



## MACQUARIE KOREA INFRASTRUCTURE FUND

First Half Results for the Six Months Ended 30 June 2010

30 July 2010

## 1

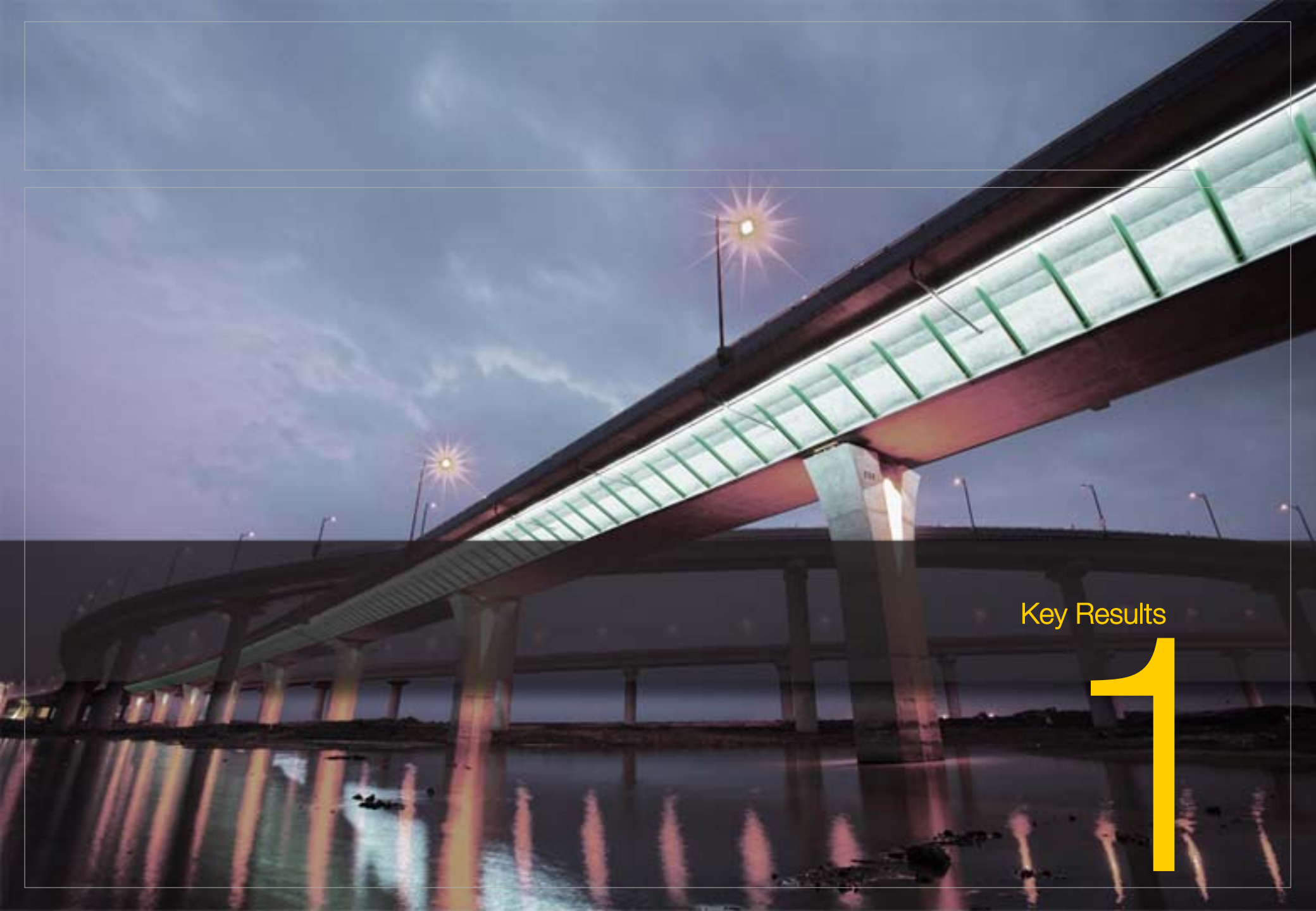
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Key Results

1

# HIGHLIGHTS

Stable operational and financial results



## ✓ CONTINUES TO DELIVER SOLID TRAFFIC AND FINANCIAL RESULTS

- Traffic<sup>1</sup> and revenue<sup>1</sup> growth of **4.1%** and **6.2%** respectively in the first half 2010 (the “Period”) compared with the previous corresponding period (“pcp”)
- Traffic vs. Concession Agreement forecast of **76%**<sup>2</sup> for the newly opened assets in 2Q 2010 compared with 65% in the previous quarter
- MKIF revenue and net income growth of **6.5%** and **4.4%** respectively in the Period on pcp

## ✓ SUCCESSFUL OUTCOME ON CAPITAL MANAGEMENT INITIATIVES

- Generated a net cash proceeds to MKIF of KRW 105.2bn on two capital management transactions<sup>3</sup> during the Period
- Recognised one-off capital gains of KRW 7.1bn

## ✓ STABLE OPERATIONAL AND FINANCIAL POSITION (as at 30 June 2010)

- Conservative debt profile with no external financing requirements for next 4.5 years
- Undrawn commitments of only KRW 98.4bn remaining over next 1.5 years
- MRG (minimum revenue guarantee) backing on substantially all of MKIF’s operating cash receipts
- Only 1 asset (Busan New Port 1-3) remains under construction progressing on track to commence operation in January 2012

## ✓ OUTLOOK

- Continued focus on asset level refinancing
- Up to circa KRW 100bn of MKIF corporate debt repayment planned for 2H 2010
- Revised PPI Act<sup>4</sup> to create new ancillary business opportunities
- Ongoing distribution to closely track earnings per share in the near to medium term

1. On a weighted average basis based on revenue size of each asset and the MKIF’s equity interest in each concession company. Excludes all new assets which have commenced operation since July 2009

2. On a weighted average basis based on total commitment amount and average daily traffic

3. Divestment of the subordinated loan provided to Seosuwon-Osan-Pyungtaek Expressway and the 2nd tranche securitisation of the interest receivables on the subordinated loan provided to Cheonan-Nonsan Expressway

4. Subject to approval by National Assembly in 2010

# FINANCIAL RESULTS

Delivery of steady growth



Unaudited, non-consolidated financial information

(Unit: KRW mn)

	1H 2010	1H 2009	% change
<b>Revenue</b>	<b>81,157</b>	<b>76,230</b>	<b>6.5%</b>
Interest & dividend income	74,007	79,878	
Arrangement fee		144	
Gain (loss) on valuation of debt securities	-	(290)	
Gain (loss) on sale of investment	7,148 <sup>1</sup>	(3,575) <sup>4</sup>	
Other income (loss)	2	73	
<b>Expense</b>	<b>28,821</b>	<b>26,095</b>	
Management fee	11,229	11,594	
Interest expense <sup>2</sup>	13,183	11,266	
Other expense	4,409 <sup>3</sup>	3,235	
<b>Net income</b>	<b>52,336</b>	<b>50,135</b>	<b>4.4%</b>
<b>EPS (KRW)<sup>5</sup></b>	<b>158</b>	<b>151</b>	

1. Includes one-off gains from (i) 2nd tranche securitisation of interest receivables on the subordinated loan provided to Cheonan-Nonsan Expressway of KRW249mn and (ii) divestment of the subordinated loan provided to Seosuwon-Osan-Pyungtaek Expressway of KRW6,899mn

2. Increase in expense mainly due to increase in interest margin

3. Includes one-off transaction related costs

4. Capital loss from the 1st tranche securitisation of interest receivables on the subordinated loan provided to Cheonan-Nonsan Expressway

5. Based on the number of shares outstanding of 331.5 mil shares

# UNDERLYING ASSET PERFORMANCE

Stable operating performance



TRAFFIC VOLUME GROWTH<sup>1</sup>

**4.1%**

TRAFFIC REVENUE GROWTH<sup>1</sup>

**6.2%**

EBITDA MARGIN<sup>2</sup>

**86%**

PORTFOLIO AGE<sup>3</sup>

**5 years**

	1H 2010				2Q 2010			
	Average daily traffic volume		Average daily traffic revenue		Average daily traffic volume		Average daily traffic revenue	
	Vehicles/day	% change on YTD	KRW thousand/day	% change on YTD	Vehicles/day	% change on pcp	KRW thousand/day	% change on pcp
Incheon International Airport Expressway	52,303	(13.3%)	328,262	(6.1%)	54,261	(14.1%)	338,761	(6.6%)
Baekyang Tunnel	67,416	2.7%	49,088	2.8%	68,978	3.0%	50,234	3.1%
Gwangju Second Beltway, Section 3-1	31,910	15.3%	28,239	20.7%	33,647	17.0%	29,803	16.8%
Gwangju Second Beltway, Section 1	34,526	(0.1%)	35,610	8.3%	36,521	4.4%	37,722	4.6%
Woomyunsan Tunnel	25,214	12.4%	43,704	12.4%	26,585	14.9%	46,083	14.9%
Cheonan-Nonsan Expressway	36,016	10.1%	275,998	12.4%	37,650	11.2%	290,154	14.2%
Soojungsan Tunnel	40,076	3.9%	30,128	4.3%	40,730	3.9%	30,583	4.0%
Deagu 4th Beltway East	19,131	4.3%	19,183	4.2%	19,951	5.3%	20,005	5.3%
Machang Bridge	13,678	24.5%	24,576	4.1%	14,420	22.5%	25,939	2.2%
<b>Weighted average growth rate</b>		<b>4.1%</b>		<b>6.2%</b>		<b>4.9%</b>		<b>6.3%</b>

1. On a weighted average basis based on revenue size of each asset and the MKIF's equity interest in each concession company. Excludes all new assets which have commenced operation since July 2009
2. Estimated, unaudited figures. On a proportionate average basis based on MKIF's equity interest in each concession company. EBITDA margin=EBITDA/Operating Revenue where, revenue compensation and other compensations are reflected on cash basis. Excludes all new assets which have commenced operation in 2008 and 2009
3. Operation period of each concession company on a weighted average basis based on respective commitment amount

# NEWLY OPENED ASSETS

Traffic ramp up in line with expectation



- MRG-backed assets representing **29%** of the portfolio, all completed on time and on budget
- Weighted average traffic vs. Concession Agreement forecast of **76%**<sup>1</sup>
- Weighted average quarterly traffic growth of **18.5%**<sup>1</sup> from the previous quarter
- YSE and Metro9 demonstrating fastest ramp-up as new residential projects attract more commuting users

	Yongin-Seoul Expressway (YSE)	Seoul-Chuncheon Expressway (SCE)	Seoul Subway Line 9, Section 1 (Metro9)	Incheon Grand Bridge (IGB)
Operation commencement	1 July 09	15 July 09	24 July 09	19 October 09
Average daily traffic revenue <sup>2</sup> ('000 krw)	85,465	220,338	124,963	125,133
Average daily traffic <sup>2</sup> (Vehicles/day)	53,217	34,567	174,512 <sup>3</sup>	25,913
% of CA forecast traffic volume	67% (58% in Q1 10)	77% (63%)	98% (91%)	73% (61%)
Traffic volume growth (1Q 2010 over 2Q 2010)	20%	21%	8%	20%
Revenue Guarantee Threshold	70%	80% / 70% / 60% <sup>4</sup>	90% / 80% / 70% <sup>4</sup>	80%
% of MKIF portfolio	7.6%	7.6%	4.2%	9.2%

- Traffic pattern: Commuters and intercity travel
- Key growth drivers: a major residential developments underway for circa 50,000 new households for next 3 years

- Traffic pattern: Intercity travel (national expressway)
- Key growth drivers: Business and recreational/resort facility developments underway

- Traffic pattern: Commuters
- Key growth drivers: Extension of the subway line (Section 2 and 3) to the southeast end of Seoul within next 3 years / new residential developments

- Traffic pattern: international airport user demand and Youngjong Island tourists
- Key growth drivers: Developments of commercial area of New Songdo International District in Incheon City and housing developments in Yongjong Island

1. On a weighted average basis based on total commitment amount and average daily traffic

2. Average daily traffic during 2Q 2010

3. Average daily initial boarding during 2Q 2010. Initial boarding only (Excludes inter-change passengers)

4. Step down (up) every five years

# DEBT PROFILE

Conservatively positioned to withstand volatility in the credit market



CASH<sup>1</sup> **KRW 467.5 bn**

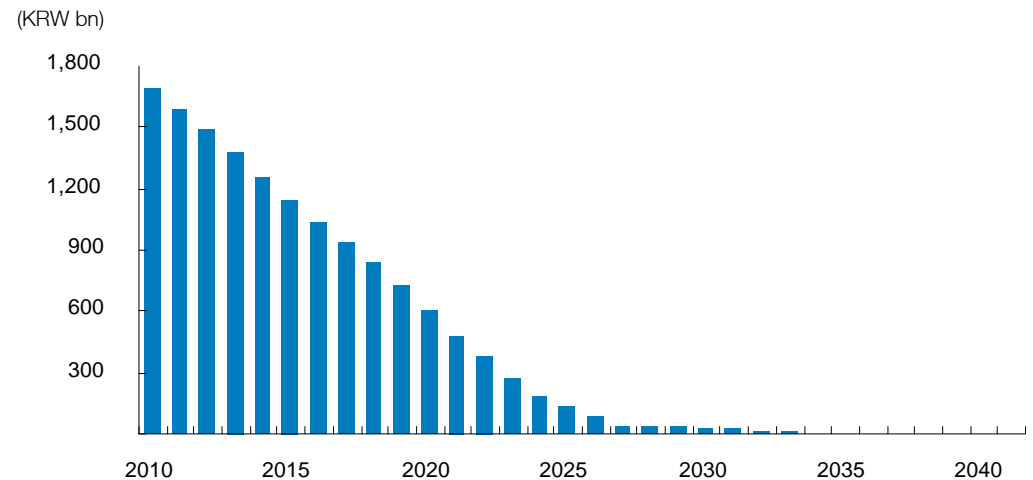
AMORTISING MATURITY<sup>2</sup> **8.5 years**

GEARING<sup>3</sup> **51%**

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

INTEREST RATE HEDGE<sup>5</sup> **53%** until end of 2011

OUTSTANDING DEBT BALANCE <sup>6</sup>



1. Proportionately consolidated cash balance (including MKIF cash balance of KRW 204.7bn)
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

**KRW 160**  
per share

2010 INTERIM  
DISTRIBUTION<sup>1</sup>

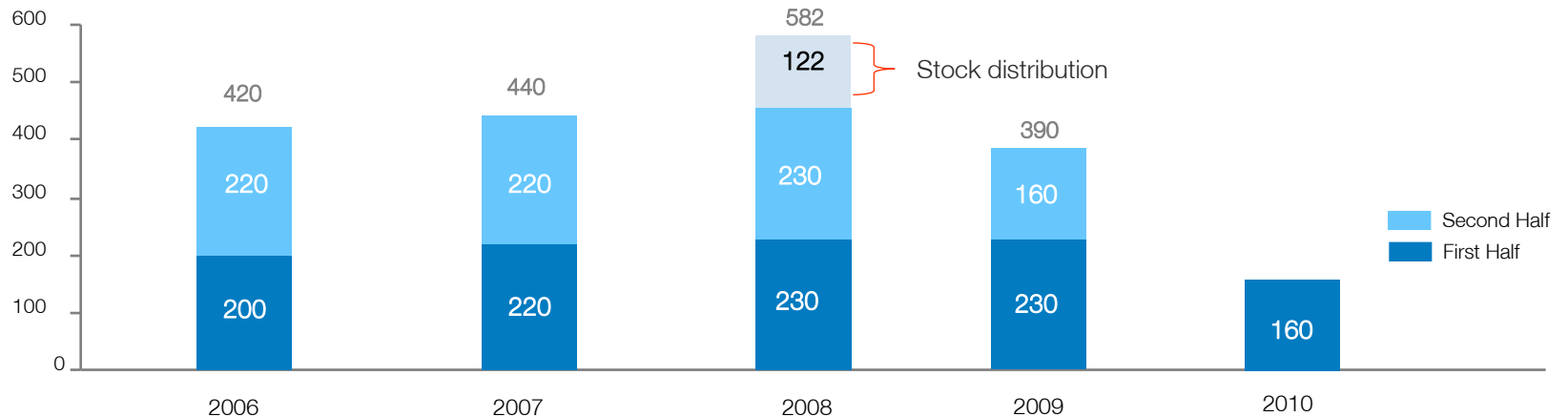
- Total distribution amount of KRW 53.0bn based on 331,459,341 total outstanding shares
- Same level of distribution compared with 2H 2009

**13 August**  
2010

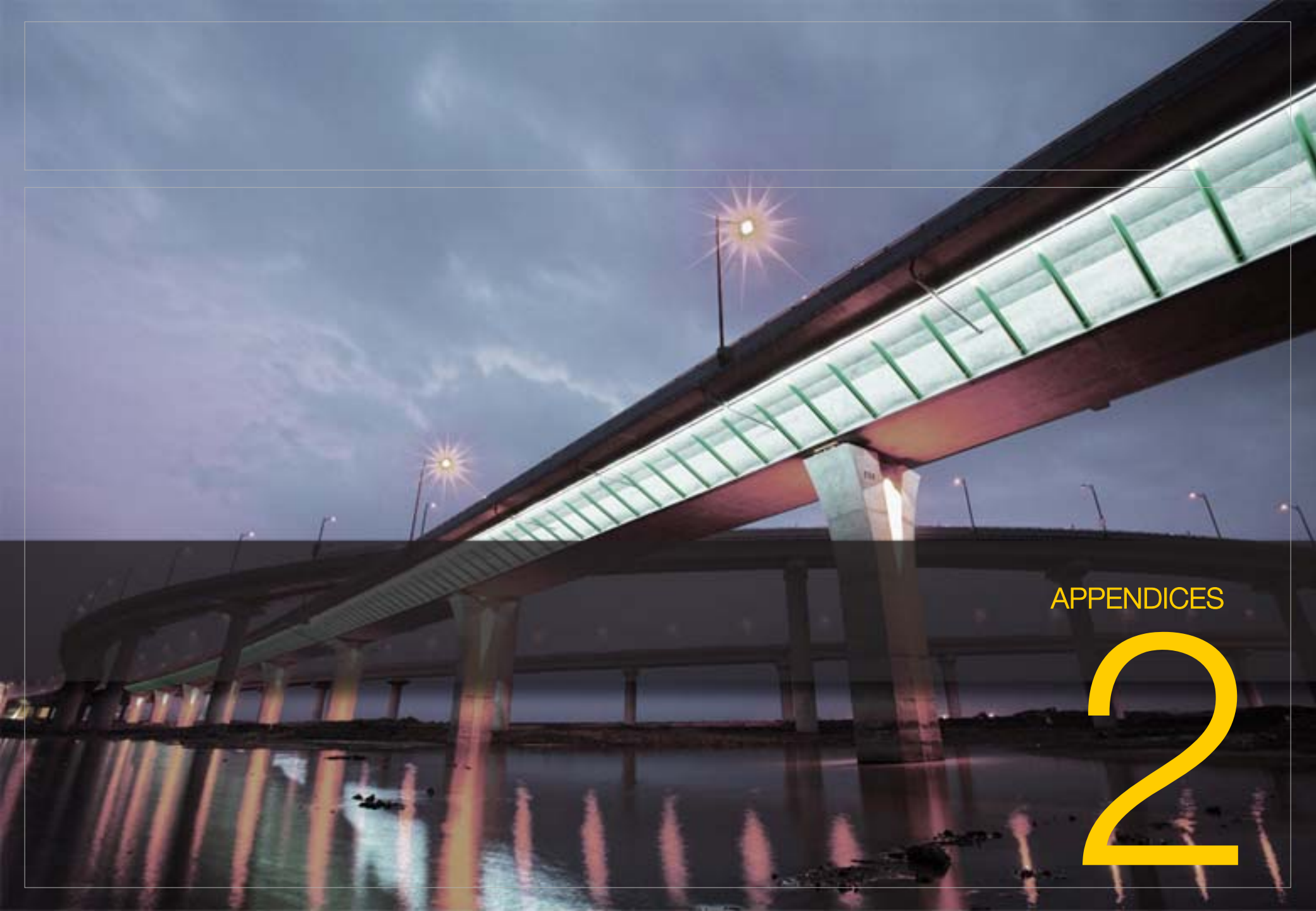
PAYMENT DATE

- Total of KRW 160 per share will be accounted as distribution income in calculating dividend income tax and tax payable under Korean law<sup>2</sup>

DISTRIBUTION HISTORY ( PER SHARE, POST-LISTING )



1. Composed of (i) a dividend of KRW158 per share and (ii) a distribution in excess of profits of KRW2 per share (Deduction from the retained earnings)  
 2. This is not intended to be tax advice and investors are advised to consult their own tax advisor for the appropriate tax treatment of the distribution



APPENDICES

# 2

# BALANCE SHEETS

Non-consolidated – as at 30 June 2010 and 31 December 2009



(Unit: KRW mn)

	June 2010	December 2009
<b>Total Assets</b>	<b>2,096,070</b>	<b>2,154,296</b>
Invested Assets	1,898,722	1,964,784
Cash and deposits	204,724	239,694
Loans	1,073,269	1,112,570
Equity securities	620,729	612,520
Others (receivables, prepayments, etc.)	197,348	189,512
<b>Total Liabilities</b>	<b>406,366</b>	<b>463,894</b>
Accounts payables	1	7
Management fee payable	5,579	5,814
Long-term debts	397,979	380,087
Other liabilities	2,807	77,986
<b>Total Shareholders' Equity</b>	<b>1,689,704</b>	<b>1,690,402</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,096,070</b>	<b>2,154,296</b>

CAPITAL INJECTION INTO MKIF INVESTMENTS <sup>1</sup>		
Asset	Item	1H 2010
Busan New Port	Equity	6,609
	Sub Debt	34,494
Incheon Grand Bridge	Equity	1,600
	Sub Debt	1,948
Gwangju 2nd Beltway, 3-1	Senior Debt	(3,668)
Soojongsan Tunnel	Senior Debt	(3,597)
Seosuwon-Osan-Pyungtaek	Sub Debt	(68,455)
<b>Total</b>		<b>(31,069)</b>

1. Excludes KRW 23mn of transaction related costs in relation to the securitisation of Baekyang Tunnel senior loan in 2008

# PROFIT AND LOSS STATEMENTS

Non-consolidated – 6 months to 30 June 2010 (compared to 1H 2009)



(Unit: KRW mn)

	1H 2010	1H 2009
<b>Revenue</b>	<b>81,157</b>	<b>76,230</b>
Interest income	74,007	79,878
Loan arrangement fees	-	144
Gain (Loss) on valuation of debt securities	-	(290)
Gain (Loss) on sale of investment	7,148 <sup>1</sup>	(3,575) <sup>4</sup>
Other Income	2	73
<b>Expense</b>	<b>28,821</b>	<b>26,095</b>
Management fee	11,229	11,594
Interest expense <sup>2</sup>	13,183	11,266
Other expenses	4,409 <sup>3</sup>	3,235
<b>Net Profit</b>	<b>52,336</b>	<b>50,135</b>

1. Includes one-off gains from (i) 2<sup>nd</sup> tranche securitisation of interest receivables on the subordinated loan provided to Cheonan-Nonsan Expressway of KRW249mn and (ii) divestment of the subordinated loan provided to Seosuwon-Osan-Pyungtaek Expressway of KRW6,899mn
2. Increase in expense mainly due to increase in interest margin
3. Includes one-off Transaction related costs
4. Capital loss from the 1<sup>st</sup> tranche securitisation of interest receivables on the subordinated loan provided to Cheonan-Nonsan Expressway

# CASHFLOW STATEMENTS

Non-consolidated - 6 Months to 30 June 2010 (Compared to 1H 2009)



(Unit: KRW mn)

	1H 2010	1H 2009	% Change
<b>Cashflows from operating activities:</b>			
Cash inflows from operating activities	79,283	252,313	(69%)
Sale of investment	29,786	183,051	(84%)
Collection of other loans receivable	42,232	67,463	(37%)
Interest income and other	7,265	1,799	304%
Cash outflows from operating activities:	(66,220)	(109,426)	(39%)
Investments	(53,543)	(91,259)	(41%)
Fees and expenses	(12,677)	(18,167)	(30%)
<b>Net cash provided by (used in) operating activities</b>	<b>13,063</b>	<b>142,887</b>	<b>(91%)</b>
<b>Cashflows from financing activities:</b>			
Drawdown from long-term debts	5,000	82,000	(94%)
Distributions paid	(53,033)	(74,411)	(29%)
<b>Net cash provided by (used in) financing activities</b>	<b>(48,033)</b>	<b>7,589</b>	<b>(733%)</b>
Net increase in cash and deposits	(34,970)	150,476	(123%)
Cash and deposits at beginning of the period	239,694	182,412	31%
<b>Cash and deposits at end of the period</b>	<b>204,724</b>	<b>332,888</b>	<b>(39%)</b>

# CAPITAL MANAGEMENT TRANSACTIONS – 1H 2010

Validation of intrinsic value and recycle story



## SALE OF SUBORDINATED LOAN

## SECURITISATION OF SUBORDINATED DEBT INTEREST RECEIVABLE

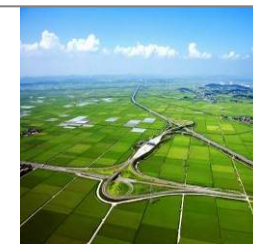
FINANCIAL CLOSE (January 2010)

Seosuwon-Osan-Pyungtaek Expressway



ISSUANCE OF THE 2<sup>ND</sup> TRANCHE ABS (March 2010)

Cheonan-Nonsan Expressway



### DESCRIPTION

- Divestment of MKIF's subordinated loan commitment of KRW 80bn (Final drawdown amount of KRW 77.3bn)

- 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>2</sup>
- 2<sup>nd</sup> tranche total issuance amount of KRW 20.1bn issued at the discount rate of 6.68%

### TRANSACTION RATIONALE

- Sale of a non-core asset

- Released trapped sub-debt interest to MKIF
- Attractive pricing

### PRICING

- Sold at premium of KRW 6.9bn<sup>1</sup>

- 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

### CASHFLOW

- Net cash inflow of KRW 85.7bn

- Immediate net cash inflow of KRW 19.5bn

1. Resulting in KRW 6.9 billion of accounting income in 1Q 2010 (deducting related expenses)  
 2. Assuming the market rates of the 'AA-' rated Korean corporate bonds as at 14 May 2009

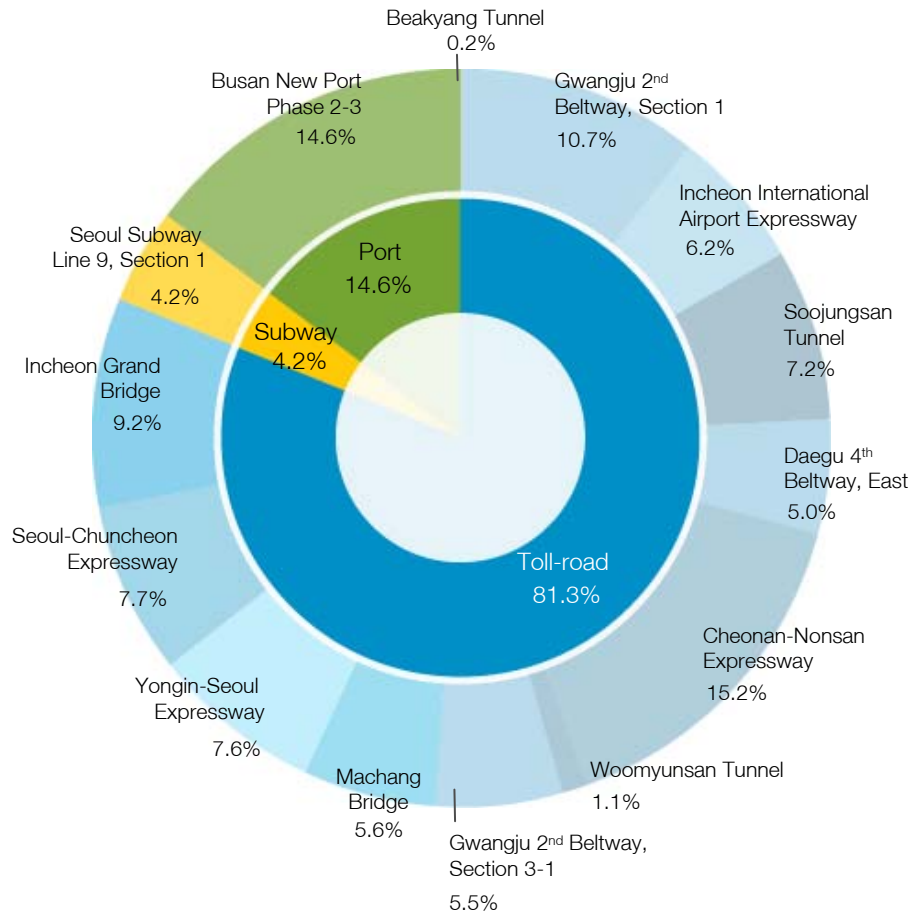
# PORTFOLIO<sup>1</sup>

Young and well balanced, diversified portfolio

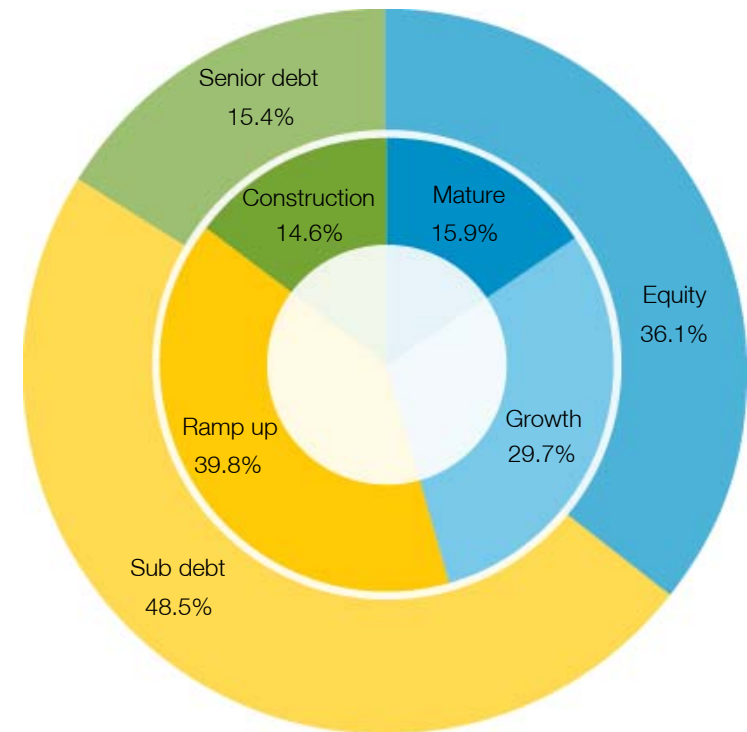


As of 30 June 2010

## Portfolio Composition by Asset<sup>1</sup>



## Portfolio Composition by Phase and Type



1. Based on commitment amount

# PORTFOLIO

Balanced, diversified portfolio



As of 30 June 2010

## 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	-	-	1.7	15.0	2.9
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	61.1	8.5	127.5
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	-	-	69.7	7.85	98.6
Machang Bridge	MCB	48.3	100.0	51.2	20.0	-	-	99.5
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>640.9</b>		<b>861.6</b>		<b>274.5</b>		<b>1,777.0</b>
<b>Percentage (%)</b>		<b>36.1%</b>		<b>48.5%</b>		<b>15.4%</b>		<b>100.0%</b>

1. Includes KRW 3.2bn working capital facility

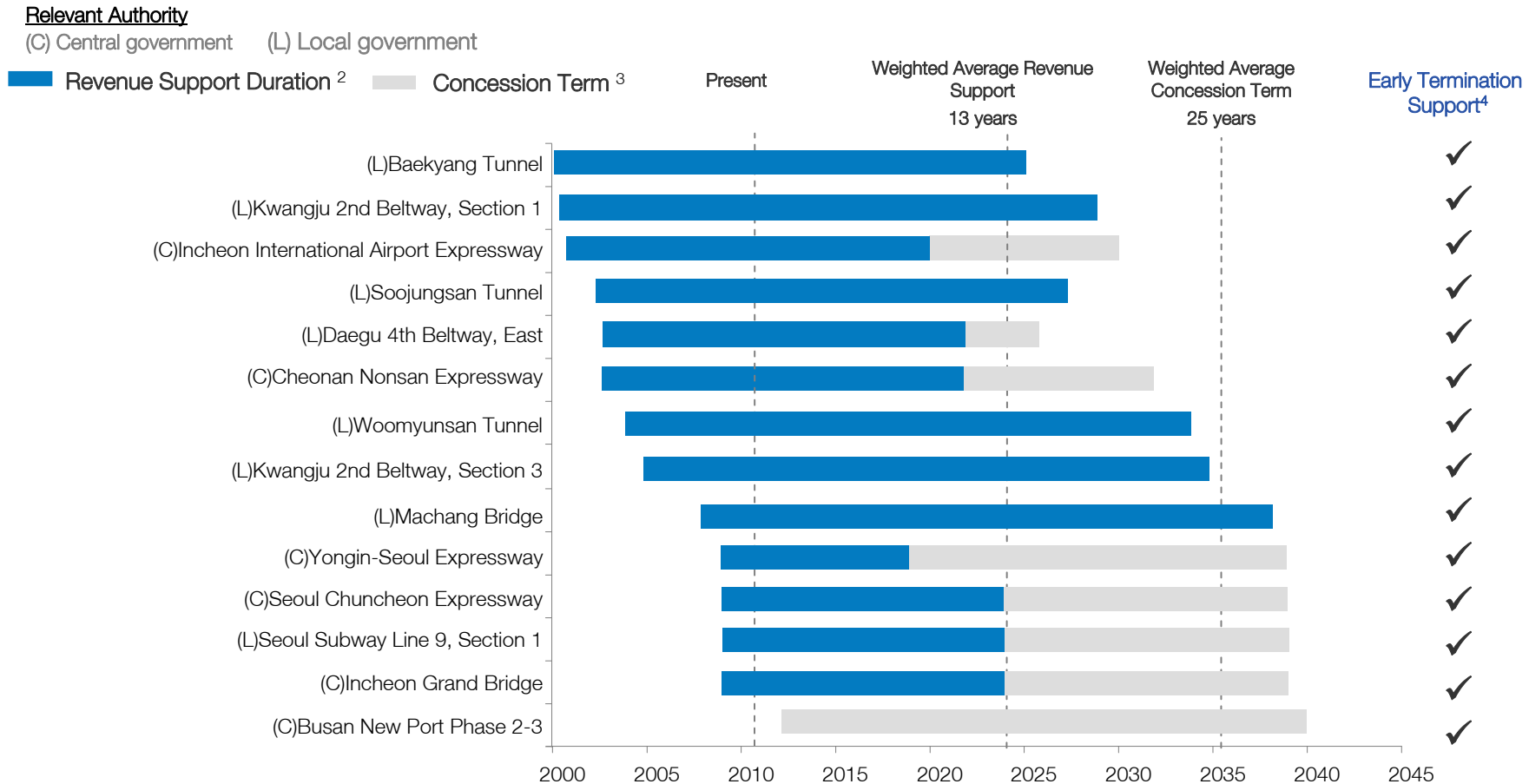
# LONG-TERM CONCESSION PERIOD

Government support packages<sup>1</sup> underpin investment security



As of 30 June 2010

## CONCESSION TERM VS. GOVERNMENT REVENUE SUPPORT PERIOD



1. Revenue support and termination payment provisions vary for each concession
2. Revenue support until at least 2023 with weighted average support remaining of about 14 years (excluding Busan New Port Phase 2-3)
3. Concessions last at least until 2035 with weighted average life remaining of over 25 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

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

12 Months to 31 December 2009



(Unit: KRW million)

Assets	2009 <sup>2</sup>						2008					
	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	26,531	(4,781)	21,751	(603)	82%	(0.0x)	23,105	(3,183)	19,292	(346)	83%	(0.0x)
Gwangju Second Beltway, Section 3-1	15,778	(3,439)	12,338	(8,568)	78%	(0.7x)	14,006	(3,157)	10,849	(2,465)	77%	(0.2x)
Soojongsan Tunnel	22,530	(2,622)	19,908	(9,667)	88%	(0.5x)	15,808	(2,566)	13,242	(4,361)	84%	(0.3x)
Baekyang Tunnel	21,425	(3,568)	17,856	159,104	83%	8.9x	20,298	(4,469)	15,829	164,823	78%	10.4x
Incheon International Airport Expressway	225,370	(17,548)	207,822	419,151	92%	2.0x	219,213	(21,417)	197,796	532,974	90%	2.7x
Cheonan-Nonsan Expressway	147,709	(22,941)	124,767	397,170	84%	3.2x	131,345	(19,914)	111,431	470,234	85%	4.2x
Woomyunsan Tunnel	21,307	(3,841)	17,466	96,772	82%	5.5x	21,553	(3,648) <sup>5</sup>	17,905	74,948	83%	4.2x
Daegu 4 <sup>th</sup> Beltway East	23,654	(3,082)	20,572	78,586	87%	3.8x	21,317	2,649	18,668	88,711	88%	4.8x
<b>Proportionate average<sup>6</sup></b>	<b>31,629</b>	<b>(4,443)</b>	<b>27,186</b>	<b>72,920</b>	<b>86%</b>	<b>2.7x</b>	<b>28,404</b>	<b>(4,236)</b>	<b>24,167</b>	<b>83,905</b>	<b>85%</b>	<b>3.5x</b>

1. Excludes all new assets which have commenced operation in 2008 and 2009

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. Adjusted to exclude costs related to capital restructuring in 4Q 2008

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