MACQUARIE ATLAS ROADS

MANAGEMENT INFORMATION REPORT
30 JUNE 2011

Disclaimer

Macquarie Atlas Roads ("MQA") comprises Macquarie Atlas Roads International Limited (Registration No. 43828) ("MARIL") and Macquarie Atlas Roads Limited (ACN 141 075 201) ("MARL"). MARIL is an exempted mutual fund company incorporated in Bermuda with limited liability and the registered office is C/- Rosebank Centre, 11 Bermudiana Road, Pembroke, HM 08, Bermuda. MARL is a company limited by shares incorporated and domiciled in Australia and the registered office is Level 11, No 1 Martin Place, Sydney, NSW 2000, Australia. Macquarie Fund Advisers Pty Limited (ACN 127 735 960) (AFS License No.318123) ("MFA") is the adviser/manager of MARIL and MARL. MFA is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) ("MGL").

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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 MQA, 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.

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

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REPORT SUMMARY

The purpose of the Management Information Report (the Report) is to provide information supplementary to the Interim Financial Report of Macquarie Atlas Roads (MQA or the Group) for the 6 months ended 30 June 2011. This Report provides a more detailed analysis of the underlying performance of each road asset within the MQA portfolio.

This report is prepared on a different basis to the MQA Interim Financial Report, which is prepared in accordance with Australian Accounting Standards. The policies applied in preparing this Report are detailed in Section 2. 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 6 months ended 30 June 2011 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 1 for a reconciliation between the results presented in this Report and the Interim Financial Report.

This Report comprises the following Sections:

Overview Section covers MQA's structure and portfolio.

Section 1 – Traffic and Financial Performance presents a summary of road asset performance, proportionate earnings and other measures for the 6 months ended 30 June 2011.

Section 2 – Summary of Significant Policies details the policies that have been applied in preparation of this Report.

Section 3 – Asset Performance provides a more detailed analysis of the performance of MQA's individual road assets.

Section 4 – Asset Debt Information provides further details on the asset level non-recourse debt for each of MQA's assets as at 30 June 2011.

PricewaterhouseCoopers (PwC) have been engaged to perform certain procedures for the directors of MARIL and MARL in relation to this Report. The areas covered by PwC's procedures included the following information in Sections 1 and 3 of the Report: Proportionate Earnings (Tables 2, 7 and 8), Proportionate Net Debt (Table 4) and Aggregated Cash Flow Statement (Table 5).

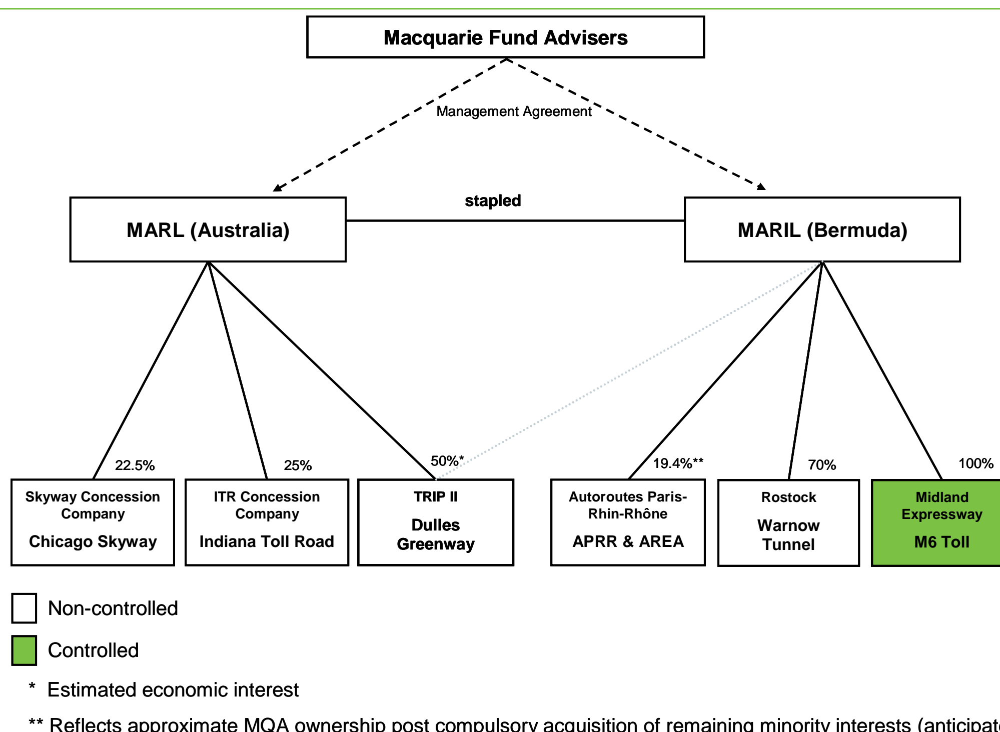
PwC conducted its engagement in accordance with Australian Auditing Standards applicable to agreed upon procedures engagements. The procedures do not constitute either an audit or review in accordance with Australian Auditing Standards and accordingly PwC expresses no assurance over the accuracy of the above information or any other aspect of the Report.

OVERVIEW OF STRUCTURE

MQA is a stapled security listed on the Australian Securities Exchange (ASX). 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 Macquarie Atlas Roads Limited (MARL) and a share in Macquarie Atlas Roads International Limited (MARIL).

The diagram below shows the split of MQA's portfolio of assets between the two MQA stapled entities as at 30 June 2011 (unless otherwise stated).

Figure 1 – Structure at 30 June 2011



Information in this Report is presented on an aggregated basis, reflecting MQA's structure at 30 June 2011 (unless otherwise stated).

ASSET PORTFOLIO

As at 30 June 2011 MQA's portfolio of toll road assets and percentage interest were as follows:

	Location	Reporting Currency	Date of initial Acquisition[1]	MQA's Interest as at 30 June 11
APRR/Eiffarie	France	€	Feb 2006	19.4%[2]
Dulles Greenway	United States	US$	Sep 2005	50.0%[3]
M6 Toll	United Kingdom	£	Oct 1999	100.0%
Chicago Skyway	United States	US$	Jan 2005	22.5%
Indiana Toll Road	United States	US$	Jun 2006	25.0%
Warnow Tunnel	Germany	€	Dec 2000	70.0%

1. Reflects initial acquisition by Macquarie Infrastructure Group (MIG). These assets were acquired by MQA on demerger from MIG on 2 February 2010.
2. Reflects approximate MQA ownership post compulsory acquisition of remaining minority interests (anticipated 2011).
3. Reflects estimated economic interest.

Traffic and Financial
Performance

1 TRAFFIC AND FINANCIAL PERFORMANCE

1.1 Traffic and Toll Revenue Analysis

Table 1 – Summary of traffic and toll revenue growth for 6 months ended 30 June

		Traffic Growth on pcp		Toll Revenue Growth on pcp[1]	
	Traffic Metric	6 months ended 30 June 11	6 months ended 30 June 10	6 months ended 30 June 11	6 months ended 30 June 10
APRR	Total VKT	1.5%	3.1%	4.6%	5.2%
Dulles Greenway	Av Daily Traffic	(2.9%)	(4.0%)	7.6%	(3.7%)
M6 Toll	Av Daily Traffic	(7.6%)	4.0%	(4.5%)	6.3%
Chicago Skyway	Av Daily Traffic	(6.0%)	(4.5%)	13.4%	(6.6%)
Indiana Toll Road	Full Length Equivalent Trips[2]	(2.8%)	(0.6%)	11.9%	3.8%
Warnow Tunnel	Av Daily Traffic	6.8%	3.2%	15.5%	7.9%
Portfolio Revenue Weighted Average		(0.3%)	2.5%	4.1%	4.6%

1. Excludes other revenue such as rental income.
2. Full Length Equivalent Trips (FLET) for Indiana Toll Road is derived by taking a distance weighted average of the Ticket and Barrier systems' average daily traffic (ADT).

Revenue weighted average traffic for the 6 months ended 30 June 2011 was relatively flat on prior corresponding period (pcp), reflecting weak economic conditions in the United States (US) and the United Kingdom (UK), partially offset by growth in light and heavy goods vehicle traffic on APRR.

The underlying toll revenue increased for most roads in the portfolio reflecting the positive impact of the changes to tolling structures implemented during 2010 and 2011 across the whole portfolio. This was partially offset by a fall in traffic and resulting decline in revenue experienced by the M6 Toll.

APRR recorded positive traffic growth for the 6 months ended 30 June 2011 despite the positive one-off effects in the pcp. These included air disruptions from the ash cloud produced by the Icelandic volcano, rail strikes and excellent snow conditions in ski resorts in the second quarter of 2010.

Ongoing weakness in the UK economy, elevated fuel prices and improved travel conditions on the competing M6 continue to have a widespread negative impact on the M6 Toll traffic. Average daily toll revenue for the M6 Toll fell by 4.5% for the 6 months ended 30 June 2011, a smaller reduction than in traffic due to the revised toll schedule introduced on 1 March 2011.

Average daily toll revenue at Dulles Greenway was above pcp driven by the positive impact of milder winter conditions in 2011 and toll increases implemented on the Greenway during 2010. This was partially offset by weaker traffic conditions across the corridor, rising fuel prices and the negative impacts of toll increases on the Greenway and connecting Dulles Toll Road.

Traffic volumes on the Chicago Skyway and the adjoining Indiana Toll Road were impacted by toll increases on the Chicago Skyway, higher fuel prices and ongoing construction works on the ITR barrier system. Despite decreases in traffic, revenue increased by 13.4% and 11.9% for the half year on the Chicago Skyway and the Indiana Toll Road respectively as a result of the toll increases.

Average daily traffic for Warnow Tunnel has continued to increase during 2011 as a result of construction works on the competing L22 with these works forecast to continue through to August 2011. Higher traffic, as well as the new winter (November-April) and summer (May-October) toll schedules resulted in a 15.5% increase in average daily revenue for the 6 months ended 30 June 2011 on pcp.

1.2 Financial Performance Summary

Table 2 – Proportionate Earnings for 6 months ended 30 June 2011

	Actual Results 1 Jan to 30 June 11 A$m	Pro Forma Results 1 Jan to 30 June 10 A$m[1]	Change vs. pcp	Actual Results 2 Feb to 30 June 10 A$m[2]
Operating revenue	344.3	330.4	4.2%	326.6
Operating expenses	(96.3)	(95.2)	1.2%	(92.8)
EBITDA from road assets	248.0	235.2	5.4%	233.8
EBITDA Margin (%)	72.0%	71.2%	0.8%	71.6%
Asset maintenance capex	(15.5)	(15.8)	(1.9%)	(15.5)
Asset net interest expense[3]	(146.3)	(142.9)	2.4%	(136.4)
Asset net tax expense	-	(26.6)	(100.0%)	(25.7)
Proportionate Earnings from road assets	86.2	49.9	72.7%	56.3
Corporate net interest income	0.6			3.4
Corporate net expenses[4]	(29.9)			(12.2)
Proportionate Earnings	56.8			47.5
Asset net debt amortisation	(36.5)			(36.5)
Proportionate Earnings less allowance for net debt amortisation	20.3			11.0

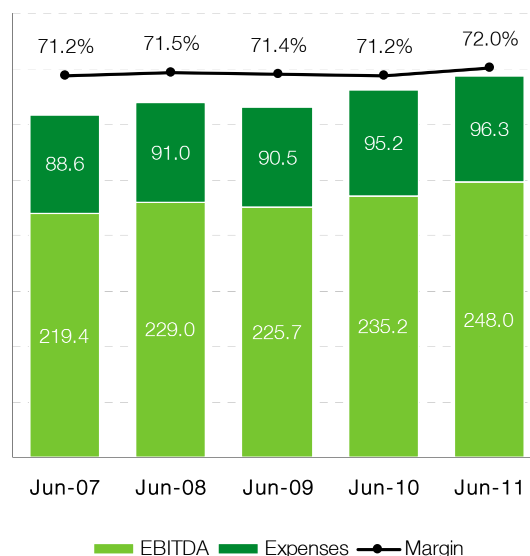
1. Data represents the results of MQA's portfolio of road assets for the 6 months ended 30 June 2010, albeit that MQA did not acquire the assets until 2 February 2010.
2. Proportionate earnings from road assets above are presented for the period February to December 2010, being the period of ownership by MQA following the demerger from MIG.
3. Interest expense for the comparative periods to 30 June 2010 has been adjusted to reflect the cash interest payable relating to the M6 Toll land fund liability.
4. Includes performance fee amounts that will be applied towards a subscription for new MQA securities. Refer to 1.2.6 for more details.

On 2 February 2010 Macquarie Infrastructure Group (MIG) effected a group restructure by demerging its interests in the APRR, Dulles Greenway, M6 Toll, Chicago Skyway, Indiana Toll Road, Warnow Tunnel, South Bay Expressway, Transtoll and a portion of its cash holdings. Interests in these assets were transferred to two newly incorporated subsidiaries: Macquarie Atlas Roads International Limited (MARIL) and Macquarie Atlas Roads Limited (MARL). Consequently, the comparative Actual Results presented above are for the period 2 February to 30 June 2010, reflecting the period of ownership of the portfolio of toll road assets.

Further details on the preparation of this section of the Report are set out in the Summary of significant policies (Section 2). A more detailed analysis of the performance of the individual road assets is included in Section 3.

Figure 2 – Pro forma proportionate revenue from road assets (A$m), 6 months ended 30 June

Figure 3 – Pro forma proportionate EBITDA from road assets (A$m), 6 months ended 30 June



1.2.1 Operating revenue

Underlying operating revenue increased A$13.9m (4.2%) year to date (YTD) compared to pro forma pcp. This increase in revenue is attributable primarily to the implementation of toll increases across the portfolio. These toll increases, represent an effective weighted average toll increase of 4.5% across the portfolio[1]. Refer to Section 1.1 for further commentary on traffic and toll revenue performance.

1.2.2 Operating expenses

Underlying operating expenses increased A$1.1m (1.2%) for the YTD. APRR operating expenses were marginally higher due to an increase in the operational tax rate charged by the French government (which was partially recovered through tariff increases effective from February 2011). Operating expenses for the Dulles Greenway also increased due to the non-recurring settlement and associated legal expenses detailed in Section 3.3.

1.2.3 EBITDA from road assets

Underlying EBITDA from road assets increased 5.4% to A$248.0m for the YTD. Underlying road assets EBITDA margin increased from 71.2% to 72.0%.

Improvements already noted in operating revenue were partially offset by increased operating expenses.

1.2.4 Asset maintenance capex

Underlying asset maintenance capex decreased 1.9% for the YTD. The basis of calculation of maintenance capex is outlined in the Summary of significant policies (Section 2) of this Report.

1. Weighted average by 6 months ended 30 June 2010 proportionately consolidated toll revenue.

1.2.5 Asset net interest and tax expense

Underlying net asset interest expense increased A$3.4m (2.4%) for the YTD primarily as a result of a higher interest expense at Dulles Greenway, due to an increase in the quantum of zero coupon accreting bond maturities. Interest income has also increased marginally due to higher cash balances across the majority of the portfolio.

There was no underlying asset net tax expense for the YTD. The pcp tax expense of A$26.6m related solely to APRR. The 2010 acquisition of minority shareholder interests in APRR enabled tax grouping between APRR and asset holding structure entities effective 1 January 2011. Accumulated tax losses and ongoing deductions at the holding structure entities may now be utilised and consequently the tax expense is zero for 2011.

1.2.6 Corporate net interest income and expenses

Corporate net interest income was A$0.6m, down from the A$3.4m earned during the period from 2 February to 30 June 2010. This is due to a decrease in the cash balance, following MQA's participation in the acquisition of a further 13.73% interest in APRR from minority shareholders where MQA contributed a total of €155.0m funded from its existing cash reserves during 2010.

The cash balance at 30 June 2011 was A$29.4m. The average cash balance during the period was A$26.9m compared to an average cash balance of A$209.6m for period from 2 February to 30 June 2010. Details on major corporate cash movements are provided in Section 1.5 Cash flow and cash position.

Corporate net expenses increased from A$12.2m for the period from 2 February to 30 June 2010 to A$29.9m for the 6 months ended 30 June 2011. Base management fees in the current period totalled A$8.2m, an increase from A$3.6m in the prior period. The increase in base management fees reflected an increase in market capitalisation of MQA and a full 6 month period (prior period fees being only for the period 2 February to 30 June 2010). Performance fees recognised during 2010 included only the first instalment of the 2010 fee (A$4.2m), whereas for the 6 months ended 30 June 2011, both the second instalment of the 2010 performance fee (A$4.2m) and the first instalment of the 2011 performance fee (A$16.7m) became payable and were recognised. Performance fees are determined based on MQA's security price performance relative to the S&P/ASX 300 Industrials Accumulation Index.

On 1 July 2011, as permitted under the MARL and MARIL management and advisory agreements with Macquarie Fund Advisers Limited (MFA), MFA and MQA independent directors agreed that the Manager and Adviser performance fees of A$20.9m payable at 30 June 2011 will be applied to a subscription for new MQA securities at a subscription price of $1.748040 per MQA security.

1.2.7 Asset net debt amortisation

Asset net debt amortisation reflects an allocation of earnings to required future debt repayments. As such, it does not form part of earnings. Further details, including the basis of calculation, are outlined in the Summary of significant policies (Section 2) of this Report.

1.3 Proportionate Earnings per Security

Table 3 – Proportionate Earnings per Security – Fund

	Actual Results 1 Jan to 30 June 11	Actual Results 2 Feb to 30 June 10
Weighted average MQA securities on issue	452,345,907	452,345,907
EBITDA per security from road assets (cents)	54.8	51.6
Proportionate Earnings per security from road assets (cents)	19.1	12.4
Proportionate Earnings per security (cents)	12.6	10.5

Proportionate earnings per security do not represent distributions to MQA security holders. MQA is not currently making distributions to its security holders. MQA expects to be in a position to provide distribution guidance following the completion of the refinancing of Eiffarie/APRR debt facilities.

1.4 Proportionate Net Debt

Table 4 – Proportionate Net Debt

	Actual as at 30 June 11 A$m	Pro Forma as at 30 June 10 A$m
Road assets net debt	6,453.5	6,737.0

Proportionate net debt decreased during the period primarily as a result of increased cash balances at APRR and Dulles Greenway. The impact however, was partially offset by capital accretion on the Dulles Greenway bonds and an additional year's accrual (net of payments) in relation to the M6 Toll land fund. Repayment of the land fund liability commenced in 2010.

1.5 Cash Flow and Cash Position

Table 5 – Aggregated Cash Flow Statement

	1 Jan to 30 June 11 A$m	2 Feb to 30 June 10 A$m
Cash flow received from assets		
M6 Toll	13.7	12.4
Total cash flow received from assets	13.7	12.4
Other operating cash flows		
Interest received on corporate cash balances	0.6	3.5
Other amounts received	0.2	4.9
Payments to suppliers and employees	(1.3)	(1.1)
Manager and Advisor base fees paid	(7.7)	(1.5)
Manager and Advisor performance fees paid	-	-
Income taxes (paid)/received	1.0	-
Net MQA operating cash flows	6.5	18.2
Investing and financing cash flows		
Payments for purchase of investments (including transaction costs)	(0.3)	(217.6)
Loans repaid by investments and controlled entities	0.2	-
Distributions paid	-	-
Total investing and financing cash flows	(0.1)	(217.6)
Net increase/(decrease) in cash assets	6.4	(199.4)
Cash assets at beginning of the period	23.1	228.1
Exchange rate movements	(0.1)	(5.7)
Cash assets at the end of the period	29.4	23.0
Comprising: Available cash	25.5	17.0
Cash not currently available for use	3.9	6.0

Some of the key differences in cash flow between the 6 months ended 30 June 2011 and the pcp have been:

- Base manager and adviser fees have increased due to an increase in market capitalisation of MQA. Additionally, pcp fees were only for the period 2 February to 30 June 2010.
- Payments for the purchase of investments in the pcp reflected MQA's participation in the acquisition of a further interest in APRR from minority shareholders. MQA contributed a total of €155.0m (excluding transaction costs), funded from its existing cash reserves.

Cash assets at the end of the period include cash not currently available for use by MQA of A$3.9m. These amounts represent secured cash deposits in relation to outstanding guarantees and letters of credit.

1.6 Pro Forma Available Cash Position

Table 6 – MQA Pro Forma Available Cash Position

	A$m
Available cash balance as at 30 June 2011	25.5
Less: June 2011 quarter management fees	(3.9)
Add: Interest income and other receipts, net of payments to suppliers	0.3
Pro forma available cash at 26 August 2011	21.9

Since 30 June 2011, the pro forma available cash position has decreased from A$25.5m to A$21.9m due primarily to the payment of June 2011 quarter management fees.

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Summary of Significant Policies

2 SUMMARY OF SIGNIFICANT POLICIES

The significant policies which have been adopted by the boards of MARL and MARIL, and used in the preparation of Sections 1 and 3 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) has been engaged to perform certain procedures for the directors of MARL and MARIL in relation to their preparation of the primary statements disclosed in Sections 1 and 3 of the Report: Proportionate Earnings (Tables 2, 7 and 8), Proportionate Net Debt (Table 4) and Aggregated Cash Flow Statement (Table 5) on the basis set out below. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed by PwC is that of the directors, and these procedures were performed solely to assist the directors of MARL and MARIL in evaluating the accuracy of the disclosures.

PwC conducted its 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 expresses no assurance over the accuracy of the Proportionate Earnings, Proportionate Net Debt, Aggregated Cash Flow Statement, or on any other aspect of the Report.

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

2.1 Proportionate Earnings

Current and prior period Proportionate Earnings 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 ownership interests. It is calculated as operating assets' revenues less operating assets' expenses, maintenance capital expenditure (maintenance capex), net interest expense, net tax expense, plus earnings or expenses at the corporate level including any gain on sale of road assets, corporate net interest income and corporate expenses including management fees.

Proportionate Earnings are disclosed for the current period (Actual Results).

Proportionate Earnings information for the pcp is also disclosed under a pro forma approach. The pro forma information is derived by restating the prior period results with the operating assets ownership percentages and foreign currency exchange rates from the current period (Pro forma Results). Pro forma 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 Sections 1 and 3 of this Report refers to movements under the pro forma approach.

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

Relevant assets

For an asset to qualify as a relevant asset for inclusion in Proportionate Earnings from road assets, the asset must be a toll road operator (road asset) in which the Group has an ownership interest with a realisable value. The Group's relevant road assets are presented in the table on page 17 of this Report.

MQA owned 50% of the South Bay Expressway (SBX) which filed for bankruptcy in March 2010 by making a voluntary petition for relief under Chapter 11 of the US Bankruptcy code. On 29 April 2011, the Courts approved SBX's corporate reorganisation and MQA no longer has any equity interest in SBX. SBX was not considered a relevant asset as it has been valued at zero since 30 June 2009. Consequently, the results of SBX have been excluded from this Report.

Transtoll was placed into voluntary liquidation on 16 December 2010. The results of Transtoll are excluded from this report.

Foreign exchange rates

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

Beneficial ownership interest

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

The Beneficial Ownership Interests of the Group in the roads used in the calculation of Proportionate Earnings for the 6 months ended 30 June 2011 are as set out below. Beneficial Ownership Interests applied for presentation of the period of 2 February 2010 to 30 June 2010 are also detailed.

Beneficial Ownership Interest for: Road asset	1 Jan to 30 June 11 %	2 Feb to 30 Jun 10 %
APRR[1]	19.1	20.4
Dulles Greenway[2]	50.0	50.0
M6 Toll	100.0	100.0
Chicago Skyway	22.5	22.5
Indiana Toll Road	25.0	25.0
Warnow Tunnel	70.0	70.0

1. These interests reflect MQA's weighted average beneficial ownership interest of APRR.
2. Reflects estimated economic interest.

Operating revenue

Asset revenue is calculated by the aggregation of the product of the Beneficial Ownership Interest and the total revenue of each road asset. Revenue is recognised under the local GAAP applicable to each road asset.

Operating expenses

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

Asset maintenance capex

Due to its nature, road asset maintenance expenditure may fluctuate significantly from period to period and therefore this Report does not reflect the actual timing of cash outflows for maintenance capex. Rather, the Proportionate Earnings include a provision for 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).

Asset net interest expense

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

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

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

Asset net tax expense

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

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

Gain on sale of road assets

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

Corporate net interest income

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

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

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

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

Corporate net expenses

Corporate net expenses reflect the aggregation of:

- all expenses paid by the Group, including base management fees and performance fee instalments which became payable in the period;
- the Group's share of expenses from entities interposed between any of the MQA stapled entities and the operator companies not included in the assets' operating expenses; and
- current tax expense at the corporate level.

Net debt amortisation

Reflective of the fact that net debt at each asset must be repaid prior to concession end, a charge is made to amortise the net debt over the concession life. Net debt amortisation as shown does not reflect actual cash debt repayments for the period, rather, it represents a provision for amounts that will be payable at a later date, 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. Corporate net debt if any is not amortised.

2.2 Aggregated Cash Flow Statement

The Aggregated Cash Flow Statement represents the aggregation of the cash flows attributable to security holders. 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. 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.

2.3 Proportionate Net Debt

Road asset net debt

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

- The Group's proportionate share of the net debt at each road asset including the land fund liability[1] at the M6 Toll; and
- The Group's proportionate share of the net debt held by entities interposed between any of the stapled entities and its road assets that is non-recourse to the Group.

Net debt is calculated at each road 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. Where interest rate swaps are structured to mirror a series of capital accretion bonds (e.g. Chicago 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.

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.

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1. The land fund liability represents Midland Expressway Limited's (the owner for the M6 Toll) obligation to repay the government for land acquisition costs incurred in developing the M6 Toll. Repayment of the liability commenced in 2010 and the liability will be fully repaid by the end of the concession.

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Asset Performance

3 ASSET PERFORMANCE

Prior corresponding period results presented in this section of the Report are prepared on a pro forma basis unless otherwise stated. Sections 3.2 to 3.6 are reported on a 100% asset basis and in the natural currency of the asset. A detailed asset performance section is not provided for Warnow Tunnel.

3.1 Proportionate Earnings by Asset

Further details on the basis of preparation of Section 3.1 of the Report are set out in the Summary of significant policies (Section 2).

Table 7 – Actual Proportionate Earnings for 6 months ended 30 June 2011

	APRR[1] A$m	Dulles A$m	M6 Toll A$m	Chicago Skyway A$m	ITR A$m	Warnow A$m	TOTAL A$m
Operating revenue	252.3	16.0	44.4	6.9	20.7	3.9	344.3
Operating expenses	(78.6)	(4.9)	(6.3)	(1.0)	(4.3)	(1.3)	(96.3)
EBITDA from road assets	173.7	11.1	38.1	5.9	16.4	2.7	248.0
Asset maintenance capex	(10.7)	(0.3)	(1.8)	(0.5)	(1.8)	(0.3)	(15.5)
Asset net interest expense	(77.6)	(5.2)	(38.2)	(4.0)	(19.5)	(1.8)	(146.3)
Asset net tax expense	-	-	-	-	-	-	-
Proportionate Earnings from road assets	85.4	5.6	(1.9)	1.4	(4.9)	0.6	86.2

1. APRR figures represent a consolidation of APRR, AREA and Eiffarie.

Table 8 – Pro Forma Proportionate Earnings for 6 months ended 30 June 2010[1]

	APRR[2] A$m	Dulles A$m	M6 Toll A$m	Chicago Skyway A$m	ITR A$m	Warnow A$m	TOTAL A$m
Operating revenue	241.3	14.9	46.2	6.1	18.5	3.4	330.4
Operating expenses	(78.3)	(4.6)	(5.8)	(1.0)	(4.3)	(1.3)	(95.2)
EBITDA from road assets	163.1	10.3	40.4	5.1	14.2	2.1	235.2
Asset maintenance capex	(10.8)	(0.3)	(2.0)	(0.5)	(2.0)	(0.2)	(15.8)
Asset net interest expense	(77.9)	(4.2)	(35.9)	(5.1)	(18.0)	(1.8)	(142.9)
Asset net tax expense	(26.6)	-	-	-	-	-	(26.6)
Proportionate Earnings from road assets	47.8	5.8	2.5	(0.6)	(5.8)	0.1	49.9

1. Data for 30 June 2010 represents the results of MQA's portfolio of road assets for the 6 months ended 30 June 2010 adjusted for ownership interests and foreign exchange rates for the 6 months ended 30 June 2011.
2. APRR figures represent a consolidation of APRR, AREA and Eiffarie.

3.2 Autoroutes Paris Rhin-Rhône (APRR) – France

3.2.1 Traffic

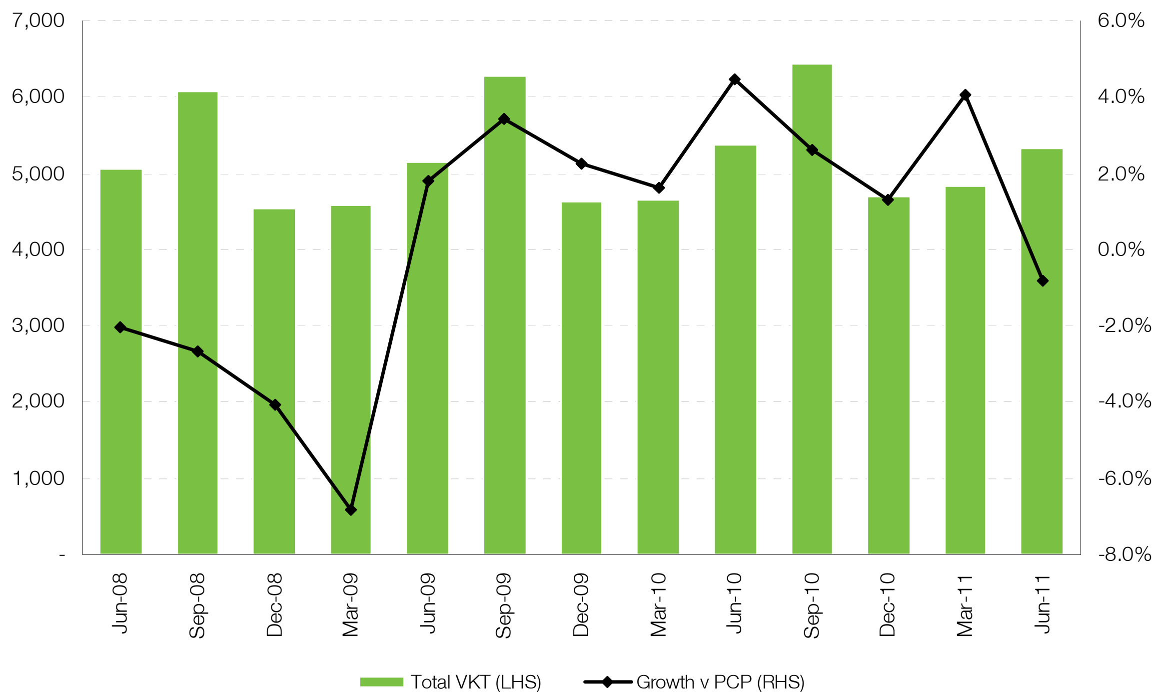
Table 9 – APRR traffic performance

	Quarter to Date			Year to Date		
Category	Apr-Jun 2010	Apr-Jun 2011	Change vs. pcp	Jan-Jun 2010	Jan-Jun 2011	Change vs. pcp
Vehicle Kilometres travelled (millions)						
Light vehicles	4,548	4,475	(1.6%)	8,412	8,469	0.7%
Heavy vehicles	820	849	3.6%	1,606	1,694	5.5%
Total	5,368	5,324	(0.8%)	10,018	10,164	1.5%
Workdays in period	62	62	+0	125	126	+1
Non workdays in period	29	29	+0	56	55	-1

In the 6 months ended 30 June 2011, total traffic (VKT) increased by 1.5% on pcp, with growth in both light and heavy vehicles. Light vehicle traffic increased marginally, up 0.7% on pcp. Heavy goods vehicle traffic grew by 5.5% on pcp, continuing its recovery, but remaining 7.1% below pre-recession 1H 2008 levels.

After a strong first quarter, light vehicle traffic in the second quarter was 1.6% below 2010 levels primarily as a result of the positive traffic effects of air disruptions by the ash cloud from an Icelandic volcano and rail strikes during the pcp. In addition, the second quarter of 2010 benefited from excellent snow conditions in ski resorts. Light vehicle volumes were 4.1% above pre-recession 1H 2008 levels.

Figure 4 – APRR quarterly traffic performance (VKT)



3.2.2 Financial performance

Figure 5 – APRR revenue (€m), 6 months ended 30 June

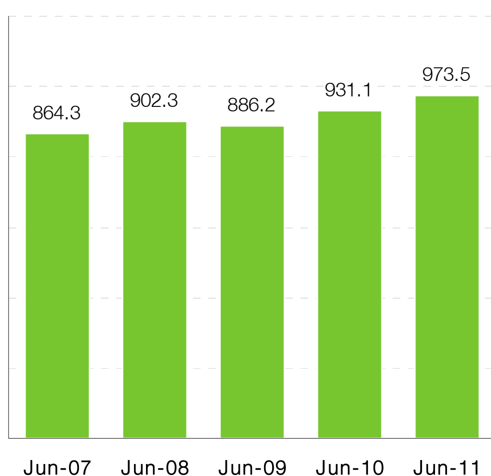
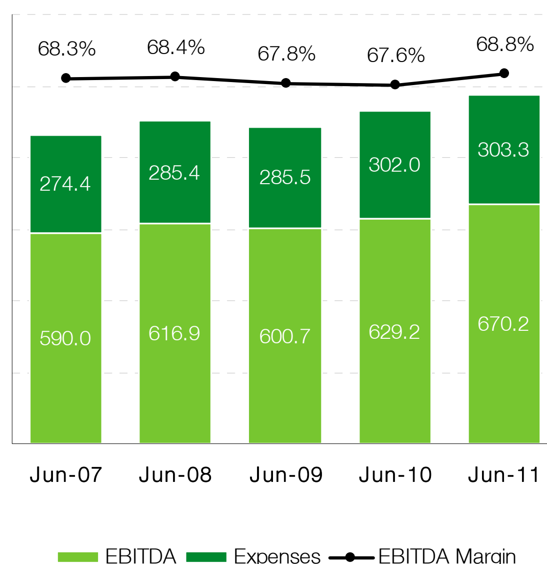


Figure 6 – APRR/Eiffarie EBITDA (€m)[1], 6 months ended 30 June



1. The above results in Figure 6 include 100% of the results of APRR consolidated with Eiffarie. Eiffarie is the holding company for the consortium's interest in APRR. EBITDA of APRR on a standalone basis was €671.4m and operating expenses of Eiffarie were €1.2m for 6 months ended 30 June 2011. Eiffarie operating expenses includes advisory and transaction costs.

Consolidated revenues totalled €973.5m for the 6 months ended 30 June 2011, up 4.5% from €931.1m in the pcp. This was primarily driven by toll revenues, which were 4.6% up on last year driven by a tariff increase (including a partial recovery for increases in French government operational taxes) taking effect from February 2011 and a higher proportion of heavy vehicles in the traffic mix.

Operating expenses increased marginally (0.4%) from €302.0m in the 6 months ended 30 June 2010 to €303.3m in the 6 months ended 30 June 2011. This was mainly reflected by an increase in the operational tax rate charged by the French government, offset by lower purchase and external charges.

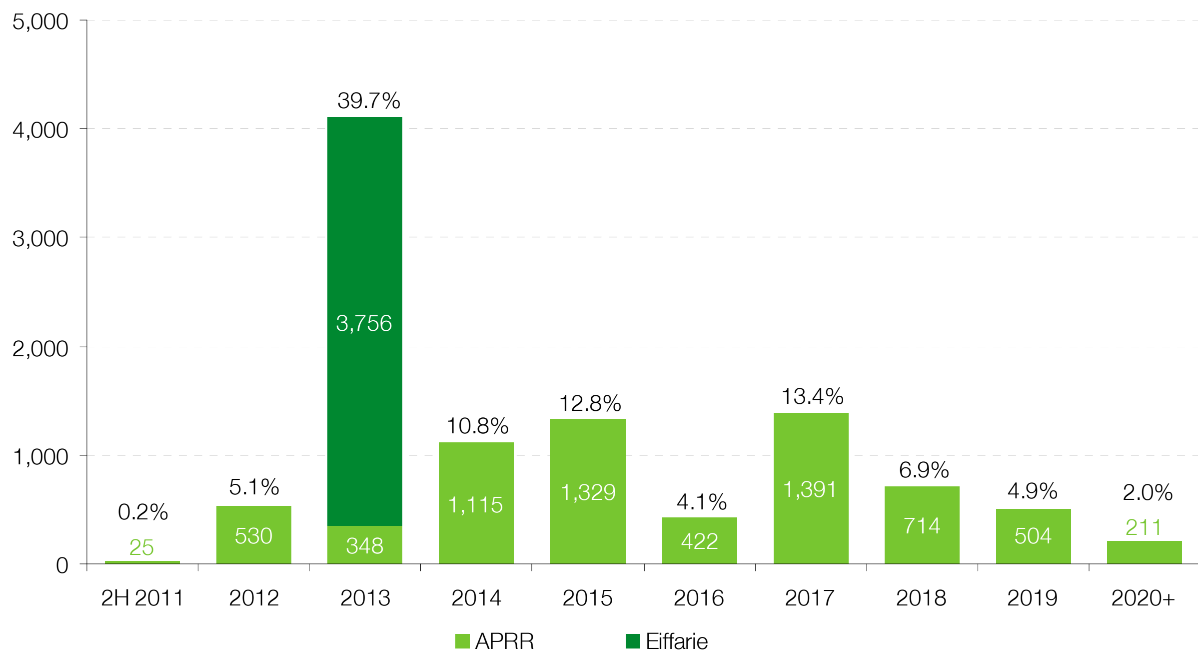
3.2.3 Operational initiatives

The number of active Liber-t badges managed by APRR/AREA increased by approximately 21% in the last 12 months, with around 965,000 badges now in circulation.

Electronic Toll Collection (ETC) accounted for 48.1% of all transactions in the first half of 2011 compared with 45.5% in the first half of 2010. Automated transactions accounted for 84.2% of total transactions compared with 77.0% in pcp and 130 out of the 150 toll plazas are now totally or partially automated.

3.2.4 Financing and Debt

Figure 7 – APRR/Eiffarie debt maturity profile (€m)



APRR issued €1,000m of bonds in January 2011 under its Euro Medium Term Note (EMTN) program. The 5.0% 6-year bonds were issued at €99.484, representing a margin of 245bp over mid-rate swaps. This was followed by a private placement of €50m 10-year index-linked bonds with 3.3% fixed coupon in January 2011.

APRR issued a further €500m bonds on 13 May 2011 under its EMTN program. The bonds were issued with a coupon of 4.875% and a maturity of January 2019. They were priced at €99.74, representing a margin of 170bp over mid-rate swaps. This issue completed the building of sufficient liquidity at APRR to make anticipated dividends to Eiffarie prior to the refinancing of Eiffarie's debt facilities.

Cash balances, the undrawn amount of APRR's revolving credit facility, and excess operational cash flows are sufficient to cover debt maturities until late 2012.

S&P removed their negative outlook from APRR's credit rating in March 2011.

3.3 Dulles Greenway – Virginia, US

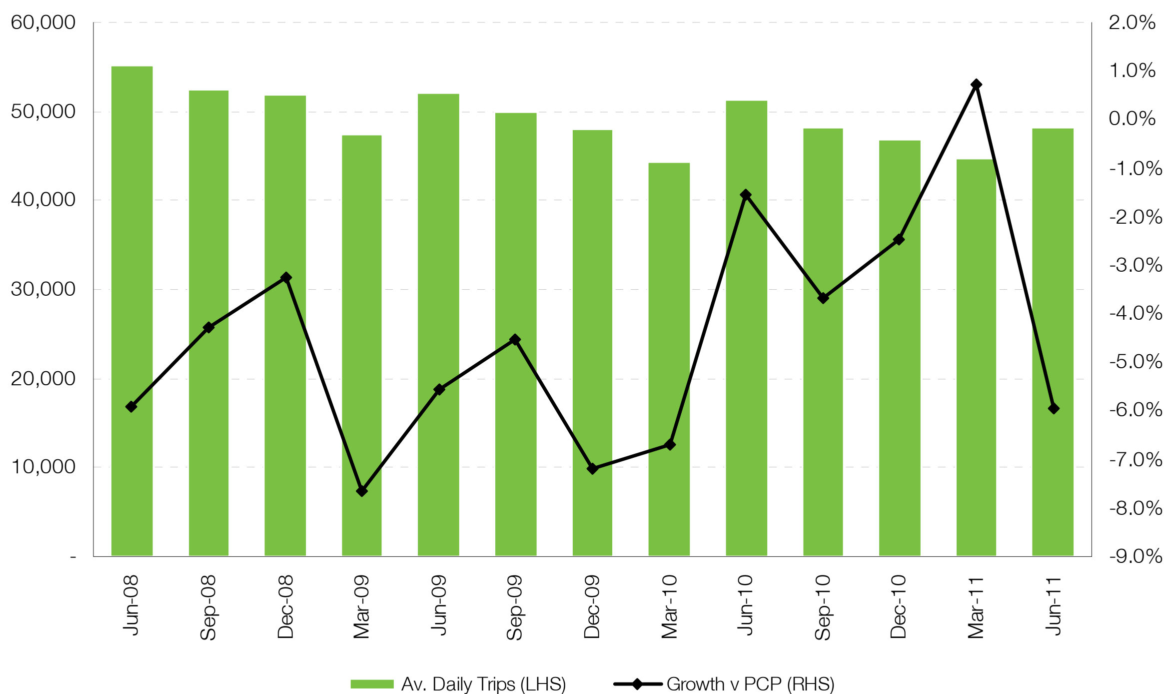
3.3.1 Traffic

Table 10 – Dulles Greenway traffic performance

	Quarter to Date			Year to Date		
Category	Apr-Jun 2010	Apr-Jun 2011	Change vs. pcp	Jan-Jun 2010	Jan-Jun 2011	Change vs. pcp
Average daily traffic						
Average workday trips	59,335	55,831	(5.9%)	56,138	54,219	(3.4%)
Weekends/public holidays	33,110	31,109	(6.0%)	29,681	29,058	(2.1%)
All days	51,266	48,224	(5.9%)	47,807	46,434	(2.9%)
Non-cash transactions	88.1%	89.4%	1.3%	87.8%	89.7%	1.9%
Workdays in period	63	63	+0	124	125	+1
Non workdays in period	28	28	+0	57	56	-1

Average Daily Traffic (ADT) on the Dulles Greenway for the quarter has decreased 5.9% compared to pcp, while ADT for the year to date decreased by 2.9%. This was due to weaker traffic conditions across the corridor generally, rising fuel prices and the impact of toll increases on the Greenway and the connecting Dulles Toll Road (DTR). Traffic volumes on the adjoining DTR fell by 5.2% for the quarter ended 30 June 2011.

Figure 8 – Dulles Greenway quarterly traffic performance



3.3.2 Financial performance

Figure 9 – Dulles Greenway revenue (US$m), 6 months ended 30 June

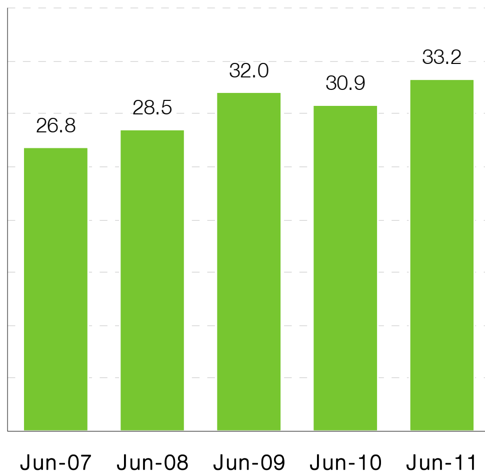
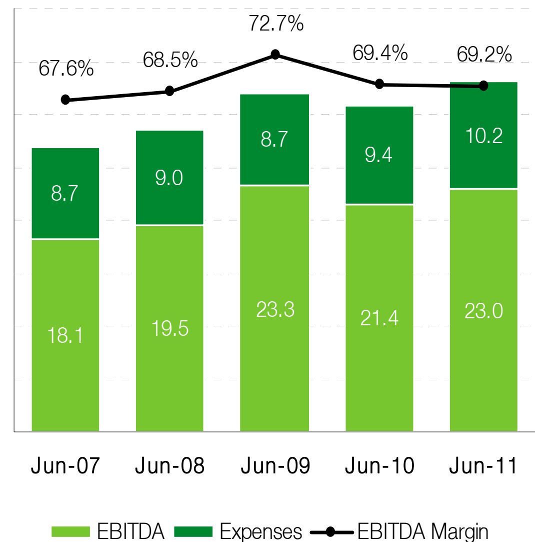


Figure 10 – Dulles Greenway EBITDA (US$m), 6 months ended 30 June



Revenue for the 6 months ended 30 June 2011 has increased 7.5% compared to pcp, while revenue for the quarter ended 30 June 2011 increased 3.8% due to a toll increase implemented on the Greenway on 1 July 2010, partially offset by lower traffic levels.

The concessionaire terminated the third party Operations and Maintenance (O&M) service provider's contract in May 2010 and began self-performing operations on 6 May 2010 resulting in improving operating efficiencies. A non-recurring settlement expense of approximately US$2.0m and associated legal costs of US$0.7m (~US$2.7m total) have been recognised for the 6 months ended 30 June 2011 relating to the settlement of claims with respect to the O&M service provider's contract.

Excluding the impact of these non-recurring legal and settlement expenses for the 6 months ended 30 June 2011, operating costs were US$7.5m, EBITDA for the period was US$25.7m and the EBITDA margin was 77.4%.

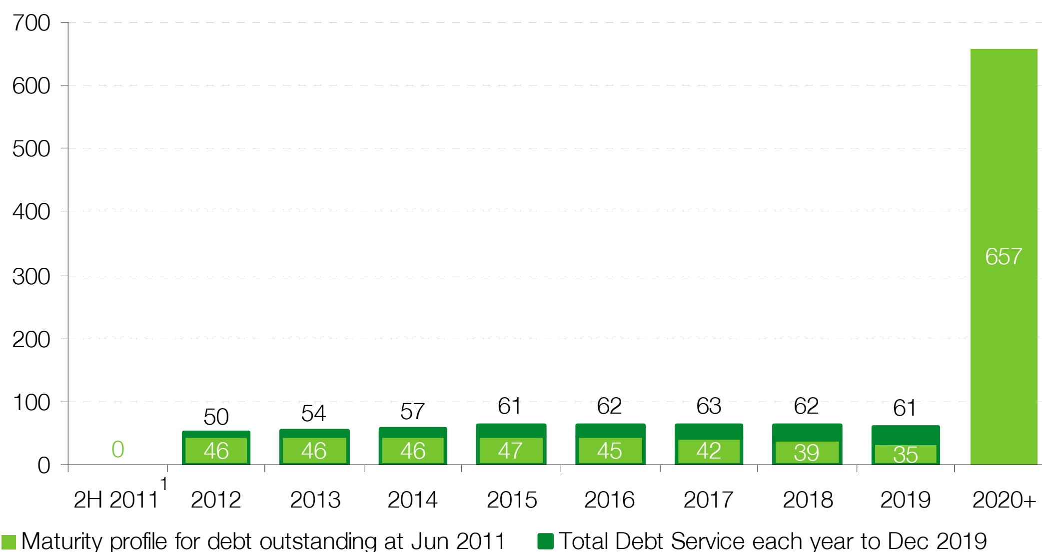
3.3.3 Operational initiatives

TRIP II continues to assess opportunities to improve O&M performance. Initiatives continuing from last year through to calendar year 2011 included:

- continued improvement in all maintenance and toll collection procedures;
- implementation of new procedures for reduction of unpaid tolls and toll violations; and
- upgrading toll equipment and modifying software for efficiency.

3.3.4 Financing and debt

Figure 11 – Dulles Greenway debt maturity profile (US$m)



1. Total 2011 debt service of US$44m paid in 1H 2011.

The chart above presents the maturity profile for the debt outstanding at 30 June 2011 as well as total debt service to be paid in any given year to December 2019 (total debt service). All of Greenway's debt is in the form of fixed-interest rate senior bonds, with US$35.0m in the form of current interest bonds and US$967.6m in the form of zero-coupon bonds with various maturities extending to 2056.

There have been no major developments on the Dulles Greenway debt position in the 6 months ended 30 June 2011. The Dulles Greenway did not meet its distribution tests at 31 December 2008 and consequently is in distribution lock-up under its senior debt indentures through to at least 31 December 2011. Excess cash will continue to accumulate while Greenway is in lock up. Greenway continues to operate on a positive cash flow basis and is well capitalised, with more than US$155m of cash as at 30 June 2011. In 2010, the DSCR was 1.36x while the ADSCR was 1.34x. Refer to Section 4.5 for DSCR calculation methodology.

Ratings review

Dulles Greenway's bonds are credit wrapped by NPFGC (formerly MBIA). S&P, Moody's and Fitch provide an underlying rating of TRIP II, the bond issuer. Moody's Investors Service downgraded the underlying rating on TRIP II from Baa3 to Ba1 in June 2011 with a negative outlook. There are no adverse consequences for the asset from this downgrade as the current bond structure extends to the end of TRIP II's concession term and is not subject to refinancing risk. Fitch continues to hold TRIP II at BBB-. S&P continues to hold a BBB- underlying rating on TRIP II's project revenue bonds with a stable outlook.

Dulles Greenway Distribution tests worked example

	2010 Actual US$	2009 Actual US$
Toll Revenues	65,271,391	63,782,561
Operating Expenses	(17,912,275)	(18,165,281)
Net Toll Revenues (Minimum Coverage Ratio)	47,359,116	45,617,280
Improvement Fund Deposit	-	-
Increase Operating Reserve Fund	(685,082)	-
Net Toll Revenues (Additional Coverage Ratio)	46,674,034	45,617,280
1999A	2,493,750	2,493,750
1999B	25,100,000	23,500,000
2005A	7,200,000	7,800,000
2005B/2005C	-	-
Total Debt Service[1]	34,793,750	33,793,750
Minimum Coverage Ratio – 1.25x	1.36x	1.35x
Additional Coverage Ratio – 1.15x	1.34x	1.35x

1. Debt Service = the sum of (a) Debt Service on all Series 1999 Bonds Outstanding for such Fiscal Year, (b) Debt Service on all Series 2005 Bonds Outstanding for such Fiscal Year and (c) scheduled early redemption amounts for such Fiscal Year as set forth in the Early Redemption Schedule for the 2005 Bonds.

3.4 M6 Toll – West Midlands, UK

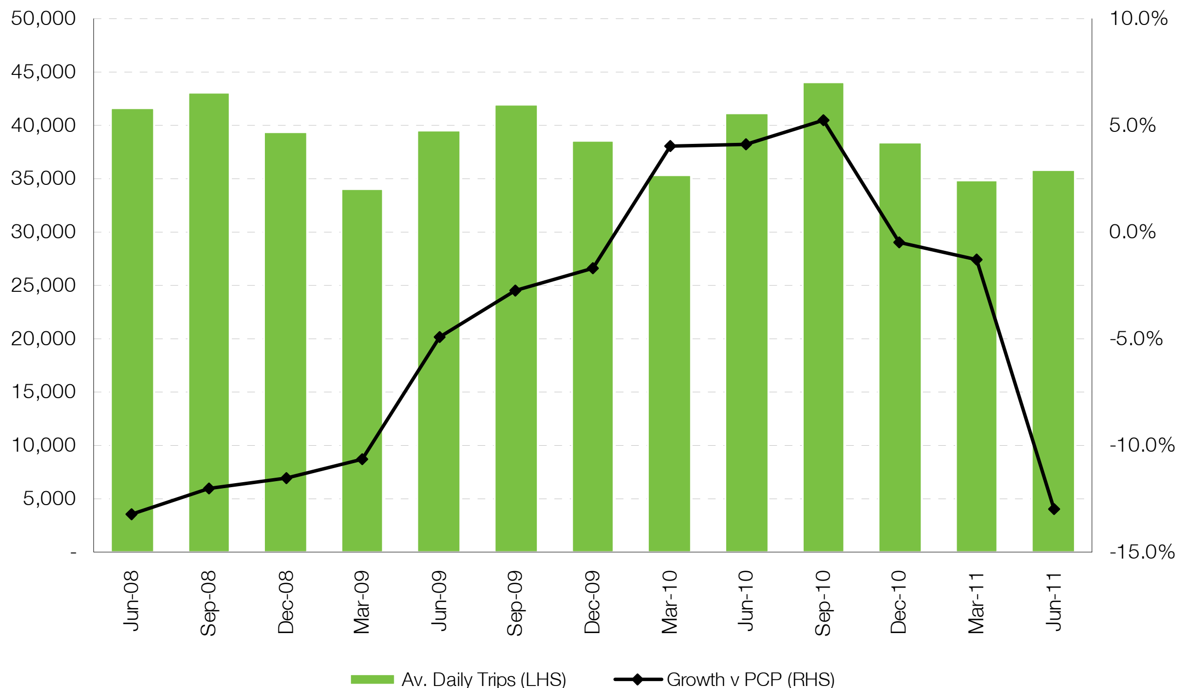
3.4.1 Traffic

Table 11 – M6 Toll traffic performance

	Quarter to Date			Year to Date		
Category	Apr-Jun 2010	Apr-Jun 2011	Change vs. pcp	Jan-Jun 2010	Jan-Jun 2011	Change vs. pcp
Average daily traffic						
Average workday trips	46,606	40,903	(12.2%)	43,413	40,676	(6.3%)
Weekends/public holidays	30,194	26,075	(13.6%)	27,143	24,159	(11.0%)
All days	41,195	35,852	(13.0%)	38,290	35,383	(7.6%)
Non-cash transactions	58.1%	65.4%	7.3%	60.0%	66.9%	6.9%
Workdays in period	61	60	-1	124	123	-1
Non workdays in period	30	31	+1	57	58	+1

Traffic levels fell in the 6 months ended 30 June 2011. Average daily traffic fell by 7.6% on pcp, with weekend traffic showing a bigger drop than workday traffic, primarily due to improvement in road capacity on competing sections of the M6. Other external factors have also contributed to the low traffic levels, including sustained high fuel prices and softness in the UK economy.

Figure 12 – M6 Toll quarterly traffic performance



3.4.2 Financial performance

Figure 13 – M6 Toll revenue (£m), 6 months ended 30 June

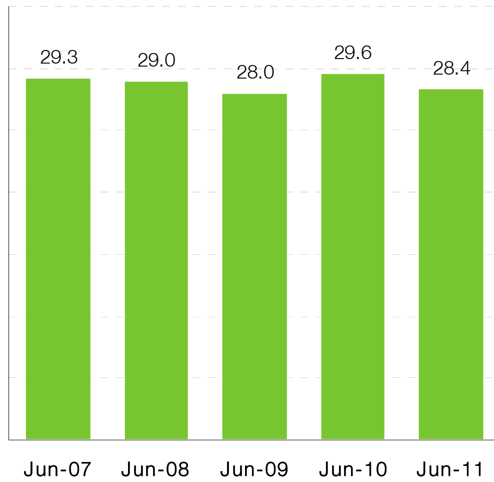
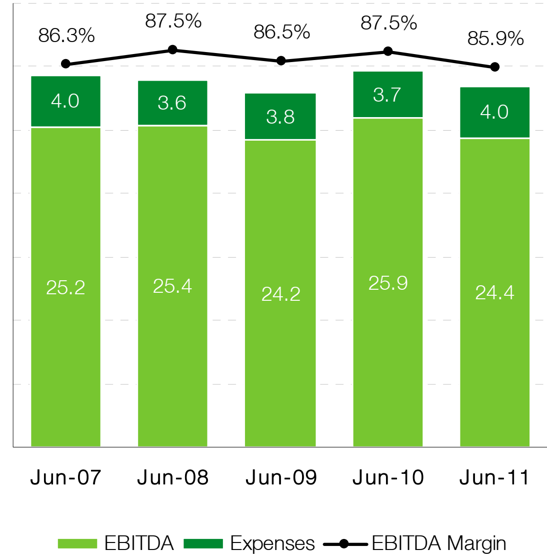


Figure 14 – M6 Toll EBITDA (£m), 6 months ended 30 June



The toll increases implemented in March 2011 partly offset the impact of the fall in traffic on revenues, which fell by 4.1%. Operating costs in the period increased by 8.1% due to increases in staff costs and a timing difference in highway maintenance works, as a result, EBITDA fell by 5.8%.

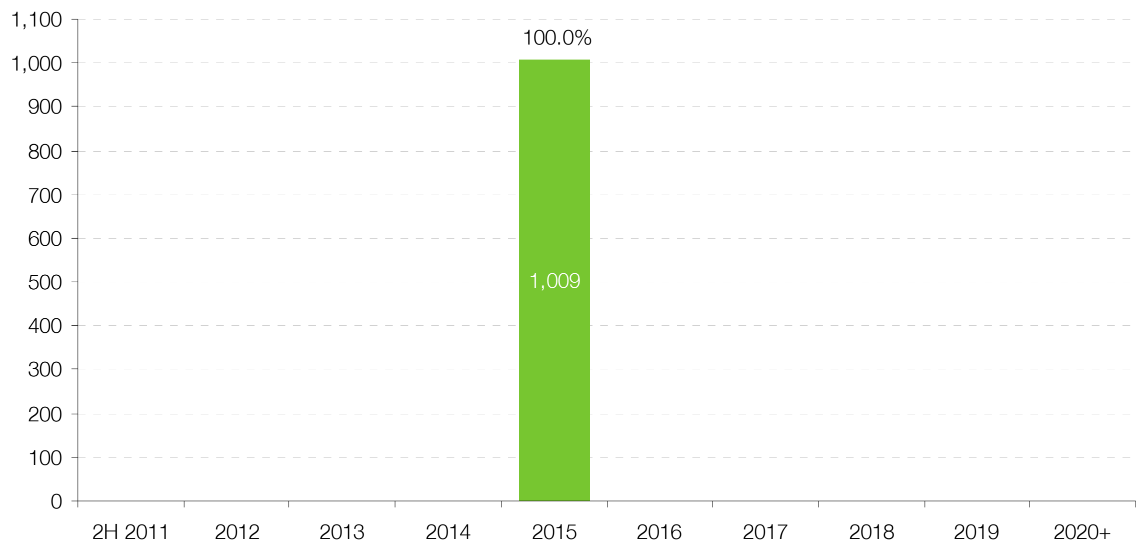
3.4.3 Operational initiatives

Overall tag usage in the 6 months ended 30 June 2011 was comparable to 2010, at 12.1% of total transactions. For the same period, non-cash transactions represented 66.9% of total transactions, with cards now being the most common method of payment. The reduction in manual toll collection and automatic coin machine usage improves efficiency and throughput at the plazas. M6 Toll is due to trial the use of contactless cards at its plazas later this year.

In April 2011, M6 Toll introduced dedicated "green lanes" for tag users which are aimed at ensuring a higher level of service for regular customers and encouraging drivers to switch to the tag. These have been well-received. In addition, several initiatives have been put in place to promote the use of tags and to increase sales. These include increasing availability through new outlets selling "Quick Start Tags" and redeveloping the e-commerce facilities on the M6 Toll website.

3.4.4 Financing and debt

Figure 15 – M6 Toll debt maturity profile (£m)



Debt facilities are not due to mature until August 2015, however a cash sweep of 40% is due to commence in August 2011 escalating to 100% by August 2014. As at 30 June 2011, total drawn debt (excluding the land fund) was £1,009m. There is an embedded liability in M6 Toll's accreting swap of approximately £150m, as distinct from any mark to market calculation with respect to the swap.

3.5 Chicago Skyway – Chicago, US

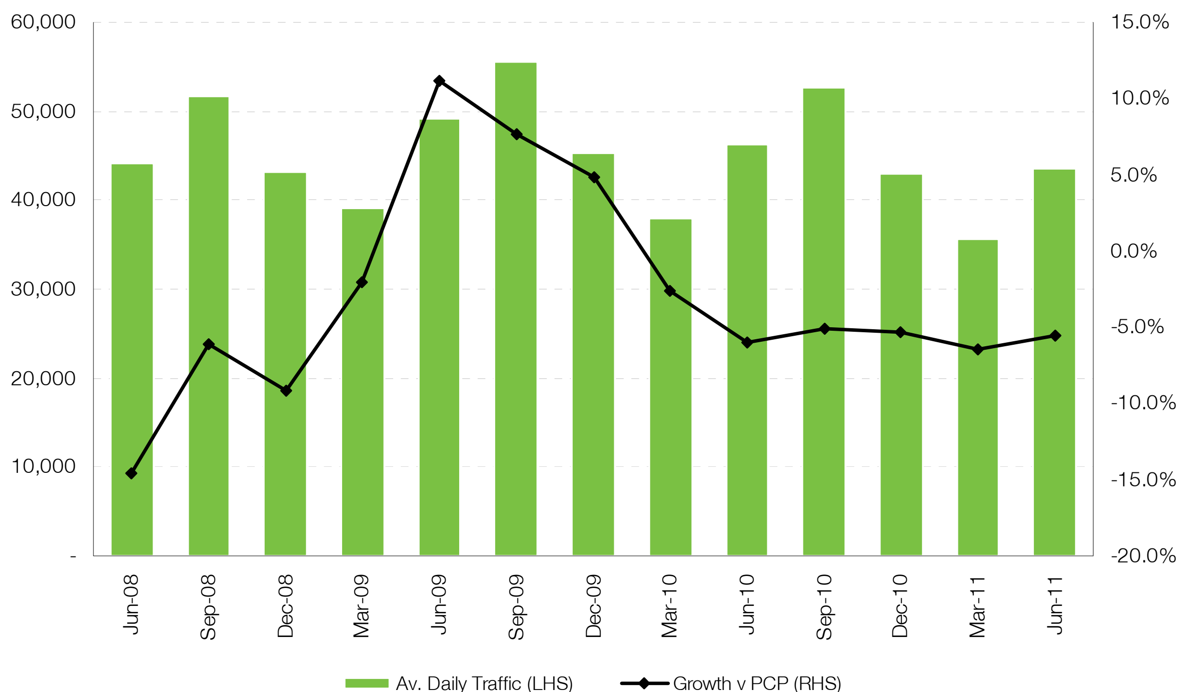
3.5.1 Traffic

Table 12 – Chicago Skyway traffic performance

Category	Apr-Jun 2010	Apr-Jun 2011	Change vs. pcp	Jan-Jun 2010	Jan-Jun 2011	Change vs. pcp
	Quarter to Date			Year to Date		
Average daily traffic						
Average workday trips	44,602	42,161	(5.5%)	41,049	38,647	(5.9%)
Weekends/public holidays	49,788	46,959	(5.7%)	44,494	41,806	(6.0%)
All days	46,198	43,637	(5.5%)	42,134	39,625	(6.0%)
Non-cash transactions	56.7%	59.2%	2.5%	57.4%	59.8%	2.4%
Workdays in period	63	63	+0	124	125	+1
Non workdays in period	28	28	+0	57	56	-1

Average daily traffic for the quarter ended 30 June 2011 was 5.5% below pcp, while traffic decreased by 6.0% for the year to date. Traffic has been negatively impacted by toll increases of approximately 17% for light vehicles and 33% for heavy vehicles as well as by higher fuel prices and ongoing construction works on the adjoining ITR barrier system.

Figure 16 – Chicago Skyway quarterly traffic performance



3.5.2 Financial performance

Figure 17 – Chicago Skyway revenue (US$m), 6 months ended 30 June

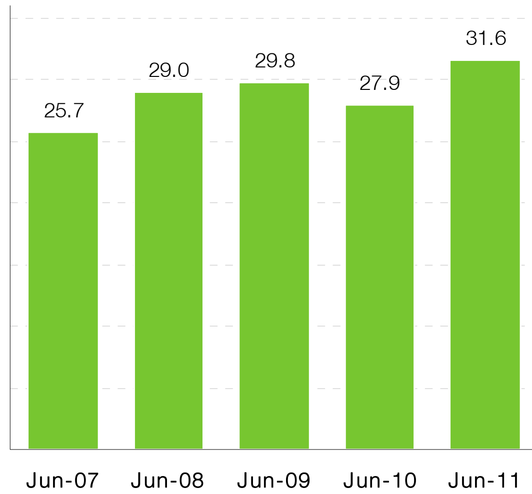
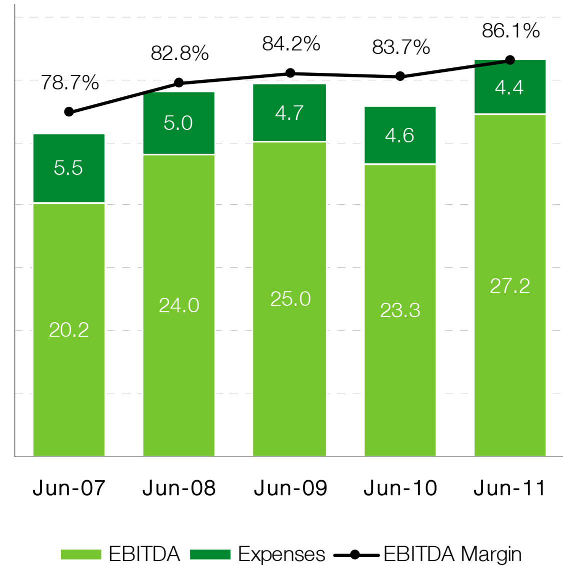


Figure 18 – Chicago Skyway EBITDA (US$m), 6 months ended 30 June



Revenue for the 6 months ended 30 June 2011 increased 13.3% compared to pcp, while revenue for the quarter increased 14.0% as a result of the new toll schedule introduced on 1 January 2011, partially offset by traffic declines. Chicago Skyway increased tolls from US$3.00 to US$3.50 for light vehicles and US$1.80 per axle to US$2.40 per axle for heavy vehicles. Skyway has a set tolling schedule in place until 2017, with tolls post 2017 permitted to increase annually by the greater of CPI, nominal GDP per capita or 2%.

Operating expenses for the 6 months ended 30 June 2011 decreased 3.6%, while EBITDA increased by US$3.9m as the EBITDA margin improved by 2.4% compared to pcp.

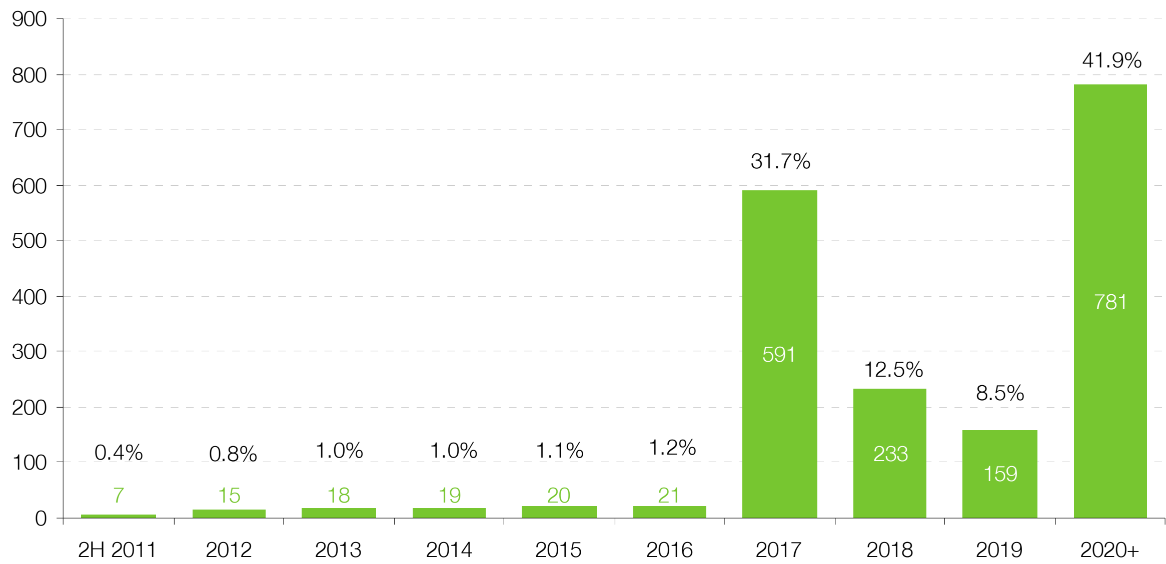
3.5.3 Operational initiatives

Management continues to promote ETC transponder use. Non-cash transactions for the quarter ended 30 June 2011 were 59.2% compared to 56.7% in 2010. ETC penetration improves customer retention, payment reliability and reduces overall operating costs.

Skyway upgraded its radio system in 2010 and is continuing a series of initiatives including installation of new cameras at the toll plaza and coordinating Payment Card Industry compliance efforts. The upgrades will enhance the operating performance of the Skyway.

3.5.4 Financing and debt

Figure 19 – Chicago Skyway debt maturity profile (US$m)



The chart above presents the maturity profile for all Skyway debt outstanding as at 30 June 2011 (i.e. excluding future capitalised interest on Capital Accretion Bonds). Skyway had US$1.9bn of senior debt outstanding as at 30 June 2011 with US$1.3bn in the form of Capital Accretion Bonds and US$439.0m Current Interest Bonds, as well as US$163.0m subordinated debt.

Skyway Concession Company LLC (SCC) did not meet its equity distribution test in December 2010 and will be in distribution lock-up through to at least 31 December 2011.

3.6 Indiana Toll Road (ITR) – Indiana, US

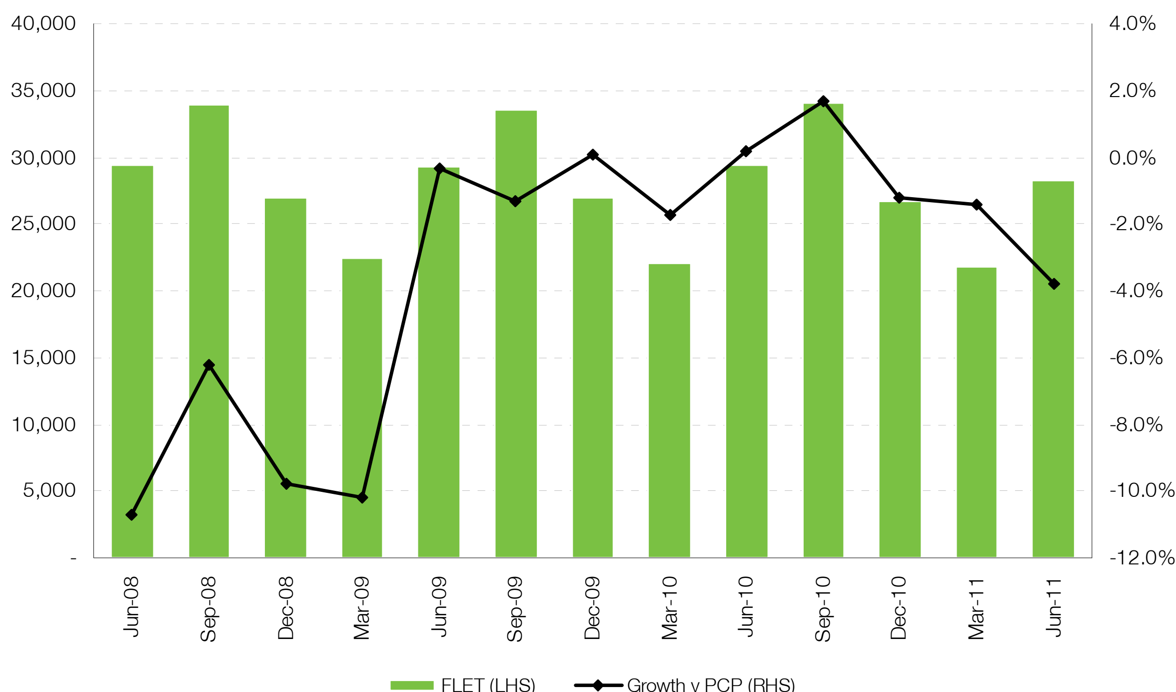
3.6.1 Traffic

Table 13 – ITR traffic performance

		Quarter to Date			Year to Date	
Category	Apr-Jun 2010	Apr-Jun 2011	Change vs. pcp	Jan-Jun 2010	Jan-Jun 2011	Change vs. pcp
Average daily traffic						
Ticket (FLET)	25,291	24,403	(3.5%)	21,963	21,526	(2.0%)
Barrier (FLET)	52,121	49,726	(4.6%)	46,880	44,603	(4.9%)
Non-cash – ticket (ADT)	60.5%	65.6%	5.1%	61.9%	67.0%	5.1%
Non- cash – barrier (transactions)	64.4%	67.6%	3.2%	65.0%	69.1%	4.1%
Workdays in period	63	63	+0	124	125	+1
Non workdays in period	28	28	+0	57	56	-1

Average daily traffic on the ITR for the 6 months ended 30 June 2011, measured in full length equivalent trips (FLET), decreased 2.0% on the ticket system and by 4.9% on the barrier system compared to pcp. ITR traffic volumes continue to be impacted by the Skyway toll increases introduced in January 2011, higher fuel prices and ongoing construction works on the ITR barrier system.

Figure 20 – Indiana Toll Road quarterly traffic performance (total trips)



3.6.2 Financial performance

Figure 21 – ITR revenue (US$m), 6 months ended 30 June

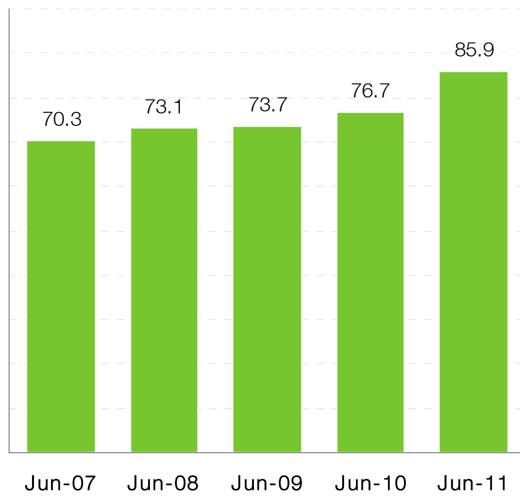
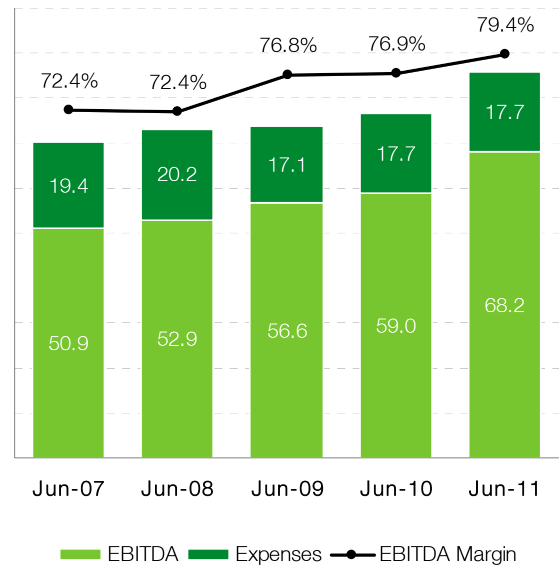


Figure 22 – ITR EBITDA (US$m), 6 months ended 30 June



Revenue for the 6 months ended 30 June 2011 increased by US$9.2m (or 12.0%) to US$85.9m, relative to pcp, driven by the continued recovery of heavy vehicle traffic on the ticket system and the toll increase for all vehicles implemented in July 2010.

Operating expenses for the year to date were in-line with pcp, while operating expenses for the quarter ended 30 June 2011 were 4.5% below pcp, as a result of savings in personnel expenses and third party services.

A state subsidized "toll freeze" is currently scheduled to remain in place for passenger vehicles using ETC until 2016. During this period, the State of Indiana will reimburse ITR for the difference between the actual toll paid by each ETC passenger vehicle and the higher toll applicable to cash users.

3.6.3 Operational initiatives

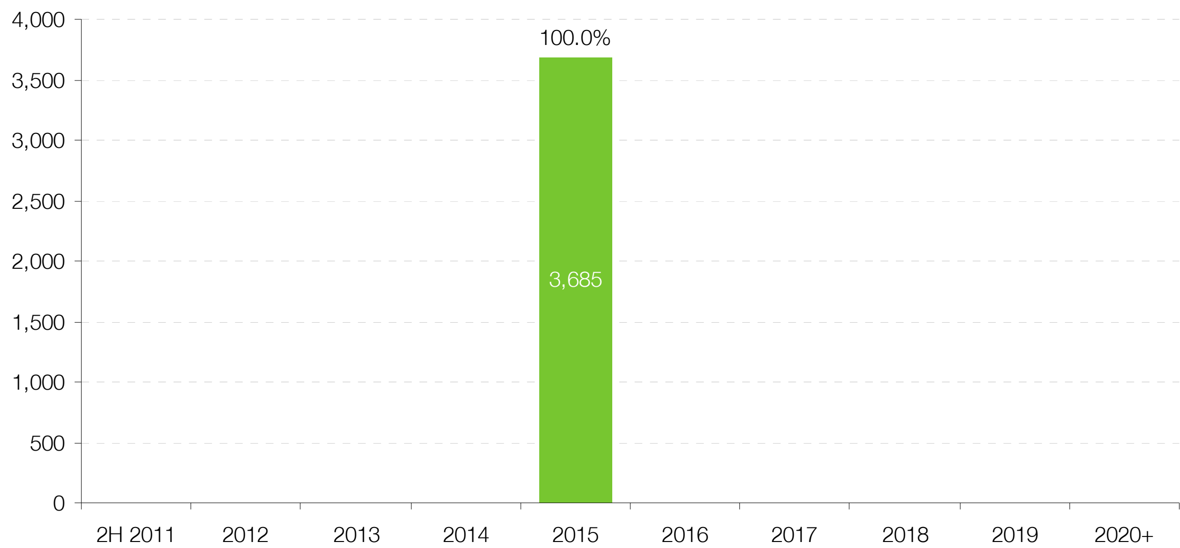
Transponder usage continues to increase as ITR promotes the benefits of using ETC, which include lower tolls and travel time savings. On the barrier system, ETC usage was 67.6% of total barrier transactions in the quarter ended 30 June 2011. On the ticket system, ETC usage was at 65.6% of total ticket transactions in the same period.

ITR's Customer Care Centre has issued over 14,000 i-Zoom transponders during 2011. At 30 June 2011, ITR had issued over 150,000 transponders.

Progress on the Mandatory Expansion Works continues and construction is expected to be completed in 2011. Construction is currently 90.9% complete with all environmental permits obtained.

3.6.4 Financing and debt

Figure 23 – Indiana Toll Road debt maturity profile (US$m)



The chart above presents the maturity profile for all ITR debt outstanding as at 30 June 2011. ITR also has an interest rate step-up swap in place that matures in 2026. There were no major developments on the debt position of ITR during the 6 months ended 30 June 2011.

Asset Debt Information

4 ASSET DEBT INFORMATION

4.1 Asset Debt Metrics

Table 14 – Asset Debt Metrics[1]

Assets	Currency	Net Debt (Local m)	Net Debt/ EBITDA (x)	EBITDA/ Interest (x)	DSCR (x)	Lock-up (x)	2011 Hedging (%)
APRR/Eiffarie[2]	€	10,093.9	7.43x	4.26x	1.87x	1.25x	94.1%
Dulles Greenway[3]	US$	844.8	16.48x	2.67x	1.15x	1.25x	100.0%
M6 Toll[4]	£	1,303.2	24.31x	1.12x	1.96x	1.40x	98.7%
Chicago Skyway[5]	US$	1,821.3	33.39x	1.65x	1.65x	1.60x	98.1%
ITR[6]	US$	4,080.1	27.55x	0.91x	1.00x	1.15x	99.2%
Warnow Tunnel	€	165.5	28.32x	2.32x	1.86x	1.05x	30.8%

1. Using net debt balances as at 30 June 2011; EBITDA and interest for the twelve months to 30 June 2011; DSCRs calculated on a pro forma basis as at 30 June 2011, the values do not necessarily correspond to a calculation date under the relevant debt documents.
2. Net debt includes 100% net debt at APRR + 100% net debt at Eiffarie; Eiffarie net debt excludes swaps mark to market of €274m; calculations as per debt documents.
3. The Dulles Greenway DSCR (Net Toll Revenues/Total Debt Service) excludes interest income from “Net Toll Revenues” and includes both principal and interest on outstanding bonds payable in “Total Debt Service” as per the bond indenture.
4. M6 Toll net debt includes land fund and swap liability; 2011 hedging excludes land fund. Interest includes senior debt interest and fees, swap payments, land fund payments and swap cash sweep payments. If land fund payments and swap cash sweep payments were excluded from the EBITDA/Interest calculation, the ratio would be 1.97x.
5. The EBITDA/Interest for Chicago Skyway includes only senior debt service.
6. ITR debt balance is inclusive of embedded accretion in the step-up swap. ITR has a liquidity facility in place to fund debt service while cash flows are ramping up. If required, the liquidity facility can be drawn at the end of each six month period by an amount necessary so that actual DSCR is brought up to 1.0x.

4.2 Debt Ratings of Assets

Table 15 – Debt Ratings of Assets

Asset	Rating	Rating Agency	Rating since
APRR[1]	BBB-	Standard and Poors	June 2009
	Baa3	Moody’s	August 2008
Dulles Greenway[2]	BBB-	Standard and Poors	September 2009
	Ba1	Moody’s	June 2011
	BBB-	Fitch	July 2010
Chicago Skyway[3]	AA+	Standard and Poors	N/A
	Aa3	Moody’s	N/A

1. Reflects corporate rating. In June 2009, a revised rating methodology was applied to APRR and an issuer credit rating of BBB- was assigned.
2. Reflects corporate rating. 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 A and Baa1 by S&P and Moody’s respectively.
3. Reflects credit insurer rating. These are the latest ratings for Assured Guaranty Municipal Corp (previously FSA), which has insured Skyway’s senior bonds.

The debt of M6 Toll, Indiana Toll Road and Warnow Tunnel is not rated.

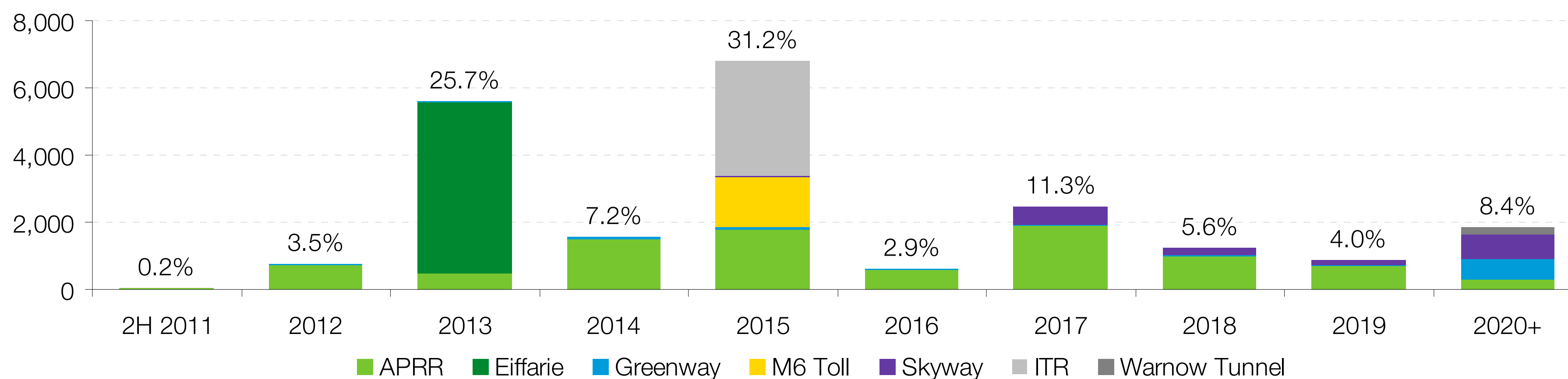
4.3 Debt Maturity Profile of Assets

Table 16 – Debt Maturity Profile of Assets[1]

Assets	Currency	2H 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020+
APRR/Eiffarie	€m	24.7	529.8	4,104.4	1,115.3	1,329.0	422.1	1,391.0	714.0	504.2	211.0
Dulles Greenway	US$m	-	45.8	46.1	46.5	46.8	44.5	42.0	38.6	35.3	656.6
M6 Toll	£m	-	-	-	-	1,009.1	-	-	-	-	-
Chicago Skyway	US$m	7.2	15.0	18.1	19.1	19.6	21.5	591.0	233.3	159.1	780.6
ITR	US$m	-	-	-	-	3,685.4	-	-	-	-	-
Warnow Tunnel	€m	0.1	0.4	0.4	0.2	0.8	1.5	1.7	2.0	2.3	157.4

1. The above debt maturity profile reflects 100% consolidation of the debt balances of road assets as at 30 June 2011 (excluding future capitalised interest, embedded bond accretion and embedded accretion on step-up swaps) based on the legal maturity of each tranche.

Figure 24 – Debt maturity profile (100% debt at each asset) (A$m)



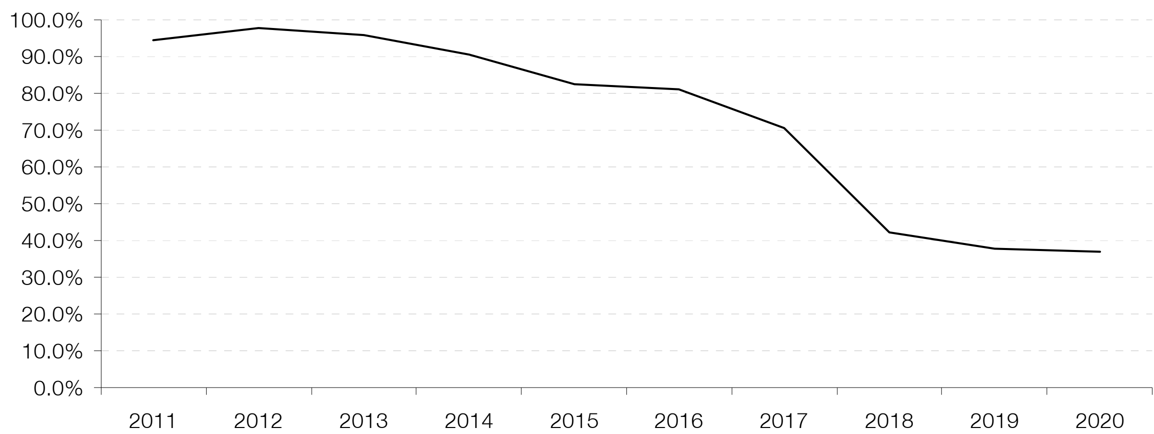
The debt maturity profile reflects 100% of the debt balances of road assets as at 30 June 2011 (excluding future capitalised interest). MQA has no corporate level debt. The chart shows the legal maturity of each debt tranche in accordance with the relevant loan agreement.

Average debt maturity at 30 June 2011 is 5.4 years (31 December 2010: 5.6 years).

Across the portfolio, the cash interest cost in the year was equivalent to an annualised interest rate of 4.3%, this is primarily a consequence of the existence of interest rate swaps on both the M6 Toll and Indiana Toll Road that have low start accreting interest rate structures, as well as the tranches of zero coupon bonds issued at Dulles Greenway. Normalising for those instruments, the equivalent interest cost would have been an annualised interest rate of 6.0%.

4.4 Hedging Profile

Figure 25 – Debt hedging profile



The above hedging profile reflects the current coverage levels for each financial year. Debt is considered hedged when the interest rate has been fixed and therefore includes fixed rate debt as well as floating rate debt with interest rate swaps in place. The portfolio has a number of CPI related debt instruments that are also considered fixed for this purpose, given the coupons on these bonds are fixed.

4.5 DSCR Calculation Methodology

APRR

The DSCR test defined in the debt documents is DSCR = Total CFADS / Total debt service

- APRR CFADS = APRR's EBITDA +/- changes in working capital - capex not funded by debt - tax payments + dividends received
- Total CFADS = (APRR CFADS * proportion of APRR owned by Eiffarie) - Eiffarie tax paid (received) - Eiffarie opex
- APRR/Eiffarie debt service = net interest paid + recurring fees + net hedge payments + scheduled principal repayments (except those falling due at a final maturity date)
- Total debt service = (APRR debt service * proportion of APRR owned by Eiffarie) + Eiffarie debt service

Dulles Greenway

The Minimum Coverage Ratio is calculated as Net Toll Revenues (Toll Revenues - Operating Expenses) / Total Debt Service

- Toll Revenues = all amounts received including all receivables, revenues and income generated from toll booths, plazas, and collection systems
- Operating Expenses = current expenses for operation and maintenance
- Total Debt Service = the sum of all principal of and interest on outstanding bonds payable during such period plus scheduled early redemption amounts

The Additional Coverage Ratio is calculated as (Net Toll Revenues – Improvement Fund Drawdowns – Operating Reserve Drawdowns) / Total Debt Service

- Improvement Fund Requirement = 100% of the amount set forth in the most recent approved budged for capital expenditure
- Operating Reserve Requirement = 50% of the amount set forth in the most recently approved budget for all current expenses

Both ratios are tested annually at 31 December.

M6 Toll

DSCR is defined as CFADS / Debt Service Obligations over a given period, defined as:

- CFADS = the aggregate of all Gross Revenues (other than any Compensation) received during the period less the Operating Expenditure paid during the period
- Gross Revenues: all monies received/receivable by the Borrower (except ringfenced accounts)
- Compensation: Sums payable to ProjectCo in respect of nationalisation/expropriation/compulsory purchase by Government
- Operating Expenditure: Amounts payable by the Borrower including Taxes, Lenders' Agent expenses, any other cost up to £1.0m RPI indexed
- Debt Service Obligations = Scheduled interest payable, plus Scheduled principal amounts (net of refinancings) excluding prepayments, mandatory prepayments (i.e. cash sweeps) and Additional Fixed Amounts (the Swap Cash Sweep amounts), plus any fees related to the debt, and net amounts paid/received under the Swap, excluding Swap Termination Payments

Chicago Skyway

On Skyway the DSCR is calculated as Net Cash Flow / Senior Debt Service.

- Net Cash Flow = Toll Revenue + Concession Revenue + Interest Revenue – Opex
- Senior Debt Service = Senior Principal + Senior Interest + Senior Debt Fees

The lock-up test is on a two-year look forward, one year look-back basis.

Indiana Toll Road

On ITR the DSCR is calculated as Net Cash Flow / Debt Service

- Net Cash Flow = Toll Revenue + Concession Revenue + Interest Revenue – Opex
- Debt Service = Principal + Interest + Debt Fees

For ITR, DSCR is brought back up to 1.00x by Liquidity Facility drawdowns.

Warnow Tunnel

The Annual DSCR shall be for each Payment Date the ratio of the Total Cash Flow Available for Debt Service for the past 12 months to the total amount of interest and principal, payable under the Tranche I for the same period. The Annual DSCR shall be calculated by the Facility Agent at each Calculation Date on the basis of the information available in the latest unaudited financial statements or if available, the latest audited financial statements of the Borrower as the case may be. The Annual DSCR shall be at least equal to 1.05x.

Appendices

APPENDIX 1 – RECONCILIATION TO STATUTORY ACCOUNTS

Table 17 – Overview

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

Proportionally consolidated financial performance	Statutory Performance
Aggregation of operating results of proportionate interests in all toll road assets	M6 toll results consolidated, other toll road asset results included in share of losses from associates
Interest and tax reflect cash payable in respect of the period	Cash and non cash finance and operating lease costs reflected in statutory accounts, as well as non cash depreciation and amortisation
Life of concession maintenance capex is allocated to each period based on traffic volumes	Share of losses from associates reflects underlying results of each non controlled asset under Australian Accounting Standards adjusted for: - purchase price allocations which results in additional toll concession amortisation - 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 hedges) at the non-controlled asset level

Table 18 – Reconciliation

	6 months ended 30 June 2011 A$m
MQA proportionate earnings from road assets per MIR	86.2
Corporate net interest income	0.6
Corporate net expenses	(29.9)
Proportionate earnings per MIR	56.8
Less: Proportionate earnings from non controlled assets	(88.0)
Add: Share of net loss of associates	(17.3)
Add: 2011 Performance fees accrued, not payable in current period	(33.4)
Less: 2010 Performance fees accrued in prior period, payable in current period	4.2
Add: Non cash financing costs for the M6 Toll	(21.2)
Add: M6 Toll depreciation and amortisation net of maintenance capex	(10.6)
Other items[1]	3.1
Loss attributable to MQA security holders	(106.4)

1. Includes non cash items such as operating lease expense and movements in deferred tax liabilities

APPENDIX 2 – MACROECONOMIC INDICATORS

Table 19 – Spot foreign exchange rates

	30 June 11
Euro	0.7398
Pound Sterling	0.6686
United States Dollar	1.0732

The spot exchange rates in this table are the exchange rates that have been applied to the translation of proportionate net debt as at 30 June 2011.

Table 20 – Average foreign exchange rates

	Quarter ended 31 Mar 11	Quarter ended 30 Jun 11
Euro	0.7348	0.7389
Pound Sterling	0.6277	0.6516
United States Dollar	1.0060	1.0628

In deriving Australian Dollar income for the purpose of proportionate earnings, the Group applies quarterly average exchange rates to all foreign income and expenses in the relevant quarter. The above table highlights the average exchange rates applied for the 6 months ended 30 June 2011.

APPENDIX 3 – TRAFFIC PERFORMANCE

Table 21 – Traffic performance vs pcp

Asset	12 months 31 Dec 09	12 months 31 Dec 10	Change vs. pcp	Quarter vs. pcp Mar 10	Jun 10	Sep 10	Dec 10	Mar 11	Jun 11
APRR									
Light Vehicle VKT (millions)	17,609	17,953	2.0%						
Heavy Vehicle VKT (millions)	3,019	3,203	6.1%						
Total VKT (millions)	20,628	21,157	2.6%	1.6%	4.5%	2.6%	1.3%	4.1%	(0.8%)
Toll Revenue (€m)	1,804	1,882	4.3%	4.4%	6.0%	3.7%	3.4%	6.7%	2.6%
Dulles Greenway									
Av Workday Traffic	57,492	55,698	(3.1%)						
Av Non-workday Traffic	31,395	29,972	(4.5%)						
Av All day Traffic	49,412	47,663	(3.5%)	(6.7%)	(1.5%)	(3.7%)	(2.5%)	0.7%	(5.9%)
Av Daily Rev (US$)	174,747	177,949	1.8%	(6.6%)	(1.0%)	6.9%	7.8%	12.0%	3.9%
M6 Toll									
Av Workday Traffic	42,900	44,409	3.5%						
Av Non-workday Traffic	28,694	29,326	2.2%						
Av All day Traffic	38,541	39,781	3.2%	4.0%	4.1%	5.2%	(0.5%)	(1.3%)	(13.0%)
Av Daily Rev (£)	160,849	170,863	6.2%	4.7%	7.6%	8.7%	3.4%	1.9%	(9.8%)

Asset	12 months 31 Dec 09	12 months 31 Dec 10	Change vs. pcp	Quarter vs. pcp Mar 10	Jun 10	Sep 10	Dec 10	Mar 11	Jun 11
Chicago Skyway									
Av Workday Traffic	46,311	43,476	(6.1%)						
Av Non-workday Traffic	49,493	48,312	(2.4%)						
Av All day Traffic	47,296	44,987	(4.9%)	(2.6%)	(6.0%)	(5.1%)	(5.3%)	(6.5%)	(5.5%)
Av Daily Rev (US$)	174,225	162,285	(6.9%)	(4.9%)	(8.0%)	(7.4%)	(6.8%)	12.7%	14.0%
Indiana Toll Road									
All Days – Ticket FLET	23,414	24,041	2.7%						
All Days – Barrier FLET	54,201	50,573	(6.7%)						
All Days – Total FLET	28,120	28,097	(0.1%)	(1.7%)	0.2%	1.7%	(1.2%)	(1.4%)	(3.8%)
Av Daily Rev (US$)	409,982	448,824	9.5%	7.4%	1.1%	14.8%	13.8%	15.0%	9.5%
Warnow Tunnel									
Av All day Traffic	10,264	11,167	8.8%	(8.0%)	13.0%	14.5%	13.2%	14.3%	1.5%
Av Daily Rev (€)	19,622	22,091	12.6%	(2.5%)	16.1%	14.6%	19.2%	23.9%	10.0%
Portfolio Average									
Weighted Av Traffic			2.1%	1.2%	3.7%	2.6%	0.7%	2.8%	(3.0%)
Weighted Av Revenue			4.6%	3.8%	5.3%	5.0%	4.1%	7.0%	1.6%