



MACQUARIE

# MACQUARIE KOREA INFRASTRUCTURE FUND

9<sup>th</sup> Annual General Meeting

A LEADING INFRASTRUCTURE  
INVESTOR IN KOREA



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# Meeting Agenda



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Opening of the Meeting

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Agenda –Appointment Supervisory Directors

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Business Report

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Closing



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# MACQUARIE KOREA INFRASTRUCTURE FUND

## Opening of the Meeting

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# Macquarie Korea Infrastructure Fund (MKIF)

## 9<sup>th</sup> Annual General Meeting 2008



- **Chairman : Chul Hum Paik**

Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd.

- **Speaker : Jae Lee**

Chief Operating Officer of Macquarie Shinhan Infrastructure Asset Management Co., Ltd.



# MKIF Board of Directors



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## Corporate Director – Macquarie Shinhan Infrastructure Asset Management Co. Ltd. (MSIAM)

- Asset manager of MKIF
- Representative Director – Chul Hum Paik

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## Supervisory Director – Kyung Soon Song

- Representative Director, Korea Expert Consulting Group (KECG)
- Member, Official Development Assistance Committee

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## Supervisory Director – Dae Yun Cho

- Senior Partner, Kim&Chang
  - Arbitrator, Korean Commercial Arbitration Board
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# MSIAM Management



Representative Director	Chul Hum Paik
Chief Operating Officer	Jae Kyun Lee
Head of Asset Management	Johnno Kim
Head of Operation and Investor Relations	Jason Pak
Chief Financial Officer	Kwangseob Jung



# MACQUARIE KOREA INFRASTRUCTURE FUND

Chairman's Address :  
Chul Hum Paik

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## Report attending shareholders and number of shares/ Declared general meeting



- The total number of voting shares issued :
  - 323,490,204 shares
- Attending Shareholders :
  - 247,620,835 shares (76.6% of the total number of voting shares)



# MACQUARIE KOREA INFRASTRUCTURE FUND

Agenda :  
Appointments of two  
Supervisory Directors

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# Appointment of Supervisory Director

Tae Hee Yoon



- To appoint Dr. Tae Hee Yoon as a Supervisory Director – *First appointment in September 2004*

Candidate	Present	Former Career
Tae Hee Yoon	<ul style="list-style-type: none"> <li>Chairman, Lutronic Corporation Inc, Korea</li> <li>Representative Director, Saehan-Enertech Inc, Korea</li> <li>Chairman, Korea Economic Intelligence, New York Wall Street</li> <li>Senior Advisor, International Finance Corporation, World Bank Group, Washington, DC</li> <li>Adjunct Professor of Economics and Statistics, Clemson University, USA</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Agricultural Economics, MPA, BA-Law</li> <li>Chief of Operation Division, World Bank</li> <li>Vice-Chairman, Financial Advisory Services, PriceWaterhouseCoopers</li> <li>Chairman, Seoul University of Foreign Studies</li> <li>Chairman, Arirang International TV</li> <li>Chairman, Coryo International New York(NASD member securities firm)</li> <li>CEO, Coryo Research Institute</li> <li>Chief Economist, National Accounts of Canada, Federal Government Ministry of Finance, Ottawa</li> </ul>





# Re-appointment of Supervisory Director

Kyung Soon Song



- To appoint Director Kyung Soon Song as a Supervisory Director – *First appointment in March 2005*



Candidate	Present	Former Career
Kyung Soon Song	<ul style="list-style-type: none"> <li>Supervisory Director, MKIF</li> <li>Representative Director, Korea Expert Consulting Group (KECG)</li> <li>Member, Official Development Assistance Committee</li> <li>Member, Economics Development Experience Sharing Program</li> <li>Visiting Professor, Graduate School of International Studies of Seoul National University</li> <li>Member, Steering Committee of Korea Investment Corporation (KIC)</li> </ul>	<ul style="list-style-type: none"> <li>PhD (International Finance), MBA, BA</li> <li>Senior Staff / Manager, World Bank, Washington DC</li> <li>Chief Operating Officer, Nomura’s project finance company, Hong Kong</li> <li>President, Financial Advisory, GPI, Washington DC</li> <li>Assistant Director, Economic Planning Board, Ministry of Transportation</li> </ul>



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# MACQUARIE KOREA INFRASTRUCTURE FUND

## Business Report

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# 2007 Year Review

## Key highlights



Total revenue <sup>1</sup>	KRW151.6 billion	 +12.8%
Net income	KRW82.0 billion	
Average daily traffic volume <sup>2</sup>	381,852 vehicles	 +6.1%
Average daily traffic revenue <sup>2</sup>	KRW0.4 billion	 +10.4%
Investment in Busan New Port Phase 2-3	KRW259.4 billion	
Securitization of shareholder loan in Baekyang Tunnel	KRW172.0 billion	

1. Adjusted for one off items including tax refund, performance fee and unrealised valuation loss/gain on the convertible bond investment in New Daegu Busan Expressway.
2. Calculated by reference to MKIF's percentage ownership interest in each concession company.



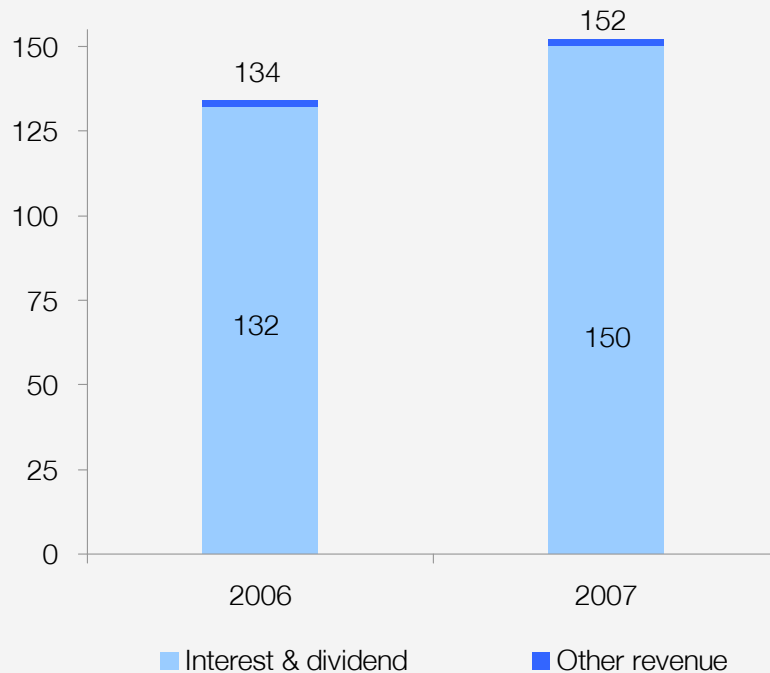
# Financial Snapshot

Key performances



Operating Revenue and Total Revenue<sup>1</sup>

(KRW billion)



- Revenue growth supported by 13.8% increase in interest and dividend income
  - Rise in interest and dividend income driven largely by the new loans extended to the concession companies and the increase in dividend income from New Airport Highway Co.

1. Adjusted for one off items including tax refund, performance fee and unrealised valuation loss/gain on the convertible bond investment in New Daegu Busan Expressway.

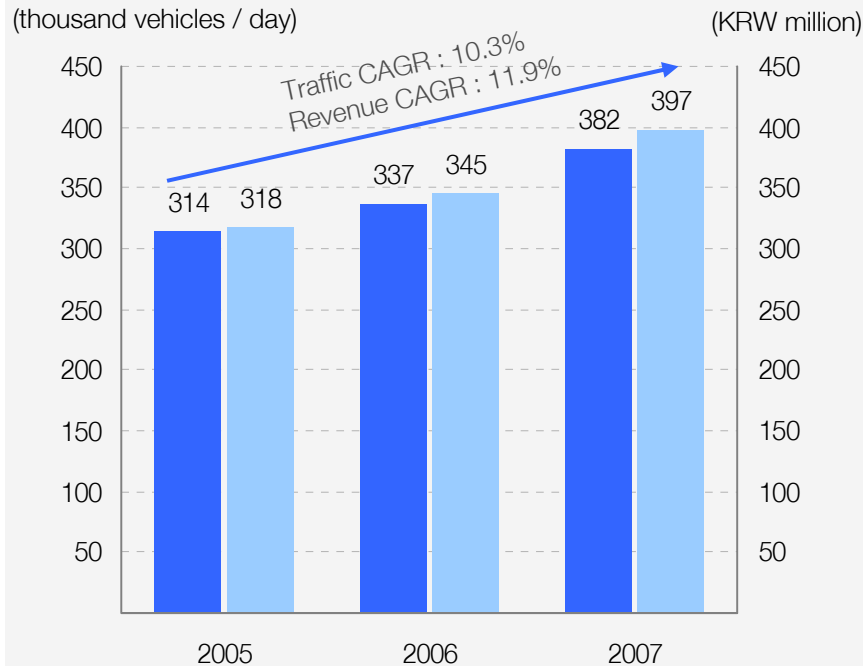


# Traffic Performance

Strong traffic growth across the assets



- Nine operating projects have collectively shown strong traffic and revenue growth



■ Weighted average daily traffic(LHS)    ■ Weighted average daily revenue (RHS)

2007 Yearly change	Average daily traffic change	Average daily revenue change
Cheonan-Nonsan Expressway	7.9%	10.7%
Gwangju Second Beltway, Section 1	(0.9%)	(1.2%)
Gwangju Second Beltway, Section 3-1	28.2%	28.5%
Baekyang Tunnel	1.5%	7.9%
Soojungsan Tunnel	3.8%	10.4%
Incheon International Airport Expressway	4.8%	13.5%
Woomyunsan Tunnel	10.2%	10.4%
New Daegu-Busan Expressway	16.2%	19.7%
Daegu 4 <sup>th</sup> Beltway East	2.7%	2.7%
<b>Weighted average growth rate<sup>1</sup></b>	<b>6.1%</b>	<b>10.4%</b>

1. Calculated by reference to MKIF's percentage ownership interest in each concession company.

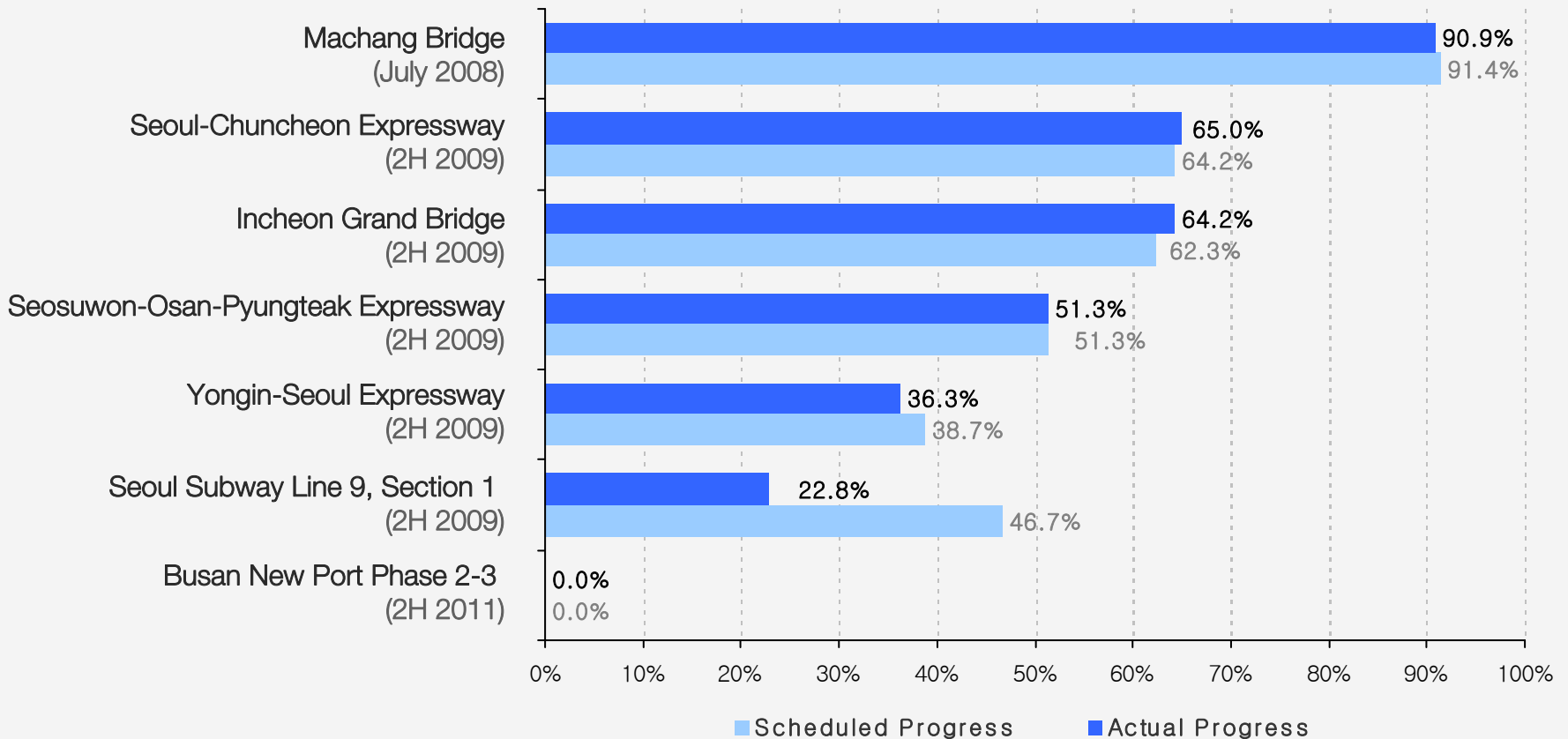


# Assets Under Construction

Timely completion of the construction expected



- Assets under construction are largely progressing on schedule
- Construction risks are generally transferred to the construction companies



Note : Numbers in parenthesis show estimated completion date of the construction assets



# Capital Management in 2007

## Securitisation of shareholder loan in Baekyang Tunnel



### Transaction Highlights



- Recycling of mature assets to fund early stage projects to drive further growth
- Issuance of KRW172 billion asset backed securitisation bonds, with the shareholder loan as the underlying asset representing 99.2% of total debt
- Pricing : 6.73% fixed interest rate (90 bps margin over 10-yr Korean treasuries)
- Recognize KRW24.4 billion income in 1Q 2008



# Operational Performance

Investment in Busan New Port Phase 2-3



## Transaction Highlights

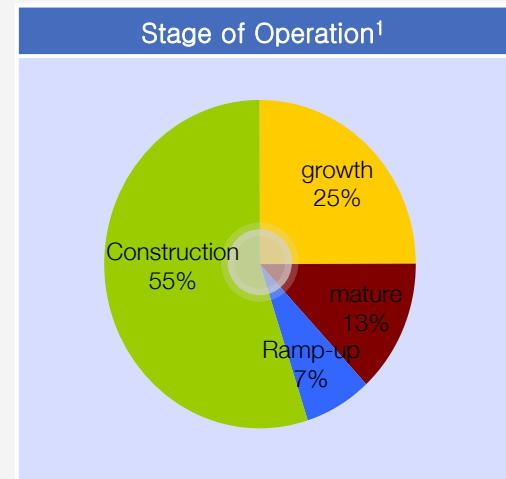
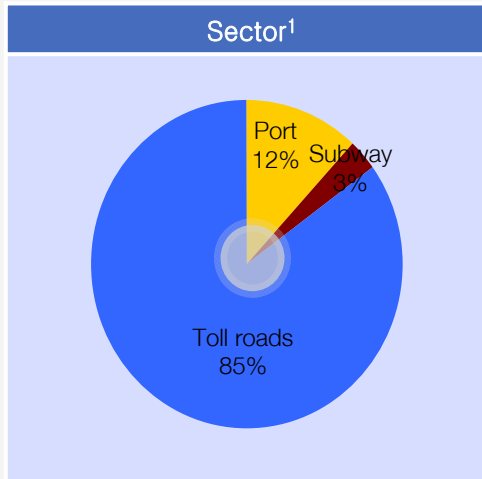
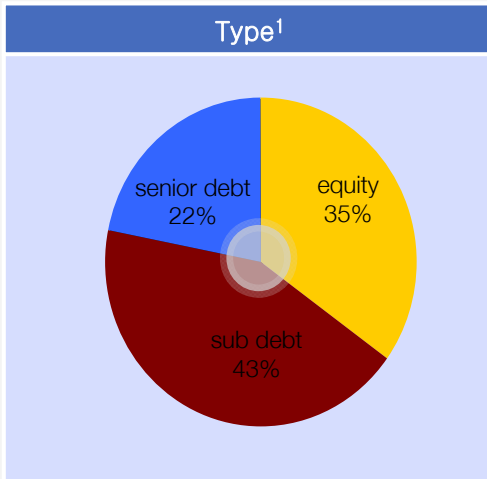


- First investment in port sector for diversification and growth
- Total of KRW259.4 billion investment in Busan New Port Container Terminal (BNCT)
  - Equity : KRW 66.4 billion (30%)
  - Subordinated debt : KRW193 billion (100%)
- Represents about 11% of MKIF portfolio
- Concession term of 29 years and 3 months from the start of the operation



## ■ Growth oriented MKIF portfolio

- Greenfield asset proportion increased by 8% (47% to 55%)
- Senior debt proportion decreased by 7% (29% to 22%)
- Diversified MKIF portfolio (Exposure to toll roads decreased 11% from 96% to 85%)



1. By investment commitment amount

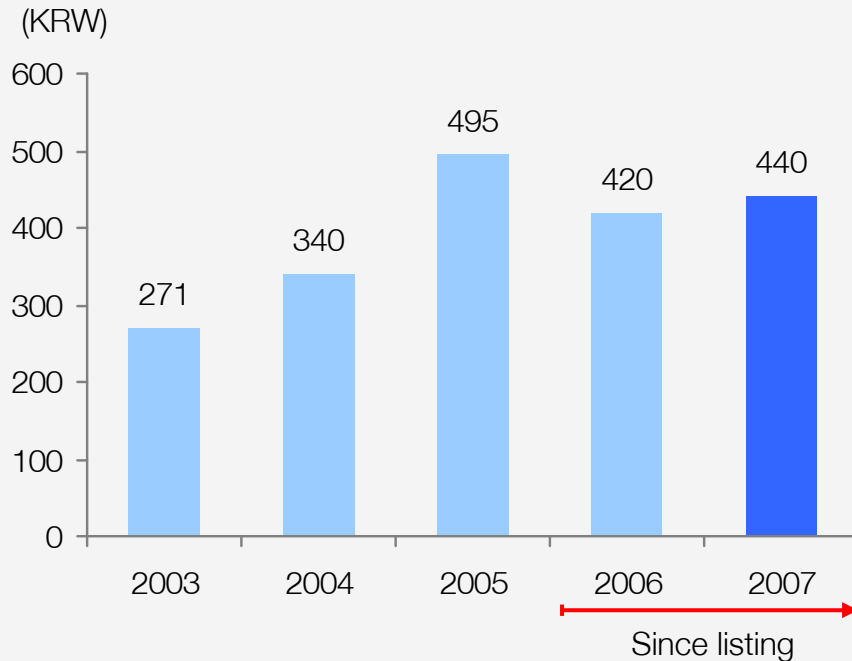


# Distribution

Stable distribution profile



### Distribution History (per share)



- Full year 2007 distribution of KRW440 per share
- 5% growth over 2006 distribution
- Attractive yield of 6.9%<sup>1</sup>
- Expected to maintain a growing distribution profile over time<sup>2</sup>

1. Based on share price of KRW 6,390 per share as at 20 March 2008

2. In the absence of unforeseen circumstances and subject to MKIF Board approval of interim and final distribution amounts



# Business Outlook



- MKIF as the largest infrastructure fund, investment opportunities in Korean infrastructure remains robust
- MKIF's expertise in assessing infrastructure projects is becoming increasingly relevant in competing for non Minimum Revenue Guarantee projects
- Competitive market environment amplifies the scarcity value of MKIF's existing diversified portfolio of investment
- Seek to diversity asset classes in the deal pipeline - ports, power, gas distribution etc.
- Maintain focus on the roads sector



# Closing



Thank you.