MACQUARIE KOREA INFRASTRUCTURE FUND 2010 4th QUARTER ASSET MANAGEMENT REPORT





Important notice

Under the Financial Investment Service and Capital Market Act (the "Act"), Macquarie Korea Infrastructure Fund ("MKIF") is required to provide an Asset Management Report to its shareholders in the form, and containing the specific information, set out in the Act on a quarterly basis. This Asset Management Report has been prepared by MKIF in compliance with its statutory obligations.

Disclaimer

MKIF and Macquarie Shinhan Infrastructure Asset Management Co., Ltd. ("MSIAM"), are not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of MKIF/ MSIAM.

General advice warning

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

CONTENTS

| 1 (| General report | 4 |
|------|---|----|
| 1. | Overview | 4 |
| 2. | Asset details | 5 |
| II I | Management performance and term performance | 6 |
| 1. | Overview | 6 |
| 2. | Management plan | 6 |
| 3. | Management performance | 6 |
| 4. | Profit and Loss summary | 6 |
| III | Details of assets | 7 |
| 1. | Asset portfolio | 7 |
| 2. | Top ten invested assets | 7 |
| 3. | MKIF's asset portfolio details | 8 |
| IV | Registered asset managers | 9 |
| 1. | Registered asset managers | 9 |
| 2. | Change of registered asset managers | 9 |
| ٧ | Cost summary | 10 |
| 1. | Fees to service providers | 10 |
| 2. | Fees and expenses | 10 |
| VI | Invested asset transactions and Debt facility | 10 |
| 1. | Equity transactions | 10 |
| 2. | During the past three quarter equity turnover ratio | 10 |
| 3. | Loan sales | 10 |
| 4. | Loan injections | 10 |
| 5. | Debt facility status | 11 |
| VII | Notice | 11 |
| APPE | ENDIX I. MKIF BOARD OF DIRECTORS | 12 |
| APPE | ENDIX II. SUMMARY OF FINANCIAL STATEMENTS | 13 |

General report

Overview Under the Financial Investment Service and Capital Market Act (the Act)

Investment Grade: 4

| Fund name | Macquarie Korea Infrastructure Fund (MKIF) |
|-----------------------|---|
| | |
| Fund code* | 35801 |
| Date of incorporation | 12 December 2002 |
| Date of registration | 26 December 2002 |
| Date of listing | 15 March 2006 |
| Financial year end | 31 December every year |
| Fund maturity | Perpetual (until the occurrence of dissolution events defined in the Act) |
| Asset manager | Macquarie Shinhan Infrastructure Asset Management Co., Ltd. (MSIAM) |
| Sales agents | Shinhan Investment Corp., Samsung Securities Co., Ltd., Macquarie Securities Korea, Ltd., Hanwha Securities Co., Ltd., Kyobo Securities Co., Ltd., Tongyang Investment Bank Co., Ltd. |
| Custodian | Korea Securities Finance Corporation (KSFC) |
| Fund administrator | Korea Exchange Bank Investor Service Co., Ltd. |
| Board of directors + | Corporate Director: MSIAM |
| Doard of directors | Supervisory Directors: Dae Yun Cho, Kyung Soon Song and Tae Hee Yoon |
| Key staff of MSIAM + | Chul Hum Paik (CEO) Jason Pak (COO) Johnno Kim (Asset Management) Jong Hyuk Park (Asset Acquisition) Moon Mok Jung (Finance) Jinwook Park (Compliance) |
| MKIF profile | MKIF is a leading private sector infrastructure investor in Korea and has the largest portfolio of infrastructure assets in Korea that have been, or are being, constructed under the Private Participation in Infrastructure Act (PPI Act). MKIF was established in December 2002 with a mandate to invest in concession companies that construct or operate infrastructure assets such as toll roads, bridges and tunnels in Korea. MKIF invests in these concession companies through equity and debt. MKIF is focused on generating profits from its investments and distributing these profits to its shareholders. MKIF is proud to be making a significant contribution to Korea's infrastructure development. MKIF is managed by MSIAM. MSIAM is a joint venture between Macquarie Capital Funds (Europe) Limited, a member of the Macquarie Group Limited, and Shinhan Bank and Shinhan Capital, which are members of the Shinhan Financial Group. Korea Financial investment Association (KOFIA) |

^{*} Fund code generated by the Korea Financial investment Association (KOFIA) + See Section IV Registered Asset Managers and Appendix I Board of Directors for more information

2. Asset details

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

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

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

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

| / | In | i÷٠ | ΚP | W. | Sh | 101 | - |
|----|------|-----|----|-----|----|-----|------------|
| (! | וזכו | 11: | NΗ | vv. | 01 | ıaı | ϵ |

| | | | (Onit: Native, Onato) |
|--------------------------|-------------------|-------------------|-----------------------|
| Туре | Q3 2010 | Q4 2010 | % Change |
| Total Assets (A) | 2,023,920,114,086 | 2,064,940,571,049 | 2.03 % |
| Total Liabilities (B) | 362,855,045,291 | 369,163,883,671 | 1.74 % |
| Net Asset Amount (C=A-B) | 1,661,065,068,795 | 1,695,776,687,378 | 2.09 % |
| Shares (D) | 331,459,341 | 331,459,341 | 0.00 % |
| NAV per share (E=C/D) | 5,011.37 | 5,116.09 | 2.09 % |

Distribution payment (during the fourth quarter)

(Unit: KRW, Share)

| Date of | Distribution Amount | Balance after Payment | NAV p | Remarks | |
|---------|---------------------|-----------------------|----------------|---------------|---------|
| Payment | (KRW Million) | (Shares) | Before Payment | After Payment | Hemaiks |
| | | N/A | | | |

II Management performance and term performance

Overview

Established on 12 December 2002, MKIF is a leading private sector infrastructure investor in Korea under the PPI Act and governed by the Act. MKIF is mandated to invest in concession companies that construct or operate infrastructure assets through equity and debt. MKIF focused on generating profits from its investments and distributing these profits to its shareholders. As of 31 December 2010 MKIF has committed to invest in 12 toll roads, one subway and one port with total investment commitment of KRW1,783 billion.

2. Management plan

MKIF is focusing on investments in loans to, and unlisted equity and equity-linked securities of, concession companies that operate infrastructure assets such as toll roads and other infrastructure under concessions from Korean central, provincial or city governments throughout the country. These infrastructure assets have been, or are being, constructed under the PPI Act and benefit from various forms of government support. Also, these assets offer opportunities to maximise MKIF's profit through capital restructuring initiatives.

3. Management performance

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

A. Short-term performance

(Unit: %)

| Туре | 3 Month | 6 Month | 9 Month | 12 Month |
|---------------------|---------|---------|---------|----------|
| MKIF | 2.09 | 3.50 | 4.99 | 6.59 |
| Comparative Index + | | | N/A | |

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

B. Long-term performance

(Unit: %)

| Type | 1 Year | 2 Year ⁺ | 3 Year | 5 Year |
|---------------------|--------|---------------------|--------|--------|
| MKIF | 6.59 | 4.94 | 6.86 | 6.53 |
| Comparative Index ^ | | | N/A | |

⁺ The performance ratio reflected dilution effect resulting from stock distribution on 26 February 2009

4. Profit and Loss summary

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

(Unit: KRW million, %)

| Туре | Equity | Loan | Certificates of Deposit | Short-term Facilities & Deposit | Other Asset | Total Profit (Loss) |
|---------|--------|--------|----------------------------|------------------------------------|-------------|---------------------|
| Q4 2010 | 2,423 | 44,621 | - | 716 | 101 | 47,861 |
| Q3 2010 | - | 36,361 | - | 892 | 4 | 37,257 |

^{*} Performance quoted above is historical and does not guarantee future performance.

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

^{*} Performance quoted above is historical and does not guarantee future performance.

III Details of assets

1. Asset portfolio

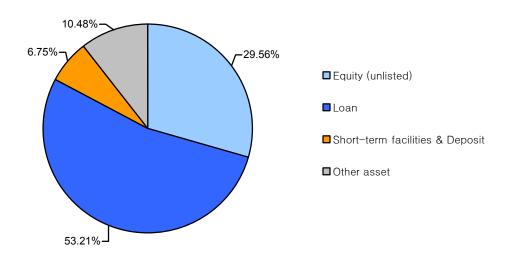
MKIF's investment portfolio consists of equity, loan and certificates of deposit, cash and deposits and other assets.

(Unit: KRW million, %)

| Туре | Equity (unlisted) | Loan ⁺ | Short-term facilities & Deposit | Other asset ^ | Total Assets |
|-------------------|-------------------|-------------------|---------------------------------|---------------|--------------|
| KRW | 610,399 | 1,098,823 | 139,365 | 216,354 | 2,064,941 |
| Composition Ratio | 29.56 | 53.21 | 6.75 | 10.48 | 100 |

⁺ Includes loans to concession companies

[^] Other Assets: interest receivable, other receivables and prepayment



2. Top ten invested assets

(Unit: million, %)

| | | | | (=, ,) |
|------|-------------------|---|---------------------|---------------------|
| Rank | Type | Name # | Acquisition Value + | Composition Ratio ^ |
| 1 | Subordinated loan | Cheonan-Nonsan Expressway Co., Ltd. | 182,250 | 8.83 |
| 2 | Senior loan | Kwangju Beltway Investment Co., Ltd. | 142,000 | 6.88 |
| 3 | Subordinated loan | BNCT Co., Ltd. | 135,329 | 6.55 |
| 4 | Equity (unlisted) | Cheonan-Nonsan Expressway Co., Ltd. | 93,815 | 4.54 |
| 5 | Subordinated loan | Incheon Bridge Co., Ltd. | 89,378 | 4.33 |
| 6 | Subordinated loan | Seoul Chuncheon Highway Co., Ltd. | 87,450 | 4.23 |
| 7 | Subordinated loan | MCB Co., Ltd. | 79,000 | 3.83 |
| 8 | Subordinated loan | Gyungsu Highway Co., Ltd. | 77,000 | 3.73 |
| 9 | Equity (unlisted) | Private Infrastructure Investment Korea | 76,887 | 3.72 |
| 10 | Senior loan | Kwangju Ring Road Co., Ltd. | 66,019 | 3.20 |
| | | | | |

[#] Busan New Container Terminal Co., Ltd. changed the name of the company to BNCT Co., Ltd
+ Under KGAAP and the Act, MKIF records the value of its equity investments in concession companies at their acquisition costs including transaction costs
^ Ratio refers to the contribution to total assets

3. MKIF's asset portfolio details

1 Equity securities (unlisted) (top five assets)

(Unit: Share, KRW million, %)

| Name | No. of Shares | Percentage Interest | Acquisition Value (A) | Appraisal Value (B) + | Gain/ Loss (B)-(A) | Composition Ratio ^ |
|--|---------------|------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| Cheonan-Nonsan Expressway Co., Ltd. | 17,550,000 | 60% | 93,815 | 93,815 | - | 4.54 |
| Private Infrastructure Investment Korea | 14,266,425 | 100% | 76,887 | 76,887 | - | 3.72 |
| New Airport Hiway Co., Ltd. | 10,594,360 | 24.1% | 59,880 | 59,880 | - | 2.90 |
| Gyungsu Highway Co., Ltd. | 11,550,000 | 35% | 58,362 | 58,362 | - | 2.83 |
| Korea Road Infrastructure Investment Co., Ltd. | 5,610,000 | 85% | 57,552 | 57,552 | - | 2.79 |

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

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

| | | | | | (Unit: Sha | re, KRW million, %) |
|--|---------------|------------------------|--------------------------|--------------------------|-----------------------|------------------------|
| Name # | No. of Shares | Percentage Interest | Acquisition Value (A) | Appraisal Value (B) + | iain/ Loss (B)-(A) | Composition Ratio ^ |
| Cheonan-Nonsan Expressway Co., Ltd. | 17,550,000 | 60% | 93,815 | 93,815 | - | 4.54 |
| Private Infrastructure Investment Korea | 14,266,425 | 100% | 76,887 | 76,887 | - | 3.72 |
| New Airport Hiway Co., Ltd. | 10,594,360 | 24.1% | 59,880 | 59,880 | - | 2.90 |
| Gyungsu Highway Co., Ltd. | 11,550,000 | 35% | 58,362 | 58,362 | - | 2.83 |
| Korea Road Infrastructure Investment Co., Ltd. | 5,610,000 | 85% | 57,552 | 57,552 | - | 2.79 |
| Seoul-Chuncheon Highway Co., Ltd. | 9,714,000 | 15% | 49,439 | 49,439 | - | 2.39 |
| Soojungsan Investment Co., Ltd. | 1,114,880 | 100% | 47,248 | 47,248 | - | 2.29 |
| BNCT Co., Ltd. | 9,003,120 | 30% | 45,644 | 45,644 | - | 2.21 |
| Seoul Metro Line 9 Co., Ltd. | 8,197,309 | 24.5% | 41,148 | 41,148 | - | 1.99 |
| MCB Co., Ltd. | 7,955,780 | 70% | 33,925 | 33,925 | - | 1.64 |
| Kwangju Ring Road Co., Ltd. | 5,775,000 | 75% | 29,495 | 29,495 | - | 1.43 |
| Kwangju Beltway Investment Co., Ltd. | 2,610,000 | 100% | 13,050 | 13,050 | - | 0.63 |
| Woomyunsan Infraway Co., Ltd. | 1,915,200 | 36% | 2,724 | 2,724 | - | 0.13 |
| Baekyang Tunnel Ltd. | 100,000 | 100% | 1,231 | 1,231 | - | 0.06 |

[#] Busan New Container Terminal Co., Ltd. changed the name of the company to BNCT Co., Ltd

(3) Loans to concession companies (top five assets)

| | · | | | | | | (Uni | t: KRW million, %) |
|---|----------------------|--------------------------|------------------|----------------|------------------|-----------|------------------|------------------------|
| Name # | Acquisition Value | Interest Receivable + | Interest Rate | Issued Date | Maturity Date | Guarantee | Credit Rating | Composition Ratio ^ |
| Cheonan-Nonsan Expressway Co., Ltd. (Sub) | 182,250 | 93,072 | 16.00 | 20/05/2005 | 20/05/2029 | N/A | N/A | 8.83 |
| Kwangju Beltway Investment Co., Ltd. (Senior) | 142,000 | 3,509 | 10.00 | 25/11/2004 | 30/09/2024 | N/A | N/A | 6.88 |
| BNCT Co., Ltd. (Sub) | 135,329 | 2,471 | 10.00 | 25/02/2008 | 25/11/2032 | N/A | N/A | 6.55 |
| Incheon Bridge Co., Ltd (Sub) | 89,378 | 11,430 | 11.49 | 12/04/2006 | 18/07/2026 | N/A | N/A | 4.33 |
| Seoul Chuncheon Highway Co., Ltd. (Sub) | 87,450 | 12,079 | 11.59 | 02/11/2006 | 28/05/2031 | N/A | N/A | 4.23 |

[#] Busan New Container Terminal Co., Ltd. changed the name of the company to BNCT Co., Ltd

Short term facilities and deposit

MKIF has also invested a proportion of its cash reserves in MMDA and term deposits. A summary of the MMDA and term deposit set out in the table below.

| Name* | Banks | Deposit amount + | Date of Deposit | Maturity Date | Interest Receivable | (Unit: KRW million, %) Composition Ratio ^ |
|-------|-------|------------------|-----------------|---------------|---------------------|--|
| | | | N/A | | | |

^{*} Each deposit amount exceeding 5% of the Total Assets

[^] Ratio refers to the contribution to total assets

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

A Ratio refers to the contribution to total assets

⁺These values are the accumulated interest receivable ^ Ratio refers to the contribution to total assets.

⁺ This value is the principal

[^] Ratio refers to the contribution to total assets

Other assets

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

(Unit: KRW million, %)

| Туре | Amount | Composition Ratio ^ |
|-----------------------|---------|---------------------|
| Interest Receivable * | 199,145 | 9.64 |

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

IV Registered asset managers*

1. Registered asset managers

MSIAM is licensed under the Act to carry out asset management activities for MKIF. As part of its licensing requirements, MSIAM is required to employ at least two infrastructure asset management professionals who meet certain qualifications. The following is the list of MSIAM's infrastructure asset management professionals who are registered with KOFIA and meet these requirements.

| Name (KOFIA | Date of fund | | | ent fund other n MKIF | |
|------------------------------------|---------------|----------------------|-------------------|------------------------------------|---|
| registration number) | management | Title | Number of fund(s) | Total asset under management | Career |
| Johnno Kim (06-02323-0004) | February 2006 | Division Director | N/A | N/A | Mr Kim has over 24 years experience in asset management and his previous experience includes: - Connell Wagner Group (consulting on major road projects) - Mott Macdonald Group (Project Engineer in UK) - BHP Engineering (Industrial & Commercial Development – Project Manager) - Egis Consulting/GHD (PF & Toll Road Management Consulting company) |
| Jong Hyuck Park (08-02323-0005) | January 2008 | Division Director | N/A | N/A | Mr Park has over 17 years experience with Kookmin Bank, including 10 years with Investment Banking Division and his previous experience includes: - Kookmin Bank (Project Manager for 3 port projects, 7 toll road projects and 2 property projects) - Worked as a member of advisory panel to PIMAC |

^{*} All of the two registered infrastructure asset managers work exclusively for MSIAM, the manager of MKIF which has investment commitment of KRW 1.78 trillion and no other fund. According to the Articles of Incorporation of MKIF, MKIF is allowed to pay the performance fee to MSIAM.

2. Change of registered infrastructure asset managers

| Period term | Registered asset managers ^ | Change |
|------------------------|-----------------------------|--------------|
| January 2008 ~ current | Jong Hyuck Park | Registration |
| November 2010 | Beom Shick Won | Retired |
| November 2010 | Jung Suk Lee | Retired |

[^] Change of registered asset managers during the past three years.

[^] Ratio refers to the contribution to total assets

V Cost summary

1. Fees to service providers

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

(Unit: KRW million, %)

| | | | | | | (=::::::::::::::::::::::::::::::::::::: |
|------|-------------------|---------|--------|---------|--------|---|
| Typo | | Q3 2010 | | Q4 2010 | | Remarks |
| Type | | Amount | Ratio+ | Amount | Ratio+ | Hemaiks |
| MKIF | Management fee | 5,704 | 0.343 | 5,959 | 0.355 | |
| | Sales Agent fee | - | - | - | - | |
| | Custodian fee | 84 | 0.005 | 85 | 0.005 | |
| | Administrator fee | 52 | 0.003 | 53 | 0.003 | |
| | Total | 5,840 | 0.351 | 6,097 | 0.363 | |
| | Other expenses | 580 | 0.035 | 862 | 0.051 | |
| | Transactions fee | - | - | - | - | |
| | | | | | | |

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

2. Fees and expenses

(Unit: Annualised, %)

| Turno | | | Collective Investment Vehicle |
|---------|---------|----------------------|-------------------------------|
| Type | | Total Expense Ratio* | Commission Ratio |
| MKIF | Q3 2010 | 1.5292 | - |
| IVITAIT | Q4 2010 | 1.6466 | - |

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

VI Invested asset transactions and Debt facility

1. Equity transactions

During the Quarter, MKIF acquired equity securities in concession companies or holding companies (which hold an interest in an underlying concession company). These acquisitions represented new investments for existing investments (in accordance with the schedule in the relevant shareholders agreement) and are summarised in the table below. During the Quarter, MKIF partially disposed of its equity securities of the concession companies.

(Unit: Shares, KRW million, %)

| Buy | | Se | Sell | | r Ratio ⁺ |
|---------|--------|-----------|--------|---------|----------------------|
| Shares | Amount | Shares | Amount | Q4 2010 | Annualised rate |
| 454,500 | 2,273 | 3,409,620 | 14,539 | 2.35 | 9.33 |

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

2. During the past three quarter equity turnover ratio

(Unit: %)

| 2Q 2010 | 3Q 2010 | 4Q 2010 |
|---------|---------|---------|
| - | - | 2.35 |

3. Loan sales

(Unit: KRW million)

| | | | (OTHE TATEVETTIMOTI) |
|---------------|-------------------|------------|----------------------|
| Name | Туре | Date | Amount |
| MCB Co., Ltd. | Subordinated Loan | 29/11/2010 | 61,266 |
| Total | | | 61,266 |

4. Loan injections

(Unit: KRW million)

| Name | Туре | Date | Amount |
|----------------|-------------------|------------|--------|
| MCB Co., Ltd. | Subordinated Loan | 29/11/2010 | 79,000 |
| BNCT Co., Ltd. | Subordinated Loan | 22/10/2010 | 1,511 |
| BNCT Co., Ltd. | Subordinated Loan | 29/11/2010 | 5,265 |
| Total | | | 85,776 |

5. Debt facility status

(Unit: KRW million)

| | | Debt facility amounts | | | |
|---|-----------------------|--------------------------|-----------------------------------|--------------------------|--|
| Name | Limit of the Facility | Cumulative to Q3 2010 | Movements in Q4 2010 ⁺ | Cumulative to Q4 2010 | |
| Shinhan Bank | 139,529 | 99,275 | 1,679 | 100,954 | |
| National Agricultural Cooperative Federation (NACF) | 139,529 | 99,275 | 1,679 | 100,954 | |
| Woori Bank | 109,630 | 78,002 | 1,319 | 79,321 | |
| Shinhan Life Insurance | 29,899 | 21,273 | 360 | 21,633 | |
| LIG Insurance | 19,933 | 14,182 | 240 | 14,422 | |
| Tongyang Life Insurance | 59,799 | 42,547 | 719 | 43,266 | |
| Total | 498,319 | 354,554 | 5,996 | 360,550 | |

⁺ MKIF repaid the debt facility of KRW 50 billion on 26 August 2010

VII Notice

Under the Financial Investment Service and Capital Market Act (the Act), MSIAM shall prepare this report and upload it on the web site of MKIF and KOFIA after confirmation from the Custodian (KSFC).

For more information on the website:

MKIF <u>macquarie.com/mkif</u>
KOFIA <u>http://dis.kofia.or.kr</u>

APPENDIX I. MKIF BOARD OF DIRECTORS

Supervisory directors

| Name | Career |
|-----------------|--|
| Dae Yun Cho | Practicing law at the law offices of Kim & Chang in Seoul since 1979 (Senior Partner) Acted as a consultant for various Korean Ministries, including the Ministry of Strategy and Finance and the Ministry of Knowledge Economy Former senior adviser to the Korea International Trade Law Association, the arbitrator of the Korean Commercial Arbitration Board Panel member of the WTO's Subsidies and Countervailing Duties Committee President of the International Association Korean Lawyer |
| Kyung Soon Song | Founding Representative Director of Korea Expert Consulting Group (KECG) Visiting Professor at the Graduate School of International Studies of Seoul National University since 2003 Former senior staff member of World Bank Former Chief Operating Officer of Nomura Project Finance International Limited |
| Tae Hee Yoon | Chairman, Lutronic Corporation Inc, Korea Former Vice-Chairman, Financial Advisory Services, PricewaterhouseCoopers Former Chairman of Arirang International TV Founding chairman of Korea Economic Intelligence, New York Wall Street |

Corporate director - MSIAM

| | _ | | | |
|-----------------|--|--|--|--|
| Name | Career | | | |
| Chul Hum Paik | Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd. Headed the Financial Products division of Shinhan Macquarie Financial Advisory from 2001 to 2006 Joined Shinhan Bank in 1993, with responsibilities for international banking and investment banking division | | | |
| Jason Pak | Chief Operating Officer of Macquarie Shinhan Infrastructure Asset Management Co., Ltd. Joined Macquarie Group in 2002 and spent 4 years on the equity capital market and M&A advisory side with Macquarie Securities Worked over 5 years in the Corporate Finance division of KPMG, in Seoul and London on the M&A advisory side | | | |
| Jong Hyuck Park | Head of Transaction Team of Macquarie Shinhan Infrastructure Asset Management Co., Ltd. Joined Macquarie Group in 2007 with responsibilities for asset transactions Worked over 10 years mainly in Investment Banking Division of Kookmin Bank Worked as a member of advisory panel to PIMAC | | | |
| Chun Bae Kim | Vice President of Shinhan Capital Joined Shinhan Capital in 2008 and lead various investment projects | | | |
| Young Chul Lee | Head of Project Financing Team in Investment Banking Group of Shinhan Bank Joined Shinhan Bank in 1994 with responsibilities for various project finance transactions involving SOC projects in Korea | | | |

APPENDIX II. SUMMARY OF FINANCIAL STATEMENTS

Statements of Financial Position

As of 31 December 2010, 30 September 2010 and 31 December 2009

(Unit: KRW million)

| | | | (=:::::: | |
|--|------------------|-------------------|------------------|--|
| | 31 December 2010 | 30 September 2010 | 31 December 2009 | |
| Assets | | | | |
| I . Invested assets | 1,848,587 | 1,803,963 | 1,964,784 | |
| Cash & deposits | 139,365 | 103,340 | 239,694 | |
| Loans receivable | 1,098,823 | 1,077,957 | 1,112,570 | |
| Equity securities | 610,399 | 622,666 | 612,520 | |
| II. Others | 216,354 | 219,957 | 189,512 | |
| Interest receivables | 199,145 | 201,481 | 168,342 | |
| Other receivables | 3,860 | 3,883 | 3,178 | |
| Deferred costs, net | 13,349 | 14,593 | 17,992 | |
| Total assets | 2,064,941 | 2,023,920 | 2,154,296 | |
| Liabilities | | | | |
| Payables | 1 | 1 | 7 | |
| Management fee payable | 5,958 | 5,704 | 5,814 | |
| Other liabilities | 2,654 | 2,596 | 77,986 | |
| Long-term debt | 360,551 | 354,554 | 380,087 | |
| Total liabilities | 369,164 | 362,855 | 463,894 | |
| Shareholders' equity | | | | |
| I . Share capital | 1,670,986 | 1,670,986 | 1,670,986 | |
| II. Retained earnings | 24,791 | (9,921) | 19,416 | |
| Total shareholders' equity | 1,695,777 | 1,661,065 | 1,690,402 | |
| Total liabilities and shareholders' equity | 2,064,941 | 2,023,920 | 2,154,296 | |

Statements of income

For the Quarter Ended 31 December 2010 and 30 September 2010 Year ended 31 December 2010

(Unit: KRW million)

| | Quarter Ended 31 Dec. 2010 | Quarter Ended 30 Sep. 2010 | Year Ended 31 Dec. 2010 |
|-------------------------------|-------------------------------|-------------------------------|----------------------------|
| I . Revenue | 47,861 | 37,257 | 166,275 |
| 1. Interest income | 40,021 | 37,253 | 151,281 |
| 2. Arrangement fees | 100 | - | 100 |
| 3. Gain on sale of investment | 7,739 | - | 14,888 |
| 4. Other income | 1 | 4 | 6 |
| II. Expenses | 13,149 | 12,863 | 54,833 |
| 1. Management fees | 5,959 | 5,704 | 22,891 |
| 2. Custodian fees | 85 | 84 | 335 |
| 3. Administrator fees | 53 | 52 | 251 |
| 4. Interest expense | 6,088 | 6,349 | 25,620 |
| 5. Other expenses | 964 | 674 | 5,736 |
| III. Net income | 34,712 | 24,394 | 111,442 |

CORPORATE DIRECTORY

Manager of MKIF

Macquarie Shinhan Infrastructure Asset Management Co., Ltd. 4th Floor, Hanwha Building, 110 Sokong-Dong, Chung-Gu, Seoul, 100-755, KOREA Telephone +82 2 3705 8565 Facsimile + 82 2 3705 8596

MKIF Custodian

Korea Securities Finance Corp. 34-9, Yeouido-Dong, Yeoungdeungpo-Gu, Seoul, 150-884, KOREA Telephone + 82 2 3770 8800 Facsimile + 82 2 3770 8244

MKIF Administrator

Korea Exchange Bank Investor Services Co., Ltd Han Oe Building 9th Floor, 70 Da Dong Chung-Gu, Seoul, 100-180, KOREA Telephone + 82 2 6714-4613 Facsimile + 82 2 6714-4800