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KOREAN ROAD INFRASTRUCTURE FUND ANNOUNCES SECOND INVESTMENT

Macquarie Bank and Shinhan Financial Group, the joint managers of Korea's first private infrastructure fund, the Korean Road Infrastructure Fund (KRIF), today announced the fund's second investment, the KRW 32 billion ($A40 million) acquisition of five year converting bonds issued by the Daegu-Busan Expressway Co. (DBEC). DBEC is the developer of an 82-km toll expressway that will link Daegu to Busan, Korea's third and second largest cities, respectively.

The bonds convert into equity, representing a 6.5 per cent stake in DBEC, in September 2008. The bond acquisition is KRIF's second investment following its purchase of Kwangju 2nd Beltway, Section 1 in March 2003. KRIF was established in January 2003 and is a closed end 10-year fund providing Korean institutional investors with diversified exposure to local infrastructure assets.

The Daegu-Busan Expressway is a KRW 2.5 trillion ($A3.1 billion) project and is being built as a Build Transfer Operate project under Korea's Private Participation in Infrastructure legislation, and will have operating rights for 30 years following the completion of construction, expected in early 2006.

The Daegu-Busan Expressway is currently under construction and is expected to commence operations in early 2006. The 82-km expressway is the largest private road under construction or operation in Korea and will consist of 13 tunnels and 105 bridges, with 9 separate tolling points. Daegu is Korea's third largest city with a population of approximately 2.5 million while Busan is Korea's second largest city and home to Korea's largest port, with a population of nearly 4 million.

KRIF is Macquarie's first infrastructure fund with a specific geographic mandate developed using funds sourced specifically from institutions in a foreign market, in this case primarily large Korean insurance companies and pension funds. KRIF has raised Won 367.5 billion (A$465million) from a range of investors to date and is seeking to increase total commitments before the end of 2003.

KRIF has secured exclusive or preferred positions to invest in a number of toll road assets located in Seoul and other major cities in Korea. All assets have concession rights of 20 years or more.

The Fund is managed by Macquarie Shinhan Infrastructure Management Co., Ltd (MSIM), a Korean asset management company jointly owned by Macquarie Bank and the Shinhan Financial Group and is staffed by local and expatriate executives with expertise in infrastructure asset management.

Macquarie currently manages more than $US6 billion in ten infrastructure funds, which have direct and indirect investments in more than 30 toll roads around the world, including Korea's Soojungsan tunnel and others in Australia, UK, USA, Canada, Germany, Spain, Chile, Portugal and South Africa.

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