



MACQUARIE KOREA INFRASTRUCTURE FUND REPORTS THIRD QUARTER 2008 FINANCIAL AND TRAFFIC RESULTS

21 October 2008 - Macquarie Korea Infrastructure Fund (MKIF) today announced its financial results for the quarter ended 30 September 2008 (the Quarter), together with the traffic results for the same period.

MKIF continued to deliver solid results in the current difficult economic and market conditions, with the following highlights for the Quarter:

- On a weighted average basis¹, actual traffic and revenue fell compared to the prior corresponding period (pcp) by 3.0% and 2.2%, respectively, primarily due to the economic slowdown affecting the number of road users. Nevertheless, MKIF reported increases in its revenue and net income for the Quarter due to the government protected revenues.
- On a non-consolidated basis, MKIF recorded total revenue and net income of KRW 39.2 billion and KRW 27.4 billion for the Quarter, respectively, representing a 9.6% and 3.9% increase from the pcp.
- The net income for the nine-month period of KRW 155.4 billion represents 165% increase in distributable earnings compared to the pcp.²
- MKIF remains financially healthy with conservative debt positions as at the end of the Quarter - All asset level debt consists of fully-funded, long-term amortising debt facilities with more than 10 year of weighted average maturity. In addition, MKIF³ has circa 70% fixed/hedged position on its interest obligations with relatively low gearing at approximately 41%.
- Construction of the greenfield assets are progressing mostly on time and on budget.
- Minimum Revenue Guarantee (MRG) payments were received on schedule.

Mr Chul Hum Paik, Representative Director of Macquarie Shinhan Infrastructure Asset Management Co. Ltd. ("MSIAM"), said: "MKIF remains fundamentally strong in all key aspects of its business. The inflation-adjusted and government-subsidised revenue streams shield MKIF from economic and financial market volatilities.

"MKIF is well positioned to withstand the deteriorating financial environment by its conservatively structured debt position. Moreover, MKIF has no external funding requirement within next 3 years. As for the construction assets, they are generally progressing on time and on budget with 5 out of 6 greenfield assets becoming operational within next 12 months."

"Lastly, MKIF's ability to provide stable and growing distributions remains unscathed. MKIF is one of the higher yielding companies in the Korean stock market with around 10% annualised yield on yesterday's market price⁴. Furthermore, the sharp increase in distributable earnings during the first nine months compared to the pcp is indicative of the extra distribution capacity that exists from capital management activities."

"All these aforementioned factors make MKIF more appealing than ever in today's challenging environment', concluded Mr. Paik.

¹ The weighted average growth rates in traffic and revenue are calculated considering the revenue size of each asset and the MKIF's equity interest in each concession company

² MKIF recorded KRW 79.4 billion of gains in total in 1H 2008 from two transactions; securitisation of the Baekyang Tunnel senior loan and the sale of the convertible bonds issued by New Daegu Busan Expressway

³ Based on proportionately consolidated figures

⁴ Based on the interim distribution paid for the 1st half 2008, KRW 230 and closing price, KRW 4,320, as of 20 October 2008

Financial Results ¹

(Unit: KRW million)

	Nine Months Ended 30 Sep 2008	Quarter Ended 30 Sep 2008	Quarter Ended 30 Sep 2007
Revenue	194,029	39,237	35,811
Interest income	113,918	39,405	35,774
Arrangement fees	2,895	-	-
Dividend income	482	-	-
Loss on valuation of debt securities ²	(2,922)	-	(107)
Gain on sale of loans and debt securities ³	79,400	-	-
Other income ⁴	256	(168)	144
Operating Expenses	38,668	11,886	9,479
Management fee	21,861	6,935	8,110
Interest expense	10,968	4,363	501
Other expenses	5,839	588	868
Net Income	155,361	27,351	26,332

1. Unaudited, non-consolidated basis
2. Valuation loss on the convertible bond investment issued by Daegu-Busan Expressway Co., Ltd.
3. The gain on securitisation of Baekyang Tunnel Ltd. and of convertible bond to Daegu-Busan Expressway Co., Ltd.
4. Includes gain(loss) on Certificate of Deposits

Traffic Results

Asset	2008 3 rd Quarter		2008 Year to Date	
	Traffic (%) ¹	Revenue (%) ²	Traffic (%) ¹	Revenue (%) ²
Weighted Average growth	(3.0%)	(2.2%)	(1.0%)	2.5%

1. Percentage increase from prior corresponding period, based on average daily traffic.
2. Percentage increase from prior corresponding period, based on average daily revenue.

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Appendix 1. Financial results¹

BALANCE SHEETS

As of 30 September 2008 and 30 June 2008

	30 September 2008	30 June 2008
	(Unit: KRW million)	
	<u>30 September 2008</u>	<u>30 June 2008</u>
Assets		
I . Invested Assets	1,871,433	1,863,482
Cash & deposits	167,964	226,346
Loans	1,107,648	1,070,896
Equity securities	595,821	566,240
II . Others	151,755	140,245
Interest receivable	140,599	128,940
Other receivables	2,424	2,436
Deferred costs, net	8,732	8,869
Total Assets	<u>2,023,188</u>	<u>2,003,727</u>
Liabilities		
Accounts Payable	9,596	3
Management fee payable	6,935	7,342
Long-term debt	291,615	234,904
Other liabilities	2,553	1,937
Total Liabilities	<u>310,699</u>	<u>244,186</u>
Shareholders' Equity		
I . Share Capital	1,631,531	1,631,531
II . Retained Earnings	80,958	128,010
Total Shareholders' Equity	<u>1,712,489</u>	<u>1,759,541</u>
Total Liabilities and Shareholders' Equity	<u>2,023,188</u>	<u>2,003,727</u>

¹ Unaudited, non-consolidated basis

STATEMENTS OF INCOME

The nine months ended 30 September 2008, the quarter ended 30 September 2008 and 2007

(Unit: KRW million)

	Nine Months Ended 30 Sep 2008	Quarter Ended 30 Sep 2008	Quarter Ended 30 Sep 2007
Revenue	194,029	39,237	35,811
Interest Income	113,918	39,405	35,774
Arrangement Fees	2,895	-	-
Dividend Income	482	-	-
Loss on valuation of debt securities	(2,922)	-	(107)
Gain on sale of loans	24,454	-	-
Gain on sale of debt securities	54,946	-	-
Other income	256	(168)	144
Expenses	38,668	11,886	9,479
Management fees	21,861	6,935	8,110
Custodian fees	300	86	126
Administrator fees	226	76	74
Interest expenses	10,968	4,363	501
Other expenses	5,313	426	668
Net Profits	155,361	27,351	26,332

Appendix2. Traffic and Revenue

1. TRAFFIC AND REVENUE - PORTFOLIO SUMMARY

On a weighted average¹ basis, traffic and revenue decreased by 3.0% and 2.2%, respectively, during the third quarter (the Quarter), when compared with the pcp. Highlights from the traffic results include:

- The weak performance of traffic and revenue for the Quarter is generally attributable to the recent economic slowdown affecting the number of the road users.
- Certain assets, including Woomyunsan Tunnel and Gwangju Second Beltway Section3-1, had relatively strong traffic results mainly due to the additional traffic inflow from adjacent roads.
- The increases in toll rates helped to reduce the impact on revenues from the traffic decreases.
- Despite the decrease in traffic volume, the year to date traffic revenue has increased by 2.5% due to inflation-adjusted toll rate increases.

The reported revenue growth does not take into account revenue compensation payments, or other agreed compensation payments relating to toll freeze, to be received by the concession companies. The revenue growth is reflecting the growth in traffic flows for each asset, the inflation linked toll rate increases, and may also be influenced by the traffic mix between heavy and light vehicles, for which different toll rates apply.

Asset	2008 Third Quarter		2008 Year to Date		% of MKIF Portfolio ^c
	Traffic (%) ^a	Revenue (%) ^b	Traffic (%) ^a	Revenue (%) ^b	
Incheon International Airport Expressway	(7.4%)	(7.0%)	(3.7%)	0.0%	5.2
Baekyang Tunnel	(2.3%)	1.9%	(2.4%)	8.3%	0.1
Gwangju Second Beltway, Section 3-1	16.2%	16.3%	15.4%	15.1%	4.8
Gwangju Second Beltway, Section 1	(3.5%)	(3.9%)	(2.6%)	(3.0%)	8.9
Woomyunsan Tunnel	11.4%	11.1%	7.2%	7.0%	1.0
Cheonan-Nonsan Expressway	(3.3%)	(3.4%)	(0.2%)	1.4%	12.7
Soojongsan Tunnel	(1.4%)	2.6%	(1.7%)	8.7%	6.4
Daegu 4 th Beltway East	(4.0%)	(3.9%)	(2.6%)	(2.5%)	4.2
Weighted Average	(3.0%)	(2.2%)	(1.0%)	2.5%	-

a Percentage increase from prior corresponding period, based on average daily traffic.

b Percentage increase from prior corresponding period, based on average daily revenue.

c Percentage based on total commitments by MKIF to all investments in the MKIF portfolio.

2. TRAFFIC AND REVENUE - INDIVIDUAL CONCESSION COMPANY PERFORMANCE

For the purposes of this analysis, traffic for each toll road asset is calculated as the average daily traffic volume. Except as stated otherwise, revenue for each toll road asset represents actual average daily revenue collected (excluding VAT). Actual revenue collected does not include minimum revenue compensation payments received from the relevant government authority or other minor forms of compensation received, which are described in Section 3 below. Accordingly, revenue performance in the concession companies is not a direct guide to the revenue performance of MKIF.

1. The weighted average growth rates in traffic and revenue are calculated considering the revenue size of each asset and the MKIF's equity interest in each concession company.

Incheon International Airport Expressway

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	% Change	2007	2008	% Change
Average daily traffic (vehicles / day)	74,057	68,597	-7.4%	69,297	66,744	-3.7%
Average daily revenue (1,000 won)	420,486	391,221	-7.0%	383,751	383,775	0.0%

Note: Traffic for the Quarter decreased compared with pcp, mainly due to the fact that the number of passengers using the airport decreased from the pcp as a result of the economic downturn and the KRW depreciation.

Baekyang Tunnel

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	68,218	66,674	-2.3%	68,691	67,035	-2.4%
Average daily revenue (1,000 won)	47,872	48,790	1.9%	45,349	49,091	8.3%

Note: Following negotiation with Busan Metropolitan City (BMC) authority, toll rates were not increased in 2008. According to Concession Agreement, BMC is going to pay compensation for the incremental toll revenue foregone by the concession company.

Gwangju Second Beltway, Section 3-1

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	22,385	26,013	16.2%	21,466	24,774	15.4%
Average daily revenue (1,000 won)	17,940	20,859	16.3%	17,291	19,907	15.1%

Note: Strong traffic growth is attributable to the commencement of the adjoining Section 4 operation since 1 July 2007. Following negotiation with Gwangju Metropolitan City (GMC) authority, toll rates were not increased in 2008. According to Concession Agreement, GMC is going to pay compensation for the incremental toll revenue foregone by the concession company.

Gwangju Second Beltway, Section 1

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	37,476	36,179	-3.5%	36,760	35,801	-2.6%
Average daily revenue (1,000 won)	32,756	31,480	-3.9%	32,241	31,284	-3.0%

Note: Following negotiation with GMC authority, toll rates were not increased in 2008. According to Concession Agreement, GMC is going to pay compensation for the incremental toll revenue foregone by the concession company.

Woomyunsan Tunnel

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	19,214	21,412	11.4%	19,083	20,458	7.2%
Average daily revenue (1,000 won)	33,531	37,246	11.1%	33,288	35,618	7.0%

Note: the traffic has increased due to the migration of traffic from Seoul Busan Expressway where is suffered from more congestions due to the newly-introduced dedicated bus lane.

Cheonan-Nonsan Expressway

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	34,299	33,151	-3.3%	32,187	32,128	-0.2%
Average daily revenue (1,000 won)	245,456	237,075	-3.4%	227,116	230,328	1.4%

Soojungsan Tunnel

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	39,741	39,190	-1.4%	40,008	39,309	-1.7%
Average daily revenue (1,000 won)	28,972	29,712	2.6%	27,432	29,831	8.7%

Note: Following negotiation with BMC authority, toll rates were not increased in 2008. According to Concession Agreement, BMC is going to pay compensation for the incremental toll revenue foregone by the concession company.

Daegu 4th Beltway East

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	19,180	18,419	-4.0%	18,821	18,329	-2.6%
Average daily revenue (1,000 won)	19,210	18,464	-3.9%	18,850	18,373	-2.5%

Note: Following negotiations with Daegu Metropolitan City (DMC), toll rates were not increased in 2007. DMC has agreed to provide compensation payments for the incremental toll revenue foregone by the concession company.

Machang Bridge

Category	Year on Year			Year to Date		
	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008

	Q3 2007	Q3 2008	Q3 2007	Q3 2008	Q3 2007	Q3 2008
Average daily traffic (vehicles / day)	N/A	10,280	N/A	N/A	10,280	N/A
Average daily revenue (1,000 won)	N/A	21,804	N/A	N/A	21,804	N/A

Note: Machang Bridge has commenced its toll operation from 15 July 2008.

3. PRIOR PERIOD COMPENSATION PAYMENTS RECEIVED FROM GOVERNMENT AUTHORITIES

The concession companies may receive revenue compensation payments from the relevant government authority in addition to revenue received from traffic. Generally, revenue compensation and other compensation payments are received within 6 to 18 months after the end of the year to which they relate.

During the Quarter, the following amounts were received from the relevant government authority. They represent revenue compensation payments for the shortfall between actual revenue received during the period specified and the minimum revenue compensation level of revenue for the same period, as set out in the relevant concession agreement.

Asset	Amount (KRW bn)	Date Received	Period Covered
Daegu 4th Beltway East	7.95	2008.07.25	2007.01.01~2007.12.31
Gwangju Second Beltway, Section 3-1	3.45	2008.09.12	2007.01.01~2007.12.31
Gwangju Second Beltway, Section 1	1.93	2008.09.12	2007.01.01~2007.12.31

Four of MKIF's operating assets, Baekyang Tunnel, Soojungsan Tunnel, Woomyunsan Tunnel and Incheon International Airport Expressway received revenue guarantee payments in the first half of 2008 pursuant to the concession agreements. Cheonan-Nonsan Expressway expects to receive guarantee payments by January 2009. Gwangju 2nd Beltway, Section 3-1 and Section 1, expect to receive remaining guarantee payments in January 2009.