



**MACQUARIE KOREA INFRASTRUCTURE FUND
TRAFFIC AND REVENUE FOR THIRD QUARTER 2006
REVENUE COMPENSATION PAYMENTS FOR THIRD QUARTER 2006**

Macquarie Korea Infrastructure Fund (“**MKIF**”) today released its quarterly report on traffic and revenue performance for the period from 1 July 2006 to 30 September 2006 (“**Quarter**”) 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 third quarter of 2006 has, on a portfolio basis, continue to grow compared with the prior corresponding period in 2005”, said Nick van Gelder, Representative Director of Macquarie Shinhan Infrastructure Asset Management Co., Ltd (“**MSIAM**”), the manager of MKIF. “Growth for this Quarter has been influenced by a number of seasonal factors, primarily the Chuseok national holiday, a peak travel period in South Korea, which fell in September last year (third quarter) and October (this year fourth quarter)”, Mr. van Gelder said.

1. TRAFFIC AND REVENUE - PORTFOLIO SUMMARY

On a weighted average¹ basis, traffic and revenue recorded by the concession companies operating these assets grew by 3.0% and 5.2%, respectively, during the Quarter, when compared with the prior corresponding period (“**pcp**”). On the same basis, traffic and revenue during the period from 1 January 2006 to 30 September 2006 grew by 4.1% and 6.9%, 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 September Quarter		2006 Year to Date	
	Traffic (%) ^a	Revenue (%) ^b	Traffic (%) ^a	Revenue (%) ^b
Incheon International Airport Expressway	3.2	8.3	3.5	9.7
Baekyang Tunnel	3.0	3.5	2.5	2.9
Gwangju Second Beltway, Section 3-1	10.0	9.9	9.1	8.7
Gwangju Second Beltway, Section 1	1.0	-0.3	-0.3	-2.1

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

Woomyunsan Tunnel	11.7	11.3	9.9	9.9
Cheonan-Nonsan Expressway	2.3	5.0	5.8	9.9
Soojungsan Tunnel	7.4	8.5	6.8	7.9
New Daegu-Busan Expressway	N/A	N/A	N/A	N/A
Daegu 4 th Beltway East	-4.9	-5.1	-1.2	-1.5
Weighted Average	3.0	5.2	4.1	6.9

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	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	68,789	70,957	3.2%	63,158	65,348	3.5%
Average daily revenue (1,000 won)	344,135	372,618	8.3%	305,455	334,965	9.7%

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 and July 2006. 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	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	65,193	67,181	3.0%	65,681	67,331	2.5%
Average daily revenue (1,000 won)	41,476	42,942	3.5%	41,805	43,025	2.9%

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	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	15,639	17,205	10.0%	15,285	16,680	9.1%
Average daily revenue	12,578	13,818	9.9%	12,337	13,414	8.7%

(1,000 won)						
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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	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	37,376	37,761	1.0%	36,635	36,520	-0.3%
Average daily revenue (1,000 won)	33,229	33,133	-0.3%	32,848	32,164	-2.1%

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, which caused a reduction in traffic during the second quarter of 2006.

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.

Woomyunsan Tunnel

Category	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	15,693	17,532	11.7%	15,616	17,158	9.9%
Average daily revenue (1,000 won)	27,436	30,535	11.3%	27,196	29,893	9.9%

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	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	29,340	30,017	2.3%	27,428	29,013	5.8%
Average daily revenue (1,000 won)	199,409	209,302	5.0%	181,682	199,652	9.9%

Note: The higher year-on-year revenue growth compared to traffic growth reflects, in part, the CPI-reflected toll adjustment in July 2005 and July 2006. Compensation amounts received, or to be received, are not reflected in the above figures.

Soojungsan Tunnel

Category	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	35,672	38,305	7.4%	35,720	38,160	6.8%
Average daily revenue (1,000 won)	23,452	25,446	8.5%	23,494	25,347	7.9%

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	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	-	29,931	N/A	-	27,781	N/A
Average daily revenue (1,000 won)	-	232,417	N/A	-	217,543	N/A

Note: This toll road commenced operations in February 2006.

Daegu 4th Beltway East

Category	Year on Year			Year to Date		
	Q3 2005	Q3 2006	% Change	2005	2006	% Change
Average daily traffic (vehicles / day)	19,196	18,252	-4.9%	18,602	18,372	-1.2%
Average daily revenue (1,000 won)	19,268	18,286	-5.1%	18,669	18,397	-1.5%

Note: Traffic and revenue performance on this road has been 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 Quarter, 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
Cheonan-Nonsan Expressway	30.0	September 15 ,2006	Jan 1 – Dec 31, 2005
Daegu 4 th Beltway East	2.5	September 26, 2006	Jan 1 – Dec 31, 2005

The Cheonan Nonsan Expressway received revenue guarantee payments of KRW 30 billion out of KRW 39 billion requested for revenue shortfall in 2005. The remaining will be budgeted and paid by February 2007 according to the concession agreement. DECRC received the MRG payment of KRW 7.5 billion (KRW 5 billion received last quarter and KRW 2.5 billion received this quarter) out of KRW 8.4 billion requested. The remaining amount of KRW 0.9 billion plus interest will be budgeted and paid by Feb 2007 according to the Concession Agreement.

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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 Gwangju 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 Gwangju 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.