



MACQUARIE KOREA INFRASTRUCTURE FUND

Full Year Results to 31 December 2008

3 February 2009



MACQUARIE

1

Key Results

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Key Results

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HIGHLIGHTS

Outstanding all around results for FY2008



✓ STRONG PERFORMANCE DESPITE ADVERSE BUSINESS ENVIRONMENT

- Revenue and net income up by 56% and 124% respectively
- Annual weighted average traffic revenue growth of 1.5%
- Normalised EBITDA growth of 9% compared to the previous corresponding period (“pcp”)
- Proportionate EBITDA margin of 85% across the portfolio¹ compared with 83% in pcp

✓ VALUE THROUGH CAPITAL MANAGEMENT TRANSACTIONS²

- Realised KRW 79.4bn of capital gains and generated KRW 289.9bn of additional cash
- Transactions priced at implied investor IRR of circa 7~8%, validating MKIF’s intrinsic value
- Proved healthy appetite for MKIF assets, implying liquidity for the portfolio

✓ DISTRIBUTION GROWTH

- KRW 582 per share for FY2008, consisting of KRW 460 in cash and KRW 122 in newly-issued common shares
- 32% annual growth (4.5% annual growth on ‘cash’ basis)
- Current trading yield of around 9%³ (excluding share distribution component)

✓ SOUND CAPITAL POSITION (as at 31 December 2008)

- MRG (minimum revenue guarantee) backing on substantially all of MKIF’s operating cash receipts
- Proportionately consolidated cash balance of KRW 350bn (including corporate level cash balance of KRW 182bn)
- No external funding required for next 3 years
- All asset level debt are fully-funded, amortising debt with weighted average amortising maturity of 9 years
- Proportionately consolidated gearing of 47%⁴ / Interest hedge position of 59% for next 2 years

✓ WELL-MANAGED CONSTRUCTION PROGRESS

- Five greenfield assets progressing on time and on budget for opening in 2H 2009

1. Excludes construction assets

2. Transactions include (i) Baekyang Tunnel (securitisation of shareholder loan) (ii) Daegu-Busan Expressway (sale of Convertible Bonds) and (iii) Woomyunsan Tunnel (capital restructuring)

3. Based on the closing share price of KRW 5,050 on 2 February 2009

4. Based on 3-month average market capitalisation

KEY FINANCIAL RESULTS

Solid results in challenging business environment



Audited, non-consolidated financial information

	FY2008	FY2007	(Unit: KRW mn) % change
Revenue	235,064	150,480	56%
Interest & dividend income	154,870	150,205	
Capital gain	79,400 ¹	-	
Other income	794	275	
Expense	51,364	68,449	(25%)
Management fee	27,836	32,139	
Interest expense	16,235	1,722	
Performance fee	-	27,341 ²	
Other expense	7,293	7,247	
Net income	183,700	82,031	124%
EBITDA	199,935	83,753	139%
Normalised EBITDA³	120,535	111,094	9%

1. Includes gain on (i) securitisation of shareholders loan in Baekyang Tunnel of KRW24.5bn and (ii) divestment of the convertible bonds in New Daegu Busan Expressway of KRW54.9bn
2. Performance fee of KRW 27.3bn relating to out-performance over 2nd quarter. 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.
3. Adjusted to remove (i) capital gain of KRW79.4bn in 2008 and (ii) performance fee incurred in 2007

UNDERLYING ASSET PERFORMANCE

Resilient to economic slowdown



Traffic growth ¹		EBITDA margin ²	MRG revenue portion ³
VOLUME	(1.6%)	85%	41%
REVENUE	1.5%		

FY2008 TRAFFIC PERFORMANCE

Asset	Traffic Volume	Traffic Revenue
Cheonan-Nonsan Expressway	(0.6%)	2.2%
Gwangju Second Beltway, Section 1	(2.7%)	(3.1%)
Gwangju Second Beltway, Section 3-1	14.9%	14.4%
Baekyang Tunnel	(2.8%)	4.6%
Soojungsan Tunnel	(2.2%)	5.0%
Incheon International Airport Expressway	(5.5%)	(2.4%)
Woomyunsan Tunnel	8.6%	8.3%
Deagu 4th Beltway East	(3.3%)	(3.2%)
Weighted average growth rate	(1.6%)	1.5%




1. On a weighted average basis based on revenue size of each asset and the MKIF's equity interest in each concession company. Excludes Machang Bridge commenced operation on 15 July 2008.
2. Estimated, unaudited figures. EBITDA margin=EBITDA/Operating Revenue where, revenue compensation and other compensations are reflected on accrual basis. Excludes construction assets.
3. Based on estimate of the aggregate of the revenues of MKIF's operating assets.

CAPITAL MANAGEMENT

Value accretive transactions completed even during deteriorating market environment



Net cash inflow ¹	Capital gain	Return on Investment
KRW 289.9bn	KRW 79.4bn	Daegu-Busan Expressway 31% IRR
		Baekyang Tunnel 18% IRR

	TYPE	NET CASH INFLOW	CAPITAL GAIN
Baekyang Tunnel 	Securitisation of the shareholder loan	KRW 172bn	KRW 24.5bn
Daegu-Busan Expressway 	Sale of convertible bonds	KRW 108.3bn	KRW 54.9bn
Woomyunsan Tunnel 	Capital restructuring	KRW 9.6bn ¹	-

1. Including net cash proceeds of KRW 9.6 billion in January 2009 from refinancing in Woomyunsan Tunnel

DISTRIBUTION

Stable cash distribution sustained



Distribution amount¹

KRW **582** per share

- KRW 460 in cash and KRW 122 in newly issued share
- 4.5% growth on cash basis on pcp

of new shares to be issued

7,969,137 shares

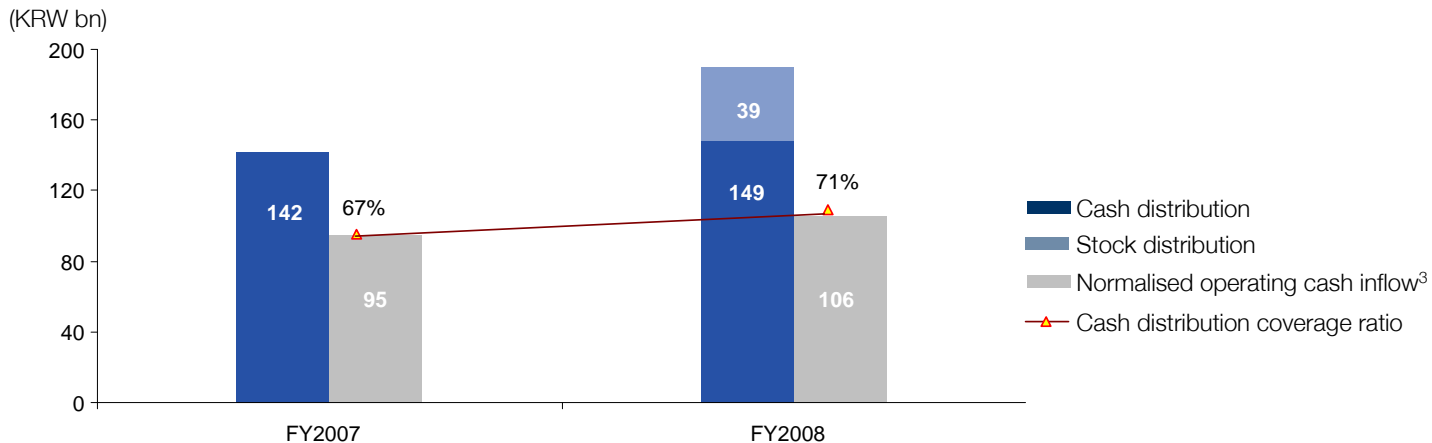
- One ordinary share entitled for 0.02464 newly-issued shares²
- Issue price: KRW 4,951 per share

Distribution Coverage

71%

- Distribution coverage on normalised operating cash inflow³

CASH DISTRIBUTION COVERAGE RATIO FROM NORMALISED OPERATING CASH INFLOW



1. Funded from (i) 100% of the net income of KRW 183.7bn and (ii) KRW 4.6bn of realised taxable income mainly from Woomyunsan Tunnel capital return

2. Based on an average share price of KRW 4,951 calculated pursuant to the methodology set forth in MKIF announcement dated on 16 December 2008

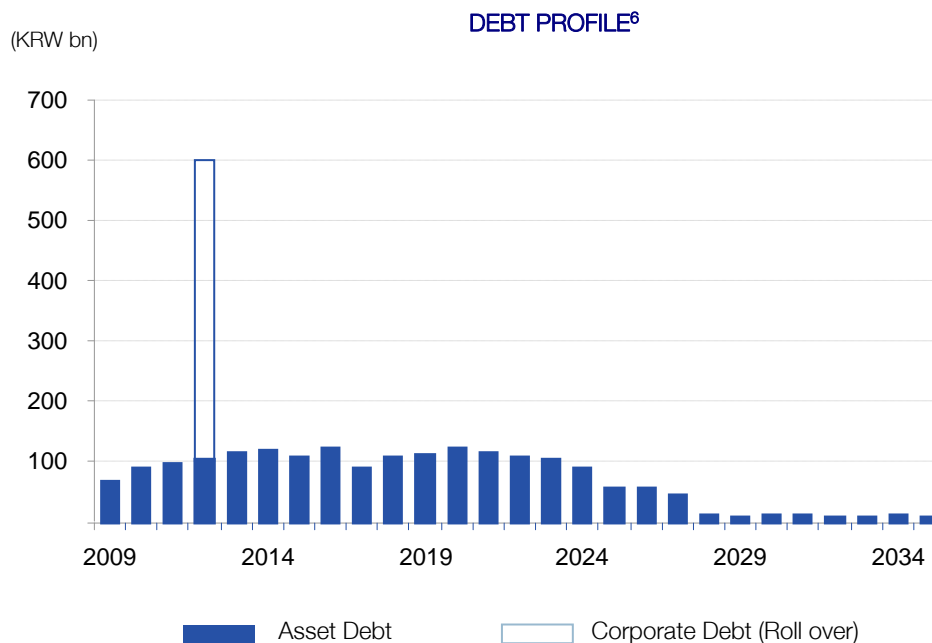
3. Adjusted to remove (i) capital proceeds from capital management activities of KRW280bn in 2008 and (ii) Soojungsan Tunnel repayment of KRW1.8bn in 2007

CAPITAL POSITION

Conservative capital position maintained



CASH BALANCE ¹	KRW 350bn
AMORTISING MATURITY ²	9 years
GEARING ³	47%
NET DEBT TO EBITDA ⁴	3.9x
INTEREST RATE HEDGE ⁵	59% until end of 2010



1. Proportionately consolidated cash balance (including corporate cash balance of KRW 182bn)
 2. Weighted average amortising maturity of underlying asset level debt
 3. Gearing = MKIF Net Debt / (MKIF Net Debt + MKIF market capital (3-month average)), where MKIF Net Debt = Proportionate net debt from assets + Corporate net debt. Excludes shareholder loans
 4. Proportionate average of 9 operating assets
 5. Hedging (Fixed or swapped to fixed) = Proportionate net debt from assets adjusted for fixed or swapped debt / MKIF net debt
 6. Proportionately consolidated external debt. Excludes shareholder loans

CONSTRUCTION PROGRESS

Demonstrated ability to manage construction risk



97%¹

Actual vs Scheduled
progress

PROGRESS

- Construction progressing mostly on time and on budget
- First opening as early as June 2009 (Yongin-Seoul Expressway)

6

average construction
contractors per project

RISK MITIGATION

- Potential delays or cost overruns generally covered by the contractors
- Contractors in the consortium jointly liable for the event of defaults

Credit ratings² above

A

CONTRACTOR CREDIT

- Majority of the contractors are blue chip companies

5/6

assets to be
operational in 2009

COMPLETION

- % of Greenfield assets in MKIF portfolio reduces from 52% to 12%³
- Circa KRW410bn of investment commitment remaining over next 3 years⁴

1. As at 31 December 2008. Average construction progress of 6 greenfield assets. Construction progress is measured in terms of actual progress against scheduled progress to date.
2. Domestic credit rating
3. On a commitment basis
4. Includes MKIF's conditional commitment to acquire an additional equity interest in Yongin-Seoul Expressway

OUTLOOK FOR FY2009

Well positioned to withstand challenging external environment



→ EXPECT ON TIME AND ON BUDGET COMPLETION OF THE FIVE GREENFIELD ASSETS

- Demonstrated MKIF's ability to manage the construction risk
- Overall portfolio de-risked as the assets enter into the ramp-up phase
- Percentage of operating assets expected to increase from circa 48% to 90% of the portfolio

→ EXPECT TO SUSTAIN SOLID OPERATING PERFORMANCE

- Traffic resilient to economic volatilities
- Inflation-adjusted and government subsidised revenues providing certainty of minimum performance

→ PRUDENT CAPITAL MANAGEMENT

- Focus on balance sheet strength and capital flexibility
- Monetisation of senior debt and refinancing efforts to continue
- Maintain conservative capital structure



APPENDICES

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BALANCE SHEETS

Audited, non-consolidated - as at 31 December 2008



(Unit: KRW mn)

	FY2008	FY2007
Total Assets	2,099,832	1,824,991
I . Invested Assets	1,929,621	1,668,493
Cash and deposits	182,412	83,530
Loans	1,144,656	1,070,291
Equity securities	602,553	473,504
Debt securities	-	41,168
II . Others (Receivables, prepayments, etc.)	170,211	156,498
Total Liabilities	359,004	122,293
Accounts payables	9,606	121
Management fee payable	5,975	8,139
Long-term debts	340,523	113,009
Other liabilities	2,900	1,024
Total Shareholders' Equity	1,740,828	1,702,698
Total Liabilities and Shareholders' Equity	2,099,832	1,824,991

CAPITAL INJECTION INTO MKIF INVESTMENTS¹

Asset	Item	2008
Machang Bridge	Equity	16,924
	Sub Debt	11,557
Incheon Grand Bridge	Equity	14,240
	Sub Debt	18,284
Yongin-Seoul Expressway	Senior Debt	25,048
	Equity	19,472
Busan New Port	Sub Debt	31,100
	Equity	26,799
Baekyang Tunnel	Sub Debt	60,022
	Equity	239
Seosuwon-Osan-Pyungtaek	Sub Debt	1,753
	Equity	14,600
Seoul Metro 9	Sub Debt	40,987
	Equity	33,460
Total		314,485

1. Excluding transaction costs

CASHFLOW STATEMENTS

Audited, non-consolidated - 12 Months to 31 December 2008 (compared to FY2007)



(Unit: KRW mn)

	FY2008	FY2007	% Change
Cash flows from operating activities:			
Cash inflows from operating activities	386,127	97,102	298%
Sale of investment	280,319	-	NA
Collection of other loans receivable	-	1,799	NA
Interest income and other	105,808	95,303	11%
Cash outflows from operating activities:	(355,673)	(264,640)	34%
Investments	(314,485)	(196,432)	60%
Fees and expenses	(41,188)	(68,208)	(40%)
Net cash provided by (used in) operating activities	30,454	(167,538)	118%
Cash flows from financing activities:			
Repayment of long-term debt	(100,000)	-	NA
Share issuance costs	-	(267)	NA
Proceeds from long-term debt, net	314,000	112,000	180%
Distributions paid	(145,571)	(142,335)	2%
Net cash provided by (used in) financing activities	68,429	(30,602)	324%
Net increase (decrease) in cash and deposits	98,883	(198,140)	150%
Cash and deposits at beginning of the period	83,529	281,670	(70%)
Cash and deposits at end of the period	182,412¹	83,530	118%

1. MKIF received net cash proceeds of KRW 9.6 bn in January 2009 from Woomyunsan refinancing

PROFIT AND LOSS STATEMENTS

Audited, non-consolidated - 12 Months to 31 December 2008 (compared to FY2007)



(Unit: KRW mn)

	FY2008	FY2007	% change
Revenue	235,064	150,480	56%
Interest Income	154,388	140,363	10%
Arrangement fees	2,895	875	231%
Dividend Income	482	9,842	(95%)
Loss on valuation of debt securities	(2,922)	(3,786)	(23%)
Gain on sale of investment, net	79,400 ¹	-	NA
Other Income	821	3,186 ²	(74%)
Expense	51,364	68,449	(25%)
Management fees	27,836	32,139	(13%)
Performance fees	-	27,341 ³	NA
Interest expense	16,235	1,722	843%
Other expenses	7,293	7,247	1%
Net Profit	183,700	82,031	124%

1. Includes gain on (i) securitisation of shareholders loan in Baekyang Tunnel of KRW24.5bn and (ii) divestment of the convertible bond in New Daegu Busan Expressway of KRW54.9bn

2. Includes VAT amount of KRW2,665mn returned by the Manager

3. Performance fee of KRW 27.3 bn relating to out-performance over 2nd quarter.

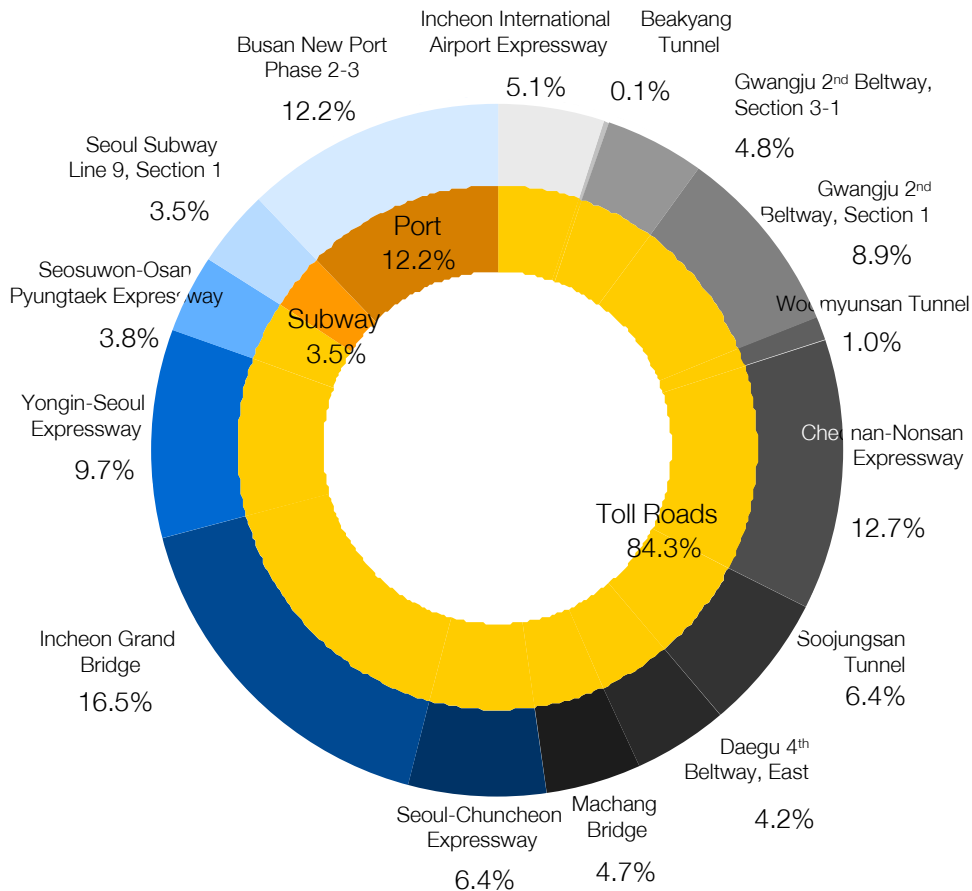
PORTFOLIO

Balanced, diversified mix of assets

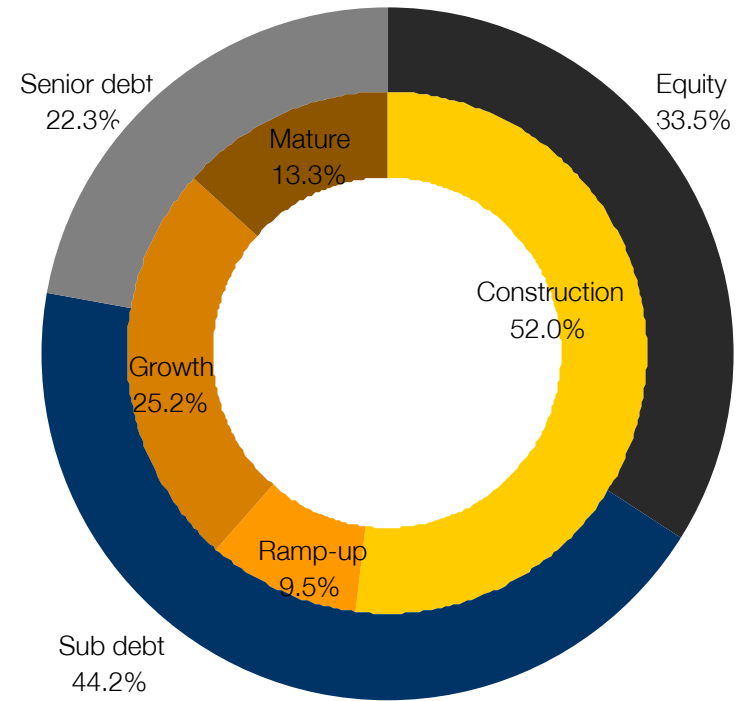


As of 31 December 2008

PORTFOLIO COMPOSITION BY ASSET



PORTFOLIO COMPOSITION BY PHASE AND TYPE



PORTFOLIO

Balanced, diversified portfolio



As of 31 December 2008

MKIF COMMITMENT AND DEBT INTEREST RATE

(KRW bn, %)

Name	Abbrv.	Equity	Ownership (%)	Subordinated Debt	Interest Rate	Senior 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	10.7	36.0	9.6	20.0	-		20.3
Cheonan-Nonsan Expressway	CNE	87.7	60.0	182.3	8.0	-		270.0
Soojongsan 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	48.3	100.0	51.2	20.0	-		99.5
Seoul-Chuncheon Expressway	SCE	48.6	15.0	87.4	11.0	-		136.0
Seoul Subway Line 9 Section 1	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 ²	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		712.7		941.6		475.2		2,129.5
Percentage (%)		33.5		44.2		22.3		100.0

1. Includes KRW 3.2 bn working capital facility

2. Includes MKIF's conditional 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%)

LONG-TERM CONCESSION PERIOD

Government support packages¹ underpin investment security

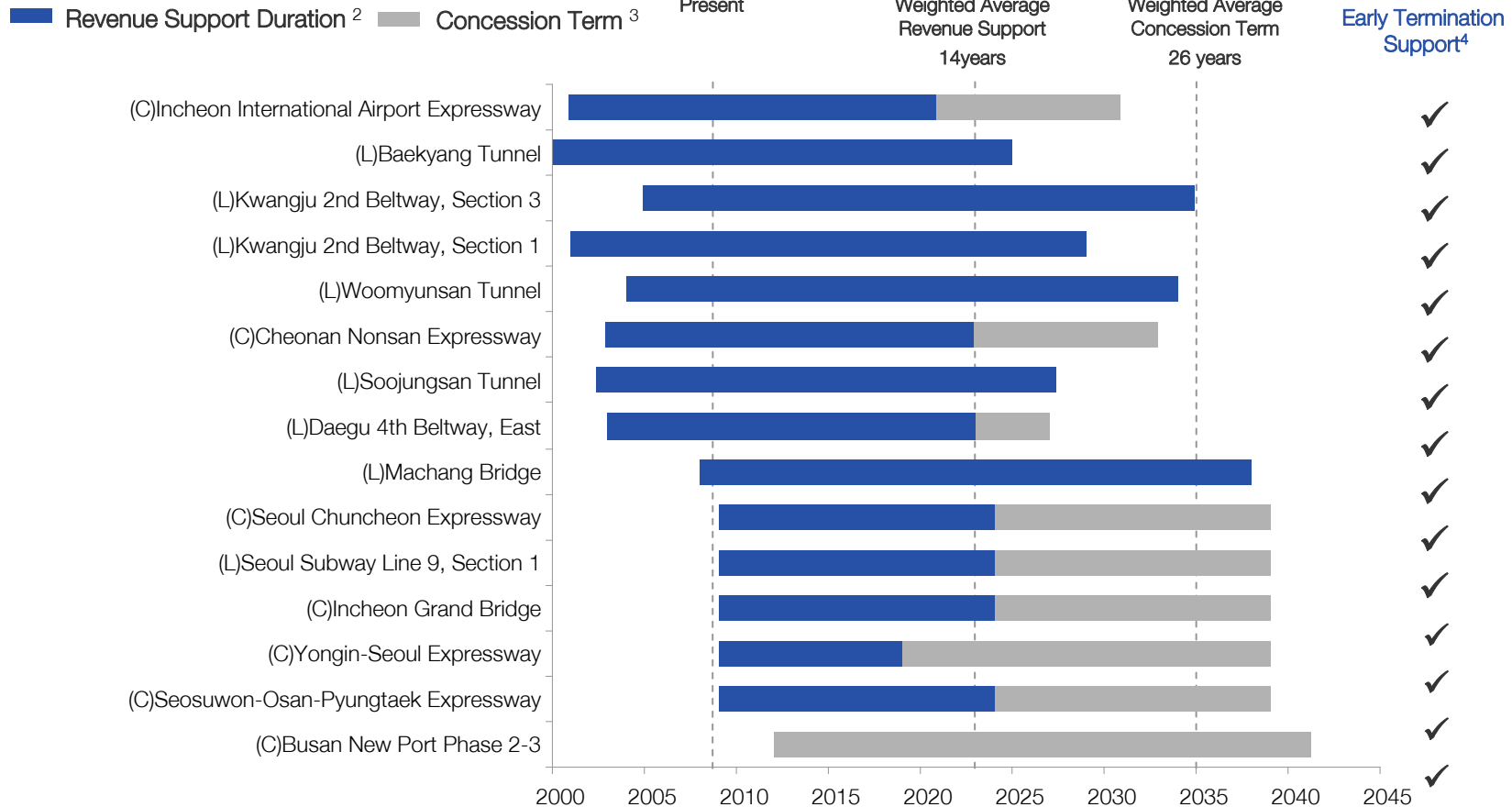


As of 31 December 2008

CONCESSION TERM VS. GOVERNMENT REVENUE SUPPORT PERIOD

Relevant Authority

(C) Central government (L) Local government



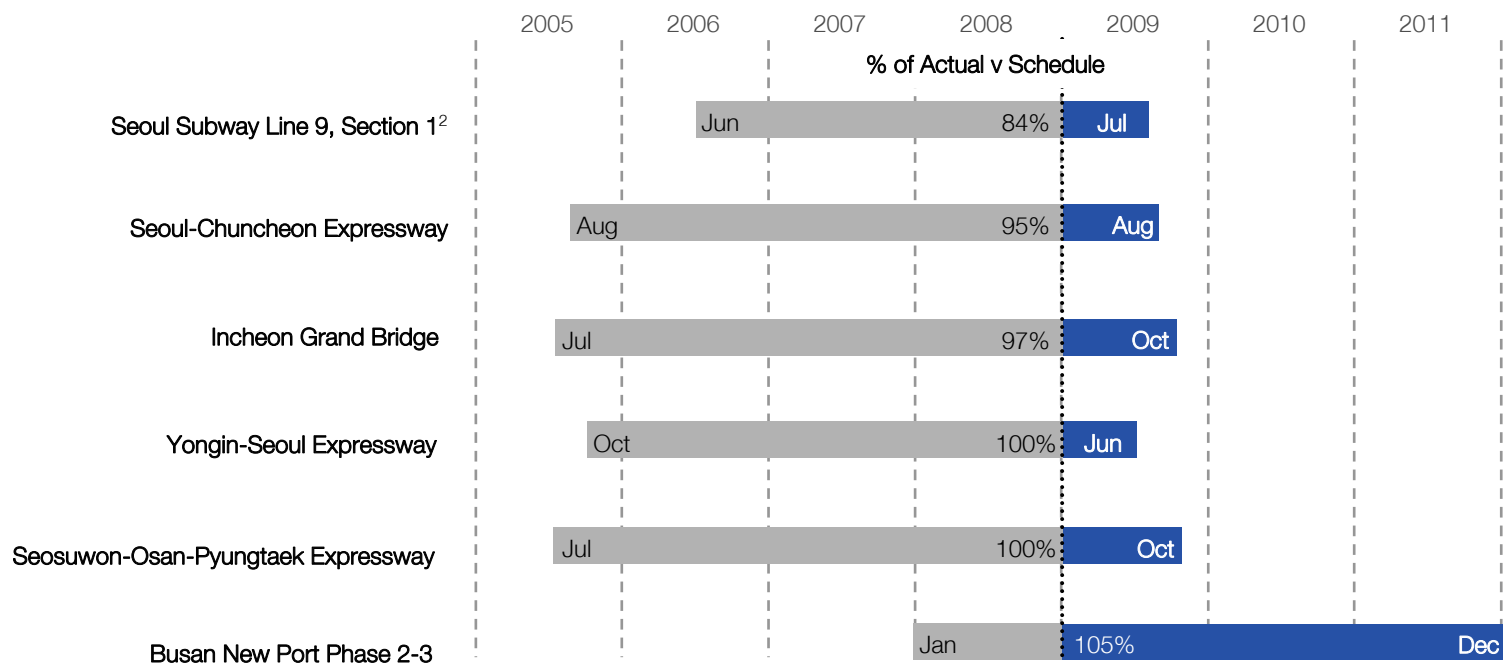
- Revenue support and termination payment provisions vary for each concession
- Revenue support until at least 2023 with weighted average support remaining of about 14 years (excluding Busan New Port Phase 2-3)
- Concessions last at least until 2035 with weighted average life remaining of over 26 years
- Concession companies have the right to receive payments if the relevant concession agreement is terminated prior to expiration of the concession term, including termination due to events attributable to the concession company or the government body or for events of force majeure

CONSTRUCTION PROGRESS

As at 31 December 2008



- Construction progressing mostly on time and on budget
- 5 of 6 greenfield assets scheduled to be operational by the end of 2009
- Cash injections made according to construction progress avoiding construction delays



1. As of 30 September 2008. The delay in the construction progress has been reviewed and the revision was finally approved by the concessionaire as the catch-up plan. According to the revised schedule, the construction completion will be on time as in the original plan and will have no financial impact to the project.

OPERATING PERFORMANCE BY ASSET

12 Months to 31 December 2008



(Unit: KRW million)

Assets	2008 ¹						2007					
	Operating Revenue ²	OPEX	EBITDA	Net Debt ³	EBITDA margin	Net Debt to EBITDA	Operating Revenue ²	OPEX	EBITDA	Net Debt ³	EBITDA margin	Net debt to EBITDA
Gwangju Second Beltway, Section 1	25,461	(3,813)	21,648	(346)	85%	(0.0x)	23,443	(3,963)	19,480	(826)	83%	(0.0x)
Gwangju Second Beltway, Section 3-1	14,037	(3,157)	10,880	(2,465)	78%	(0.2x)	13,048	(3,156)	9,891	(690)	76%	(0.1x)
Soojungsan Tunnel	17,914	(2,566)	15,348	(4,361)	86%	(0.3x)	15,491	(2,744)	12,747	(1,065)	82%	(0.1x)
Baekyang Tunnel	16,571	(4,469)	12,102	164,823	73%	13.6x	15,763	(6,972) ⁴	8,791	(3,348)	56%	(0.4x)
Incheon International Airport Expressway	239,753	(21,417)	218,337	532,974	91%	2.4x	222,136	(20,112)	202,025	604,383	91%	3.0x
Cheonan-Nonsan Expressway	140,583	(19,914)	120,669	470,234	86%	3.9x	129,911	(21,100)	108,811	531,203	84%	4.9x
Woomyunsan Tunnel	19,911	(3,648) ⁵	16,263	74,948	82%	4.6x	20,380	(3,893)	16,487	83,010	81%	5.0x
Daegu 4 th Beltway East	23,697	(2,649)	21,048	104,811	89%	5.0x	22,175	(2,553)	19,622	94,462	88%	4.8x
Machang Bridge ⁶	20,658	(4,734)	15,924	189,053	77%	25.6x	N/A	N/A	N/A	N/A	N/A	N/A
Proportionate average	260,572	(38,625)	221,947	873,976	85%	3.9x	222,023	(37,069)	184,955	568,824	83%	3.1x

1. Management estimated, unaudited figures. Actual results may vary

2. Revenue compensation and other compensations from the relevant government authority are reflected on accrual basis. Payments are typically received within 6 to 18 months after the end of the year to which they relate. Actual results may vary

3. Excludes Shareholders loans

4. Includes maintenance CAPEX aggregated into outsourced O&M cost

5. Adjusted to exclude costs related to capital restructuring in 4Q 2008

6. Operation commenced on 15 July 2008. Operating revenue, OPEX and EBITDA figures have been annualised