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**MACQUARIE KOREA INFRASTRUCTURE FUND
 TRAFFIC AND REVENUE FOR SECOND QUARTER 2006, AND FIRST HALF 2006
 REVENUE COMPENSATION PAYMENTS FOR FIRST HALF 2006**

Macquarie Korea Infrastructure Fund (“**MKIF**”) today released its quarterly report on traffic and revenue performance for the period from 1 April 2006 to 30 June 2006 (“**Quarter**”) and the period from 1 January 2006 to 30 June 2006 (“**Half Year**”), as well as revenue compensation payments received from the relevant government authority during the same period. These figures relate to the nine operating projects in which MKIF invests, being:

- Incheon International Airport Expressway
- Baekyang Tunnel
- Gwangju Second Beltway, Section 3-1
- Gwangju Second Beltway, Section 1
- Woomyunsan Tunnel
- Cheonan-Nonsan Expressway
- Soojungsan Tunnel
- New Daegu-Busan Expressway
- Daegu 4th Beltway East

“Traffic and revenue for the second quarter of 2006 and the first half of the 2006 year have, on a portfolio basis, shown strong growth on the prior corresponding periods in 2005”, said Nick van Gelder, Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd (“**MSIAM**”), the manager of MKIF.

“In addition, I am pleased to say that all other areas of MKIF’s operations continue to perform in line with our expectations, particularly the performance of Governments to meet due revenue compensation payments and the implementation of construction programs”, said Mr van Gelder.

1. TRAFFIC AND REVENUE - PORTFOLIO SUMMARY

On a weighted average¹ basis, traffic and revenue recorded by the concession companies operating these assets grew by 3.6% and 7.0%, respectively, during the Quarter, when compared with the prior corresponding period (“pcp”). On the same basis, traffic and revenue during the Half Year grew by 4.7% and 7.9%, respectively on the prior corresponding period. The reported revenue growth does not take into account revenue compensation payments, or other agreed compensation payments relating to toll rates, to be received by the concession companies.

| Asset | 2006 June Quarter | | 2006 Year to Date | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Traffic (%) ^a | Revenue (%) ^b | Traffic (%) ^a | Revenue (%) ^b |
| Incheon International Airport Expressway | 2.3 | 9.4 | 3.7 | 10.5 |
| Baekyang Tunnel | 0.8 | 1.3 | 2.2 | 2.6 |

¹ The weighted average growth rate in traffic and revenue is calculated by reference to MKIF’s percentage ownership interest in each concession company.

| | | | | |
|-------------------------------------|------------|------------|------------|------------|
| Gwangju Second Beltway, Section 3-1 | 8.1 | 7.7 | 8.7 | 8.1 |
| Gwangju Second Beltway, Section 1 | -2.0 | -4.3 | -1.0 | -3.0 |
| Woomyunsan Tunnel | 7.1 | 7.4 | 8.9 | 9.2 |
| Cheonan-Nonsan Expressway | 6.4 | 11.4 | 7.7 | 12.8 |
| Soojungsan Tunnel | 5.1 | 6.3 | 6.6 | 7.6 |
| New Daegu-Busan Expressway | N/A | N/A | N/A | N/A |
| Daegu 4 th Beltway East | -2.4 | -2.6 | 0.7 | 0.5 |
| Weighted Average | 3.6 | 7.0 | 4.7 | 7.9 |

a Percentage increase from prior corresponding period, based on average daily traffic.

b Percentage increase from prior corresponding period, based on average daily revenue.

As well as reflecting growth in traffic flows for each asset, the revenue growth recorded by the concession companies in which MKIF invests may reflect inflation linked toll rate increases, and may also be influenced by changes to 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, which are described in Section 3 below. Accordingly, revenue performance in the concession companies is not a direct guide to the revenue performance of MKIF.

Incheon International Airport Expressway

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|---------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 62,763 | 64,198 | 2.3% | 60,296 | 62,498 | 3.7% |
| Average daily revenue (1,000 won) | 295,213 | 322,860 | 9.4% | 285,794 | 315,827 | 10.5% |

Note: The primary reason for the higher year-on-year revenue growth compared to traffic growth is the CPI-reflected toll adjustment in July 2005. The last toll adjustment took place in April 2003, meaning that the July 2005 increase reflected inflation since 2003. Compensation amounts received, or to be received, are not included in the above figures.

Baekyang Tunnel

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|--------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 67,903 | 68,477 | 0.8% | 65,929 | 67,407 | 2.2% |
| Average daily revenue (1,000 won) | 43,252 | 43,796 | 1.3% | 41,972 | 43,068 | 2.6% |

Note: Following negotiation with the relevant local government authority, toll rates were not increased in line with inflation during the year. Separate compensation arrangements are in place and compensation amounts received, or to be received, are not included in the above figures.

Gwangju Second Beltway, Section 3-1

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|--------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 15,760 | 17,030 | 8.1% | 15,106 | 16,413 | 8.7% |
| Average daily revenue (1,000 won) | 12,732 | 13,718 | 7.7% | 12,215 | 13,209 | 8.1% |

Note: Following negotiation with the relevant local government authority, toll rates were not increased in line with inflation during the year and a separate compensation arrangement is in place. A lower toll rate for light vehicles was also introduced in December 2004, in accordance with the Toll Road Act. Separate compensation arrangements have also been agreed with the relevant local government authority in relation to both these items and compensation amounts received, or to be received, are not reflected in the above figures.

Gwangju Second Beltway, Section 1

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|--------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 38,234 | 37,452 | -2.0% | 36,258 | 35,889 | -1.0% |
| Average daily revenue (1,000 won) | 34,498 | 33,014 | -4.3% | 32,654 | 31,672 | -3.0% |

Note: Traffic and revenue are lower than 2005 as a result of the relocation of the Jeolla Province Government office from a location adjacent to this road to Muan, resulting in reduction of traffic.

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Woomyunsan Tunnel

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|--------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 16,569 | 17,753 | 7.1% | 15,576 | 16,968 | 8.9% |
| Average daily revenue (1,000 won) | 28,805 | 30,946 | 7.4% | 27,074 | 29,566 | 9.2% |

Note: Under the terms of the concession agreement, toll rates are fixed for the first 10 years of operation. Compensation amounts received, or to be received, are not reflected in the above figures.

Cheonan-Nonsan Expressway

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|---------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 27,436 | 29,193 | 6.4% | 26,456 | 28,502 | 7.7% |
| Average daily revenue (1,000 won) | 178,995 | 199,375 | 11.4% | 172,671 | 194,747 | 12.8% |

Note: The higher year-on-year revenue growth compared to traffic growth reflects, in part, the CPI-reflected toll adjustment in July 2005. Compensation amounts received, or to be received, are not reflected in the above figures.

Soojungsan Tunnel

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|--------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 36,857 | 38,739 | 5.1% | 35,744 | 38,087 | 6.6% |
| Average daily revenue (1,000 won) | 24,258 | 25,783 | 6.3% | 23,516 | 25,297 | 7.6% |

Note: The revenue and traffic were affected positively by the opening of the New Daegu Busan Expressway in February 2006, which introduced a more direct route between Busan port and northern provinces. Following negotiation with the relevant local government authority, toll rates were not increased in line with inflation during the year. Separate compensation arrangements are in place and compensation amounts received, or to be received, are not reflected in the above figures.

New Daegu-Busan Expressway

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|---------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | - | 27,047 | N/A | - | 26,358 | N/A |
| Average daily revenue (1,000 won) | - | 212,857 | N/A | - | 207,699 | N/A |

Note: This toll road commenced operations in February 2006.

Daegu 4th Beltway East

| Category | Quarter | | | Half Year | | |
|--|---------|---------|----------|-----------|--------|----------|
| | Q2 2005 | Q2 2006 | % Change | 2005 | 2006 | % Change |
| Average daily traffic (vehicles / day) | 19,191 | 18,729 | -2.4% | 18,300 | 18,432 | 0.7% |
| Average daily revenue (1,000 won) | 19,257 | 18,752 | -2.6% | 18,365 | 18,454 | 0.5% |

Note: Traffic and revenue were affected negatively by the opening of the New Daegu Busan Expressway in February 2006. Following negotiation with the relevant local government authority, toll rates were not increased in line with inflation during the year. Separate compensation arrangements are in place and compensation amounts received, or to be received, are not reflected in the above figures.

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.

During the Half Year, the following amounts were also received from the relevant government authority representing revenue compensation payments for the shortfall between actual revenue received during the period specified and the minimum revenue compensation level of revenue for the same period set out in the relevant concession agreement.

| Asset | Amount (KRW bn) | Date Received | Period Covered |
|--|-----------------|----------------|----------------------|
| Incheon International Airport Expressway | 21.5 | Feb 28, 2006 | Jan 1 - Dec 31, 2004 |
| Incheon International Airport Expressway | 70.2 | June 29, 2006 | Jan 1 - Dec 31, 2005 |
| Gwangju Second Beltway, Section 1 | 7.0 | April 13, 2006 | Jan 1 - Dec 31, 2004 |

| | | | |
|-------------------------------------|--------------|---------------|---------------------------|
| Gwangju Second Beltway, Section 1 | 8.0 | June 30, 2006 | Jan 1 - Dec 31, 2005 |
| Gwangju Second Beltway, Section 3-1 | 0.5 | May 8, 2006 | Dec 1 - Dec 31, 2004 |
| Gwangju Second Beltway, Section 3-1 | 7.0 | May 8, 2006 | Jan 1 - Dec 31, 2005 |
| Woomyunsan Tunnel | 15.4 | Feb 28, 2006 | Jan1 2004 - June 31, 2005 |
| Soojungsan Tunnel | 4.6 | Mar 21, 2006 | Jan 1 - Dec 31, 2004 |
| Daegu 4 th Beltway East | 5.0 | June 26, 2006 | Jan 1 - Dec 31, 2005 |
| Total | 139.2 | | |

A revenue compensation payment for the Cheonan Nonsan Expressway project is expected during the second half of the year. No revenue compensation payment is due in relation to Baekyang Tunnel project, as the project is operating above the minimum revenue compensation level. No revenue compensation payment is yet due for the Daegu Busan Expressway project, as the project started operation in February, 2006 and has not yet completed its first year of operation.

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APPENDIX**MKIF OWNERSHIP INTERESTS IN OPERATING CONCESSION COMPANIES**

MKIF currently holds interests in the following concession companies, which own operating toll road concessions:

- 24.1% of the equity in, and a subordinated loan of KRW 51.7 billion to, New Airport Hiway Co., Ltd., the owner of the concession for the Incheon International Airport Expressway;
- 99.2% equity interest in, and a senior loan of KRW 124.4 billion to, Baekyang Tunnel Ltd., the owner of the concession for the Baekyang Tunnel;
- 75% equity interest in, and a senior loan of KRW 75.0 billion to, Kwangju Ring Road Co., Ltd., the owner of the concession for the Kwangju Second Beltway, Section 3-1;
- 100% equity interest in, and a senior loan, subordinated loan and working capital facility totalling KRW 182.0 billion to, Kwangju Beltway Investment Co., Ltd., the owner of the concession for the Kwangju Second Beltway, Section 1;
- 36% equity interest in Woomyunsan Development Co., Ltd., the owner of the concession for the Woomyunsan Tunnel;
- 60% equity interest in, and a subordinated loan of KRW 182.3 billion to, Cheonan Nonsan Expressway Co. Ltd., the owner of the concession for the Cheonan-Nonsan Expressway;
- 100% equity interest in, and senior and subordinated loans totalling KRW 94.5 billion to, Soojungsan Investment Co., Ltd., the owner of the concession for the Soojungsan Tunnel;
- a convertible bond investment of KRW 32 billion in New Daegu-Busan Expressway Co., Ltd., the owner of the concession for the New Daegu-Busan Expressway; and
- 85% equity interest in, and a subordinated loan of KRW 32.0 billion to, Daegu East Circulation Road Co., Ltd., the owner of the concession for the Daegu 4th Beltway East.