



**MACQUARIE KOREA INFRASTRUCTURE FUND**

General Presentation

June 2011



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## FORWARD LOOKING STATEMENT

This presentation contains forward-looking statements, in particular, under the heading "Business Overview". All forward-looking statements are our management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

## 1

### Key Results

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## 2

### Business Overview

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## 3

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Key Results



## ✓ SOLID FINANCIAL AND TRAFFIC RESULTS

- Traffic volume and revenue<sup>1</sup> up 7.8% and 8.0%, respectively, on prior corresponding period (pcp)
- Weighted average traffic volume vs. Concession Agreement forecasted volume of 70% for the newly opened assets<sup>2</sup>
- Normalised revenue and net income<sup>3</sup> increased by 5% and 19%, respectively on pcp

## ✓ SUCCESSFUL OUTCOME ON THE CAPITAL MANAGEMENT INITIATIVE

- 3<sup>rd</sup> Tranche securitisation of the interest receivable on the subordinated loans provided to Cheonan-Nonsan Expressway, bringing forward KRW 20.6bn of net cash to MKIF
- KRW 500 billion refinancing of MKIF level debt completed with a significantly cheaper and longer debt<sup>4</sup>

## ✓ REMAINS FINANCIALLY HEALTHY WITH CONSERVATIVE CAPITAL POSITIONS (as at 31 March 2011)

- MKIF domestic credit rating has been notched up to AA (stable) from AA- (stable)
- Conservative debt profile with scheduled de-gearing of asset level debt
- Proportionately consolidated cash balance of circa KRW 323bn (MKIF level cash balance of KRW 114bn)
- MKIF net debt of KRW 253.1 billion with the corporate loan facility not maturing until November 2014
- Proportionately consolidated gearing<sup>5</sup> of 49% with 48% of interest obligations either fixed or hedged<sup>6</sup> for next 12-months

1. The weighted average growth rates in traffic and revenue are weighted by reference to revenue and calculated based on MKIF's percentage ownership interest in each concession company

2. Yongin-Seoul Expressway, Seoul-Chuncheon Expressway, Seoul Subway Line 9 Section 1 and Incheon Grand Bridge

3. Excludes one-off capital gains of KRW 621mil in 2011 and KRW 7,148mil in 2010

4. Refer to slide 9 for the details of the transaction.

5. 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

6. Hedging (Fixed or swapped to fixed) = Proportionately consolidated MKIF net debt adjusted for fixed or swapped debt / Proportionately consolidated MKIF net debt

# FINANCIAL RESULTS



Unaudited, non-consolidated financial information

(Unit: KRW mn)

	FY2010	1Q 2011	1Q 2010	% change
<b>Revenue</b>	<b>166,275</b>	<b>39,454</b>	<b>44,025</b>	<b>(10.4%)</b>
Interest income	151,281	38,833	36,875	
Capital gain (loss)	14,888 <sup>1</sup>	621 <sup>2</sup>	7,148 <sup>3</sup>	
Other income (loss)	106	-	2	
<b>Expense</b>	<b>54,833</b>	<b>13,620</b>	<b>15,716</b>	<b>(13.3%)</b>
Management fee	22,891	5,877	5,650	
Interest expense	25,620	6,233	6,526	
Other expense <sup>4</sup>	6,322	1,510	3,540	
<b>Net income</b>	<b>111,442</b>	<b>25,834</b>	<b>28,309</b>	<b>(8.7%)</b>
<b>Normalised Net income<sup>5</sup></b>	<b>96,554</b>	<b>25,213</b>	<b>21,161</b>	<b>19.1%</b>

1. One-off gains from three capital management transactions in 2010

2. Gain on securitisation of interest receivable in Cheonan-Nonsan Expressway (Tranche III)

3. Includes gain on (i) securitisation of interest receivable in Cheonan-Nonsan Expressway (Tranche II) of KRW249mn and (ii) divestment of the sub-debt in Seosuwon-Osan-Pyungtaek Expressway of KRW6,899mn

4. Includes one-off Transaction related costs

5. Excludes one-off capital gains

# UNDERLYING ASSET PERFORMANCE



## TRAFFIC VOLUME GROWTH<sup>1</sup>

**7.8%**

## TRAFFIC REVENUE GROWTH<sup>1,2</sup>

**8.0%**

## PORTFOLIO AGE<sup>3</sup>

**5 years**

### TRAFFIC PERFORMANCE –1Q 2011 OVER 1Q 2010

	% of MKIF Portfolio	Average daily traffic volume		Average daily traffic revenue	
		Vehicles/day	% change on pcp	KRW thousand/day	% change on pcp
Incheon International Airport Expressway	6.2%	48,278	(4.1%)	304,799	(4.0%)
Baekyang Tunnel	0.2%	67,865	3.1%	49,401	3.1%
Gwangju Second Beltway, Section 3-1	5.3%	33,130	9.9%	29,321	10.0%
Gwangju Second Beltway, Section 1	10.7%	34,515	5.4%	34,248	6.1%
Woomyunsan Tunnel	1.1%	25,550	7.2%	44,284	7.2%
Cheonan-Nonsan Expressway	15.1%	37,381	8.8%	285,487	9.1%
Soojungsan Tunnel	7.5%	41,047	4.1%	30,804	3.8%
Deagu 4th Beltway East	5.0%	19,037	4.0%	19,091	4.0%
Machang Bridge	6.3%	13,912	7.6%	25,106	8.2%
Yongin-Seoul Expressway	7.6%	57,182	29.2%	92,086	29.7%
Seoul-Chuncheon Expressway	7.6%	32,112	12.6%	185,776	13.8%
Seoul Subway Line 9 Section 1	4.2%	183,173	13.0%	129,618	10.4%
Incheon Grand Bridge	9.2%	25,343	17.2%	126,122	18.8%
<b>Weighted average growth rate</b>			<b>7.8%</b>		<b>8.0%</b>

1. On a weighted average basis based on revenue size of each asset and the MKIF's equity interest in each concession company.
2. Actual revenue collected does not include minimum revenue compensation payments received from the relevant government authority or the toll freeze compensations related to the CPI growth.
3. Operation period of each concession company on a weighted average basis based on respective commitment amount

# NEWLY OPENED ASSETS



% OF PORTFOLIO

**29%**

% OF CA FORECAST TRAFFIC VOLUME<sup>1</sup>

**69.5%**

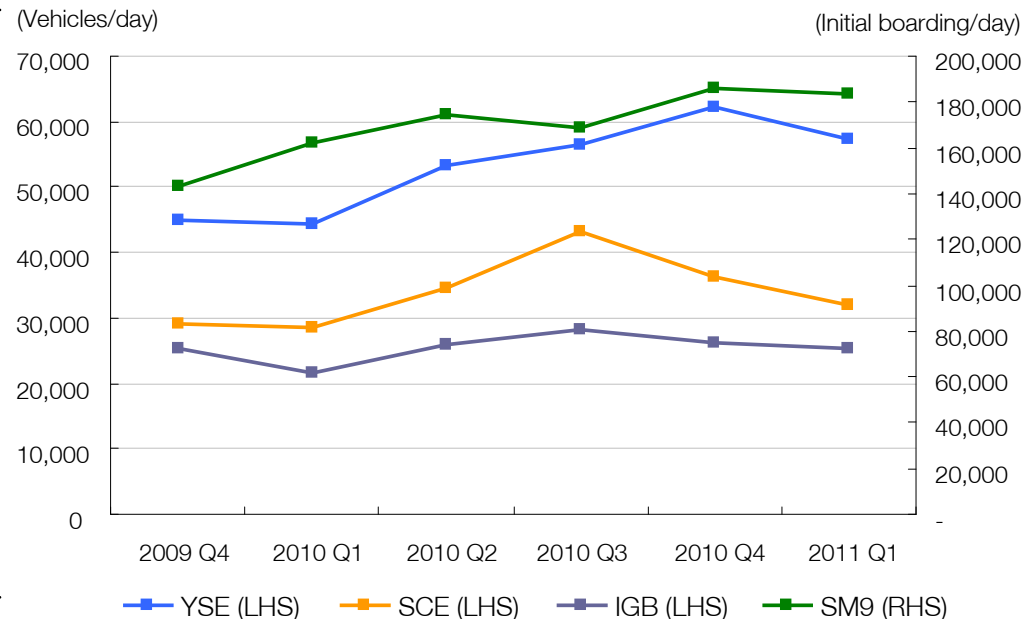
TRAFFIC VOLUME GROWTH<sup>2</sup>

**18.5%**

## 1Q 2011 TRAFFIC PERFORMANCE

Asset	Operation commencement	Traffic volume growth on pcp	Traffic revenue growth on pcp	% of CA forecast traffic volume
Yongin-Seoul Expressway (YSE)	01-Jul-09	29.2%	29.7%	68.4%
Seoul-Chuncheon Expressway (SCE)	15-Jul-09	12.6%	13.8%	68.0%
Seoul Subway Line 9, Section 1 (SM9)	24-Jul-09	13.0%	10.4%	89.4%
Incheon Grand Bridge (IGB)	19-Oct-09	17.2%	12.7%	62.6%

## QUARTERLY TREND OF TRAFFIC VOLUME



1. During 1<sup>st</sup> quarter 2011, on a weighted average basis based on total commitment amount and average daily traffic  
 2. Weighted average daily traffic during 1<sup>st</sup> quarter 2011 over 1<sup>st</sup> quarter 2010

## Securitisation of subordinated debt interest receivable (3<sup>rd</sup> tranche)

## Refinancing of MKIF-level debt



### CHEONAN-NONSAN EXPRESSWAY



### MKIF

#### DESCRIPTION

- Securitisation of MKIF's interest receivable on the subordinated loans – 8 tranches of ABS to be issued with a combined face value of KRW 157.2bn<sup>1</sup>
- 3<sup>rd</sup> tranche total issuance amount of KRW 21.1bn issued at the discount rate of 6.40%

- KRW 250bn aggregate principal amount of unsecured bonds consisting of
  - W60bn 5-year bond (“Tranche 1-1”) at a fixed rate of 4.57%
  - W190bn 7-year bond (“Tranche 1-2”) at a rate of fixed 4.97%
- A new 5-yr W250bn corporate credit facility
  - Interest rate from CD+400bps (floating rate tranche) and 7.2%(fixed rate tranche) to CD+270bps (fixed tranche removed)
  - Maturity extended to June 2016

#### TRANSACTION RATIONALE

- To improve cash inflow
- Attractive pricing

- To lower borrowing cost and extend maturity
- Diversify source of capital

#### PRICING

- Evidence of market's strong appetite for MKIF's assets
  - AA credit rating for subordinated cashflow without credit support
  - Competitive pricing in spite of unusual structure of callable (with lock-up period) zero-coupon ABS

- Attractive pricing relative to the benchmark rates
  - AA credit rating for MKIF (both bonds and credit facility)
  - The weighted average cost of MKIF's total borrowing reduced by circa 215 bps<sup>2</sup>
  - Weighted average maturity extended by +2.5yrs
  - Exposure to floating interest rate reduced by more than half

#### CASHFLOW

- Immediate net cash inflow of KRW 20.6bn

- Expected annual cash savings of W7~9bn over next 5yrs

1. Assuming the market rates of the 'AA-' rated Korean corporate bonds as at 14 May 2009

2. Weighted average cost of debt for MKIF's total borrowing (Bonds and the Facility) against the cost of the Terminated Facility of circa 7.4%



BUSINESS OVERVIEW

2

# MKIF HISTORY



Promulgated PPI Act | A key component in Korean government's initiative to expand infrastructure in Korea, introduced strong government supports to private participation in investment



**Establishment** | 
 

- Capital raising of KRW 1.26tn until the listing
- Captured attractive asset portfolio underpinned by significant government revenue and capital protections

**Listing** | 
 

- Capital raising of KRW 582.5 bn through IPO
- Dual listed on KRX and LSE

**MANDATE** | To invest in infrastructure assets in Korea as defined under PPI Act<sup>1</sup>

**OBJECTIVE** | To create value through active capital/portfolio management and to provide stable distributions

**INVESTMENTS** | 14 assets, KRW 1.77tn (12 toll roads, 1 subway & 1 port)

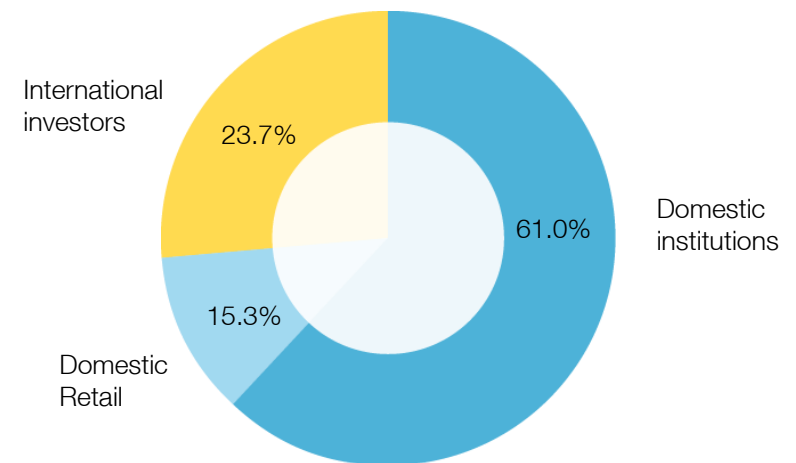
**ASSET MANAGER** | Macquarie Shinhan Infrastructure Asset Management Co., Ltd.<sup>2</sup>

1. Private Participation in Infrastructure Act (PPI Act) defines infrastructure sectors including roads, railways, ports, energy, airport, communication, water resources, etc.

2. A joint venture company between Macquarie Group and Shinhan Financial Group.

EXCHANGE	KRX -088980.KS / LSE – MKIF.LI
MARKET CAP <sup>1</sup>	KRW 1.7 trillion (US\$ 1.6 billion)
DAILY VOLUME <sup>2</sup>	290,380 shares (US\$ 1.3 million)

## SHAREHOLDER BASE

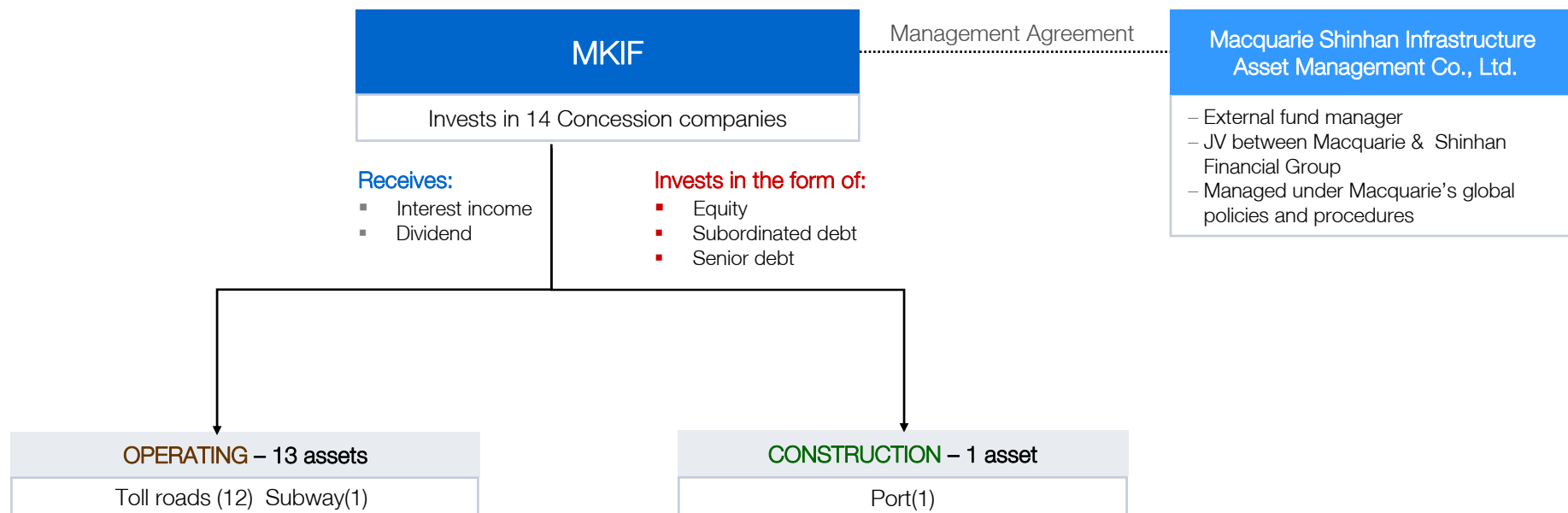


## TOP SHAREHOLDERS<sup>3</sup>

1. Military Mutual Aid Association	11.8%
2. Shinhan Financial Group	11.2%
3. Korea Life Insurance	7.2%
4. KDB Life Insurance	6.5%
5. Capital Research & Mgmt Company	6.0%
6. Korea Government Employees Pension Services	5.4%
7. Lazard Asset Management	5.0%
8. Macquarie Group	4.4%

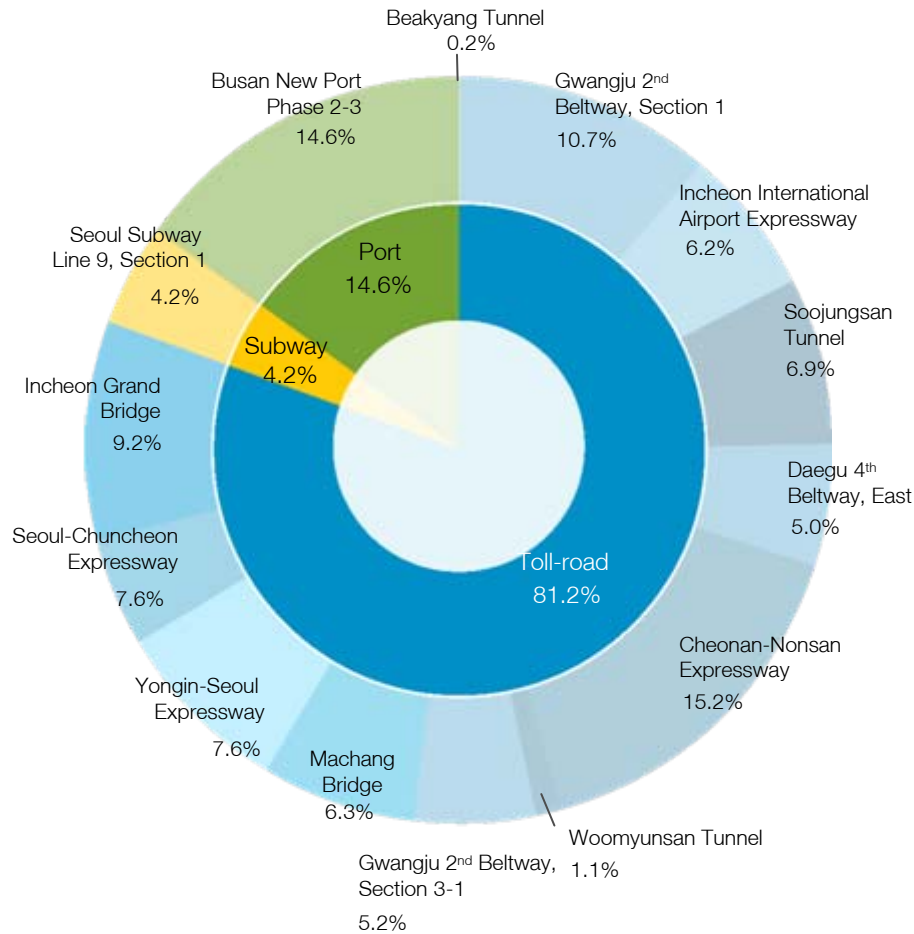
1. Based on the share price as of 31 March 2011  
 2. 3-month average daily turnover  
 3. Source: Financial Supervisory Service

- Active manager of the invested companies through management participation
- Corporate tax exempted when MKIF distributes more than 90% of its annual net income
- Korean retail residents benefit from a lower distribution withholding tax<sup>1</sup>

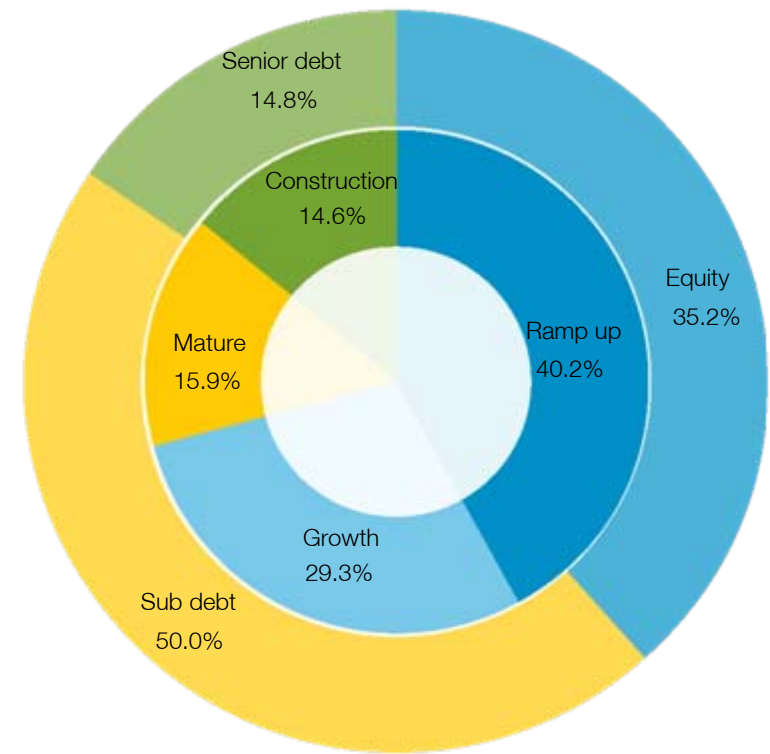


1. Investments having a total par value of KRW 100mil or less are subject to withholding tax of 5.5%. Investments having a total par value over KRW100mil are subject to 15.4% until December 2012.

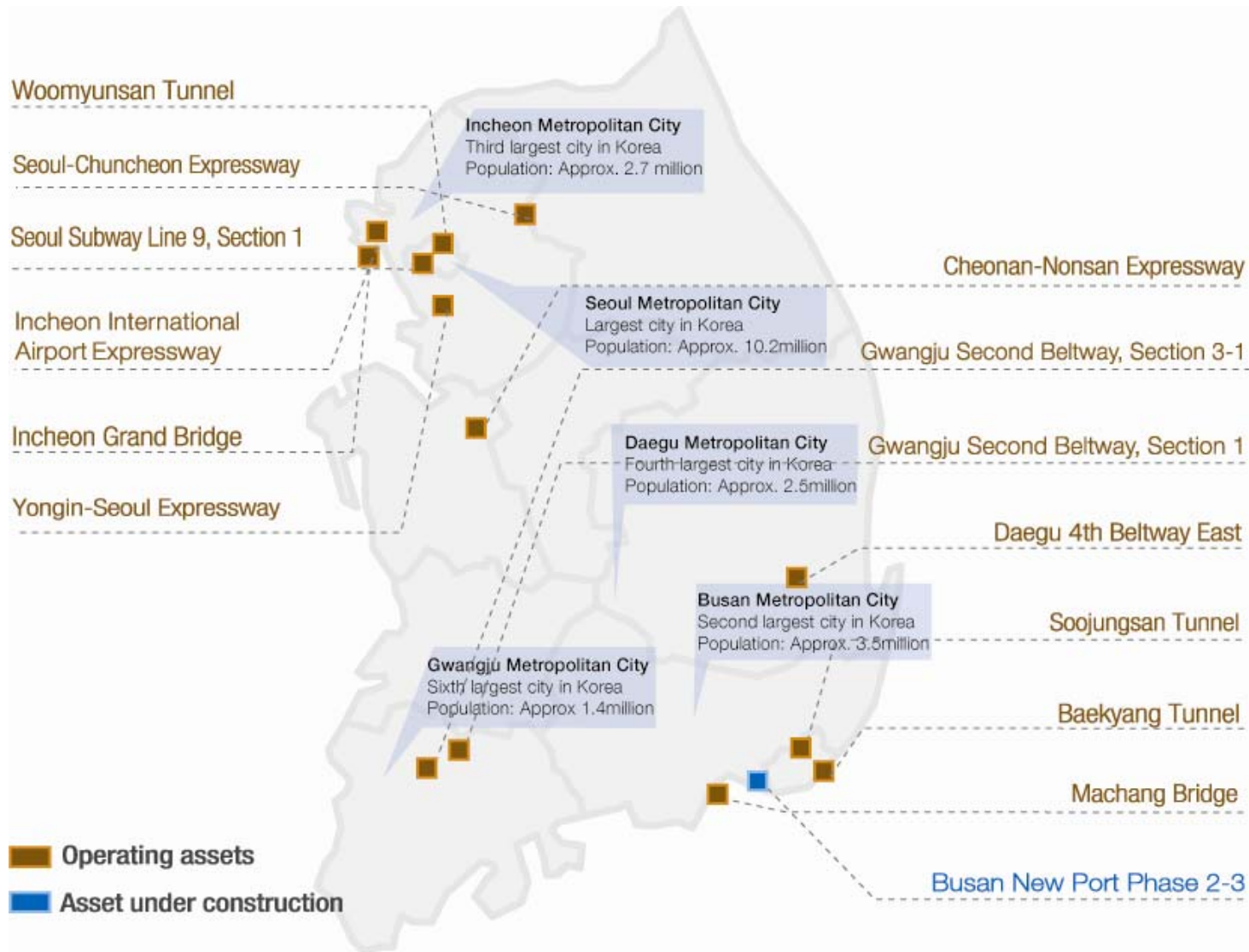
## Portfolio Composition by Asset



## Portfolio Composition by Phase and Type



1. Based on commitment amount



# LONG-TERM CONCESSION PERIOD

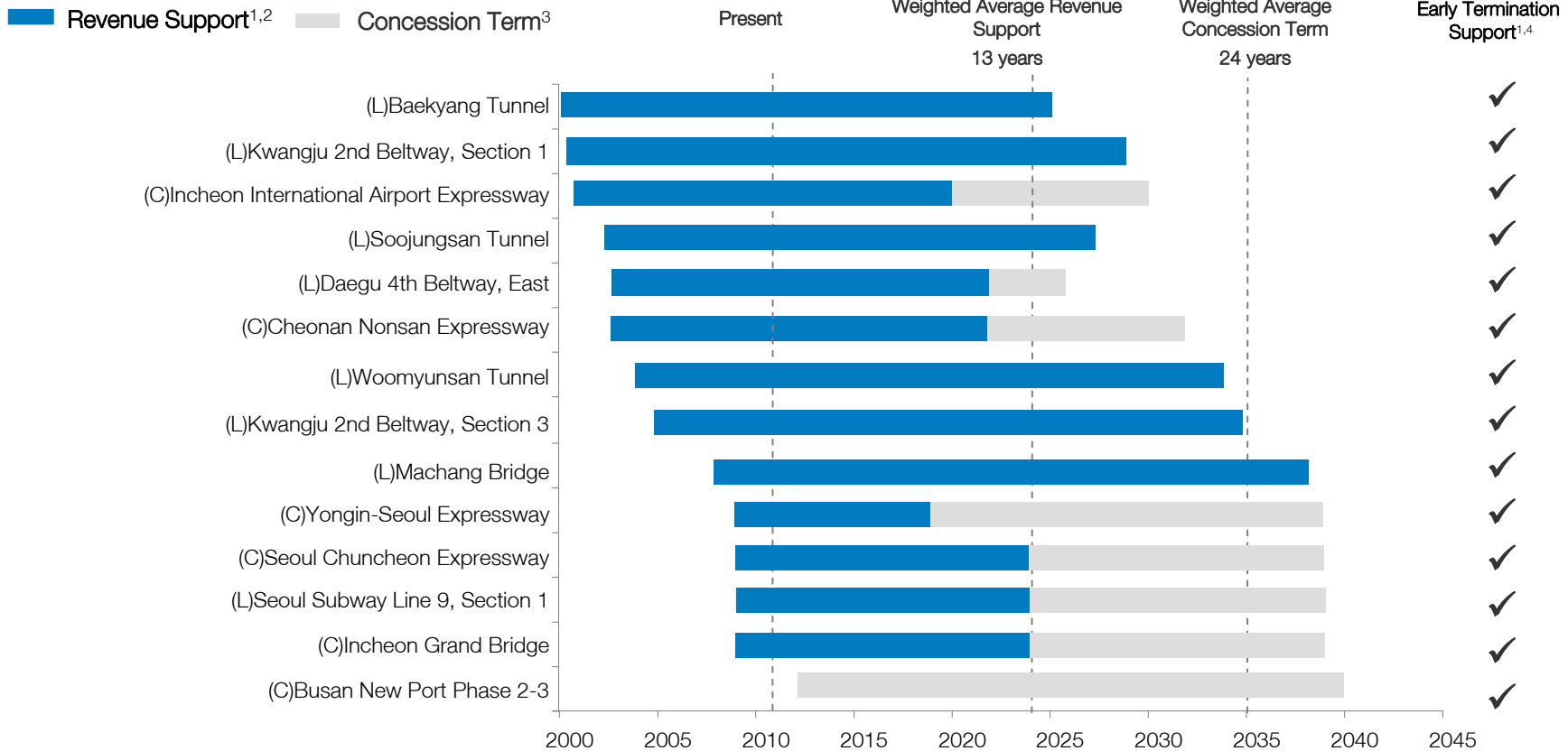


As of 31 March 2011

## CONCESSION TERM VS. GOVERNMENT REVENUE SUPPORT PERIOD

### Relevant Authority

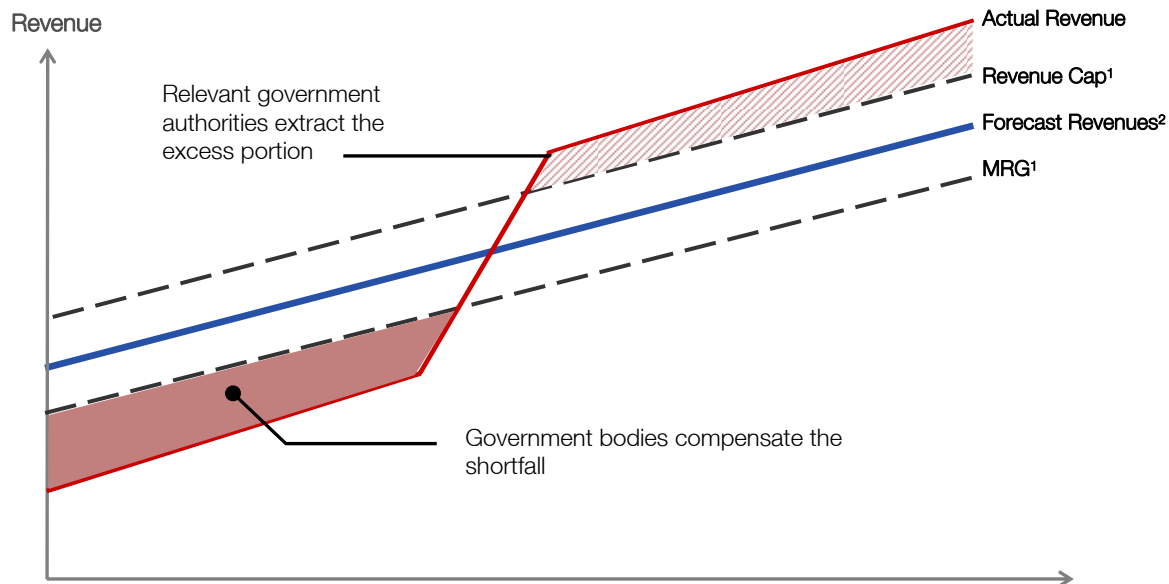
(C) Central government (L) Local government



1. Revenue support and termination payment provisions vary for each concession
2. Revenue support until at least 2024 with weighted average support remaining of about 13 years (excluding Busan New Port Phase 2-3)
3. Concessions last at least until 2035 with weighted average life remaining of over 24 years
4. 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

## MINIMUM REVENUE SUPPORT MECHANISM

*Conceptual Diagram*



- MRG and Revenue support for 13 of MKIF's 14 assets<sup>3</sup>
- Real and inflation-linked revenue support
- MRG line tracking the forecast revenue line (typically 80~90% below forecast revenue)
- No history of Korea sovereign default
- Korea sovereign rating as of September 2010:
  - S&P : A (Stable)
  - Moody's : A1 (Stable)
- Details for the government revenue support by each asset attached – Slide 29

1. MRG and revenue caps vary across assets  
 2. Forecast revenues set out in the Concession Agreement  
 3. In three of 13 MRG assets, no revenue guarantee applies if actual revenue are below 50 % of the toll revenue forecast

CASH<sup>1</sup> **KRW 323.1bn**

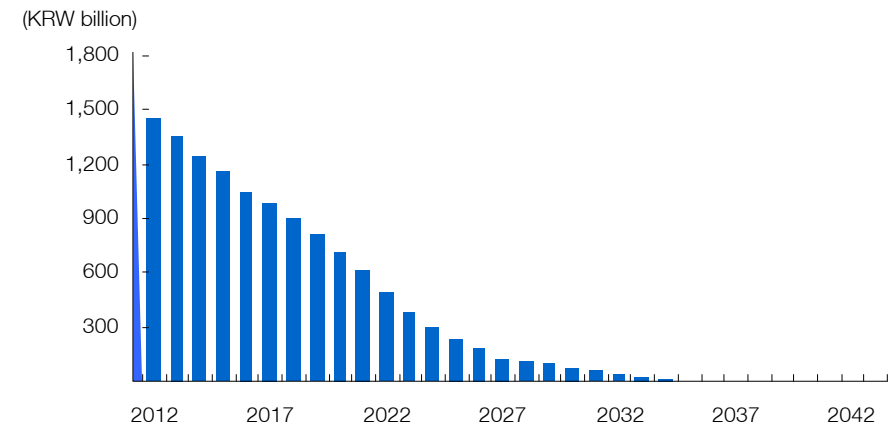
AMORTISING MATURITY<sup>2</sup> **9.1 years**

GEARING<sup>3</sup> **49%**

NET DEBT TO EBITDA<sup>4</sup> **2.7x**

INTEREST RATE HEDGE<sup>5</sup> **48%** until end of 2011

**OUTSTANDING DEBT BALANCE <sup>6</sup>**

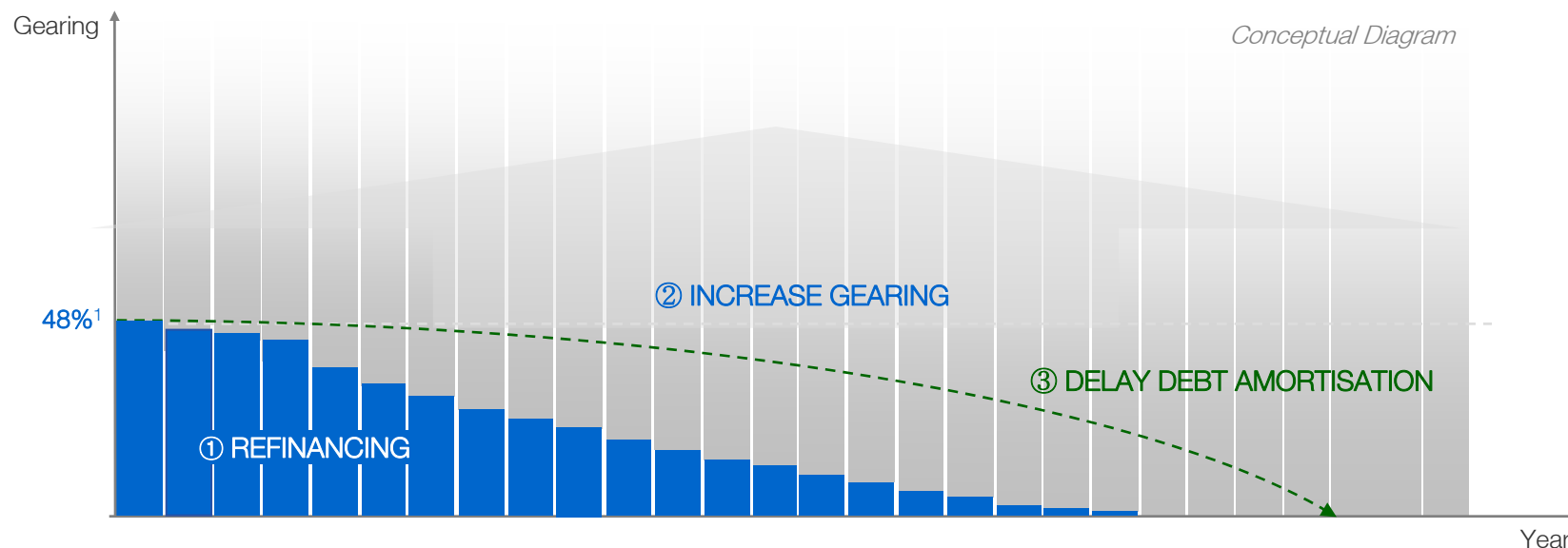


1. Proportionately consolidated cash balance (including MKIF cash balance of KRW 113.8bn)
2. Weighted average amortising maturity of the underlying asset level external debt
3. Gearing = Proportionately consolidated MKIF Net Debt / (Proportionately consolidated MKIF Net Debt + MKIF market capital (3-month average))
4. Proportionate average of operating assets. Excludes all new assets which have commenced operation in 2008 and 2009
5. Hedging (Fixed or swapped to fixed) = Proportionately consolidated MKIF net debt adjusted for fixed or swapped debt / Proportionately consolidated MKIF net debt
6. Outstanding debt balance based on amortisation schedule of asset level external debt on a proportionate equity shareholding basis. Excludes MKIF level corporate loan balance

# CAPITAL RESTRUCTURING OPPORTUNITIES



- Opportunities exist to optimise capital structure
- Asset level senior debt typically have amortising debt with restrictive cash reserve covenants
- Certain assets are subject to Benefit Sharing Plan where financial benefits from refinancing need to be shared with the relevant government authority



## ① REFINANCING

- Lower interest rate
- Improve debt covenants
- Release trapped cash

## ② INCREASE GEARING

- Capacity to gear up further

## ③ DELAY DEBT AMORTISATION

- Bring forward available cash

1. Proportionately consolidated net gearing as at March 2011

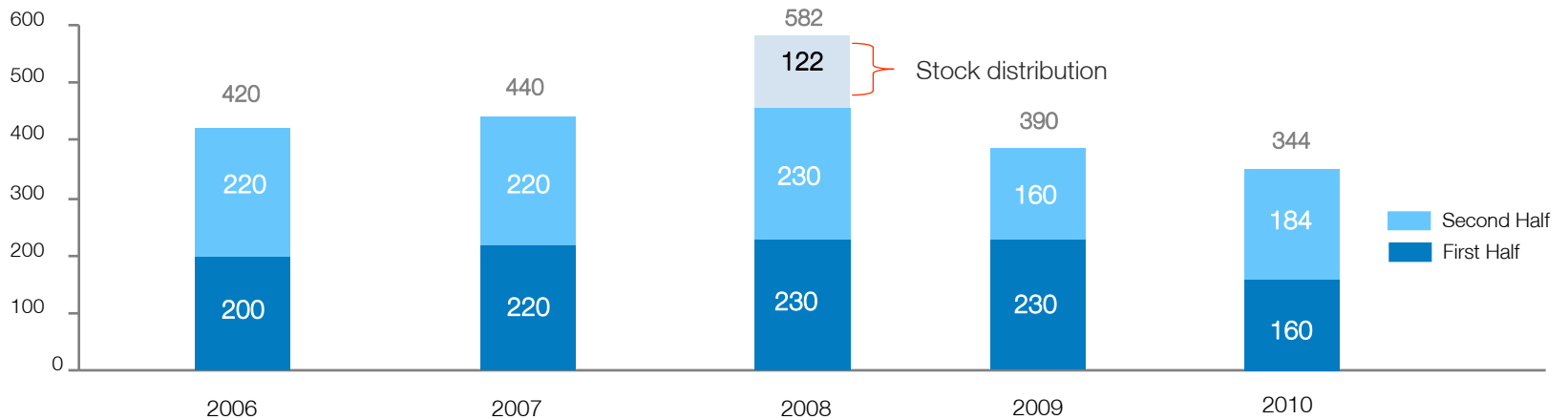
**DECLARATION/  
PAYMENT** Semi-annual: As end of June and December

**DISTRIBUTION FLOOR** Higher of taxable income or 100% of distributable accounting income – to maintain tax exempt status

**2010 DISTRIBUTION** KRW 344 per share<sup>1</sup>

**CASH YIELD** Circa 7.1%<sup>2</sup>

## DISTRIBUTION HISTORY ( PER SHARE, POST-LISTING )



1. Composed of (i) a dividend of KRW336 per share and (ii) a distribution in excess of profits of KRW8 per share (Deduction from the retained earnings). Total of KRW 344 per share will be accounted as distribution income in calculating dividend income tax and tax payable under Korean law<sup>3</sup>
2. Based on the closing price in 2010 and 2010 total distribution

## REDUCED CAPITAL RISKS

- Minimum Revenue Guarantee (MRG) provided to 13 out of 14 underlying assets
- Currently, substantially all of operating cash receipts are MRG-backed
- Underlying revenues are fully inflation-adjusted

## EMBEDDED GROWTH POTENTIAL

- Real and inflation-linked natural underlying revenue growth
- Capital restructuring opportunities
- Re-rating of assets
- Growth through new investments

## HEALTHY FINANCIALS

- Sound balance sheet position
- Conservative gearing with solid debt profile
- Stability of operating cashflows supported by predictable cost basis

## MACQUARIE MANAGED FUND

- Global leader managing A\$87 billion<sup>1</sup> of infrastructure assets under management across 24 countries
- Management fees aligned with shareholders' interests

## STRONG MARKET PRESENCE

- #1 infrastructure management and advisory platform
- Unrivalled brand recognition and track record in the infrastructure space in Korea

1. Based on proportionate enterprise value, calculated as proportionate net debt and equity value at most recent valuation date, 31 December 2010 for the majority of assets.



APPENDICES

# 3

# FINANCIAL POSITION STATEMENTS

Non-consolidated – as at 31 March 2011 and 31 December 2010



(Unit: KRW mn)

	31 March 2011	31 December 2010
<b>Assets</b>		
Invested Assets	1,832,446	1,848,587
Cash & deposits	113,771	139,365
Loans	1,104,789	1,098,823
Equity securities <sup>1</sup>	613,886	610,399
Others	203,530	216,354
Interest receivable	186,642	199,145
Other receivables	4,460	3,860
Deferred costs, net	12,428	13,349
<b>Total Assets</b>	<b>2,035,976</b>	<b>2,064,941</b>
<b>Liabilities</b>		
Accounts Payable	63	1
Management fee payable	5,877	5,958
Long-term debt	366,917	360,551
Other liabilities	2,496	2,654
<b>Total Liabilities</b>	<b>375,353</b>	<b>369,164</b>
Shareholders' Equity		
Share Capital	1,670,986	1,670,986
Retained Earnings	(10,363)	24,791
<b>Total Shareholders' Equity</b>	<b>1,660,623</b>	<b>1,695,777</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,035,976</b>	<b>2,064,941</b>

## CAPITAL INJECTION INTO MKIF INVESTMENTS

Asset	Item	1Q 2011
Busan New Port	Equity	3,487
	Sub Debt	9,611
Gwangju 2nd Beltway, 3-1	Senior Debt	(1,834)
Soojungsan Tunnel	Senior Debt	(1,799)
<b>Total</b>		<b>9,465</b>

\* Excludes Baekyang Tunnel loan amortisation of KRW 12 mil

1. Pursuant to the Financial Investment Services and Capital Market Act, MKIF reports all its unlisted equity investments at acquisition cost. These are unaudited numbers and as such may be subject to change.

# PROFIT AND LOSS STATEMENTS

Non-consolidated – 3 months to 31 March 2011 (Compared to 1Q 2010)



(Unit: KRW mn)

	Quarter Ended 31 Mar 2011	Quarter Ended 31 Mar 2010
<b>Revenue</b>	<b>39,454</b>	<b>44,025</b>
Interest Income	38,833	36,875
Gain (Loss) on sale of investment	621	7,148
Other income	-	2
<b>Expenses</b>	<b>13,620</b>	<b>15,716</b>
Management fees	5,877	5,650
Custodian fees	82	82
Administrator fees	51	72
Interest expenses	6,233	6,526
Other expenses	1,377	3,386
<b>Net Profits</b>	<b>25,834</b>	<b>28,309</b>
<b>Normalised Net Profits</b>	<b>25,213</b>	<b>21,161</b>

# CASHFLOW STATEMENTS

Non-consolidated - 12 Months to 31 December 2010 (Compared to 2009)



	2010	2009	(Unit: KRW mn) % change
<b>Cashflows from operating activities:</b>			
Cash inflows from operating activities	227,664	377,423	(40%)
Sale of investment	46,834	183,051	(74%)
Collection of other loans receivable	75,797	5,396	(1,305%)
Interest income	104,864	115,765	(9%)
Other	169	73,211	(100%)
Cash outflows from operating activities:	(176,925)	(186,495)	(5%)
Investments	(151,861)	(146,571)	4%
Fees and expenses	(25,064)	(39,924)	(37%)
<b>Net cash provided by (used in) operating activities</b>	<b>50,739</b>	<b>190,928</b>	<b>(73%)</b>
<b>Cashflows from financing activities:</b>			
Repayment of long-term debt	(50,000)	(120,000)	(58%)
Drawdown from long-term debt	5,000	137,000	(96%)
Distributions paid	(106,067)	(150,646)	(30%)
<b>Net cash provided by (used in) financing activities</b>	<b>(151,067)</b>	<b>(133,646)</b>	<b>13%</b>
Net increase (decrease) in cash and deposits	(100,328)	57,282	(275%)
Cash and deposits at beginning of the period	239,693	182,411	31%
<b>Cash and deposits at end of the period</b>	<b>139,365</b>	<b>239,693</b>	<b>(42%)</b>

As of 31 March 2011

## MKIF COMMITMENT AND DEBT INTEREST RATE

(KRW bn, %)

Name	Abbrev.	Equity	Ownership (%)	Subordinated Debt	Interest Rate	Senior Debt	Interest Rate	Total
Baekyang Tunnel	BYTL	1.2	100.0	-	-	1.6	15.0	2.8
Gwangju 2nd Beltway Section 1	KBICL	13.1	100.0	35.2 <sup>1</sup>	20.0	142.0	10.0	190.3
Incheon International Airport Expressway	NAHC	58.2	24.1	51.7	13.9	-	-	109.9
Soojungsan Tunnel	SICL	47.1	100.0	19.3	20.0	55.8	8.5	122.2
Daegu 4th Beltway, East	D4	57.5	85.0	32.0	17.0	-	-	89.5
Cheonan-Nonsan Expressway	CNE	87.7	60.0	182.3	16.0	-	-	270.0
Woomyunsan Tunnel	WIC	10.7	36.0	9.6	20.0	-	-	20.3
Gwangju 2nd Beltway Section 3-1	KRRC	28.9	75.0	-	-	64.2	7.85	93.1
Machang Bridge	MCB	33.8	70.0	79.0	11.4	-	-	112.8
Yongin-Seoul Expressway	YSE	57.8	35.0	77.0	13.0	-	-	134.8
Seoul-Chuncheon Expressway	SCE	48.6	15.0	87.4	11.6	-	-	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	11.5	-	-	163.9
Busan New Port Phase 2-3	BNP	66.4	30.0	193.0	10.0	-	-	259.4
<b>Total</b>		<b>626.4</b>		<b>889.4</b>		<b>263.5</b>		<b>1,779.3</b>
<b>Percentage (%)</b>		<b>35.2%</b>		<b>50.0%</b>		<b>14.8%</b>		<b>100.0%</b>

1. Includes KRW 3.2bn working capital facility

# OPERATING PERFORMANCE BY ASSET<sup>1</sup>

12 Months to 31 December 2010



(Unit: KRW million)

2010<sup>2</sup>

2009

Assets	Operating Revenue <sup>3</sup>	OPEX	EBITDA	Net Debt <sup>4</sup>	EBITDA margin	Net Debt to EBITDA	Operating Revenue <sup>3</sup>	OPEX	EBITDA	Net Debt <sup>4</sup>	EBITDA margin	Net Debt to EBITDA
Gwangju Second Beltway, Section 1	28,870	(6,269)	22,601	(1,434)	78%	(0.1x)	26,531	(4,781)	21,751	(603)	82%	(0.0x)
Gwangju Second Beltway, Section 3-1	16,731	(4,140)	12,591	(6,798)	75%	(0.5x)	15,778	(3,439)	12,338	(8,568)	78%	(0.7x)
Soojongsan Tunnel	23,637	(2,834)	20,802	(13,014)	88%	(0.6x)	22,530	(2,622)	19,908	(9,667)	88%	(0.5x)
Baekyang Tunnel	23,400	(4,077)	19,323	151,352	83%	7.8x	21,425	(3,568)	17,856	159,104	83%	8.9x
Incheon International Airport Expressway	218,041	(21,352)	196,689	288,752	90%	1.5x	225,370	(17,548)	207,822	419,151	92%	2.0x
Cheonan-Nonsan Expressway	165,517	(22,958)	142,559	296,966	86%	2.1x	147,709	(22,941)	124,767	397,170	84%	3.2x
Woomyunsan Tunnel	21,595	(4,068)	17,527	90,884	81%	5.2x	21,307	(3,841)	17,466	96,772	82%	5.5x
Daegu 4 <sup>th</sup> Beltway East	26,040	(3,746)	22,294	65,672	86%	2.9x	23,654	(3,082)	20,572	78,586	87%	3.8x
Machang Bridge <sup>5</sup>	21,495	(4,486)	17,010	214,352	79%	12.6x	14,695	(4,616)	10,078	195,217	69%	19.4x
<b>Proportionate average<sup>6</sup></b>	<b>31,696</b>	<b>(4,777)</b>	<b>26,919</b>	<b>68,685</b>	<b>85%</b>	<b>2.6x</b>	<b>29,748</b>	<b>(4,463)</b>	<b>25,285</b>	<b>86,509</b>	<b>85%</b>	<b>3.4x</b>

1. Excludes all new assets which have commenced operation in 2009 and 2010

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

3. Revenue compensation and other compensations from the relevant government authority are reflected on cash basis. Payments are typically received within 6 to 18 months after the end of the year to which they relate.

4. Excludes Shareholders loans

5. MKIF's equity ownership in Machang Bridge was 100% in 2009 and 70% in 2010

6. On a proportionate average basis based on MKIF's equity interest in each concession company.

# MINIMUM REVENUE GUARANTEE SUMMARY



As of 31 March 2011

	Asset	Concession Term	Concession Term Remaining	Revenue Guarantee Duration	Revenue Guarantee Duration Remaining	Revenue Guarantee Threshold <sup>1</sup>	Revenue Cap Threshold <sup>1,2</sup>	Remarks
Operating asset	Baekyang Tunnel	25	14	25	14	90%	110%	
	Gwangju 2nd Beltway, Section 1	28	18	28	18	85%	115%	
	Incheon International Airport Expressway	30	20	20	10	80%	110%	Partial revenue sharing in excess of 80% to 110% level
	Soojungsan Tunnel <sup>4</sup>	25	16	25	16	90%	110%	
	Daegu 4th Expressway, East	24	15	20	11	79.8%	120.2%	
	Cheonan-Nonsan Expressway	30	22	20	12	82%	110%	Partial revenue sharing in excess of 82% to 110% level
	Woomyunsan Tunnel	30	23	30	23	79% <sup>3</sup>	110%	All revenue sharing excess of 79% to 85% and excess 110%/ Partial revenue sharing excess of 90% to 110%
	Gwangju 2nd Beltway, Section 3-1	30	24	30	24	90%	110%	
	Machang Bridge	30	27	30	27	75.78%	120%	
	Yongin-Seoul Expressway <sup>5</sup>	30	28	10	8	70%	130%	
	Seoul-Chuncheon Expressway <sup>5</sup>	30	28	15	13	80%/70%/60%	120%/130%/140%	Change by every five year
	Seoul Subway Line 9, Section 1 <sup>5</sup>	30	28	15	13	90%/80%/70%	110%/120%/130%	Change by every five year
Incheon Grand Bridge	30	29	15	14	80%	120%		
Busan New Port Phase 2-3	29	29	N/A	N/A			Construction asset	
Weighted average <sup>6</sup>	29	24	18	13				

1. % of annual concession agreement projected revenue

2. Relevant government authorities are entitled to receive the portion exceeding the Threshold

3. 79% up to 2023 and 78% from 2024 to 2034

4. In toll revenue below 90%, Busan City Government is obliged to compensate 91.5% of the shortfall amount

5. No revenue guarantee applies if actual revenue are below 50 % of the toll revenue forecast

6. Weighted by investment commitment

- Manager's interests aligned with shareholders
- No performance – no performance fees
- Underperformance carried forward

## Management fee calculated quarterly basis as:

- Base Fee
  - 1.25% pa falling to 1.10%<sup>1</sup> of Net Investment Value (NIV) of MKIF; plus (+)
  - 1.15% pa falling to 1.05%<sup>1</sup> per annum of Commitment<sup>2</sup> of MKIF
- Performance Fee
  - 20% sharing in cumulative total returns<sup>3</sup> over 8% pa

## Net Investment Value for any quarter equals:

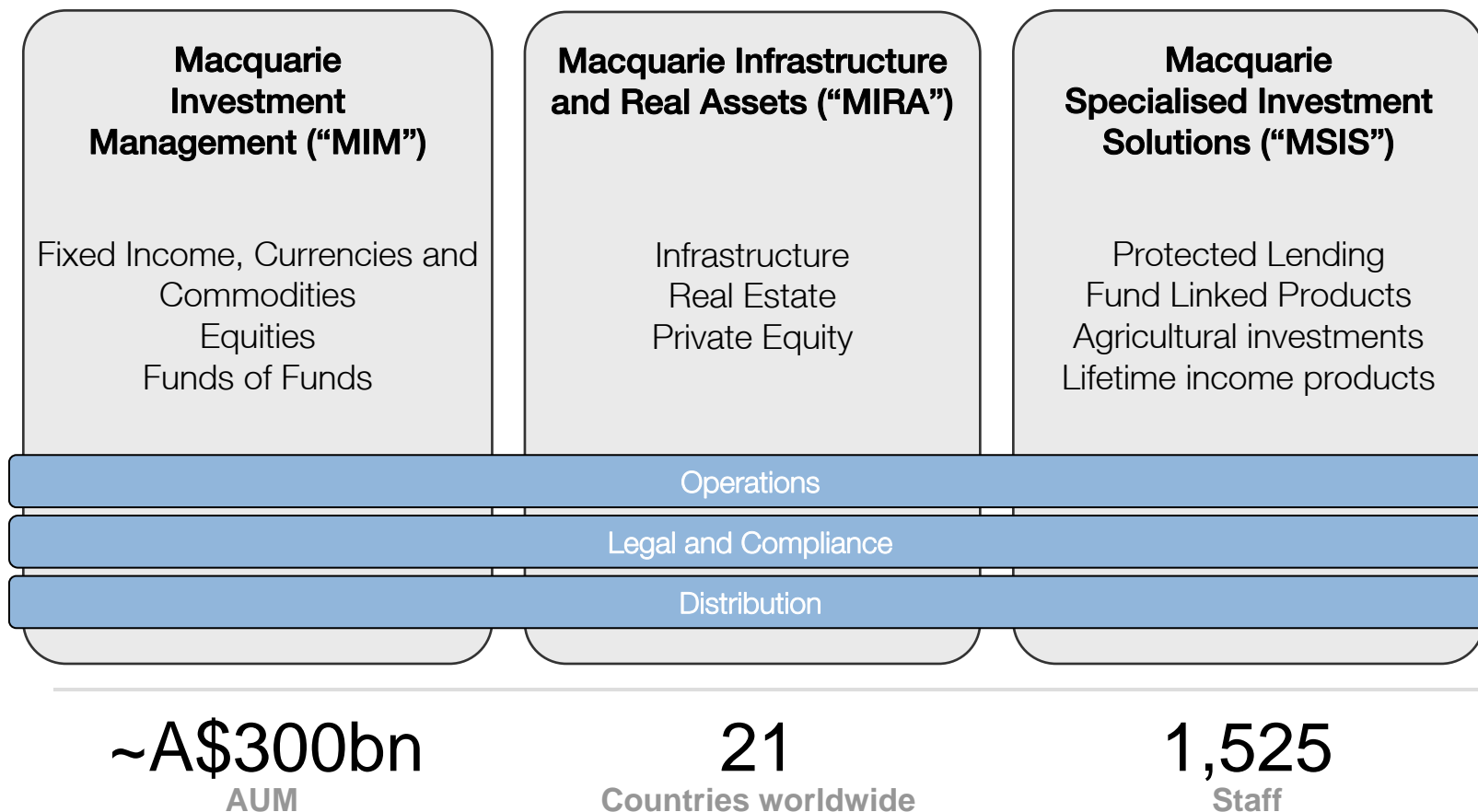
- The average market capitalisation of MKIF over all trading days in each calculation; plus (+)
- The amount of any external borrowings by MKIF; less (-)
- Cash held by MKIF

1. For NIV +Commitment in excess of KRW 1.5 trillion

2. Commitments means all amounts that MKIF has firmly committed for future investment contributions.

3. Total return to shareholders reflects both distributions from MKIF to its shareholders and share price performance over each calculation.

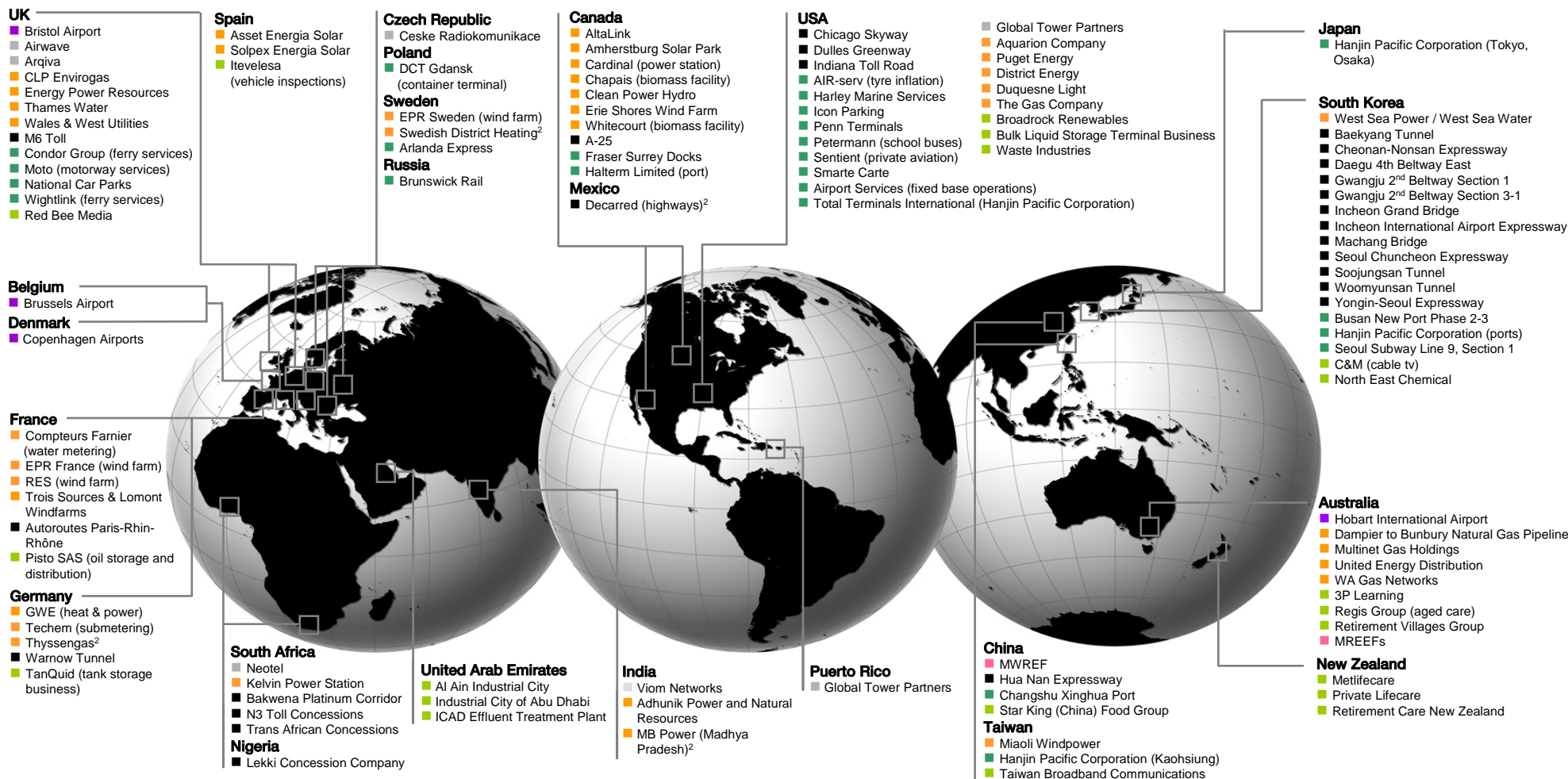
Macquarie Funds Group ranks in the top 40 asset managers globally



1. All numbers as at 31 December 2010.

# MACQUARIE WORLDWIDE INVESTMENTS

~105 portfolio businesses and ~120 properties<sup>1</sup>



Real Estate

Airports

Communications

Utilities

Roads

Transport & Related Services

Other

- As at 31 December 2010. Represents portfolio businesses which Macquarie Infrastructure and Real Assets manages on behalf of investors with various direct percentage stakes held in each. Above list of portfolio businesses is not exhaustive.
- Subject to customary closing arrangements.

# MACQUARIE INFRASTRUCTURE AND REAL ASSETS (MIRA)'S COMPETITIVE ADVANTAGE



Macquarie Infrastructure and Real Assets (previously Macquarie Capital Funds) is a leading global alternative asset manager specialising in infrastructure funds, other real asset funds and customised accounts

## EXTENSIVE EXPERIENCE

- Since 1996, Macquarie has been a leading infrastructure and real asset manager
- A\$87 billion<sup>1</sup> of assets under management across 24 countries

## PROPRIETARY DEAL FLOW

- Access to the proprietary investment sourcing capability of the Macquarie Group

## STRONG ALIGNMENT

- Macquarie and staff investment of ~A\$1.8 billion in Macquarie Infrastructure and Real Assets managed funds

## EFFECTIVE ASSET MANAGEMENT

- Local expertise, knowledge and relationships across 23 offices globally
- Sector specific infrastructure operational specialists with approximately 500 years experience

1. Based on proportionate enterprise value, calculated as proportionate net debt and equity value at most recent valuation date, 31 December 2011 for the majority of assets.

# MIRA INFRASTRUCTURE OVERVIEW

Extensive experience sourcing and managing infrastructure investments



			1996		December 2010
Funds/vehicles	Unlisted	No.	-	▶	24
	Listed	No.	2	▶	6
Portfolio businesses		No.	4	▶	95 <sup>1</sup>
Assets under management		A\$b	1.6	▶	87 <sup>2</sup>
Equity under management	Unlisted	A\$b	-	▶	29 <sup>3</sup>
	Listed	A\$b	0.6	▶	4 <sup>3</sup>

1. Includes investments subject to customary closing arrangements.

2. Based on proportionate enterprise value, calculated as proportionate net debt and equity value at most recent valuation date, 30 June 2010 for the majority of assets

3. Listed funds – market capitalisation plus fully underwritten or committed future capital raisings. Unlisted funds – committed capital less any called capital returned to investors. Invested capital for other MIRA businesses. For jointly managed funds, amount is representative of Macquarie's economic ownership of the JV manager. Adjustments have been made where MIRA managed funds have invested in other MIRA managed funds.