

**Macquarie Infrastructure Investment Management Limited**

ABN 67 072 609 271

AFS Licence No. 241405

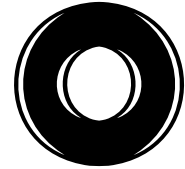
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**ASX RELEASE**



MACQUARIE

**Macquarie Infrastructure Group**

**MARCH QTR 2009 MANAGEMENT INFORMATION REPORT**

Macquarie Infrastructure Group (MIG) has today released the Management Information Report for the Quarter ended 31 March 2009.

Please refer to the attached report for full details.

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**MACQUARIE INFRASTRUCTURE GROUP**  
MANAGEMENT INFORMATION REPORT FOR THE  
QUARTER ENDED 31 MARCH 2009



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## Disclaimer

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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## REPORT SUMMARY

The purpose of the Management Information Report (the Report) is to provide information supplementary to the Financial Report of Macquarie Infrastructure Group (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, financial position and the cash flows of MIG as in the Financial Report. This Report should be read in conjunction with the Financial Report of MIG.

This Report comprises the following Sections:

**Overview Sections** covering MIG's structure, portfolio and summary performance for the quarter and 9 months ended 31 March 2009.

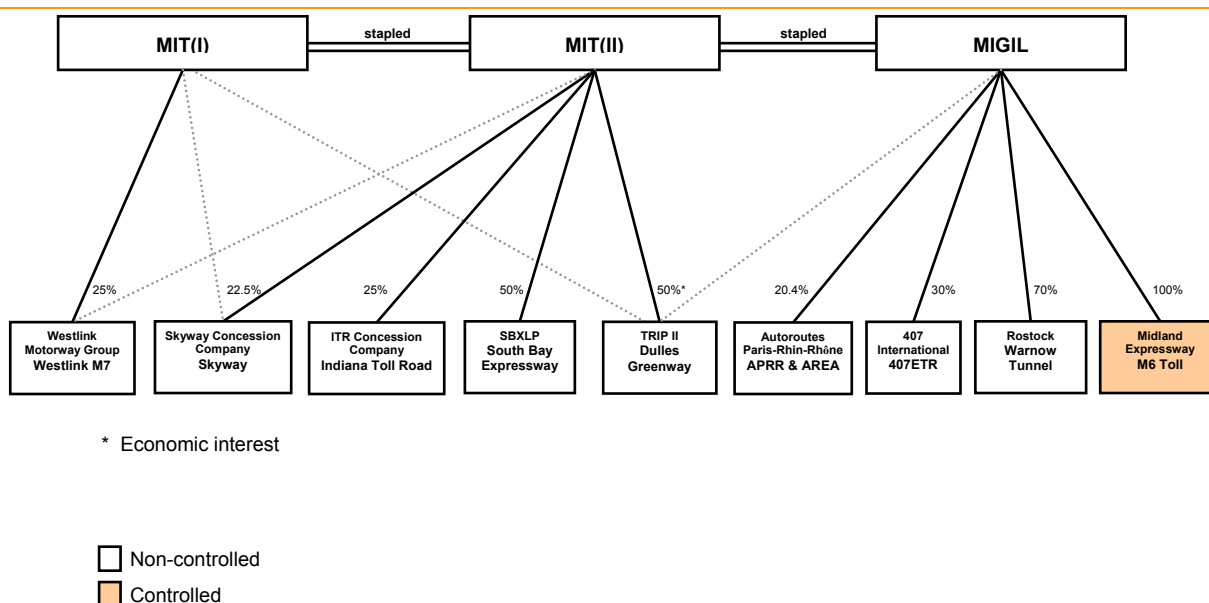
**Financial Performance** presents MIG's Proportionate Earnings and other measures for the quarter and 9 months ended 31 March 2009. It has been prepared using policies adopted by the directors of Macquarie Infrastructure Investment Management Limited (MIIML) and, unless stated otherwise, these policies have been consistently applied to all periods presented in this Report.

## OVERVIEW OF MIG 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). Macquarie Infrastructure Investment Management Limited (MIIML) is the responsible entity of MIT(I) and MIT(II).

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

Figure 1 - Macquarie Infrastructure Group Structure (simplified)



## MIG PORTFOLIO

MIG is one of the largest developers and owners of toll roads in the world. As at 31 March 2009 MIG's portfolio of toll road assets was as follows:

| Asset                              | Location       | Reporting Currency | Date of initial acquisition | MIG's Interest as at |             |
|------------------------------------|----------------|--------------------|-----------------------------|----------------------|-------------|
|                                    |                |                    |                             | 31 Mar 09 %          | 30 Jun 08 % |
| 407 ETR                            | Canada         | CAD                | April 2002                  | 30.0                 | 30.0        |
| M6 Toll                            | United Kingdom | GBP                | Oct 1999                    | 100.0                | 100.0       |
| Financière Eiffarie (APRR)         | France         | EUR                | Feb 2006                    | 20.4                 | 20.4        |
| Westlink M7 <sup>1</sup>           | Australia      | AUD                | Feb 2003                    | 25.0                 | 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 <sup>2</sup> | Portugal       | EUR                | Oct 1999                    | -                    | 30.6        |
| South Bay Expressway               | USA            | USD                | Sep 2002                    | 50.0                 | 50.0        |
| Warnow Tunnel                      | Germany        | EUR                | Dec 2000                    | 70.0                 | 70.0        |

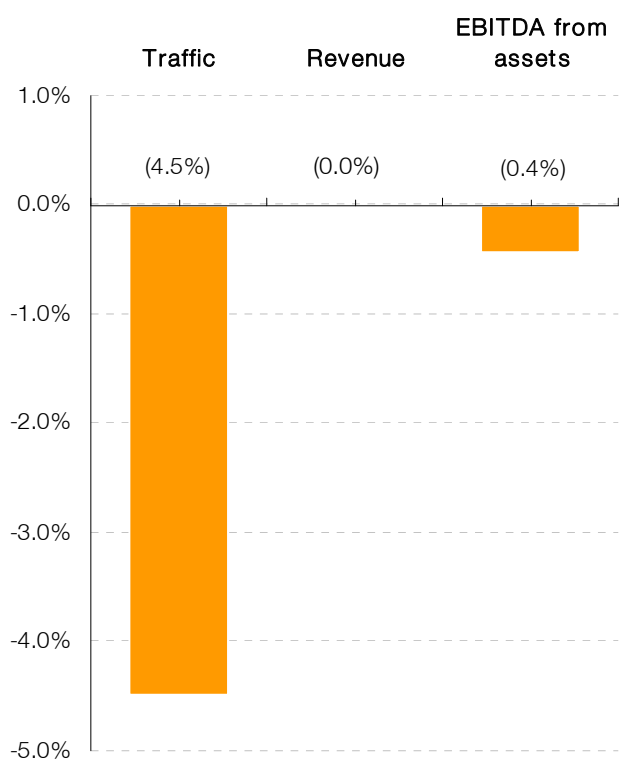
- On 1 December 2008 MIG announced the sale of its interest in Westlink M7 to Western Sydney Road Group (WSRG). Completion of this transaction occurred on 27 February 2009. MIG has retained an effective 25% interest in Westlink M7 through its 50% ownership of WSRG.
- Conditions precedent to the sale of MIG's interest in the Tagus River Crossings were met on 30 December 2008 and MIG's effective interest ceased at that date.

# PERFORMANCE SUMMARY

Table 1 - MIG Performance Summary

|  | Actual Results<br>9 Months to<br>31 Mar 09 | Proforma Results<br>9 Months to<br>31 Mar 08 | Change vs<br>pcp % | Actual Results<br>9 Months to<br>31 Mar 08 |
|--|--|--|--------------------|--|
| Traffic Growth on prior corresponding period (pcp) (%) | <b>(4.5%)</b>                              |  |                    |  |
| Proportionate Revenue (AUDm)                           | <b>931.4</b>                               | 931.6  | <b>(0.0%)</b>      | 859.5                                      |
| Proportionate EBITDA from road assets (AUDm)           | <b>665.3</b>                               | 668.2  | <b>(0.4%)</b>      | 623.9                                      |
| EBITDA Margin (%)                                      | <b>71.4%</b>                               | 71.7%  | -                  | 72.6%                                      |
| MIG Proportionate Earnings (AUDm)                      | <b>517.0</b>                               | 217.9  | <b>137.3%</b>      | 207.6                                      |
| Proportionate Earnings per Security (cents)            | <b>22.1</b>                                | 8.9  | <b>148.3%</b>      | 8.5  |

Figure 2 - Summary proforma<sup>1</sup> asset performance  
9 months to 31 Mar 09 vs prior corresponding period



<sup>1</sup> Data for 31 March 2008 has been adjusted to proforma numbers by adjusting for investments/divestments and by using exchange rates from 31 March 2009.

# FINANCIAL PERFORMANCE

## 1.1 Proportionate Earnings

Table 2 – Proportionate Earnings for 3 months ended 31 March 2009

|  | Actual Results<br>3 months to<br>31 Mar 09<br>AUDm | Proforma Results<br>3 months to<br>31 Mar 08<br>AUDm | Change<br>vs pcp<br>% | Actual Results<br>3 months to<br>31 Mar 08<br>AUDm |
|--|--|--|-----------------------|--|
| Operating revenue  | 290.1  | 299.8  | (3.2%)                | 273.4  |
| Operating expenses   | (83.9)   | (84.2)   | 0.4%                  | (73.5)   |
| <b>EBITDA from road assets</b>   | <b>206.2</b>                                       | <b>215.6</b>   | <b>(4.4%)</b>         | <b>199.9</b>                                       |
| Asset maintenance capex  | (13.4)   | (13.7)   | 2.2%                  | (12.0)   |
| Asset net interest expense   | (133.8)  | (126.7)  | (5.6%)                | (117.8)  |
| Asset net tax expense  | 0.7  | (25.1)   | 102.8%                | (22.2)   |
| <b>Proportionate Earnings from road assets</b>                             | <b>59.7</b>  | <b>50.1</b>  | <b>19.2%</b>          | <b>47.9</b>  |
| Gain on sale of road assets  | 181.9  | -  | 100.0%                | -  |
| Corporate net interest income  | 6.8  | 13.3   | (48.9%)               | 13.4   |
| Corporate net expenses   | (14.8)   | (22.3)   | 33.6%                 | (22.0)   |
| <b>MIG Proportionate Earnings</b>  | <b>233.6</b>                                       | <b>41.1</b>  | <b>468.4%</b>         | <b>39.3</b>  |
| Asset net debt amortisation  | (27.4)   | (27.7)   | 1.1%                  | (25.0)   |
| <b>MIG Proportionate Earnings less allowance for net debt amortisation</b> | <b>206.2</b>                                       | <b>13.4</b>  | <b>1,438.6%</b>       | <b>14.3</b>  |

Table 3 - Proportionate Earnings for 9 months ended 31 March 2009

|  | Actual Results<br>9 months to<br>31 Mar 09<br>AUDm | Proforma Results<br>9 months to<br>31 Mar 08<br>AUDm | Change<br>vs pcp<br>% | Actual Results<br>9 months to<br>31 Mar 08<br>AUDm |
|--|--|--|-----------------------|--|
| Operating revenue  | 931.4  | 931.6  | (0.0%)                | 859.5  |
| Operating expenses   | (266.1)  | (263.4)  | (1.0%)                | (235.6)  |
| <b>EBITDA from road assets</b>   | <b>665.3</b>                                       | <b>668.2</b>   | <b>(0.4%)</b>         | <b>623.9</b>                                       |
| Asset maintenance capex  | (42.7)   | (44.7)   | 4.5%                  | (40.7)   |
| Asset net interest expense   | (357.5)  | (337.6)  | (5.9%)                | (314.4)  |
| Asset net tax expense  | (35.3)   | (54.7)   | 35.5%                 | (48.3)   |
| <b>Proportionate Earnings from road assets</b>                             | <b>229.8</b>                                       | <b>231.2</b>   | <b>(0.6%)</b>         | <b>220.5</b>                                       |
| Gain on sale of road assets  | 310.9  | -  | 100.0%                | -  |
| Corporate net interest income  | 24.5   | 50.8   | (51.8%)               | 50.9   |
| Corporate net expenses   | (48.2)   | (64.1)   | 24.8%                 | (63.8)   |
| <b>MIG Proportionate Earnings</b>  | <b>517.0</b>                                       | <b>217.9</b>   | <b>137.3%</b>         | <b>207.6</b>                                       |
| Asset net debt amortisation  | (83.5)   | (81.3)   | (2.7%)                | (73.7)   |
| <b>MIG Proportionate Earnings less allowance for net debt amortisation</b> | <b>433.5</b>                                       | <b>136.6</b>   | <b>217.3%</b>         | <b>133.9</b>                                       |

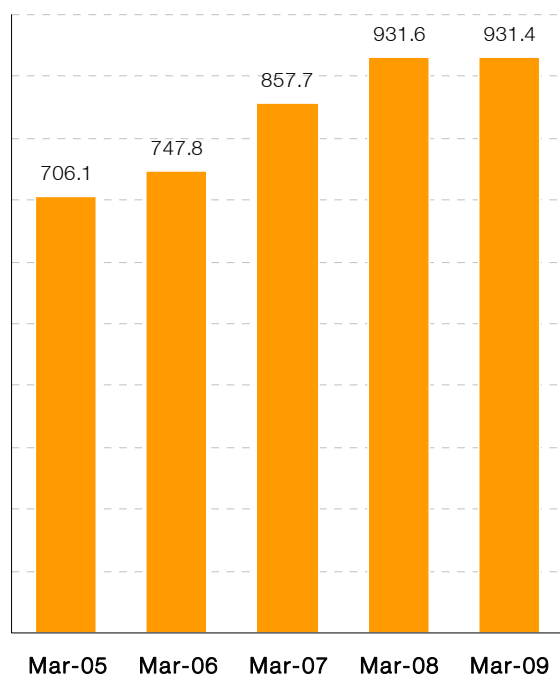
Further details on the preparation of this section of the Report are set out in the summary of significant policies.

### 1.1.1 Summary

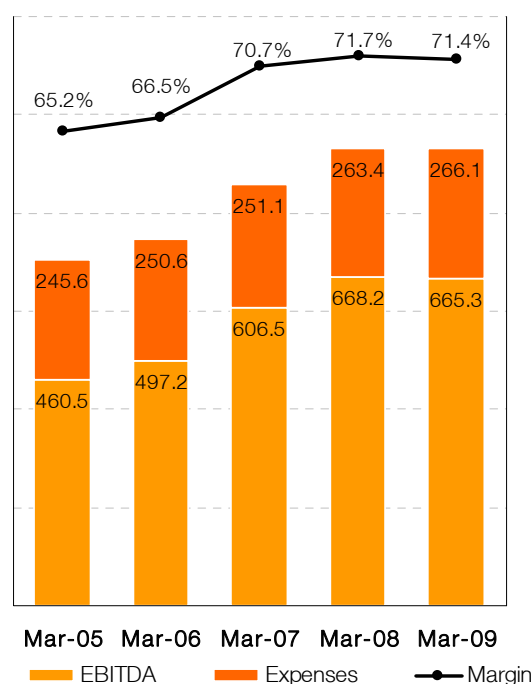
MIG's underlying revenue and EBITDA from road assets decreased 3.2% and 4.4% respectively against pcp for the quarter ended 31 March 2009. The global economic slowdown resulted in reduced traffic volumes on the majority of MIG's toll road assets, with revenue weighted traffic across the portfolio down 6.4% compared to pcp. The impact of the fall in traffic volumes on revenue and EBITDA for the quarter was mitigated in part by toll increases on a number of roads.

MIG's underlying proportionately consolidated revenue for the 9 months ended 31 Mar 2009 (YTD) was in line with the prior corresponding period (pcp). EBITDA from road assets for that period decreased 0.4% for the 9 months ended 31 Mar 2009 (YTD) due to a 1.0% increase in operating expenses. While operating expenses fell on most roads, increases were observed on 407 ETR due to a non-recurring expense for doubtful receivable accounts (relating to plate denial) in December 2008 and on South Bay Expressway following commencement of operations in late 2007.

**Figure 3 – Proforma Proportionate revenue, 9 months ended 31 March**



**Figure 4 – Proforma Proportionate EBITDA from road assets, 9 months ended 31 March**



### 1.1.2 Operating revenue

Underlying operating revenue for the 3 months to 31 March 2009 decreased 3.2% against pcp. Higher toll rates at APRR, 407 ETR, Dulles Greenway and Westlink M7, and the opening of South Bay Expressway to tolled traffic on 14 January 2008, partially offset the weighted average traffic decrease of 6.4%. These toll increases, together with minor changes to vehicle mix and trip patterns, have led to an effective weighted average toll increase of 3.0% across the portfolio in the period.

YTD revenue was in line with pcp, with a weighted average traffic decrease of 4.5% being offset by higher tolls.

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Actual operating revenue for the YTD increased AUD71.9m (8.4%), reflecting the impact of the weakening of the AUD against most of the portfolio currencies. Comparing the YTD average foreign exchange rates to pcp, the AUD has fallen 12.3% against the EUR, 3.9% against the CAD and 15.7% against the USD, but has risen 3.7% against the GBP.

### **1.1.3 Operating expenses**

Underlying operating expenses decreased AUD0.3m (0.4%) for the quarter ended 31 March 2009, primarily reflecting decreases in expenses at Dulles Greenway and Indiana Toll Road .

Underlying operating expenses increased AUD2.7m (1.0%) for the YTD, with a reduction in expenses at a number of assets being offset by increased expenses relating to a non-recurring provision for doubtful receivable accounts associated with the re-instatement of plate denial at the 407 ETR in December 2008, and the inclusion of a full period of expenses at South Bay Expressway following commencement of operations in late 2007.

Actual operating expenses for the quarter and YTD increased AUD10.5m (12.2%) and AUD30.5m (12.9%) respectively against pcp, with the major driver in addition to those noted above being the weakening of the AUD against the majority of portfolio currencies.

### **1.1.4 EBITDA from road assets**

Underlying EBITDA from road assets decreased 4.4% to AUD206.2m for the quarter ended 31 March 2009. Underlying road assets EBITDA margin decreased marginally from 71.9% to 71.1%.

### **1.1.5 Maintenance capex**

Underlying asset maintenance capex decreased 2.2% for the quarter ended 31 March 2009. The basis of calculation of maintenance capex is outlined in Section 1.4 Summary of significant policies.

### **1.1.6 Asset net interest and tax expense**

Underlying asset net interest expense for the quarter and YTD have increased AUD7.1m (5.6%) and AUD19.9m (5.9%) respectively reflecting the opening of South Bay Expressway in late 2007 (interest was capitalised prior to the opening of the road), higher swap payments at the M6 Toll, higher interest expense at Dulles Greenway and 407 ETR and a decrease in interest income due to lower interest rates in all jurisdictions.

The increase in actual asset net interest expense for the quarter and YTD includes the impact of the weakening of the Australian dollar as well as the aforementioned items.

Underlying asset net tax expense for the quarter decreased AUD25.8m (102.8%) following receipt of a tax refund during the period. YTD underlying net tax expense reflects the impact of this tax refund and lower operating profits recognised at APRR in 2007 compared to 2006 (as APRR tax is paid based on prior year profits).

### **1.1.7 Gain on sale of road assets**

MIG entered into a binding agreement to sell its 50% interest in Westlink M7 to Western Sydney Road Group (WSRG) for AUD805.0m. Completion of this transaction occurred on 27 February 2009. WSRG is owned in equal parts by MIG and QIC Private Capital Pty Limited. The effective sale of 25% of Westlink M7 to QIC for AUD402.5m resulted in a gain on sale of AUD181.9m which has been reflected in MIG's Proportionate Earnings for the quarter ended 31 March 2009.

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In September 2008, MIG accepted a binding offer from two of the existing shareholders in Lusoponte (Tagus River Crossings), Mota-Engil Concessões de Transporte (Mota) and Vinci SA (Vinci), to purchase MIG's 30.6% interest in the Tagus River Crossings for EUR112.0m (AUD227.0m). The conditions precedent were met on 30 December 2008. A gain on the sale of Lusoponte of AUD129.0m was reflected in MIG's Proportionate Earnings for the quarter ended 31 December 2008.

The basis for calculating these gains on sale can be found in section 1.4 of the report.

### **1.1.8 Corporate net interest income and expenses**

Underlying corporate net interest income for the quarter and YTD were AUD6.5m (48.9%) and AUD26.3m (51.8%) lower than pcp due to lower average cash balances, primarily resulting from security buybacks during the previous and current periods, and lower deposit interest rates in all jurisdictions.

Underlying corporate net expense for the quarter and YTD were AUD7.5m (33.6%) and AUD15.9m (24.8%) lower than pcp respectively due to the payment of lower base management fees as a result of the decrease in MIG's market capitalisation compared to the pcp.

### **1.1.9 Asset net debt amortisation**

Underlying asset net debt amortisation decreased AUD0.3m (1.1%) for the quarter.

The calculation of net debt amortisation is outlined in the section 1.4 of this report.

## 1.2 Proportionate Earnings per Security

Table 4 - Proportionate Earnings per security

|  | Actual Results<br>9 months to<br>31 Mar 09 | Actual Results<br>9 months to<br>31 Mar 08 |
|--|--|--|
| Weighted average MIG securities on issue (#'000)             | 2,344,801                                  | 2,450,378                                  |
| EBITDA per security from road assets (cents)                 | 28.4                                       | 25.5                                       |
| Proportionate Earnings per security from road assets (cents) | 9.8  | 9.0  |
| <b>MIG Proportionate Earnings per security (cents)</b>       | <b>22.1</b>                                | 8.5  |

MIG's weighted average number of securities on issue has decreased as a result of two security buyback programs in recent years. The first buyback, between October 2006 and January 2008, resulted in the cancellation of 292.2 million securities. The second buyback, currently ongoing, resulted in the cancellation of 127.8 million securities between September 2008 and March 2009. No new MIG securities were issued during the period.

The small decreases in EBITDA from road assets and Proportionate Earnings from road assets were offset by the decrease in the number of MIG securities on issue, resulting in small increases in EBITDA and Proportionate Earnings per security from road assets.

A significant increase in MIG Proportionate Earnings per security resulted from gains on the sale of MIG's 30.6% interest in Lusoponte and half of its 50% interest in Westlink M7.

### 1.3 Proportionate Net Debt

Table 5 - MIG proportionate net debt

|                                     | Actual as at<br>31 Mar 09<br>AUDm | Actual as at<br>31 Dec 08<br>AUDm | Actual as at<br>30 Jun 08<br>AUDm |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Road assets net debt                | 11,668.7                          | 11,996.2                          | 10,321.2                          |
| Corporate net debt                  | (944.6)                           | (562.0)                           | (910.1)                           |
| <b>Total Proportionate Net Debt</b> | <b>10,724.1</b>                   | <b>11,434.2</b>                   | <b>9,411.1</b>                    |

MIG's proportionate net debt has increased primarily as a consequence of the depreciation of the Australian dollar during the 9 months from 30 June 2008 to 31 March 2009. Overall, the AUD has fallen 14.8%<sup>1</sup> against the currencies in which MIG's debt is held. Had the 30 June 2008 foreign exchange rates been applied in the current period the total proportionate net debt balance would be AUD9,141.1m, a 2.9% decrease since 30 June 2008. This decrease is driven primarily by the Lusoponte and Westlink M7 asset sales.

MIG's proportionate net debt has fallen from 31 December 2008 following the effective sale of 25% of its interest in Westlink M7.

<sup>1</sup> This represents the average weighted by the proportion of net debt held in each currency as at 31 March 2009.

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## 1.4 Summary of Significant Policies

### 1.4.1 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.

### 1.4.2 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.

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 (section 1.1) 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 an ownership interest. MIG's relevant road assets are presented in the table on page 10 of this Report.

#### Transtoll

MIG has an investment in Transtoll which provides hardware and software solutions to the tolling industry. Transtoll is not a toll road asset. The results of this asset are not included in the Proportionate Earnings from road assets. Instead, the results of Transtoll are included at the MIG corporate level as follows:

- Net interest expense is included as corporate net interest income; and
- Expenses paid net of revenue earned is included as corporate net expenses.

Transtoll's net interest expenses and net expenses are immaterial to MIG's overall results.

#### 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.

#### MIG's beneficial ownership interest

The beneficial ownership interest of MIG for each of its road assets is calculated 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 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:

| Road asset            | Ref | MIG's Beneficial Ownership Interest for: |                  |                  |                  |
|-----------------------|-----|--|------------------|------------------|------------------|
|                       |     | 31 Mar 09<br>QTR                         | 31 Mar 08<br>QTR | 31 Mar 09<br>YTD | 31 Mar 08<br>YTD |
|                       |     | %  | %                | %                | %                |
| 407 ETR               |     | 30.0                                     | 30.0             | 30.0             | 30.0             |
| M6 Toll               |     | 100.0                                    | 100.0            | 100.0            | 100.0            |
| APRR                  |     | 20.4                                     | 20.4             | 20.4             | 20.4             |
| Westlink M7           | 1   | 40.8                                     | 47.5             | 46.5             | 47.5             |
| Dulles Greenway       |     | 50.0                                     | 50.0             | 50.0             | 50.0             |
| Indiana Toll Road     |     | 25.0                                     | 25.0             | 25.0             | 25.0             |
| Chicago Skyway        |     | 22.5                                     | 22.5             | 22.5             | 22.5             |
| Tagus River Crossings | 2   | -  | 30.6             | 20.4             | 30.6             |
| South Bay Expressway  |     | 50.0                                     | 50.0             | 50.0             | 50.0             |
| Warnow Tunnel         |     | 70.0                                     | 70.0             | 70.0             | 70.0             |

1. On 28 August 2008 MIG purchased an additional 2.5% stake in Westlink M7. On 1 December 2008 MIG announced the sale of its interest in Westlink M7 to Western Sydney Road Group (WSRG). Completion of this transaction occurred on 27 February 2009. MIG retains an effective 25% interest in Westlink M7 through its 50% ownership of WSRG.
2. Conditions precedent to the sale of MIG's interest in the Tagus River Crossings were met on 30 December 2008 and MIG's effective interest ceased at that date.

### 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.

### 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 the appropriateness of the calculation.

### 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 during the period. Interest and borrowing expenses, or interest income, in respect of shareholder loans or similar agreements are excluded from the

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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 for 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); and
- 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.

#### **Gain on sale of road assets**

As a global investor in toll roads, MIG derives income from the management of its portfolio of road assets which includes the sale of investments. Unless otherwise stated, the gain on sale of road assets is calculated as sales proceeds less the cost of acquisition adjusted for the road assets' Proportionate Earnings recognised in the Management Information Report from acquisition and distributions received from the asset. Gain on sale of road assets is reported net of any transaction costs and tax arising on the capital gain relevant to the transaction.

#### **Corporate net interest income**

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

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

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 and divestment costs), including base management 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; and
- current tax expense at the corporate level.

#### **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,

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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.

### 1.4.3 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<sup>1</sup> 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
- proportionate 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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<sup>1</sup> The land fund liability represents Midland Expressway Ltd's (the owner of the M6 Toll) obligation to repay the government for land acquisition costs incurred in developing the M6 Toll. Repayment of the liability will commence in FY 2010 and the liability will be fully repaid at December 2053.

## APPENDIX – TRAFFIC PERFORMANCE

Table 6 – Traffic performance vs pcp

| Asset                                       | QUARTER               |                       |                  | YEAR TO DATE          |                       |                  |
|---|-----------------------|-----------------------|------------------|-----------------------|-----------------------|------------------|
|   | 3 months<br>31 Mar 09 | 3 months<br>31 Mar 08 | Change vs<br>PCP | 9 months<br>31 Mar 09 | 9 months<br>31 Mar 08 | Change vs<br>PCP |
| <b>407 ETR</b>                              |                       |                       |                  |                       |                       |                  |
| Av Daily Rev (CAD)                          | 1,330                 | 1,319                 | 0.8%             | 1,482                 | 1,457                 | 1.7%             |
| VKT   | 478,677               | 501,807               | (4.6%)           | 1,652,675             | 1,702,357             | (2.9%)           |
| Av Workday Trips                            | 341                   | 353                   | (3.5%)           | 370                   | 377                   | (1.7%)           |
| Av Daily Trips                              | 279                   | 286                   | (2.6%)           | 304                   | 308                   | (1.0%)           |
| <b>M6 Toll</b>                              |                       |                       |                  |                       |                       |                  |
| Av Daily Rev (GBP)                          | 141                   | 149                   | (5.3%)           | 156                   | 159                   | (1.9%)           |
| Av Workday Traffic                          | 39                    | 44                    | (10.8%)          | 43                    | 49                    | (10.8%)          |
| Av Non-workday Traffic                      | 22                    | 26                    | (14.2%)          | 28                    | 33                    | (15.0%)          |
| Av All day Traffic                          | 34                    | 38                    | (10.7%)          | 39                    | 44                    | (11.4%)          |
| <b>APRR (Group)</b>                         |                       |                       |                  |                       |                       |                  |
| Toll Revenue (EUR)                          | 409                   | 436                   | (6.2%)           | 1,315                 | 1,348                 | (2.4%)           |
| LV (VKM)                                    | 3,811                 | 3,995                 | (4.6%)           | 12,785                | 13,203                | (3.2%)           |
| HV (VKM)                                    | 764                   | 914                   | (16.4%)          | 2,394                 | 2,666                 | (10.2%)          |
| <b>Westlink M7</b>                          |                       |                       |                  |                       |                       |                  |
| Av Daily Rev                                | 503                   | 459                   | 9.7%             | 503                   | 455                   | 10.4%            |
| Av Workday Trips                            | 134                   | 130                   | 2.9%             | 135                   | 129                   | 4.8%             |
| Av Daily Trips                              | 118                   | 113                   | 4.4%             | 120                   | 113                   | 5.4%             |
| Av Daily Tolloed VKT                        | 1,513                 | 1,448                 | 4.5%             | 1,520                 | 1,450                 | 4.8%             |
| Av Daily Travelled VKT                      | 1,825                 | 1,751                 | 4.2%             | 1,844                 | 1,754                 | 5.1%             |
| <b>Greenway</b>                             |                       |                       |                  |                       |                       |                  |
| Av Daily Rev (USD)                          | 167                   | 150                   | 11.5%            | 157                   | 156                   | 1.0%             |
| Av Workday Traffic                          | 56                    | 60                    | (7.7%)           | 59                    | 62                    | (5.0%)           |
| Av Non-workday Traffic                      | 30                    | 33                    | (9.4%)           | 32                    | 34                    | (6.3%)           |
| Av All day Traffic                          | 47                    | 51                    | (7.7%)           | 51                    | 53                    | (5.0%)           |
| <b>Indiana Toll Road</b>                    |                       |                       |                  |                       |                       |                  |
| Av Daily Rev (USD)                          | 333                   | 340                   | (2.1%)           | 403                   | 391                   | 3.1%             |
| All Days - Ticket                           | 19                    | 20                    | (7.4%)           | 23                    | 24                    | (4.2%)           |
| All Days - Barrier                          | 62                    | 73                    | (16.0%)          | 70                    | 90                    | (22.1%)          |
| <b>Skyway</b>                               |                       |                       |                  |                       |                       |                  |
| Av Daily Rev (USD)                          | 148                   | 152                   | (2.8%)           | 169                   | 151                   | 12.4%            |
| Av Workday Traffic                          | 39                    | 40                    | (1.6%)           | 44                    | 47                    | (6.1%)           |
| Av Non-workday Traffic                      | 38                    | 40                    | (3.0%)           | 46                    | 49                    | (5.7%)           |
| Av All day Traffic                          | 39                    | 40                    | (2.0%)           | 45                    | 47                    | (6.0%)           |
| <b>South Bay Expressway</b>                 |                       |                       |                  |                       |                       |                  |
| Av Daily Rev (USD)                          | 59                    | 55                    | 8.1%             | 59                    | n/a                   | n/a              |
| Av Workday Traffic                          | 27                    | 30                    | (8.4%)           | 28                    | n/a                   | n/a              |
| Av Non-workday Traffic                      | 18                    | 20                    | (11.3%)          | 19                    | n/a                   | n/a              |
| Av All day Traffic                          | 24                    | 26                    | (9.2%)           | 25                    | n/a                   | n/a              |
| <b>Warnow</b>                               |                       |                       |                  |                       |                       |                  |
| Av All day Traffic                          | 9                     | 10                    | (3.1%)           | 10                    | 10                    | 1.9%             |
| <b>Revenue weighted average<sup>1</sup></b> |                       |                       |                  |                       |                       |                  |
| Change vs pcp                               |                       |                       | (6.4%)           |                       |                       | (4.5%)           |

<sup>1</sup> Primary traffic metric weighted by pcp pro forma revenue