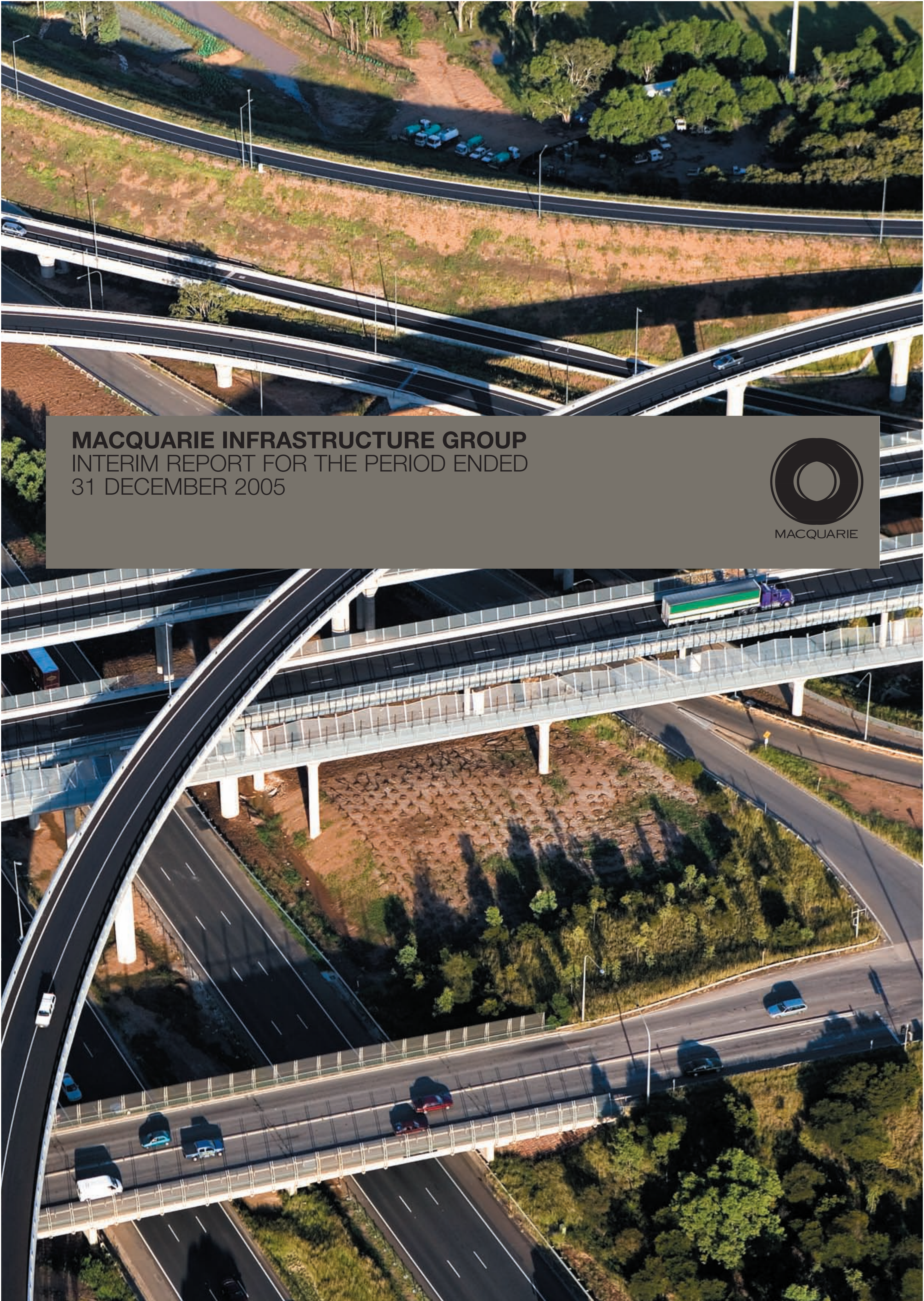
MACQUARIE INFRASTRUCTURE GROUP
INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005

MACQUARIE



CEO'S REPORT
FOR THE SIX MONTHS ENDING 31 DECEMBER 2005 >

The six months to 31 December 2005 have been a successful and extremely busy period for MIG and we believe the business continues to have strong prospects for 2006.

During the period, MIG achieved improved levels of service for road users across the portfolio through the completion of a number of capital works programs and the roll-out of electronic tolling and other automated means of payment. MIG also successfully increased revenue and introduced operating cost savings across the business.

At 31 December 2005, MIG held interests in 14 toll roads across six countries with a combined value of A$9,818 million, and had committed to invest up to A$600 million as its consortium equity contribution for the purchase of the French Government stakes and of minority stakes in Autoroutes Paris-Rhin-Rhône (APRR), a toll road business in France.

The opening of Westlink M7 on 16 December 2005, eight months ahead of the contracted completion date, was one of the major highlights of the period. Westlink M7 is a 40-kilometre motorway in western Sydney which completes a major section of Sydney's 120-kilometre orbital motorway network. A one-month toll-free period followed the opening, and more than 150,000 trips were made on average per day during the first seven full days of operation.

MIG's investment in the US$627 million[1] Dulles Greenway in northern Virginia in September 2005 demonstrates that opportunities continue to exist for high quality investments that will be value accretive to MIG investors. MIG pursued the opportunity to invest in Dulles for some time, initially approaching the owners in 2001 having identified a number of attractive attributes, including its location in an affluent region with one of the fastest growing populations in the United States.

MIG continues to apply strict criteria when tracking and assessing new opportunities and will only seek to invest, develop and manage quality investments that will increase security holder value over the long term.

Other key results included:

— The successful refinancing of debt in August 2005 in relation to Skyway in the United States. This was the first bond issue undertaken by MIG in the United States and it attracted a high level of interest. The innovative financing structure better matches Skyway's capital structure to its operating cash flows and provides an improvement in the cash yield produced by the business in the short term.

— Selection in December 2005 of the consortium comprising Eiffage SA, MIG and Macquarie European Infrastructure Fund as the preferred bidder for APRR, the second largest motorway company in France. APRR is a strong and stable roads business which MIG believes will deliver solid returns to investors throughout the 27-year concession.

— Completion by the M6 Toll of its second full year of operation providing motorists in the UK with an efficient, reliable alternative to the congested M6. While early traffic levels have been below forecast, MIG management remains optimistic on the long-term prospects for the M6 Toll.

— Reduction of the operating cost per transaction on the 407 ETR while providing improved customer service through a broad range of initiatives.

— Continued optimisation of the capital structure of MIG's assets with securitisations of MIG's cash flows of the Eastern Distributor, M4 and M5 toll roads.

— Continued progress on construction work on South Bay Expressway in San Diego, expected to be completed in the first quarter of 2007.

[1]Value as at 31 December 2005

FINANCIAL HIGHLIGHTS >

	Six months to 31 December 2005 A$m	Six months to 31 December 2004* A$m
Revenue and other income	**1,020.7**	624.0
Operating expenses	**(351.8)**	(343.9)
Net result before tax**	**668.9**	280.1
Income tax benefit	**154.1**	257.4
Outside equity interests	**(2.1)**	9.6
Net profit attributable to MIG security holders**	**820.9**	547.1
Total assets	**11,766.2**	9,088.2
MIG security holders' interest with MIT(I) units as equity	**6,570.0**	4,060.2

* Restated to AIFRS
** Before finance costs attributable to MIT(I) unit holders

Financial results for the period
The MIG interim financial report for the period ended 31 December 2005 is the first to be presented under Australian equivalents to International Financial Reporting Standards (AIFRS). The effects of this transition are disclosed in the interim financial report but, as previously advised, the reduction in reported net assets is primarily due to controlled assets' tolling concessions being carried at cost rather than directors' valuations.

MIG continues to present the directors' view of the values of all assets in its portfolio within its Aggregated Management Report. MIG's Net Asset Backing per security as at 31 December 2005 was A$4.21, compared to A$3.84 at 30 June 2005.

The total result for MIG security holders for the six months ended 31 December 2005, after adding back MIT(I) unit holders' finance costs, was A$821 million, an increase of A$274 million on the same period last year. Total assets increased to A$11,766 million compared to a balance of A$9,040 million as at 30 June 2005 (restated to AIFRS).

Distributions
In December 2005 MIG announced a distribution of 10 cents per stapled security for the half year ending 31 December 2005, in line with guidance given at the AGM held in November 2005.

MIG also offered investors the opportunity to participate in the Distribution and Dividend Reinvestment Plan for this distribution at a 2.5% discount which was well accepted.

MIG plans to pay a further 11 cent distribution for the half year ending 30 June 2006.

MIG's Boards and management are confident of continued growth across the operating businesses and profitability at the EBITDA[2] line, allowing MIG to continue to receive distributions from the asset portfolio and to optimise the financial structures of MIG's investments, providing opportunity for further growth in distributions in future years.

[2] Earnings before interest, tax, depreciation and amortisation

Outlook
Key initiatives for the year ahead include:

— Following completion of MIG's investment in APRR on 20 February 2006, the Eiffage-Macquarie consortium will implement its business objectives in order to continue to develop the business.

— Maintaining an efficient capital structure for each investment.

— Investing in the assets including progressing construction work on South Bay Expressway, along with capital improvement programs on 407 ETR, Dulles Greenway and Skyway.

— Ensuring that Westlink M7 continues to develop following its successful opening.

— Reaching financial close on the Indiana Toll Road, for which the MIG-Cintra consortium was selected as preferred bidder in January 2006.

The Boards and management of MIG are confident that ongoing growth potential exists across MIG's unique portfolio of toll road assets, and that MIG has the expertise and resources to maximise returns to security holders over the coming years.

We thank you for your support of MIG and look forward to continuing positive results in the 2006 financial year.

Stephen Allen
Chief Executive Officer
Macquarie Infrastructure Group

HALF YEAR IN REVIEW JULY–DECEMBER 2005 >

JUL 05 >

— MIG introduced new debt facilities of A$150 million secured against future cash flows from its interest in the Eastern Distributor, which will provide additional financial flexibility for MIG.

AUG 05 >

— MIG partnered with French company Eiffage to form a consortium for the purpose of bidding for the French toll road business APRR. Eiffage is Europe's sixth largest construction and concessions group with an annual turnover of approximately €8 billion.

— MIG and Cintra completed the Skyway debt refinancing which resulted in the issue of US$1.55 billion of new debt facilities and a distribution of US$168 million to MIG.

— An independent panel of arbitrators ruled in 407 ETR's favour that the conditions required to establish 2002 as Base Year were achieved. The Province of Ontario subsequently announced its intention to appeal the arbitration decision. An appeal to the Ontario Superior Court is expected to be heard in April 2006.

— MIG invested in the Dulles Greenway, a 22-kilometre operating toll road in northern Virginia in the United States. MIG's investment of US$615 million was funded by a A$675 million institutional placement and security purchase plan at a price of A$3.87 per stapled security. Dulles Greenway makes up 8% of MIG's portfolio.

SEP 05 >

— MIG joined the Dulles Corridor Mobility Initiative (DCMI) consortium which submitted a proposal to the Virginia Department of Transportation to establish a 50-year toll road concession over the Dulles Toll Road between Washington DC and Dulles International Airport. The Virginia Department of Transport will review the DCMI proposal, as well as a number of other competing proposals.

Dulles Greenway

APRR

OCT 05 >

— The Oregon Transportation Commission confirmed the selection of the MIG consortium as the preferred party for the provision of pre-development services to the Oregon Department of Transportation for three potential road projects in Oregon in the United States. The pre-development services involve MIG participating in project feasibility evaluations. The evaluation process for the projects is expected to continue throughout 2006.

NOV 05 >

— The Ontario Divisional Court granted a unanimous decision in 407 ETR's favour ordering the Ontario Registrar of Motor Vehicles to comply with the statutory obligation to deny vehicle permits to individuals who refuse to pay their 407 ETR tolls. Plate denial is now in operation.

— MIG confirmed the FY06 distribution guidance of 21 cents per stapled security, and provided distribution guidance of 23 cents per stapled security for FY07.

DEC 05 >

— A new toll structure was announced for Dulles Greenway, effective 1 January 2006.

— Westlink M7 opened on 16 December 2005, eight months ahead of schedule. Westlink M7 operated toll free for the first full month of operation.

— The French Government selected the Eiffage-Macquarie consortium as the preferred tenderer for their 70.2% stake in APRR. The government accepted the offer of €61 per share and, subject to French takeover law, the consortium will now make an offer for the remaining interests in APRR.

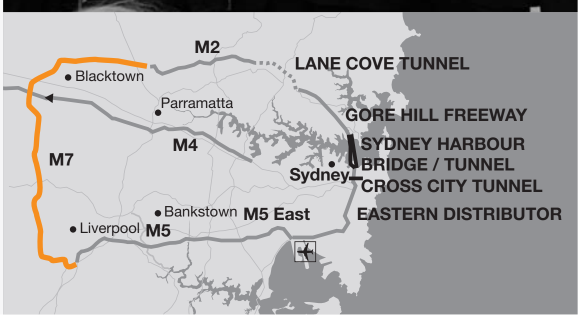
— MIG exercised its call option to acquire an additional 5% of Westlink M7 from Leighton and Abigroup for A$47 million. MIG now has a 45% direct stake in Westlink M7.

— MIG introduced new debt facilities of A$125 million secured against future cash flows from its interests in M4 and M5. These facilities will provide additional financial flexibility for MIG.

— Westlink M7 renegotiated the terms of its existing debt facility, reducing its average margin from 170bps to 78bps.

— A new toll structure was announced for 407 ETR, effective 1 February 2006.

Westlink M7 opening



Westlink M7

Why we like toll roads
Toll roads have proven themselves over time to be an attractive investment because they offer a combination of relatively predictable cash flows and growth potential.

Toll roads offer time saving and stress relief to road users. Consumers attribute value to the time that is saved and traffic analysts in turn can evaluate the likely growth in traffic and changes to traffic patterns. The ability to determine future traffic growth combined with concession agreements that have known toll price paths (often linked to CPI) makes it possible to identify roads that will have both growing and inflation-protected revenue streams. Additionally, if the operating costs for those roads are controlled, then further growth in operating cash flow can be achieved over time.

With a road that is demonstrating predictable characteristics and strong cash flow, MIG management employs its strong experience in capital management to create efficient structures.

What we look for in toll roads
MIG invests in OECD countries due to their well developed and stable economic and political systems. We prefer intra-urban roads with user-pays tolls, or roads with similar characteristics, for their attractive growth features.

MIG looks to invest in roads which are going through a period of change and as a result have an inherent degree of risk which can be effectively managed over time. Change can include development of a new road, a transition from public to private ownership, or significant expansion or toll change. MIG can employ its diverse experience in operating and developing toll roads around the world to manage risks and improve the operations of these roads to provide increased cash flow and potential for capital growth for MIG investors.

Debt financing
MIG seeks to optimise the capital structure of its assets by reducing the cost of capital and providing financial flexibility. As debt is generally cheaper to service than equity, MIG seeks to optimise the level of gearing both at acquisition and throughout the life of each asset.

MIG is comfortable its assets can accommodate significant levels of gearing as the underlying cash flows are predictable, sustainable and generally increase over time.

However, the use of debt also increases the risks and volatility of investor returns. MIG manages these risks through a combination of hedging (see Interest rates section for further discussion), as well as ensuring a sustainable approach to the level of debt employed. For example, it is essential that the debt employed is capable of being comfortably repaid. MIG (and the lenders of debt to the MIG assets) will typically use a measure referred to as Project Life Cover Ratio (PLCR) as one way of assessing the ability to repay debt. This measure tests the number of times that existing debt and interest can be repaid from the expected cash flows of the asset over its life. The PLCR of MIG's current portfolio is in excess of five times, which is generally accepted as a high level of cover. This measure, and other debt service measures, show that MIG has employed a prudent level of debt and satisfies lenders that the debt can comfortably be repaid over the life of the concession.

In addition, MIG's policy is to use limited-recourse debt which is capable of being repaid exclusively by the expected cash flows of the asset. Should one of MIG's assets experience difficulties for whatever reason, the other assets in the portfolio would not be impacted, and MIG would not have to make any further investment in the asset.

Interest rates

MIG's investments are relatively insensitive to short term changes in interest rates as a significant proportion of the debt in MIG's assets is hedged.

The table below shows the percentage of debt hedged over the following terms:

86% 0-2 YEARS

69% 2-4 YEARS

46% 4-7 YEARS

45% >7 YEARS

Over the long term MIG's investments have a natural hedge to rising interest rates as there is some correlation between interest rates and inflation.

For example, rising interest rates increase the cost of capital, decreasing the valuation of MIG's investments. However, higher inflation increases the valuation as the investments have inflation-linked pricing mechanisms (as a minimum).

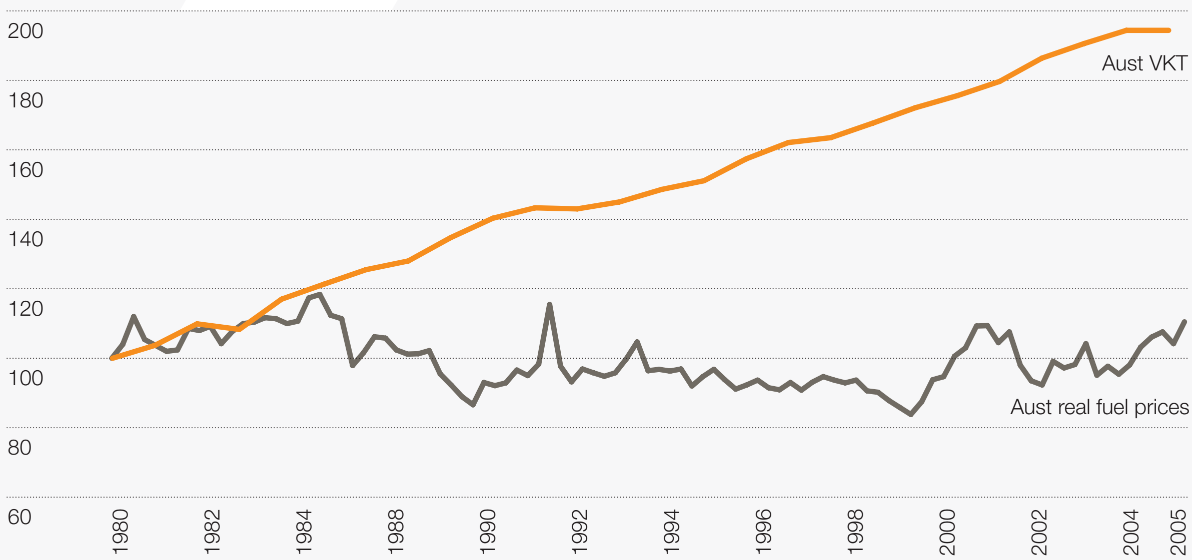
The table below illustrates this natural hedge to rising nominal interest rates for MIG's two largest assets, 407 ETR and M6 Toll, and shows that the valuation actually increases.

	407 ETR A$m	M6 Toll A$m
Valuation at 31 December 2005	3,236	2,501
Interest rates +1%	(90)	(94)
Risk-free rate +1%	(678)	(404)
Inflation +1%	865	511
Resulting valuation	3,333	2,514

Fuel prices

History has shown that increases in fuel prices have a temporary impact on traffic. The table below illustrates that vehicle kilometres travelled (VKT) in Australia have grown steadily at a compound annual growth rate of 3.1% despite volatility in the fuel price. This is typical of what has occurred in other locations.

AUSTRALIAN VKT VS REAL FUEL PRICE



Source: BTRE, ABS & Datastream. Index (1980=100)

Westlink M7 – the road western Sydney wanted

Flan Cleary knows roads. With over 30 years' experience in major road infrastructure projects in Australia and Ireland, Cleary has worked for government and private organisations in roles ranging from bridge design to project management and contract administration.

Cleary was appointed General Manager of Westlink Motorway in Sydney in July 2003 to manage the design and construction, operations and maintenance and tolling contracts of Westlink M7, and to manage stakeholder relationships. He was responsible for ensuring the motorway was ready for operation, and for keeping the community and the media properly informed. While daunting for some, the role offered the scope and challenges that Cleary had been looking for.

"It was the size of the project, the challenges involved and the opportunity to work with very competent organisations and individuals that attracted me," he says.

Cleary was previously General Manager of Airport Motorway Limited, the concession company that financed, built and now operates Sydney's Eastern Distributor. He was with the company during the construction phase and for the first two years of operation. Prior to joining the private sector, Cleary worked for the Roads and Traffic Authority for 25 years managing major projects around Sydney, including the Gore Hill Freeway and the Anzac Bridge. He had the experience required for the successful development of Westlink.

"Developing awareness of the project within local communities and selling the concept of fully electronic and distance based tolling were probably my two greatest challenges. And launching a major toll road under intense public scrutiny!" he adds nonchalantly.

Westlink M7 opened on 16 December 2005, eight months ahead of schedule. "Seeing the driver of the first vehicle, a utility, put his foot down when he saw the open road in front of him was fantastic," Cleary says. "There was considerable excitement, with truck drivers waving and blowing horns as they drove past the control centre. The road looks good, it rides well."

While Cleary will manage completion of the remaining construction work, his primary focus is now on ensuring that operational systems are bedded down, fine tuned and working well. He is also working closely with communities and councils on several local initiatives.

"One of the good things about the project is the number of opportunities it presents for community involvement. Already we have sponsored a local art show and the first visit by the Sydney Symphony Orchestra to Blacktown. There are plans to hold a new marathon this winter along Westlink's cycleway and walking path – it's the perfect piece of infrastructure for it," he says. "The road is already bringing economic benefits to western Sydney. It is a great project. Westlink is a great road – it's the road western Sydney wanted."

Introducing MIG's CFO, Mary Nicholson

As chief financial officer for MIG, Nicholson is responsible for all aspects of financial reporting and financial management for the group. When she joined MIG the business comprised 26 assets in eight countries. Since then MIG has divested its interests in 16 assets (including the Cintra portfolio) and acquired a further five assets, bringing the current total to 15 assets across seven countries[1]. In the same period, MIG's market capitalisation has grown by 40% to A$8.6 billion, MIG has raised A$883 million in capital and paid A$2.1 billion in distributions to investors.

"I love the variety and the inherent challenges of my work," Nicholson says of her role which goes far beyond traditional accounting to encompass treasury and financial management, investor relations and team supervision.

"The role requires me to be across every initiative in every country in which MIG has investments or interests. Since I joined MIG we have entered several new markets, and the frameworks of the new jurisdictions need to be understood and their interplay with existing assets managed. In any one day I typically talk to people in four different time zones."

This senior responsibility for each MIG financial transaction and knowledge of all new and ongoing projects are requirements she clearly enjoys. As an integral member of the MIG team since joining Macquarie's Infrastructure and Specialised Funds division as finance manager in December 2002, Nicholson was promoted to CFO in April 2005. She leads a "very talented" finance team based in Sydney and London.

Recent challenges for Nicholson have included managing MIG's transition to the newly adopted International Financial Reporting Standards, and establishing ways to enhance investor and market understanding of MIG's accounts.

Nicholson's previous experience built strong foundations for the demands of her role. Working in PricewaterhouseCoopers' financial services audit practice in London, she specialised in banking and capital markets. Subsequently moving to Australia, she broadened her portfolio and gained experience in the funds management business.

Notwithstanding the technical aspects inherent in the role, being CFO of one of the largest global private developers of toll roads is not all about numbers.

"One of the great and unique components of this position is that it involves building relationships with people who are core to our business; not only our internal team, but also investors, analysts, financiers and the CFOs of each asset in which MIG has an interest."

[1]The total includes APRR in which MIG acquired an interest during February 2006

MIG INVESTMENT PROFILE AS AT 31 DECEMBER 2005 >

Asset	Location	Description	Toll increase mechanism	MIG stake %	Value as at 31 Dec 2005 A$m	Value as at 30 June 2005 A$m
407 ETR	Toronto	Operating	Market based with traffic thresholds	30.0	**3,236.2**	2,549.7
M6 Toll	Birmingham	Operating	Market based	100.0	**2,501.4**	2,415.4
Dulles Greenway[1]	Virginia	Operating	Subject to independent regulatory review by a state based regulator – current path specified to 2007	100.0[2]	**854.2**	–
Eastern Distributor (M1)	Sydney	Operating	Greater of 4.1% or inflation per annum	71.4	**850.0**	845.9
Westlink M7	Sydney	Operating	Inflation quarterly	45.0	**624.7**	459.3
M5	Sydney	Operating	Inflation	50.0	**564.4**	540.8
Skyway	Chicago	Operating	Fixed toll schedule until 2017 – post 2017, minimum of inflation, CPI or nominal GDP	45.0	**494.6**	603.2
Tagus River Crossings	Lisbon	Operating toll bridges	Inflation	30.6	**253.9**	236.6
South Bay Expressway	San Diego	Under construction	Market based	100.0	**224.2**	208.4
Transurban	Sydney	Operating	Greater of 4.0% or inflation per annum	2.8	**145.5**	156.1
M4	Sydney	Operating	Inflation	50.6	**62.2**	67.3
Warnow Tunnel	Rostock	Operating toll unless IRR >25%	Minimum of inflation	70.0	–	0.0
Other				–	**7.0**	7.8
Total					**9,818.3**	8,090.5

[1] The investment in Dulles Greenway was acquired during September 2005
[2] 100% economic interest

MAJOR ASSET PERFORMANCE >

Asset	Traffic increase [1] %	Revenue increase [1] %	EBITDA increase [1] %
407 ETR	3.1	7.4	11.8[2]
M6 Toll	(10.8)	12.2	16.2[3]
Eastern Distributor (M1)	5.5	9.7	12.0
Dulles Greenway	1.7	4.0	1.0
M5 Motorway	3.3	4.1	2.0
Skyway	4.8	32.7	40.7
Lusoponte	(1.1)	(0.7)	0.4
M4 Motorway	2.9	5.5	3.3

[1] For the six-month period ended 31 December 2005 compared to previous corresponding period
[2] EBITDA for M6 Toll excludes the expense accrued on the land fund
[3] EBITDA for Eastern Distributor excludes concession loan note expense

CORPORATE DIRECTORY >

Interim financial report
A copy of the MIG interim financial report for the six-month period ended 31 December 2005 is available on the MIG website www.macquarie.com.au/mig

Alternatively, if you would like to receive a hard copy, please contact Computershare Investor Services on 1800 000 982.

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Frost Design, Sydney

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