



MACQUARIE KOREA INFRASTRUCTURE FUND REPORTS 2008 FULL YEAR FINANCIAL AND TRAFFIC RESULTS

3 February 2009 - Macquarie Korea Infrastructure Fund (MKIF) today announced its financial results for the financial year ended 31 December 2008 (the “**Period**”), together with the traffic results for the same period.

MKIF delivered a solid all around performance with the following results highlights:

- On a non-consolidated basis, revenue and net income increased by 56% and 124%, respectively, on the previous corresponding period (pcp) to KRW 235.0 billion and KRW 183.7 billion. The increase was mainly due to the one off capital gains recognised from the transactions completed during the Period in relation to Baekyang Tunnel and Daegu-Busan Expressway.
- On a weighted average basis¹, traffic volume fell by 1.6% on pcp due to the economic slowdown affecting the number of road users. The actual traffic revenue however increased by 1.5% due to toll rate increases.
- Declared a distribution of KRW 582 per share for the Period, reflecting a special distribution component from the capital management transactions (the “**Transactions**”)². The distribution³ consists of KRW 460 per share in cash and KRW 122 per share in newly issued shares. The amount represents a current trading yield of 11.5%⁴ and a year on year distribution growth of 4.5% on cash basis.
- Maintained a conservative capital position with following key points (As at 31 December 2008):
 - MRG (minimum revenue guarantee) backing on substantially all of MKIF’s operating cash receipts
 - Proportionately consolidated cash balance⁵ of KRW 350 billion
 - No external funding required for next 3 years
 - All asset level debt are fully-funded, amortising debt with average amortising maturity of 9 years
 - Proportionately consolidated gearing⁶ of 47% with 59% of interest obligations either fixed or hedged⁷ for next 2 years
- Construction of the six greenfield assets progressing mostly on time and on budget with five assets scheduled to open in the second half of 2009. The estimated timing of the openings is:
 - Yongin-Seoul Expressway (June)
 - Seoul Metro Line 9, Section 1 (July)
 - Seoul-Chuncheon Expressway (August)
 - Incheon Grand Bridge (October)

¹ The weighted average growth rates in traffic and revenue based on the size of the revenue of each asset and MKIF’s equity interest

² Transactions include the securitisation of Baekyang Tunnel senior loan, the sale of convertible bonds in Daegu-Busan Expressway and refinancing of debt provided to Woomyunsan Tunnel

³ Details provided in a separate disclosure

⁴ Based on the closing price of KRW 5,050, on 2 February 2009

⁵ Proportionately consolidated cash balance (including corporate cash balance of KRW 182bn)

⁶ 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

⁷ Hedging (Fixed or swapped to fixed) = Proportionate net debt from assets adjusted for fixed or swapped debt / MKIF net debt

- Seosuwon-Osan-Pyungtaek Expressway (October)

Mr Chul Hum Paik, Representative Director of Macquarie Shinhan Infrastructure Asset Management Co. Ltd. (“MSIAM”), said: “The results give reassurance that MKIF is resilient to a most challenging business environment. It should also be noted that MKIF demonstrated its ability to execute smart capital management transactions even during deteriorating financial market conditions.”

The stability of MKIF’s operating performance is underpinned by the inflation-adjusted and government-subsidised revenue streams of the underlying assets shielding MKIF from the economic and financial market volatilities. This has resulted in the increase in the underlying traffic revenues and the operating revenues for the fund against deteriorating economic conditions.

On the capital management front, the Transactions completed during the year delivered a total of KRW 289.9 billion of cash proceeds¹ to MKIF on attractive return basis. The Transactions also provided the healthy appetite for MKIF assets which ensures a certain level of liquidity for MKIF in executing its capital management transactions. In addition, those deals provided an important valuation benchmark for MKIF where the underlying assets being priced at extremely favourable terms.

Finally, MKIF was also able to deliver a timely progress on its construction assets and achieve a stable traffic performance through its rigorous operational review and improvements of the operational assets.

Mr. Paik noted, “Looking ahead, we are carefully watching macroeconomic and capital market developments. We believe that given today’s challenging external environment, we need to be cautious and prudent in our approach to business. It is important that we retain flexibility to exploit opportunities as needed and also to deal with any business contingencies. We will therefore review, on an ongoing basis, MKIF’s capital and cash position with the objective of ensuring appropriate reserves are maintained for the current economic climate.”

“Facilitating a smooth transition process for the five upcoming asset openings in 2nd half of 2009 will be another important assignment for MKIF this year. The portfolio is expected undergo a significant transformation as close to 90%, as opposed to the current level of 48%, of the portfolio will be fully operational by the year end.”

“Overall, MKIF scored well on all key aspects for the business and delivered outstanding results for the Period” said Mr. Paik.

A presentation providing further details of MKIF’s 2008 financial and operating results can be found on MKIF’s website (www.macquarie.com/mkif).

Financial Results¹

	(Unit: KRW million)	
	2008	2007
Revenue	235,064	150,480
Interest income and Dividend income	154,870	150,205
Capital gain ²	79,400	-
Other income	794	275
Operating Expenses	51,364	68,449
Management fee	27,836	32,139
Interest expense	16,235	1,722
Performance fee	-	27,341
Other expenses	7,293	7,247
Net Income	183,700	82,031

1. Audited, non-consolidated basis
2. Gains from the securitisation of the senior debt provided to Baekyang Tunnel and the sale of the convertible bonds issued by New Daegu-Busan Expressway

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

Traffic Results

Asset	2008 4 th Quarter		2008 Full Year	
	Traffic (%) ¹	Revenue (%) ²	Traffic (%) ¹	Revenue (%) ²
Weighted Average growth	(3.5%)	(1.3%)	(1.6%)	1.5%

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

For further information, please contact:

Jason Pak
Chief Operating Officer
Macquarie Korea Infrastructure Fund
+ 82 2 3705 8550
Jason.Pak@macquarie.com

Ally An
Investor Relations
Macquarie Korea Infrastructure Fund
+ 82 2 3705 8565
Ally.An@macquarie.com

This release is not an offer for sale of the securities of Macquarie Korea Infrastructure Fund ('MKIF') in the United States or in any jurisdiction where any offer, sale or solicitation in respect of such securities is not permitted. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended, or in any jurisdiction where such offer or sale is not permitted. MKIF does not intend to register any portion of any contemplated offering in the United States or to conduct a public offering of securities in the United States.

Not for distribution in the United States or in any jurisdiction where any offer, sale or solicitation in respect of the contemplated securities is not permitted.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any securities will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire any securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

MKIF or Macquarie Shinhan Infrastructure Asset Management Co., Ltd. is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of this entity do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

Investments in MKIF are subject to investment risk, including possible delays in repayment or loss of income and/or capital investment. Neither MKIF, nor any member of the Macquarie Bank Group, including MSIAM, guarantees the performance of MKIF, the repayment of capital or the payment of a particular rate of return on MKIF securities.

Appendix 1. Financial results¹

BALANCE SHEETS

As of 31 December 2008 and 2007

	(Unit: KRW million)	
	2008	2007
Assets		
I . Invested Assets	1,929,621	1,668,493
Cash & deposits	182,412	83,530
Loans	1,144,656	1,070,291
Equity securities	602,553	473,504
Debt securities	-	41,168
II . Others	170,211	156,498
Interest receivable	160,031	148,290
Other receivables	2,428	55
Deferred costs, net	7,752	8,153
Total Assets	<u>2,099,832</u>	<u>1,824,991</u>
Liabilities		
Accounts Payable	9,606	121
Management fee payable	5,975	8,139
Long-term debt	340,523	113,009
Other liabilities	2,900	1,024
Total Liabilities	<u>359,004</u>	<u>122,293</u>
Shareholders' Equity		
I . Share Capital	1,631,531	1,652,985
II . Retained Earnings	109,297	49,713
Total Shareholders' Equity	<u>1,740,828</u>	<u>1,702,698</u>
Total Liabilities and Shareholders' Equity	<u>2,099,832</u>	<u>1,824,991</u>

¹ Audited, non-consolidated basis

STATEMENTS OF INCOME

For the years ended 31 December 2008 and 2007

	2008	2007
		(Unit: KRW million)
	<u>2008</u>	<u>2007</u>
Revenue	235,064	150,480
Interest Income	154,388	140,363
Arrangement Fees	2,895	875
Dividend Income	482	9,842
Loss on valuation of debt securities	(2,922)	(3,786)
Gain on sale of loans receivable	24,454	-
Gain on sale of debt securities	54,946	-
Other income	821	3,186
Expenses	51,364	68,449
Management fees	27,836	32,139
Custodian fees	387	513
Administrator fees	302	300
Performance fees	-	27,341
Interest expenses	16,235	1,722
Other expenses	6,604	6,434
Net Profits	183,700	82,031

Appendix 2. Traffic Results

1. TRAFFIC AND REVENUE - PORTFOLIO SUMMARY

On a weighted average basis, traffic and revenue decreased by 3.5% and 1.3%, respectively, during the fourth quarter (the Quarter), when compared to pcp. On the same basis, traffic and revenue for the Period decreased by 1.6% and increased by 1.5%, respectively, on pcp. The highlights from the traffic results include:

- The weak performance of traffic for the Quarter and for the Period is generally attributable to the economic slowdown affecting the number of road users and the travel time.
- Certain assets, including Woomyunsan Tunnel and Gwangju Second Beltway Section 3-1, had relatively strong traffic results mainly due to the additional traffic inflow coming from more congested adjacent roads.
- The increases in toll rates helped to reduce the impact on revenues from the traffic decrease.

Asset	2008 Fourth Quarter		2008 Full Year		% of MKIF Portfolio ^c
	Traffic (%) ^a	Revenue (%) ^b	Traffic (%) ^a	Revenue (%) ^b	
Incheon International Airport Expressway	(11.0%)	(9.4%)	(5.5%)	(2.4%)	5.2
Baekyang Tunnel	(4.1%)	(4.8%)	(2.8%)	4.6%	0.1
Gwangju Second Beltway, Section 3-1	13.4%	12.6%	14.9%	14.4%	4.8
Gwangju Second Beltway, Section 1	(2.8%)	(3.6%)	(2.7%)	(3.1%)	9.0
Woomyunsan Tunnel	12.6%	11.9%	8.6%	8.3%	1.0
Cheonan-Nonsan Expressway	(1.7%)	4.5%	(0.6%)	2.2%	12.7
Soojungsan Tunnel	(3.6%)	(4.9%)	(2.2%)	5.0%	6.4
Daegu 4 th Beltway East	(5.2%)	(5.1%)	(3.3%)	(3.2%)	4.2
Weighted Average	(3.5%)	(1.3%)	(1.6%)	1.5%	-

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.

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 toll rate increases, and may also be influenced by the traffic mix between heavy and light vehicles, for which different toll rates apply.

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. Accordingly, revenue performance in the concession companies is not a direct guide to the revenue performance of MKIF.

Incheon International Airport Expressway

Category	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	66,974	59,630	-11.0%	68,711	64,956	-5.5%
Average daily revenue (1,000 won)	385,895	349,630	-9.4%	384,291	375,192	-2.4%

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 weakening.

Baekyang Tunnel

Category	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	69,691	66,851	-4.1%	68,943	66,989	-2.8%
Average daily revenue (1,000 won)	51,215	48,732	-4.8%	46,828	49,001	4.6%

Note: Following negotiations with Busan Metropolitan City (BMC), toll rates were not increased in 2008. (Previous toll rate increased in July 2007) According to the 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	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	24,073	27,308	13.4%	22,123	25,411	14.9%
Average daily revenue (1,000 won)	19,479	21,924	12.6%	17,843	20,414	14.4%

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	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	36,594	35,571	-2.8%	36,719	35,743	-2.7%
Average daily revenue (1,000 won)	32,289	31,114	-3.6%	32,253	31,241	-3.1%

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	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	20,570	23,160	12.6%	19,458	21,137	8.6%
Average daily revenue (1,000 won)	35,940	40,232	11.9%	33,956	36,778	8.3%

Note: According to Concession Agreement, the toll rate is fixed at KRW2,000 till 2009. 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	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	32,992	32,447	-1.7%	32,390	32,209	-0.6%
Average daily revenue (1,000 won)	237,391	248,092	4.5%	229,706	234,794	2.2%

Soojungsan Tunnel

Category	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	40,922	39,444	-3.6%	40,238	39,343	-2.2%
Average daily revenue (1,000 won)	31,225	29,681	-4.9%	28,388	29,793	5.0%

Note: Following negotiations with BMC, toll rates were not increased in 2008. (Previous toll rate increased in July 2007) According to the Concession Agreement, BMC is going to pay compensation for the incremental toll revenue foregone by the concession company.

Daegu 4th Beltway East

Category	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	19,456	18,448	-5.2%	18,981	18,359	-3.3%
Average daily revenue (1,000 won)	19,481	18,494	-5.1%	19,009	18,403	-3.2%

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

Machang Bridge

Category	PCP			Year on Year		
	Q4 2007	Q4 2008	% change	2007	2008	% change
Average daily traffic (vehicles / day)	N/A	10,076	N/A	N/A	10,170	N/A
Average daily revenue (1,000 won)	N/A	21,679	N/A	N/A	21,736	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.

MRG Receivables for the FY2007 have been fully received on time from the relevant government authority as the table shows below.

(Unit: KRW billion)

Asset Name	MRG receivable for 2007	Received Amount	Remaining according to Concession Agreement	
			Amount	Due date without additional interest
Daegu 4 th Beltway East	152.1	142.5 ¹⁾	15.2 ²⁾	February, 2009
Baekyang Tunnel	26.0	26.0 ³⁾	-	January 2008
Soojungsan Tunnel	50.0	50.0 ³⁾	-	January 2008
Gwangju Second Beltway, Section 1	116.7	116.7 ⁴⁾	-	December 2008
Gwangju Second Beltway, Section 3-1	65.3	65.3 ⁴⁾	-	December 2008
Cheonan-Nonsan Expressway	390.0	390.0	-	December 2008
Woomyunsan Tunnel	64.5	64.5	-	February 2008
Incheon International Airport Expressway	811.4	811.4	-	December 2008
Total	1,676.0	1,666.4¹⁾		

Note :

1) Included the deferred interest payment of KRW560mil

2) 10% of the MRG amount remains unpaid until February 2009.

3) The first payment of the 4 instalments for the MRG from 2005 to 2007 according to Concession Agreement.

4) Paid on 2 January 2009.