



MACQUARIE KOREA INFRASTRUCTURE FUND

2008 First Half Year Results Presentation

22 July 2008

A LEADING INFRASTRUCTURE
INVESTOR IN KOREA

MKIF



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CONTENTS



1 Key results

– Results Highlights	5
– Financial Performance	6
– Underlying Asset Performance	7
– Financial Strength	8
– Construction Progress	9
– Machang Bridge	10
– Distribution	11
– Conclusion	12

2 Appendices

– Traffic Performance	14
– Income Statements	15
– Balance Sheets	16
– Cashflow Statements	17
– Portfolio	18
– Machang Bridge	19
– Transactions	21
– Portfolio	22



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Key Results

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RESULTS HIGHLIGHTS

Well positioned in a market downturn



- MRG (Minimum Revenue Guarantee) providing stability of underlying performance
 - Inflation (CPI) fully reflected in revenues
 - Low elasticity with fuel price movements
- Unaffected by credit market concerns
 - Korean debt markets with strong appetite for MRG-backed assets
 - Ease of refinancing backed by MRG cashflows
 - Relatively low gearing with largely fixed interest obligations
 - Strong cash position both at MKIF and asset level
- Certainty of revenues providing solid distribution coverage
 - Government-backed revenue growth supporting a growing distribution profile

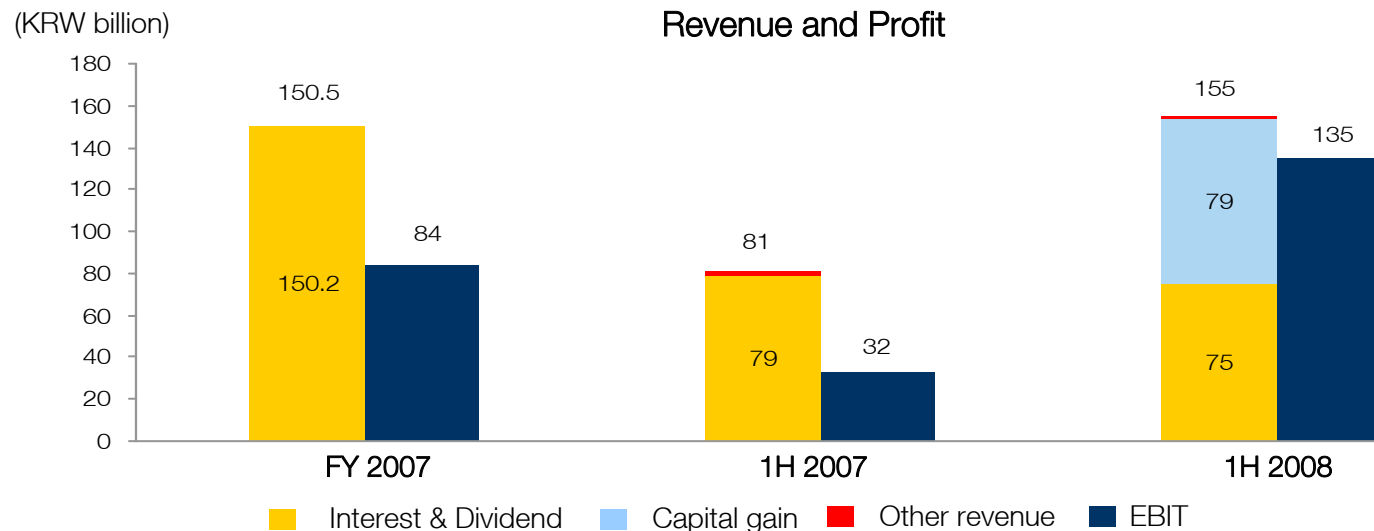


FINANCIAL PERFORMANCE

Highly profitable results



- Assets continue to perform strongly
 - 8% increase in interest income compared to the prior corresponding period (“pcp”)
- Demonstrated ability to create value through two transactions
 - Securitisation of senior loan in Baekyang Tunnel and Sale of convertible bonds in New Daegu Busan
 - Realised a total of KRW 79 billion of capital gains



Note: Dividend income from Incheon International Airport Expressway decreased to KRW 0.5 billion in 1H 2008 from KRW 9.8 billion in pcp due to capex reserve and debt payment planned for 2008

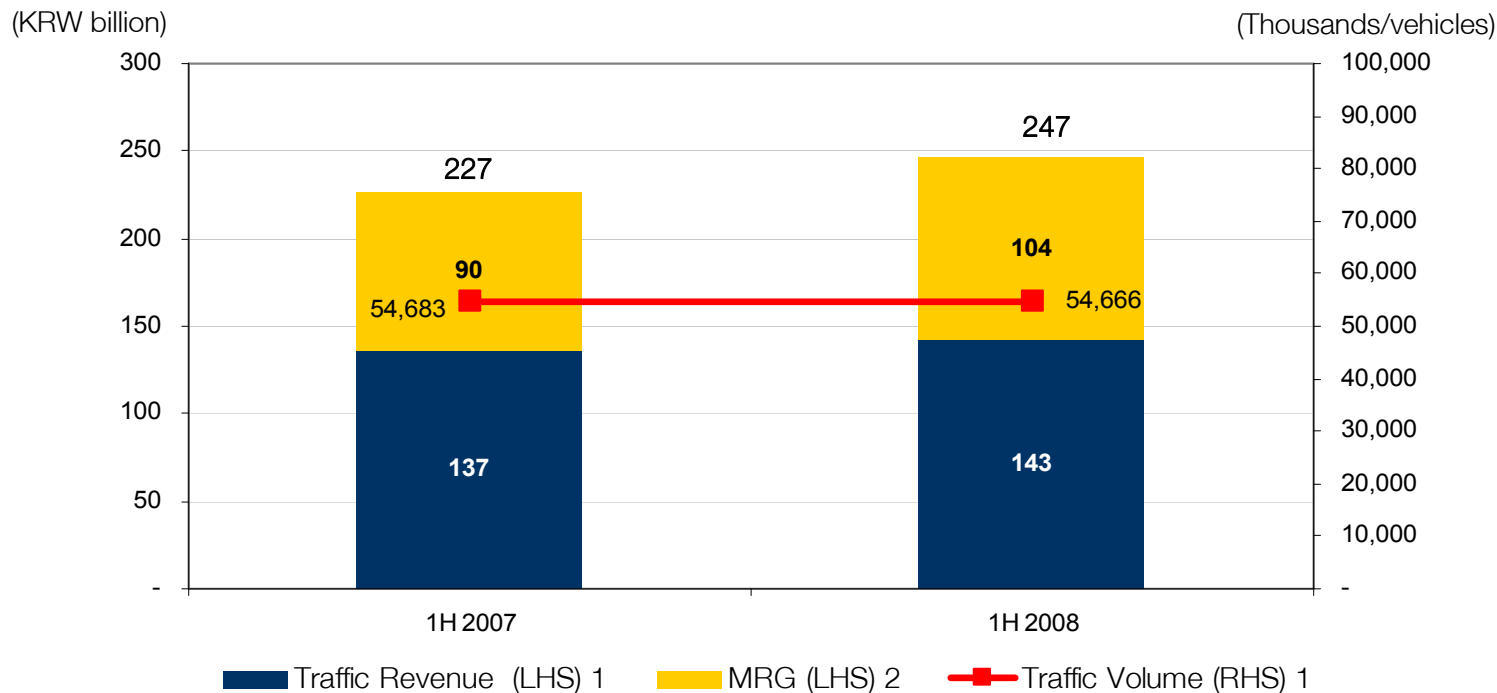


UNDERLYING ASSET PERFORMANCE

Sound traffic results



- On an aggregate basis, traffic revenue grew by 4.7% over prior corresponding period (“pcp”)
- Traffic resilience shown despite 20% increase in domestic oil prices during 1H
- Inflation adjusted, MRG-backed revenues, resulting in 8.8% growth in total aggregate revenue over pcp



1. Based on aggregate traffic revenues and traffic volume of underlying assets

2. Based on estimated aggregate MRG protected revenues of the underlying assets in accordance with the respective Concession Agreement less Traffic Revenue



FINANCIAL STRENGTH

Strong balance sheet position



- Unaffected by credit market concerns
 - MRG cashflows continue to attract liquidity in the capital markets
 - Proportionately consolidated gearing¹ is relatively low at approximately 33%
 - 75% of interest obligations at the asset level are either fixed or swapped to fixed
 - Weighted average maturity of senior debt across assets is over 10 years

- Strong balance sheet position
 - Proportionately consolidated cash balance of circa KRW 395 billion, consisting of KRW 226 billion and KRW 169 billion² of cash position at the MKIF and asset level, respectively
 - Corporate loan facility of KRW 500 billion of which 255 billion remains undrawn

1. $(\text{proportionate net senior/sub debt} + \text{MKIF net debt}) / (\text{proportionate net senior/sub debt} + \text{MKIF net debt} + \text{MKIF market capitalisation})$, MKIF provided senior, sub-debt and shareholder loan excluded
2. As of 30 June 2008 / Total aggregate cash balance at the asset level is KRW 524 billion



CONSTRUCTION PROGRESS

Timely construction completion expected



- Five additional greenfield assets scheduled to become operational by end of 2009
- Most assets under construction progressing on schedule
- In principle, construction companies bear full construction risks
- Cash injections are made according to construction progress

As of 30 June 2008	Actual Progress (B)	Scheduled Progress (A)	% of Actual v Schedule (B)/(A)	Estimated Completion
Seoul-Chuncheon Expressway	78.6%	82.6%	95.1%	2H 2009
Incheon Grand Bridge	76.7%	76.5%	100.3%	2H 2009
Seosuwon-Osan-Pyungtaek Expressway	67.2%	68.4%	98.2%	2H 2009
Yongin-Seoul Expressway	59.6%	58.1%	102.6%	1H 2009
Seoul Subway Line 9, Section 1 ¹	46.6%	74.1%	62.8%	1H 2009
Busan New Port Phase 2-3	15.1%	11.9%	126.1%	2H 2011

1. Updated as of end of March 2008. Underground civil construction managed by the government had fallen behind schedule causing the construction delay. MKIF anticipates that its expected investment returns will be unaffected by this delay.

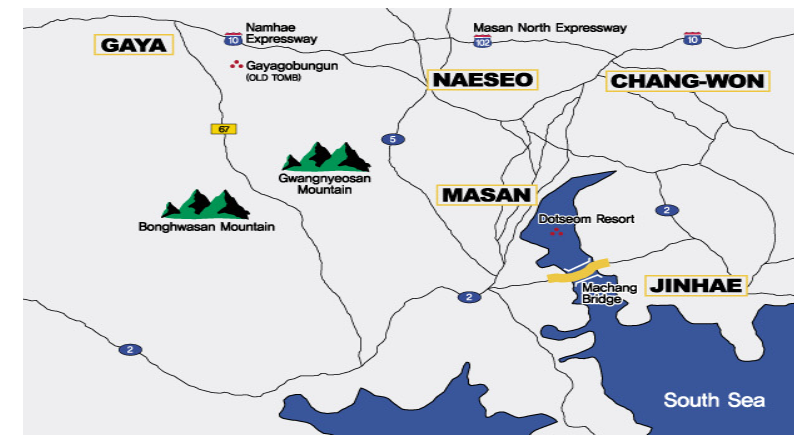


MACHANG BRIDGE

Open to traffic on time and on budget



- Third largest cable-stayed bridge in Korea
 - Directly linking two major cities in Gyeongsang-namdo, Masan and Changwon
 - Constructed on time (4 years) on a budget of KRW 253 billion by Bouygues and Hyundai Engineering
- MKIF committed to 100% equity and 100% of sub-debt
 - Currently hold 49% equity
 - Scheduled to purchase remaining 51% equity for approximately KRW 20 billion at the end of July 2008 ¹
- 30-year concession with MRG (Minimum Revenue Guarantee) for the full concession life
 - MRG up to 80% of inflation-adjusted toll revenues set out in the Concession Agreement ²
- Key benefits from the asset include:
 - Reduction in transit time between Masan and Changwon
 - Savings in freight and shipping costs
 - Means of tourist attraction



1. In accordance with the equity takeout agreement signed at the time of the investment commitment
2. Concession Agreement details are contained in the Appendix

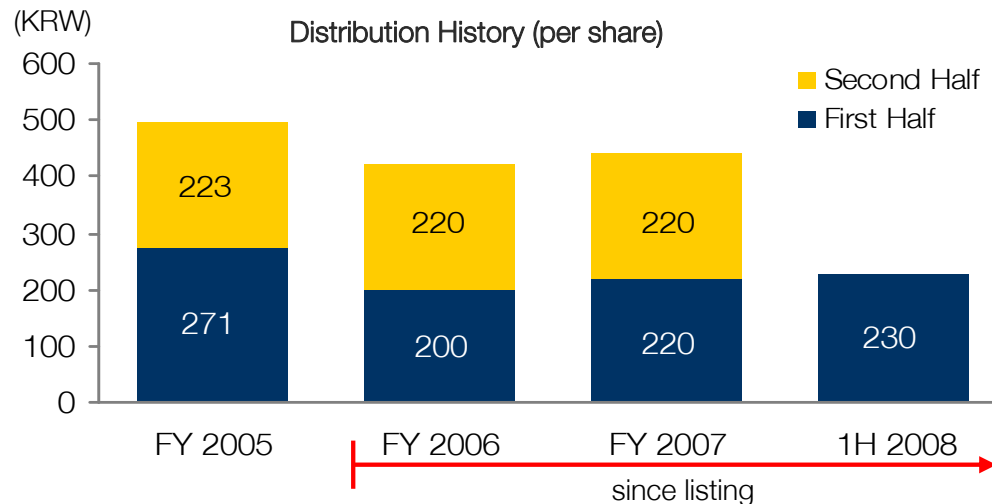


DISTRIBUTION

MRG-backed distribution coverage



- 1H 2008 distribution of KRW 230 per share
 - 4.5% growth over 2H 2007 distribution
 - Trading yield of 7% per annum¹
- Solid distribution coverage position to be maintained
 - MRG providing certainty of earnings available for future distribution
 - 10.4% nominal CAGR growth² of aggregate underlying revenues over the next 8 years



1. Based on share price of KRW 6,500 per share as at 30 June 2008

2. Assumes 3% inflation



CONCLUSION

MKIF's unique strengths providing safe investment haven



- ✓ Inflation hedged, MRG-backed revenues providing certainty of minimum performance
- ✓ Strong financial position with deep pocket of cash and attractive debt profile
- ✓ Largely immune from credit market volatility

Certainty of revenue growth, financial stability and additional 5 assets becoming operational by 2009 provide a solid platform to sustain a growing distribution profile



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Appendices

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TRAFFIC PERFORMANCE



	Maturity of the asset	Average daily traffic (no of vehicles)			Average daily revenue (KRW thousand) ¹		
		1H 2007	1H 2008	Change	1H 2007	1H 2008	Change
Cheonan-Nonsan Expressway	Growth	31,113	31,611	1.6%	217,794	226,918	4.2%
Gwangju Second Beltway, Section 1	Mature	36,397	35,610	-2.2%	31,979	31,186	-2.5%
Gwangju Second Beltway, Section 3-1	Ramp-up	20,999	24,147	15.0%	16,962	19,427	14.5%
Baekyang Tunnel	Mature	68,931	67,218	-2.5%	44,067	49,243	11.7%
Soojungsan Tunnel	Growth	40,143	39,369	-1.9%	26,649	29,891	12.2%
Incheon International Airport Expressway	Growth	66,878	65,807	-1.6%	365,079	380,011	4.1%
Woomyunsan Tunnel	Growth	19,016	19,976	5.0%	33,164	34,795	4.9%
Daegu 4th Beltway East	Mature	18,638	18,284	-1.9%	18,667	18,327	-1.8%
Aggregated growth rate				(0.03%)			4.7%
Weighted average growth rate²				0.2%			5.2%

¹ Revenue figures do not include any compensation received or receivable from government counterparties, including minimum revenue guarantee (MRG) payments and compensation for delayed toll increases, but do include reimbursement of toll exemptions for container trucks in relation to Baekyang Tunnel and Soojungsan Tunnel.

² Weighted average growth calculated considering the revenue size of each asset and the MKIF's equity interest in each concession company



INCOME STATEMENTS



(Unit: KRW million)

	FY 2007	1H 2007	1H 2008	Change
Operating Revenue	150,480	80,955	154,792	91%
Interest Income	140,363	68,754	74,513	8%
Arrangement fees	875	875	2,895	231%
Dividend Income	9,842	9,842	482	(95%)
Loss on valuation of debt securities	(3,786)	(1,440)	(2,922)	103%
Gain on sale of loans receivable ¹	-	-	24,454	NA
Gain on sale of debt securities ¹	-	-	54,946	NA
Other Income	3,186	2,924	424	(86%)
Operating Expense	68,449	48,637	26,782	(45%)
Management fee	32,139	15,891	14,926	(6%)
Performance fee ²	27,341	27,341	-	(100%)
Interest expense	1,722	70	6,605	9336%
Other expenses	7,247	5,335	5,251	(2%)
Net Profit	82,031	32,318	128,010	296%

1. Including the gain on sale of loans receivable to Baeyang Tunnel and of debt securities to New Daegu Busan Expressway

2. Including performance fee of KRW 27.3 billion relating to out-performance over 2nd quarter in 2007. On a quarterly basis, the management company of MKIF is eligible to earn a performance fee if the MKIF Accumulation Index outperforms the benchmark return of 8% p.a.



BALANCE SHEETS



	(Unit: KRW million)	
	31-Dec-07	30-Jun-08
Total Assets	1,824,991	2,003,727
I . Invested Assets	1,668,493	1,863,482
Cash and deposits	83,530	226,346
Loans receivable	1,070,291	1,070,896
Equity securities	473,504	566,240
Debt Securities	41,168	-
II . Others (Receivables, prepayments, etc.)	156,498	140,245
Total Liabilities	122,293	244,186
Accounts payables	121	3
Management fee payable	8,139	7,342
Long-term debts	113,009	234,904
Other liabilities	1,024	1,937
Total Shareholders' Equity	1,702,698	1,759,541
Total Liabilities and Shareholders' Equity	1,824,991	2,003,727

Capital Injection into MKIF investments		
(Unit: KRW million)		
Asset	Item	1H 2008
Machang Bridge	Equity	4,358
	Sub Debt	5,484
Incheon Grand Bridge	Equity	7,970
	Sub Debt	9,833
	Senior Debt	14,249
Yongin-Seoul Expressway	Equity	19,472
	Sub Debt	31,100
Busan New Port	Equity	18,921
	Sub Debt	26,120
Baekyang Tunnel	Equity	239
	Sub Debt	1,754
Seosuwon-Osan-Pyungtaek	Sub Debt	600
Seoul Metro 9	Equity	40,987
	Sub Debt	33,460
Total		214,547

* Excluding transaction costs



CASHFLOW STATEMENTS



(Unit: KRW million)

	FY2007	1H 2007	1H 2008	Change
Cash flows from operating activities:				
Cash inflows from operating activities	97,102	56,847	339,564	498%
Sale of loans receivable	-	-	172,000	NA
Sale of debt securities	-	-	108,319	NA
Interest income and other	97,102	56,847	59,245	4%
Cash outflows from operating activities:	(264,640)	(118,558)	(242,580)	105%
Investments	(196,432)	(95,349)	(214,547)	125%
Fees and expenses	(68,208)	(23,209)	(28,033)	21%
Net cash provided by (used in) operating activities	(167,538)	(61,711)	96,984	NA
Cash flows from financing activities:				
Share issuance costs	(267)			
Proceeds from long-term debt, net	112,000	14,000	117,000	736%
Distributions paid	(142,335)	(71,168)	(71,168)	-
Net cash provided by (used in) financing activities	(30,602)	(57,168)	45,832	NA
Net increase (decrease) in cash and deposits	(198,140)	(118,879)	142,816	NA
Cash and deposits at beginning of the period	281,670	281,670	83,530	(70%)
Cash and deposits at end of the period	83,530¹	162,791	226,346	39%

1. MKIF received cash proceeds of KRW 172 billion January 2008 from the securitisation of Baekyang Tunnel Shareholders loan, and KRW 108 billion in March from the sale of the convertible bonds issued by Daegu Busan Expressway Co., Ltd.



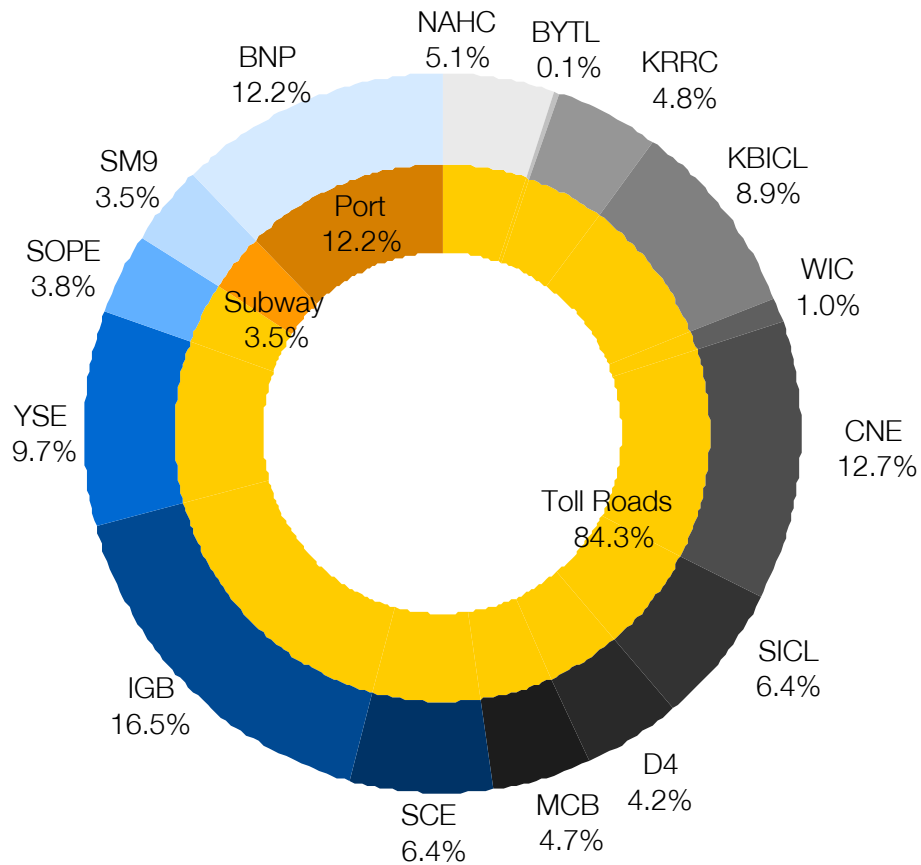
PORTFOLIO

Well balanced, diversified portfolio



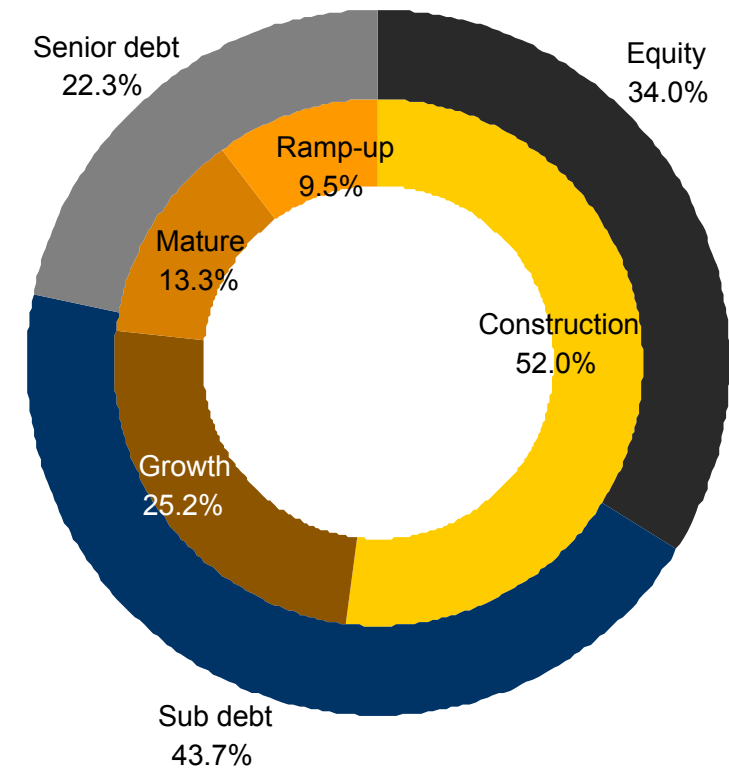
Portfolio Composition by Asset¹

As of 30 June 2008



Portfolio Composition by Phase and Type

As of 30 June 2008



1. Full name of each asset contained in Appendices – slide 22



MACHANG BRIDGE



Machang Bridge Overview



- Opened to traffic on 15 July 2008
- 1.7km dual two-lane bridge
- First direct link between the cities of Masan and Changwon, the two major industrial cities in southeastern Korea
- Construction completed on time in 4 years and on budget of approximately KRW 253 billion

Concession Agreement

Government Authority	Gyeongsangnam Provincial Government (GSND)
Concession Term	30 years
Guarantee Duration	30 years
Minimum Guarantee	80% of annual CA projected revenue
Revenue Cap	120% of annual CA projected revenue
Termination Payment	Construction & operation coverage
Operation Commencement	15 July 2008
Initial Toll Rate ¹	KRW 2,400 (small vehicle)

¹ Toll increase allowed once a year, escalation is based on CPI of previous year

MKIF Commitment

Investment Type	Percentage	Amount (KRW bn)
Subordinated loan	100%	51.2
Equity	49%	27.8
Equity (take-out)	51%	Approx 20.0
MKIF's total investment	100%	99.0



MACHANG BRIDGE (cont'd)



Toll revenue forecast under the concession agreement¹

(Unit: KRW billion)

Year	Revenue Forecast	Year	Revenue Forecast	Year	Revenue Forecast	Year	Revenue Forecast	Year	Revenue Forecast
2008	15.5	2014	26.0	2020	30.4	2026	34.0	2032	37.2
2009	21.5	2015	26.9	2021	31.0	2027	34.6	2033	37.7
2010	22.4	2016	27.6	2022	31.5	2028	35.2	2034	38.3
2011	23.2	2017	28.5	2023	32.2	2029	35.7	2035	38.8
2012	24.1	2018	29.3	2024	32.8	2030	36.2	2036	39.3
2013	25.2	2019	29.8	2025	33.4	2031	36.7	2037	39.9
								2038	10.0

¹ Real price as at 15 August, 2001, excluding VAT



TRANSACTIONS



	Securitisation of Baekyang Tunnel	Sale of New Daegu Busan CB
Timing	January 2008	March 2008
Description	<ul style="list-style-type: none"> ▪ Securitisation of the shareholder loan in Baekyang Tunnel Ltd. involving issuance of asset-backed securities bonds 	<ul style="list-style-type: none"> ▪ Divestment of MKIF held convertible bonds issued by New Daegu Busan Expressway
Value	<ul style="list-style-type: none"> ▪ A total issue amount of KRW 172 billion 	<ul style="list-style-type: none"> ▪ A total sale consideration of KRW 108.3 billion
Pricing	<ul style="list-style-type: none"> ▪ Bonds have been priced at 90bps margin over 10yr Korean treasuries, or 6.73% ▪ Received “AAA” domestic rating supported by credit wrap provided by Shinhan Bank 	<ul style="list-style-type: none"> ▪ Circa 31% IRR per annum since investment ▪ Accounting gain of KRW 54.9 billion ▪ Key terms of the convertible bonds: <ul style="list-style-type: none"> - Investment of KRW 32 bil in 2003 - 5 year, zero coupon bonds issued in Sep 2003 - 9% interest per annum
Transaction rationale	<ul style="list-style-type: none"> ▪ Recycling mature assets to fund early stage projects ▪ Immediate source of cash ▪ Structured to capture future upside ▪ Validation of MKIF intrinsic value ▪ Proof of asset re-rating story 	<ul style="list-style-type: none"> ▪ Source of cash to pay down debt and service investment commitments ▪ Represented minority interest of 6% if converted



PORTFOLIO



As of 30 June 2008

Commitment (KRW billion) & Debt interest rate (% per annum)

Name	Abbrev.	Equity	Ownership (%)	Sub Debt	Interest rate	Sr Debt	Interest rate	Total
Incheon International Airport Expressway	NAHC	58.2	24.1	51.7	13.9	-		109.9
Baekyang Tunnel	BYTL	1.2	100.0	-		1.7	15.0	2.9
Gwangju 2nd Beltway Section 3-1	KRRC	28.9	75.0	-		73.3	7.85	102.2
Gwangju 2nd Beltway Section 1	KBICL	13.1	100.0	35.2 ¹	20.0	142.0	10.0	190.3
Woomyunsan Tunnel	WIC	20.3	36.0	-		-		20.3
Cheonan-Nonsan Expressway	CNE	87.7	60.0	182.3	8.0	-		270.0
Soojungsan Tunnel	SICL	47.1	100.0	19.3	20.0	70.2	8.5	136.6
Daegu 4th Beltway, East	D4	57.5	85.0	32.0	17.0	-		89.5
Machang Bridge	MCB	49.6	49.0/100.0 ²	51.2	20.0	-		100.8
Seoul-Chuncheon Expressway	SCE	48.6	15.0	87.4	11.0	-		136.0
Seoul Subway Line 9	SM9	40.9	24.5	33.5	15.0	-		74.4
Incheon Grand Bridge	IGB	74.5	41.0	89.4	12.0	188.0	8.0	351.9
Yongin-Seoul Expressway	YSE	129.6	35.0/67.0 ³	77.0	13.0	-		206.6
Seosuwon-Osan-Pyungtaek Expressway	SOPE	-	-	80.0	9.0	-		80.0
Busan New Port Phase 2-3	BNP	66.4	30.0	193.0	10.0	-		259.4
Total		723.6		932.0		475.2		2,130.8
Percentage (%)		34.0		43.7		22.3		100.0

1. Includes KRW 3.2 billion working capital facility with interest rate of 15%

2. Assumes full take out of sponsor equity for a fixed sum at the time of operation commencement (giving MKIF 100% equity interest in concession company)

3. Includes MKIF's commitment to acquire an additional 32% equity interest at the maximum of variable price range agreed with project sponsors (increasing MKIF's equity stake to 67%)