Macquarie Atlas Roads

Management Information Report
30 June 2016

Disclaimer

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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), 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 2016 ("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.

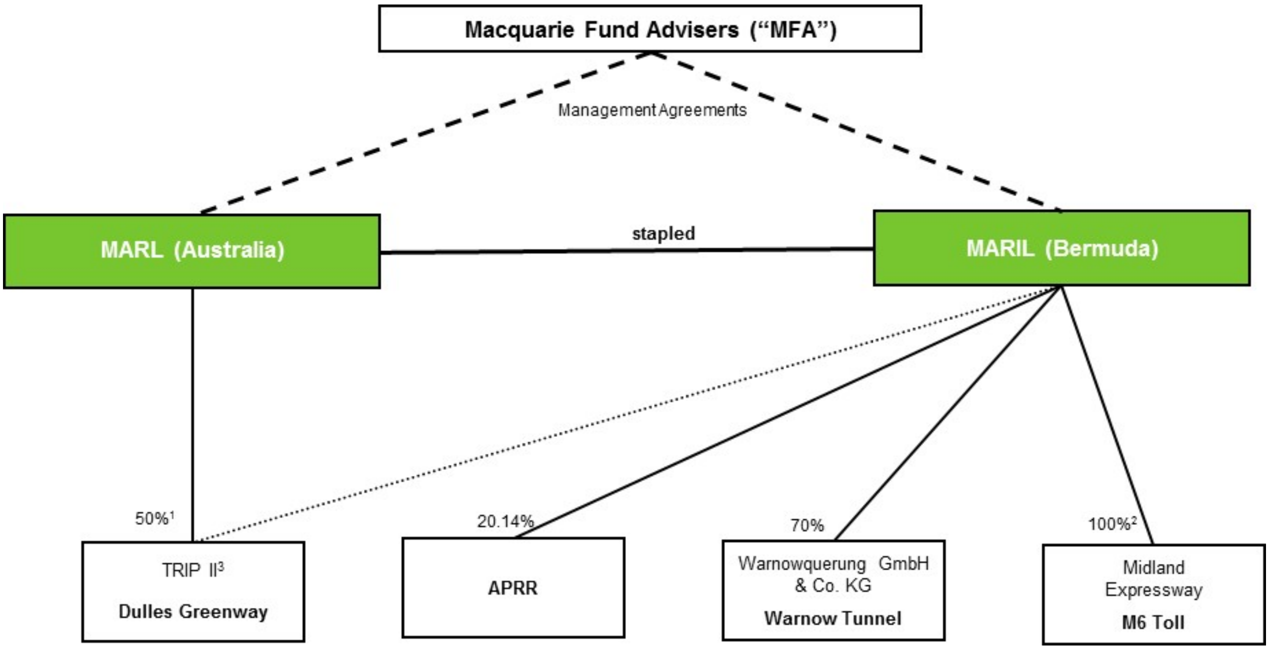
This Report presents a number of metrics prepared on a proportionate basis which involves the aggregation of the Group's proportionate interest in the financial results of assets. Proportionate EBITDA information presented aggregates the financial results of MQA's assets in the relevant proportions that 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

Macquarie Atlas Roads ("MQA" or the "Group") 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 2016. All assets are non-controlled assets for accounting purposes.

Figure 1 – MQA structure overview



Information in the MIR is presented on an aggregated basis, reflecting MQA's structure at 30 June 2016.

Asset portfolio

Table 1 – MQA's portfolio of assets and percentage interests as at 30 June 2016

Asset	Location	Reporting currency	Date of initial acquisition[4]	Date of concession end	MQA's interest
APRR	France	€	Feb 2006	Nov 2035[5]	20.14%
Dulles Greenway	United States	US$	Sep 2005	Feb 2056	50.00%[1]
Warnow Tunnel	Germany	€	Dec 2000	Sep 2053	70.00%
M6 Toll	United Kingdom	£	Oct 1999	Jan 2054	100.00%[2]

1. Estimated overall economic interest.
2. MQA holds 100% of the ordinary equity in M6 Toll, however the beneficial interest is nil as MQA is no longer exposed to any variable returns from M6 Toll's ongoing operations. Refer Section 2.5.3.
3. Toll Road Investors Partnership II ("TRIP II").
4. Reflects initial acquisition by Macquarie Infrastructure Group ("MIG"). These assets were acquired by MQA on demerger from MIG in 2010.
5. Represents length for APRR concession. Date of concession end for AREA is Sep 2036 and for ADELAC is Dec 2060.

1

Traffic and MQA financial performance

1. Traffic and MQA financial performance

1.1 Traffic and assets proportionate financial performance summary

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

A$m	Actual 1H16	Pro forma 1H15[2]	Change on pcp[3]	Actual 1H15[4]
Traffic growth[1]	n/a	n/a	4.2%	n/a
Proportionate revenue	378.0	356.6	6.0%	347.0
Proportionate operating expenses	(95.4)	(89.6)	(6.5%)	(85.5)
Proportionate EBITDA from assets	**282.7**	**267.0**	**5.9%**	**261.5**
EBITDA margin (%)	74.8%	74.9%	(0.1%)	75.4%

1. Weighted average based on portfolio revenue allocation.
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 1H15 data reflects ownership interests and foreign exchange rates for the six months ended 30 June 2015.

Weighted average traffic for the period was up 4.2% on pcp. Overall traffic performance during the period was driven by increased traffic volumes on the APRR network and strong performance at Dulles Greenway.

Proportionate revenue for the period was up 6.0% on pcp, reflecting a combination of higher traffic levels and revised toll schedules. Proportionate expenses for the period were up 6.5% on pcp primarily due to the introduction of the annual infrastructure payment at APRR. See section 2.2 for further details.

Proportionate EBITDA for the period was up 5.9% on pcp.

Further details on the preparation of this section of the Report 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 security holders in the statutory results. A more detailed analysis of the proportionate EBITDA of the individual assets is included in Section 2.

1.2 Financial performance summary – Corporate cash position

Table 3 – Aggregated cash flow statement

A$m	1H16	1H15
Cash flow received from assets		
APRR Group	62.7	39.8
Chicago Skyway	137.3	-
Indiana Toll Road ("ITR")	0.2	32.3
M6 Toll	0.8	0.7
Warnow Tunnel	0.2	0.3
Total cash flow received from assets	**201.3**	**73.1**
Other operating cash flows		
Manager and adviser base fees paid	(15.2)	(11.9)
Manager and adviser performance fees paid	-	-
Payments to suppliers	(2.3)	(1.5)
Interest income on corporate cash balances	0.6	0.4
Other net amounts received	0.1	0.1
Estimated Alternate Minimum Tax ("AMT") received/(paid) on distribution proceeds from sale of ITR	17.8	(16.2)
Net income taxes paid	(1.1)	(0.0)
Net MQA operating cash flows	**201.3**	**43.9**
Investing and financing cash flows		
Payments for investments	(1.1)	-
Distributions paid	(46.6)	(30.7)
Total investing and financing cash flows	**(47.7)**	**(30.7)**
Net increase in cash assets	**153.6**	**13.2**
Cash assets at beginning of the half year	**67.2**	**31.9**
Exchange rate movements	**2.1**	**0.4**
Cash assets at the end of the half year	**222.8**	**45.5**
Comprising: Available cash	221.0	43.7
Cash not currently available for use	1.8	1.7

1.2.1 Cash flow and cash position

In March 2016, MQA received a distribution of €42.2m from APRR through Financière Eiffarie ("FE").

On 25 February 2016, the sale of Chicago Skyway was completed and subsequently on 10 March 2016, MQA received US$103.9m in cash proceeds. The proceeds are subject to both United States Federal Income Tax and State of Illinois Income Tax. Tax liability on the sale proceeds is estimated at US$5.7m, of which two equal instalments totalling US$0.8m were paid during the period.

Cash assets include cash not currently available for use by MQA of €1.2m. This amount 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. Refer to Appendix 2 for a reconciliation of operating cash flows per this Report to the statutory results.

1.2.2 Payments for investments – Contingent consideration paid for APRR

MQA paid final contingent consideration (relating to the July 2014 acquisition of an additional 0.71% indirect interest in APRR) of €0.7m on 3 March 2016.

1.2.3 Interest income

Interest income on corporate cash balances for the period was A$0.6m, up A$0.2m on pcp. The average cash balance during the period was A$178.0m, up A$145.8m on pcp, mainly driven by the proceeds from the sale of Chicago Skyway.

1.2.4 Corporate expenses

Base management fees paid in the period totalled A$15.2m, up 28% on pcp. The first instalment of the 2016 performance fee (A$44.7m) and the third instalment of the 2014 performance fee (A$19.4m) became payable at 30 June 2016. MQA's manager/adviser, MFA, and MQA's independent directors agreed that these instalments would not be paid in cash but applied to a subscription for MQA securities.

Tax paid during the previous period consisted primarily of estimated AMT of US$12.6m paid on receipt of sales proceeds from ITR. MQA received a full refund on 29 January 2016 as an adjustment to the preliminary estimated AMT.

Corporate net expenses paid, other than base management and performance fees, totalled A$2.3m for the period, up A$0.8m on pcp primarily on account of expenses incurred relating to the sale of Chicago Skyway.

1.2.5 Distribution

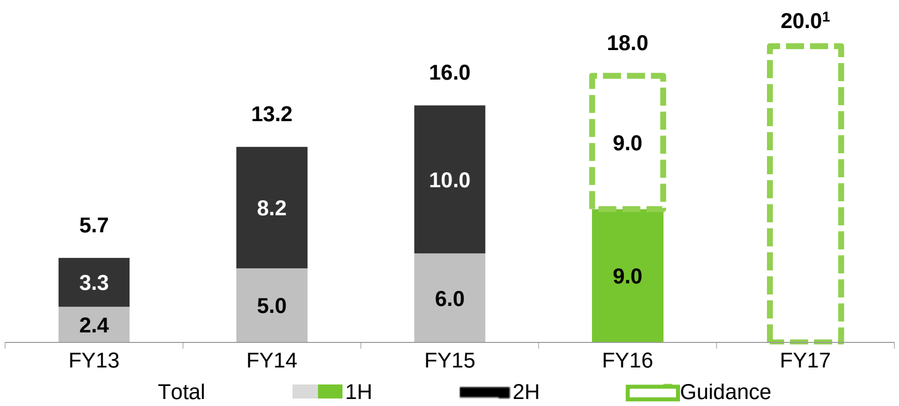
On 11 March 2016, MQA declared a distribution of 9.0 cents per security ("cps") for the first half of 2016. This distribution was paid in full by MARIL on 31 March 2016. The distribution comprised 8.5 cps as a capital return for Australian tax purposes and the remaining 0.5 cps as a foreign dividend.

MQA expects to declare a second half 2016 distribution of 9.0 cps in mid September 2016, with payment to be made by the end of September 2016. The distribution will be paid in full by MARIL and is anticipated to include foreign dividend and capital return components.

Given MARIL is a Bermudan company, the Australian franking credit regime does not apply to foreign dividend components.

The following provides a summary of distributions:

Figure 2 – Distributions (A$ cps)



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

Table 4 – Distributions paid per security (A$ cps)

Period	Date of distribution paid	Return of capital	Foreign dividend	Total
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**

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Asset performance

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 2.4 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 Traffic and toll revenue analysis by asset

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 – Traffic and toll revenue analysis

1H16	APRR	Dulles Greenway	Warnow Tunnel
Traffic metric	**Total VKT[1]**	**ADT[2]**	**ADT[2]**
Traffic growth on pcp	4.1%	6.1%	2.5%
Toll revenue growth on pcp[3]	5.8%	9.4%	6.9%

1. Measured as total Vehicle Kilometres Travelled ("VKT").
2. Measured as Average Daily Traffic ("ADT").
3. Excludes other revenue.

Table 6 – Proportionate EBITDA

A$m	APRR Group[1]	Dulles Greenway	Warnow Tunnel	Total
Actual 1H16				
Operating revenue	342.0	30.7	5.3	378.0
Operating expenses	(87.6)	(6.2)	(1.6)	(95.4)
EBITDA from assets	**254.5**	**24.5**	**3.7**	**282.7**
Pro forma 1H15[2]				
Operating revenue	323.7	27.9	5.0	356.6
Operating expenses	(81.6)	(6.3)	(1.6)	(89.6)
EBITDA from assets	**242.2**	**21.5**	**3.3**	**267.0**
Change on pcp[3,4]				
Operating revenue	5.7%	10.1%	7.2%	6.0%
Operating expenses	(7.4%)	2.4%	1.9%	(6.5%)
EBITDA from assets	**5.1%**	**13.8%**	**11.7%**	**5.9%**

1. APRR Group represents a consolidation of APRR, Eiffarie and FE. APRR information is provided in Section 2.2.1.
2. Data for 1H15 is derived by restating the prior period results with the asset ownership percentage and foreign currency exchange rates from the current period.
3. Based on A$ figures presented. There may be differences when calculated in natural currency.
4. Positive number reflects an improvement.

2.2 APRR – France

2.2.1 Traffic

Table 7 – Traffic performance

VKTm	1H16	1H15	Change on pcp
Light vehicles	9,097	8,773	3.7%
Heavy vehicles	1,771	1,672	6.0%
Total	**10,868**	**10,445**	**4.1%**
Workdays in period	126	123	+3
Non-workdays in period	56	58	-2

Light vehicle and heavy vehicle traffic was up 3.7% and 6.0% respectively on pcp.

Figure 3 – Light vehicle traffic growth on pcp %

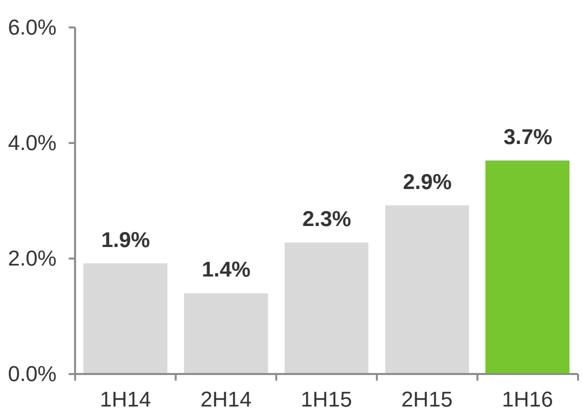
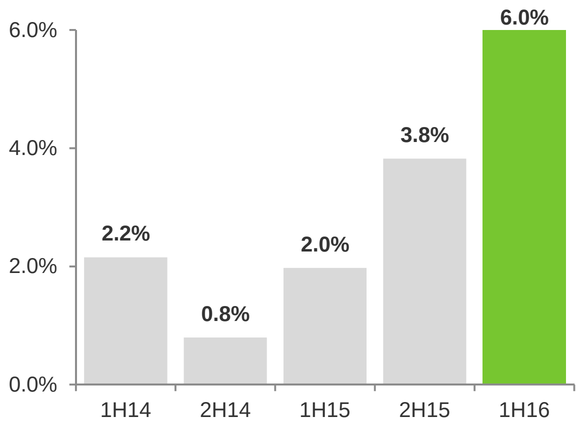


Figure 4 – Heavy vehicle traffic growth on pcp %



2.2.2 Financial performance

Figure 5 – Quarterly traffic performance (VKTm)

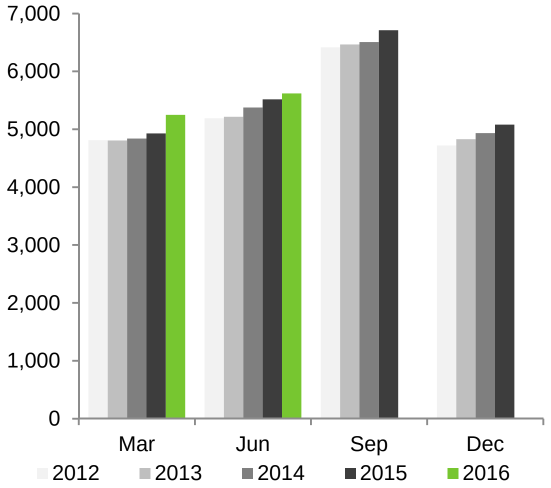
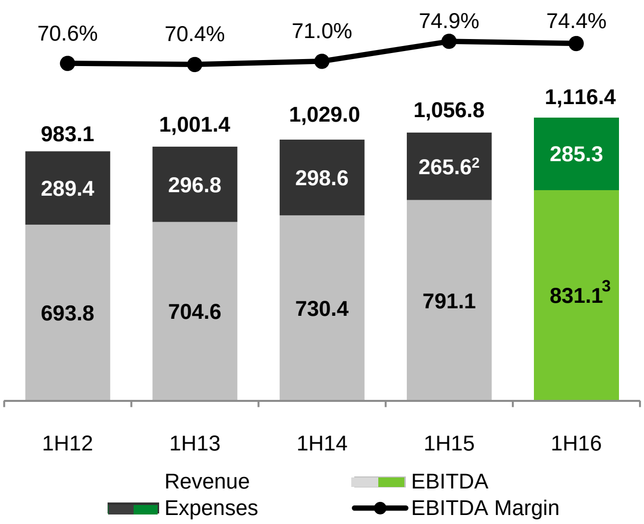


Figure 6 – EBITDA and revenue (€m)[1]



1. Results represent performance of APRR. On a consolidated APRR Group basis, 1H16 EBITDA was €830.7m. The difference results from €0.5m of operating expenses at the Eiffarie and FE level.
2. Includes impact of IFRIC 21 (implementation of new IFRS Interpretation).
3. The agreement with the French State in 2015 provides for APRR and AREA to contribute to French infrastructure investment at an average of €15.8m annually (indexed), beginning 2016. 1H16 EBITDA includes commencement of this annual infrastructure payment of €15.8m, fully expensed in January 2016. EBITDA excluding this infrastructure payment was €846.9m, representing an increase of 7.1% from pcp and margin of 75.9%.

Table 8 – Revenue

€m	1H16	1H15	Change on pcp	1H14	1H13	1H12
Toll revenue	1,084.3	1,024.8	5.8%	998.1	968.4	950.9
Other revenue	32.1	32.0	0.4%	31.0	33.0	32.2
Total revenue	**1,116.4**	**1,056.8**	**5.6%**	**1,029.0**	**1,001.4**	**983.1**

Consolidated revenues totalled €1,116.4m for the period, up 5.6% on pcp. The increase in revenue was primarily due to higher toll revenues (up 5.8% on pcp), underpinned by traffic growth and the February toll increase.

Table 9 – Operating expenses

€m	1H16	1H15	Change on pcp	1H14	1H13	1H12
Employment costs	(105.8)	(106.7)	0.8%	(107.9)	(109.7)	(108.7)
Tax (other than income tax)	(128.2)	(107.9)[1]	(18.8%)	(139.9)	(125.4)	(123.8)
Purchases, external charges and other (ex IFRIC 12)	(51.3)	(51.1)	(0.4%)	(50.8)	(61.7)	(56.8)
APRR operating expenses[2]	**(285.3)**	**(265.6)**	**(7.4%)**	**(298.6)**	**(296.8)**	**(289.4)**
Eiffarie and FE operating expenses	(0.5)	(0.7)	35.2%	(0.6)	(0.6)	(1.3)

1. Includes impact of IFRIC 21 (implementation of new IFRS Interpretation).
2. Excludes provisions.

Employment costs were slightly lower (0.8%) compared to pcp due to lower headcount. Operational taxes were higher than pcp due to the commencement of the annual infrastructure payment of €15.8m, fully expensed in January 2016. Other taxes based on toll revenue and network length were higher than pcp due to higher traffic, higher revenues and extensions of the network. Purchases and external charges remained relatively flat.

Table 10 – Interest, tax, depreciation and amortisation

€m	1H16	1H15	1H14	1H13	1H12
APRR interest income[1]	4.7	7.3	10.9	7.9	8.8
APRR interest expense[1]	(122.7)	(152.0)	(180.8)	(174.6)	(199.3)
Eiffarie net interest	(86.2)	(92.8)	(118.3)	(100.8)	(81.7)
APRR current income tax expense	(166.6)	(158.9)	(132.5)	(128.7)	(113.5)
Tax grouping	33.3	108.1	96.1	90.4	76.2
Group current income tax payable[2]	**(133.3)**	**(50.8)**	**(36.5)**	**(38.2)**	**(37.3)**
APRR depreciation and amortisation[1]	(197.8)	(208.9)	(199.4)	(194.0)	(191.5)

1. As per APRR published financial statements.
2. In 2016, the French corporate tax rate reverted to 34.43% from the ~38% applicable during years 2013-2015.

The lower interest income compared to pcp reflects the slightly lower average cash levels and lower interest rates currently available, whereas the 19.3% decrease in APRR interest expense on pcp reflects the lower average debt levels and lower cost of debt as a result of the recent refinancing and current debt market conditions. Eiffarie net interest was €86.2m, down 7.1% on pcp, reflecting the full benefit of the February 2015 refinancing.

Since 1 January 2011, FE and Eiffarie have been grouped with APRR for tax purposes. Current period deductions from FE and Eiffarie are offset against APRR taxable income in the period. Historic carried forward losses have been 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.

Increases in depreciation and amortisation over time are due to additional capital works being completed under the management contracts. These additional assets are capitalised on APRR's balance sheet and subsequently depreciated in future periods. This has been offset in the current period by a decrease in the amortisation rate due to the extension of the concessions.

2.2.3 Cash interest paid

APRR interest paid for the period was €240.6m (net interest paid was €236.8m) compared to pcp of €293.9m (net interest paid was €280.5m).

2.2.4 Operational initiatives

The number of active Liber-t badges managed by APRR increased by 12.3% on pcp, with ~2.1m active badges now in circulation. Electronic toll collection accounted for 57.1% of all transactions during the period, up 1.9% on pcp. Automated transactions (comprising electronic and credit card transactions) reached 97.3% of all transactions in the period, up 1.1% on pcp.

2.2.5 Financing and debt

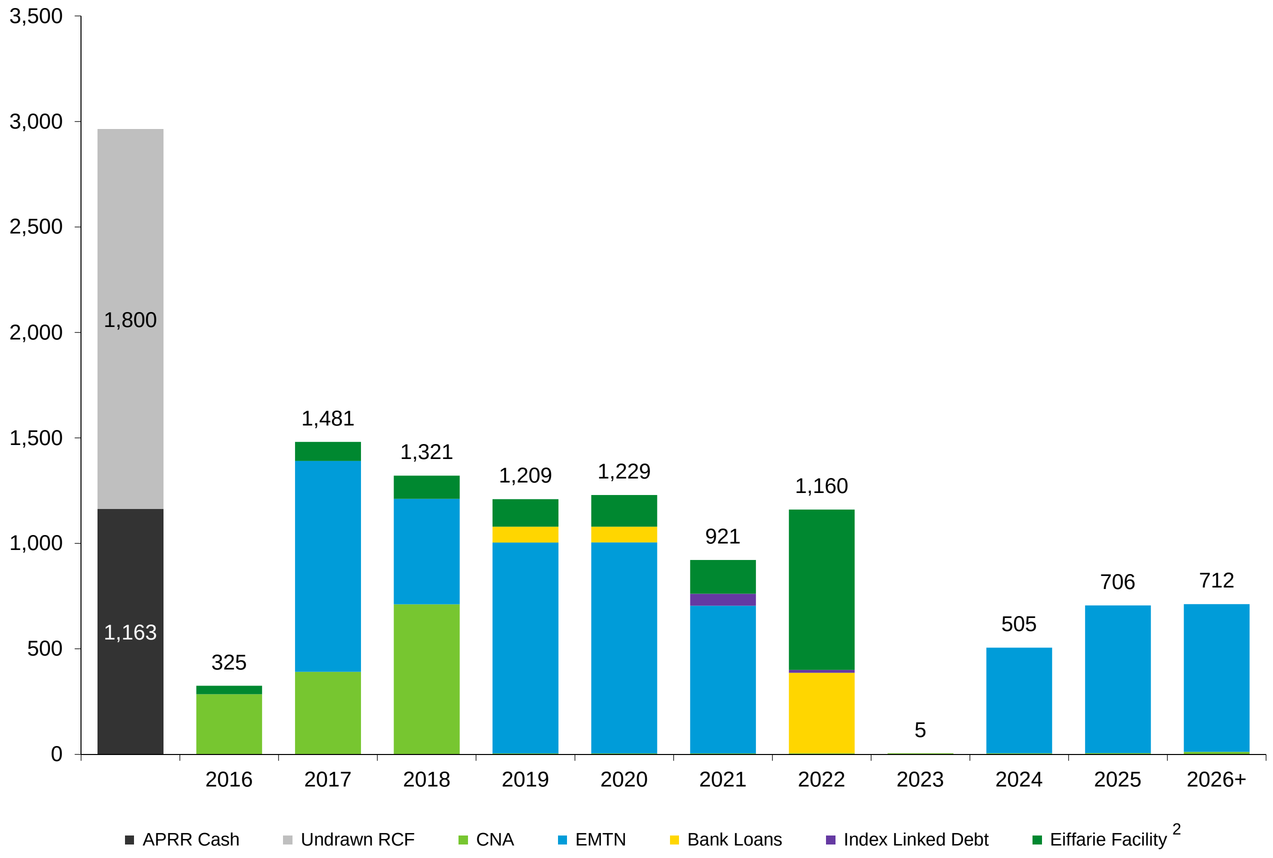
Table 11 – Debt metrics[1]

€m	Gross debt	Cash	Net debt	Net debt/ EBITDA	EBITDA/ interest	DSCR	Lock-up	Hedging %
APRR and Eiffarie	9,933.2	1,371.4	8,561.8	5.26x	n/a	n/a	n/a	101.3%
- APRR	8,493.2	1,163.2	7,329.9	4.50x	6.53x	n/a	n/a	n/a
- Eiffarie	1,440.0[2]	208.1	1,231.9	n/a	n/a	n/a	n/a	n/a

1. Using cash/debt balances as at 30 June 2016. Hedging % reflects the proportion of debt outstanding as at 30 June 2016 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 2016.
2. Eiffarie gross debt excludes swaps mark to market of €318.0m; calculations as per debt documents.

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

Figure 7 – APRR and Eiffarie pro forma debt maturity profile at 30 June 2016 (€m)[1]



1. Excludes short term debt, interest accrued and mark to market on swaps (€0.4bn) at APRR.
2. Assumes 7yr maturity (6yr plus 1yr extension) for Eiffarie term loan.

Table 12 – Debt ratings of APRR

Corporate Rating	Rating agency	Rating since
BBB+	Standard and Poor's	November 2014
BBB+	Fitch	October 2012

APRR

On 1 June 2016, APRR issued an additional €700m of bonds under its Euro Medium Term Note ("EMTN") program. The bonds were issued at 99.201% of par with a coupon of 1.125% and a maturity of January 2026.

As at 30 June 2016, APRR's liquidity consisted of €1.2bn cash and a €1.8bn Revolving Credit Facility ("RCF") which was signed on 19 February 2015 replacing its undrawn €720m credit facility.

APRR has approximately €8.5bn of gross debt as at 30 June 2016 (including €0.4bn of short term debt, accrued interest and other adjustments). The main debt facilities are as follows:

- €6.2bn of public bonds issued under APRR's EMTN programme of which €1.0bn consists of floating rate notes and €57m consists of index-linked bonds. APRR can continue to issue further bonds under this programme as required;
- €1.4bn provided by Caisse Nationale des Autoroutes ("CNA"). Prior to the privatisation of APRR, the French Government used the CNA as the financing vehicle. The CNA raised funds by issuing government backed bonds and lent to the motorway companies on the same terms. APRR's outstanding CNA debt is predominantly fixed rate and will be materially amortised by 2018; and
- €525m from the European Investment Bank.

Eiffarie

On 19 February 2015, Eiffarie signed €1.5bn five-year term loan (plus two extensions of one year each) with a syndicate of 18 international banks. In January 2016, the first extension was utilised, extending the current maturity to February 2021. See below a summary of the key terms achieved.

Table 13 – Eiffarie debt terms

Item	Terms
Facility Amount	€1,440m as at 30 June 2016
Maturity	February 2021, with a one year additional extension available
Margin	100bps above Euribor
Debt Service Reserve	Nil
Upfront fees	1.05%

As at 30 June 2016, Eiffarie's cash balance totalled €208.1m.

2.2.6 Other

On 31 January 2016, the APRR concession contract was further amended. The Tunnel Maurice Lemaire ("TML") concession was merged with the main APRR concession and TML's tolling schedule was reduced. As a consequence, the APRR concession maturity was extended by an additional 10 months to 30 November 2035. Prior to this amendment, APRR owned the TML concession which had a concession expiry of 2068. AREA's concession contract remains unchanged with a maturity of 30 September 2036.

2.3 Dulles Greenway – Virginia, US

2.3.1 Traffic

Table 14 – Traffic performance

ADT	1H16	1H15	Change on pcp
Average workday trips	62,027	58,023	6.9%
Weekends/public holidays	31,923	31,210	2.3%
All days	52,764	49,727	6.1%
Non-cash transactions	93.1%	92.2%	0.9%
Workdays in period	126	125	+1
Non-workdays in period	56	56	0

Average daily traffic increased by 6.1% on pcp as a result of continued corridor population growth and development.

Traffic volumes on the adjoining Dulles Toll Road ("DTR") increased by 0.7% on pcp.

2.3.2 Financial performance

Figure 8 – Quarterly traffic performance (ADT)

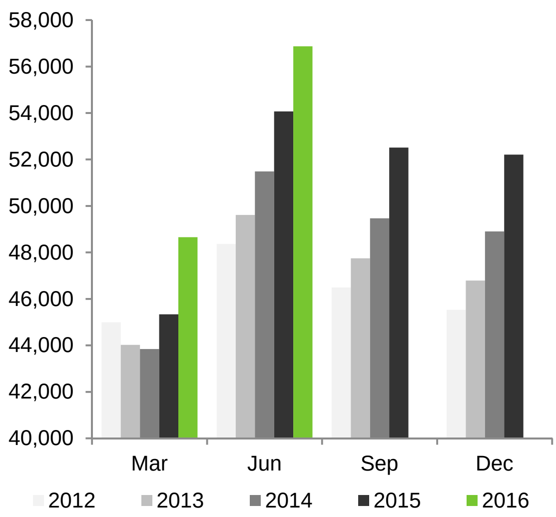


Figure 9 – EBITDA and revenue (US$m)

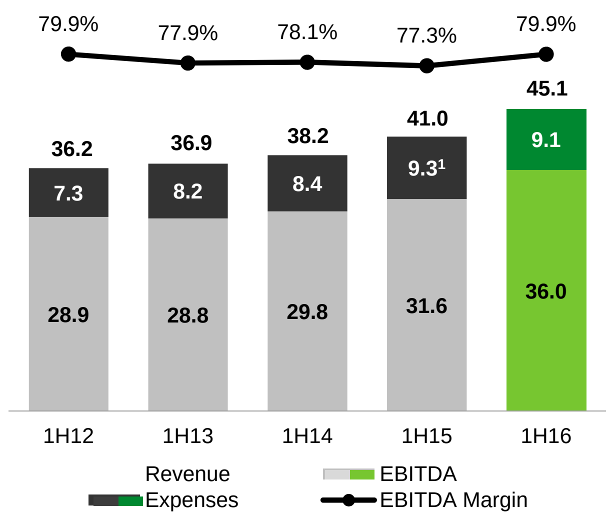


Table 15 – Revenue and EBITDA

US$m	1H16	1H15	Change on pcp	1H14	1H13	1H12
Toll revenue	44.8	40.8	10.0%	38.0	36.8	36.1
Other revenue	0.2	0.2	27.1%	0.2	0.2	0.2
Revenue	**45.1**	**41.0**	**10.0%**	**38.2**	**36.9**	**36.2**
Operating expenses	(9.1)	(9.3)[1]	2.5%	(8.4)	(8.2)	(7.3)
EBITDA	**36.0**	**31.6**	**13.7%**	**29.8**	**28.8**	**28.9**

1. Operating expenses include the US accounting standards change in the recognition of project improvement expenses at Dulles Greenway (Topic 853 Service Concession Arrangements).

Revenue for the period was US$45.1m, up 10.0% on pcp, reflecting higher traffic and the impact of toll increases. On 23 February 2016, off-peak mainline car tolls rose from US$4.30 to US$4.40 and peak mainline car tolls rose from US$5.20 to US$5.35.

Operating expenses for the period were US$9.1m, down 2.5%, assisted by lower winter maintenance expenses.

EBITDA continued to increase, up 13.7% on pcp, primarily driven by the increase in revenue.

2.3.3 Cash interest paid

Interest paid (reflecting interest on current pay bonds and the element of interest accrued in maturing zero coupon bonds) for the period was US$19.2m, up 6.6% on pcp.

2.3.4 Operational initiatives

Electronic toll collection through Automatic Vehicle Identification accounted for 82.8% of all transactions for the period, up 1.4% on pcp. Automated transactions (comprising electronic and credit card transactions) were up by 0.9% at 93.1% of all transactions in the period.

2.3.5 Financing and debt

Table 16 – Debt metrics[1]

US$m	Gross debt	Cash	Net debt	Net debt/ EBITDA	EBITDA/ interest	DSCR	Lock-up	Hedging %
Dulles Greenway	997.9	137.9	860.0	12.19x	1.89x	1.13x[2,3]	1.25x[3]	100%

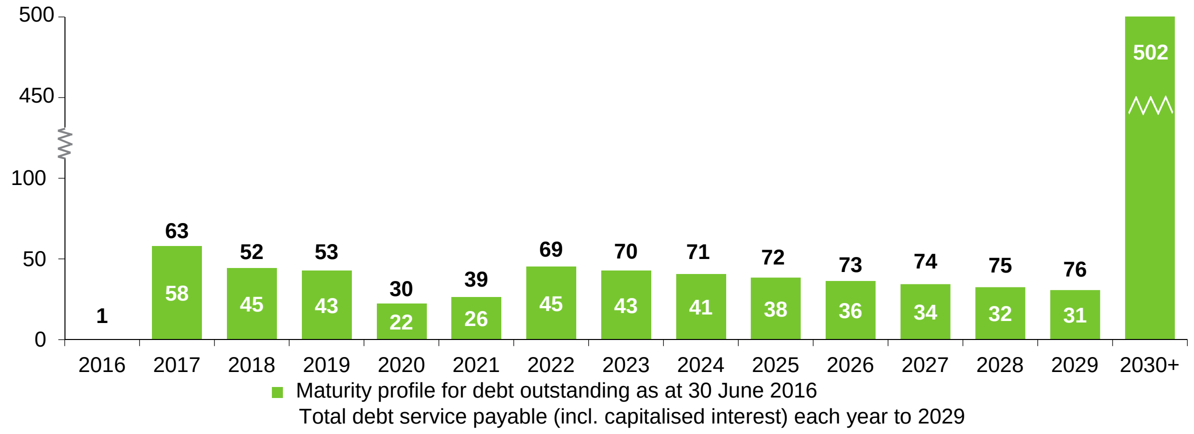
1. Using cash/debt balances as at 30 June 2016; hedging % reflects the proportion of debt outstanding as at 30 June 2016 that is fixed or has been hedged and does not take into account future maturities/issues, EBITDA and interest paid for the 12 months to 30 June 2016; DSCRs calculated on a pro forma basis as at 30 June 2016, the values do not necessarily correspond to a calculation date under the relevant debt documents.
2. 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.
3. DSCR calculation methodology 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.

All of Dulles Greenway's debt is in the form of fixed-interest rate senior bonds, comprising US$35.0m of current interest bonds and US$962.9m of zero-coupon bonds with various maturities extending to 2056.

Dulles Greenway continues to operate on a positive cash flow basis and is well capitalised, with US$137.9m of cash and reserves (the majority being required reserves) as at 30 June 2016.

Net debt as at 30 June 2016 was US$860.0m, US$7.0m lower than pcp.

Figure 10 – Debt maturity profile at 30 June 2016 (US$m)



The chart above presents the maturity profile for debt outstanding at 30 June 2016. It also provides the total debt service (including current/capitalised interest) payable each year to 2029. This amount is net of the bonds that were repurchased and cancelled (maturing 2018-2021) during late 2011 and early 2012. Note, for the distribution tests detailed below, the debt service requirement is based on the original maturity profile.

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.

Table 17 – Debt ratings

Corporate Rating[1]	Rating agency	Rating since
BBB-	Standard and Poor's	September 2009
Ba2	Moody's	December 2015
BB+	Fitch	April 2013

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.

Distribution tests

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

	Minimum Coverage Ratio ("DSCR")	Additional Coverage Ratio ("ADSCR")
Test and calculation	If **DSCR** <1.25x, distributions are in a lock-up for 12 months $= \frac{\text{Net Toll Revenue}}{\text{Total Debt Service}}$	If **ADSCR** <1.15x, distributions are in a lock-up for 36 months $= \frac{\text{Net Toll Revenue - Drawdowns}}{\text{Total Debt Service}}$
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* **Improvement Fund and Operating Reserve Fund Drawdowns** *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 principal and interest on outstanding bonds payable during such period plus scheduled early redemption amount	

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

At 31 December 2015, the DSCR was 1.10x and the ADSCR was 1.03x, triggering distribution lock-up under the senior debt indentures through to at least December 2018.

Table 18 – Distribution tests worked example as at year end 31 December

US$m	Actual 2015	Actual 2014
Toll Revenues	84.7	78.5
Operating Expenses	(16.9)	(15.9)
Net Toll Revenues (DSCR - Minimum Coverage Ratio)	**67.8**	**62.6**
Improvement Fund Drawdowns	(4.5)	(2.7)
Operating Reserve Drawdowns	(0.2)	(0.1)
Net Toll Revenues (ADSCR - Additional Coverage Ratio)	**63.1**	**59.8**
1999A	2.5	2.5
1999B	34.8	32.9
2005A	24.2	22.1
2005B/2005C	-	-
Total Debt Service[1]	**61.5**	**57.5**
Minimum Coverage Ratio – 1.25x	**1.10x**	**1.09x**
Additional Coverage Ratio – 1.15x	**1.03x**	**1.04x**

1. Total 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 Series 2005 Bonds.

2.3.6 Other

Dulles Greenway has undergone an extensive regulatory hearing process with the State Corporation Commission ("SCC") since 2013 with respect to the current toll rate structure and rate levels charged on the road. On 4 September 2015, the SCC announced that it had completed its regulatory review of Dulles Greenway's current toll rate structure and rate levels charged on the road and confirmed, in Dulles Greenway's favour, that no changes were required to the tolling structure currently in place. An appeal to this decision in front of the Supreme Court of Virginia remains ongoing, with full briefs filed and arguments held on 9 June 2016. The appeal decision is expected in the second half of 2016.

2.4 Warnow Tunnel – Rostock, Germany

2.4.1 Traffic

Table 19 – Traffic performance

ADT	1H16	1H15	Change on pcp
Average workday trips	12,682	12,371	2.5%
Weekends/public holidays	7,623	7,558	0.9%
All days	11,097	10,828	2.5%
Workdays in period	125	123	+2
Non-workdays in period	57	58	-1

Average daily traffic for the period increased by 2.5% on pcp, primarily due to increased tourist usage.

2.4.2 Financial performance

Figure 11 – Quarterly traffic performance (ADT)

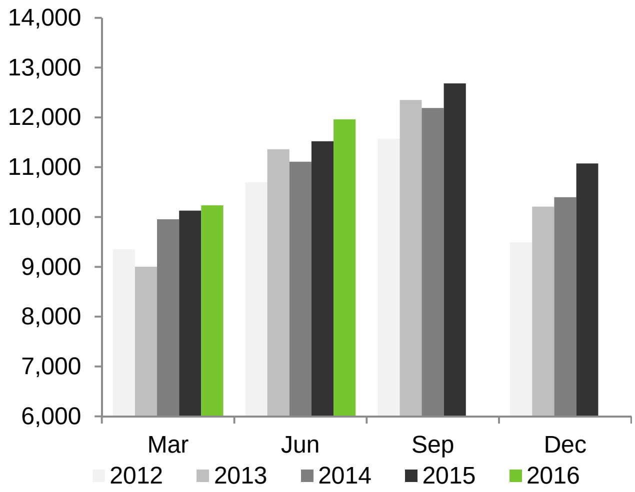
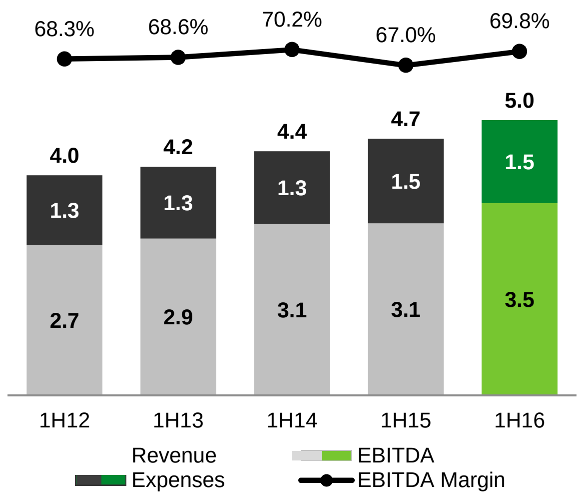


Figure 12 – EBITDA and revenue (€m)



Revenue for the period was €5.0m, up 7.2% on pcp, reflecting growth in traffic and toll increases that were introduced over the last twelve months.

2.4.3 Cash interest paid

Interest paid for the period was €1.6m, in line with pcp.

2.4.4 Financing and debt

Table 20 – Debt metrics[1]

Assets	Local	Gross debt	Cash	Net debt	Net debt/ EBITDA	EBITDA/ interest	DSCR	Lock-up	Hedging %
Warnow Tunnel	€m	164.0	2.8	161.2	21.00x	2.42x	2.07x	1.05x	30.0%

1. Using cash/debt balances as at 30 June 2016; hedging % reflects the proportion of debt outstanding as at 30 June 2016 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 2016; DSCRs calculated on a pro forma basis as at 30 June 2016.

As at 30 June 2016, Warnow Tunnel had long term amortising bank debt of €164.0m and letters of credit of €2.0m.

Net debt as at 30 June 2016 was €161.2m, €2.2m lower than pcp.

2.5 Other assets

2.5.1 Chicago Skyway – Chicago, US

On 25 February 2016, the sale of Chicago Skyway was completed and subsequently on 10 March 2016, MQA received US$103.9m in cash proceeds. The proceeds are subject to both the United States Federal Income Tax and State of Illinois Income Tax. Tax liability on the sale proceeds is estimated at US$5.7m, of which two equal instalments totalling US$0.8m were paid during the period.

2.5.2 Indiana Toll Road – Indiana, US

On 27 May 2015, ITR was sold and subsequently MQA received US$25.0m in proceeds. A preliminary estimated AMT liability of US$12.6m was paid on 15 June 2015. Subsequently, MQA filed a request for adjustment of preliminary estimated amount of AMT paid. Upon adjustment, the full refund of AMT was received on 29 January 2016.

2.5.3 M6 Toll – West Midlands, UK

MQA receives an annual fee for continuing to manage the asset of £750,000, indexed for inflation (beginning 1 January 2015) and paid semi-annually. While MQA continues to hold 100% of the ordinary equity in the project, it does not expect to receive any further equity distributions as all surplus cash flows from the asset will be applied to service the debt.

2.5.4 Treatment of other assets

Following the deconsolidation of the M6 Toll and the sale of ITR & Chicago Skyway, traffic and financial information for these assets are not included in MQA's proportionally consolidated results. The operating performance of these assets no longer has an impact on MQA's cash flow or value. M6 Toll, ITR and Chicago Skyway figures have been excluded from pro forma pcp information.

Appendices

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 periods 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 21 – Beneficial interest

Beneficial interest for:	1H16	1H15
APRR	20.14%	20.14%
Dulles Greenway[1]	50.00%	50.00%
Warnow Tunnel	70.00%	70.00%

1. Reflects estimated economic interest.

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 22 – Spot and average foreign exchange rates

	Spot foreign exchange rates	Quarter ended average foreign exchange rates	
	As at 30 Jun 16	31 Mar 16	30 Jun 16
Euro	0.6723	0.6545	0.6602
Pound Sterling	0.5601	0.5044	0.5195
United States Dollar	0.7459	0.7224	0.7454

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. Operating expenses are recognised under the local GAAP applicable to each asset.

Corporate net interest income

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

- Either of the stapled entities; and
- Entities interposed between either of the stapled entities and the operator companies which earn interest income.

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 expenses

Corporate 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.

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.

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 year. 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 have been structured to better match the payment of interest with increasing revenue, an effective interest rate for the swap is calculated (representing the fixed rate that would have applied if the swap had no step-up). 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.

Appendix 2 – Reconciliation to statutory accounts

Table 23 – 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
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.

Table 24 – Reconciliation – Statutory results to proportionate EBITDA

A$m	1H16	1H15
Statutory profit/(loss) attributable to MQA security holders	**54.2**	**40.3**
Non-controlled investment adjustments:		
Share of net gain of associates	(210.8)	(68.3)
Proportionate EBITDA from non-controlled assets	282.7	261.5
MQA corporate level adjustments:		
Performance fees	134.1	-
Manager’s and adviser’s base fees	16.4	12.0
Income	(3.1)	(1.7)
Estimated tax expense	7.8	16.2
Corporate net expenses	1.5	1.5
Proportionate EBITDA from assets (per MIR)	**282.7**	**261.5**

Table 25 – Reconciliation – Statutory to MIR operating cash flows

A$m	1H16	1H15
Net statutory operating cash flows	**0.9**	**(28.2)**
Distribution proceeds from sale of Chicago Skyway	137.3	-
Preferred equity return from APRR	62.7	39.8
Distribution proceeds from sale of ITR	0.2	32.3
Net operating cash flows (per MIR)	**201.3**	**43.9**

Appendix 3 – Traffic and toll revenue performance

Table 26 – Traffic and toll revenue performance on pcp

Asset	1H16	1H15	Change on pcp	Quarter on pcp			
				Sep 15	Dec 15	Mar 16	Jun 16
APRR							
Light vehicle VKTm	9,097	8,773	3.7%	3.1%	2.7%	7.1%	0.7%
Heavy vehicle VKTm	1,771	1,672	6.0%	3.5%	4.1%	3.9%	8.0%
Total VKTm	10,868	10,445	4.1%	3.1%	2.9%	6.5%	1.8%
Toll revenue (€m)	1,084	1,025	5.8%	3.3%	3.6%	7.0%	4.7%
Dulles Greenway							
ADT	52,764	49,727	6.1%	6.1%	6.8%	7.3%	5.2%
Average daily toll revenue (US$)	246,312	225,238	9.4%	8.2%	9.0%	10.8%	8.2%
Warnow Tunnel							
ADT	11,097	10,828	2.5%	4.1%	6.5%	1.0%	3.8%
Average daily toll revenue (€)	27,387	25,612	6.9%	6.3%	10.9%	5.5%	8.2%
Portfolio average[1]							
Weighted average traffic			4.2%	3.3%	3.3%	6.5%	2.1%
Weighted average toll revenue			6.1%	3.8%	4.1%	7.3%	5.0%

1. Excludes ITR, Chicago Skyway and M6 Toll.