

OCTOBER 1, 2008

Special Interim Report



MACQUARIE GLOBAL INFRASTRUCTURE TOTAL RETURN FUND (MGU)

In this special interim report prior to the posting of the September 2008 Monthly Report in mid-October, the Manager reviews the factors that affected the global infrastructure sector and MGU's performance in the Fund Quarter that ended August 31, 2008 and the month to September 30, 2008.

PORTFOLIO REVIEW

Infrastructure stocks within the MGU portfolio weakened alongside global equity markets during the Fund Quarter as investors increasingly focused on credit market and financial sector concerns, the slowdown in US and global economic growth, and rising inflation. Since quarter-end, the Fund's share price and NAV has exhibited ongoing volatility, led by broad ongoing weakness in global equity markets, the crisis in the US financial sector and the rising US dollar. However, the operational performance of the companies in MGU's portfolio that reported during the Fund Quarter was generally in line with the Manager's expectations and continues to demonstrate general resilience in the face of macroeconomic headwinds.

In the Manager's view, the four major contributors to MGU's performance for the last four months are:

1. the market's reaction over corporate debt pricing and availability;
2. the impact of the spike in oil prices on MGU's transportation infrastructure holdings;
3. the rebound of the US dollar; and
4. MGU's fund leverage.

Credit market conditions have changed markedly, such that the cost of debt has increased and investors are more cautious. Australian infrastructure companies have, in some cases, responded by announcing changes to their capital structures including new equity issues, reduced debt and lower distribution rates. The changes are a result of companies determining that their structure was no longer optimal in the current environment. These new capital structures are expected to provide more flexibility to fund growth through either expansionary capital expenditure projects or new asset acquisitions. The Manager regards this as a healthy development that these companies are flexible enough to adapt to changing circumstances in the interests of shareholders. Several of the portfolio stocks which have made or are making changes include tollroad owner Transurban, rail and seaport owner Asciano, and diversified infrastructure company Babcock & Brown Infrastructure (or BBI). BBI has also faced another headwind, namely concerns surrounding its parent company Babcock & Brown Limited, a listed investment bank and global alternative asset manager, whose share price has fallen over 95% from its peak a year ago. BBI is MGU's only Babcock & Brown-related holding. BBI has its own independent board and no financial exposure to the parent company. BBI has announced a change to its capital structure, but its share price continues to be affected by uncertainties in relation to the parent company. In the Manager's view, it is not trading on its own fundamentals.

Over the past year as a result of the increased focus on credit, a number of these more highly leveraged Australian infrastructure companies have underperformed. However, in the Manager's view, the market's approach to leverage ignores a crucial point – the appropriate level of debt for each company is different. One of the key determinants is the stability and predictability of the cash flows to service that debt. The recent developments in the last couple of weeks have served to exacerbate and reinforce the market's concerns regarding leverage, leading to further underperformance by the stocks of relatively highly leveraged companies. As a result, September has seen unprecedented volatility for stocks generally, including some in the infrastructure sector.

The second contributor to MGU's recent performance is the share price performance of the Fund's holdings in transportation infrastructure subsectors such as airports, tollroads and seaports. These stocks were driven down in June and early July by the market's perception that they would be adversely affected by slower global growth and the higher oil price. The stocks began to recover in mid-July and August from the previous sharp declines. This was due in part to the continued decline in the oil price and recovery from previously oversold levels. The higher oil price actually benefits some utilities which generate power and sell it into competitive power markets, where prices have risen strongly on the back of higher energy prices. As a result, we have seen these utilities perform cyclically very strongly. However, they tend not to have the stable and predictable cash flows the Manager seeks and thus, as a benchmark-unaware Fund, MGU is very underweight these utilities, which form a large part of the benchmark. This has detracted from the Fund's performance relative to the Index.

In the case of tollroads, the market has assumed that the higher oil price will permanently reduce traffic volume. This is despite historical evidence that tollroads tend to have defined and growing usage patterns over time. In each case, traffic growth resumed its positive trend the following year. This indicates that even through economic slowdowns and oil price shocks, traffic volume has been very resilient. Nevertheless, the market is pricing a sharp and sustained downturn in traffic, based on some softer traffic volume data. However, in some cases, the market has ignored that there have been significant toll increases, so revenue has actually increased. On other tollroads, there have been specific local factors, such as road closures, which have distorted the trend. A number of MGU's tollroad holdings reported solid results and stronger traffic during the Fund Quarter, such as Chinese tollroad company Zhejiang Expressway, Transurban Group in Australia, Plus Expressways in Malaysia, and Brazilian tollroad company CCR.

In regards to airports, the market appears to have assumed that airport and airline profitability are one in the same. Both history and recent results suggest otherwise. While higher oil prices may affect airline profitability and see rationalization of some routes, airports typically have stable and predictable demand, with a history of resilience to world economic and political shocks. According to Airports Council International, air traffic growth in the year to July 31 is positive, albeit a little slower than last year. This is in spite of the oil price spike and slowing global economic growth. Similar to the tollroad holdings, a number of MGU's airport holdings have recently reported positive results. Auckland International Airport in New Zealand, Zurich Airport in Switzerland, Vienna Airport in Austria, and Aeroports de Paris Group in France all reported solid results and stronger traffic during the Fund Quarter.

Because the portfolio is not currency hedged, the third major contributor to the Fund's performance for the Fund Quarter and month to date is the rebound of the US dollar. The Fund's current strategy is to run an unhedged currency exposure. Historically, major currency relationships suggest that currency will not have a material impact on return over the long term, despite the potential for short-term volatility. The Manager also believes that investors in a global equity portfolio typically want the diversification to their overall portfolio provided by foreign currency exposure. After the portfolio benefited from relative weakness in the US dollar during the first half of 2008, currency movements have been a net negative for MGU more recently. The US dollar rose against the currencies of six trading partners in August, climbing for a fifth straight month versus the Japanese yen, appreciating the most against British pound since 1992, and posting its biggest monthly advance against the Euro since the European currency's 1999 debut. The US dollar also recorded its largest monthly gain in August versus the Australian dollar since February 1989. These four currencies represented approximately half of the globally diversified portfolio as of August 31, 2008. In September, the US dollar has remained volatile versus major currencies.

PORTFOLIO REVIEW (continued)

The fourth contributor to the Fund's recent performance has been MGU's leverage. As of August 31, MGU had drawn down \$150 million of its \$200 million commercial paper conduit, and the Fund's leverage was approximately 26%, well within the limit outlined in the Fund's prospectus. Subsequently in September, MGU paid back \$12 million to bring the Fund's total leverage down to \$138 million. The Manager believes that the prudent application of leverage can assist in increasing total returns generated by MGU. However, leverage does magnify returns to the downside, as we have seen in this past quarter and month to date. To limit the Fund's exposure to potentially adverse interest rate movements, the Manager has entered into swap agreements that partially lock in interest rates. In the current environment, the Manager continues to monitor the most appropriate level of leverage for the Fund.

OUTLOOK

The long-term prospects for infrastructure assets remain sound, with developed countries looking to both privatize and expand their infrastructure networks. In emerging economies, much infrastructure is yet to be built and it will need to be financed by the private sector. The Manager expects that the listed infrastructure sector will continue to grow, in tandem with the unlisted sector, where significant funds, which have already been raised, will be seeking suitable investment opportunities.

Global equity markets remain very volatile, with sharp shifts in sentiment and reaction to newsflow affecting share prices. While it is traditionally a more defensive sector, infrastructure has not been immune. Separate to the share price volatility, the underlying operational performance of infrastructure stocks generally remains sound, which is reflected in the overall positive financial results of the recent reporting season, some of which were touched on above. The Manager believes that the companies in which MGU has invested continue to have sound fundamentals. In the Manager's view, there remains a disconnect between operational performance and share price performance. The Manager believes that MGU is defensively positioned to weather the slower growth, higher inflation and more volatile environment that global markets are currently navigating. While the Manager expects that the near-term performance of global infrastructure securities will continue to be impacted by broader equity market movements and credit market concerns, the Manager expects MGU over time to exhibit lower volatility than the broader equity markets due to the defensive characteristics and the traditionally lower volatility assets of the companies in which MGU invests.

The Manager understands and shares concerns in relation to the current market volatility and the impact on the Fund's return. Based on the Manager's meetings and ongoing dialogue with the senior managements of many of the Fund's holdings in recent weeks, the Manager remains confident that the businesses of the Fund's holdings are generally sound. In the Manager's view, the current share price discount to NAV is not consistent with the investment fundamentals and underlying Net Asset Value of the Fund. Through the volatility in markets, the Manager continues to focus on the listed securities of infrastructure companies that have strong strategic positions in their respective businesses and are likely able to generate sustainable and growing cash flow streams from their infrastructure assets. The Manager continues to actively monitor developments in markets to ensure that the portfolio is appropriately positioned not only for the short term, but also for longer term opportunities.

Although the operational performance of the Australian holdings' infrastructure assets has generally met the Manager's expectations, the share price of several stocks has been weak as the market's concerns in relation to leverage and sophisticated capital structures weigh on the whole sector, despite recent changes. In relation to leverage, the Manager's view is that the market has acted somewhat indiscriminately in marking down the stock prices of companies with above average, yet still prudent and sustainable levels of leverage.

The Manager will continue to assess the impact of volatile oil prices and slower economic growth on underlying demand fundamentals of transportation infrastructure assets. While there may be some short-term impact on demand, historical evidence with respect to tollroads and airports suggests that long-term usage patterns will not materially change. The Manager continues to find tollroads and airports attractive as they contain the cash flow characteristics that the Manager seeks – defined tariffs, the ability to pass through inflation and typically inelastic demand through economic cycles or oil price shocks.

Looking ahead, the Manager believes the pricing of global listed infrastructure securities overall should revert more closely, over time, to reflect the fundamentals of the underlying infrastructure assets.

FUND MANAGEMENT

MGU's investment adviser is Macquarie Capital Investment Management LLC, which is a part of Macquarie Funds Group and a wholly-owned, indirect subsidiary of Macquarie Group Limited (Macquarie Group).

Macquarie Group is a diversified international provider of financial, advisory and investment services, with approximately \$216 billion of total assets under management as of June 30, 2008. Headquartered in Sydney, Australia, Macquarie Group (ASX:MQG) is listed on the Australian Securities Exchange and employs over 13,700 people in 25 countries as of July 31, 2008.

Macquarie Funds Group (MFG) is the full service fund manager of Macquarie Group. MFG has over 25 years of asset management experience, over 700 staff across 16 offices globally, and over A\$74 billion in assets under management as of June 30, 2008. MFG offers a diverse range of products including managed funds across a wide range of asset classes, funds-based structured products, hedge funds, and fund of funds.

For more information on the Macquarie Global Infrastructure Total Return Fund:

 1 800 910 1434

 www.macquarie.com/mgu

 MGU-Questions@macquarie.com

DISCLAIMER

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The Fund is not intended to be a complete investment program. An investment in the Fund involves risks, and the Fund may or may not be able to achieve its investment objective for a variety of reasons. The following summarizes some of the Fund's risks but does not purport to be a complete listing of all of the risks. Investors should carefully review the Fund's Prospectus and consult their own advisers. The opinions expressed herein are the opinions of the Fund's advisers as of the date of this document, are based on market conditions as of that date, and are subject to change. The opinions should not be considered advice or recommendations. Past performance is not indicative of future results.

The above commentary and outlook reflects the views of the portfolio managers through October 1, 2008 and may include forward-looking statements. The statements may include projections, estimates and descriptions of future events. These statements are subject to a variety of risks and uncertainties, which may cause actual results to differ materially from this commentary and outlook. The portfolio managers' views are subject to change as market and other conditions warrant and should not be construed as a recommendation for any securities discussed herein.

Unlike open-end funds, closed-end funds are not continuously offered. After a one-time public offering, shares of closed-end funds are sold in the secondary market and frequently trade at a discount to net asset value.

Specific information on the Fund is provided for informational purposes only and is not intended for purposes of purchasing or selling shares of the Fund.

Adviser Risk. MCIML, the Fund's adviser, is an investment adviser with limited investment history or track record. The Fund is further dependant on Mr. Jon Fitch and Mr. Justin Lannen, portfolio managers for the Fund. There is no guarantee an adequate replacement could be found for MCIML should Mr. Fitch's and/or Mr. Lannen's services no longer be available. The Fund is also subject to risk because it is an actively managed portfolio. Industry Concentration and Infrastructure Industry Risk. The Fund will be concentrated in the infrastructure industry, and will be more susceptible to adverse economic or regulatory occurrences affecting that industry than a fund that is not concentrated in a specific industry.

Non-U.S. Investment Risk. A majority of the Fund's investments will be in non-U.S. issuers and a substantial portion of the trades executed for the Fund will take place on foreign exchanges. Investments in securities and instruments of non-U.S. issuers involve certain considerations and risks not ordinarily associated with investments in those of U.S. issuers.

Emerging Markets Risk. In addition to non-US investment risk, investments in emerging markets may expose the fund to heightened risks that may be more volatile than investments in developed markets.

Use of Derivatives and Hedging. The Fund may use derivatives and employ a variety of hedging techniques. Derivatives can be illiquid, may disproportionately increase losses and may have a potentially large impact on the Fund's performance. Certain of the investment techniques that the Fund may employ for hedging or to increase income or total return will expose the Fund to additional risks.

Leverage Risk. The Fund expects to employ leverage as part of its investing strategy. The use of leverage will increase the volatility of the Fund and increase risk to investors. Any difficulty in maintaining the Fund's leverage could cause a diversion of cash flow and/or require liquidation of some portion of the Fund's portfolio. Restrictions imposed as a result of any leverage may directly or indirectly inhibit the Fund's ability to take actions that otherwise may be taken in an unleveraged portfolio of similar assets.

Non-Diversified Status. The Fund is non-diversified within the meaning of the Investment Company Act of 1940.