



MACQUARIE KOREA INFRASTRUCTURE FUND

2007 Full Year Results Presentation

29 January 2008

A LEADING INFRASTRUCTURE
INVESTOR IN KOREA

MKIF



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MACQUARIE KOREA INFRASTRUCTURE FUND

Results Highlights

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2007 results

Key highlights



Strong full year results¹

- Total revenue² grew year-on-year (“yoy”) by 12.8% to KRW 151.6 bil, supported by 13.8% annual growth in interest and dividend income
- Recorded an adjusted net income³ of KRW 110.5 bil representing an 8.2% yoy growth
- Final distribution of KRW 220 per share for 2H 2007 reflecting MKIF’s growing distribution profile

Underlying asset performance

- Weighted average daily traffic volume and revenue based on MKIF’s percentage ownership in each concession company grew yoy by 6.1% and 10.4%, respectively
- Underlying asset revenues supported by approximately 6.6% yoy growth in the MRG protected revenues⁴
- Most assets under construction progressing according to the schedule

Active portfolio management

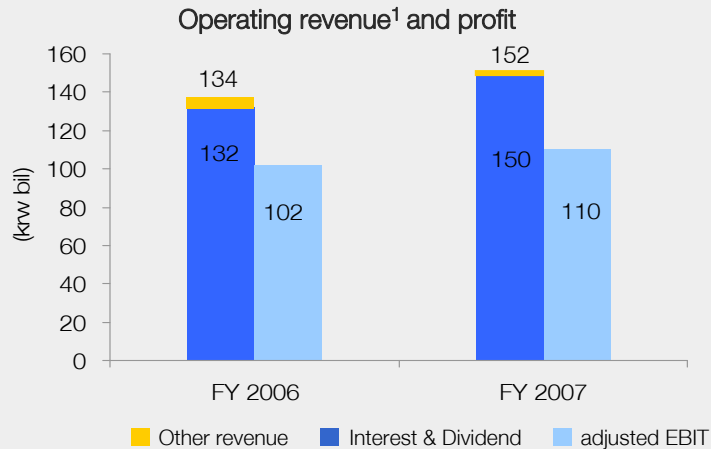
- Two new major transactions include: (i) KRW 259 bil investment in a greenfield port project, Busan New Port Phase 2-3 and (ii) KRW 172 bil securitisation of the underlying shareholder loan provided to Baekyang Tunnel. Both transactions have reached financial close.
- New loans and equity injected into concession companies reached around KRW 196 bil in 2007

1. Based on FY2007 audited non-consolidated financial statements
2. Adjusted to remove (i) valuation gain (loss) on the convertible bond investment in New Daegu Busan Expressway and (ii) one-off income (tax refund) of KRW 2.7 bil
3. Adjusted to remove performance fees
4. Based on estimated aggregate MRG protected revenues of the underlying assets in accordance with the respective Concession Agreements

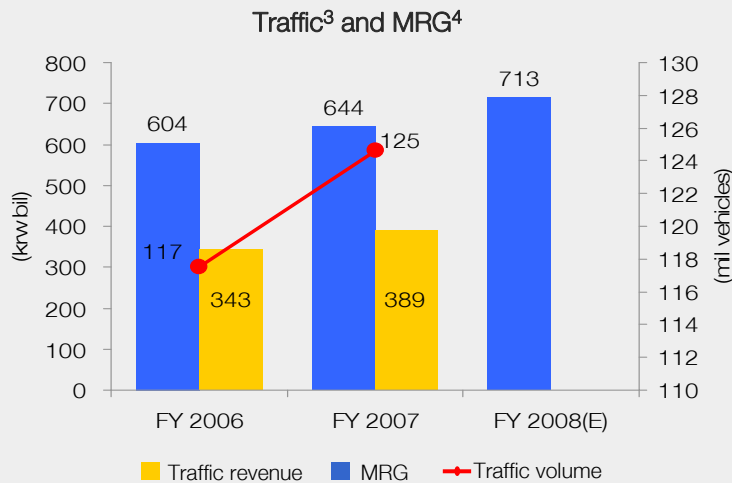


Financial snapshot

Key performances



- 13.8% 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.
- Adjusted EBIT² margin of 74% in 2007



- On an aggregate basis, the traffic volume and traffic revenue grew yoy by 7% and 13%, respectively
- Actual traffic revenue in proportion to MRG protected revenue⁴ grew yoy by 3% to 60% level
- The MRG protected revenue for FY 2008 is expected to reach approximately KRW 713 bil, a 10% yoy growth

- Adjusted to remove (i) valuation gain (loss) on the convertible bond investment in New Daegu Busan Expressway and (ii) one-off income (tax refund) of KRW 2.7 bil
- Adjusted to remove performance fees
- Based on aggregate traffic revenues and traffic volume of underlying assets, not proportional
- Based on estimated aggregate MRG protected revenues of the underlying assets in accordance with the respective Concession Agreements



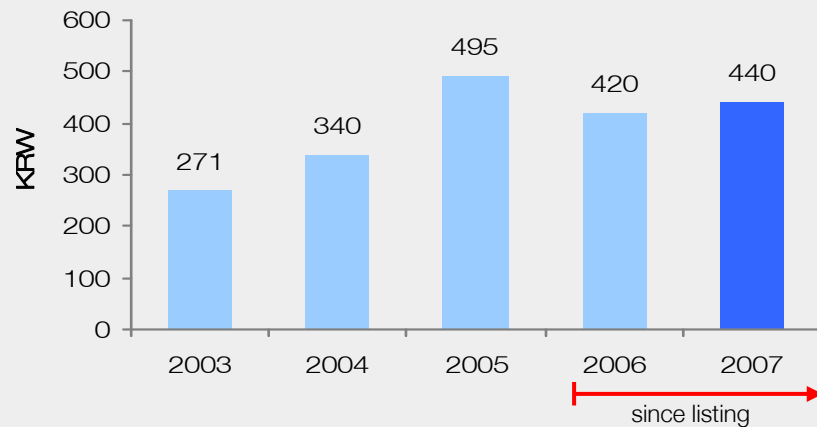
Distribution

Stable distribution profile



- Final distribution of KRW 220 per share declared for 2H 2007 totaling KRW 440 for the full year 2007
 - 5% growth over 2006 distribution
 - Approximately 68% of the distribution covered by the operating cashflow¹
 - Annualised trading yield of 6.9%² per annum
- Distribution for full year 2008 to sustain at least the current level³
- The quality of MKIF's portfolio should sustain a growing distribution profile over time

Distribution History (per share)



1. Based on total operating cash inflow of KRW 97 bil during 2007
2. Based on share price of KRW 6,400 per share as at 28 January 2008
3. In the absence of unforeseen circumstances and subject to MKIF Board approval of interim and final distribution amounts



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Portfolio update

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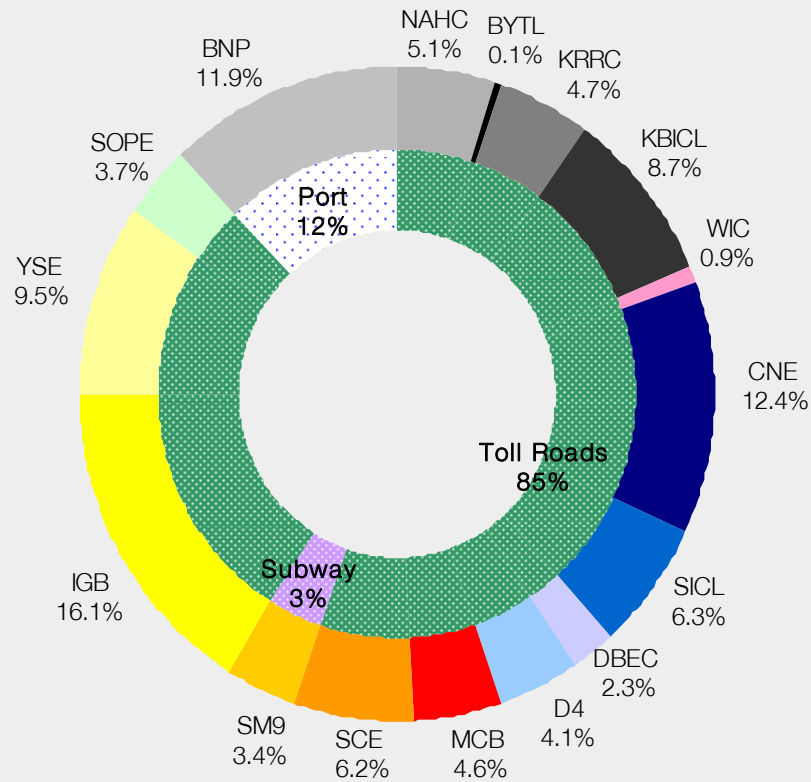
Investment portfolio

Balanced, diversified portfolio



Portfolio Composition by Asset¹

As of 28 January 2008



Total investment commitment grew 6.7% in 2007 to KRW 2.18 tril²

By sector:

	2006	2007	% change
Road	96%	85%	(11%)
Subway	4%	3%	(1%)
Port	-%	12%	12%
	100%	100%	

1. Full name of each asset contained in Appendix 4
 2. Reflected the securitisation of the shareholder loan provided to Baekyang Tunnel which had its financial close on 4 January 2008



Investment portfolio

Embedded growth

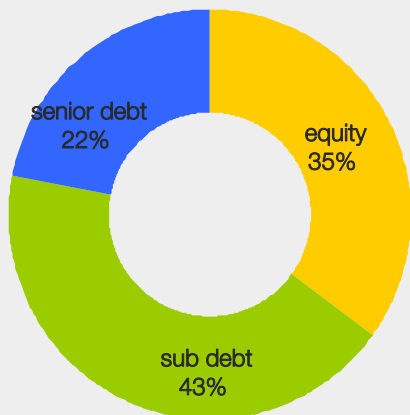


The two recently announced transactions¹, the investment in the Busan New Port Phase 2-3 and the securitisation of the senior loan provided to Baekyang Tunnel, had the following combined impact on MKIF portfolio:

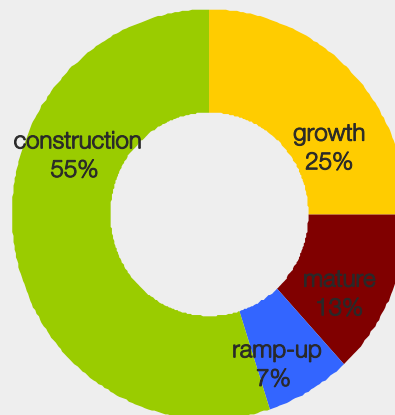
- Increased greenfield asset proportion by 8% (47% to 55%)
- Decreased senior debt proportion by 7% (29% to 22%)

As of 28 January 2008

By type



By stage of operation



By investment commitment

1. A summary of the two transactions is contained in Appendix 6



Active asset management

Key activities in 2007



- MKIF actively contributes to the key strategic, commercial and financial decisions of assets in which it invests



Asset traffic enhancement

Soojungsan Tunnel: revised the traffic scheme and installed user-friendly traffic signs to enhance both traffic volume and safety. The initiative attracted approximately 1,500 additional vehicles per day.

Kwangju 2nd Beltway 3-1: was fully connected to area beltways and its traffic volume increased by 28.2% on average daily basis in 2007



Construction risk management

Incheon Grand Bridge and Yongin-Seoul Expressway: actively managed construction delays and developed an effective catch-up plan

Machang Bridge: is nearing completion in July 2008 in accordance with original schedule



Increased operational efficiency and cost reduction

Soojungsan Tunnel and Cheonan-Nonsan Expressway: reduced operating costs by direct sourcing of operation and maintenance (O&M).

Cheonan-Nonsan Expressway: developed ancillary business opportunities such as highway rest house operation, generating ancillary revenue of KRW 7.1 bil in 2007



Global best practice operation

Majority of operational roads: designed a package insurance program to leverage Macquarie's global purchasing power. The initiative generated insurance cost savings of 11.7% in 2006 and 12% in 2007



Traffic performance

Strong traffic growth across the portfolio



- Nine operating projects have collectively shown strong traffic and revenue¹ growth

	Maturity of the asset	Average daily traffic (no of vehicles)			Average daily revenue (KRW thousand) ¹		
		Year to Date					
		2007	2006	Change	2007	2006	Change
Cheonan-Nonsan Expressway	Growth	32,390	30,017	7.9%	229,706	207,412	10.7%
Gwangju Second Beltway, Section 1	Mature	36,719	37,053	(0.9%)	32,253	32,638	(1.2%)
Gwangju Second Beltway, Section 3-1	Ramp-up	22,123	17,255	28.2%	17,843	13,882	28.5%
Baekyang Tunnel	Mature	68,943	67,954	1.5%	46,828	43,418	7.9%
Soojungsan Tunnel	Growth	40,238	38,747	3.8%	28,388	25,715	10.4%
Incheon International Airport Expressway	Growth	68,711	65,571	4.8%	384,291	338,636	13.5%
Woomyunsan Tunnel	Growth	19,458	17,657	10.2%	33,956	30,768	10.4%
New Daegu-Busan Expressway	Ramp-up	33,897	29,160	16.2%	273,028	228,161	19.7%
Daegu 4th Beltway East	Mature	18,981	18,486	2.7%	19,009	18,512	2.7%
Weighted average growth rate²				6.1%			10.4%

- Revenue figures do not include any compensation received or receivable from government counterparties, including 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.
- 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 in which MKIF has invested or committed to invest are largely progressing on schedule
- Construction risks are generally transferred to the construction companies under the contracts

	Scheduled Progress (A)	Actual Progress (B)	% of Actual v Schedule (B)/(A)	Estimated Completion
Machang Bridge	91.4%	90.9%	99.4%	2008
Seoul–Chuncheon Expressway	64.2%	65.0%	101.3%	2009
Incheon Grand Bridge	62.3%	64.2%	103.1%	2009
Seosuwon-Osan-Pyungtaek Expressway	51.3%	51.3%	100.0%	2009
Yongin-Seoul Expressway	38.7%	36.3%	93.4%	2009
Seoul Subway Line 9, Section 1 ¹	46.7%	22.8%	48.7%	2010

1. Figures are updated as of end of September 2007. 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.



Revenue compensation payments

Government-backed revenue protection



- All MKIF assets, except for BNP, benefit from some form of long-term inflation adjusted minimum government revenue guarantee
- Concession companies received KRW 140 bil¹ in revenue compensation payments during 2007
- Generally revenue compensation payments are received within 6 to 18 months after the end of the financial year to which they relate
- MRG payments are only recognised when they have actually been received
- There has been no history of default on Korean government obligations

Asset Name	Amount (KRW bil)	Date Received	Period Covered
Woomyunsan Tunnel	9.2	13 February 2007	1 July 2005 – 30 June 2006
Incheon International Airport Expressway	82.0	29 June 2007	1 January 2006 -31 December 2006
Daegu 4 th Beltway East	3.0	29 June 2007	1 January 2006 – 31 December 2006
Cheonan-Nonsan Expressway	40.4	31 August 2007	1 January 2006 - 31 December 2006
Daegu 4 th Beltway East	4.9	31 December 2007	1 January 2006 – 31 December 2006
Total	139.5		

1. Figures Excludes the MRG payment of KRW 10 bil and KRW 7.2 bil received in January 2008 from Gwangju 2nd Beltway Section 3-1 and Section 1, respectively

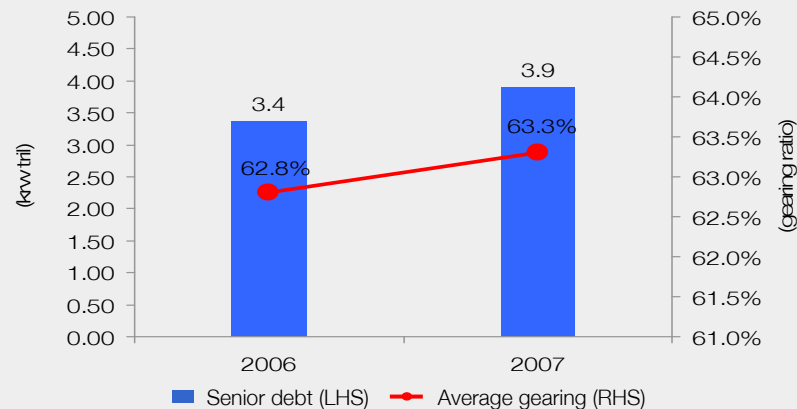


Debt profile¹

Interest rate exposure minimised



- The total outstanding senior debt² of the underlying assets:
 - amounts to approximately KRW 3.9 tril, of which approximately 70% is either fixed or swapped to fixed
 - has weighted average maturity of 11 years
- The average gearing³ at the asset level is around 63%
- The proportionate MKIF gearing⁴ level is 66%
- Investor appetite for MRG-driven cashflows remains strong despite the credit market volatility
- One of MKIF's road assets⁵ with MRG protected cashflows was recently priced at 6.73%, a 90 bps margin over the 10-year Korean treasury bonds



1. As at 31 December 2007
2. Includes KRW 375 bil of total outstanding senior debt held by MKIF (excluding KRW 124 bil of senior debt in Baekyang Tunnel)
3. For only operating assets where, Gearing = total senior debt / (total senior debt + total subordinated debt + share capital). Includes MKIF provided debt.
4. Proportionate senior debt / (proportionate senior debt + proportionate equity). Equity is based on historical cost
5. On 4 January 2008, MKIF securitised its shareholder loan provided to Baekyang Tunnel Ltd. More details are contained in Appendix 6



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Outlook

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Business Outlook



Acquisitions

- The investment opportunities in Korean infrastructure remains robust as the infrastructure needs of Korea continue to grow
- MKIF's expertise in assessing infrastructure projects is becoming increasingly relevant in competing for non-MRG projects
- MKIF will seek to diversify where the deal economics make sense – ports, power, gas distribution facilities, etc, in the deal pipeline
- MKIF will maintain focus on the roads sector

Capital Management

- MKIF has to distribute 100% of accounting income to achieve tax-exempt status
- Optimal timing of refinancing and divestment depends on the timing and amount of MKIF's investments commitment
- Focus over next 12 months will be on refinancing of senior debt at the asset level where substantial progress has already been made
- MKIF's senior debt holdings can be monetised but the timing depends on cash needs

Investor Relations

- Focus on increasing retail shareholding
- Focus on regulatory reform (PPI Act amendments, stock index inclusions, etc.)



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Appendices

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1. Income Statements



(Unit: KRW million)

	FY 2007	FY 2006	Change
Operating Revenue	150,480	141,166	6.6%
Interest Income	140,363	125,030	12.3%
Arrangement fees	875	962	(9.0%)
Dividend Income	9,842	6,958	41.4%
Gain (loss) on valuation of debt securities	(3,786)	6,724	(156.3%)
Other Income	3,186	1,492	113.5%
Operating Expense	68,449 ¹	135,532 ²	(49.5%)
Management fee	32,139	26,437	21%
Performance fee	27,341	103,166	(74%)
Interest expense	1,722	-	
Other expenses	7,247	5,929	22%
Net Profit	82,031	5,634	1356.0%

1. Including performance fee of KRW 27.3 bil 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.
2. Including one-off listing performance fees related to MKIF listing



2. Balance Sheets



- Additional KRW 196 bil investments into 5 assets during year ended to December 2007

	(Unit: KRW million)	
	31-Dec-07	31-Dec-06
Total Assets	1,824,991	1,771,828
I . Invested Assets	1,668,493	1,671,352
Cash and cash equivalents	83,530	281,670
Loans	1,070,291	923,654
Equity	473,504	421,074
Debt Securities	41,168	44,954
II . Others (Receivables, prepayments, etc.)	156,498	100,476
Total Liabilities	122,293	8,558
Payables (fees to service providers)	121	826
Misc. liabilities	9,163	7,732
Debt facility	113,009	-
Total Shareholders' Equity	1,702,698	1,763,270
Total Liabilities and Shareholder Equity	1,824,991	1,771,828

Capital Injection into MKIF investments		(Unit: KRW million)
Asset	Item	FY 2007
Machang Bridge	Equity	5,640
	Sub Debt	10,741
Incheon Grand Bridge	Equity	11,400
	Sub Debt	14,787
	Senior Debt	18,380
Yongjin-Seoul Expressway	Equity	34,779
	Sub Debt	41,300
Seoul-Chuncheon Expressway	Sub Debt	28,450
Seosuwon-Osan-Pyungtaek Expressway	Sub Debt	30,955
Total		196,432*

* Excluding transaction costs



3. Cashflow Statements



- Operating cash inflow was KRW 97.1 bil, an increase of 3.4% over 2006
- Cash position at the end of December 2007 stood at KRW 83.5 bil¹

(Unit: KRW million, %)

	2007	2006	Change
Cash flows from operating activities:			
Cash inflows from operating activities	97,102	93,876	3.4%
Cash outflows from operating activities:			
Investments	(196,432)	(366,469)	(46.4%)
Fees and expenses	(68,208)	(134,185)	(49.2%)
Net cash used in operating activities	(167,538)	(406,778)	(58.8%)
Cash flows from financing activities:			
Share issuance, net	(267)	563,676	(100.0%)
Debt facility drawdown	112,000	-	N/A
Distributions paid	(142,335)	(118,248)	20.4%
Net cash provided by (used in) financing activities	(30,603)	445,428	(106.9%)
Net increase (decrease) in cash and deposits	(198,140)	38,650	(612.7%)
Cash and deposits at beginning of the period	281,670	243,020	15.9%
Cash and deposits at end of the period	83,530¹	281,670	(70.3%)

1. MKIF received net cash proceeds of KRW 169 bil in January 2008 from the securitization of Baekyang Tunnel Shareholders loan



4. Portfolio



As of 28 January 2008

Name	Abbrv.	Commitment (KRW bn) & Debt Terms (% pa)					Total	MKIF Ownership(%)
		Equity	Sub Debt	Terms	Sr Debt	Terms		
Incheon International Airport Expressway	NAHC	58.2	51.7	13.9	-		109.9	24.1
Baekyang Tunnel	BYTL	1.2	-		1.9	13.0	3.1	100.0
Gwangju 2nd Beltway Section 3-1	KRRC	28.9	-		73.3	7.85	102.2	75.0
Gwangju 2nd Beltway Section 1	KBICL	13.1	35.2 ¹	20.0	142.0	10.0	190.3	100.0
Woomyunsan Tunnel	WIC	20.3	-		-		20.3	36.0
Cheonan-Nonsan Expressway	CNE	87.7	182.3	6.0	-		270.0	60.0
Soojungsan Tunnel	SICL	47.1	19.3	20.0	70.2	8.5	136.6	100.0
New Daegu-Busan Expressway	DBEC	49.2	-		-		49.2	6.5 ²
Daegu 4th Beltway, East	D4	57.5	32.0	17.0	-		89.5	85.0
Machang Bridge	MCB	49.6 ³	51.2	20.0	-		100.8	49.0/100.0 ³
Seoul-Chuncheon Expressway	SCE	48.6	87.4	11.0	-		136.0	15.0
Seoul Subway Line 9	SM9	40.9	33.5	15.0	-		74.4	24.5
Incheon Grand Bridge	IGB	74.5	89.4	12.0	188.0	8.0	351.9	41.0
Yongin-Seoul Expressway	YSE	129.6 ⁴	77.0	13.0	-		206.6	35.0/67.0 ⁴
Seosuwon-Osan-Pyungtaek Expressway	SOPE	-	80.0	9.0	-		80.0	-
Busan New Port Phase 2-3	BNP	66.4	193.0	10.0	-		259.4	30.0
Total		772.8	932.0		475.4		2,180.2	-
Percentage (%)		35.4	42.8		21.8		100.0	-

1. Includes KRW 3.2 bil working capital facility
2. Based on full conversion of existing convertible bond investment (including interest payable) in September 2008
3. 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)
4. 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%)



5. Asset locations

Presence in major metropolitan areas



Brownfield Assets



Incheon Int'l Airport Exp



Baekyang Tunnel



Gwangju 2nd Beltway, Section 3-1



Gwangju 2nd Beltway, Section 1



Woomyunsan Tunnel



Cheonan-Nonsan Exp



Soojungsan Tunnel



New Daegu-Busan Exp



Daegu 4th Beltway East



■ Operating assets

■ Assets under construction

Population (December 2007)

- Korea: 49 mil
- Seoul metropolitan area : over 23 mil

2007 annual GDP growth

- 4.9%

Source :Bank of Korea, Bloomberg

Greenfield Assets



Yongin-Seoul Exp



Busan New Port Phase 2-3



Seoul Chuncheon Exp



Machang Bridge



Seoul Subway Line9, Section 1



Incheon Grand Bridge



Seosuwon-Osan Pyungtaek Exp



6. New transactions

Investment vs. Securitisation



Busan New Port Phase 2-3

Transaction	<ul style="list-style-type: none"> Equity and sub-debt investment in Busan New Container Terminal Co., Ltd. ("BNCT"), the concessionaire with the right to develop, operate and maintain Busan New Port Phase 2-3
Value	<ul style="list-style-type: none"> Total of KRW 259 bil consisting of KRW 66 bil of equity and KRW 193 bil of sub-debt
Asset	<ul style="list-style-type: none"> A greenfield container port terminal located within Busan New Port 29.25-year concession term Construction period of 48 months with target operation commencement in early 2012 Four 50,000-ton berths with maximum annual capacity of 2.7 mil TEU ("twenty foot equivalent unit")
Transaction rationale	<ul style="list-style-type: none"> Both IRR and yield expected to be accretive to MKIF portfolio Diversification of revenue sources Downside protection provided by long-term terminal service agreements with major shipping lines Ideal location for port business Partnership with reputable and reliable partners providing both financial and operational contributions

Baekyang Tunnel

Transaction	<ul style="list-style-type: none"> Securitisation of the shareholder loan in Baekyang Tunnel Ltd. involving issuance of asset-backed securities bonds Privately placed to major Korean financial institutions
Value	<ul style="list-style-type: none"> Net cash proceeds to MKIF of KRW 169 bil
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
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