporation's execution of service agreements, of which services are provided by temporary agency workers, by placing labor inspectors to determine whether outsourcing service workers performing the road management/maintenance, toll collection or patrol would constitute 'illegal temporary work placement' under the Act on the Protection, etc. of Temporary Agency Workers. The same investigation is ongoing and running for 12 road operation corporations in which the Company invested.

Given the foregoing, workers of the corporation which have signed a toll collection service agreement with Cheonan-Nonsan Expressway Co., one of the road operation corporations in which the Company invested, filed lawsuits against Cheonan-Nonsan Expressway Co., two times in February and March of this year, seeking for a declaratory judgment as to the legal status of workers and unpaid salary payments, which are pending.

At present, it is difficult to predict the outcome of on-site investigations by the Ministry of Employment and Labor and the outcome of the Cheonan-Nonsan Expressway Co.'s lawsuit. In this regard, Investors must be advised that there is a possibility that the outcomes of the investigation or the litigation may come out to be unfavourable to the project companies which may have an adverse impact on the Company.

In addition, the pending lawsuit related to Baekyang Tunnel and the international arbitrations related to Incheon Bridge Co., Ltd.'s were resolved, but **there is a possibility that additional legal disputes may arise with the project companies invested by the Company, which may adversely affect the financial structure of the project companies**, and investors must be aware of such

(9) Risk Related to Uncertainty in Financing

The Company contemplates to secure and finance its future investments by raising additional capital and/or incurring additional debt. However, investors should be aware that the Company's plans for financing may encounter difficulties due to the following reasons.

- ① Due to the difficulty in predicting the effectiveness, timing, and size of future investments, it may be difficult to secure financing in favourable terms within a short period of time.
- ② According to the PPP Act, the debt to paid-in-capital ratio may not exceed 30% and the loan may only be used for making investment and funding for operating costs.
- ③ If the Company maintains the current distribution policy of distributing the greater of the distributable income and the taxable income, surplus funds available for investment may be reduced.

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- ④ The Company may not be able to issue the required number of shares or corporate bonds due to time constraints or the lack of investor demand.
- ⑤ Borrowing under favourable terms may be difficult due to market conditions or negative forecasts of the Company's businesses, and the failure to secure capital may hinder successful execution of the Company's investment strategies.

(10) Risks Relating to Change of the Manager

Pursuant to the terms of the asset management agreement between the Company and the Manager amended on 28 February 2019, the Company may only terminate the asset management agreement with a majority approval of the total number of issued and outstanding shares followed by a 90 days' prior written notice. The replacement of the Manager must be approved by a majority of the total number of issued and outstanding shares at the shareholders' meeting pursuant to the Company's AOI.

In the event of a resolution at the shareholder's meeting for the replacement of the Manager, dissenting shareholders may request the Company to purchase their shares. Also, according to the Company's credit facility agreement entered into by the Company, in order to replace the Manager, a prior written consent by a proxy bank is required.

Also, if the Company terminates the asset management agreement for a reason other than the Manager's intentional and illegal act, gross negligence, or substandard performance (determined by the terms of the asset management agreement) for at least 14 quarters out of 16 consecutive quarters, the Company must pay the Manager a penalty equal to the sum of the management fees for 4 quarters prior to the termination. **As a result, please be advised that terminating the asset management agreement with the Manager may incur a significant amount of expense.**

(11) Risks Relating to Restrictions on Merger

Pursuant to the FSCMA, the Company is only permitted to merge or to be merged with investment companies that have the same corporate director. This means that there is only a limited pool of potential companies which the Company may merge with. Therefore, the synergy effect arising from a merger would be limited. Further, the value of the Company's investment portfolio may not be increased and the opportunity to increase the shareholders' investment value following relevant transactions may be lost.

(12) Risks Relating to Dissolution of Investment Entity

Pursuant to Article 253(1)(iv) of the FSCMA, portfolio companies' registration may be revoked by the FSC if the minimum net asset falls below KRW 5 billion and such state lasts for 3 months. In such event, please note that the Company may be dissolved without the consent of the investors.

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※ Relevant Statutes

<Financial Investment Services and Capital Markets Act>

Article 253 (De-Registration of Collective Investment Vehicle)

① In any of the following circumstances, the FSC may deregister a collective investment vehicle; provided that the FSC shall de-register the collective investment vehicle if an event set forth in subparagraph 3 occurs:

4. Where the NAV of the investment company falls below of the minimum net assets prescribed in Article 194(2)(vii) for not less than three months

Article 194 (Incorporation, etc. of Investment Company)

② Promoters who intend to incorporate an investment company shall prepare articles of incorporation which shall state the following matters, on which all promoters shall print their names and affix their seals or signatures

7. Minimum amount of net assets (referring to the amount computed by subtracting liabilities from assets) that the investment company is required to maintain (hereinafter referred to as "minimum net assets")

C. Other Risks

(1) Risk of Decrease in Share Price

The share price of the Company traded on the Korea Exchange is affected by external factors such as changes in interest rates, supply and demand in the stock market, and economic, political, and social events in Korea and overseas, as well as other indexes related to the Company. Therefore, **investors should be aware that purchasing the shares of the Company may incur losses due to a decrease in share price.**

The Company discloses the net asset value (NAV) calculated in accordance with “Chapter 2. Company Overview – 12. Calculation of Net Asset Value (NAV) and Valuation of Assets.” However, the NAV and the price of the Company’s shares traded on the Korea Exchange may not always match due to the market participants’ expectation of the future value of the Company. **Investors shall be responsible for any risks associated with potential and actual losses in their investment principals, and other entities including the Company, the asset manager for the Company, and sales agents are not responsible for losses incurred as a result of investment.**

(2) Risks Relating to Conflicting Interests

The Manager was designated by the promoters of the Company and performs its services in accordance with the asset management agreement with the Company. MKAM was appointed as the Company’s asset manager and corporate director in accordance with the FSCMA and conducts business pursuant to the FSCMA, the AOI, and the asset management agreement but may encounter conflicts of interests or issues which may hinder execution of certain capabilities granted thereto.

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Investors should be aware that such conflicts or inability to properly conduct business may adversely influence the operations of the Company.

(3) Risks Relating to Assets under Construction

The Company may decide to invest in infrastructure facilities under construction, and construction of large scale infrastructure such as toll roads, bridges, tunnels, and rail involve potential risk factors including natural disasters, change of design and opposition of special interest groups such as religious or environmental organizations.

While most risks may and can be transferred to construction companies and/or relevant government authority, the aforementioned risks may cause construction delays, loss of profits or cost overrun, which may negatively influence the Company's investment value. **In particular, infrastructure facilities under construction in which the Company invests may not be completed on schedule due to natural disasters such as typhoons or floods, which may lead to decreased profits, increased maintenance costs and increased construction or reconstruction expenses.**

In this case, concessionaires of such infrastructure facilities may not be able to retrieve all related losses or damages through insurance policy. Additionally, in the event that the funding of such infrastructure facilities involves senior lending, senior lenders generally and customarily secure the first priority pledge against such insurance policy.

In the event that an infrastructure facility is not completed as planned, the relevant concessionaire in which the Company invested may be obliged to pay the relevant government authority related compensation for damages. Although the construction company customarily bears the obligation to compensate the concessionaire for losses or damages resulting from construction delays, such compensation may not sufficiently cover all of the concessionaire's obligations. Therefore, concessionaire may be required to make a significant amount of additional payments due to construction delays.

In the case of the Dongbuk Light Rail project, compensation procedures are in progress for some project sites within the project section. If the agreements with the project sites' owners are delayed or not finally reached, the expropriation procedure will be conducted to proceed with the project. In this case, there is a possibility that the completion of the Dongbuk Light Rail project may be delayed due to legal procedures associated with the expropriation. However, the relevant government authority is responsible for providing the project site for the project implementation under the Dongbuk Light Rail Concession Agreement.

Therefore, unless there are some other reasons it may be accountable for, the concessionaire does not bear the obligation to compensate the relevant government authority for losses resulting from delays in the commencement or undertaking of construction works caused by a delay in securing the project site. In case securing the project site is delayed, the concessionaire may make up its losses by means of adjusting fares or operation period. However, in case the concessionaire fails to reach an agreement with the relevant government authority on adjusting fares or concession period and in case it escalates into a dispute, making up the concessionaire's losses may be delayed or the losses may not be compensated depending on the court's final ruling.

As for the risks of delays in construction after obtaining permits is completed and the construction has begun, five construction companies, including the lead construction company Hyundai Engineering Co. Ltd., jointly

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bear obligations to complete the construction within the due to date on a Fixed Price & Lump Sum Turn-key Basis. They also bear responsibilities to jointly compensate the concessionaire for losses resulting from delays in construction and budget increase. Notwithstanding such obligations by the construction companies, they may fail to fulfil their obligations due to various reasons including a downgrade of their credit ratings, and the failure to fulfil their obligations could result in a loss to the concessionaire.

Investors should be aware of the aforementioned risks when making an investment decision.

(4) Risks Relating to Intensified Competition in Making New Investments

The Company aims to invest in project companies constructing or operating toll roads, tunnels, bridges, rails, ports, and other infrastructure facilities, and competes with other consortiums and companies in order to make new investments. Competitors such as large construction companies and other investment firms may have local experience and knowledge crucial to make competitive bidding for infrastructure projects in Korea.

They also have sufficient financial resources necessary to make a competitive offer on pricing and terms. Due to this competition, the Company may face difficulties in making future investments, and the Company may accept less economically favourable terms compared to the previously accepted terms. Additionally, some of the Company's competitors may not be required to pay certain expenditures such as management fees, while the Company is required to make such payments to its asset management company.

Please be advised that if the Company is unable to invest in additional concessionaires or projects or is only able to do so under less favourable terms, the Company may not be able to achieve its growth strategies or investment objectives.

(5) Risks Relating to Legal Sanctions Imposed for Failure to Comply with Regulation or Agreement

Project Companies that fail to comply with relevant regulations or agreements may face legal sanctions such as fines, or be taken away its right to operate and thus generate revenue from the infrastructure facilities.

Currently, all of the project companies invested by the Company are subject to the regulations of relevant government authorities, and the Company may continue its investment in similarly regulated businesses and sectors. Further, the project companies undertake infrastructure projects that are generally subject to highly complex government approval processes, lease agreements and concession agreements that may lead to disputes due to different interpretations of terms of such agreements. If the project companies do not comply with respective applicable regulations or contractual obligations, they may face legal sanctions such as fines and/or be deprived of the right to manage and operate and generate revenues from the infrastructure facilities.

As the right to operate infrastructure facilities is based on a concession agreement or lease agreements with the relevant government authority, any disputes regarding the concession or lease agreements may restrict the project company's asset management strategy to maximize cash flow and revenues. Terms of concession or lease agreements may be in favour of the relevant government authorities compared with the terms in customary commercial agreements.

For instance, in certain circumstances, government may exercise its right to terminate concession or lease

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agreements without making an appropriate compensation (for example, in the event of default by a project company). In addition to this contractual right, government also holds considerable authority to change or strengthen regulations and policies that may affect the operation of the concessionaires and may make political decisions that are unfavourable to the concessionaires.

Investors should be aware of the aforementioned risks when making an investment decision.

(6) Force Majeure Risks

Assets operated by the project companies in which the Company has invested include toll roads, bridges, tunnels, rails, ports, related structures, vehicles and other transportation equipment, computers, buildings and parking facilities. These assets may be hindered or negatively influenced by serious traffic accidents, fire, natural disasters like floods, earthquake, and typhoons, terrorism, design or construction defects, gradient projection failure, collapse of bridges and tunnels, road sink, labour strikes and other unanticipated situations or events.

Such situations have affected the performance of toll roads, bridges, tunnels, rails, and ports in the past. If these factors influence the toll roads, bridges, tunnels, rails, and ports operated by the project companies in which the Company has invested, the public may lose trust in these facilities. Further, this may result in a decrease in the revenues generated from operating such facilities an increase in maintenance and recovery costs.

Insurance coverage against certain risks may not be available at an appropriate and reasonable level of premiums, and damages from natural disasters are generally not covered by insurance. Damages resulting from risks not covered by insurance may negatively influence the performance of the Company. In certain cases, compensation from insurance may not sufficiently cover the damages caused to the Company. For instance, it is uncertain whether an insurance claim will be sufficient to cover losses resulting from defects in design, construction, or maintenance of toll roads, bridges, tunnels, rails, and port, etc. or the resulting revenue decrease and increased costs.

Investors should be aware of the aforementioned risks.

(7) Risks Relating to Sovereign Credit

The concession rights of the project companies in which the Company has invested are granted by the government authorities, which may be influenced by special risks of the relevant government authority exercising discretionary power or taking actions against the project companies' rights under the concession agreements. Please be advised that the Company cannot ensure that relevant government authorities will not enact, amend or abolish the relevant laws or take illegal actions that may have adverse impacts on the performance of the project companies in which the Company has invested.

(8) Other Matters to be Considered Apart from the Aforementioned Risks

In addition to the investment risks described above, the Company may also be affected directly or indirectly by unstable macroeconomic conditions, among others. The Company's financial statements

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reflect the assessment to a record date on economic situations that may affect the financial conditions of the Company. However, since such result may be significantly different from the result based the assessment made today, investors should be aware of this fact when making an investment decision.

D. Investor Characteristics

Pursuant to the PPP Act, the Company invests in infrastructure projects with medium-to-long operation periods. Toll roads and rails have a relatively monopolistic feature and, in that regard, emergence of competing assets is limited while generation of stable cash flow is expected considering their characteristics. Compared to toll roads, ports may be exposed to a higher investment risk, and depending on the relevant market conditions, a higher volatility in cash flow. The Company may make additional investments other than current 14 infrastructure assets in its portfolio, but since the Company can only invest in portfolio companies engaged in infrastructure businesses, the risk of a drastic increase in cash flow volatility is relatively low. However, as the Company is a closed-end fund and its shares are listed and traded on the Korea Exchange, the investors of the Company may be exposed to the risk of price volatility depending on when respective investor buys or sells his or her shares.

Overall, the Company possesses a moderate level of risk, rated level 4 on a scale of 6.

However, the rating is a subjective rating by MKAM and should not be recognized as an official rating from any rating agencies and should not be a substitution of your own assessment of the risks associated with an investment in the Company or the Company's business.

The six risk categories are:

Risk Level Level 4 Moderate

Infrastructure businesses, in general, have a monopolistic feature with high barriers to entry and their volumes or usages are expected to increase while their debts are expected to decline over time, resulting in continued enhancement of cash flow and distribution. The Company has strong potential for growth and, considering these aspects, the Company considers itself suitable to "investors with preference for stable, long-term cash flow."

[MKAM Internal Risk Rating Criteria]

Level	Category	Detailed Criteria ¹
Level 1	Very High	① Collective Investment Vehicles (CIVs) that require caution due to unique profit structure including leverage, etc. ② CIVs investing mostly in Derivative-Linked Securities (DLS) exceeding Maximum Loss ² of 20% ③ Other CIVs with a similar level of risk
Level 2	High	① CIVs investing 80% or above in high-risk assets ② Other CIVs with a similar level of risk
Level 3	Slightly High	① CIVs investing below 80% in high-risk assets ② CIVs investing mostly in DLS with Maximum Loss of 20% or below ③ Other CIVs with a similar level of risk

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Level 4	Moderate	① CIVs investing below 50% in high-risk assets ② CIVs investing at least 60% in medium-risk assets ③ Other CIVs with a similar level of risk
Level 5	Low	① CIVs investing at least 60% in low-risk assets ② CIVs investing mostly in principal-protected DLS according to their profit structure ③ CIVs with a similar level of risk
Level 6	Very Low	① Short-term Finance Collective Investment Vehicles (MMF) ② CIVs investing mostly in short-term public bonds, etc. ③ CIVs with a similar level of risk

¹ Maximum loss rate: Loss rate expected in the predetermined revenue structure. Actual loss may be greater than the maximum loss rate due to credit risk and the complexity of the structure.

² The risk rating criteria of MKAM may not be in line with your own assessment of the risks associated with an investment in the fund

1. “High-risk assets” refer to equity, commodity, REITs, Speculative grade bond (BB+ rated or below), derivative product, or asset with equivalent risks.
2. “Medium-risk assets” refers to bonds (BBB- rated or above), CP (A3 rated or above), collateral, loan or assets with equivalent risks.”
3. “Low-risk assets” refer to government bonds, local government bonds, corporate bonds (A- rated or above), CP (A2- rated or above), cash or assets with equivalent risks.
4. While offshore investment fund applies the same risk rating criteria to the domestic fund, the risk level may be adjusted subject to F/X hedging, the country of investment, etc.
5. Real estate, special assets, collective investment vehicles investing in mixed assets, and other CIVs not specified in explanations shall be classified by the collective investment manager according to the target of investment, structure and possibility of a loss, etc.

11. Process of Purchase, Sale, and Redemption of Shares

A. Purchase

The Company is a closed-end type fund and listed on the stock market of the Korea Exchange.

The Company delisted its GDRs from the London Stock Exchange on 24 March 2016 due to low cost effectiveness arising from foreign investors steadily converting most of the GDRs to original shares listed on the Korea Exchange. The Company originally issued the GDRs to improve investment accessibility of the foreign investors in March 2006.

The price at which you can buy or sell the Company shares will depend on the prevailing market price at the time. The liquidity of the shares may vary depending on market situations; and the changes in the trading volume may cause a limit in the purchase and sale of the shares. Detailed information about taxation on purchase and/or sale can be found in Chapter 2. Company Overview, Section 14. Distribution and Taxation.

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In addition, the Company decided to proceed with the offering of the 23,148,149 registered common shares for the capital increase in October 2020. Please refer to Section 1 (matters relating to the offering and the revenue) for further details.

B. Redemption

Shareholders of the Company may not request redemption of their shares as the Company is a closed-end fund.

C. Conversion

Not applicable

12. Calculation of Net Asset Value (NAV) and Valuation of Assets

A. Calculation and Disclosure of NAV

The total NAV of our portfolio is calculated as the sum of the asset value of each asset in the portfolio less the total liabilities. For all equity and loan investments in Infrastructure Assets, we have adopted a valuation policy where all equity investments are held at their acquisition cost and all loan investments are held at their amortized costs. The NAV per share is calculated by dividing the total NAV by the number of shares on issue.

Accordingly, our total NAV and, as a result, the NAV per share may not match the share price determined by the stock market or the market participants' expectation of the future value of the Company.

As a result, it is not anticipated that our NAV per share will vary greatly from period to period and, as a result, the value of our equity and loan investments in Infrastructure Assets may not match the value judged by the market.

Item	Description
Calculation method	NAV = (total assets – total liabilities) / number of outstanding shares
Calculation frequency	Daily
Disclosure frequency	Quarterly (daily disclosure is not required under the PPP Act)
Disclosure method and place	Included in the quarterly asset management reports

B. Valuation of Assets

(1) Asset Valuation

Our policy is to record all assets in our portfolio in accordance with the FSCMA. The table below summarizes the valuation method adopted for each asset class. Unlisted stocks are valued according to the fair prices determined by the Company's Committee for Asset Valuation in light of such stocks' acquisition costs and market prices, pursuant to the Enforcement Decree of the FSCMA. The Company's Committee for Asset Valuation has determined to adopt an acquisition cost of unlisted stock as a fair value of it.

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Asset	Valuation method
Unlisted stocks	Acquisition cost
Loans	Amortised cost

(2) Committee for Asset Valuation

1) Members: Representative Director (Chairperson), Chief Operating Officer, manager responsible for asset management, Finance manager, Compliance manager, manager responsible for risk management, and other persons appointed by the Chairperson

2) Responsibilities: Asset valuation described in Asset Valuation Standards required by the FSCMA Article 238(3)

13. Fees and Expenses

A. Fees and Expenses Paid by Shareholders

There are no fees payable by investors on transactions in the Company shares, other than standard brokerage fees charged by securities companies when a trade is executed.

Name (Class)	Qualification	Fee rate			
		Front-end sales charge	Back-end sales charge	Repurchasing charge	Conversion charge
-	-	-	-	-	-
-	-	-	-	-	-
Charge criteria		-	-	-	-

B. Fees and Expenses Paid by Company

The Company is required by the FSCMA to engage certain service providers. Related fees and expenses are as set out in the table below.

Name (Class)	Payment Rate (Annual, %)									
	Management Fee	Sales Agent Fee	Custodian Fee	Administrator Fee	Total fee	(Total fee of the same class)	Other Expenses	Total Fee and Expense	Total Fee and Expense (Including Collective Investment Vehicle Fee)	Securities Transaction Expense

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CIV (Class N/A)	0.85	0.00	0.01	0.01	0.87	-	0.05	0.92	0.92	-
Payment Date	Within 15 trading days after the end of every quarter	-	After the end of every quarter	After the end of every quarter	-	N/A	-	-	-	-

Note 1) Management fee: Under the terms of the management agreement and the Company's AOL, the Company will compensate MKAM for managing the Company's investments through base management fees. These fees will be payable for each quarter ending on 31 March, 30 June, 30 September, and 31 December of each year. The amount payable as of each payment date varies based on an agreed calculation methodology set out in the management agreement. Full details about remuneration and fees that are payable by us to the asset management company can be found in the sub-sections (1) and (2) below.

Note 2) Fee rates were calculated by annualizing the expenses that have been accrued in 3Q 2020 in relation to the aforementioned Service Providers against the market capitalization calculated based on volume weighted average trading price per share in 3Q 2020.

Note 3) The management fee was changed on 1 April 2019. The details are published on the Company's disclosure dated 18 January 2019. The management fee of 0.85% in the above table is based on the new management fee scheme.

Note 4) The Company is a CIV and does not have other class except for its shares listed on the Korea Exchange. Therefore, comparing the total fee of the Company with that of the CIVs of the same class is not applicable.

In addition, the lead manager fees and the underwriting fees will be paid as follows.

Category	Underwriter	Fee Rate and Fee Ratio per Underwriter
Lead Management Fee	KB Securities Co., Ltd.	40% of 0.2 % of the Total Offering Proceeds (0.08% of the Total Offering Proceeds)
	NH Investment & Securities Co.	30% of 0.2 % of the Total Offering Proceeds (0.06% of the Total Offering Proceeds)
	Shinhan Investment Corp	30% of 0.2 % of the Total Offering Proceeds (0.06% of the Total Offering Proceeds)
Underwriting Fee	KB Securities Co., Ltd.	40% of 0.6 % of the Total Offering Proceeds (0.24% of the Total Offering Proceeds)
	NH Investment & Securities Co.	30% of 0.6 % of the Total Offering Proceeds (0.18% of the Total Offering Proceeds)
	Shinhan Investment Corp	30% of 0.6 % of the Total Offering Proceeds (0.18% of the Total Offering Proceeds)

<Example: Total fees and expenses for a shareholder with an investment of KRW 10 million>

The Company is unable to provide a meaningful estimate of the total amount of fees that would be borne by a shareholder who invests KRW 10 million in the Company over periods of 1, 2, 3, 5 and 10 years, as the fees

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payable by the Company to third party service providers vary according to factors such as the Company's market capitalisation, investment commitments or its NAV. Accordingly, any estimate would be imprecise, particularly over longer periods of time (such as 5 or 10 years).

Management Fee

The management fee is payable quarterly in arrears and is calculated as follows:

$$[(NIV+C) \times 0.85\%] \times (N/365)$$

Where:

NIV = the net investment value for the relevant quarter

C = the aggregate commitments of the Company and its wholly owned companies, trusts and other entities with respect investments (other than cash and cash equivalents)

N = the number of days in the quarter

The net investment value (NIV) for any quarter equals (i.e. ①+②-③). If the Company's net borrowings (i.e., ②-③) is a positive value, it shall be deemed zero (0) when calculating the NIV.

① The Company's market value being:

a. in respect of a quarter, the aggregate of the market value of our shares calculated on the basis of the average closing number of our shares issued and outstanding during each trading day of the quarter multiplied by the volume weighted average trading price per share traded on the Korea Exchange over those trading days; and

b. in the event our shares are de-listed, the aggregate of the market value of our shares calculated on the basis of the average closing number of our shares issued and outstanding during each trading day of the quarter in which the de-listing occurs and ending on the date of the de-listing of our shares, multiplied by the volume weighted average trading price per share traded on the Korea Exchange over those trading days; plus

② External borrowings

The total amount of any external borrowings by us, our wholly-owned companies, trusts or other entities (but not including any borrowings held by any operating or project company, trust or other entity controlled by us or held specifically for the benefit of such an entity) at the end of the quarter)

③ Cash or cash equivalents

The aggregate amount invested by us, our wholly-owned companies, trusts or other entities in cash or cash equivalents (but not including cash or cash equivalents held by any operating or project company, trust or other entity controlled by us or held specifically for the benefit of such an entity) at the end of the quarter.

The management fee for a quarter is due as at the last day of each quarter and is to be calculated by the asset management company as at the last day of each quarter and is payable in cash by us to the asset management company within 15 business days thereafter. The asset management company may apply all or a portion of the management fee payable to it in respect of any quarter to purchase our shares, to the extent permitted under the relevant law. The number of our shares to be issued to the asset management company is to be equal to the amount of the management fee which the asset management company elects to apply to purchase our shares

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divided by the volume weighted average trading price per share traded on the Korea Exchange during the last 15 trading days of the relevant quarter for which the management fee is payable.

14. Distribution and Taxation

A. Distribution

The Company has paid interim and final distributions for each financial year and expects to pay distributions on a semi-annual basis. The following table sets forth the distributions (including payment of investment principal) for each six-month period starting from 31 December 2002 to 30 June 2020, as an aggregate amount for each period and on a per share basis.

Distribution for the six-month period ended		Aggregate distribution paid (Unit: KRW million)	Per share distribution paid (Unit: KRW)
31 December 2002		0	0
30 June 2003		1,700.0	185.7
31 December 2003		3,221.8	85.5
30 June 2004		13,887.6	212.7
31 December 2004		18,879.3	127.1
30 June 2005		49,241.2	271.4
31 December 2005		53,550.0	223.1
30 June 2006		64,698.0	200.0
31 December 2006		71,167.8	220.0
30 June 2007		71,167.8	220.0
31 December 2007		71,167.8	220.0
30 June 2008		74,402.7	230.0
31 December 2008	Cash distribution	74,413.5	230.0
	Stock distribution ¹	39,455.2	122.0
	Total	113,868.7	352.0
30 June 2009		76,235.6	230.0
31 December 2009		53,033.5	160.0
30 June 2010		53,033.5	160.0
31 December 2010		60,988.5	184.0
30 June 2011		54,690.8	165.0
31 December 2011		54,690.8	165.0
30 June 2012		72,921.1	220.0
31 December 2012		86,179.4	260.0
30 June 2013		69,606.5	210.0

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31 December 2013	100,432.2	303.0
30 June 2014	63,971.7	193.0
31 December 2014	74,578.4	225.0
30 June 2015	69,606.5	210.0
31 December 2015	84,190.7	254.0
30 June 2016	66,291.9	200.0
31 December 2016	66,291.9	200.0
30 June 2017	82,864.8	250.0
31 December 2017	101,222.9	290.0
30 June 2018	108,203.7	310.0
31 December 2018	108,901.8	312.0
30 June 2019	122,165.5	350.0
31 December 2019	122,165.5	350.0
30 June 2020	125,656.0	360.0

¹ Paid stock distribution of 0.02464 per common share owned as of 31 December 2008

Note) The distribution amounts include return of capital, if any

Pursuant to the FSCMA and in accordance with the Company's AOI, the Company is permitted to declare and pay distributions to our shareholders in the form of distributions or over-distributions of profits. Over-distributions of profits are distributions to the shareholders in excess of accounting profits for the relevant fiscal period. Such over-distributions of profits may include, at the Company's discretion, but would not be limited to, distributions of cash held on reserve or cash received from the investments, such as principal payments on the loans and proceeds from refinancing, which are not otherwise reflected in the Company's non-consolidated income statements.

The Company intends to declare and distribute to the shareholders the greater of (i) the income in each business year or (ii) the distributable income, in each case in relation to Article 51-2 of the Korean Corporate Tax Act for deduction of such distributions from our taxable income, but this may change in future upon the Board's resolution or change in distribution policy. Here, distributable income is defined for such purposes as the non-consolidated net income after deduction of income taxes as set forth in our financial statements prepared under Korean GAAP, adjusted further to include retained earnings or deduct any deficit and any earned surplus reserve pursuant to Article 458 of the Commercial Code. If needed, the Company may make distributions to shareholders through refinancing under discretion.

In the event that there is an expense item which results in a decrease in our distributable income for any given fiscal period, the Company may, at the Company's discretion, make an over-distribution of profits to shareholders to neutralise the impact of such item on cash distributions received by the shareholders. Non-recurring and one-off items such as loan establishment fees are considered examples of such expense items.

Conversely, in the event that an income item increases our distributable income for any given fiscal period, the Company may, at the Company's discretion, choose not to distribute some of the distributable income but the Company does not expect distribution less than 90% of the distributable income for any fiscal period.

The Company's distribution policy will also be based on maintaining prudent reserves to ensure the Company remains solvent and that, among other things, the Company adequately provides for working capital costs. From

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time to time, the Company may retain distributions or proceeds from the realisation of investments to fund future investments. The declaration and payment of any future distribution will, in any case, be subject to the limitation that over-distribution of profits does not exceed the balance of our NAV less a minimum NAV, on a non-consolidated basis, of KRW 5.0 billion.

The foregoing are statements of the Company's present distribution policy which may be subject to modification (including the reduction or non-declaration of any distributions) in the sole and absolute discretion of the Board of directors. The declaration of any future distributions will be subject to the decision of the Board of directors. The form, frequency and amount of future distributions (if any) on the Company's shares will depend on its earnings, financial position, results of operations, contractual restrictions, provisions of applicable law and other factors which the Company's Board of directors may deem relevant.

The Company will pay distributions in KRW.

The company may implement a stock distribution scheme. If the Company decides to proceed with the implementation of a stock distribution scheme, the proposal for the adoption of such scheme will be subject to approval from the Company's Board of directors. Such scheme, if adopted, will allow the shareholders to receive distributions in the form of new shares instead of in cash, and will enable the shareholders to acquire additional shares without having to incur transaction costs such as brokerage costs or stamp duty (if applicable). It is expected that any new shares issued pursuant to such scheme will be issued at the then prevailing prices at which the Company's shares are traded on the Korea Exchange, although the Company may issue such shares at a discount to prevailing prices subject to the approval of the Board of directors.

1) Annualized Performance over Periods (pre-tax)

Period	Recent 1 year (1 October 2019 – 30 September 2020)	Recent 2 years (1 October 2018 – 30 September 2020)	Recent 3 years (1 October 2017 – 30 September 2020)	Recent 5 years (1 October 2015 – 30 September 2020)	Since establishment (15 March 2006 – 30 September 2020)
MKIF	-2.80%	15.59%	15.30%	12.95%	10.21%
Reference Index	N/A	N/A	N/A	N/A	N/A
Yield volatility	2.18	1.93	1.68	1.41	2.06

Note 1) Performance is the sum of return on capital gain from Company's share price increase and distribution yield during the respective period. Distribution is assumed to have been reinvested into the Company on the respective ex-dividend date.

Note 2) Annualized Performance is calculated on a pre-tax basis.

Note 3) Returns on actual investments may differ depending on the time of investments and they need to be calculated separately

Note 4) Reference index: no index available for comparison since the Company is the only listed infrastructure fund in Korea.

Note 5) Yield volatility (%) is standard deviation of annualized weekly performance of the Company during the respective period.

Note 6) Past performances do not guarantee performance in the future.

2) Annual Performance

Period	1 October 2019 – 30 September 2020	1 October 2018 – 30 September 2019	1 October 2017 – 30 September 2018	1 October 2016 – 30 September 2017	1 October 2015 – 30 September 2016
MKIF	-2.80%	37.47%	14.72%	1.79%	17.81%
Reference index	N/A	N/A	N/A	N/A	N/A

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Period	1 October 2019 – 30 September 2020	1 October 2018 – 30 September 2019	1 October 2017 – 30 September 2018	1 October 2016 – 30 September 2017	1 October 2015 – 30 September 2016
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Note 1) Performance is the sum of return on capital gain from Company's share price increase and distribution yield during the respective period. Distribution is assumed to have been reinvested into the Company on the respective ex-dividend date.

Note 2) Annual Performance is calculated on a pre-tax basis

Note 3) Returns on actual investments may differ depending on the time of investments and they need to be calculated separately

Note 4) Reference index: no index available for comparison since the Company is the only listed infrastructure fund in Korea

Note 5) Past performances do not guarantee the future.

B. Taxation

The following summary is based upon the relevant tax laws of the Republic of Korea as in effect on the date hereof, and is subject to any change in Korean tax law that may come into effect after such date. As the summary is not legal or tax opinion on tax implications on the investors, investors are advised to consult their own tax advisers as to tax consequences of the purchase, ownership, and disposition of shares, including, in particular, the effect of any national or local tax laws.

1) Taxation of Company Income

If the Company, which is an investment company under the FSCMA, distributes 90 percent or more of its distributable income to shareholders, pursuant to Article 51-2 of the Corporate Tax Act, the distribution amount is deducted from the taxable income of the fiscal year when the distributable income is incurred ("Dividend payment deduction" or "DPD").

2) Taxation of Shareholder Income

① Taxation of Korean resident individual

Korean resident individual's dividend income received from the Company is subject to dividend withholding tax at 15.4% (including local income tax). If the total amount of his interest income and dividend income exceeds KRW 20 million for any calendar year, he is obliged to file annual consolidated individual income tax return with tax authorities.

Korean resident individual is not subject to capital gains tax on sale of listed shares. However, when (a) a major shareholder (refers to a major shareholder of a stock-listed corporation), (i) of whom the total amount of shares owned, together with his related parties, as of or after (by additionally acquiring the shares) the end of the business year immediately preceding the business year in which the share transfer date belongs is 1% or more of the outstanding shares or (ii) the market value of the companies' shares owned as of the end of the business year immediately preceding the business year in which the transfer date belongs is KRW 1 billion or more [KRW 1 billion if transferring shares between 1 April 2020 and 31 March 2021 and KRW 300 million if transferring shares after 1 April 2021] of the market value of the shares, in accordance with the major shareholder criteria under Article 157 Paragraph 4 of the Enforcement Decree of the Individual Income Tax Act) sells his shares at market (Korea Exchange) or (b) a shareholder sells his shares at over-the-counter market, capital gains tax on sales of shares is levied on him. The capital gains tax rate is 33% (including local income tax) for the shares held by major shareholders for less than one year, and otherwise 22% (27.5% for the amount exceeding KRW 300 million in capital gains tax base in the case of a major shareholder, including local income tax).

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If shares are transferred within Korea Exchange, the seller becomes subject to Securities Transaction Tax ("STT") at the rate of 0.10% and Agricultural and Fishery Special Tax at the rate of 0.15% on the sales price. Meanwhile, if shares are transferred outside Korea Exchange, STT of 0.45% on the sales price is levied (but not Agricultural and Fishery Special Tax). In the case of a transfer of warrants relating to the Company shares, it will be subject to capital gain taxes and STT (and/or Agricultural and Fishery Special Tax), similarly to a share transfer.

② Taxation of Korean company

- a. Korean company's dividend income received from the Company should not be subject to withholding tax.
- b. Korean company's dividend income and capital gains on sale of the shares in the Company is taxed at ordinary corporate income tax rate. Dividend received deduction under Article 18-2 of the Corporate Tax Act is not available for the Korean company shareholders.
- c. STT (and Agricultural and Fishery Special Tax) on Korean company shareholders should be the same as STT on Korean resident individual shareholders.

③ Taxation of non-resident individual and foreign company

Distributions paid to foreign resident individual or foreign company having no permanent establishment in Korea are subject to dividend withholding tax at 22% (including local income tax), unless otherwise stated under applicable double tax treaty. In order to apply the reduced tax rate under the applicable double tax treaty, the foreign resident individual or foreign company should submit "Application for reduced tax rate under tax treaty" under relevant Individual Income Tax Act or Corporate Tax Act, together with evidence documents proving their tax resident country (Tax resident certificate issued by competent tax authorities) to the Company and income payers before the dividend payment date..

Capital gains on transfer of shares in the Company are subject to withholding tax at the lower of (i) 11% (including local income tax) of sales proceeds or (ii) 22% (to the extent that the acquisition and divestment prices of the shares are proved, including local income tax) of capital gains, unless otherwise stated under applicable double tax treaty. In order to seek the capital gains tax exemption under the applicable double tax treaty, the foreign resident individual or foreign company should submit with "Application for tax exemption under tax treaty" under relevant Individual Income Tax Act or Corporate Tax Act, together with evidence documents proving their tax resident country (Tax resident certificate issued by competent tax authorities) to the Company and income payers. Then, the income payer should submit the relevant application along with the attached documents with competent tax office by the 9th day of the month following the month of the income payment date. Meanwhile, in the case of an overseas investment vehicle under Article 93.2, paragraph 1, subparagraph 1 of the Corporate Tax Act, "Declaration of overseas investment vehicle treated as the beneficial owner of Korean source income" form should be additionally filed.

Further, the capital gains of foreign resident individual or foreign company having no permanent establishment in Korea should not be taxed in Korea providing if they (i) sell the shares in Korea Exchange and (ii) do not own or have not owned (together with their related parties) 25% or more of the total issued and outstanding shares at any time during the calendar year in which the sale occurs and during the five calendar years prior to the calendar year in which the sale occurs (Please refer to Article 132, paragraph 8 of the Enforcement Decree of the Corporate Tax Act and Article 179, paragraph 11 of the Enforcement Decree of the Individual Income Tax Act for further details).

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STT (and/or Agricultural and Fishery Special Tax) on non-resident shareholders would generally be treated as that of STT (and/or Agricultural Fishery Special Tax) on Korean resident shareholders.

3) Proposed regulations in introducing new rules on taxation of individuals' "Financial Investment Income" (amendment to the Individual Income Tax Act)

According to the tax revision bill, "Partial Amendment of the Individual Income Tax Act (Proposition No. 3324)", submitted by the government to the National Assembly on August 31, 2020, the government introduced new tax schemes for taxation of individuals' Financial Investment Income. The main contents of the proposed bill are as follows: income generated from stocks, bonds, investment contract securities, redemption of collective investment securities, derivative-linked securities and derivatives, etc. would constitute Financial Investment Income and would be taxed as such, separately from Consolidated Individual Income, Retirement Income, or Capital Gains, in consideration of its characteristics and risk of losses which may arise from financial investments. For example, capital gains of listed stocks held by a resident individual who is not a major shareholder are currently not subject to individual income tax, but according to the proposed amendment, it would be taxed as 'Financial Investment Income' from January 1, 2023. Please consult with a tax expert for more details.

*Tax rates, taxation method, etc. mentioned above are subject to change in future depending on changes in policy of the Korean government or relevant tax laws and regulations.

15. Promoter and Supervisory Directors

A. Promoter

Company Name	Address	Number of Shares	Paid Amount	Eligibility
Macquarie UK Holdings Limited (MUKHL)	Ropemaker Place, 28 Ropemaker St., London, EC2Y 9HD, United Kingdom	2 million shares	KRW 10 billion	N/A

Note) Name of the Promoter changed from Macquarie International Holdings Limited to MUKHL. Above number of shares held by MUKHL is as of December 2002 at the time of the Company's establishment. MUKHL holds 12,596,257 shares of the Company as of 30 September 2020 (Source: Hana Investors Services).

B. Supervisory Director

The Company shall appoint 2 or more supervisory directors and a corporate director (the asset management company) in compliance with the AOI. Currently, three supervisory directors (stated below) serve the Company.

1) Woo Young Jung

Woo Young Jung was first elected as a supervisory director at the general meeting of shareholders held on 25 March 2016 and was reappointed on 22 March 2019. He currently serves as a representative attorney at the law firm Lee & Ko, and mainly specialises in real asset financing, structured financing, bankruptcy and corporate

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workout, asset securitization with more than 29 years of experience. Previously, he had provided legal advices to various government entities including Bank of Korea, the Ministry of Economy and Finance, the Export-Import Bank of Korea, Korea Development Bank, K-Sure and Korea Expressway Corporation. As a legal adviser to the government, he was actively engaged in the establishment of the Anti-Money Laundering Law and other bills on financial regulation. He currently serves as a policy adviser to the Ministry of Oceans and Fisheries and a mediator for the Korean Commercial Arbitration Board. He graduated from Seoul National University with both the bachelor's and master's degrees in Laws. Mr. Jung is a licensed lawyer in Korea who finished 18th graduating class of the Judicial Research and Training Institute.

2) Hwa-Jin Kim

Hwa-Jin Kim was elected as a supervisory director at the general meeting of shareholders held on 22 March 2019. He is a legal scholar serving as a professor at Seoul National University School of Law and Michigan University Law School upon graduating from Faculty of Law at Ludwig Maximilians University of Munich and Harvard Law School. Based on his expertise in commercial codes, capital market laws, and corporate governance, he served as a director of KOFIA and currently serves as an external director of Hyundai Heavy Industries and the Chairman of Seoul Corporate Governance Forum. He has also written and contributed a range of books, papers, and columns on the press to educate the public about positive impact a sound corporate governance may bring on shareholder value.

3) Daeki Kim

Daeki Kim was elected as a supervisory director at the general meeting of shareholders held on 28 July 2020. Mr. Kim earned a bachelor's degree in Economics at Seoul National University and furthered his academic pursuits by completing studies at the Graduate School of Public Administration, Seoul National University and the MBA program at the Wharton School of the University of Pennsylvania. Mr. Kim has expertise in the fields of economy and finance based on his work experience in various posts across the public and private sectors, including the Korean government, World Bank and major conglomerates in Korea. In the public sector, he served as the Chief of Policy Staffs and Senior Secretary to the President for Economic Affairs at the Office of the President of Korea. Also, he was the Head of National Budget Office at the Ministry of Planning and Budget of the Korean government and an economist at the World Bank. In the private sector, he currently serves as an advisor to Hanwha Life Insurance Co., Ltd.

No director of the Company has violated the Article 5 of the Act on Corporate Governance of Financial Companies. Within the past five years, they have not been convicted for any financial fraud, served as a director or officer of a company that was declared insolvent, or subject to any administrative sanction.

C. Remuneration of Supervisory Directors

The total remuneration paid to supervisory directors in the third quarter of 2020 was KRW 139 million. The annual remuneration of each supervisory director is maximum KRW 8 million per month. Supervisory directors receive salaries but do not receive retirement or severance benefits.

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Chapter 3. Company Financials and Investment Performance

1. Financial Information

The financial statements of the Company have been prepared in accordance with the accounting standard for collective investment vehicles pursuant to the Act on External Audit, and opinions of the external auditor on the financial statement are set out below. The figures in the half-year financial statements, other than the Company's annual financial statement, may be subject to change as they were not audited.

Period	External Auditor	Opinion
21st (1 January 2019 – 31 December 2019)	Samil Pricewaterhouse Coopers	Unqualified Opinion
20th (1 January 2018 – 31 December 2018)	Samil Pricewaterhouse Coopers	Unqualified Opinion
19th (1 January 2017 – 31 December 2017)	Samil Pricewaterhouse Coopers	Unqualified Opinion
18th (1 January 2016 – 31 December 2016)	Samil Pricewaterhouse Coopers	Unqualified Opinion
17th (1 January 2015 – 31 December 2015)	Samil Pricewaterhouse Coopers	Unqualified Opinion

A. Selected Summary Financials

(Unit: KRW thousand)

	As of 30 September 2020	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017
Invested assets	1,733,098,417	1,667,890,182	1,729,719,034	1,755,722,739
Other assets	525,119,840	431,084,231	415,286,409	357,968,848
Total assets	2,258,218,257	2,098,974,413	2,145,005,443	2,113,691,587
Total liabilities	430,396,996	235,226,143	298,477,612	265,449,088
Share capital	1,815,614,803	1,815,614,803	1,815,614,803	1,815,614,803
Retained Earnings (Accumulated deficit)	12,206,458	48,133,467	30,913,028	32,627,696
Total shareholders' equity	1,827,821,261	1,863,748,270	1,846,527,831	1,848,242,499
Total liabilities and shareholders' equity	2,258,218,257	2,098,974,413	2,145,005,443	2,113,691,587
Revenue	245,091,460	295,204,366	261,614,667	240,046,702
Expense	33,196,991	46,916,576	53,902,734	52,783,050
Turnover	N/A	N/A	N/A	N/A

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B. Balance Sheet Summary

(Unit: KRW thousand)

	As of 30 September 2020	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017
Invested assets:	1,733,098,417	1,667,890,182	1,729,719,034	1,755,722,739
Cash and deposits	15,096,579	28,240,952	19,108,915	37,611,647
Loans receivable	1,233,908,702	1,197,031,784	1,267,992,673	1,227,477,201
Equity securities	484,093,136	442,617,446	442,617,446	490,633,891
Other assets:	525,119,840	431,084,231	415,286,409	357,968,848
Interest receivable	517,360,323	422,582,065	409,335,095	347,795,570
Other receivables	2,347,967	2,673,849	2,650,453	2,824,308
Deferred costs, net	3,470,075	3,954,498	1,884,244	2,491,970
Prepayment	1,941,475	1,873,819	1,416,617	4,857,000
Total assets	2,258,218,257	2,098,974,413	2,145,005,443	2,113,691,587
Liabilities	430,396,996	235,226,143	298,477,612	265,449,088
Accounts payable	895	925	925	925
Management fee payable	8,488,158	9,046,781	9,496,921	9,320,013
Other liabilities	7,142,926	6,633,518	6,936,311	6,209,093
Corporate bond	199,616,967	199,535,455	199,409,489	249,919,057
Long-term debts	215,148,050	20,009,464	82,633,966	-
Total liabilities	430,396,996	235,226,143	298,477,612	265,449,088
Share capital	1,815,614,803	1,815,614,803	1,815,614,803	1,815,614,803
Retained earnings (Accumulated deficit)	12,206,458	48,133,467	30,913,028	32,627,696
Total shareholders' equity	1,827,821,261	1,863,748,270	1,846,527,831	1,848,242,499
Total liabilities and shareholders' equity	2,258,218,257	2,098,974,413	2,145,005,443	2,113,691,587

C. Income Statement Summary

(Unit: KRW thousand)

	1 January 2020 - 30 September 2020	1 January 2019 - 31 December 2019	1 January 2018 - 31 December 2018	1 January 2017 - 31 December 2017
Revenue	245,091,460	295,204,366	261,614,667	240,046,702
Interest income	151,345,591	198,934,762	195,809,549	177,784,780
Dividend income	93,595,869	93,720,878	65,553,254	61,542,337

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Other income	150,000	2,548,726	251,864	719,585
Expense	33,196,991	46,916,576	53,902,734	52,783,050
Management fees	25,354,736	36,086,894	38,495,185	36,537,712
Performance fee	-	-	-	-
Custodian fees	278,610	369,555	366,099	343,609
Administrator fees	174,131	230,972	228,812	214,756
Interest expense	5,481,212	7,942,174	9,830,288	13,407,714
Other expenses	1,908,302	2,286,981	4,982,350	2,279,259
Net income	211,894,469	248,287,790	207,711,933	187,263,652

2. Fund Sale and Redemption Record

(Unit: KRW billion)

Period	Beginning of fiscal year		Over fiscal year				End of fiscal year	
			Issued shares		Redeemed shares			
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
2006	240,076,919	1,258.7	83,413,285	563.6	-	64.7	323,490,204	1,757.6
2007	323,490,204	1,757.6	-	-	-	104.7	323,490,204	1,653.0
2008	323,490,204	1,653.0	-	-	-	21.5	323,490,204	1,631.5
2009	323,490,204	1,631.5	7,969,137	39.5	-	-	331,459,341	1,671.0
2010	331,459,341	1,671.0	-	-	-	-	331,459,341	1,671.0
2011	331,459,341	1,671.0	-	-	-	-	331,459,341	1,671.0
2012	331,459,341	1,671.0	-	-	-	-	331,459,341	1,671.0
2013	331,459,341	1,671.0	-	-	-	-	331,459,341	1,671.0
2014	331,459,341	1,671.0	-	-	-	-	331,459,341	1,671.0
2015	331,459,341	1,671.0	-	-	-	-	331,459,341	1,671.0
2016	331,459,341	1,671.0	-	-	-	-	331,459,341	1,671.0
2017	331,459,341	1,671.0	17,584,995	144.6	-	-	349,044,336	1,815.6
2018	349,044,336	1,815.6	-	-	-	-	349,044,336	1,815.6
2019	349,044,336	1,815.6	-	-	-	-	349,044,336	1,815.6
3Q 2020	349,044,336	1,815.6	-	-	-	-	349,044,336	1,815.6

Note 1) The Company is a public fund listed on the Korea Exchange and currently has no plan for additional offering. The Company may offer additional new shares for the purpose of new investment, etc. depending on future investment strategy. In case the Company conducts an additional offering, the company plans to initiate the offering through sales agents.

3. Capital of Company

A. Total Shares

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Authorised to issue	Issued and outstanding	Remaining shares to be issued
4,000,000,000 shares	349,044,336 shares	3,650,955,664 shares

B. Shares Information

Shares	Type	Outstanding shares	Paid capital amount	Remarks
Investment company shares	Registered form with no par value	349,044,336 shares	KRW 1,815,614,802,841	

C. Debt

The Company is allowed to raise debt or issue bonds up to 30% of its paid-in capital, pursuant to Article 41-5 of the PPP Act. As of 30 September 2020, the Company has outstanding debt balance of KRW 215.1 billion, which consists of KRW 200 billion in fixed-rate corporate bonds and KRW 15.1 billion withdrawn from a revolving corporate credit facility with the facility size of KRW 250 billion.

(1) Current Balance

(Unit: KRW million)

Lender	Credit Facility Limit	Drawdown
Shinhan Bank	60,000	51,635
Mirae Assets Life Insurance	60,000	51,635
Samsung Fire & Marine Insurance	50,000	43,030
Industrial and Commercial Bank of China – Seoul Branch	50,000	43,030
Nonghyup Bank	30,000	25,818
Total	250,000	215,148

On 28 January 2019, the Company entered into a new corporate credit facility with the maturity date of 28 January 2024. The Company paid the refinancing fee of 1.1% (KRW 2,750 million) of the facility size to Arrangers. The Company can prepay the loan in whole or in part and redraw within the facility size. The loan has a floating interest rate based on the base rate plus 1.8% of spread. The Company may choose either of paying the interest on interest payment date or capitalise it to the principal of the loan.

(2). Corporate Bond

(Unit: KRW million, %)

Name	Amount	Interest rate	Issuance	Repayment	Credit rating
2-1 Unsecured debenture (5-year maturity)	100,000	2.980	11 June 2018	11 June 2023	AA
2-2 Unsecured debenture (7-year maturity)	100,000	3.205	11 June 2018	11 June 2025	AA

The Company issued KRW 100 billion worth of 2-1 unsecured debentures and KRW 100 billion worth of 2-2

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unsecured debentures through public placement as of 11 June 2018. All the principal of the bonds that the Company issued shall be repaid at once when matured.

4. Investment Performance

A. Annualized Performance over Periods (pre-tax)

Period	Recent 1 year (1 October 2019 – 30 September 2020)	Recent 2 years (1 October 2018 – 30 September 2020)	Recent 3 years (1 October 2017 – 30 September 2020)	Recent 5 years (1 October 2015 – 30 September 2020)	Since establishment (15 March 2006 – 30 September 2020)
MKIF	-2.80%	15.59%	15.30%	12.95%	10.21%
Reference Index	N/A	N/A	N/A	N/A	N/A
Yield volatility	2.18	1.93	1.68	1.41	2.06

Note 1) Performance is the sum of return on capital gain from Company's share price increase and distribution yield during the respective period. Distribution is assumed to have been reinvested into the Company on the respective ex-dividend date.

Note 2) Annualized Performance is calculated on a pre-tax basis.

Note 3) Returns on actual investments may differ depending on the time of investments and they need to be calculated separately

Note 4) Reference index: no index available for comparison since the Company is the only listed infrastructure fund in Korea.

Note 5) Yield volatility (%) is standard deviation of annualized weekly performance of the Company during the respective period.

Note 6) Past performances do not guarantee performance in the future.

B. Annual Performance

Period	1 October 2019 – 30 September 2020	1 October 2018 – 30 September 2019	1 October 2017 – 30 September 2018	1 October 2016 – 30 September 2017	1 October 2015 – 30 September 2016
MKIF	-2.80%	37.47%	14.72%	1.79%	17.81%
Reference index	N/A	N/A	N/A	N/A	N/A

Note 1) Performance is the sum of return on capital gain from Company's share price increase and distribution yield during the respective period. Distribution is assumed to have been reinvested into the Company on the respective ex-dividend date.

Note 2) Annual Performance is calculated on a pre-tax basis

Note 3) Returns on actual investments may differ depending on the time of investments and they need to be calculated separately

Note 4) Reference index: no index available for comparison since the Company is the only listed infrastructure fund in Korea

Note 5) Past performances do not guarantee the future.

C. Asset Portfolio Composition

As of 30 September 2020, the Company's investment portfolio consists of equity, loan and other investments in entities that develop and/or operate Infrastructure Assets (described in the table below as investment securities), other investment securities (in the form of short-term certificates of deposit), cash and deposits and other assets.

(Unit: KRW billion)

Currency	Investment Securities				Derivatives		Real Estate	Special Assets		Short-term Facilities & Deposit	Loans	Other Assets	Total Assets
	Equity	Loan	Investment Notes	Fund of Fund	Market	OTC		Indirect Investment Securities	Others				
KRW	484 (21.5%)	-	-	-	-	-	-	-	-	15 (0.7%)	1,234 (54.6%)	525 (23.2%)	2,258 (100%)

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Currency	Investment Securities				Derivatives		Real Estate	Special Assets		Short-term Facilities & Deposit	Loans	Other Assets	Total Assets
	Equity	Loan	Investment Notes	Fund of Fund	Market	OTC		Indirect Investment Securities	Others				
Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	484 (21.5%)	-	-	-	-	-	-	-	-	15 (0.7%)	1,234 (54.6%)	525 (23.2%)	2,258 (100%)

Note) % in the parentheses means the composition ratio over the total assets

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Chapter 4. Asset Management Companies and Service Providers

1. Asset Management Company

A. Company Overview

Company Name	Macquarie Korea Asset Management Co., Ltd. (MKAM)
Contact	18th Floor, Unit A, Centropolis, 26 Ujeongguk-ro, Jongno-gu, Seoul, Korea (Postal Code: 03161) +82 2 3705 8565
History	<p>(1) Established as “Macquarie Infrastructure Asset Management” in Korea on 17 October 2002</p> <p>(2) Appointed as MKIF’s asset management company (used interchangeably with an asset manager) on 13 December 2002</p> <p>(3) Changed the name to “Macquarie Shinhan Infrastructure Asset Management” on 23 December 2002</p> <p>(4) Licensed as an infrastructure asset manager in Korea under the IIAMBA on 11 November 2005</p> <p>(5) Licensed to manage funds investing in special assets (limited to infrastructure assets) on 4 February 2009 pursuant to the FSCMA</p> <p>(6) Licensed to manage funds investing in special assets (removal of the limitation to investment in infrastructure assets) in June 2010 pursuant to the FSCMA</p> <p>(7) In February 2012, an affiliate of Macquarie Group purchased 50% of the common shares in MKAM, increasing Macquarie’s shareholding in MKAM to 100% of the voting shares (changed its name from Macquarie Shinhan Infrastructure Asset Management to the current MKAM)</p> <p>(8) Expanded its collective investment license to include management of real estate funds in November 2013</p> <p>(9) In October 2015, registered to manage private placement funds offered to professional investors pursuant to the amended FSCMA</p> <p>(10) On 2 March 2020, completed the merger with its affiliate company, Macquarie Korea Opportunities Management Ltd., which was registered with the FSC as the general partner of its private equity funds. The merger accordingly expanded the business scope of MKAM to include the general partner of private equity funds as defined under the FSCMA</p>

B. Primary Functions and Duties

1) Entrusted Business

Under the management agreement, our asset management company has agreed to provide us with management, investment and administrative services and agreed further to perform all representative functions for us, in accordance with our AOI, the management agreement and applicable laws and regulations including the FSCMA and the Commercial Code.

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As part of its investment management functions, the asset management company has agreed, to take the overall responsibility to make investment and divestment decisions for us and, unless otherwise authorised by us, notify our board of directors with respect to any investment and divestment of our assets, provided that all final investment or divestment decisions are made in accordance with our AOI, investment policy, investment guidelines and all applicable laws and regulations.

2) Summary of the Management Agreement

a) Term of Agreement:

The term of the management agreement will be from the effective date until the termination date which is the earlier of (i) its termination in accordance with the terms set out in the management agreement or (ii) the liquidation and termination of the Company.

b) Management Fee: Refer to Chapter 2 Section 13 (Fees and Expenses) of this document for more information.

c) Asset Management Company's Authority

Subject to the restrictions set out in the management agreement, the applicable laws and regulations, our AOI and any further written instructions from us, our asset management company has full authority at all times with respect to the management of our assets, including, but not limited to the authority to:

- (1) give written or oral instructions to any of our agents, brokers, dealers or consultants;
- (2) conclude contracts, arrangements or transactions on behalf of the Company and execute such contracts, arrangements or transactions;
- (3) direct or cause the sale or other disposition of any securities or investments; and
- (4) do and take all actions which the asset management company considers necessary or advisable in connection with the management of our assets or considered desirable by the asset management company with respect thereto.

3) Asset Management Company's Expenses and Compensation

The Company has agreed to pay, guarantee, or reimburse to compensate the asset management company for expenses that incur for the Company including the expenses listed below or other related expenses outlined in documents which incur reasonably within the process of carrying out the duties and responsibilities of asset management trust agreement.

- (1) Expenses relating to the acquisition, disposition, insurance, custody and transaction of our assets including trading fees/transaction fees of the investment securities;
- (2) Expenses incurred in connection with the borrowings by us, the expenses for the guarantee and fees payable to the financial institutions including hedging expenses and interest on borrowings;
- (3) Expenses relating to the issuance and offering of our shares (including deposit of share certificates), and the expenses in connection with listing (including various fees payable under the relevant agreement(s) in connection with issuance of new shares, etc.);

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- (4) Costs and expenses for listing on the stock exchange or the official quotation of our shares and costs for compliance with the regulation of such stock exchange;
- (5) Expenses in connection with the claim, dispute or litigation against us;
- (6) Costs for compliance with the request or requirements under the laws or of the regulatory authorities;
- (7) Expenses for deposit and settlement of the investment securities;
- (8) Expenses for obtaining price information of investment securities;
- (9) Expenses related to convening general meeting of shareholders, expenses incurred in connection with shareholders' resolution and communication with the shareholders;
- (10) Expenses related to notice to shareholders in accordance with PPP Act, the AOI and prospectus;
- (11) Fees and expenses relating to the appointment of agents, contractors and advisors (including legal and financial advisors); and
- (12) Other expenses incurred for the management of our fund and our assets.

Our asset management company may cause the above costs to be deducted from our assets. Our asset management company also will allot expenses incurred in connection with an Investment acquired or to be acquired on our behalf and other clients between us and those clients proportionately to their respective interests in the Investment.

Subject to applicable laws and regulations, the Company will indemnify the asset management company and its employees, officers, delegates, agents and contractors against any direct and indirect costs (including consequential legal expenses and damages on a full indemnity basis) reasonably incurred by or in connection with its activities carried on our behalf in the performance of its duties and obligations under the management agreement, except insofar as any cost is caused by the gross negligence, fraud or wilful misconduct of or the material breach of the management agreement by the asset management company or its employees, officers, delegates, agents or contractors.

Our asset management company is not indemnified for and is not entitled to be reimbursed for, or to be paid by us, any in-house administration costs of our asset management company in the nature of rent for our asset management company's premises, computer charges, salaries, research costs, overheads and general operating expenses.

4) Asset Management Company's Duties and Responsibilities

① Asset Management Company's Duties

Our asset management company has agreed further that, where appropriate given the level of influence we have over our underlying investments, it will:

- (i) identify, assess and implement investment and divestment opportunities on our behalf;
- (ii) keep our assets under review and develop and manage our assets, including the insurance aspects;
- (iii) recommend and procure the appointment of directors of the Project Companies on our behalf;
- (iv) exercise voting rights to which the Company is entitled in respect of our investments to the extent permitted under the relevant laws and regulations;
- (v) supervise the implementation of business and financial plans, and the development and maintenance of assets, of the Project Companies;

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- (vi) attend to our day-to-day management, company secretarial, accounting and reporting obligations to ensure that we comply with all laws and requirements, including the engagement of professional and technical advisers on our behalf;
- (vii) ensure we comply with the requirements of applicable laws and contractual obligations;
- (viii) carry out or cause to be carried out valuations of our assets, including our investments, in accordance with our AOI and all applicable laws;
- (ix) cause to be prepared audited annual and unaudited semi-annual accounts as required under applicable laws and requirements;
- (x) ensure the calculation and payment of taxes and duties applicable to us, if any, in accordance with applicable laws and requirements;
- (xi) manage our relationship and communications with shareholders, including causing to be prepared reports to shareholders in respect of our assets (including our investments) and operations;
- (xii) recommend, provide or procure all necessary technical, business management or other resources for Project Companies;
- (xiii) make recommendations to us in relation to borrowings required to provide the funding requirements for any activity entered into by us, make recommendations on the timing of capital and raising of capital, use reasonable efforts to procure the raising of funds, whether by way of debt or equity and, in connection therewith, prepare, review, distribute and promote any prospectus, offering memorandum or other disclosure document and any related document;
- (xiv) make recommendations to us in relation to capital raisings and capital reductions;
- (xv) attend to opening, closing, operation and management of all our bank accounts and our accounts held with other financial institutions, including making deposits and withdrawals necessary for the management of our day-to-day operations;
- (xvi) make recommendations to us as to our distribution policy;
- (xvii) monitor the services provided by the administrator, the custodian and brokers/dealers; and
- (xviii) do all things as may be reasonably requested by us and as may be deemed by our asset management company to be necessary or desirable in relation to our business including all things required under applicable laws and regulations in connection with our asset management company's functions and duties under the management agreement.

Our asset management company may delegate some or all of its functions to third parties subject to the management agreement, our AOI and applicable laws and regulations. If some of the above functions or duties are required, pursuant to applicable laws and regulations, to be performed by our administrator, then our asset management company may rely on the services of the administrator, or co-ordinate with the administrator in the performance of such functions or duties.

Our asset management company has agreed to provide us with reports with respect to its activities and the status of our investments, our assets and our liabilities as prescribed in the relevant laws and regulations and our AOI.

② Asset Management Company's Responsibilities

- (i) To protect our investors and enhance our specialty, our asset management company has to procure asset management experts under the FSCMA.
- (ii) Our asset management company shall provide shareholders with asset management reports (the content of which has been confirmed by the custodian) at least on a quarterly basis. The Company as

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listed investment vehicle is not required to provide asset management reports by letter or e-mail if the asset management company make disclosures quarterly basis by the case that is prescribed by the Regulation on Financial Investment Business. We do not provide an asset management report if a shareholder refuses to receive one or if the total appraised value of a shareholder's investment is KRW 100,000 or below. (iii) In the event that the asset management company causes damage to investors by performing any act in contravention of Acts and subordinate statutes, the terms and conditions of the AOI and the Prospectus, and by neglecting its business, the asset management company shall be held liable to indemnify for such damage.

(iv) In the event that the asset management company takes liability to indemnify for the damage in accordance with paragraph (iii), if any director or any auditor (including any member of the audit and inspection committee) is responsible for causing such damage, the asset management company as well as the director and auditor shall be held liable to jointly indemnify for the damage

(v) If our asset management company, the custodian, brokers/dealers and the administrator are deemed liable for loss incurred to shareholders and are to indemnify the shareholders by the relating laws, asset management company, the custodian, brokers/dealers and the administrator shall be held liable to jointly indemnify for the damage.

③ Public announcement of NAV

(i) The Company is an investment company under the PPP act thereby the Company is not obliged to announce or notice NAV per share every day.

(ii) We shall submit the business report on our invested assets within two months from end of each calendar quarter to FSC, Korea Financial Investment Association ("KOFIA") and to the Minister of Strategy and Finance.

5) Termination of Management Agreement

Unless otherwise provided by law, we may terminate the management agreement and our asset management company's appointment at any time with 90 days' written notice to the asset management company, following a resolution passed by holders representing a majority of the Company's issued shares.

The management agreement provides that our asset management company may terminate the management agreement at any time by notice in writing to us if we become insolvent or are terminated, if a receiver or administrative receiver or administrator or similar officer is appointed with respect to any of our assets or if we commit any material breach of our obligations under the management agreement and (if such breach is capable of remedy) we fail to make good such breach within 30 days of receipt of notice served by our asset management company to us requiring us to do so.

The management agreement permits our asset management company to resign and terminate the management agreement at any time with 90 days' written notice to us, and this right is not contingent upon our finding a replacement asset management company. If the current asset management company resigns, it is under no obligation to find a replacement before resigning. However, if our asset management company resigns, until the date on which the resignation becomes effective, the asset management company will, upon our request, use reasonable efforts to assist us to find a replacement asset management company.

If the appointment of the asset management company is terminated by us for reasons other than wilful misconduct, gross negligence or underperformance in at least 14 out of 16 consecutive quarters (determined

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pursuant to the terms of the management agreement, as described below) or if the asset management company resigns from its appointment and terminates the management agreement following failure of the asset management company to be re-appointed as our corporate director, then the Company is required to pay to the asset management company an amount equal to an amount of all management fees paid to the asset management company over the past four quarters preceding the date on which the management agreement is terminated.

An “underperformance” shall occur where, in any quarter (including the first quarter), the performance return is less than the performance benchmark return.

A “performance return” means the amount calculated as follows:

$$PR1 = \left[\frac{B1 - IP1}{IP1} \right]$$

Performance Return 1

Where:

PR1 = the performance return for the period from the listing date to the current quarter end date.

B1 = the average of the daily closing accumulation index over the last 15 trading days of the quarter or in the case of the first quarter, the lesser of the last 15 trading days of the first quarter or the number of trading days from the listing date to the end of the first quarter inclusive, as calculated or reported by the Reporting Agency.

IP1 = means the same as item ‘IP1’ in the definition of first quarter return.

A “performance benchmark return” means the amount calculated as follows:

$PBR1 = (1+X)^{(N1/365)} - 1$ Where:

PBR1 = the performance benchmark return for the period from the listing date to the current quarter end date.

X = the lower of 3.0% and the annualized rate of inflation for the relevant period representing N1 (calculated as the compound annual rate of inflation based on the change in the CPI last published before the end date of N1 from the one published closest to the start date of N1).

N1 = the number of days from the listing date to the current quarter end date inclusive.

Under the terms of the management agreement, if the asset management company’s term as our corporate director expires and the asset management company is not re-elected as our corporate director by our shareholders in accordance with our AOI, the asset management company will continue to act as our asset management company until such time as a new asset management company is appointed and elected as our corporate director as required under our AOI.

Notwithstanding the paragraph above, if the asset management company is not re-elected as our corporate director, we shall use our best endeavours to secure the re-election of the asset management company as corporate director for so long as the management agreement remains in effect.

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Upon termination of the management agreement, the Company will, within 30 days of the date of termination, cease to use any Macquarie brand entirely.

The management agreement will terminate on our liquidation and termination.

C. Selected Financial Information of the asset management company of the Two Recent Financial Years

Set out below are summaries of the Balance Sheet and Income Statement of the asset management company for its last two financial years. The asset management company's financial year ends on 31 March of each year. The information below is based on the financial statements reported to the FSC and KOFIA.

[Balance Sheet]

(Unit: KRW thousand)

Item	End of 19 th Fiscal Period (As of 31 March 2020)		End of 18 th Fiscal Period (As of 31 March 2019)	
Assets				
1. Cash and deposits	49,760,958		30,972,888	
2. Investment in associates	125,966		-	
3. Financial assets at fair value through profit and loss	1,050,080		941,746	
4. Other assets	16,902,140		15,441,766	
5. Property and equipment	185,587		26,025	
6. Intangible assets	569,667		416,250	
7. Deferred income and tax assets	7,381,448		2,675,823	
Total assets		75,975,846		50,474,498
Liabilities				
1. Other liabilities	36,865,589		18,898,001	
2. Provisions	310,959		108,378	
3. Current tax liabilities	10,003,159		2,853,471	
Total liabilities		47,179,707		21,859,850
Equity				
1. Capital stock	3,865,242		3,750,000	
2. Capital surplus	1,083,015		124,875	
3. Accumulated other comprehensive income	-		-	
4. Retained earnings	23,847,882		24,739,773	
Total shareholders' equity		28,796,139		28,614,648
Total liabilities and equity		75,975,846		50,474,498

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[Income Statement]

(Unit: KRW thousand)

Item	19 th Fiscal Period (1 April 2019 – 31 March 2020)		18 th Fiscal Period (1 April 2018 – 31 March 2019)	
1. Net interest income		414,305		340,840
(1) Interest income	414,305		340,840	
2. Net commission income		42,751,224		46,076,094
(1) Commission income	42,751,224		46,076,094	
3. Foreign currency exchange profit (loss)		297,126		(204,655)
4. Service fee income		2,347,890		1,555,039
5. Dividend income		-		-
6. Other income		131,559		139,636
7. Other expenses		-		(23,587)
8. Operating expenses		(18,779,237)		(20,088,200)
(1) Salary	(9,769,809)		(9,052,865)	
(2) Commission expense	(7,296,538)		(9,468,988)	
(3) Other operating expenses	(1,712,890)		(1,566,347)	
9. Operating income		27,162,867		27,795,167
10. Non-operating expense		102,822		64,297
11. Profit before income tax		27,265,689		27,859,464
12. Income tax expense		(6,157,580)		(6,242,991)
13. Net income		21,108,109		21,616,473
14. Other comprehensive income (expense)				
Available-for-sale investment, net of tax	-		-	
15. Total comprehensive income		21,108,109		21,616,473

D. Assets under Management

As of 30 September 2020, the Company's total shareholders' equity, calculated by multiplying the NAV per share by the number of shares issued and outstanding as at that date, is KRW 1,827,821 million. As noted earlier in Chapter 2 Section 12 (Calculation of Net Asset Value), the Company's policy is to calculate the value of all assets in the Company's portfolio in accordance with the FSCMA. Unlisted equity securities are valued according to the fair value determined by the Company's Committee for Asset Valuation in light of their acquisition costs and market prices. The Company's Committee for Asset Valuation has determined to set the acquisition costs of the unlisted equity securities as their fair values. Therefore, the NAV per share may not match the price of the Company's stock traded on Korea Exchange or the market participants' expectation of the future value of the Company.

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2. Entrusted Asset Management Business

A. Entrusted asset management business for the collective investment asset

Not applicable

B. Other entrusted businesses

Not applicable

3. Other Service Providers

<Trustee Company>

A. Overview

Company Name	Korea Securities Finance Corporation (“KSFC”)
Contact	10 Gookjegeumyoongro-8-gil, Yeoungdeungpo-gu, Seoul, KOREA +82 2 3770 8800
History (Refer to the website)	http://www.ksfc.co.kr/

B. Main Duties

(1) Overview

a) Term of Agreement

The term of the custodian agreement will be from the effective date (31 March 2006) until the termination date of any liquidation if the Company is wound up under the related laws and regulations or our AOL.

b) Custodian Fee

The custodian fee payable to the custodian is equal to the amount of the average NAV of the Deposited Assets (the sum of the NAV of the Deposited Assets as of each day from the first day of the Fee Calculation Period until the Fee Withdrawal Date, divided by the number of days included in the relevant Fee Calculation Period), multiplied by 0.02/100 per annum.

c) Fee Payment Date

The custodian fees will be paid to the custodian on the business day immediately following any of the dates below in accordance with our instructions and the measures of our service providers:

(i) Expiration of the Fee Calculation Period;

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- (ii) Winding-up of the Company under the AOI; or
- (iii) Termination of the Agreement.

(2) Primary Roles and Responsibilities

As the custodian, KSFC is responsible for the custody and maintenance of our assets and matters provided in our AOI and under applicable laws and regulations. In connection with this function, KSFC has the obligation, among other things, to:

- 1) Open an asset custody account in the name of the Company and purchase such Investment Assets as determined by the asset management company in accordance with instructions from the asset management company and will keep such Investment Assets in the asset custody account;
- 2) Keep and manage the Deposited Assets separate from the custodian's own assets and the assets entrusted by other third parties;
- 3) To the extent required by law, deposit securities forming a part of the Deposited Assets with KSD;
- 4) Open a deposit account in the name of the Company (the "Deposit Account") and manage payments for new shares and any fees and expenses payable by the Company (including fees payable to the Service Providers) as instructed by the Company (through the asset management company) out of the Deposit Account, the deposit/withdrawal of settlement proceeds according to the sale/purchase of Investment Assets, the deposit/withdrawal of fees, the deposit/withdrawal of non-operating expenses, the deposit of money borrowed from a third party by the Company and the withdrawal of principal and its interest thereof, the deposit/withdrawal of interest and dividends, and all the cash received or paid in accordance with any instructions from the relevant Service Provider;
- 5) Prepare and provide every month to the administrator a report on the details of the Deposited Assets custodian holds on behalf of the Company. The custodian should request the administrator to provide a confirmation of whether the report provided by the custodian conforms to the information the administrator has with respect to the details of the Company's assets;
- 6) Collect distributions from the Investment Assets (including but not limited to dividend, distribution, sale proceeds, principal and its interest of bond, principal and its interest of loan, interest on deposits) and deposit such distributions into the account of the Company;
- 7) Receive and deliver Certificates of Title and take necessary measures in relation to Certificates of Title;
- 8) In the event that the custodian doesn't receive Certificates of Title from a broker or the issuer due to any reason attributable to the broker or issuer, The custodian shall not be responsible to the Company for any legal action, provisional attachment or any request filed against the Company or any fees or expenses incurred by the Company and shall obtain Certificates of Title from the broker or issuer at the expense of the Company;
- 9) Give prompt notice to secure Investment Assets or rights to or interests in the Investment Assets to the asset management company and shall take all necessary measures to protect the Company's rights in Investment Assets until the asset management company deals with such notice;
- 10) Endorse and collect the payments on a check, note to receive the cash payments in connection therewith;
- 11) In the event any Infrastructure Asset does not repay the principal or interest amount on the loan provided by the Company on the due date, the custodian shall dispatch a notice of demand for repayment of principal or interest to the Infrastructure Asset and request the asset management company to provide an instruction to collect such principal/interest amount by a certain date. In the event the custodian does not receive the instruction from the asset management company by the

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requested date, notwithstanding any provision to the contrary provided in the custodian agreement, the custodian shall not be responsible for the loss of the Company's rights to the loan;

12) With respect to the Company's cash which has not been invested, the custodian shall deposit such cash into a nominated deposit account, unless it receives any other instruction from the Company or the relevant Service Provider, or unless it would violate the Relevant Laws and Regulations;

13) In the event that the custodian receives instructions for obtaining collaterals from the asset management company in relation to an acquisition of Investment Assets under Subparagraph (i) above, the custodian shall obtain such collateral and manage the collateral in accordance with the customary financial practice;

14) Perform the matters described as the obligation of the custodian in the Relevant Laws and Regulations; and

15) The custodian may not delegate its business which the custodian has registered for or is licensed to do under the FSCMA to a third party, unless it is in accordance with the FSCMA.

(3) Responsibility and Liability

1) The custodian shall sincerely perform its business with the care of a good manager for collective investors in accordance with the relevant laws and regulations, the AOI of the investment company, the Prospectus, the trust contract or the asset custody entrustment contract.

2) The custodian shall be prohibited from being involved in transactions between the entrusted collective investment property and its own property or other entrusted collective investment property: This prohibition shall not apply to cases prescribed by the Enforcement Decree as being necessary to operate the collective investment property efficiently.

3) The custodian shall be prohibited from using information on the operation of the entrusted assets of the collective investment fund for the purpose of operating its own property and the sales of collective investment securities in which it is involved

4) The custodian shall manage the collective investment property separately from its own property, other collective investment property and the property, the custody of which is entrusted by a third party.

5) The custodian shall confirm whether operational instructions given by the asset management company are in violation of the related laws and subordinate statutes, the terms and conditions of the Prospectus under the conditions as prescribed by the Enforcement Decree and if any violation is confirmed, ask the asset management company to withdraw, change or correct such operational instructions.

6) The custodian shall confirm whether the operational acts of the asset management company are in violation of the related laws and subordinate statutes, the AOI of the investment company or the Prospectus under the conditions as prescribed by the Enforcement Decree and if any violation is confirmed, report such violation to the supervisory directors of the Company.

7) In the event that the custodian causes damage to collective investors by performing any act in contravention of Acts and subordinate statutes, the terms and conditions of the AOI of the Company and the Prospectus, and by neglecting its business, the custodian shall be held liable to indemnify for such damage.

<Administrator>

Company Name	Hana Investors Services
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Company Name	Hana Investors Services
Contact	11 th Floor, Hana Financial Group Myeongdong Office, 66 Eulji-ro, Jung-gu, Seoul, KOREA + 82 2 6714 4600
History (Refer to the website)	http://hanais.co.kr

(1) Overview

a) Terms of Agreement

The term of the administration agreement shall be from the effective date until the termination date of any liquidation if the Company is wound up under the Related Laws and Regulations or its AOI.

b) Administration Fee

The administrative business fee payable to the Company's administrator is equal to the amount of our average NAV, calculated as the sum of our NAV as at each day from and including the first day of the relevant calendar quarter to and including the last day of the relevant calendar quarter, divided by the number of days in the relevant calendar quarter, multiplied by 0.0125/100 per annum.

c) Fee Payment Date

The administration fees will be paid to the administrator on the business day immediately following any of the dates below in accordance with our instructions and the measures of our service providers:

- (i) Expiration of the Fee Calculation Period;
- (ii) Winding-up of the Company under the AOI; or
- (iii) Termination of the Agreement.

(2) Main Roles and Responsibilities

- 1) convene and administer board meeting and shareholders' meeting;
- 2) maintain our share registry;
- 3) act as transfer agent for transfers of our shares;
- 4) communicate notices to our shareholders;
- 5) deposit shares into the relevant shareholder's transaction account, upon request of brokers/dealers;
- 6) issue and deliver physical share certificates to shareholders as necessary, to the extent permitted by applicable law;
- 7) maintain records of share transactions;
- 8) co-ordinate filings, communication with the public and regulatory authorities and other related actions;
- 9) pay and record our expenses, general costs and remuneration to our asset management company, custodian and brokers/dealers;
- 10) calculate the NAV of our assets and the price of newly issued shares;

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- 11) calculate our asset management company's fees and/or commissions;
 - 12) prepare and file tax returns;
 - 13) notify and confirm the types and details of our assets with the custodian on a monthly basis;
 - 14) assist in the preparation and/or submission of financial statements, annual reports and other reports;
 - 15) assist in maintenance of our corporate status; and
- conduct any other business incidental to the above.

(3) Miscellaneous

The administrator has entered into an entrustment agreement with KSD, to delegate its share registrar services and transfer agent services as permitted under the FSCMA. Under the entrustment agreement, the KSD receives fees from the administrator for acting as our share registrar and transfer agent.

(4) Re-entrustment of Entrusted Business

The administrator may entrust its duty to a third party if such duty is not related to any one of our essential tasks or such duty does not entail any potential conflicts of interest to the collective investors. The administrator may entrust its business to 3rd party, except in the circumstances below as provided under the FSCMA.

- 1) Affairs relating to the management of the investment company (not including simple tasks such as notification of the General meeting of shareholders).
- 2) Calculating the value of collective invested properties.

If the third party who was entrusted with the business incurs damage to investors due to negligence, then the entrusting party is liable for the compensations.

(5) Responsibility and Liability

- 1) The administrator shall sincerely perform its business with the care of a good manager for investors.
- 2) In the event that the administrator causes damage to us, the asset management company, the custodian or any broker/dealer, by performing any act in contravention of Acts and subordinate statutes, the terms and conditions of the AOI and the Prospectus, and by neglecting its business, the administrator shall be held liable to indemnify for such damage.
- 3) In the event that the administrator, the custodian, the asset management company, brokers/dealers and the bond valuation Company become liable to indemnify for damage caused to investors, the administrator as well as the custodian, the asset management company, brokers/dealers or the bond valuation company shall be held liable to jointly indemnify for the damage.

<Fund Valuation Companies >

Not applicable

<Bond Valuation Companies>

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A. Overview

Company Name	Nice Pricing Services, Inc.	Korea Asset Pricing
Contact	19 Gukhoe-daero 70-gil, Yeongdeungpo-gu, Seoul, Korea +82 2 398 3900	4th Floor Samhwan Building, 88 Yulgok-ro, Jongro-Gu, Seoul, Korea + 82 2 399 3350
History (Refer to the website)	http://www.nicepni.com	http://www.koreaap.com/

B. Primary Functions and Duties

The bond valuation companies appraise invested assets such as bonds and provide the information to the investment vehicles.

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Chapter 5. Shareholders' Rights

1. Shareholders' Rights

A. General Meeting of Shareholders, etc.

(1) Composition of General Meeting of Shareholders

We hold an annual general meeting of shareholders within three months after the end of each fiscal year when we have an agenda to be approved by shareholders meeting. The shareholders registered on the shareholders' register as at 31 December of a fiscal year shall be deemed shareholders who may exercise voting rights at the ordinary general meeting of shareholders for the fiscal year.

(2) Convening of General Meeting of Shareholders and Exercising of Voting Rights

1) Convening of General Meeting of Shareholders

Commercial Code. The custodian or any shareholder who holds at least 3% of the total number of issued and outstanding shares may request the board of directors of the Company to convene a shareholders' meeting and the board of directors of the Company shall convene the shareholders' meeting within 1 month of the request. If the board of directors of the Company does not convene a shareholders' meeting within 1 month without proper grounds despite such aforementioned request, the custodian or the shareholder who holds at least 3% of the total number of issued and outstanding shares may convene a shareholders' meeting with the approval from the FSC.

The Company is required to give shareholders written notice setting out the agenda of the meeting at least two weeks prior to the general meeting of shareholders, *provided, that*, we do not have obligation to give written notice to shareholders whom written notices could not reached to addresses in the shareholders' registry for 3 consecutive years. This notice may be made with electronic communication. The agenda of the general meeting of shareholders is determined at the meeting of the board of directors. A shareholder who has held 3% or more of the total number of the issued and outstanding shares shall have the right to propose an agenda item for the shareholders' meeting under the Commercial Code. Such proposal by a shareholder should be made in writing either by letter or e-mail at least six weeks prior to the meeting. A director shall report the proposal to the board of directors of the Company, and the board of directors of the Company shall adopt the proposal as agenda of the general meeting of shareholders unless it violates the relevant laws and regulations, or our AOI. Upon request, the shareholder shall be given an opportunity to explain such agenda at the general meeting of shareholders. Shareholders not registered on the shareholders' registry on the record date cannot receive notification of the general meeting of shareholders, attend such meeting, nor exercise any voting rights.

Our general meeting of shareholders shall be held at the place where our head office resides or at any other place determined by the board of directors of the Company.

2) Postponement of General Meeting of Shareholders

Unless otherwise specified in the Company's AOI or the relevant laws and regulations, the resolutions shall be adopted with the approval of a majority of the votes of attending shareholders and one-fourth or more of the

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total number of shares issued and outstanding. If the resolution in accordance with this fails to be made, the Company shall convene the postponed meeting of shareholders (the “Postponed Shareholders’ Meeting”) within two weeks therefrom. A notice to reconvene the general meeting of the shareholders is to be sent to shareholders at least one week prior to the date of the rescheduled meeting.

At the Postponed Shareholder’s Meeting, the resolutions shall be adopted with the approval of a majority of the votes of attending shareholders and one-eighth or more of the total number of shares issued and outstanding.

3) Voting Rights in General Meeting of Shareholders

Shareholders of the Company are entitled to one vote for each share. Cumulative voting for appointment of directors is not permitted.

Under the FSCMA and the AOI, unless specified by other laws and regulations, for ordinary resolutions to be adopted at the general meeting of shareholders, approval from the majority of votes cast by attending shareholders and a quarter or more of the shares issued and outstanding. For matters to be approved with specials resolutions according to Articles 26(3) and 54(1) of the AOI, they shall be resolved with the approval of the shareholders of at least two-thirds of votes cast by shareholders present at the meeting and the majority of the total number of the shares issued and outstanding.

The general meeting of shareholders shall decide the following matters, unless otherwise regulated by the AOI or the FSCMA:

- (i) appointment of directors;
- (ii) change of the asset management company and the custodian (for the purposes of this paragraph, “change” shall mean the appointment of a new asset management company (or a new custodian) or dismissal of the existing asset management company (or the existing custodian) but shall not mean the re-appointment of the existing asset management company (or the existing custodian));
- (iii) dissolution of the Company;
- (iv) Increase of remuneration or commission to be paid to the asset management company, or the custodian;
- (v) change in the Company’s term or causes of dissolution;
- (vi) amendment to the AOI with respect to a change in the company type or etc. according to Article 229 of the Enforcement Decree of the FSCMA;
- (vii) change in principle investment assets;
- (viii) change of open-end investment company into closed-end investment company; and
- (ix) other matters designated by relevant laws and regulations.

An amendment to the AOI with respect to an increase of remuneration or other commissions payable to the asset management company or the custodian, a change in the custodian, a change in the company type, or a change in the type of investment assets that the Company primarily invests according to Article 195(1) of the FSCMA and Article 229 of the Enforcement Decree of the FSCMA needs at least two-thirds of votes cast by shareholders present at the meeting and the majority of the total number of the shares issued and outstanding.

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However, amendments to the AOI with respect to changing the asset management company and change of the Company's term shall need at least a majority of affirmative votes out of total number of shares issued and outstanding.

Shareholders may exercise their voting rights by proxy. Under our AOI, the proxy does not have to be a shareholder. The proxy shall submit an instrument evidencing the relevant power of attorney prior to commencement of a general meeting of shareholders in order to exercise voting rights.

Shareholders may exercise their voting rights in writing. The shareholder shall state the details of his intentions on the form which the Company has sent and submit the document before the beginning of the general meeting. The number of votes exercised in writing shall be added to the number of votes present at the general meeting.

Provided, that, in relation to the shareholders who does not exercise his/her voting right, if below conditions are all met, then it will be deemed to exercise his/her voting right which does not affect the result of the voting exercised by the attending shareholders (the "Shadow Voting"). However, the Shadow Voting is not permitted for a resolution with respect to change of the asset management company, dissolution of the Company, increase in compensation or other commissions payable to the asset management company or the custodian, change of the asset management company who is a corporate director or the custodian, change in the term of the Company or causes of dissolution, change in the AOI relating to change in the type of investment company, change in material investment portfolio assets, and change from an open-end type fund to a closed-end type fund..

- 1) no voting right has been exercised by the shareholder notwithstanding the given notice of the shareholders meeting which contains the methods of exercising voting rights including the Shadow Voting in accordance with our AOI by way of written notice, telephone, telex, fax, email or any other similar electronic communication;
- 2) the total number of shareholders who exercised their voting right on shareholders' meeting is equal to or more than one-tenth of the total number of shares issued and outstanding; and
- 3) satisfaction of the conditions of Shadow Voting and the result of the meeting of shareholders should be immediately delivered to the shareholders and disclosed on the website of the Company.

(3) Rights of Dissenting Shareholders

In some limited circumstances, including our merger or consolidation with another company, or amendment to certain articles of the AOI, dissenting shareholders have the right to demand us to purchase their shares.

- 1) To exercise this right, a shareholder shall submit to us a written notice of its intention to dissent before the applicable general meeting of shareholders. Within 20 days after the relevant resolution is passed, the dissenting shareholder shall request the purchase of the shares it holds by filing a letter to us describing the number of the shares it holds and seeks to sell.
- 2) We may not charge the shareholders any fee for the purchase of the shares or other expenses related to such purchase.
- 3) We shall, upon request for purchase of the shares as set forth above, purchase such shares in accordance with the terms outlined in the paragraph below, provided, however, that if we cannot comply with such request for purchase due to insufficient funds, such purchase of the shares may be deferred with the approval of the FSC.

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4) The purchase price for the shares of dissenting shareholders shall be determined at the NAV per share calculated on the day immediately before the date of the shareholders' resolution when the shares are not listed, or the volume weighted average trading price per share traded on Korea Exchange for the period of 15 trading days starting from 15 trading days prior to the date of the shareholders' resolution until the day before the date of the shareholders' resolution when the shares are listed. We shall pay for the shares in cash to dissenting shareholders within 35 days from the date of the shareholders' resolution.

B. Distribution of Remaining Assets

(1) Payment request in event of settlement or liquidation

- a) Shareholders may request for distribution of remaining assets in the event of liquidation or settlement.
- b) After the custodian has conveyed settlement distributions or liquidation distributions to brokers/dealers, brokers/dealers are deemed responsible for the payment to shareholders.

(2) Statute of limitations: If any shareholder fails to request the payment for five years from the starting date of settlement distribution or liquidation distribution payment, the shareholder shall lose the rights and such payment will belong to the Company.

C. Inspection Rights

1) Upon written request from a shareholder to the Company, asset management company or brokers/dealers, the Company is required to permit such shareholder to inspect our books and records relating to our assets during normal working hours, or deliver copies or extracts to shareholders, unless:

- a) there is a clear concern that the shareholder could use such information, books and records in relation to descriptions of transaction of assets of the Company and etc., in any transaction or business or provide such information to others;
- b) there is a clear possibility that permitting such inspection is likely to result in a loss to other shareholders when providing books and records in relation to descriptions of transaction of assets of the Company and etc.; or
- c) it is impossible to comply with such inspection request due to expiry of the preservation period stipulated by applicable laws and regulations due to our liquidation.

2) The books and records that the shareholders may request for the purview or the issuance of copies or extracts are:

- a) statements of the collective investment property;
- b) books of the NAV per unit (share) of the collective investment securities;
- c) financial statements and attachments thereof; and
- d) statements of asset transactions.

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(3) If the Company, the asset management company or brokers/dealers refuses the request of the shareholders due to reasons under any of the items set out in paragraph (1) above shall give notice thereof to the shareholders in writing.

D. Indemnification Responsibilities

If any loss is suffered by us as a result of any negligence on the part of our asset management company, brokers/dealers, administrator, or custodian (the “service providers”) arising out of the performance of its duties, the service providers shall be liable for such loss. In cases where more than one of the service providers is to reimburse us or a third party, such service provider shall jointly and severally indemnify with any director, auditor, and other service providers who shall be liable for such loss.

The service providers shall jointly and severally indemnify if the service providers have caused loss to the investors under the FSCMA.

E. Jurisdiction

1) The asset management company, the custodian, the administrator or brokers/dealers shall institute litigation relating to their agreements with us only through the court that has jurisdiction over our place of business.

2) Shareholders may institute litigation through either the court that has jurisdiction over the shareholders’ residences or the court that has jurisdiction over the asset management company’s or brokers/dealers’ place of business. If the shareholder is a non-resident under Article 3 Clause 1 Item 15 of Foreign Currency Trade Act, the shareholder shall institute litigation only through the court that has jurisdiction over the asset management company’s or brokers/dealers’ place of business.

F. Other matters regarding protection of shareholders’ rights

(1) Shareholders’ Rights for Representative Action

Any shareholders who has held more than one hundredth or more of shares of a company in accordance with the Commercial Code or who has held 1/10,000 or more of the shares of a company for six months, pursuant to FSCMA, in accordance with the relevant laws and regulations may demand that the Company to file an action against a director in connection the director’s liability. In such case, if the Company fails to file such action within 30 days from the date when such demand is received, the shareholder may immediately file such action on behalf of the Company, provided that if the company may suffer irreparable damage with the lapse of the 30 days, the shareholder may immediately file such action without waiting for 30 days.

(2) Deposit and Issuance of the Share Certificates

Instead of issuing stocks, pursuant to Article 2(1) of the Act on Electronic Registration of Stocks, Bonds, Etc., the Company electronically registers the rights that need to be indicated on the aforementioned stocks, etc. in an electronic register at an electronic registry.

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(3) Transfer Agent

a) We shall delegate the transfer agency business to the administrator, whose name is in the administration agreement made between the Company and the administrator. Hana Investors Services, the administrator, re-delegated the transfer agency business to KSD.

b) The administrator as a transfer agent (the “Transfer Agent”) shall maintain the shareholders’ registry of the Company or the counterpart thereof at its place of business and shall perform the electronic registration of shares, update of the shareholders’ registry and other businesses relating to the shares.

c) Any shareholder or registered pledgee in a foreign country shall designate and report its respective legal agent and place in Korea in order to receive the notice from the Company.

d) Any legal agent referenced in paragraph (c) above shall submit written documents evidencing its right to act as the legal agent.

e) In the event of any change to any of the matters reported under paragraphs (c) through (d) above, the shareholder, pledgee or legal agent (as the case may be) shall submit an update report to the Transfer Agent following the same procedure as set out in paragraphs (c) through (d).

(4) You may request the asset management company or brokers/dealers for our AOI or any additional information.

(5) You may request information on performance features such as change in NAV per share, to the asset management company or brokers/dealers.

(6) You may read or photocopy this Prospectus and the change in NAV per share at KOFIA or on the KOFIA’s website (<http://www.kofia.or.kr>).

2. Dissolution of Company

The term of the Company will be from the date of the incorporation of the Company to the date of the dissolution of the Company pursuant to AOI.

The Company shall dissolve itself in any of the following events:

- 1) by a resolution adopted by the general meeting of shareholders;
- 2) being merged to another company;
- 3) insolvency;
- 4) court order or judgment; or
- 5) cancellation of registration.

If any of the above events occur, a receiver or liquidator shall report the fact of dissolution to the FSC within 30 days of the dissolution.

3. Disclosure

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A. Regular Disclosure and Reports

(1) Submission of Business Report, Financial Statements, etc.

1) Business Report

- a) The Company shall prepare quarterly business reports within two months following the end of each quarter and submit to the FSC, KOFIA and the Ministry of Economy and Finance.
- b) The FSC and KOFIA shall open the submitted reports to the public.

2) Audit Report

- a) The Company shall undergo an accounting audit of the collective investment property within two months from the last day of the accounting period, the date of expiration, or the date of dissolution.
- b) After auditing the Company's assets, the auditor shall submit an audit report to the Company immediately, containing balance sheet, income statement, NAV calculations and transaction details between parties interested.
- c) After the asset management company has received the audit report, the asset management company shall submit the audit report immediately to the FSC, the KOFIA, brokers/dealers, and the custodian.

(2) Asset Management Report

- a) The asset management company shall prepare an asset management report every calendar quarter or at the point of expiration of our Company, and disclose the asset management report to shareholders, under confirmation by the custodian.
- b) We do not provide the asset management report by letter to shareholders who express their intention not to receive the asset management report or to shareholders who hold shares with an actual or estimated aggregate value of KRW 100,000 or less, or where the asset management report is disclosed in line with the FSC Regulations on Financial Investment Business as a listed investment company.
- c) The asset management report is available on our website (<http://www.mkif.com>).

(3) Asset Custody Report

- a) The Company's current custodian shall prepare an asset custody report within two months after the end of the fiscal year of the Company, the date of expiration or the date of the Company's dissolution and distribute the report to the shareholders of the Company by letter unless shareholders express their intention to receive the asset custody report via e-mail; Provided, that the same shall not apply to a case where the Company is listed investment company and the custodian makes disclosures as prescribed by the FSCMA.
- b) Our custodian shall prepare an asset custody report within two months after the end of each fiscal year, the date of expiration or the date of the Company's dissolution and shall report to the FSC and KOFIA.

(4) Books and Records

The asset management company, the custodian, brokers/dealers, and the administrator shall prepare their books and records statements as per the FSC's directions and keep them at their headquarters and branches or publicly disclose them on their internet websites.

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KOFIA shall check the performance report containing the description of each collective investment asset's change in NAV according to the method designated by Article 94(2) of the Enforcement Decree of the FSCMA and publicly disclose the results on its internet website or through other means.

B. Continuous Disclosure on Demand

(1) Amendment to the AOI

a) If the Company amends its AOI by making a resolution of the general meeting of shareholders such as the following items, the Company shall publicly disclose such amendment and notify all shareholders of such amendment:

- (1) increase in remunerations and other compensation payable to the asset management company or the custodian;
- (2) change of the asset management company or the custodian
- (3) change of the Company's term or causes of dissolution; and
- (4) change of the type of the Company and other material matters relating to shareholders' interest set out in Article 195 of the FSCMA.

b) Amendments which do not require resolution of the general meeting of shareholders as in a) shall be disclosed on the Company's website (<http://www.mkif.com>).

(2) Items for Disclosure on Demand

1) Items for Disclosure on Demand

We shall disclose, without delay, the matters falling under any of the following:

- (1) In case of any change of registered key fund managers, the fact thereof and the management experience of the new fund managers (the name, size, and returns of funds they had managed);
- (2) Decision on delaying or resuming redemption and reasons thereof;
- (3) In case where such bad assets as described by the relevant laws and regulations, the details thereof and a write-off ratio thereof;
- (4) Details of resolutions adopted by a general meeting of shareholders;
- (5) Material amendment of the prospectus. However, such disclosure is exempted if the amendment is not significant and is triggered as a result of changes in governing laws;
- (6) The merger or spin-off of the asset management company, or the assignment or acquisition of a business;
- (7) If the asset management company or the administrator corrects the disclosed miscalculation of the NAV per share;
- (8) Decision on distributions;
- (9) Decision on investment or divestment of infrastructure projects (including investment or divestment through SPCs controlled by the Company or advance of loans);
- (10) Cash drawdown for investment or repayment of principal and interest (for single drawdown of KRW 50 billion and above);
- (11) Material changes of concession agreements;

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- (12) If the Company borrows or decision on issuance of bonds;
- (13) Quarterly calculation of the NAV per share (refer to quarterly asset management reports);
- (14) Bankruptcy of a company under investment or equivalent matters;
- (15) Acquisition or disposition of non-marketable assets announced by the FSC;
- (16) Generation or change of real estate-related rights such as superficies or easement and material rights related to special assets such as a project beneficiary right or a facility management and operation right;
- (17) Borrowing or lending of money; or
- (18) Matters set forth and announced by the FSC that are material to investor's decision.

2) Methods of Continuous Disclosure

- (1) post the contents on the website of the asset management company, brokers/dealers and KOFIA;
- (2) provide the business information via e-mail distributed by brokers/dealers;
- (3) prepare the relevant books and documents in the head office and branch offices of the asset management company and brokers/dealers; and
- (4) release a market disclosure through Korea Exchange news release system.

The websites of KOFIA and the Company are as the following.

KOFIA http://www.kofia.or.kr	143 Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea	Tel: +82-2-2003-9000
MKIF http://www.mkif.com	18th Floor, Unit A, Centropolis, 26 Ujeongguk-ro, Jongno-gu, Seoul, Korea	Tel: +82-2-3705-8565

(3) Disclosure of Exercise of the Voting Rights

a) Our asset management company is not bound by Article 87 of the FSCMA and may exercise the voting rights without disclosure in accordance with the PPP Act.

b) Directions of exercising the Voting Rights

Our asset management company shall exercise the voting rights in relation to agenda at shareholders' meetings in order to improve the Company's economic value and protect the rights of shareholders by considering following:

- (1) Improved profitability through operations;
- (2) Increased intrinsic value of the Company; and
- (3) Improved corporate governance and financial structure of the Company.

c) Method of Exercising the Voting Rights

- (1) Our asset management company may exercise its voting rights itself or delegate a proxy who is the issuer of the shares which the Company holds. Our asset management company shall submit an instrument evidencing its representing power. The instrument shall contain our asset management company's opinion, whether for or against, on the agenda.

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(2) In other cases, our asset management company may exercise its voting right in writing under the articles of incorporation of a company who is the issuer of the shares which the Company holds.

(4) Disclosure of Risk Index

Not applicable

4. Related Party Transactions

A. Transaction History with Related Party

Under the applicable laws and regulations, the asset management company is required to notify the custodian immediately if it or its related person engages in any related party transaction involving the Company's asset management activities. For the financial year 2019, there is no record of any related party transaction.

B. Items Related to Transactions Between Collective Investment Vehicles

Not applicable

C. Investment Broker/Dealer Selection Criteria

Not applicable

5. Particulars Regarding Investment of Asset Management Company's Assets

Not applicable

6. Additional Items Related to Foreign Collective Investment Vehicle

Not applicable

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[Attachment] Definition of Terms

Financial instruments	Financial products with economic value, including securities and derivatives, which are designed to make profits or avoid losses
Collective investment	Collection of investments from two or more investors, for the purpose of investing in financial instruments and other assets and distributing the outcomes of such investment
Fund	A vehicle formed to facilitate collective investment, including an investment trust and an investment company, which is legally classified as a “collective investment vehicle” and commonly called a “fund”
Investment Trust	A fund formed based on a trust agreement between an asset management company and a trustee
Investment company	A fund that organized in corporation form based on the charter capital
Beneficiary Certificate	Certificate offered to investors of Investment Trust. Similar to share certificates of a corporation
Net Asset Value	The Company’s total assets less its total liabilities. Denominated in KRW
Securities Collective Investment Vehicle	A fund which invests more than 50% of its collective investment assets in stocks and bonds
Real Estate Collective Investment Vehicle	A fund which invests more than 50% of its collective investment assets in real properties and real estate related securities
Special Asset Collective Investment Vehicle	A fund which invests more than 50% of its collective investment assets in special assets (which mean assets other than securities and real estate)
Mixed Asset Investment Vehicle	A mixed-asset fund which is not subject to any of the asset management restrictions applicable to the securities collective investment vehicles, the real estate collective investment vehicles, and the special asset collective investment vehicles
Open-End Type	A fund that is redeemable
Closed-End Type	A fund that is non-redeemable
Additional Issuance Permitted Type	A fund that allows additional issuance
NAV per Share	The price obtained by dividing the NAV of the fund by the number of the total issued and outstanding shares
Distribution Income	Income generated as a fund distributes dividends to its investors
Compensation	Payments by a fund’s investors after their subscription for operation and management of the fund
Upfront Purchase Fee	Fee that an investor pays to brokers/dealers after subscription
Deferred Purchase Fee	Payment by an investor to brokers/dealers in the event of the investors’ redemption
Redemption Fee	Fee levied on an investor when the investor does not maintain its interest in a fund for a certain period, which fees will be retained by the fund
Formation	Capital contributions to a fund

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Cancellation	An act of dissolving a fund. Similar to the dissolution of an investment company
General Meeting of Shareholders	An organization where all shareholders of a fund gather to decide any material matter of AOI. Its method and procedures are governed by AOI
KOFIA Fund Code	A unique 5-digit code assigned to a fund by KOFIA for investors to easily inquire for public notices.
Withholding	Collection of tax on income or profits by the payor (usually a trading agent) in lieu of the government with respect to the payee's tax obligations
Reference Index	An index selected for comparison of fund performances. Also called a benchmark. In general, an active fund pursues profits exceeding the its comparison index and an index fund pursues to track its comparative index.
Leverage Effect	The effect of maximizing investment performances by investing, through borrowing, an amount exceeding the principal. An increase will create greater profits than unleveraged investment, and a decrease will create greater losses than unleveraged investment.
Interest Rate Swap	A transaction where financial institutions agree to exchange a fixed interest rate and a variable interest rate for a certain period for the purpose of reducing interest risks
Performance Fee	Compensation payable to an asset management company depending on the fund's performances. Permitted with respect only to public funds which satisfy certain requirements and private placed funds
Infrastructure	Infrastructure, within the meaning prescribed by the PPP Act. Facilities based on which various productive activities conducted, including roads, railroads, airports, and harbours.
Project Company	A company whose purpose is to manage infrastructure projects
Infrastructure Fund	An infrastructure collective investment and financing vehicle created or established based on the PPP Act.
(Infrastructure) Investment and Financing Company	An infrastructure investment and financing company established under the PPP Act, whose purpose is to invest in infrastructure projects in accordance with the same Act and distribute the profits from such investment to its interest holders.
Private Investment Project	A private offered project under the PPP Act or an infrastructure project developed by a concessionaire pursuant to a basic plan of private investment projects.
Concessionaire	A company which is designated under the PPP Act as a concessionaire to develop a private investment project.
Concession Agreement	An agreement between relevant governmental entities and a concessionaire with respect to the terms of the relevant project.
Portfolio Company (of the Company)	Project companies invested by the Company

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Portfolio Asset (of the Company)	Stocks, bonds, and loans of the project companies invested by the Company
Portfolio Infrastructures (of the Company)	Infrastructure assets managed by the project companies invested by the Company
Portfolio Projects (of the Company)	Infrastructure projects developed by the project companies invested by the Company
Investment Amount (of the Company)	An amount committed to acquire the residual value of the Company's portfolio assets or additional portfolio assets