

Macquarie Korea Infrastructure Fund

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Press Release



Macquarie Korea Infrastructure Fund to Convene an Extraordinary Shareholders' Meeting on September 19, 2018

(August 6, 2018 Seoul) – Macquarie Korea Infrastructure Fund (“MKIF”) today announced that it will convene an Extraordinary Shareholders’ Meeting (“EGM”) on September 19, 2018. On June 26, 2018, Platform Partners Asset Management Co. (PPAM), on behalf of its managed funds representing a minority interest in MKIF, submitted a request to convene a general meeting of shareholders to replace Macquarie Korea Asset Management (“MKAM”), MKIF’s current Corporate Director and asset manager, with KORAMCO Asset Management. After validating PPAM’s certification of beneficial share ownership on July 13, 2018, and following a comprehensive review of relevant laws and the Articles of Incorporation of MKIF, the Board of Directors has decided to convene this requested EGM.

The EGM will be held at 3:30 pm on September 19, 2018 at the Grand Ballroom of the Plaza Hotel in Seoul. Woo Young Jung, Supervisory Director of MKIF and Managing Partner of Lee & Ko., will chair the meeting.

Shareholders of record as of the close of business on August 21, 2018 will be entitled to vote on whether to replace MKAM, MKIF’s current Corporate Director and asset manager, with KORAMCO Asset Management.

The Board of Directors has adopted an electronic voting system to maximize shareholder participation. Furthermore, MKIF will request that the relevant court appoints an inspector to validate the results of the vote.

Under the Financial Investment Services and Capital Markets Act, all shareholders who object to the replacement of MKAM, MKIF’s current Corporate Director and asset manager, with KORAMCO Asset Management, may exercise appraisal rights. If the replacement of MKAM is approved during the meeting, MKIF must purchase, within 35 days of the EGM, any and all shares owned by any objecting shareholders who have exercised such appraisal rights at the volume weighted average of the closing price of MKIF’s shares during the 15 consecutive trading days immediately prior to the EGM, in which case MKIF may become exposed to serious financial risk.

The Supervisory Directors of MKIF have, with the assistance of one legal firm and two accounting firms, independently conducted a comprehensive examination of PPAM’s assertions. Following this independent examination, the Board of Directors have determined that, contrary to PPAM’s assertions, MKIF’s fee structure is more favorable to shareholders or falls within the range of those of comparable domestic and international funds, certain allegedly unlawful transactions were in fact lawfully and validly executed, and employee costs paid by MKIF’s portfolio companies fall within the range of those paid by comparable domestic companies.

Furthermore, in order to make their independent assessment regarding the proposed

change of Corporate Director and asset manager, the Supervisory Directors have reviewed the detailed materials submitted, upon the request of the Supervisory Directors, by each of KORAMCO Asset Management and MKAM regarding their respective credentials in relation to the management of MKIF. Upon their review of such materials, the Supervisory Directors have determined that, despite that KORAMCO Asset Management possesses some relevant experience, KORAMCO Asset Management lacks the necessary expertise and experience to manage a complex business such as MKIF, and replacement of MKAM with KORAMCO Asset Management greatly risks creating uncertainty and instability in the management of MKIF.

Finally, the Supervisory Directors are of the opinion that, a change in the Corporate Director and asset manager of MKIF, may expose MKIF to substantial financial loss and risk resulting from (a) funding obligations to satisfy appraisal rights exercised by shareholders who have objected to such change, (b) termination fees payable to MKIF's current asset manager and (c) incremental funding required to repay MKIF's outstanding loans and bonds; may impair MKIF's ability to pay future distributions to shareholders; and may significantly impair shareholder value.

As such, the Supervisory Directors of MKIF (for the avoidance of doubt, all directors comprising MKIF's Board of Directors but excluding the Corporate Director, MKAM) have expressed their opposition to the proposed shareholder resolution to change MKIF's Corporate Director and asset manager, and MKIF has filed proxy solicitation documents to the Financial Supervisory Service ("FSS") accordingly.

Media inquiries

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