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MACQUARIE KOREA INFRASTRUCTURE FUND
REPORTS FIRST QUARTER 2010 FINANCIAL AND TRAFFIC RESULTS



Macquarie Korea Infrastructure Fund (“MKIF”) today announced its financial results for the 1st quarter ended 31 March 2010 (the “Quarter”), together with the traffic results for the same period.

Highlights for the Quarter include:

- MKIF successfully completed two capital management transactions (the “Transactions”) – divestment of the subordinated loans provided to Kyunggi Expressway Co. Ltd. and the 2nd Tranche securitisation of the interest receivable on the subordinated loans provided to Cheonan-Nonsan-Expressway Co., Ltd. – resulting in one-off capital gains of KRW 7.1 billion.
- On a non-consolidated basis, MKIF’s revenue and EBITDA increased by 8% and 4%, respectively, compared with the prior corresponding period (pcp) mainly due to capital gains recognised from the Transactions. Excluding the one-off gains, revenue decreased by 10% mainly due to the decrease in interest income resulting from the divestment of assets¹ since 2009 while net income decreased by 3% to KRW 28.3 billion compared to pcp, reflecting the increase in interest expense and one-off transaction-related expenses.
- The performance of the underlying assets has been solid. On a weighted average basis², actual traffic volume and revenues of the underlying assets increased compared to pcp by 3.3% and 5.1%, respectively. Higher revenue growth benefited from inflation-linked toll adjustments in four of MKIF’s operating assets since April 2009. During the Quarter, the four newly opened assets³ have reached approximately 65% of the Concession Agreement forecast volume⁴, a level similar to the previous quarter.
- The construction of Busan New Port Phase 2-3, the only remaining asset under construction in MKIF’s portfolio, is progressing well without any delays or cost overruns. MKIF has approximately KRW 118 billion of outstanding commitments remaining to this project until December 2011.
- MKIF remains financially healthy with conservative capital positions
 - Conservative debt profile with scheduled de-gearing of asset level debt
 - Proportionately consolidated cash balance⁵ of KRW 412.2 billion
 - Current MKIF net debt of KRW 187.2bn with corporate loan facility not maturing until November 2014
 - Proportionately consolidated gearing⁶ of 50% with 61% of interest obligations either fixed or hedged⁷ for the next year

1 Divestment of Incheon Grand Bridge senior loan and Seosuwon-Osan-Pyungtaek Subordinated loan

2 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. Excludes all new assets which have commenced operation since July 2009

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

4 On a weighted average basis based on total commitment amount

5 Proportionately consolidated cash balance (including MKIF cash balance of KRW 204.1bn)

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) = Proportionately consolidated MKIF net debt adjusted for fixed or swapped debt / Proportionately consolidated MKIF net debt

- MRG (minimum revenue guarantee) backing remains on substantially all of MKIF's current operating cash receipts

Mr Chul Hum Paik, Representative Director of Macquarie Shinhan Infrastructure Asset Management Co. Ltd. ("MSIAM"), said: "MKIF started the year on a solid footing supported by the stable performance of the underlying assets and successful outcome on the capital management initiatives. Particularly pleasing was the performance of the two newly opened assets, Yongin-Seoul Expressway and Seoul Subway Line 9 Section 1, both of which are primarily for commuter use and showing strong ramp-up"

"The capital management plans also have been progressing on target and further efforts are currently underway for completion this year to improve cash flow to MKIF. The surplus cash generated from this type of transactions may be used to reduce the corporate debt level or to fund new investments should opportunities arise," added Mr. Paik.

Financial Results

(Unit: KRW million)

	Quarter to 31 March 2010	Quarter to 31 March 2009
Revenue	44,025	40,867
Interest income	36,875	40,534
Capital gain (loss)	7,148 ¹	-
Other income (loss)	2	333
Operating Expenses	15,716	11,746
Management fee	5,650	5,859
Interest expense	6,526	4,512
Other expenses	3,540 ²	1,375
Net Income	28,309	29,121

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

2. Includes one-off Transaction related costs

Traffic Results

Asset	Q1 2010 over Q1 2009	
	Traffic (%) ¹	Revenue (%) ²
Weighted Average growth	3.3%	5.1%

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

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

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Appendix1. Financial results (Unaudited, non-consolidated basis)

BALANCE SHEETS

As at 31 March 2010, 31 December 2009 and 31 March 2009

(Unit: KRW millions)

	31 March 2010	31 December 2009	31 March 2009
Assets			
I . Invested Assets	1,881,956	1,964,784	1,948,621
Cash & deposits	204,123	239,694	212,649
Loans receivable	1,059,216	1,112,570	1,139,466
Equity securities ¹	618,617	612,520	596,506
II . Others	183,478	189,512	172,108
Interest receivables	164,057	168,342	161,951
Other receivables	3,895	3,178	2,479
Deferred costs, net	15,526	17,992	7,678
Total Assets	2,065,434	2,154,296	2,120,729
Liabilities			
Payables	3	7	9,602
Management fee payable	5,650	5,814	5,859
Other liabilities	2,733	77,986	2,680
Long-term debt	391,370	380,087	407,053
Total Liabilities	399,756	463,894	425,194
Shareholders' Equity			
I . Share Capital	1,670,986	1,670,986	1,670,986
II . Retained Earnings	(5,308)	19,416	24,549
Total Shareholders' Equity	1,665,678	1,690,402	1,695,535
Total Liabilities and Shareholders' Equity	2,065,434	2,154,296	2,120,729

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.

STATEMENTS OF INCOME

For the quarters ended 31 March 2010 and 31 March 2009 and the year ended 31 December 2009

(Unit: KRW million)

	Quarter Ended 31 Mar 2010	Quarter Ended 31 Mar 2009	Year Ended 31 Dec 2009
I . Revenue	44,025	40,867	153,978
Interest income	36,875	40,534	157,818
Loan Arrangement Fees	-	144	144
Gain(Loss) on sales of investment	7,148	-	(3,575)
Other income(Loss)	2	189	(409)
II . Expenses	15,716	11,746	53,755
Management fees	5,650	5,859	23,382
Custodian fees	82	84	338
Administrator fees	72	73	295
Interest expense	6,526	4,512	22,961
Other expenses	3,386	1,218	6,779
III . Net Income	28,309	29,121	100,223

Appendix 2. Traffic and Revenue

1. TRAFFIC VOLUME AND TRAFFIC REVENUE - PORTFOLIO SUMMARY

On a weighted average basis, traffic and revenue increased by 3.3% and 5.1%, respectively, during the first quarter (the Quarter), when compared to pcp. The highlights from the traffic results include:

- The solid traffic results for the Quarter is generally attributable to the improving economy affecting the number of road users.
- Certain assets, including Woomyunsan Tunnel and Gwangju Second Beltway Section 3-1, had strong traffic results mainly due to the additional traffic inflow from more congested adjacent roads.
- Traffic volume of Incheon International Airport Expressway has dropped due to the opening of the Incheon Grand Bridge but the decrease has been lower than previously anticipated in the concession agreement forecasts.

Asset	2010 First Quarter		% of MKIF Portfolio ^c
	Traffic (%) ^a	Revenue (%) ^b	
Incheon International Airport Expressway	(12.4%)	(10.5%)	6.2
Baekyang Tunnel	2.4%	2.6%	0.2
Gwangju Second Beltway, Section 3-1	13.4%	25.3%	5.6
Gwangju Second Beltway, Section 1	(4.7%)	12.8%	10.7
Woomyunsan Tunnel	9.7%	9.7%	1.1
Cheonan-Nonsan Expressway	8.8%	10.5%	15.2
Soojungsan Tunnel	4.0%	4.6%	7.3
Daegu 4 th Beltway East	3.1%	3.1%	5.0
Machang Bridge	26.8%	6.3%	5.6
Yongin-Seoul Expressway	N/A	N/A	7.6
Seoul-Chuncheon Expressway	N/A	N/A	7.6
Seoul Subway Line 9, Section1	N/A	N/A	4.2
Incheon Grand Bridge	N/A	N/A	9.2
Weighted Average^d	3.3%	5.1%	-

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.

d Excluding four new assets opened in 2009

The revenue growth recorded by the concession companies in which MKIF invests reflects 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. 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		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	50,323	57,445	(12.4%)
Average daily revenue (1,000 won)	301,036	336,443	(10.5%)

Note: Traffic for the Quarter decreased compared with due to the opening of the Incheon Grand Bridge.

Baekyang Tunnel

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	65,836	64,291	2.4%
Average daily revenue (1,000 won)	47,930	46,733	2.6%

Note: Following negotiations with Busan Metropolitan City (BMC), the toll rates have not increased since August 2007. According to the Concession Agreement, BMC has been compensating for the incremental toll revenue foregone by the concession company.

Gwangju Second Beltway, Section 3-1

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	30,154	26,584	13.4%
Average daily revenue (1,000 won)	26,657	21,270	25.3%

Note: Strong traffic growth is mainly attributable to the commencement of the adjoining Section 4 operation since 1 July 2007. Higher revenue growth than volume growth is mainly due to the toll rate increase since 1 April 2009.

Gwangju Second Beltway, Section 1

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	32,508	34,108	(4.7%)
Average daily revenue (1,000 won)	33,475	29,678	12.8%

Note: The revenue increase is attributable to the toll rate increase from 1 April 2009.

Woomyunsan Tunnel

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	23,827	21,712	9.7%
Average daily revenue (1,000 won)	41,300	37,665	9.7%

Note: The traffic has increased due to the additional traffic inflow from Seoul-Busan Expressway.

Cheonan-Nonsan Expressway

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	34,364	31,592	8.8%
Average daily revenue (1,000 won)	261,685	236,740	10.5%

Note: The higher revenue growth compared to traffic growth is due to the toll adjustment made in December 2009.

Soojungsan Tunnel

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	39,415	37,906	4.0%
Average daily revenue (1,000 won)	29,668	28,352	4.6%

Note: Following negotiations with Busan Metropolitan City (BMC), the toll rates have not increased since 2008. According to the Concession Agreement, BMC has been compensating for the incremental toll revenue foregone by the concession company.

Daegu 4th Beltway East

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	18,301	17,753	3.1%
Average daily revenue (1,000 won)	18,351	17,801	3.1%

Note: Following negotiations with Daegu Metropolitan City (DMC), toll rates were not increased since the operation commencement. According to the Concession Agreement, DMC has been compensating for the incremental toll revenue foregone by the concession company.

Machang Bridge

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	12,928	10,195	26.8%
Average daily revenue (1,000 won)	23,198	21,821	6.3%

Note: Machang Bridge has commenced its toll operation from 15 July 2008. Following agreements with Gyeongsangnam-do Province (GSND), timing for revenue compensation payment has been moved up and toll rate was decreased to KRW 2,000 from KRW 2,400 from 1 September 2009 until the end of 2010.

Yongin-Seoul Expressway

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	44,261	-	N/A
Average daily revenue (1,000 won)	70,878	-	N/A

Note: Yongin-Seoul Expressway has commenced its toll operation from 1 July 2009. Since opening, the traffic volume has increased considerably. Average daily traffic volume up to the end of Quarter was 58% of CA forecast.

Seoul-Chuncheon Expressway

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	28,518	-	N/A
Average daily revenue (1,000 won)	179,592	-	N/A

Note: Seoul-Chuncheon Expressway has commenced its toll operation from 15 July 2009. Traffic in 1Q 2010 has decreased from previous quarter due to seasonality effect as this particular assets primarily services recreational and tourist traffic. Average daily traffic volume up to the end of Quarter was 63% of CA forecast.

Seoul Subway Line 9, Section 1

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily initial boarding* (passengers / day)	162,069	-	N/A
Average daily revenue (1,000 won)	117,373	-	N/A

* Excludes inter-charge passengers

Note: Seoul Subway Line 9, Section 1 has commenced its toll operation from 24 July 2009. Following negotiations with SMC, the initial fare has been temporarily set at KRW 900 for the first year of operation and the fare will be re-set in October 2010 based on the actual volume of initial boarding and transfer passengers up to that time. The 50% threshold for MRG payment has been waived for 2 years from the operation starting date. Average daily initial boarding up to the end of Quarter was 91% of CA forecast.

Incheon Grand Bridge

Category	Year on Year		
	1Q 2010	1Q 2009	% Change
Average daily traffic (vehicles / day)	21,620	-	N/A
Average daily revenue (1,000 won)	105,164	-	N/A

Note: Incheon Grand Bridge has commenced its toll operation from 19 October 2009. Average daily traffic volume up to the end of Quarter was 61% of CA forecast.