Macquarie Atlas Roads

Management Information Report

30 June 2017

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MFA as adviser/manager of MARIL and MARL is entitled to fees for so acting. MGL and its related corporations (including MFA), MARL and MARIL together with their officers and directors may hold stapled securities in MQA from time to time.

Any arithmetic inconsistencies are due to rounding.

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Report summary

The purpose of the Management Information Report ("MIR" or the "Report") is to provide information supplementary to the Interim Financial Report of MQA for the six months ended 30 June 2017 ("period"). This Report provides a detailed analysis of the underlying performance of each asset within the MQA portfolio. The policies applied in preparing this Report are detailed in Appendix 1.

This Report is prepared on a different basis from the MQA Interim Financial Report, which is prepared in accordance with Australian Accounting Standards. The information contained in this Report does not, and cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of MQA for the period as in the Interim Financial Report. This Report should be read in conjunction with the Interim Financial Report which is available from the MQA website. Refer to Appendix 2 for reconciliation between the results presented in this Report and the Interim Financial Report.

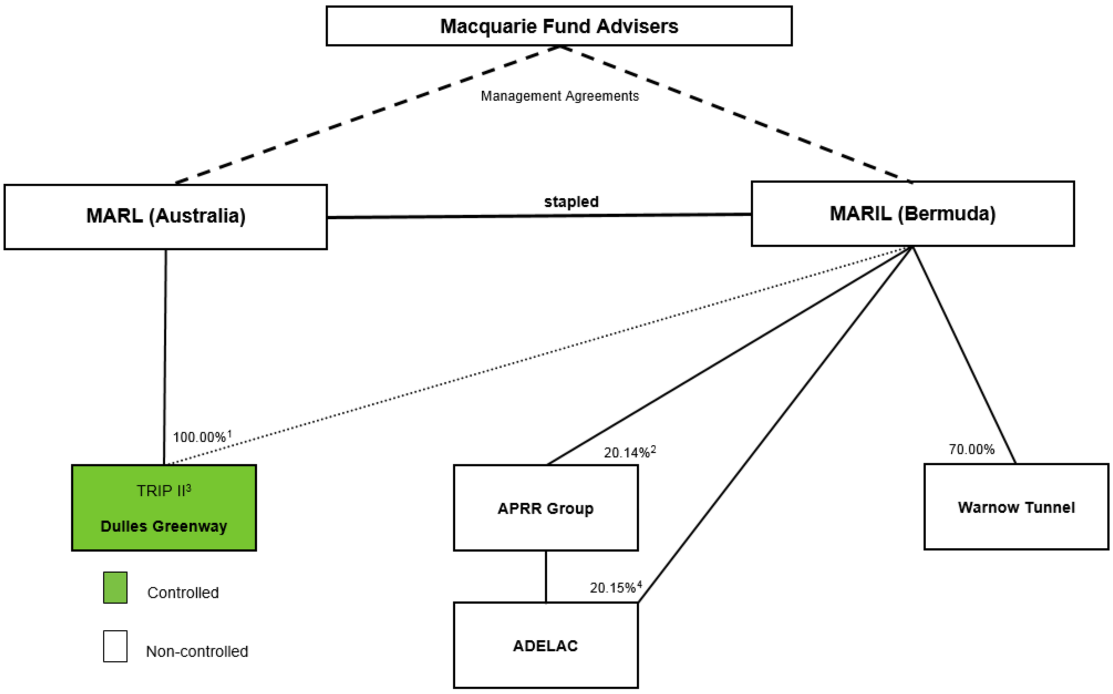
This Report presents a number of metrics prepared on a proportionate basis which involves the aggregation of the Group's proportionate interest in the financial results of assets. Proportionate EBITDA information presented aggregates the financial results of MQA's assets in the relevant proportions that MQA holds beneficial interests. Proportionate EBITDA excludes non-cash items which are not reflective of cash outflows in the current reporting period. Proportionate EBITDA information for the prior corresponding period ("pcp") is also disclosed under a pro forma approach. The pro forma information is derived by restating the prior period results with the asset ownership percentage and foreign currency exchange rates from the current period.

Overview of structure

MQA is a 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. An MQA stapled security consists of a share in MARL and a share in MARIL.

The diagram below shows the split of MQA's portfolio of assets between the two MQA stapled entities as at 30 June 2017.

Figure 1 – MQA structure overview



Information in the MIR is presented on an aggregated basis, reflecting MQA's structure at 30 June 2017.

Asset portfolio

Table 1 – MQA's portfolio of assets and percentage interests as at 30 June 2017

Asset	Location	Reporting currency	Date of initial acquisition[5]	Date of concession end	MQA's interest
APRR	France	€	February 2006	November 2035[6]	20.14%
ADELAC	France	€	February 2006	December 2060	20.15%[4]
Dulles Greenway	United States	US$	September 2005	February 2056	100.00%[1]
Warnow Tunnel	Germany	€	December 2000	September 2053	70.00%

1. On 16 May 2017, MQA acquired an additional 50% estimated economic interest in Dulles Greenway, bringing MQA's total estimated economic interest to 100%.
2. APRR Group represents a consolidation of Financière Eiffarie ("FE"), Eiffarie, and APRR and its subsidiaries. References to APRR Group excludes ADELAC financial information.
3. Toll Road Investors Partnership II ("TRIP II") owns the concession to operate the Dulles Greenway.
4. In March 2017, MQA acquired an additional 0.40% in ADELAC from a minority interest through Macquarie Autoroutes de France 2 SA ("MAF2"), bringing MQA's total indirect interest in ADELAC to 20.15% (10.04% through APRR Group and the remaining 10.11% through MAF2). 9.71% was acquired through MAF2 during 2016. Refer Section 2.3 for further details.
5. Reflects initial acquisition by Macquarie Infrastructure Group ("MIG"). These assets were acquired by MQA on demerger from MIG in 2010.
6. Represents length for APRR concession. Date of concession end for AREA is September 2036.

1. Traffic and MQA financial performance

1.1 Traffic and assets proportionate financial performance summary[1]

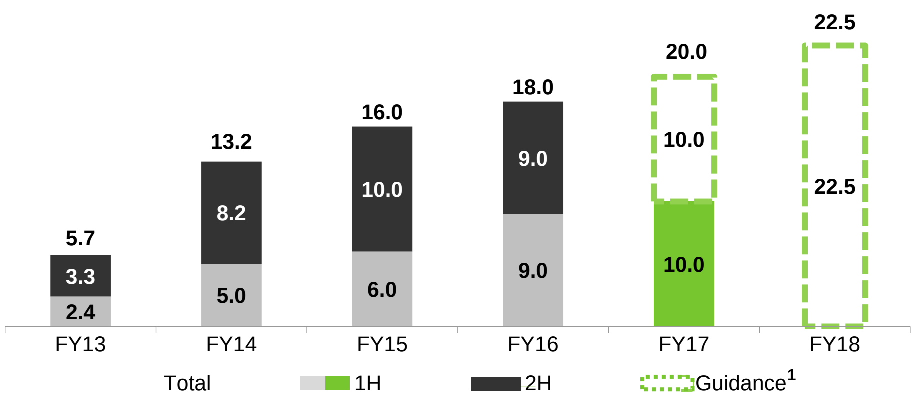
Table 2 – Traffic growth and proportionate EBITDA from assets for the six months ended 30 June

A$m	Actual 1H17	Pro forma 1H16[2]	Change on pcp[3]	Actual 1H16[4]
Traffic growth[5]	n/a	n/a	2.6%	n/a
Proportionate revenue	387.3	373.8	3.6%	378.0
Proportionate operating expenses[6]	(92.4)	(92.8)	0.4%	(95.4)
Proportionate EBITDA from assets	**294.8**	**281.0**	**4.9%**	**282.7**
EBITDA margin (%)	76.1%	75.2%	1.0%	74.8%

1. Based on MQA's average beneficial interest in its assets over the period. Further details on the preparation of this section are set out in the summary of significant policies (Appendix 1). Refer to Appendix 2 for a reconciliation of the proportionate EBITDA presented in this section to the profit attributable to MQA securityholders in the statutory accounts. A more detailed analysis of the proportionate EBITDA of the individual assets is included in Section 2.
2. Pro forma information is derived by restating the prior period results with the asset ownership percentage and foreign currency exchange rates from the current period.
3. Positive number reflects an improvement.
4. Actual 1H16 data reflects ownership interests and foreign exchange rates for the six months ended 30 June 2016.
5. Weighted average based on portfolio revenue allocation.
6. Operating expenses in current period and pro forma pcp results adjusted to exclude the US accounting standard change in the recognition of project improvement expenses at Dulles Greenway (Topic 853 Service Concession Arrangements). Refer Section 2.4.2 for further details.

1.2 Distributions

Figure 2 – Distributions (A$ cps)



1. Subject to asset performance, foreign exchange movements and future events.

Table 3 – Distributions paid per security (A$ cps)

Period	Date of distribution paid	Return of capital	Foreign dividend[1]	Total
1H17	7 April 2017	9.8	0.2	**10.0**
2H16	30 September 2016	8.7	0.3	**9.0**
1H16	31 March 2016	8.5	0.5	**9.0**
2H15	30 September 2015	9.3	0.7	**10.0**
1H15	31 March 2015	4.7	1.3	**6.0**
2H14	8 October 2014	6.4	1.8	**8.2**
1H14	4 April 2014	-	5.0	**5.0**
2H13	4 October 2013	-	3.3	**3.3**
1H13	19 April 2013	-	2.4	**2.4**

1. All distributions paid to date have been paid by MARIL. Australian franking credit regime does not apply to foreign dividend components given MARIL is a Bermudan company.

1.3 Financial performance summary – Corporate cash position

Table 4 – Aggregated cash flow statement

A$m	1H17	1H16
Cash flow received from assets		
APRR Group[1]	77.1	62.7
Chicago Skyway	-	137.3
Indiana Toll Road ("ITR")	-	0.2
M6 Toll[2]	5.2	0.8
Warnow Tunnel	0.0	0.2
Total cash flow received from assets	**82.3**	**201.3**
Other operating cash flows		
Manager and adviser base fees paid	(13.6)	(15.2)
Manager and adviser performance fees paid[3]	-	-
Payments to suppliers[4]	(5.8)	(2.3)
Interest income on corporate cash balances[5]	1.4	0.6
Other net amounts received	0.1	0.1
Estimated Alternate Minimum Tax ("AMT") received/(paid) on distribution proceeds from sale of ITR	-	17.8
Net income taxes paid[6]	(7.4)	(1.1)
Net MQA operating cash flows	**56.9**	**201.3**
Investing and financing cash flows		
Payments for investments[7]	(598.8)	(1.1)
Proceeds from issue of securities (net of transaction costs)[7]	203.9	-
Proceeds from borrowings (net of transaction costs)[7]	228.1	-
Distributions paid	(57.3)	(46.6)
Total investing and financing cash flows	**(224.1)**	**(47.7)**
Net increase in cash assets	**(167.1)**	**153.6**
Cash assets at beginning of the period	**225.1**	**67.2**
Exchange rate movements	**0.2**	**2.1**
Cash assets at the end of the period	**58.1**	**222.8**
Comprising: Available cash	56.4	221.0
Restricted cash[8]	1.8	1.8

1. In March 2017, MQA received a distribution of €54.8m from APRR through FE (March 2016: €42.2m).
2. On 1 May 2017, MQA announced the transfer of its 100% ordinary equity interest in the M6 Toll to the M6 toll lender group. On 5 May 2017, the equity interests were transferred and MQA received a final management fee of £2.6 million and no longer has any further management obligations with respect to the M6 Toll.
3. The first instalment of the June 2017 performance fee (A$8.0m) and the second instalment of the June 2016 performance fee (A$44.7m) were applied to a subscription for new MQA securities on 5 July 2017.
4. Increase in payments primarily related to transaction costs on acquisition of remaining 50% stake in Dulles Greenway.
5. Average cash balance during the period was A$270.8m, up A$92.8m on pcp, mainly driven by the cash held for the acquisition of an additional 50% estimated economic interest in Dulles Greenway.
6. Income tax of $7.4 million paid on the distribution proceeds relating to the sale of Chicago Skyway (2016: $1.1 million).
7. In May 2017, MQA paid US$445.0m for the acquisition of remaining 50% stake in Dulles Greenway. This acquisition was funded by a combination of equity, asset financing and existing cash. Refer Section 2.4.5 for asset financing facility details.
8. Represents a secured cash deposit in relation to an outstanding guarantee in respect of Warnow Tunnel.

The aggregated cash flow statement includes the cash flows of each of the stapled entities and their wholly owned subsidiaries, excluding the entities that form part of the road operator company groups. As a result, it does not reconcile with the cash balances in the statutory results, which consolidate the cash balances of the wholly owned Dulles Greenway. Refer to Appendix 2 for a reconciliation of operating cash flows per this Report to the statutory results.

2. Asset performance

Note: Prior corresponding period results presented in this section of the Report are prepared on a pro forma basis unless otherwise stated. Section 2.1 represents the Group's proportionate share of each asset in Australian dollars. Sections 2.2 to 2.5 are reported on a 100% asset basis and in the natural currency of the asset.

Refer to Appendix 3 for a summary of quarterly traffic performance and toll revenue.

2.1 Proportionate EBITDA by asset[1]

Further details on the basis of preparation of this section of the Report are set out in the summary of significant policies in Appendix 1.

Table 5 – Proportionate EBITDA

A$m	APRR Group	ADELAC	Dulles Greenway[2]	Warnow Tunnel	Total
Actual 1H17					
Operating revenue	334.7	7.7	39.6	5.3	387.3
Operating expenses	(82.2)	(1.3)	(7.4)	(1.6)	(92.4)
EBITDA from assets	**252.5**	**6.4**	**32.2**	**3.7**	**294.8**
Pro forma 1H16[3]					
Operating revenue	323.1	7.3	38.3	5.1	373.8
Operating expenses	(82.6)	(1.4)	(7.4)	(1.5)	(92.8)
EBITDA from assets	**240.6**	**5.9**	**31.0**	**3.6**	**281.0**
Change on pcp[4,5]					
Operating revenue	3.6%	6.1%	3.3%	4.3%	3.6%
Operating expenses	0.5%	5.0%	(0.0%)	(6.3%)	0.4%
EBITDA from assets	**5.0%**	**8.7%**	**4.0%**	**3.4%**	**4.9%**

1. Based on MQA's average beneficial interest in its assets over the period. Refer to Appendix 1 for further details.
2. Dulles Greenway operating expenses adjusted to exclude the US accounting standard change in the recognition of project improvement expenses (Topic 853 Service Concession Arrangements). Refer Section 2.4.2 for further details.
3. Data for pro forma 1H16 is derived by restating the prior period results with the asset ownership percentage and foreign currency exchange rates from the current period.
4. Based on A$ figures presented. There may be differences when calculated in natural currency.
5. Positive number reflects an improvement.

2.2 APRR – France

2.2.1 Traffic

Table 6 – Traffic performance

VKTm	1H17	1H16	Change on pcp
Light vehicles	9,322	9,097	2.5%
Heavy vehicles	1,845	1,771	4.2%
Total	**11,167**	**10,868**	2.7%[1]
Workdays in period	125	126	-1
Non-workdays in period	56	56	-

1. Overall APRR traffic benefitted from the inclusion of additional motorway sections (26km) as part of the stimulus plan agreed with the French State.

2.2.2 Financial Performance

Figure 3 – Quarterly traffic performance (VKTm)

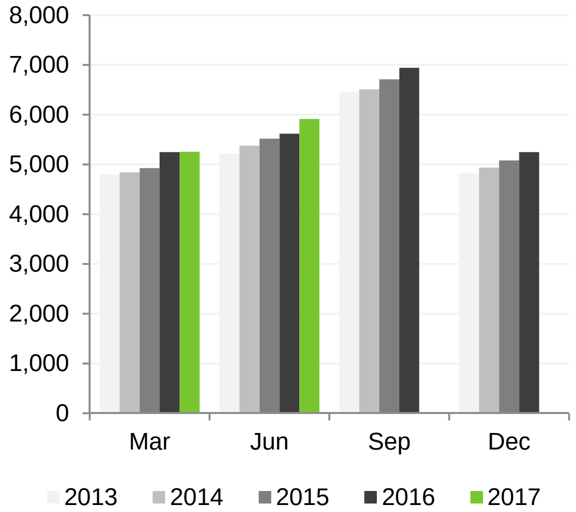
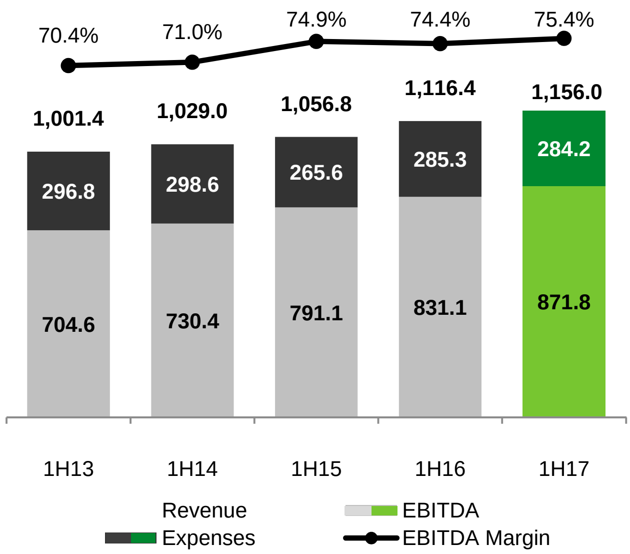


Figure 4 – EBITDA and revenue (€m)[1]



1. Results represent performance of APRR and AREA. On a consolidated APRR Group basis, 1H17 EBITDA was €871.4m. The difference results from €0.4m of operating expenses at the Eiffarie/FE level.

Table 7 – Financial performance

€m	1H17	1H16	Change on pcp	1H15	1H14	1H13
Toll revenue	1,122.8	1,084.3	3.5%	1,024.8	998.1	968.4
Other revenue	33.3	32.1	3.5%	32.0	31.0	33.0
Total revenue	**1,156.0**	**1,116.4**	**3.5%**	**1,056.8**	**1,029.0**	**1,001.4**
Operating expenses	(284.2)	(285.3)	0.4%	(265.6)	(298.6)	(296.8)
EBITDA	**871.8**	**831.1**	**4.9%**	**791.1**	**730.4**	**704.6**
EBITDA margin	75.4%	74.4%		74.9%	71.0%	70.4%

Table 8 – Operating expenses

€m	1H17	1H16	Change on pcp	1H15	1H14	1H13
Employment costs	(103.6)	(105.8)	2.1%	(106.7)	(107.9)	(109.7)
Tax (other than income tax)	(131.7)	(128.2)	(2.7%)	(107.9)	(139.9)	(125.4)
Purchases, external charges and other (ex IFRIC 12)	(48.9)	(51.3)	4.6%	(51.1)	(50.8)	(61.7)
APRR operating expenses[1]	**(284.2)**	**(285.3)**	**0.4%**	**(265.6)**	**(298.6)**	**(296.8)**
Eiffarie and FE operating expenses	(0.4)	(0.5)	*nm*[2]	(0.7)	(0.6)	(0.6)

1. Excludes provisions.
2. Not meaningful.

Table 9 – Interest, depreciation and amortisation

€m	1H17	1H16	Change on pcp	1H15	1H14	1H13
APRR interest income[1]	6.8	4.7	44.4%	7.3	10.9	7.9
APRR interest expense[1]	(96.6)[2]	(122.7)	21.3%	(152.0)	(180.8)	(174.6)
APRR cash interest paid	(223.2)	(240.6)	7.2%	(293.9)	(293.5)	(306.5)
APRR net interest paid	(219.0)	(236.8)	7.5%	(280.5)	(287.9)	(303.3)
Eiffarie net interest	(86.3)	(86.2)	(0.2%)	(92.8)	(118.3)	(100.8)
APRR depreciation and amortisation[1]	(196.6)	(197.8)	0.6%	(208.9)	(199.4)	(194.0)

1. As per APRR published financial statements.
2. Reflects lower average debt levels and lower cost of debt as a result of the recent refinancing and current debt market conditions.

Table 10 – Tax

€m	1H17	1H16	1H15	1H14	1H13
APRR current income tax expense	(191.6)[1]	(166.6)	(158.9)	(132.5)	(128.7)
Tax grouping	32.2	33.3	108.1	96.1	90.4
Group current income tax payable[2,3]	**(159.4)**	**(133.3)**	**(50.8)**	**(36.5)**	**(38.2)**

1. Increase in expense due to higher taxable income driven by higher revenue and lower finance costs during the current period.
2. In 2016, the French corporate tax rate reverted to 34.43% from the ~38% applicable during years 2013-2015.
3. Since 1 January 2011, FE and Eiffarie have been grouped with APRR for tax purposes. Current year deductions from FE and Eiffarie are offset against APRR taxable income in the year. Historic carried forward losses were fully utilised during 2015. The higher group current income tax payable is due to the full utilisation of these historic losses and higher profit before tax.

2.2.3 Operational initiatives

Table 11 – Operating initiatives statistics

	1H17	1H16	1H15	1H14	1H13
Active Liber-t badges (m)	2.3	2.1	1.8	1.6	1.3
Electronic toll collection	58.7%	57.1%	55.2%	53.6%	52.2%
Automated transactions	98.7%	97.3%	96.2%	95.1%	93.1%

2.2.4 Financing and debt

Table 12 – Debt metrics[1]

€m	Gross debt	Cash	Net debt	Net debt / EBITDA Actual	Net debt / EBITDA Default	EBITDA / Interest Actual	EBITDA / Interest Default	Hedging %
APRR and Eiffarie	9,775.4	1,233.2	8,542.2	5.0x	n/a	n/a	n/a	106.7%
- APRR	8,415.4[2]	1,186.1[3]	7,229.3	4.2x	7.0x	8.5x	2.2x	n/a
- Eiffarie	1,360.0[4]	47.1	1,312.9	n/a	n/a	n/a	n/a	n/a

1. Using cash/debt balances as at 30 June 2017. Hedging % reflects the proportion of debt outstanding as at 30 June 2017 that is fixed or has been hedged and does not take into account future maturities/issues. EBITDA and interest payable for the 12 months to 30 June 2017.
2. Includes €0.4bn of short term debt, accrued interest and mark to market on swaps.
3. In addition to available cash, APRR also has an undrawn €1.8bn Revolving Credit Facility.
4. Eiffarie gross debt excludes swaps mark to market of €156.8m (€3.2bn swap maturing in June 2018).

Table 13 – APRR main debt facilities

Debt type	Amount	Details
Euro Medium Term Note (“EMTN”) public bonds	€6.8bn	Includes €1.0bn of floating rate notes and €154m of index-linked bonds. Remaining bonds are at fixed rates.
Caisse Nationale des Autoroutes (“CNA”) debt	€0.8bn	Outstanding CNA debt is predominantly fixed rate and will be materially amortised by 2018
European Investment Bank Loan	€525m	

Table 14 – Eiffarie debt facility

Debt type	Amount	Details
Term loan	€1,360m	Margin of 95bps above Euribor, maturing in February 2022

Table 15 – Debt ratings of APRR

Corporate Rating	Outlook	Rating agency	Rating since
A-	Stable	Standard & Poor’s	November 2016
BBB+	Positive	Fitch	October 2012[1]

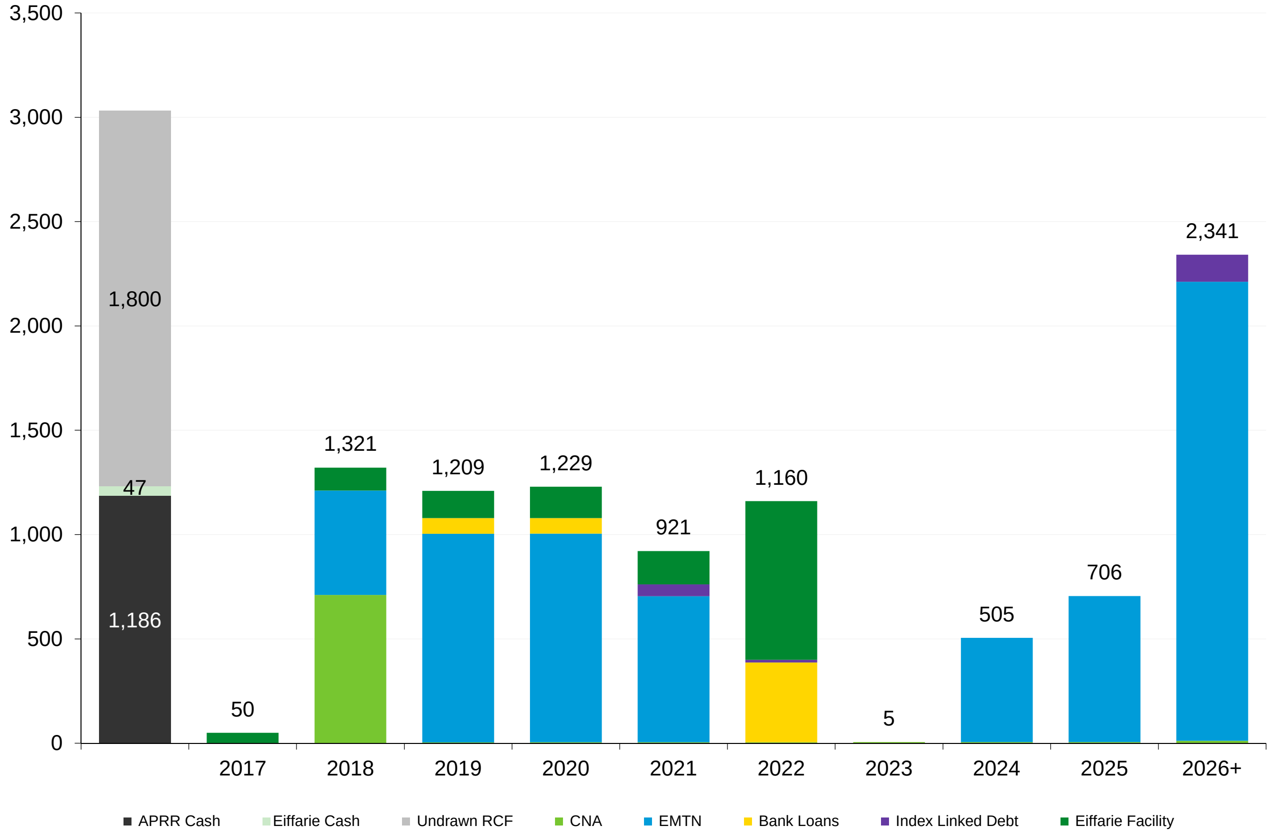
1. In October 2016, Fitch upgraded the outlook from BBB+ Stable outlook to BBB+ Positive outlook.

Table 16 – APRR Bonds issued during the period

Date	Amount	Debt type	Issuance details	Maturity
March 2017	€100m	EMTN	At par with a coupon of 0.34%, index linked	April 2032
May 2017	€500m	EMTN	98.470% of par with a coupon of 1.625%	January 2032

The chart below presents a pro forma debt maturity profile and liquidity position for APRR and Eiffarie.

Figure 5 – APRR and Eiffarie pro forma debt maturity profile at 30 June 2017 (€m)[1]



1. Excludes short term debt, interest accrued and mark to market on swaps (€0.4bn) at APRR.

2.3 ADELAC - France

At 31 December 2016, MQA held a total 19.74% indirect interest in ADELAC, consisting of a 10.04% stake held through APRR Group and a 9.71% stake held through MAF2 (acquired in November 2016). In March 2017, MQA acquired an additional 0.40% from a minority interest through MAF2, increasing MQA's total indirect interest to 20.15%.

2.3.1 Traffic

Table 17 – Traffic performance

ADT	1H17	1H16	Change on pcp
All days	29,283	28,439	3.0%
Workdays in period	125	126	-1
Non-workdays in period	56	56	-

2.3.2 Financial Performance

Figure 6 – Quarterly traffic performance (ADT)

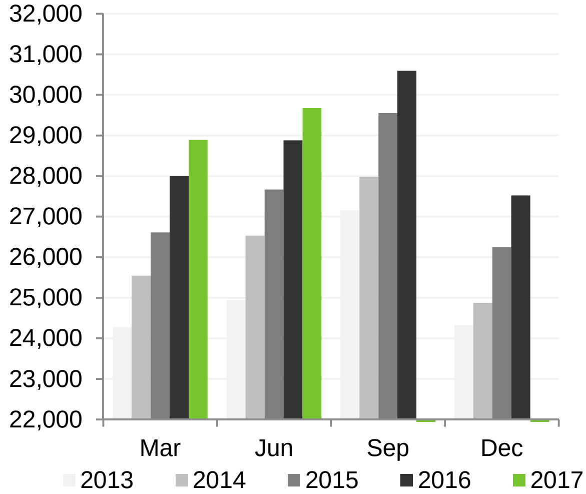


Figure 7 – EBITDA and revenue (€m)

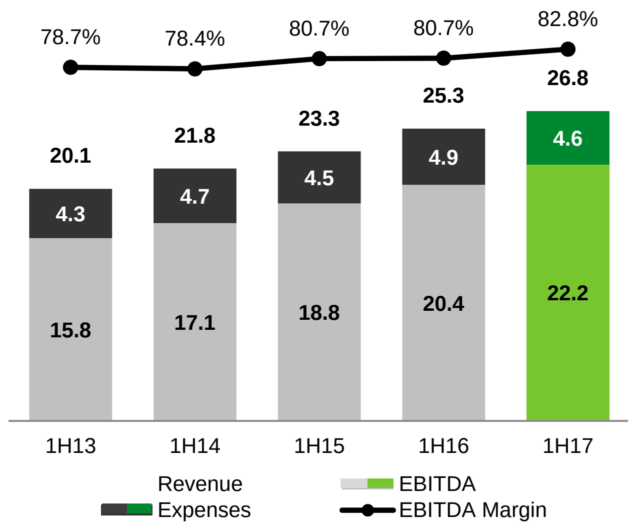


Table 18 – Revenue and EBITDA

€m	1H17	1H16	Change on pcp	1H15	1H14	1H13
Toll revenue	26.7	25.1	6.0%	23.2	21.6	20.0
Other revenue	0.2	0.2	*nm*	0.2	0.2	0.1
Revenue	**26.8**	**25.3**	**6.0%**	**23.3**	**21.8**	**20.1**
Operating expenses	(4.6)	(4.9)	5.1%	(4.5)	(4.7)	(4.3)
EBITDA	**22.2**	**20.4**	**8.7%**	**18.8**	**17.1**	**15.8**
EBITDA margin	82.8%	80.7%		80.7%	78.4%	78.7%

2.3.3 Financing and debt

Table 19 – Debt metrics[1]

Assets	Local	Gross debt	Cash	Net debt	Net debt/ EBITDA	EBITDA/ Interest	Hedging %
ADELAC	€m	742.4	39.4	703.0	16.13x	1.38x	85.2%

1. Using cash/debt balances as at 30 June 2017; hedging % reflects the proportion of debt outstanding as at 30 June 2017 that is fixed or has been hedged and does not take into account future maturities/issues. EBITDA and interest payable for the 12 months to 30 June 2017.

2.4 Dulles Greenway – Virginia, US

On 16 May 2017, MQA acquired an additional 50% estimated economic interest in Dulles Greenway, bringing MQA's total estimated economic interest to 100%.

2.4.1 Traffic

Table 20 – Traffic performance

ADT	1H17	1H16	Change on pcp
Average workday trips	62,284	62,027	0.4%
Weekends/public holidays	33,019	31,923	3.4%
All days	53,392	52,764	1.2%
Workdays in period	126	126	-
Non-workdays in period	55	56	-1

Despite continued growth in regional economic activity, corridor traffic during the period was impacted by a number of local network changes and construction works which are anticipated to continue to create some volatility in the Dulles Greenway's traffic volumes over the next 24-36 months.

2.4.2 Financial performance

Figure 8 – Quarterly traffic performance (ADT)

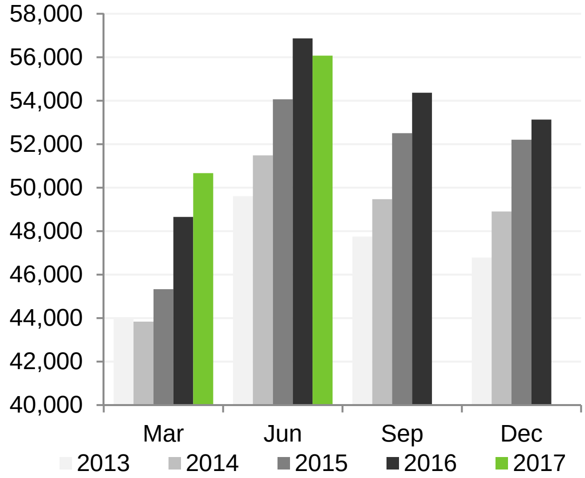


Figure 9 – EBITDA and revenue (US$m)

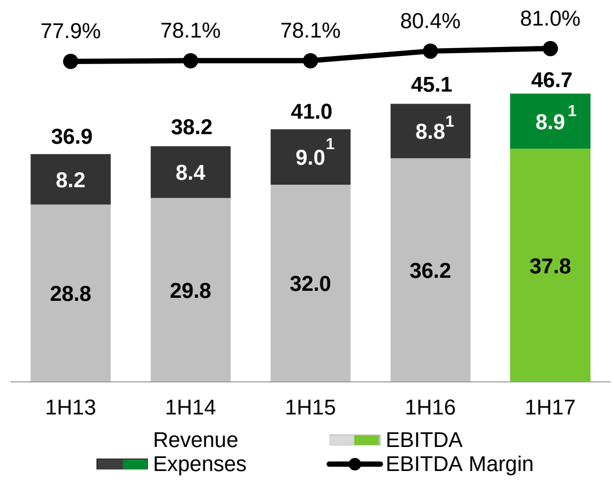


Table 21 – Revenue and EBITDA

US$m	1H17	1H16	Change on pcp	1H15	1H14	1H13
Toll revenue	46.5	44.8	3.6%	40.8	38.0	36.8
Other revenue	0.2	0.2	*nm*	0.2	0.2	0.2
Revenue	**46.7**	**45.1**	**3.6%**	**41.0**	**38.2**	**36.9**
Operating expenses[1]	(8.9)	(8.8)	(0.3%)	(9.0)	(8.4)	(8.2)
EBITDA	**37.8**	**36.2**	**4.4%**	**32.0**	**29.8**	**28.8**
EBITDA margin	81.0%	80.4%		78.1%	78.1%	77.9%

1. Operating expenses have been adjusted to exclude the recognition of project improvement expenses which are included in operating expenses following the US accounting standards change for prior period figures to be comparable (Topic 853 Service Concession Arrangements applicable from 1 January 2015). Operating expenses would have increased by US$0.3m, US$0.2m and US$0.7m for 1H15, 1H16 and 1H17 respectively if project improvement expenses were to be included.

2.4.3 Operational initiatives

Table 22 – Operating initiatives statistics

	1H17	1H16	1H15	1H14	1H13
Electronic toll collection	83.3%	82.8%	81.4%	81.1%	80.4%
Automated transactions	93.3%	93.1%	92.2%	91.7%	91.2%

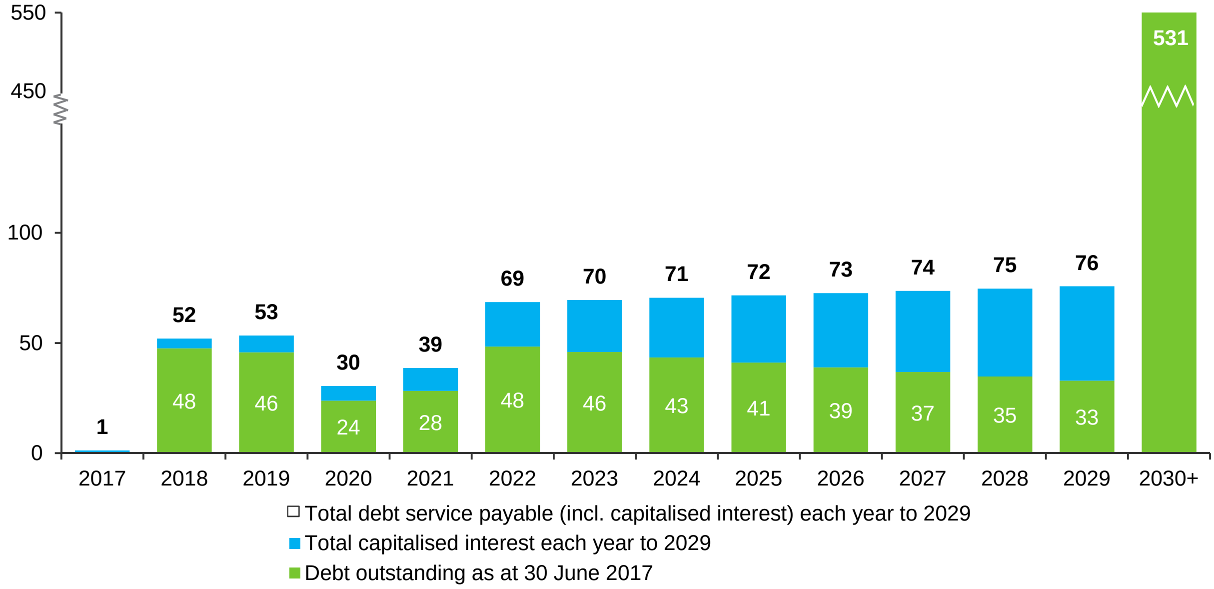
2.4.4 Financing and debt

Table 23 – Debt metrics[1]

US$m	Gross debt	Cash	Net debt	Net debt/ EBITDA	EBITDA/ Interest	MCR		ACR	
						Actual	Lock-up	Actual	Lock-up
Dulles Greenway	998.6[2]	146.9[3]	851.7	11.24x[4]	1.92x[4]	1.20x[5]	1.25x[5]	1.20x[5]	1.15x[5]

1. Using cash/debt balances as at 30 June 2017; EBITDA and interest paid for the 12 months to 30 June 2017 (cash interest paid, reflecting interest on current pay bonds and the element of interest accrued in maturing zero coupon bonds in period was US$20.3m).
2. All debt is in the form of fixed-interest rate senior bonds, consisting of US$35.0m current interest bonds and US$963.6m zero-coupon bonds with various maturities extending to 2056.
3. Majority of cash held at Dulles Greenway as at 30 June 2017 are required reserves and currently not available for distribution.
4. Based on EBITDA adjusted to exclude the recognition of project improvement expenses (which are included in operating expenses under the US accounting standards change: Topic 853 Service Concession Arrangements).
5. Calculated as Minimum Coverage Ratio ("MCR") and Additional Coverage Ratio ("ACR") as defined under TRIP II's bond indentures. MCR and ACR calculation methodologies has been amended to offset the impact of Topic 853 Service Concession Arrangements regarding the recognition of project improvement expenses. Refer section "Distribution tests" for further details.

Figure 10 – Debt maturity profile as at 30 June 2017 (US$m)[1]



1. Net of the bonds that were repurchased and cancelled (maturing 2018-2021) during late 2011 and early 2012. In 2011, the TRIP II Trustee authorised the use of locked-up cash to repurchase outstanding TRIP II bonds. TRIP II used US$34.3m of locked-up cash to repurchase bonds due to mature between 2018 and 2021 at an average yield to maturity of 7.8%. No further bond repurchases have been made since February 2012.

The chart above presents the maturity profile for debt outstanding at 30 June 2017 and also provides the total debt service (including current/capitalised interest) payable each year to 2029.

Table 24 – Debt ratings

Corporate Rating[1]	Outlook	Rating agency	Rating since
BBB-	Stable	Standard & Poor's	September 2009[2]
Ba1	Stable	Moody's	October 2016
BB+	Stable	Fitch	April 2013[3]

1. The Dulles Greenway bonds have been insured by National Public Finance Guarantee Corporation ("NPFGC"), formerly named MBIA, and were rated AAA, Aaa and AAA on issue by S&P, Moody's and Fitch respectively. The current rating of NPFGC is AA- and A3 by S&P and Moody's respectively. Changes to the debt rating of NPFGC do not affect the cost of Dulles Greenway debt.
2. On 27 March 2017, S&P reaffirmed its BBB- underlying rating on TRIP II with a Stable outlook.
3. On 17 July 2017, Fitch reaffirmed its BB+ underlying rating on TRIP II with a Stable outlook.

Distribution tests

TRIP II is subject to the following two distribution tests in the table below, both tested annually at 31 December:

Table 25 – Distribution test methodologies

	Minimum Coverage Ratio ("MCR")	Additional Coverage Ratio ("ACR")
Test and calculation	If **MCR** <1.25x, distributions are in a lock-up for 12 months $= \frac{\text{Net Toll Revenue}}{\text{Total Debt Service}}$	If **ACR** <1.15x, distributions are in a lock-up for 36 months $= \frac{\text{Net Toll Revenue – Fund Transfers}}{\text{Total Debt Service}}$
Net Toll Revenue	**Toll Revenues** (*All amounts received including all receivables, revenues and income generated from toll booths, plazas and collection systems*) *Less* **Operating Expenses**[1] *(current operation and maintenance expenses)*	**Toll Revenues** *(All amounts received including all receivables, revenues and income generated from toll booths, plazas and collection systems)* *Less* **Operating Expenses**[1] *(current operation and maintenance expenses)* *Less* **Transfers to Improvement Fund and Operating Reserve Fund** *Improvement Fund Requirement* = 100% of amount in most recently approved capital expenditure budget *Operating Reserve Requirement* = 50% of amount in most recently approved budget for all current expenses
Total Debt Service	**Sum of all**: • Debt Service on all Series 1999 Bonds outstanding for such fiscal year; • Debt Service on all Series 2005 Bonds outstanding for such fiscal year; and • Scheduled Early Redemption amounts for such fiscal year as set forth in the Early Redemption schedule for the Series 2005 Bonds.	

1. The distribution test methodologies have been amended to offset the impact of Topic 853 Service Concession Arrangements.

Table 26 – Distribution tests as at year end 31 December

US$m	Actual 2016	Actual 2015
Toll Revenues	91.3	84.7
Operating Expenses	(17.6)	(16.9)
Net Toll Revenues (MCR - Minimum Coverage Ratio)	**73.8**	**67.8**
Transfers to Improvement Fund	-	(4.5)
Transfers to Operating Reserve Drawdowns	(0.3)	(0.2)
Net Toll Revenues (ACR - Additional Coverage Ratio)	**73.5**	**63.1**
1999A	2.5	2.5
1999B	36.4	34.8
2005A	23.6	24.2
2005B/2005C	-	-
Total Debt Service[1]	**62.5**	**61.5**
Minimum Coverage Ratio – 1.25x	**1.18x[2]**	**1.10x**
Additional Coverage Ratio – 1.15x	**1.18x[2]**	**1.03x**

1. Debt service requirement for distribution tests is based on the original maturity profile.
2. At 31 December 2016, the MCR was 1.18x and the ACR was 1.18x. Accordingly, TRIP II passed the ACR test. However, given TRIP II did not pass the ACR test at 31 December 2015, distributions remain in lock-up under the senior debt indentures through to at least December 2018.

2.4.5 Asset finance facility

MQA utilised a US$175.0 million eight year bullet financing facility to facilitate the acquisition of the remaining 50% interest in Dulles Greenway. This facility is secured over MQA's 100% estimated economic interest in Dulles Greenway, with no recourse to MQA or its other portfolio assets.

Table 27 – Margins

Period from financial close (16 May 2017)	Margin (p.a.) over 6 month LIBOR
Years 1-3	4.25%
Years 4-6	4.75%
Years 7-8	5.00%

Interest is payable semi-annually on 16 May and 16 November and may be capitalised while Dulles Greenway is in distribution lock-up. An additional margin of 0.50% p.a. applies while interest is capitalising and any cash distributions coming from Dulles Greenway must first be applied against this capitalised interest.

Table 28 – Asset finance facility covenant

Covenant	Calculation	Actual (30 June 2017)
1.05x in June 2017, 1.10x thereafter	$\frac{\text{Net Revenues}}{\text{Debt service on outstanding TRIP II bonds}}$	1.20x

2.5 Warnow Tunnel – Rostock, Germany

2.5.1 Traffic

Table 29 – Traffic performance

ADT	1H17	1H16	Change on pcp
Average workday trips	12,949	12,682	2.1%
Weekends/public holidays	7,931	7,623	4.0%
All days	11,397	11,097	2.7%
Workdays in period	125	125	-
Non-workdays in period	56	57	-1

2.5.2 Financial performance

Figure 11 – Quarterly traffic performance (ADT)

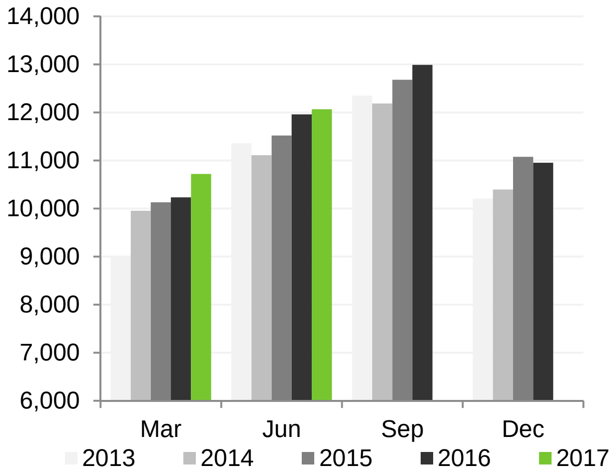


Figure 12 – EBITDA and revenue (€m)[1]

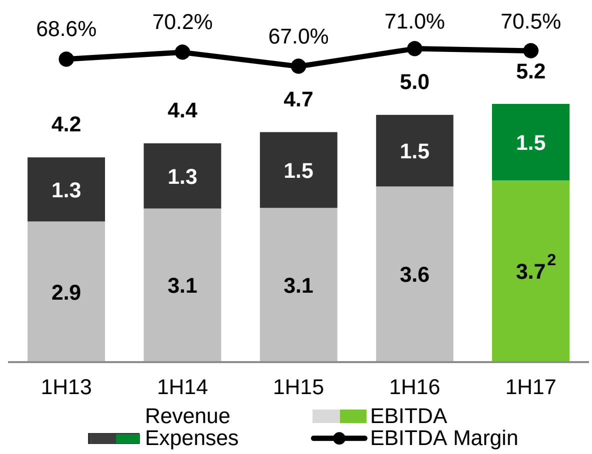


Table 30 – Financial performance[1]

€m	1H17	1H16	Change on pcp	1H15	1H14	1H13
Revenue	**5.2**	**5.0**	**4.3%**	**4.7**	**4.4**	**4.2**
Operating expenses	(1.5)	(1.5)	(6.2%)	(1.5)	(1.3)	(1.3)
EBITDA	**3.7[2]**	**3.6**	**3.5%**	**3.1**	**3.1**	**2.9**
EBITDA margin	70.5%	71.0%		67.0%	70.2%	68.6%

1. Reflects unaudited management accounts.
2. Impacted by change in accounting application for maintenance costs. EBITDA growth would be 4.8% on pcp if maintenance costs were continued to be capitalised rather than expensed.

2.5.3 Financing and debt

Table 31 – Debt metrics[1]

Assets	Local	Gross debt	Cash	Net debt	Net debt/ EBITDA	EBITDA/ Interest	DSCR Actual	DSCR Lock-up	Hedging %
Warnow Tunnel	€m	161.3[2]	3.9	157.5	20.17x	2.60x	1.97x	1.05x	29.5%

1. Using cash/debt balances as at 30 June 2017; hedging % reflects the proportion of debt outstanding as at 30 June 2017 that is fixed or has been hedged and does not take into account future maturities/issues, EBITDA and interest paid for the 12 months to 30 June 2017 (cash interest paid in period was €1.5m); DSCRs calculated on a pro forma basis as at 30 June 2017. Warnow Tunnel has three tranches of debt. Tranche 1 is the only tranche subject to covenant testing, tranche 2 and tranche 3 cash sweep is not fully satisfied.
2. Represents long term amortising bank debt. Warnow Tunnel also has letters of credit of €2.0m available.

Appendix 1 – Summary of significant policies

The significant policies which have been adopted by the MQA boards and used in the preparation of Sections 1 and 2 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 years presented in this Report.

Proportionate EBITDA

Current and prior period proportionate EBITDA information contained in this Report involves the aggregation of the financial results of the Group's relevant assets in the relevant proportions that the Group holds beneficial interests. It is calculated as operating assets' revenues less operating assets' expenses.

Proportionate EBITDA information for pcp is also disclosed under a pro forma approach. The pro forma information is derived by restating the prior period results with the asset ownership percentage and foreign currency exchange rates from the current period. Pro forma results are produced to allow comparisons of the operational performance of assets between periods, as it removes the impact of changes in ownership interests and foreign currency exchange rates. The term 'underlying' refers to movements under the pro forma approach.

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

Beneficial interest

MQA's beneficial interest in an asset reflects its economic interest in the results of that asset's ongoing operations. When MQA changes its ownership in an asset (i.e. sold/bought), it is calculated according to the number of days in the reporting period during which the Group held a beneficial interest.

The beneficial interests of the Group in the assets used in the calculation of proportionate EBITDA for the period and pcp are as set out below.

Table 32 – Beneficial interest

Beneficial interest for:	1H17	Actual 1H16
APRR	20.14%	20.14%
ADELAC[1]	19.99%	Nil
Dulles Greenway[2]	62.71%	50.00%
Warnow Tunnel	70.00%	70.00%

1. On 14 March 2017, MQA's beneficial interest in ADELAC increased from 19.74% to 20.15%. 1H17 interest represents MQA's average beneficial interest over the period. MQA's actual 1H16 beneficial interest in ADELAC was assumed to be nil as MQA's interest in ADELAC was held via the APRR Group only.
2. Reflects estimated economic interest during the period. MQA had a 50% estimated economic interest in Dulles Greenway up to and including 15 May 2017 and a 100% estimated economic interest thereafter.

Foreign exchange rates

All proportionate EBITDA information contained in this Report is disclosed in Australian dollars unless stated otherwise. In deriving Australian dollar income for the purpose of proportionate EBITDA, the Group applies quarterly average exchange rates to all foreign income and expenses in the relevant quarter. Under the pro forma 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.

Table 33 – Spot and average foreign exchange rates

	Spot foreign exchange rates As at 30 Jun 17	Quarter ended average foreign exchange rates	
		31 Mar 17	30 Jun 17
Euro	0.6732	0.7116	0.6818
Pound Sterling	0.5903	0.6117	0.5866
United States dollar	0.7686	0.7579	0.7508

Operating revenue

Asset revenue is calculated by aggregating the product of the beneficial interest and the total revenue of each asset. Revenue is recognised under the local Generally Accepted Accounting Principles ("GAAP") applicable to each asset.

Operating expenses

Asset operating expenses are calculated by aggregating the product of the beneficial interest and the total operating expenses of each asset. Dulles Greenway operating expenses have been adjusted to exclude the recognition of project improvement expenses which are included in operating expenses under the US accounting standards change (Topic 853 Service Concession Arrangements applicable from 1 January 2015) for prior period figures to be comparable.

All other operating expenses are recognised under the local GAAP applicable to each asset.

Aggregated cash flow statement

The aggregated cash flow statement represents the aggregation of the cash flows attributable to securityholders. This includes the cash flows of each of the stapled entities and their wholly owned subsidiaries, excluding entities that form part of the road operator company groups. As a result, it does not reconcile with the cash balances in the statutory results, which consolidate the cash balances of the wholly owned Dulles Greenway. The aggregated cash flow statement shows all cash received by the Group from its asset portfolio as well as corporate level cash flows. All information in the aggregated cash flow statement is disclosed in Australian dollars using foreign currency exchange rates applicable to the relevant transactions.

Net debt

Net debt is calculated for each asset 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.

Appendix 2 – Reconciliation to statutory accounts

Table 34 – Overview

The table below summarises the key differences between the basis of preparation of this Report and the MQA Interim Financial Report which is prepared in accordance with Australian Accounting Standards.

Statutory result for the period	Proportionally consolidated financial performance
On 16 May 2017 ("Acquisition date"), MQA completed the acquisition of the remaining 50% estimated economic interest in Dulles Greenway. This acquisition brought MQA's estimated economic interest in TRIP II to 100%. Accordingly, included in MQA's Interim Financial Report are the consolidated results of TRIP II from the acquisition date. Non-controlled toll road asset results included in share of gains from associates. Non-controlled assets results included in share of profits/losses from associates adjusted for: • Purchase price allocations which results in additional toll concession authorisation; and • Fair value movements on asset level interest rate swaps which must be taken through the income statement, even though they may be taken through reserves (accounted for as effective cash flow hedges) at the non-controlled asset level. Profits/losses of associates are brought to account only to the extent that the investment carrying value is above nil.	Aggregation of operating results of proportionate interests in assets.

Statutory cash flow statement	Aggregated cash flow statement
MQA has consolidated Dulles Greenway's cash flows from the acquisition date in its statutory results. Only cash flows from MQA's non-controlled assets are reflected as distributions from assets.	The cash flows and closing cash balance presented in the MIR excludes the balances of the road operator company groups. Cash flows related to MQA's toll road assets are reflected in the MIR as distributions from assets at the corporate level.

Table 35 – Reconciliation – Statutory results to proportionate EBITDA

A$m	1H17	1H16
Statutory profit attributable to MQA securityholders	**437.6**	**54.2**
Dulles Greenway related adjustments:		
Revenue	(17.4)	-
Finance costs	9.2	-
Estimated tax benefit	(0.2)	-
Other net expenses	10.9	-
Asset adjustments:		
Share of net gains from associates	(81.7)	(210.8)
Proportionate EBITDA from assets	**294.8**	**282. 7**
MQA corporate level adjustments:		
Performance fees	8.0	134.1
Manager's and adviser's base fees	15.5	16.4
Income	(391.7)	(3.1)
Finance costs	2.0	-
Estimated tax expense	1.9	7.8
Corporate net expenses	5.9	1.5
Proportionate EBITDA from assets (per MIR)	**294.8**	**282.7**

Table 36 – Reconciliation – Statutory to MIR operating cash flows

A$m	1H17	1H16
Net statutory operating cash flows	**(8.7)**	**0.9**
Dulles Greenway related adjustments:		
Toll revenue received	(16.7)	-
Interest and other income received	(0.1)	-
Property taxes paid	2.7	-
Payments to suppliers and employees	2.7	-
MQA corporate level adjustments:		
Distribution proceeds from sale of Chicago Skyway	-	137.3
Preferred equity return from APRR Group	77.1	62.7
Distribution proceeds from sale of ITR	-	0.2
Net operating cash flows (per MIR)	**56.9**	**201.3**

Appendix 3 – Traffic and toll revenue performance

Table 37 – Traffic and toll revenue performance on pcp

Asset	1H17	1H16	Change on pcp	Quarter on pcp Sep 16	Dec 16	Mar 17	Jun 17
APRR							
Light vehicle VKTm	9,322	9,097	2.5%	3.6%	3.3%	(1.1%)	5.8%
Heavy vehicle VKTm	1,845	1,771	4.2%	2.7%	3.4%	5.9%	2.5%
Total VKTm	11,167	10,868	2.7%	3.5%	3.3%	0.1%	5.2%
Toll revenue (€m)	1,122	1,084	3.5%	4.7%	4.7%	2.1%	4.9%
ADELAC							
ADT	29,283	28,439	3.0%	3.5%	4.9%	3.2%	2.7%
Average daily toll revenue (€)	147,250	138,137	6.6%	6.4%	7.7%	6.0%	7.2%
Dulles Greenway							
ADT	53,392	52,764	1.2%	3.5%	1.8%	4.1%	(1.4%)
Average daily toll revenue (US$)	256,703	246,312	4.2%	6.6%	4.9%	7.1%	1.7%
Warnow Tunnel							
ADT	11,397	11,097	2.7%	2.4%	(1.1%)	4.7%	0.9%
Average daily toll revenue (€)	28,849	27,387	5.3%	6.2%	0.8%	6.8%	4.0%
Portfolio average							
Weighted average traffic[1]			2.6%	3.4%	3.2%	0.5%	4.3%
Weighted average toll revenue[1]			3.7%	4.9%	4.7%	2.6%	4.5%

1. Weighted average based on portfolio revenue allocation and includes ADELAC for all periods.