



Acquisition of Hua Nan Expressway

Macquarie International Infrastructure
Fund Limited (MIIF)

7 November 2007



Disclaimer



Disclaimer

Macquarie International Infrastructure Fund Limited (MIIF) is a Bermudian registered mutual fund company listed on the Singapore Exchange Securities Trading Limited. Macquarie Infrastructure Management (Asia) Pty Limited (MIMAL) is the manager of MIIF. MIMAL is a wholly owned subsidiary of Macquarie Bank Limited (MBL).

Investments in MIIF are not deposits with or other liabilities of MBL or of any entity in the Macquarie Bank Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither MIIF, nor any member of the Macquarie Bank Group, including MIMAL, guarantees the performance of MIIF, the repayment of capital or the payment of a particular rate of return on MIIF securities.

This presentation has been prepared based on available information. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, neither MBL, MIIF, MIMAL, their directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of MBL, MIIF, MIMAL or their directors, employees or agents.

In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in the information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Each recipient of the information should make its own independent assessment of the information and take its own independent professional advice in relation to the information and any action taken on the basis of the information.

General Securities Warning

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MIIF, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling, securities or other instruments in MIIF. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of MIIF. Past performance is not a reliable indication of future performance.



Asset Overview

Macquarie International Infrastructure
Fund Limited (MIIF)



Hua Nan Expressway

Attractive Asset

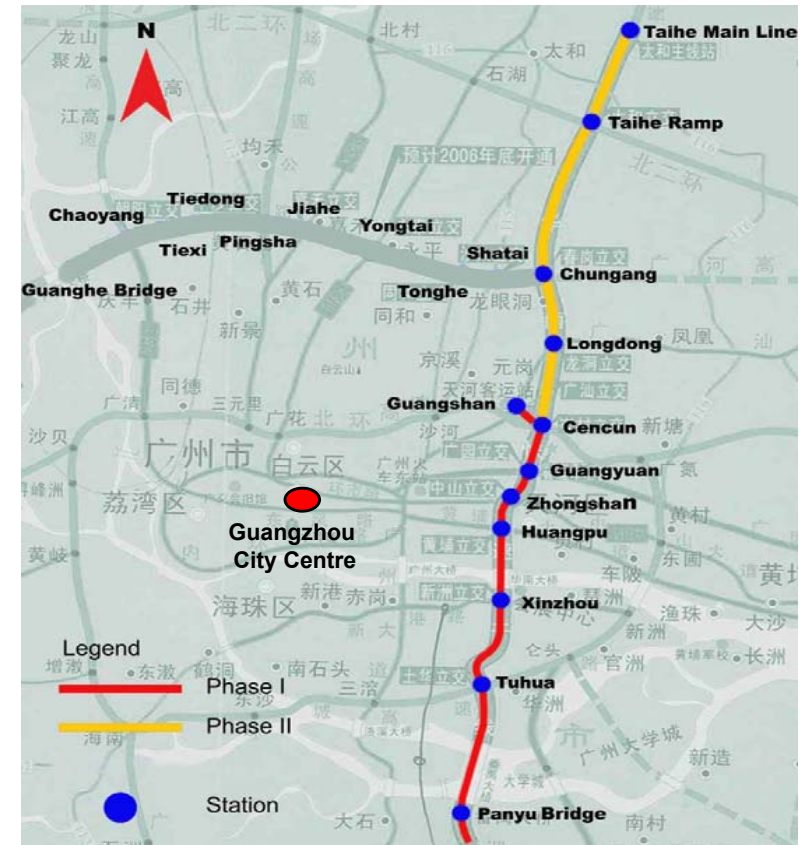


- Operating urban toll road in the city of Guangzhou
- Located in one of China's fastest growing economic regions
- Main artery for north-south urban traffic in Guangzhou
 - Enabling easy access to south China
- Excellent connectivity, intersected by 8 expressways
- Established traffic history since 1999





- Constructed under a Build, Operate and Transfer arrangement
- 31km, 6-8 lane dual-carriage road
- Exclusive tolling rights for 27 years from 1999 (expiring in 2026)
- Asset has significant excess capacity to accommodate traffic growth
- Asset in good condition with routine maintenance program in place
- Strong management team in place



Section	Length	Lanes	Opened
Phase I	15.6km	8	Oct 1999
Phase II	15.4km	6-8	Jan 2004



- First toll road in Guangdong province to implement electronic tolling
- Semi-automatic closed system with manual classification of vehicle classes
- Toll regime
 - Prevailing toll rate, RMB0.60/km (S\$0.12/km¹) minimum
 - Tolls set province wide by the Guangdong government
 - MIIF investment case assumes constant toll rate
- Historical tolling in Guangdong
 - Guangfo Expressway opened to traffic in 1989
 - Prior to 2002, there was no unified toll rate in Guangdong province
 - Toll rates set by the Guangdong government have remained constant from 2002 to date





One of China's fastest growing regions

- Guangzhou, the capital city of Guangdong province, China
- Guangzhou metropolitan population – c.8 million people
- Guangzhou: 1996-2006
 - GDP grew by 15.3% pa
 - Population grew by 1.5% pa
 - No. of households grew by 2.1% pa
 - No. of vehicles grew by 7.3% pa
 - Highway freight grew by 10.8% pa
 - Highway passengers grew by 10.1% pa
- Diversified mix of high growth industries





Investment Overview

Macquarie International Infrastructure
Fund Limited (MIIF)



Asset Acquisition Fundamentals

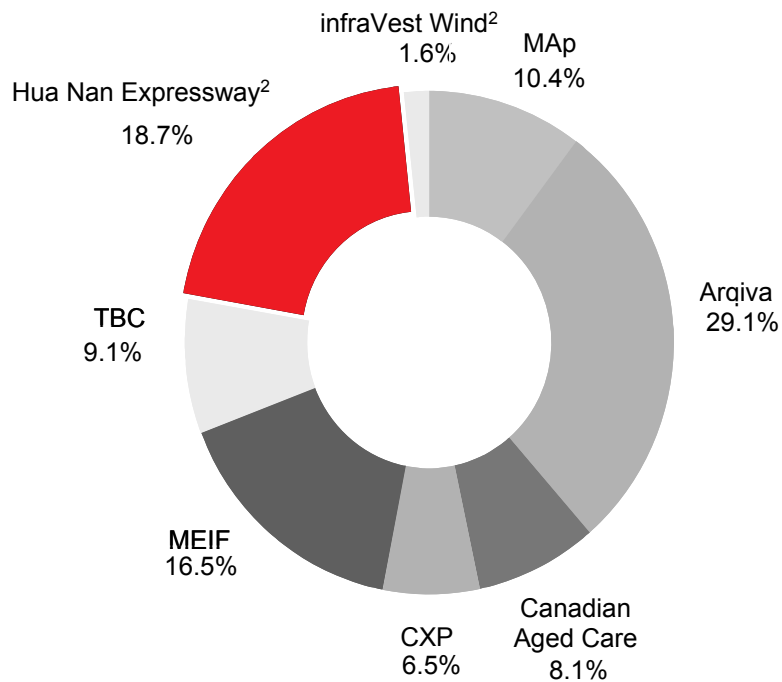


- Acquired 81% interest in Hua Nan Expressway
 - Guangzhou Centre (government body) (10% existing stake) and Vendors¹ (9% existing stake)
- Proportionate enterprise value of c.RMB3,957 million (S\$783 million²)
 - Equity: RMB1,686 million (S\$333 million²) (including transaction costs)
 - Senior Debt: RMB2,271 million (S\$450 million²)
- Well priced acquisition: Historical EV/EBITDA (2006) multiple of c.11.6x³ and prospective EV/EBITDA (2007) multiple of c.12.6x
 - Average trading multiple (as at October 2007) of 15.5x for comparable listed Chinese toll roads
- Direct investment with significant scope for active management
- Anticipated to be accretive to MIIF
 - High single digit yield (5 year average)
 - Mid teen IRR

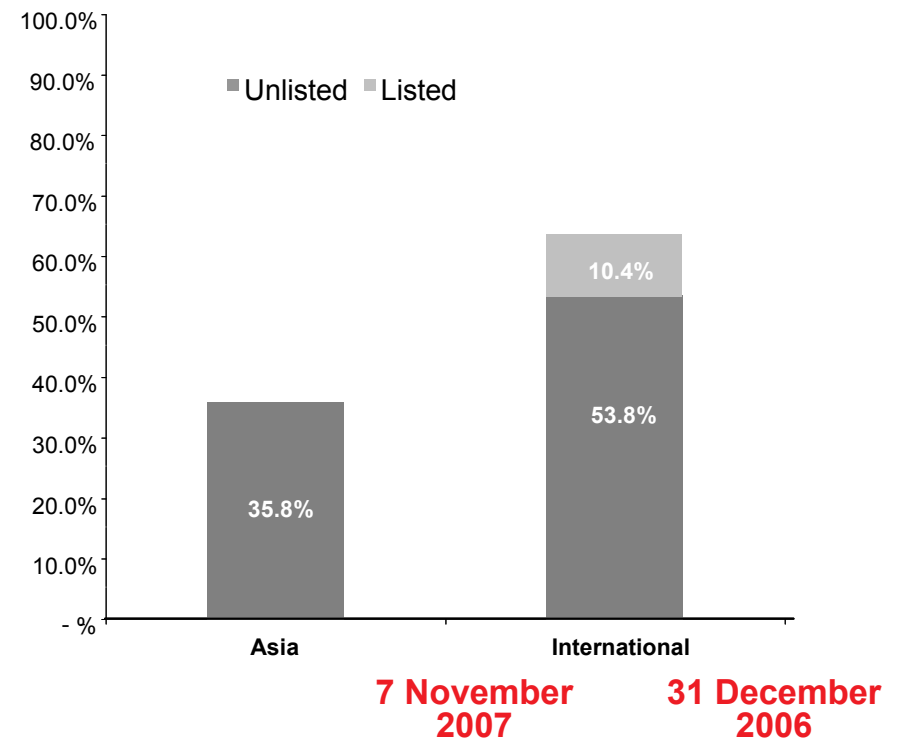
Note: (1) Preciseway Management Limited and Topwise Consultants Limited (collectively known as the Vendors)
(2) All currency conversions calculated on the basis of RMB/SGD 5.0507
(3) Enterprise Value (100%) of RMB4.7 billion (excluding transaction costs) and EBITDA for 31 December 2006 and 31 December 2007 period of c.RMB407 million and RMB374 million respectively



Portfolio Composition by Value divided by Assets⁽¹⁾



Portfolio Composition by Value divided by region⁽¹⁾



- Increased number of direct investments
- 35.8% of portfolio located in Asia

	7 November 2007	31 December 2006
Asian assets	35.8%	8.5%
International unlisted assets	53.8%	72.4%

Note: (1) Based on 30 June 2007 valuation, includes Taiwan Broadband Communications (post return of capital from refinancing proceeds) and infraVest Wind at acquisition cost and excludes MIC, DUET and MCG. Brussels Airport and TanQuid interests are also excluded as MIIF has agreed to divest these assets subject to approval by shareholders on 9 November 2007
 (2) Financial close has yet to be attained



- MIIF's total debt facilities of approximately S\$700m provide it with substantial funding flexibility
- Sustainable level of gearing at MIIF level post acquisition

	S\$ m
Drawn debt balance as at 31 October 2007	(210)
InfraVest Wind acquisition – Debt drawdown	(28)
Repayment – Estimated proceeds from Brussels Airport & TanQuid divestments ¹	290
Cash balance post divestments	52
Hua Nan Expressway acquisition – Debt drawdown	(333)
Estimated drawn debt balance following acquisition of Hua Nan Expressway	(281)
MIIF Gearing²	13%

Note: (1) Divestment is subject to shareholders approval

(2) Gearing calculated on total borrowings over total assets. Total assets of S\$2.2 billion includes the acquisition of TBC, infraVest Wind (financial close has not yet been attained) and Hua Nan Expressway



Asset Performance

Macquarie International Infrastructure
Fund Limited (MIIF)



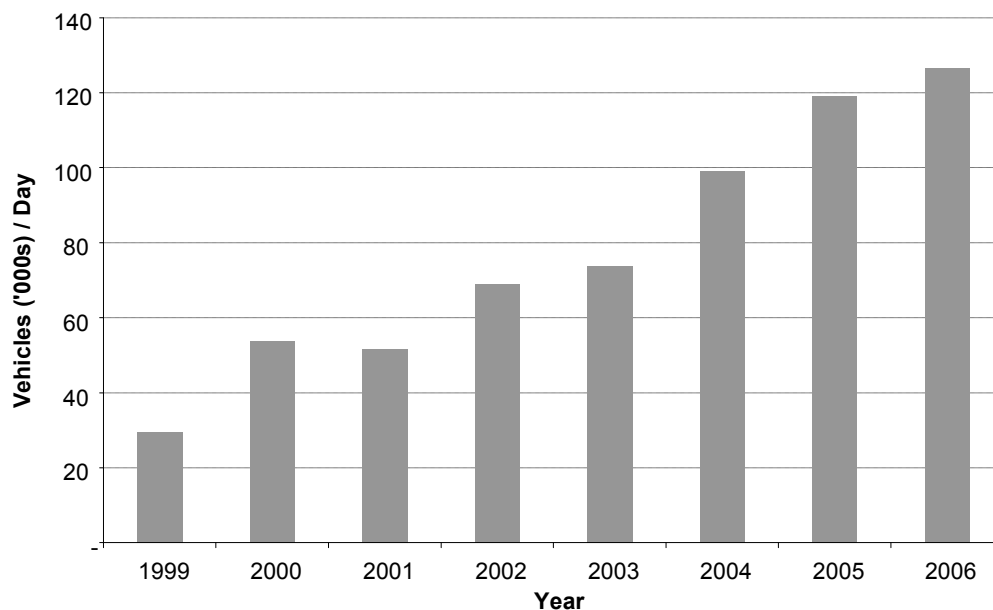
Hua Nan Expressway

Strong Traffic Growth

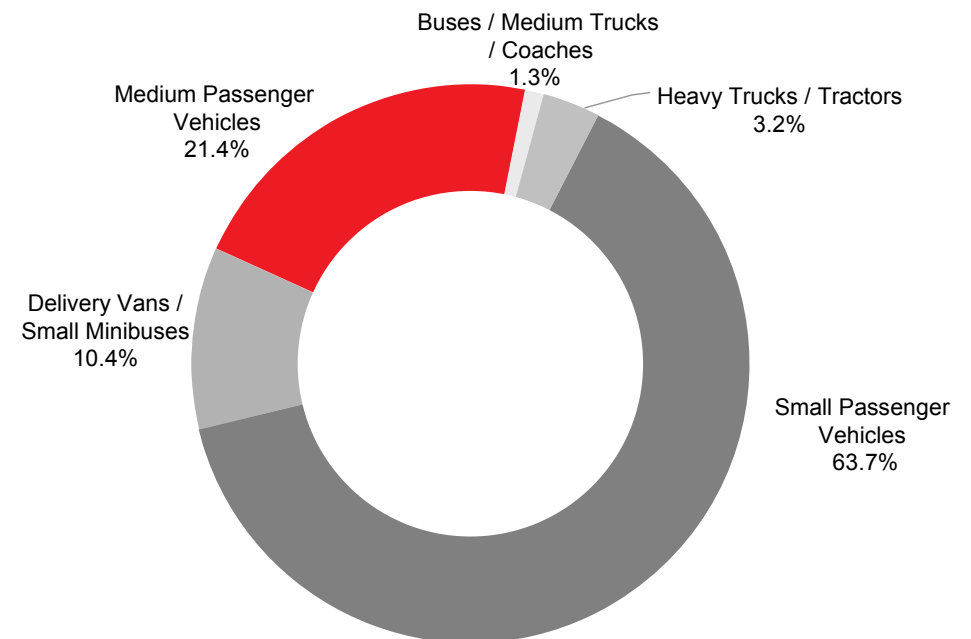


- Tolled traffic volume CAGR 13% p.a from 2004 to 2006
- Small vehicles accounted for 74% of all tolled vehicles
- Large vehicles accounted for 26% of all tolled vehicles
- Limited number of toll exempt vehicles (c. 7% - 8% of total traffic)

Hua Nan Expressway Average Daily Tolled Traffic
(vehicle volume recorded at all toll stations)



Traffic Mix in 2006

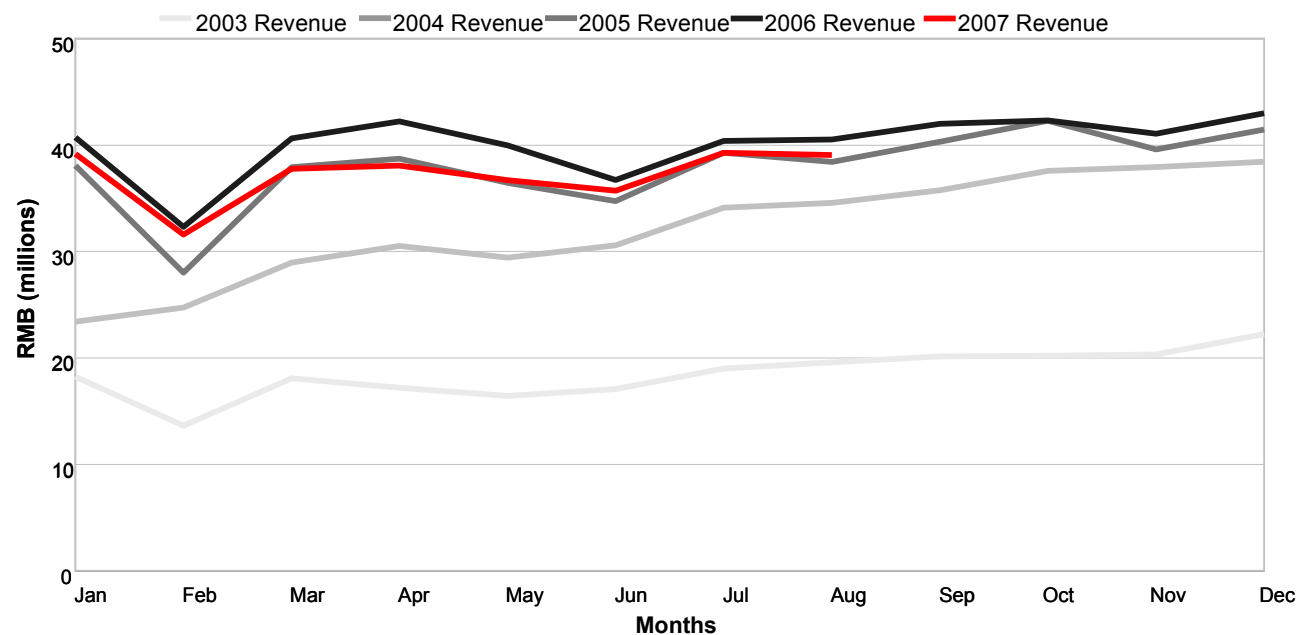


Note: All data relates to the financial year 2006, unless specified



- 2007 traffic affected by the opening of Xinguang Expressway is expected to be absorbed in the short term
- 2008 traffic growth will benefit from the opening of Phase III of Hua Nan Expressway in the second half of 2008

Historical Toll Revenue (2003-2007 YTD)

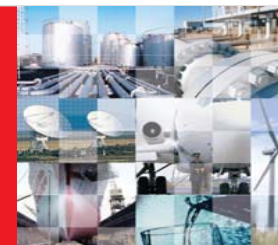


Note: (1) All data relates to the financial year 2006, unless specified



Hua Nan Expressway

Asset Performance



Strong financial track record

	Estimate 2007	Actual 2006	Actual 2005	CAGR (%)
Revenue (S\$ million)	89 ¹	95	91	(1.1)
Operating Expenses (S\$ million)	(15)	(15)	(19) ²	(11.1)
EBITDA (S\$ million)	74	80	72	1.4
EBITDA Margin	83%	84%	79%	
Annual tolled vehicles (million)	N/A	45.7	43.0	
Annual vehicle kilometres travelled (million)	N/A	414.1	370.3	
Average trip length (km)	N/A	9.1	8.6	

Note: (1) 2007 revenue has been impacted by the opening of Xinguang Expressway

(2) Additional one-off expenditure incurred to improve the road condition and to comply with government standards. Hua Nan Expressway is currently compliant with all requisite standards



Hua Nan Expressway

Strong Free Cash Flows



100% of Hua Nan Expressway	2008 Estimate (S\$m)	Commentary
Tolled Revenue	95 +/- 5%	<ul style="list-style-type: none"> Potential traffic growth with the opening of Phase III of Hua Nan Expressway in 2008 Continued robust economic growth and even faster vehicle ownership growth in the foreseeable future
EBITDA	75 +/- 5%	<ul style="list-style-type: none"> High EBITDA margins
Capital Expenditure	5 +/- 5%	<ul style="list-style-type: none"> Pavement assumed to be overlaid every 8 years
Senior Debt Service	45 +/- 5%	<ul style="list-style-type: none"> Prevailing interest rate of 7.05%¹ (5 Year PBOC net of 10% discount)
Tax	-	<ul style="list-style-type: none"> Currently in tax holiday First taxable year expected to be in 2009
Free Cash Flow	25 +/- 10%	<ul style="list-style-type: none"> Growing free cash flow profile
Distributions (MIIF's interest)	15 +/- 10%	<ul style="list-style-type: none"> Available free cash flow for distribution constrained by accumulated tax loss Free cash flow accessible in the medium term due to debt amortisation profile

Note: (1) As at 7 November 2007



Hua Nan Expressway

Capital Expenditure



- No major capital expenditure planned
- Existing pavement in good condition
- Routine maintenance program in place
- Pavement assumed to be overlaid every 8 years
 - MIF investment case assumes 4cm asphalt pavement resurfacing (consistent with global standards)
- Asset upgrading budget of RMB30 million (S\$5.9 million¹) is provided
 - Assumed implementation period: 2008 – 2010

Note: (1) All currency conversions calculated on the basis of RMB/SGD 5.0507



Hua Nan Expressway Asset Financing



- Sources and uses of the acquisition capital for MIIF's 81% interest in Hua Nan Expressway

Sources of Funds	RMB m	S\$ m ¹	Uses of Funds	RMB m	S\$ m ¹
Equity	1,686	333	Proceeds to Vendor	1,332	264
Senior Debt	2,271	450	Existing Debt	2,271	450
			Acquisition Adjustments ²	250	49
			Transaction Costs	104	20
Total	3,957	783	Total	3,957	783

- MIIF equity contribution
 - No equity raising required to fund acquisition
 - Funded from existing committed borrowing facilities and proceeds from asset realisation

Note: (1) All currency conversions calculated on the basis of RMB/SGD 5.0507
 (2) S\$34m of Acquisition Adjustments contingent upon approval of authorities post financial close



Hua Nan Expressway

Asset Debt



- Senior debt
 - Existing senior debt to be refinanced shortly after financial close
 - Strong support from lenders
- Indicative debt terms

Debt Facility Terms

100% Senior Debt Facility Quantum	RMB2,800 million (S\$554 million ¹)
Maximum Tenor	15 years
Lending Rate	5 year PBOC ² rate: <ul style="list-style-type: none">■ 7.83% without 10% discount■ 7.05% with 10% discount
Profile	Amortising and sculpted against DSCR ³

Note: (1) All currency conversions calculated on the basis of RMB/SGD 5.0507
(2) People's Bank of China Base Lending Rate
(3) Debt Service Coverage Ratio



Hua Nan Expressway Asset Hedging



	Issues	Comments
Interest Rate	<ul style="list-style-type: none">No hedging mechanism currently available	<ul style="list-style-type: none">Actively monitor the developing swap market in China with a view to hedging interest rates at an appropriate time
Foreign Exchange	<ul style="list-style-type: none">No hedging mechanism currently available	<ul style="list-style-type: none">The RMB is forecast to appreciate against the S\$¹ which is expected to benefit MIIF

Note: (1) According to Macquarie Economics Research



Conclusion

Macquarie International Infrastructure
Fund Limited (MIIF)



-
- ✓ Value accretive to MIIF
 - ✓ Attractive acquisition price
 - ✓ Demonstrates MIIF's commitment to Asian infrastructure
 - ✓ Further opportunity for growth
 - ✓ Comparable quality and excellent fit with existing portfolio
 - ✓ No equity raising required to fund acquisition
-



Appendix

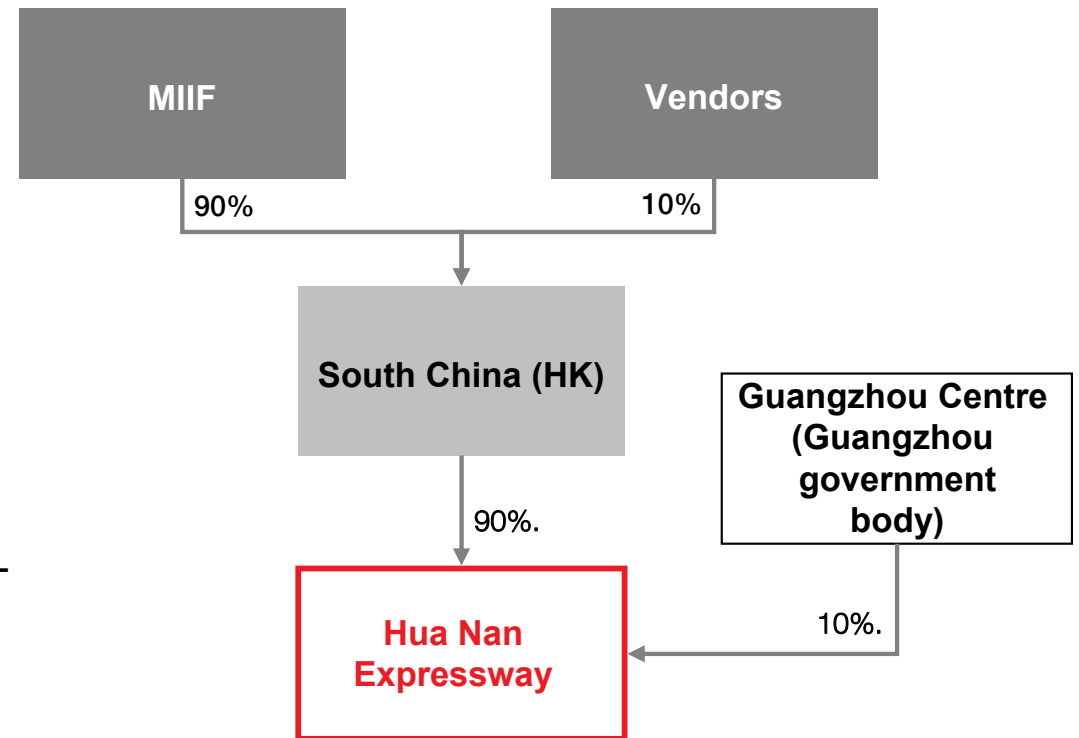
Macquarie International Infrastructure
Fund Limited (MIIF)



Hua Nan Expressway Asset Ownership Structure



- South China (HK)
 - MIIF acquired a 90% interest
 - Vendors retained a 10% interest
- Hua Nan Expressway
 - MIIF - 81% interest
 - Vendors - 9% interest (existing)
 - Guangzhou Centre (government body) - 10% interest (existing)





Essential Infrastructure

- Main expressway for north-south traffic in Guangzhou
- Crucial part of the urban infrastructure as it passes through one of the busiest regions in Guangzhou

Stable & Predictable Cash Flows

- Sustained toll traffic volume growth of CAGR 13.0%¹
- Revenues driven by growth in traffic volume which is positively correlated with GDP and population growth
 - GDP growth for Guangzhou of 15.3% p.a.²
 - Passenger vehicle growth of 7.3% p.a.²
- High EBITDA margin of 84% in 2006

Further Opportunity for Growth

- Feeder / ancillary roads to be completed over the next 5 years are expected to channel traffic flow into Hua Nan Expressway
- Traffic growth and possible tariff increases in the future

High Barriers to Entry

- Strategically located network
- Development of new roads is a time consuming and costly process and requires substantial approvals from relevant authorities
- No future potential competitive toll roads until 2020 based on the Guangzhou Urban Master Plan
- Any planned roads are substantially feeder / ancillary roads rather than competing roads

Note: (1) 2004 to 2006
(2) 1996 to 2006



Hua Nan Expressway

Operational Features



Key Operational Features

Pavement	Asphalt
Number of Lanes	6-8 on actual road and 4 in tunnel
Width of Lanes	3.8 m/lane
Interchanges	11
Annual Average Daily Traffic (vehicles/day)	Approx. 37,000
Annual tolled vehicles (million)	45.7
Annual vehicle kilometres travelled (million)	414.1
Average trip length (km)	9.1
Design Speed (km/hr)	60-80
Structures	Bridges, culverts & tunnel

Note: Information presented relates to 2006



Hua Nan Expressway Regulation



- Tolls set province wide by the Guangdong government
- Hua Nan Expressway has all the required permits to operate and collect tolls
- Exclusive tolling rights for 27 years from 1999 (expiring in 2026)
 - Post 2026 Hua Nan Expressway will be transferred to Guangzhou Centre
- Rights to operate and collect tolls are administered by the following regulatory bodies:

Item	Regulatory Body
Foreign Company Establishment	Guangzhou Bureau of Foreign Trade and Economic Cooperation
Land Use Permits	Guangzhou Urban Planning Bureau
Land Right Certificates	Guangzhou Land and Housing Property Survey Office
Tolling Permits	Guangdong Provincial Pricing Bureau and Guangdong Provincial Transport Bureau



Acquisition of Hua Nan Expressway

Macquarie International Infrastructure
Fund Limited (MIIF)

7 November 2007