

Macquarie Infrastructure Group

MANAGEMENT INFORMATION REPORT

Proportionally Consolidated EBITDA and Traffic

June 2006

1 Basis of Preparation

The reported proportionally consolidated EBITDA measures Macquarie Infrastructure Group's (MIG) operating result before application of non-cash items such as interest, income tax, depreciation and amortisation. In essence the EBITDA indicates the operating cash generated by MIG as a business.

Interest and tax amounts are shown net, and reflect actual cash paid/received. Interest includes refinancing costs and distributions on preference shares.

Corporate interest and expenses are presented separately from underlying toll road asset performance. Net corporate interest reflects interest received on cash balances less interest paid on corporate facilities. Corporate expenses include management fees, performance fees (even when the Responsible Entity elects to reinvest its entitlement in scrip) and other expenses incurred in running the business such as registry and custodian fees.

Net debt, being total debt less cash balances, is reported at both asset and corporate level. Net debt represents principal amounts only, i.e. excludes accrued interest, and includes restricted cash balances. Reset Convertible Notes (ReCNs), associated with MIG's investment in Westlink M7, are presented separately.

Proportional consolidation involves an aggregation of the results of MIG's toll road assets in the proportion held. Proportion held is determined on an economic interest basis and does not take into account control considerations as is the case with MIG's consolidated Financial Report. Only assets in which MIG has management involvement are proportionally consolidated. Consequently minority investments in listed entities have been excluded (i.e. MIG's previously held investments in Transurban and Hills Motorway Group).

The 'actual' approach to proportional consolidation takes into account MIG's proportionate ownership of an asset throughout the reporting period. Where MIG's ownership of an asset changes during a reporting period, or for example when an asset is acquired or disposed, that asset's results for the period are included on a time-weighted ownership basis. For example, the results of Yorkshire Link are reflected in actual 12 month YTD prior corresponding period (pcp) numbers for the period 1 July 2004 to date of disposal, being 22 December 2004. The exception to this is that the sale of Cintra is assumed to have taken place prior to 30 June 2004 i.e. Cintra's results are not included in pcp numbers.

Under the 'pro forma' approach, MIG aggregates the results of its assets for both current period and pcp based on its proportionate ownership as at the end of the current period. This therefore reflects the period-on-period performance of MIG's current portfolio.

In presenting this information, certain pro rata adjustments have been made. Specifically:

- Prior period pro forma Skyway numbers have been pro rated from City of Chicago accounts for the year ended 31 December 2004. A similar approach was taken for the period 1 to 24 January 2005, when MIG acquired its stake in the asset.
- APRR actual operating expenses, cash interest and cash tax since acquisition (February and April 2006) have been pro rated from reported numbers on a daily basis for the quarter, whilst revenue has been derived accurately for the period since acquisition. It should be noted that APRR net debt and cash interest are not directly referable to APRR's accounts due to the overlay reflecting the consortium's holding structure.
- Actual EBITDA, cash interest and tax numbers for Dulles Greenway have been pro rated based on MIG's two-step investment in that asset.

- MIG's acquisition of the Indiana Toll Road on 29 June 2006 has not been reflected in this report. Consequently neither payment for MIG's equity investment nor the toll road's operating performance has been reflected in this report.

Certain foreign currency adjustments have been revised, particularly with regard to US assets. This has had the effect of reducing the previously represented 'actual' EBITDA for the six months ended 31 December 2005 by AUD3.7m.

The results of Transtoll, in which MIG had a total interest of 61.0% at 30 June 2006, have been included, below 'EBITDA from assets', in the corporate net expense line in the tables presented overleaf.

The impact of foreign exchange on MIG's toll road asset portfolio is considered. The 'ex FX' column recalculates the percentage change in operating revenue and EBITDA from MIG's toll road assets on the basis of normalised exchange rates using prior period as the base. The result illustrates the underlying performance of MIG's assets in their home currencies. MIG reports in AUD but has invested in EUR, USD, GBP and CAD toll road assets and has exposure to those currencies. MIG's policy is not to hedge the income streams from assets located outside Australia. However, forward commitments in foreign currencies are hedged.

MIG's portfolio of toll road assets and percentage ownership interest at 30 June 2006 are set out below.

MIG's Toll Road Asset Portfolio

Asset	% Interest	Currency
407 ETR	30.0	CAD
M6 Toll	100.0	GBP
Skyway	45.0	USD
Dulles Greenway ¹	100.0 ²	USD
South Bay Expressway	100.0	USD
Indiana Toll Road ³	50.0	USD
APRR ⁴	20.4	EUR
Tagus River Crossings	30.6	EUR
Warnow Tunnel	70.0	EUR
Eastern Distributor	71.4	AUD
Westlink M7	45.0	AUD
Interlink Roads (M5)	50.0	AUD
Statewide Roads (M4)	50.6 ⁵	AUD

The information contained in this report has been reconciled back to asset company audited financial statements or management accounts. This report has been subject to review by PricewaterhouseCoopers in accordance with the basis of preparation set out above.

The accounting policies adopted in preparing this report are consistent with the MIG financial report except for the non-application of AASB127: *Consolidated and Separate Financial Statements* and AASB139: *Financial Instruments: Recognition and Measurement* in relation to Interlink, Lusponde (Tagus River Crossings), Transtoll, Rostock (Warnow Tunnel), Skyway, Westlink M7 and 407ETR.

¹ The investment in Dulles Greenway was made in Sept 2005.

² 100% economic interest

³ The investment in the Indiana Toll Road was made on 29 June 2006. However, results in connection with this asset, and the equity acquisition price, have not been included in this report.

⁴ The 18.7% investment in APRR was acquired in Feb 2006. This increased to 20.4% on 13 Apr 06.

⁵ Although MIG has a 50.6% ownership interest in Statewide Roads (M4) its economic interest is 46.2%, being reduced by preference share entitlements held by minority interests.

2 MIG – Proportionally Consolidated EBITDA – June 2006

Actual

MIG	ACTUAL										
	Qtr to 30 June 2006					12 months YTD					
	AUD m				ex FX	AUD m				ex FX	
	actual	pcp	change	%	%	actual	pcp	change	%	%	
Traffic % change					130.3%					60.1%	60.1%
Operating revenue	312.1	125.6	186.5	148.5%	145.4%	783.7	486.6	297.0	61.0%	60.7%	
Operating expenses	(90.1)	(32.4)	(57.7)	178.2%		(202.5)	(116.8)	(85.7)	73.3%		
EBITDA from assets	222.0	93.2	128.8	138.2%	134.4%	581.1	369.8	211.4	57.2%	56.6%	
Corporate net expenses	(34.4)	(122.4)	88.0	(71.9%)		(126.0)	(199.0)	73.0	(36.7%)		
EBITDA	187.6	(29.2)	216.8	(742.4%)		455.1	170.8	284.3	166.5%		
Net asset interest paid	(125.9)	(84.0)	(42.0)	50.0%		(334.0)	(268.0)	(66.0)	24.6%		
Net corporate interest received	8.9	14.0	(5.1)	(36.2%)		38.8	41.4	(2.6)	(6.3%)		
Net tax paid	(32.5)	(5.1)	(27.4)	537.4%		(47.4)	(22.0)	(25.4)	115.8%		
Asset net debt	10,380.1	4,709.2	5,670.9	120.4%		10,380.1	4,709.2	5,670.9	120.4%		
Corporate net debt	(784.8)	(1,082.4)	297.6	(27.5%)		(784.8)	(1,082.4)	297.6	(27.5%)		
Reset Convertible Notes (ReCNs)	490.0	453.4	36.6	8.1%		490.0	453.4	36.6	8.1%		
Total net debt	10,085.3	4,080.1	6,005.2	147.2%		10,085.3	4,080.1	6,005.2	147.2%		

Pro forma

MIG	PROFORMA										
	Qtr to 30 June 2006					12 months YTD					
	AUD m				ex FX	AUD m				ex FX	
	actual	pcp	change	%	%	actual	pcp	change	%	%	
Traffic % change					7.3%					2.6%	2.6%
Operating revenue	312.1	269.5	42.6	15.8%	12.7%	1,134.4	1,062.3	72.1	6.8%	8.2%	
Operating expenses	(90.1)	(83.9)	(6.2)	7.4%		(338.5)	(333.9)	(4.5)	1.4%		
EBITDA from assets	222.0	185.6	36.4	19.6%	15.8%	795.9	728.4	67.5	9.3%	10.3%	
Corporate net expenses	(34.4)	(122.4)	88.0	(71.9%)		(126.0)	(199.0)	73.0	(36.7%)		
EBITDA	187.6	63.2	124.4	196.9%		669.9	529.4	140.5	26.5%		
Net asset interest paid	(125.9)	(113.5)	(12.4)	10.9%		(401.8)	(568.3)	166.4	(29.3%)		
Net corporate interest received	8.9	14.0	(5.1)	(36.2%)		38.8	41.4	(2.6)	(6.3%)		
Net tax paid	(32.5)	(5.3)	(27.2)	517.1%		(78.3)	(23.1)	(55.3)	239.7%		
Asset net debt	10,380.1	7,235.5	3,144.6	43.5%		10,380.1	7,235.5	3,144.6	43.5%		
Corporate net debt	(784.8)	(1,082.4)	297.6	(27.5%)		(784.8)	(1,082.4)	297.6	(27.5%)		
Reset Convertible Notes (ReCNs)	490.0	453.4	36.6	8.1%		490.0	453.4	36.6	8.1%		
Total net debt	10,085.3	6,606.4	3,478.9	52.7%		10,085.3	6,606.4	3,478.9	52.7%		

Unless otherwise stated, the following commentary refers to actual results. The term 'underlying' refers to pro forma results.

Summary

Traffic, revenue and EBITDA growth for the June 2006 quarter, when compared to pcp, was dominated by the implications of the acquisitions and new road openings.

- On 20 February 2006, MIG acquired an effective 18.7% interest in the French motorway network, Autoroutes Paris-Rhin-Rhône (APRR). This increased to 20.4% on 13 April 2006.
- On 15 January 2006, Westlink M7 in Sydney, Australia, was opened to tolled traffic after construction was completed 8 months ahead of schedule. MIG has a 45% interest in this project.
- In September 2005, MIG made an investment in the Dulles Greenway project in Virginia, USA. MIG holds an effective 100% interest in the Dulles Greenway. This investment has boosted both results for the quarter and YTD.
- On 24 January 2005, MIG acquired a 45% interest in Skyway in Chicago, Illinois, USA. This acquisition has boosted results for YTD.
- On 29 June 2006 MIG and consortium partner Cintra reached financial close with the Indiana Finance Authority for the acquisition of the 75 year lease of the Indiana Toll Road (ITR). MIG's net investment for the 50% equity commitment was USD374.0m (AUD506.6m) which was funded by drawing on MIG's standby facilities. The ITR has not been included in this report.

Traffic

MIG's weighted average traffic was up 130.3% for the June quarter versus pcp and 60.1% for 12 months to 30 June 2006.

Underlying traffic was up 7.3% for the quarter and 2.6% for the YTD. Growth in traffic was primarily associated with the acquisition of APRR, investment in Dulles Greenway and the opening of the Westlink M7 project, while average traffic across MIG's other roads was moderate.

Revenue

MIG revenue was up 148.5% for the June quarter versus pcp and 61.0% for 12 months to 30 June 2006. Underlying revenue was up 15.8% for the quarter and 6.8% YTD.

AUD was weaker against foreign currencies in MIG's portfolio for the quarter to 30 June 2006 as compared with pcp. For the 12 months YTD changes in FX rates had a mixed effect with AUD stronger against EUR and GBP and weaker against CAD and USD. Excluding currency impacts underlying operating revenue was up 12.7% for the quarter and 8.2% YTD.

MIG experienced effective average toll growth (excluding currency effects) over the quarter of 5.0% (2.3% real) and 5.4% (3.0% real) for the 12 months to 30 June 2006.

Operating expenses

Actual operating expenses increased AUD57.7m (178.2%) for the June quarter versus pcp and AUD85.7m (73.3%) for the 12 months to 30 June 2006. These costs are principally attributable to MIG's acquisition of interests in APRR (February & April 2006), an investment in the Dulles Greenway (September 2005), the opening of Westlink M7 (December 2005) and acquisition of the Skyway (January 2005). Of the increases, these assets accounted for 103.5% for the quarter (84.4%, 8.0%, 10.2% & 0.9%, respectively) and 114.6% YTD (78.6%, 20.1%, 11.2% & 4.7%, respectively).

Underlying operating expenses increased by 1.4% in the 12 months to 30 June 2006 against pcp and have increased by 7.4% for quarter ending June 2006, 95.4% of which is referable to Westlink M7.

EBITDA from assets

Underlying EBITDA margin increased to 71.1% for the June quarter from 68.9% in the pcp. On a YTD basis, EBITDA margin increased to 70.2% from 68.6% in the pcp. On a pro forma basis the 12 month YTD EBITDA from assets increased by 9.3%. Foreign exchange movements period-on-period had the effect of reducing this increase which, if reported on a normalised basis, was 10.3%. The EBITDA margin increase has been achieved primarily from a largely fixed cost base as well as a number of cost control initiatives implemented across the MIG portfolio.

Corporate net expenses

Twelve month YTD corporate net expenses have decreased by AUD73.0m. No performance fee was calculated for current YTD however performance fees of AUD91.6m were expensed in the period to 30 June 2005, i.e. quarter pcp. Management fees for current YTD are up AUD14.7m on pcp reflecting MIG's growth in market capitalisation, additional investment in toll road assets and the reduction in its cash balance on which MIG pays no fee. Additional borrowing expense, attributable to establishment fees on discrete cash securitised facilities, was incurred in the current 12 month period. MIG paid an additional AUD3.9m in expenses during the current YTD in relation to continuing activities and business opportunities.

Net interest and tax paid

The increase in actual net cash interest, for quarter to 30 June 2006, of AUD42.0m relates predominately to interest payments of AUD51.0m by APRR and AUD7.8m by Westlink M7. Neither asset contributed to actual cash interest in the pcp. APRR was acquired during the prior quarter and Westlink M7 interest was capitalised (i.e. no cash payment) prior to the road opening in January 2006. Skyway paid AUD8.8m less net interest during the current quarter compared to pcp, a direct benefit of the August 2005 refinanced debt. Actual cash interest for 12 months YTD increased AUD66.0m including AUD74.4m and AUD17.0m in connection with APRR and Westlink M7, respectively, both of which were not included in pcp. Additionally, period-on-period Skyway paid additional interest expense AUD33.0m (partly referable to the in refinancing costs August 2005). This was partially offset by the absence, in current YTD, of AUD31.8m swap break costs, referable to the Eastern Distributor's November 2004 refinancing and the omission of Yorkshire Link (AUD14.7m), sold in December 2004.

On a pro forma basis the 29.3% decrease in 12 month YTD cash interest results from the absence of prior period refinancing costs (including swap break costs) relating to Dulles Greenway (AUD173.5m, March 2005) and the Eastern Distributor (AUD31.8m, November 2004), which were not incurred in the current 12 month period. This was offset by Skyway refinancing costs (AUD25.8m, August & December 2005), Westlink M7 becoming operational (AUD17.0m, December 2005) and lower period-on-period cash interest paid by APRR (AUD10.1m) and the Eastern Distributor (AUD24.1m, pcp refinance cost avoided, plus AUD7.7m, due to receipt of (net) Infrastructure bond interest).

Corporate cash interest has decreased AUD0.7m for 12 months YTD reflecting the impact of higher cash balances resulting from the Skyway refinancing (August 2005) and Cintra IPO proceeds which were received part way through pcp (October 2004). Security holder election to participate in MIG's DRP has also positively impacted cash balances. For the quarter to 30 June 2006 corporate cash interest increased AUD7.1m on pcp as a result of higher cash balances following MIG's draw of AUD275.0m cash securitised facilities in connection with Eastern Distributor, Interlink Roads (M4) and Statewide Roads (M4).

Actual cash tax paid increased AUD25.4m (239.7%) for the 12 months YTD of which AUD27.3m (107.4%) related to APRR.

The increase in cash tax on a pro forma basis for 12 months to 30 June 2006 is also principally referable to APRR (AUD56.8m (102.7%)).

Net debt

66.0% of the AUD3,144.6m increase in pro forma asset net debt is attributable to the acquisition of APRR. The remaining 34.0% is accounted for by Skyway (8.6%), 407ETR (7.0%), Westlink M7 (6.7%), South Bay Expressway (5.7%), Dulles Greenway (3.1%) and M6 Toll (2.4%).

Material increases to period-on-period actual net debt at asset level, in addition to APRR (AUD3,699.5m), include Dulles Greenway (AUD964.1m), Skyway (AUD269.3m), Westlink M7 (AUD244.2m), 407ETR (AUD220.8m) and South Bay Expressway (AUD178.5m).

The reduction in corporate net debt represents an increase in cash balances of AUD275.0m referable to the Eastern Distributor, Interlink Roads (M5) and Statewide Roads (M4) cash securitised facilities, drawn by MIG though repayable by Sydney Roads Group (SRG). Further increases in cash balances have resulted from asset distributions received and returns made on short term money market investments.

The ReCNs provide funding in connection with MIG's investment in Westlink M7. Interest on the ReCNs accrues at a fixed rate, payable (or able to be capitalised) semi-annually in arrears.

3 MIG – Quarterly Traffic – June 2006

	2006	June Qtr pcp	Growth	2006	12 months to June 2006 pcp	Growth
407 ETR						
VKT (millions)	544,541	533,540	2.06%	2,095,105	2,024,486	3.49%
Av Workday Trips	367,805	357,600	2.85%	351,115	339,006	3.57%
Av Daily Trips	302,157	296,204	2.01%	288,376	279,477	3.18%
M6 Toll						
Av Daily Rev	141,140	121,892	15.79%	135,143	118,788	13.77%
Av Workday Traffic	51,364	49,889	2.96%	48,686	50,937	(4.42%)
Av Non-workday Traffic	36,471	36,358	0.31%	35,140	39,883	(11.89%)
Av All day Traffic	46,455	45,725	1.59%	44,522	47,543	(6.35%)
APRR (Group)						
Toll Revenue (EURm)	401	374	7.44%	1,563	1,496	4.50%
LV (VKM millions)	4,184	3,998	4.65%	16,610	16,532	0.47%
HV (VKM millions)	884	888	(0.45%)	3,426	3,436	(0.29%)
Skyway						
Av Daily Rev	156,872	146,126	7.35%	155,001	121,838	27.22%
Av Workday Traffic	50,474	48,856	3.31%	50,403	46,757	7.80%
Av Non-workday Traffic	52,362	51,474	1.73%	50,764	48,250	5.21%
Av All day Traffic	51,055	49,632	2.87%	50,515	47,219	6.98%
Greenway						
Av Daily Rev	156,711	132,465	18.30%	138,051	122,418	12.77%
Av Workday Traffic	69,075	75,129	(8.06%)	69,537	72,032	(3.46%)
Av Non-workday Traffic	37,548	40,829	(8.04%)	36,843	38,746	(4.91%)
Av All day Traffic	59,374	64,952	(8.59%)	59,415	61,727	(3.75%)
Eastern Distributor						
Av Daily Rev	183,630	159,039	15.46%	181,095	157,847	14.73%
Av Workday Traffic	48,835	46,880	4.17%	48,920	46,493	5.22%
Av Non-workday Traffic	33,096	32,371	2.24%	34,077	32,488	4.89%
Av All day Traffic	43,647	42,416	2.90%	44,325	42,158	5.14%
Statewide Roads						
Av Daily Rev	226,046	226,307	(0.12%)	228,871	223,064	2.60%
Av Workday Traffic	114,303	113,854	0.39%	114,498	112,603	1.68%
Av Non-workday Traffic	81,858	83,754	(2.26%)	82,646	81,523	1.38%
Av All day Traffic	103,607	104,592	(0.94%)	104,637	102,981	1.61%
Interlink Roads						
Av Daily Rev	357,920	341,539	4.80%	354,525	337,401	5.08%
Av Workday Traffic	119,724	113,752	5.25%	117,526	112,588	4.39%
Av Non-workday Traffic	90,717	89,259	1.63%	91,252	88,061	3.62%
Av All day Traffic	110,161	106,216	3.71%	109,392	104,995	4.19%
Westlink M7						
Av Daily Rev	347,935	NA	NA	342,463	NA	NA
Av Workday Trips	103,370	NA	NA	101,444	NA	NA
Av Daily Trips	90,904	NA	NA	90,581	NA	NA
Av Daily Tolloed VKT	1,157,083	NA	NA	1,141,587	NA	NA
Av Daily Travelled VKT	1,397,666	NA	NA	1,375,074	NA	NA
Warnow						
Av All day Traffic	10,160	8,982	13.11%	9,389	8,246	13.87%
Lusoponte						
Av Northbound Vasco da Gama	31,628	32,521	(2.74%)	31,205	32,306	(3.41%)
Av Northbound 25th April	79,371	81,001	(2.01%)	78,588	78,797	(0.27%)