



Macquarie Infrastructure Group

Management Information Report

**For the quarter ended
30 September 2008**

Macquarie Infrastructure Group (MIG) comprises Macquarie Infrastructure Trust (I) (ARSN 092 863 780) (MIT(I)), Macquarie Infrastructure Trust (II) (ARSN 092 863 548) (MIT(II)) and Macquarie Infrastructure Group International Limited (ARBN 112 684 885) (MIGIL).

Macquarie Infrastructure Investment Management Limited (ACN 072 609 271) (AFSL No.241405) (MIIML) is the responsible entity of MIT(I) and MIT(II). MIIML is a wholly owned subsidiary of Macquarie Group Limited (ABN 94 122 169 279) (MGL).

Macquarie Capital Funds (Europe) Limited (MCFEL) (registered number 3976881) is the adviser of MIGIL. MCFEL is a wholly owned subsidiary of MGL.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or provide assurance in respect of the obligations of MIIML or any other entity noted in this document.

This report 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 MIG, 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.

MIIML, as responsible entity of the trusts comprised by MIG and MCFEL as the adviser of MIGIL are entitled to fees for so acting. MGL and its related corporations (including MIIML and MCFEL) together with their officers and directors and officers and directors of MIGIL may hold stapled securities in MIG from time to time.

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Overview of MIG

Assets

Macquarie Infrastructure Group (MIG) is one of the largest developers and owners of toll roads in the world. As at 30 September 2008 MIG's portfolio of toll road assets and percentage interest were as follows:

Asset	Location	Reporting currency	Date of initial acquisition	MIG's interest as at:	
				30 Sep 08	30 June 08
407 ETR	Canada	CAD	Oct 2004	30.0	30.0
M6 Toll	UK	GBP	Oct 1999	100.0	100.0
APRR	France	EUR	Feb 2006	20.4	20.4
Westlink M7 ¹	Australia	AUD	Feb 2003	50.0	47.5
Dulles Greenway	USA	USD	Sep 2005	50.0	50.0
Indiana Toll Road	USA	USD	Jun 2006	25.0	25.0
Chicago Skyway	USA	USD	Jan 2005	22.5	22.5
Tagus River Crossings ²	Portugal	EUR	Oct 1999	30.6	30.6
South Bay Expressway	USA	USD	Sep 2002	50.0	50.0
Warnow Tunnel	Germany	EUR	Dec 2000	70.0	70.0

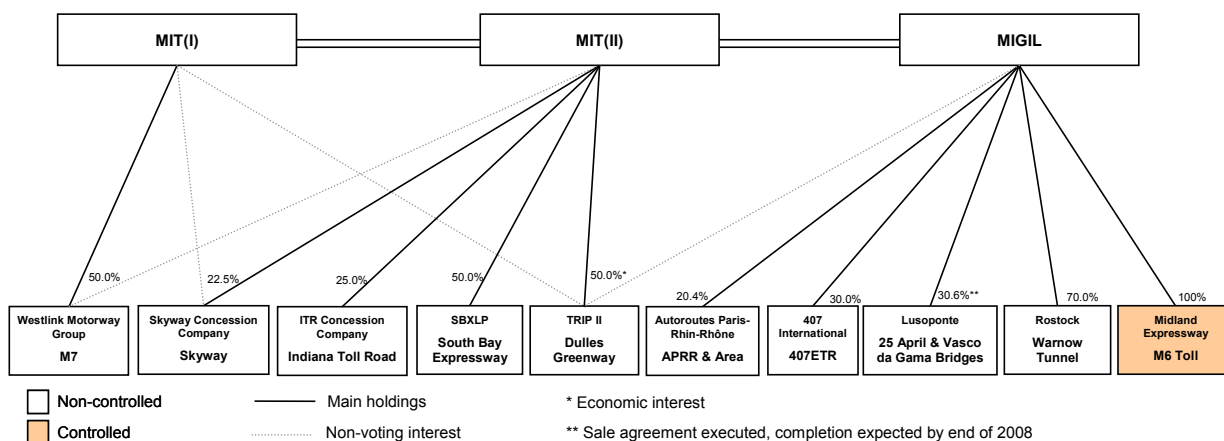
1. On 28 August 2008 MIG exercised its pre-emptive rights under the Westlink Equity Participants Deed to acquire an additional 2.5% interest in Westlink M7. As a result of this transaction MIG's interest in the asset increased to 50.0% from 47.5%.

2. On 26 September 2008 MIG signed a Share Purchase Agreement (SPA) regarding the sale of Tagus River Crossings (Lusoponte) for a price of EUR112m (AUD226m). The final execution of the SPA and consequent receipt of the sale proceeds is pending the consent to the Grantor. The transaction was approved by the Lenders on 6 November 2008.

Structure

MIG is a triple stapled security listed on the Australian Securities Exchange. Stapled securities are two or more securities that are quoted and traded as if they were a single security. A MIG stapled security consists of a unit in Macquarie Infrastructure Trust (I) (MIT(I)), a unit in Macquarie Infrastructure Trust (II) (MIT(II)) and a share in Macquarie Infrastructure Group International Limited (MIGIL).

The diagram below shows the split of MIG's portfolio of assets between the three MIG stapled entities.



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Report Summary

This Management Information Report (the Report) contains MIG's Proportionate Earnings and Proportionate Net Debt for the quarter ended 30 September 2008. It has been prepared using policies adopted by the directors of Macquarie Infrastructure Investment Management Limited (MIIML) and, unless stated otherwise, these policies have been consistently applied to all periods presented in this Report.

The purpose of this Report is to provide information supplementary to the financial report of MIG. This Report has been prepared on a different basis to the MIG financial report. The information contained within this Report does not, and cannot be expected to, provide as full an understanding of the financial performance of MIG as in the financial report. This Report should be read in conjunction with the financial report of MIG combined with any public announcements made by MIG in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Further details in relation to the preparation of this Report are set out in the notes on pages 8 to 12.

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Proportionate Earnings

QUARTER	Actual Results 3 months to 30 Sep 08 \$m	Proforma Results 3 months to 30 Sep 07 \$m	Actual Results 3 months to 30 Sep 07 \$m
Operating revenue	320.0	310.8	309.3
Operating expenses	(77.5)	(75.5)	(74.2)
EBITDA from road assets	242.5	235.3	235.1
Asset maintenance capex	(14.8)	(15.8)	(15.7)
Asset net interest expense	(113.3)	(102.8)	(103.4)
Asset net tax expense	(16.6)	(13.0)	(12.5)
Proportionate earnings from road assets	97.8	103.7	103.5
Corporate net interest income	10.5	19.6	19.7
Corporate net expenses	(18.1)	(21.6)	(21.5)
MIG proportionate earnings	90.2	101.7	101.7
Asset net debt amortisation	(28.9)	(28.5)	(27.5)
MIG proportionate earnings less allowance for net debt amortisation	61.3	73.2	74.2

The above Proportionate Earnings have been prepared in accordance with Note 1.1

Proportionate Net Debt

	Actual Results as at 30 Sep 08	Actual Results as at 30 Jun 08
Road assets net debt	11,557.4	10,321.2
Corporate net debt	(653.8)	(910.1)
Total net debt	10,903.6	9,411.1

The above Proportionate Net Debt has been prepared as the basis described in Note 1.2

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Operational Discussion and Analysis

Summary

MIG's portfolio continues to deliver solid revenue growth amid a challenging global economic environment, with underlying revenue and EBITDA from road assets increasing by 3.0% and 3.1% respectively for the quarter ended 30 September 2008. The growth in underlying revenue and EBITDA was driven by the traffic growth at Westlink M7 and changes to a number of the asset tolling schedules. MIG's traffic results across the portfolio however have been impacted by the continuing weak global economic conditions, in particular in the United States and the United Kingdom. As a consequence MIG's overall underlying traffic has decreased 2.2% against the prior corresponding period ('pcp').

The difference between proforma (i.e. underlying) and actual pcp results in this Report is attributable predominately to foreign exchange impacts. Please refer to Note 1 on page 8 for further detail on the basis of preparation of this Report.

Traffic

Underlying revenue weighted average traffic decreased 2.2% for the quarter. As noted in MIG's September 2008 traffic release, the subdued traffic results across MIG's portfolio were a consequence of the slowing global economy and a combination of other factors including higher petrol prices, adverse weather conditions in Toronto, improvements to free road alternatives and the ongoing closure of a key 'feeder route' (Route I-65) to Skyway and Indiana Toll Road. Route I-65 is expected to be closed until November 2008 for construction upgrades and this closure will continue to impact traffic through to the December 2008 quarter.

Operating revenue

Underlying operating revenue increased AUD9.2m (3.0%) for the quarter driven by higher toll rates at 407 ETR, Skyway and Indiana Toll Road, continued traffic growth at Westlink M7 and the opening of South Bay Expressway to tolled traffic on 14 January 2008.

MIG experienced effective average underlying toll growth of 5.3% (1.7% real) for the quarter. This growth is largely the result of increases in toll rates, but is also marginally impacted by other factors including changes to the mix of vehicle types and trip patterns.

Operating expenses

Underlying operating expenses increased AUD2.0m (2.6%) for the quarter reflecting the commencement of operations at South Bay Expressway (expenses were capitalised prior to the road opening). This increase was partially offset by lower operating expenses achieved in other assets within the MIG portfolio.

EBITDA from road assets

Underlying EBITDA from road assets increased 3.1% to AUD242.5m for the quarter. Underlying road assets EBITDA margin increased to 75.8% from 75.7%. The increase in EBITDA margin has been achieved through higher revenue and a number of cost control initiatives across the MIG portfolio, offset by lower traffic results.

Asset maintenance capex

Underlying asset maintenance capex decreased 6.3% for the quarter. The basis of calculation of maintenance capex is outlined in Note 1 of this Report.

Asset net interest and tax expense

Underlying asset net interest expense increased AUD10.5m (10.2%) for the quarter, largely due to the opening of the South Bay Expressway in January 2008 (interest was capitalised until the road became operational) and higher interest expense at 407 ETR and the M6 Toll.

Underlying asset net tax expense for the quarter increased AUD3.5m (27.7%) due to higher tax expense at the APRR.

Corporate net interest income and expenses

Underlying corporate net interest income decreased AUD9.1m (46.4%) for the quarter as a result of a lower cash balance. Details on major corporate cash movements are provided in the proportionate net debt section on page 7.

Underlying corporate net expense decreased AUD3.4m (16.2%) for the quarter due to a reduction in management fee expense as a result of MIG's lower market capitalisation in the current period than the pcp.

MIG's beneficial ownership in Transtoll has increased, as compared to the pcp, from 59.5% to 98.5%. This has resulted in slight variances in net income/expenses at the corporate level between actual and proforma pcp results.

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Operational Discussion and Analysis (cont)

Asset net debt amortisation

Underlying asset net debt amortisation increased AUD0.4m (1.4%) for the quarter as a result of marginally higher proportionate net debt and EBITDA from road assets as compared to the pcp. The calculation of net debt amortisation is outlined in Note 1 of this Report.

Proportionate net debt

Actual road asset net debt has increased 12.0% since 30 June 2008 reflecting primarily the impact of foreign currency exchange rate movements. Excluding the impact of foreign exchange movements, MIG's underlying road asset net debt has increased 0.5% for the same period.

The movement in actual corporate net debt was AUD256.3m (28.2%) reflecting a lower cash balance for the current period. Major cash outflows since 30 June 2008 include the on-market buyback of MIG securities (AUD56.5m) and the distribution payment for period ended 30 June 2008 (AUD240.4m). Cash inflows in the same period include asset distributions and returns made on short-term money market investments.

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Notes to MIG Management Information Report

1. Summary of Significant Policies

The significant policies which have been adopted by the board of MIIML, and used in the preparation of this Report, are stated to assist in a general understanding of this Report. Unless stated otherwise, these policies have been consistently applied to all periods presented in this Report.

All information contained in this Report is disclosed in Australian dollars unless stated otherwise.

1.1 Proportionate Earnings

Current and prior period proportionate earnings information contained in this Report involves the aggregation of the financial results of MIG's relevant assets in the relevant proportions that MIG holds beneficial ownership interests. It is calculated as operating assets' revenues less operating assets' expenses, maintenance capital expenditure (maintenance capex), net interest expense, net tax expense, plus earnings or expenses at the MIG corporate level including any gain on sale of road assets, corporate net interest income and corporate expenses including management fees. Road assets results are sourced from unaudited asset management accounts prepared under local generally accepted accounting standards applicable to the assets and are periodically reconciled to the most recently published asset financial statements.

Proportionate earnings are disclosed for the current period and the pcp (Actual Results).

Proportionate earnings information for the pcp is also disclosed under a proforma approach. The proforma information is derived by restating the prior period results with the operating assets ownership percentages and foreign currency exchange rates from the current period (Proforma Results). Proforma Results are produced to allow comparisons of the operational performance of road assets between periods, as it removes the impact of changes in ownership interests and foreign currency exchange rates. The term 'underlying' used in the Operational Discussion and Analysis on pages 6 and 7 refers to movements under the proforma approach.

The principal policies adopted in the preparation of proportionate earnings contained in this Report include:

Relevant assets

For an asset to qualify as a relevant asset for inclusion in proportionate earnings from road assets, the asset must be a toll road operator (road asset) in which MIG has management involvement.

As Transtoll is not a road asset, the results of this asset are not included in proportionate earnings from road assets. Instead the results of Transtoll are included at the MIG corporate level.

MIG's relevant road assets include assets presented in the table on page 9 of this Report.

Foreign exchange rates

All proportionate earnings information contained in this Report is disclosed in Australian dollars unless stated otherwise. Actual results are reported at quarterly average foreign currency exchange rates for the respective quarters.

Under the proforma approach, pcp results are restated using quarterly average exchange rates from the current period to remove the impact of changes in foreign currency exchange rates.

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Notes to MIG Management Information Report (cont'd)

1. Summary of Significant Policies (cont'd)

MIG's beneficial ownership interest

The beneficial ownership interest of MIG for each of its road assets is calculated on a weighted average basis according to the number of days in the reporting period during which MIG held a beneficial ownership interest (Beneficial Ownership Interest). Where assets have been sold during the period the Beneficial Ownership Interest is calculated on a weighted average basis according to the number of days from the beginning of the period up to the date of sale. Where assets have been acquired during the period Beneficial Ownership Interest is calculated according to the number of days from the date of initial acquisition to the end of the period.

The Beneficial Ownership Interests of MIG in the roads used in the calculation of proportionate earnings for the current quarter, YTD and pcp are as set out below:

MIG's actual weighted average Beneficial Ownership Interest for:

Road asset	30 Sep 08 QTR	30 Sep 07 QTR
	%	%
407 ETR	30.0	30.0
M6 Toll	100.0	100.0
APRR	20.4	20.4
Westlink M7 ¹	48.4	47.5
Dulles Greenway	50.0	50.0
Indiana Toll Road	25.0	25.0
Chicago Skyway	22.5	22.5
Tagus River Crossings	30.6	30.6
South Bay Expressway	50.0	50.0
Warnow Tunnel	70.0	70.0

¹ MIG acquired an additional 2.5% interest in Westlink M7 on 28 August 2008.

Operating revenue

Asset revenue is calculated by the aggregation of the product of the Beneficial Ownership Interest and the total revenue of each of MIG's road assets. Revenue is recognised under the local GAAP applicable to each road asset except as stated below.

Lusoponte receives semi-annual payments from the Government of Portugal according to an agreed schedule under the Global Financial Rebalance Agreement (GFRA). For the purpose of this Report, revenue includes the amount received/receivable from the Government for each half year period, rather than the amount reflected within revenue under local GAAP.

Operating expenses

Asset operating expenses are calculated by the aggregation of the product of the Beneficial Ownership Interest and the total operating expenses incurred by each of MIG's road assets. Operating expenses are recognised under the local GAAP applicable to each road asset.

Asset maintenance capex

Due to its nature, asset maintenance capex of road assets may fluctuate significantly from period to period and therefore this report does not reflect the actual timing of cash outflows for maintenance capex. Rather, the proportionate earnings include a provision for future maintenance capex in each period. The level of maintenance capex required is a function of road usage and therefore traffic volume is the driver for determining the provision charged to each period. The calculation allocates the total forecast future maintenance capex for a particular road over the current and all future periods to the end of the toll concession, on the basis of forecast traffic on that road (i.e. not on a straight line basis). Forecasts are reviewed and updated semi-annually to ensure appropriateness of the calculation.

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Quarter ended 30 September 2008

Notes to MIG Management Information Report (cont'd)

1. Summary of Significant Policies (cont'd)

Asset net interest expense

Asset net interest expense is the aggregation of net interest expense incurred by:

- the operator of the road asset; and
- entities interposed between any of the MIG stapled entities and the operator companies, which have debt that is non-recourse to MIG.

The definition of net interest expense includes all contractual interest expense, borrowing expenses and interest income payable to, or receivable from, third parties. Interest and borrowing expenses, or interest income, in respect of shareholder loans or similar agreements are excluded from the definition of net interest expense. Interest and borrowing costs that are capitalised and/or amortised are also excluded from the definition of net interest expense. The amount therefore reflects the cash interest payable/receivable in respect of a particular period. In particular, for zero coupon bonds, interest expense is recorded in the year the bond matures.

Asset net tax expense

Tax expense for the purposes of the calculation of asset net tax expense is that current tax expense determined with reference to the local GAAP applicable to each relevant asset. Where tax expense information is not available in the management accounts of a particular road asset, income tax paid or payable by that asset in the relevant year will be reflected rather than current tax expense. Asset net tax expense is made up of the aggregation of the following components:

- the product of the Beneficial Ownership Interest and the net current tax expense of each of MIG's road assets, where the operating company does not, in conjunction with any entities that are majority owned by one or a combination of the MIG stapled entities, form part of a consolidated group for tax purposes (Tax Consolidated Group);
- the product of the Beneficial Ownership Interest in the ultimate holding company in a Tax Consolidated Group and the net current tax expense of the relevant Tax Consolidated Group.

Corporate net interest income

Corporate net interest income is the aggregation of net interest income incurred/received by:

- any of the MIG stapled entities;
- entities interposed between any of the MIG stapled entities and the operator companies which have debt that is recourse to MIG; and
- Transtoll on the basis that its net interest expense is immaterial to MIG's overall results. Should the net interest expense of Transtoll become significant (i.e. over 5% of MIG proportionate earnings) it will be presented as a separate line item in the Proportionate Earnings.

The definition of net interest income includes all contractual interest expense, borrowing expenses and interest income payable to, or receivable from, third parties except:

- Interest and borrowing expenses or interest income in respect of shareholder loans or similar agreements; and
- Interest and borrowing costs that are capitalised and/or amortised.

Corporate net expenses

Corporate net expenses reflect the aggregation of:

- all expenses paid by MIG (excluding acquisition costs), including base fees and performance fees (to the extent that either or both are payable in cash and subsequently not reinvested in MIG securities);
- MIG's share of expenses from entities interposed between any of the MIG stapled entities and the operator companies not included in the assets' operating expenses;
- current tax expense at the corporate level; and
- all expenses paid by Transtoll net of revenue earned by Transtoll. Transtoll's net expenses are included in corporate expenses as they are immaterial to MIG's overall results. Should the net expenses of Transtoll become more significant (over 5% of MIG proportionate earnings) they will be presented in a separate line item in the Proportionate Earnings.

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Notes to MIG Management Information Report (cont'd)

1. Summary of Significant Policies (cont'd)

Net debt amortisation

Reflective of the fact that net debt at each asset must be repaid prior to concession end, a charge is made to amortise the net debt over the concession life. Net debt amortisation as shown does not reflect actual cash debt repayments for the period, rather, it represents a provision for amounts that will be payable at a later date, prior to concession end. The amortisation charge for each period is determined on a pro-rata basis, with EBITDA as the allocation driver. That is, the net debt, less any amortisation and maintenance capex to date, is allocated over current and future periods to the end of the concession on the basis of forecast EBITDA. Maintenance capex to date is deducted from the net balance in order to avoid a double count, given that funding of maintenance capex increases net debt. EBITDA forecasts are reviewed and updated semi-annually to ensure appropriateness of the calculation. Corporate net debt is not amortised.

1.2 Proportionate Net Debt

Road asset net debt

The net debt of road assets is calculated by the aggregation of:

- MIG's proportionate share of the net debt at each of MIG's road assets including the land fund liability at M6 Toll; and
- MIG's proportionate share of the net debt held by entities interposed between any of MIG's stapled entities and its road assets that is non-recourse to MIG.

Net debt is calculated at each of MIG's road assets by subtracting total cash on hand (including restricted cash holdings) from total debt at the end of the period.

Where the profile of a debt instrument is either amortising or accretive, no adjustment is made to the principal balance presented at reporting dates which fall between specified interest capitalisation or debt amortisation dates. Therefore net debt represents principal amounts inclusive of capitalised interest only unless otherwise stated below.

Where interest rate swaps are structured to mirror a series of capital accretion bonds (e.g. Skyway), a calculation of the notional principal outstanding on these bonds is undertaken. This notional principal is incorporated in net debt consistent with the treatment above.

Net debt in relation to Real Return Bonds reflects the present value of expected future cash flows on the bonds discounted at the internal rate of return. This is as recorded in the financial statements of 407 ETR.

Where interest rate swaps have been structured to better match the payment of interest with increasing revenue (e.g. M6 Toll and Indiana Toll Road), an effective interest rate for the swap is calculated. An interest accrual is included within net debt, reflecting the difference between the cumulative interest charge using this effective interest rate and the fixed payments made to date under the interest rate swap.

Corporate net debt

Net debt at the corporate level is calculated by the aggregation of:

- all net debt held by MIG stapled entities;
- all net debt held by entities interposed between any of the MIG stapled entities and the road asset companies, excluding debt that is non-recourse to MIG; and
- all net debt held by Transtoll

Corporate net debt is calculated by subtracting total cash on hand from total debt at the end of the period.

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Notes to MIG Management Information Report (cont'd)

2. Traffic

	QUARTER (000')		
	Current	Pcp	Growth
407 ETR¹			
Av Daily Rev (CAD)	1,662	1,575	5.5%
VKT	613,602	620,530	(1.1%)
Av Workday Trips	392	392	(0.2%)
Av Daily Trips	324	322	0.7%
M6 Toll			
Av Daily Rev (GBP)	170	172	(1.1%)
Av Workday Traffic	47	53	(10.8%)
Av Non-workday Traffic	34	41	(16.7%)
Av All day Traffic	43	49	(12.0%)
APRR (Group)			
Toll Revenue (EUR)	495,658	495,500	0.0%
LV (VKM) ²	5,245,000	5,382,000	(2.5%)
HV (VKM) ²	823,000	852,000	(3.4%)
Westlink M7³			
Av Daily Rev (AUD)	495	446	11.0%
Av Workday Trips	134	126	6.0%
Av Daily Trips	120	112	6.6%
Av Daily Tolloed VKT	1,528	1,436	6.5%
Av Daily Travelled VKT	1,837	1,736	5.8%
Dulles Greenway			
Av Daily Rev (USD)	154	160	(4.0%)
Av Workday Traffic	61	64	(4.4%)
Av Non-workday Traffic	33	35	(6.8%)
Av All day Traffic	52	55	(4.3%)
Indiana Toll Road			
Av Daily Rev (USD)	467	445	5.0%
All Days – Ticket ⁴	29	29	(1.7%)
All Days – Barrier ⁴	81	105	(23.2%)
Chicago Skyway			
Av Daily Rev (USD)	198	159	24.2%
Av Workday Traffic	50	53	(6.5%)
Av Non-workday Traffic	55	58	(5.2%)
Av All day Traffic	52	55	(6.1%)
Lusoponte			
Av Northbound Vasco da Gama	31	32	(3.0%)
Av Northbound 25th April	83	84	(1.2%)
South Bay Expressway			
Av Daily Rev (USD)	58	n/a	n/a
Av Workday Traffic	29	n/a	n/a
Av Non-workday Traffic	19	n/a	n/a
Av All day Traffic	26	n/a	n/a
Warnow Tunnel			
Av All day Traffic	11	11	0.8%

1 With regard to 407 ETR, note that average daily revenue is based on total revenues.

2 Rounded to the nearest million as per APRR press release.

3 With regard to Westlink M7, average daily revenue is inclusive of GST.

4 With regard to Indiana Toll Road, note that the ticket system is reported in terms of full-length equivalent trips, and the barrier system is reported in terms of total transactions.