



Macquarie Infrastructure Group

Management Information Report

**For the half year ended
31 December 2007**

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 (MIIML) is the responsible entity of MIT(I) and MIT(II). MIIML is a wholly owned subsidiary of Macquarie Group Limited ACN 008 583 542 (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 31 December 2007 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: 31 Dec 07	30 Jun 07
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	Australia	AUD	Feb 2003	47.5	47.5
Dulles Greenway ¹	USA	USD	Sep 2005	50.0	50.0
Indiana Toll Road ¹	USA	USD	Jun 2006	25.0	25.0
Chicago Skyway ¹	USA	USD	Jan 2005	22.5	22.5
Tagus River Crossings	Portugal	EUR	Oct 1999	30.6	30.6
South Bay Expressway ¹	USA	USD	Sep 2002	50.0	50.0
Warnow Tunnel	Germany	EUR	Dec 2000	70.0	70.0
Eastern Distributor ²	Australia	AUD	Aug 1997	-	-
M5 South-West Motorway ²	Australia	AUD	Dec 1996	-	-
M4 Motorway ²	Australia	AUD	Dec 2002	-	-

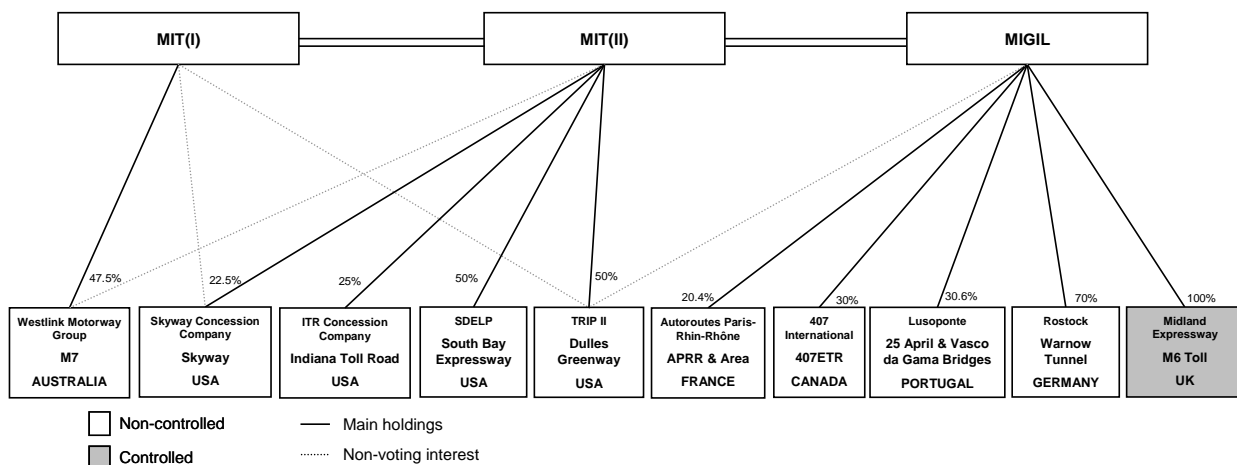
1. MIG divested 50% of its interests in the Dulles Greenway, Indiana Toll Road, Chicago Skyway and South Bay Expressway during the December 06 quarter.

2. The Eastern Distributor, M5 South-West Motorway and M4 Motorway were demerged as Sydney Roads Group (SRG) during the September 06 quarter.

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.



Management Information Report

For the half year ended 31 December 2007

Report Summary

This Report contains MIG's Proportionate Earnings, Aggregated Balance Sheet, Aggregated Cash Flow Statement and other measures for the half year ended 31 December 2007. 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 MIG Interim Financial Report. This Report has been prepared on a different basis to the MIG Interim 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 the interim financial report. This Report should be read in conjunction with the interim financial report of MIG.

Further details in relation to the preparation of this Report are set out below and in the notes on pages 11 to 15.

Management Information Report

For the half year ended 31 December 2007

Proportionate Earnings

QUARTER	Actual Results 3 months to 31 Dec 07 \$m	Proforma Results 3 months to 31 Dec 06 \$m	Actual Results 3 months to 31 Dec 06 \$m
Operating revenue	276.8	256.5	286.1
Operating expenses	(87.9)	(85.5)	(94.2)
EBITDA from road assets	188.9	171.0	191.9
Maintenance capex	(13.0)	(13.4)	(16.5)
Net interest expense	(82.7)	(84.8)	(97.4)
Net tax expense	(13.4)	(12.8)	(13.1)
Proportionate earnings from road assets	79.8	60.0	64.9
Gain on sale of road assets	-		205.8
Corporate net interest income	17.9		21.9
Corporate expenses	(20.2)		(34.1)
MIG proportionate earnings	77.5		258.5
Net debt amortisation	(21.1)		(19.2)
MIG proportionate earnings less allowance for debt repayment	56.4		239.3
YEAR TO DATE (YTD)	Actual Results 6 months to 31 Dec 07 \$m	Proforma Results 6 months to 31 Dec 06 \$m	Actual Results 6 months to 31 Dec 06 \$m
Operating revenue	586.2	539.5	620.6
Operating expenses	(162.1)	(155.7)	(175.6)
EBITDA from road assets	424.1	383.8	445.0
Maintenance capex	(28.7)	(28.3)	(35.9)
Net interest expense	(196.6)	(251.3)	(258.6)
Net tax expense	(25.5)	(25.3)	(31.0)
Proportionate earnings from road assets	173.3	78.9	119.5
Gain on sale of road assets	-		711.8
Corporate net interest income	37.6		33.6
Corporate expenses	(41.8)		(57.3)
MIG proportionate earnings	169.1		807.6
Net debt amortisation	(48.7)		(45.0)
MIG proportionate earnings less allowance for debt repayment	120.4		762.6

The above Proportionate Earnings have been prepared in accordance with Note 1

Proportionate Earnings per Security

	Actual Results 6 months to 31 Dec 07	Actual Results 6 months to 31 Dec 06
Weighted average MIG securities on issue (#'000)	2,472,091	2,538,944
EBITDA per security from road assets (cents)	17.15	17.53
Proportionate earnings per security from road assets (cents)	7.01	4.71
MIG proportionate earnings per security (cents)	6.84	31.81

The number of securities on issue decreased over the prior period reflecting the buyback of 101,508,806 securities during the period. The MIG proportionate earnings per security in the pcp include gain on sale of road assets.

Proportionate Net Debt

	Actual as at 31 Dec 07 \$m	Actual as at 30 Jun 07 \$m
Road assets net debt	10,516.3	10,262.3
Corporate net debt	(1,126.1)	(1,589.5)
Total net debt	9,390.2	8,672.8

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

Enterprise Value

	Actual as at 31 Dec 07 \$m	Actual as at 30 Jun 07 \$m
Total net debt	9,390.2	8,672.8
MIG Aggregated net assets before deferred tax liabilities	11,087.6	9,779.8
Enterprise Value	20,477.8	18,452.6
Net debt/ Enterprise Value	45.9%	47.0%

The above Enterprise Value has been prepared as the basis described in Note 1.3

Net Asset Backing per Stapled Security

	As at 31 Dec 07 \$	As at 30 Jun 07 \$
Net asset backing per stapled security as per Aggregated Balance Sheet		
Net asset backing per stapled security before deferred tax liabilities	4.59	3.89
Net asset backing per stapled security after deferred tax liabilities	4.50	3.84
	# '000	# '000
Number of stapled securities on issue	2,415,282	2,516,791

The above Net Asset Backing should be read in conjunction with the Aggregated Balance Sheet.

Aggregated Balance Sheet

	Note	As at 31 Dec 07 \$'000	As at 30 Jun 07 \$'000
Investments			
407 ETR		3,769,886	3,039,266
M6 Toll		3,026,491	2,469,186
Financière Eiffarie (APRR)		1,078,673	909,770
Westlink M7		776,204	760,561
Dulles Greenway		467,526	394,997
Indiana Toll Road		355,391	255,010
Chicago Skyway		306,976	242,984
Tagus River Crossings		235,713	216,967
South Bay Expressway		187,457	161,843
Warnow Tunnel		3,036	2,431
Transtoll		1,400	1,101
Total Investment Portfolio	2	10,208,753	8,454,116
Non-Investment Assets			
Cash and cash equivalents		1,126,560	1,589,886
Receivables		15,839	17,189
Current tax receivables		2,190	-
Prepayments		219	414
Total Non-Investment Assets		1,144,808	1,607,489
Total Assets		11,353,561	10,061,605
Liabilities			
Payables		23,842	23,774
Distribution payable		241,528	251,679
Current tax liabilities		633	6,326
Deferred tax liabilities		220,030	113,570
Total Liabilities		486,033	395,349
Net Assets		10,867,528	9,666,256
Equity			
Share capital		3,627,332	3,956,004
Retained earnings and reserves		7,240,196	5,710,252
Total Equity		10,867,528	9,666,256

The above Aggregated Balance Sheet should be read in conjunction with Notes 1.4 and 2.

Aggregated Cash Flow Statement

	6 months to 31 Dec 07 \$'000	6 months to 31 Dec 06 \$'000
Cash flow received from assets		
407 ETR – dividend	20,978	16,716
M6 Toll – dividend	29,150	19,657
M6 Toll – dividend from refinance proceeds	-	972,301
Financière Eiffarie (APRR) – dividend	40,543	68,794
Financière Eiffarie (APRR) – interest	5,914	7,667
Westlink M7 – interest	41,509	-
Dulles Greenway – interest	-	6,733
Dulles Greenway – capital return	-	1,104
Indiana Toll Road – capital return	4,164	-
Chicago Skyway – capital return	1,300	-
Tagus River Crossings – dividend	1,263	1,312
SRG assets – dividend	-	9,004
Total cash flow received from assets	144,821	1,103,288
Other MIG operating cash flows		
Interest received on corporate cash balances	38,380	31,298
Indirect taxes received	6,851	1,239
Other income received	1,607	3,261
Payments to suppliers and employees (inclusive of GST)	(6,497)	(23,039)
Responsible entity and adviser base fees paid (inclusive of GST)	(41,757)	(48,544)
Income taxes paid	(9,608)	(24)
Total MIG operating cash flow including refinancing proceeds	133,797	1,067,479
MIG investing and financing cash flows		
Proceeds from sale of assets		
Proceeds from sale of assets to MIP	-	987,549
Proceeds from demerger of SRG, net of cash disposed	-	108,119
Payments for purchase of investments	(1,189)	(34,648)
Loans advances to investments/related entities	-	(68,399)
Net external borrowings repaid	-	(230,000)
Borrowing costs paid	(289)	(5,662)
On market buyback	(328,671)	(271,628)
DRP proceeds received	-	147,462
Distributions paid	(251,679)	(272,161)
Costs of raising capital	-	331
Total MIG investing and financing cash flows	(581,828)	360,963
Net increase/(decrease) in cash assets held	(448,031)	1,428,442
Cash assets at the beginning of the half year	1,589,886	785,175
Exchange rate movements	(15,295)	(50,200)
Cash assets at the end of the half year	1,126,560	2,163,417

The above Aggregated Cash Flow Statement should be read in conjunction with Note 1.5.

Operational Discussion and Analysis

Summary

MIG's underlying traffic, revenue and EBITDA from road assets increased 1.6%, 7.9% and 10.5% respectively against pcp for the quarter ended 31 December 2007. The growth was driven by the strong performances of three of MIG's major assets, the French motorway network, Autoroutes Paris-Rhin-Rhône (APRR), 407 ETR and Westlink M7. On a YTD basis, MIG's underlying traffic, revenue and EBITDA from road assets increased 1.8%, 8.7% and 10.5% respectively.

Reflected in actual movements for the quarter was the impact of the 50% divestment of MIG's interests in its four US road assets to MIP on 15 December 2006. A net gain of AUD205.8m, being the value realised from this sale, was recognised in the pcp quarter actual results. Further detail on the divestment is provided on page 10 of this Report.

Traffic

Underlying revenue weighted average traffic increased 1.6% for the quarter and 1.8% YTD. Growth in underlying traffic for the quarter was driven by the additional capacity on 407 ETR, ramping up of traffic at the Westlink M7 and continued growth on APRR. Traffic on the M6 Toll in the pcp quarter was enhanced by major roadworks on the neighbouring road, the M6. As a result traffic on the M6 Toll in the current quarter was lower on pcp, but 2.5% higher for the 12 months to December 2007 than the comparable period in 2005.

Actual revenue weighted average traffic decreased 5.7% for the quarter and 8.0% YTD, reflecting the impact of the SRG demerger which occurred on 1 August 2007 and the 50% divestment of US road assets to MIP.

Operating revenue

Underlying operating revenue increased AUD20.3m (7.9%) for the quarter as driven by the traffic and toll rate growth at APRR and 407 ETR, and the ramping up of traffic at Westlink M7 following the opening of the road on 16 January 2006. On a YTD basis the growth in operating revenue totals to AUD46.7m (8.7%).

Actual operating revenue decreased AUD9.3m (3.3%) for the quarter, reflecting the 50% divestment of US road assets and adverse foreign exchange movements from the strengthening AUD against EUR, GBP and USD as compared to the pcp. Together with the impact of the SRG demerger, YTD actual operating revenue was down AUD34.4m (5.5%).

MIG experienced effective average underlying toll growth of 6.3% (3.6% real) for the quarter and 6.8% YTD (4.5% real). This growth is largely the result of increases in toll rates, but is also impacted by other factors including changes to the mix of vehicle types and trip patterns.

Operating expenses

Underlying operating expenses increased AUD2.4m (2.8%) for the quarter, with higher expenses at Westlink M7 and 407 ETR being partially offset by cost savings at APRR and M6 Toll.

Actual operating expenses for the quarter decreased AUD6.3m (6.7%) against pcp, reflecting the impact of the 50% divestment of US road assets and the strengthening of the AUD as mentioned above.

EBITDA from road assets

Underlying EBITDA from road assets increased 10.5% to AUD188.9m for the quarter. Underlying road assets EBITDA margin increased to 68.2% from 66.7% for the quarter, and to 72.3% from 71.1% YTD. The increase in EBITDA margin has been achieved through revenue growth and a number of cost control initiatives implemented across the MIG portfolio.

Maintenance capex

Underlying maintenance capex decreased 3.0% for the quarter, reflecting a lower provision for maintenance capex associated with Indiana Toll Road and M6 Toll due to lower traffic in the current period on pcp. On a YTD basis, underlying maintenance capex increased 1.4%. The basis of calculation of maintenance capex is outlined in Note 1 of this Report.

Net interest and tax expense

Underlying net interest expense decreased AUD2.1m (2.5%) for the quarter reflecting lower interest expense at the 407 ETR, APRR and M6 Toll. The decrease in YTD underlying net interest expense of AUD54.7m was due to the one off expenses in connection with the regearing of the M6 Toll in the pcp.

Actual net interest expense decreased AUD14.7m (15.1%) for the quarter following the 50% divestment of the US road assets and a lower interest expense at the 407 ETR, APRR and M6 Toll. Actual YTD net interest expense decreased AUD62.0m reflecting, in addition to the above events, the SRG demerger and regearing expenses associated with the M6 Toll in the pcp.

Operational Discussion and Analysis (cont)

Net interest and tax expense (cont)

Underlying and actual road assets tax expense was largely unchanged for the quarter.

Actual tax expenses decreased AUD5.5m YTD due to the SRG demerger.

Gain on sale of road assets

On 15 December 2006, MIG reached financial close on the transaction to sell 50% of its interests in its four US road assets, being the Dulles Greenway, Indiana Toll Road, Chicago Skyway and South Bay Expressway to MIP. Total proceeds were USD824.6m (AUD1.1bn), comprising USD771.9m (AUD987.8m) cash on financial close, USD7.1m (AUD9.1m) of deferred cash consideration and USD45.7m (AUD58.5m) being the present value of future equity contributions to South Bay Expressway that MIP will make on MIG's behalf. The net gain of AUD205.8m associated with this transaction was calculated in accordance with Note 1 of this Report and reflected in the pcp quarter actual results.

Total gain on sale of road assets for the pcp YTD was AUD711.8m, comprising the AUD205.8m net gain from the 50% divestment of US assets and the net gain of AUD506.0m associated with the SRG demerger. As disclosed in the September 2007 Report, MIG divested its interests in the Eastern Distributor, M5 South-West Motorway and M4 Motorway into the newly created SRG in return for consideration comprising 825m SRG securities, AUD125.0m in cash and additionally SRG assumed debt of AUD275.0m. The gain on disposal reflects the difference between the demerger/IPO value and the carrying value of the assets in MIG's books.

Corporate net interest income and expenses

Corporate net interest income decreased AUD4.0m (18.3%) for the quarter as a result of a lower cash balance in the current period. YTD corporate net interest income was AUD4.0m above the pcp due to the absence of interest expense that was incurred in the pcp in relation to the AUD500.0m standby facility drawdown used to fund MIG's investment in the Indiana Toll Road. The AUD500m facilities were repaid in full on 25 August 2006, subsequent to completion of the M6 Toll regearing. Details on major corporate cash movements are provided in the proportionate net debt section below.

Corporate net expenses decreased AUD13.9m (40.8%) for the quarter due to one off expenses associated with the 50% divestment of US assets in the pcp, the receipt of one off GST refunds in the current quarter and a reduction in management fee expense reflecting MIG's lower market capitalisation in the current period.

Net debt amortisation

Actual net debt amortisation increased AUD1.9m on pcp for the quarter and AUD3.7m YTD due to MIG's higher proportionate net debt and EBITDA from road assets. The calculation of net debt amortisation is outlined in Note 1 of this Report.

Proportionate net debt (refer p.6)

Actual road asset net debt increased 2.5% overall across the road asset portfolio since 30 June 2007. Excluding the impact of foreign exchange MIG's actual road asset net debt increased 2.0% for the same period.

The movement in corporate net debt was AUD463.4m (29.2%) reflecting a lower cash balance in the current period as compared with 30 June 2007. Major cash outflows since 30 June 2007 include the on-market buyback of MIG securities (AUD328.1m) as part of MIG's Capital Management review initiatives and the distribution payment for the period ended 30 June 2007 (AUD251.7m). Cash inflows in the same period include asset distributions and returns made on short-term money market investments.

Notes to MIG Management Information Report

1. Summary of Significant Policies

The significant policies 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.

PricewaterhouseCoopers (PwC) have been engaged to perform certain procedures for the directors of MIIML in relation to preparation of the Proportionate Earnings, Aggregated Balance Sheet and Aggregated Cash Flow Statement disclosed in this Report on the basis set out below. The responsibility for determining the adequacy or otherwise of the agreed upon procedures to be performed by PwC is that of the directors, and these procedures were performed solely to assist the directors of MIIML in evaluating the accuracy of the disclosures.

PwC conducted their engagement in accordance with Australian Auditing Standards applicable to agreed upon procedures engagements. The procedures do not constitute either an audit or review in accordance with Australian Auditing Standards and accordingly PwC express no assurance over the Proportionate Earnings disclosures or on any other aspect of the report.

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

1.1 Proportionate Earnings

The Proportionate Earnings information contained in this Report involves the aggregation of MIG's proportionate share of the financial results of each road asset based on MIG's beneficial ownership interests. Beneficial ownership interests do not take into account control considerations, unlike MIG's consolidated interim financial report. Assets in which MIG has management involvement are proportionally consolidated. Proportionate Earnings are calculated as road assets' operating revenues less operating 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 by MIG to the most recently published asset financial statements.

Proportionate Earnings are disclosed for the current period and the prior corresponding period (pcp). These Earnings are referred to as 'Actual Results'.

Proportionate Earnings information for the pcp is also disclosed under a proforma approach. Proforma Earnings for the pcp have been restated with the beneficial ownership percentages and foreign currency exchange rates from the current period. 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 9 and 10 refers to movements under the Proforma approach.

The principal policies adopted in the preparation of Proportionate Earnings contained in this Report include:

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 with 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 the relevant road assets is calculated on a weighted average basis according to the number of days in the reporting period ('the period') during which MIG held a 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 overleaf:

Notes to MIG Management Information Report (cont'd)

1. Summary of Significant Policies (cont'd)

MIG's beneficial ownership interest (cont'd)

Asset	Ref	MIG's actual weighted average beneficial ownership interest for:			
		31 Dec 07 QTR	31 Dec 06 QTR	31 Dec 07 YTD	31 Dec 06 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	47.5	47.5	47.5	46.3
Dulles Greenway	2	50.0	90.8	50.0	95.4
Indiana Toll Road	2	25.0	40.8	25.0	47.7
Chicago Skyway	2	22.5	25.4	22.5	42.9
Tagus River Crossings		30.6	30.6	30.6	30.6
South Bay Expressway	2	50.0	90.8	50.0	95.4
Warnow Tunnel		70.0	70.0	70.0	70.0
Eastern Distributor	3	-	-	-	12.0
M5 South-West Motorway	3	-	-	-	8.4
M4 Motorway	3	-	-	-	8.5

References:

- 1) MIG acquired an additional 2.5% interest in Westlink M7 on 28 September 2006.
- 2) The divestment of 50% of MIG's interests in its four US roads: Dulles Greenway, Chicago Skyway, Indiana Toll Road and South Bay Expressway occurred on 15 December 2006. Up to 14 December 2006, results of the four roads have been reported at MIG's pre-divestment proportionate ownerships.
- 3) Results of the Eastern Distributor, M5 South-west Motorway and M4 Motorway have been included on a pro-rata basis up to and including 31 July 2006.

Maintenance capex

Due to its nature, 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 includes 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.

Net interest and tax expenses

Net interest expense includes all contractual interest expense, borrowing expense and interest income payable to/from third parties aside from those amounts capitalised and/or amortised in a given period. The amount therefore reflects the cash interest payable/receivable in respect of a particular period. Amounts in respect of shareholder loans or similar agreements are excluded from the definition of net interest expense.

Net tax expense includes the aggregate of MIG's proportionate share in the current net tax expense of each of its road assets. Deferred tax amounts are excluded.

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. Gain on sale of road assets is reported net of any tax arising on the capital gain relevant to the transaction.

Notes to MIG Management Information Report (cont'd)

1. Summary of Significant Policies (cont'd)

Corporate interest and expenses

Corporate net interest income reflects the cash amounts receivable/payable on cash balances/corporate level borrowings in respect of the period.

Corporate expenses include management fees, performance fees (to the extent that either or both are not reinvested in MIG securities) and other expenses incurred in running the business such as registry and custodian fees.

The results of Transtoll, in which MIG has a total interest of 59.5% (61.0% pcp), have been included, below 'EBITDA from road assets', in the 'corporate expenses' and 'corporate net interest income' lines.

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

Net debt, being total debt less cash balances, is reported at both asset and the corporate level. Included in cash balances are restricted cash holdings. MIG corporate net debt includes the net debt of Transtoll.

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.

1.3 Enterprise Value

Enterprise Value is calculated by aggregating:

- MIG's total net debt
- MIG's net assets before deferred tax liabilities

Total net debt includes net debt at the road assets level and the corporate level as set out in Note 1.2 above. MIG's net assets before deferred tax liabilities can be reconciled to the Aggregated Balance Sheet.

Notes to MIG Management Information Report (cont'd)

1.4 Aggregated Balance Sheet

The Aggregated Balance Sheet represents the aggregation of the balance sheet of each of the MIG stapled entities and their wholly owned subsidiaries, excluding entities that form part of the road operator company groups. All toll road investments are recognised at fair value, unlike the treatment in the MIG interim financial report, where the M6 Toll is consolidated under the historical cost convention. The Aggregated Balance Sheet generates MIG's Net Asset Backing (NAB) per security.

1.5 Aggregated Cash Flow Statement

The Aggregated Cash Flow Statement represents the aggregation of the cash flows attributable to MIG security holders. This includes the cash flows of each of the MIG stapled entities and their wholly owned subsidiaries, excluding entities which form part of the road operator company groups. The Aggregated Cash Flow Statement shows all cash received by MIG from its asset portfolio as well as MIG level corporate cash flows.

2. Investments

Interests in unlisted securities in companies and trusts	Balance at 30 Jun 07	Investments/ Divestments	Returns from investments	Foreign Exchange Effects	Revaluations	Balance at 31 Dec 07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
407ETR	3,039,266	-	(20,978)	113,376	638,222	3,769,886
M6 Toll	2,469,186	-	(29,151)	(106,627)	693,083	3,026,491
Financière Eiffarie (APRR)	909,770	-	(46,457)	37,272	178,088	1,078,673
Westlink M7	760,561	-	(41,509)	-	57,152	776,204
Dulles Greenway	394,997	-	-	(12,961)	85,490	467,526
Indiana Toll Road	255,010	-	(4,164)	(8,259)	112,804	355,391
Chicago Skyway	242,984	-	(1,300)	(7,926)	73,218	306,976
Tagus River Crossing	216,967	-	(1,263)	9,362	10,647	235,713
South Bay Expressway	161,843	-	-	(5,306)	30,920	187,457
Warnow Tunnel	2,431	-	-	105	500	3,036
Transtoll	1,101	1,189	-	-	(890)	1,400
Total	8,454,116	1,189	(144,822)	19,036	1,879,234	10,208,753
Total investments	8,454,116					10,208,753

Notes to MIG Management Information Report (cont'd)

3. Traffic

	QUARTER			YEAR TO DATE		
	Current	Pcp	Growth	Current	Pcp	Growth
407 ETR¹						
Av Daily Rev (CAD)	1,475,620	1,282,228	15.1%	1,525,082	1,301,837	17.1%
VKT (millions)	580,020	544,000	6.6%	1,200,550	1,118	7.4%
Av Workday Trips	384,219	368,875	4.2%	388,289	368,857	5.3%
Av Daily Trips	315,009	298,935	5.4%	318,311	299,317	6.3%
M6 Toll						
Av Daily Rev (GBP)	154,741	156,663	(1.2%)	163,191	162,628	0.3%
Av Workday Traffic	48,474	56,115	(13.6%)	50,538	57,204	(11.7%)
Av Non-workday Traffic	34,570	39,904	(13.4%)	37,552	43,226	(13.1%)
Av All day Traffic	44,401	51,005	(12.9%)	46,665	52,874	(11.7%)
APRR (Group)						
Toll Revenue (EURm)	417	393	6.2%	913	850	7.4%
LV (VKM millions)	3,828	3,690	3.7%	9,210	8,935	3.1%
HV (VKM millions)	901	882	2.2%	1,753	1,709	2.6%
Westlink M7²						
Av Daily Rev	461,248	403,654	14.3%	453,634	387,908	16.9%
Av Workday Trips	129,594	115,556	12.1%	127,851	111,271	14.9%
Av Daily Trips	115,025	101,866	12.9%	113,585	99,039	14.7%
Av Daily Tolloed VKT	1,466,607	1,310,140	11.9%	1,451,068	1,268,589	14.4%
Av Daily Travelled VKT	1,775,159	1,592,454	11.5%	1,755,758	1,538,222	14.1%
Dulles Greenway						
Av Daily Rev (USD)	157,084	149,790	4.9%	158,560	149,938	5.8%
Av Workday Traffic	61,976	66,651	(7.0%)	62,867	66,767	(5.8%)
Av Non-workday Traffic	34,314	35,967	(4.6%)	34,665	35,470	(2.3%)
Av All day Traffic	53,557	56,979	(6.0%)	54,131	56,901	(4.9%)
Indiana Toll Road³						
Av Daily Rev (USD)	386,432	360,140	7.3%	415,582	385,265	7.9%
All Days - Ticket	23,970	24,773	(3.2%)	26,717	27,343	(2.3%)
All Days - Barrier	90,293	93,661	(3.6%)	97,767	100,047	(2.3%)
Chicago Skyway						
Av Daily Rev (USD)	140,506	151,193	(7.1%)	149,904	158,120	(5.2%)
Av Workday Traffic	47,080	50,149	(6.1%)	50,178	51,718	(3.0%)
Av Non-workday Traffic	48,689	50,131	(2.9%)	53,670	54,542	(1.6%)
Av All day Traffic	47,570	50,144	(5.1%)	51,260	52,608	(2.6%)
Lusoponte						
Av Northbound Vasco da Gama	31,890	31,386	1.6%	32,138	31,627	1.6%
Av Northbound 25th April	76,476	74,539	2.6%	80,083	78,935	1.5%
South Bay Expressway⁴						
Av Workday Traffic	44,967	-	-%	44,967	-	-%
Av Non-workday Traffic	36,058	-	-%	36,058	-	-%
Av All day Traffic	41,945	-	-%	41,945	-	-%
Warnow Tunnel						
Av All day Traffic	9,897	9,742	1.6%	10,635	10,412	2.1%

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

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

3 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.

4 Toll free period from 19 Nov to 2 Dec 2007 for all traffic, toll free period extended to 13 Jan 2008 for ETC users.