Atlas Arteria

(formerly Macquarie Atlas Roads)

Management Information Report

31 December 2018

atlasArteria

Disclaimer

Atlas Arteria ("ALX" or the "Group") (formerly Macquarie Atlas Roads) comprises Atlas Arteria International Limited (Registration No. 43828) ("ATLIX") (formerly Macquarie Atlas Roads International Limited) and Atlas Arteria Limited (ACN 141 075 201) ("ATLAX") (formerly Macquarie Atlas Roads Limited). ATLIX is an exempted mutual fund company incorporated and domiciled in Bermuda with limited liability and the registered office is The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda. ATLAX is a company limited by shares incorporated and domiciled in Australia and the registered office is Level 7, 50 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 ATLIX and ATLAX. 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 ALX, 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 ATLIX and ATLAX is entitled to fees for so acting. MGL and its related corporations (including MFA), ATLAX and ATLIX together with their officers and directors may hold stapled securities in ALX 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 Financial Report of ALX for the year ended 31 December 2018. This Report provides a detailed analysis of the performance of each asset within the ALX portfolio. The policies applied in preparing this Report are detailed in Appendix 1.

This Report is prepared on a different basis from the ALX 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 ALX for the year as in the Financial Report. This Report should be read in conjunction with the Financial Report which is available from the ALX website. Refer to Appendix 2 for reconciliation between the results presented in this Report and the 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 ALX's assets in the relevant proportions that ALX holds beneficial interests. Proportionate EBITDA excludes non-cash items which are not reflective of cash outflows in the current reporting year. 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 year results with the asset ownership percentage and foreign currency exchange rates from the current year.

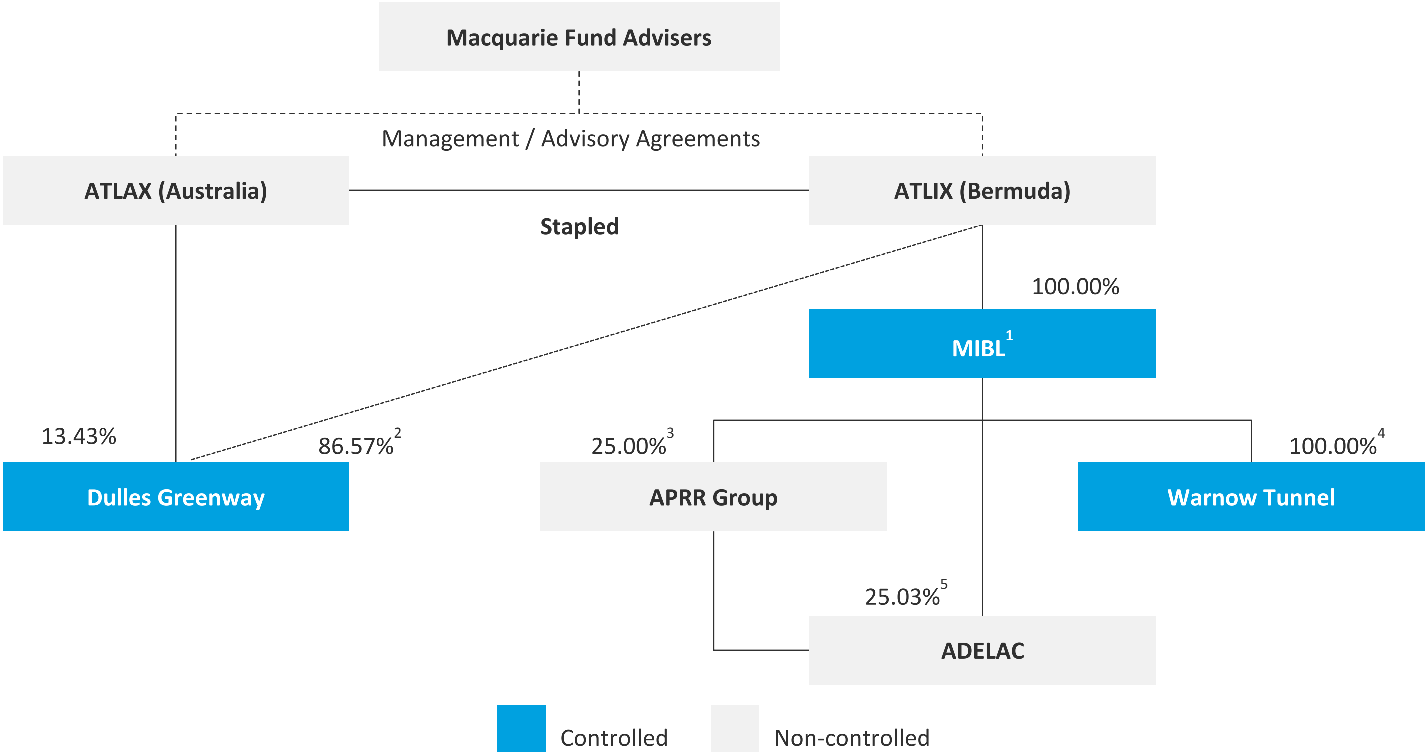
Atlas Arteria International Limited
Atlas Arteria Limited

Overview of structure

ALX is a stapled security listed on the Australian Securities Exchange. Stapled securities are two or more securities that are quoted and traded as if they were a single security. An ALX stapled security consists of a share in ATLAX and a share in ATLIX.

The diagram below shows the split of ALX's portfolio of assets between the two ALX stapled entities as at 31 December 2018.

Figure 1 – ALX structure overview as at 31 December 2018



Asset portfolio

Table 1 – ALX's portfolio of assets and percentage interests as at 31 December 2018

Asset	Location	Reporting currency	Date of initial acquisition[6]	Date of concession end	ALX's interest
APRR	France	€	February 2006	November 2035[7]	25.00%[3]
ADELAC	France	€	February 2006	December 2060	25.03%[5]
Dulles Greenway	United States	US$	September 2005	February 2056	100.00%[2]
Warnow Tunnel	Germany	€	December 2000	September 2053	100.00%[4]

1. ATLIX holds interests in APRR, ADELAC and Warnow Tunnel indirectly through its wholly owned subsidiary MIBL Finance Luxembourg Sarl ("MIBL").
2. ATLIX's 86.57% economic interest in Dulles Greenway represents two subordinated loans secured against the non-ALX limited partner interests in Toll Road Investors Partnership II ("TRIP II").
3. APRR represents APRR and its subsidiaries. APRR Group represents a consolidation of Financière Eiffarie ("FE"), Eiffarie and APRR and its subsidiaries. References to APRR and APRR Group excludes ADELAC financial information.
4. On 20 September 2018, ALX acquired the remaining 30% equity interest and shareholder loan in Warnow Tunnel for €3.7 million (prior to adjusting for applicable transaction taxes), increasing ALX's total interest to 100%. The acquisition was fully funded by ALX's existing cash.
5. ATLIX's 25.03% interest in ADELAC is held partly through its investment in APRR and partly through its 50.01% investment in Macquarie Autoroutes de France 2 SA ("MAF2").
6. Reflects initial acquisition by Macquarie Infrastructure Group ("MIG"). These assets were assumed by ALX on demerger from MIG in 2010.
7. Represents length for APRR concession. Date of concession end for AREA is September 2036.

1 Traffic and ALX financial performance

1.1 Traffic and proportionate financial performance summary[1]

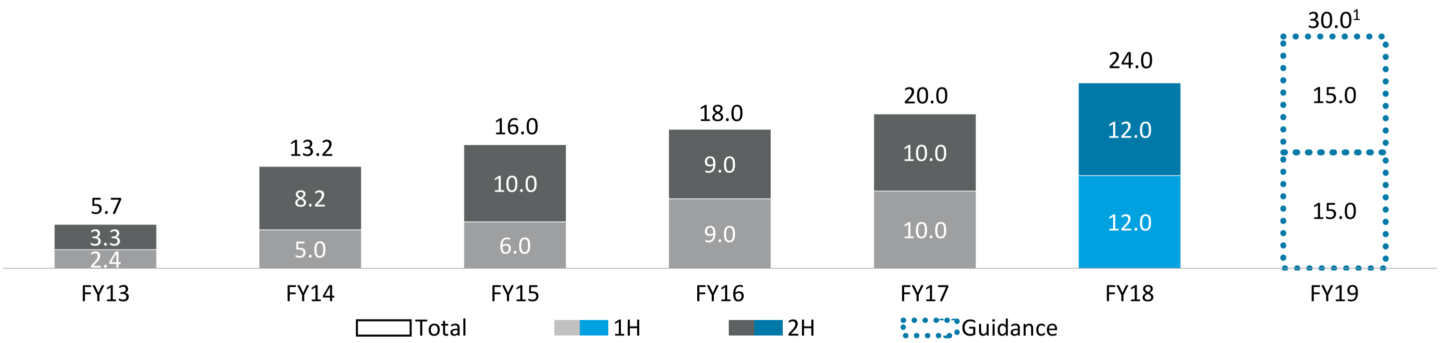
Table 2 – Traffic growth and proportionate EBITDA from assets for the year ended 31 December

A$m	Actual year ended 31 Dec 18	Pro forma year ended 31 Dec 17[2]	Change on pcp[3,4]	Actual year ended 31 Dec 17[5]
Traffic growth[6]	n/a	n/a	1.5%	n/a
Proportionate revenue	1,162.3	1,116.7	4.1%	878.2
Proportionate operating expenses[7]	(292.8)	(287.4)	(1.9%)	(225.4)
Proportionate EBITDA from assets	**869.4**	**829.3**	**4.8%**	**652.8**
EBITDA margin (%)	74.8%	74.3%	0.5%	74.3%

1. Based on ALX's average beneficial interest in its assets over the year. Further details on the preparation of this section are set out in the summary of significant policies (Appendix 1). Refer to Appendix 2 for a reconciliation of the proportionate EBITDA presented in this section to the profit attributable to ALX securityholders in the statutory accounts. A more detailed analysis of the proportionate EBITDA of the individual assets is included in Section 2.
2. Pro forma information is derived by restating the prior year results with the average beneficial interest and foreign currency exchange rates from the current year.
3. On 16 May 2017, ALX acquired the remaining 50% estimated economic interest in Dulles Greenway. On 24 October 2017, ALX acquired an additional 4.86% interest in APRR Group. On 20 September 2018, ALX acquired the remaining 30% interest in Warnow Tunnel.
4. Positive number reflects an improvement.
5. Actual year ended 31 December 2017 data reflects ownership interests and foreign exchange rates for the year ended 31 December 2017.
6. Weighted average based on portfolio revenue allocation.
7. Operating expenses in current year and pro forma pcp results adjusted to exclude the US accounting standard change in the recognition of project improvement expenses at Dulles Greenway (Topic 853 Service Concession Arrangements). Refer Section 2.4.2 for further details.

1.2 Distributions

Figure 2 – Distributions (A$ cps)



1. Subject to asset performance, foreign exchange movements, French tax rates and other future events. No assumptions are made about any changes to or negotiations regarding the current APRR/Eiffarie capital structure or the MAF advisory agreement, nor about future possible exit from lock up or cash sweep arrangements, or amount, if any, of cash that may be released from other assets.

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

		ATLIX		ATLAX		
Period	Dates of distributions paid	Return of capital	Foreign dividend[1]	Return of capital	Australian dividend[2]	Total
1H18 / 2H18	13 Apr 2018 / 5 Oct 2018	-	12.0 / -	- / 11.3	- / 0.7	**12.0 / 12.0**
1H17 / 2H17	7 Apr 2017 / 29 Sep 2017	9.8 / -	0.2 / 10.0	-	-	**10.0 / 10.0**
1H16 / 2H16	31 Mar 2017 / 30 Sep 2016	8.5 / 8.7	0.5 / 0.3	-	-	**9.0 / 9.0**
1H15 / 2H15	31 Mar 2015 / 30 Sep 2015	4.7 / 9.3	1.3 / 0.7	-	-	**6.0 / 10.0**
1H14 / 2H14	4 Apr 2014 / 8 Oct 2014	- / 6.4	5.0 / 1.8	-	-	**5.0 / 8.2**
1H13 / 2H13	19 Apr 2013 / 4 Oct 2013	-	2.4 / 3.3	-	-	**2.4 / 3.3**

1. Australian franking credit regime does not apply to foreign dividend components given ATLIX is a Bermudan company.
2. All Australian dividends to date have been unfranked.

1.3 Corporate cash flow

Table 4 – Aggregated cash flow statement

A$m	Year ended 31 Dec 18	Year ended 31 Dec 17
Cash flow received from assets		
APRR Group[1]	249.4	147.8
M6 Toll[2]	-	5.2
Warnow Tunnel	0.2	0.0
Dulles Greenway	-	-
Other operating cash flows		
Manager and adviser base fees	(36.9)	(30.6)
Manager and adviser performance fees[3]	(25.0)	-
ALX internalisation costs	(8.8)	(0.2)
Payments to suppliers and employees	(7.4)	(6.6)
Interest income on corporate cash balances	0.9	1.6
Other net amounts received	0.4	0.3
Net income taxes on Chicago Skyway distributions	-	(7.3)
Net ALX operating cash flows	**172.8**	**110.2**
Investing and financing cash flows		
Payments for investments in Warnow Tunnel (including transaction costs)[4]	(4.0)	-
Payments for investments in Dulles Greenway (including transaction costs)[5]	-	(602.1)
Payments for investments in APRR (including transaction costs)[6]	-	(673.1)
Proceeds from issue of securities (net of transaction costs)	-	646.8
Proceeds from borrowings (net of transaction costs)[5,6,7]	534.7	450.5
Repayment of borrowings (including transaction costs)[7]	(465.2)	-
Interest paid on borrowings[8]	(16.1)	(7.5)
Payment for purchase of derivative financial instrument[9]	(4.8)	-
Purchase of fixed assets	(0.5)	-
Distributions	(162.4)	(115.5)
Total investing and financing cash flows	**(118.3)**	**(300.8)**
Net increase/(decrease) in cash assets	**54.5**	**(190.6)**
Cash assets at beginning of the year	**41.6**	**225.1**
Exchange rate movements	**(3.3)**	**7.1**
Cash assets at the end of the year	**92.8**	**41.6**
Comprising: Available cash	89.6	39.8
Restricted cash[10]	3.2	1.8

1. ALX received a distribution of €64.3m in March 2018 (March 2017: €54.8m) and €89.7m in September 2018 (September 2017: €47.1m) from APRR through APRR Group.
2. On 5 May 2017, ALX transferred its 100% ordinary equity interest in the M6 Toll to the M6 toll lender group and received a final management fee of £2.6m. ALX no longer has any further management obligations with respect to the M6 Toll.
3. The 2018 performance fee (A$54.7m), second and third instalments of the 2017 performance fee (A$15.9m) and third instalment of the 2016 performance fee (A$44.7m) were partly applied to a subscription for new ALX securities on 2 July 2018 (A$90.3m) and partly cash settled on 3 July 2018 (A$25.0m).
4. In September 2018, ALX acquired the remaining 30% equity interest in Warnow Tunnel for €3.7m gross consideration prior to adjusting for applicable transaction taxes. Consideration of €2.4m was paid in September 2018 with an estimated €1.3m payable in 2019. The acquisition has been fully funded by ALX's existing cash.
5. In May 2017, ALX paid US$445.0m for the acquisition of the remaining 50% stake in Dulles Greenway. This acquisition was funded by a combination of equity, debt financing and existing cash.
6. In October 2017, ALX paid €439.9m for the acquisition of an additional 4.86% indirect interest in APRR, increasing the total stake in APRR to 25.00%. This acquisition was funded by a combination of equity and debt financing.
7. In May 2018, ALX refinanced and upsized the MIBL facility from €150.0m to €350.0m with revised terms. The MIBL facility was put in place in October 2017 to partially fund the acquisition of an additional stake in APRR. On 4 June 2018, a portion of the additional proceeds from the new facility were used to repay the US$175.0m Dulles Greenway acquisition facility along with interest accrued up to this date. Remaining proceeds from the new facility will be used for general corporate expenses.
8. Includes €1.3m on the previous MIBL facility for the period up to repayment, €4.0m on the new MIBL facility for the period from drawdown, and interest up to the repayment date on the Dulles Greenway acquisition facility of US$5.8m that represented optional interest that was paid rather than recapitalising.
9. In June 2018, ALX entered into €350.0m of interest rate caps to hedge the EURIBOR floating rate interest expense on the new MIBL facility.
10. Represents a secured cash deposit in relation to an outstanding guarantee in respect of Warnow Tunnel. Note that this balance excludes any restricted cash held by Dulles Greenway or Warnow Tunnel at the asset level that is consolidated into ALX's statutory balance sheet.

The aggregated cash flow statement includes the cash flows of each of the stapled entities and their wholly owned fund-level subsidiaries. The aggregated cash flow statement excludes the entities that form part of ALX's operating asset companies. As a result, it does not reconcile with the cash balances in the statutory results, which consolidate the cash balances of the wholly owned Dulles Greenway and Warnow Tunnel. Refer to Appendix 2 for a reconciliation of operating cash flows per this Report to the statutory results.

2 Asset performance

Note: Prior corresponding year results presented in this section of the Report are prepared on a pro forma basis unless otherwise stated. Data for pro forma year ended 31 December 2017 is derived by restating 2017's results with the asset ownership percentage and foreign currency exchange rates from the current year. Section 2.1 represents the Group's proportionate share of each asset in Australian dollars. Sections 2.2 to 2.5 are reported on a 100% asset basis and in the natural currency of the asset.

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

2.1 Proportionate EBITDA by asset[1]

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

Table 5 – Proportionate EBITDA

A$m	APRR Group	ADELAC	Dulles Greenway[2]	Warnow Tunnel	Total
Actual year ended 31 December 2018					
Operating revenue	1,002.7	22.2	121.8	15.6	1,162.3
Operating expenses	(262.5)	(3.9)	(22.8)	(3.7)	(292.8)
EBITDA	**740.2**	**18.3**	**99.0**	**11.9**	**869.4**
% of proportionate EBITDA	**85.1%**	**2.1%**	**11.4%**	**1.4%**	**100%**
Pro forma year ended 31 December 2017[3,4]					
Operating revenue	958.2	21.5	123.5	13.5	1,116.7
Operating expenses	(257.1)	(3.8)	(23.0)	(3.4)	(287.4)
EBITDA	**701.0**	**17.7**	**100.4**	**10.1**	**829.3**
% of proportionate EBITDA	**84.5%**	**2.1%**	**12.1%**	**1.2%**	**100%**
Change on pcp[5,6]					
Operating revenue	4.6%	3.1%	(1.4%)	15.5%	4.1%
Operating expenses	(2.1%)	(1.4%)	1.2%	(8.8%)	(1.9%)
EBITDA	**5.6%**	**3.5%**	**(1.4%)**	**17.7%**	**4.8%**

1. Based on ALX's average beneficial interest in its assets over the year. Refer to Appendix 1 for further details.
2. Dulles Greenway operating expenses adjusted to exclude the US accounting standard change in the recognition of project improvement expenses (Topic 853 Service Concession Arrangements). Refer Section 2.4.2 for further details.
3. Data for pro forma year ended 31 December 2017 is derived by restating 2017's results with the asset ownership percentage and foreign currency exchange rates from the current year.
4. On 16 May 2017, ALX acquired the remaining 50% estimated economic interest in Dulles Greenway. On 24 October 2017, ALX acquired an additional 4.86% interest in APRR Group. On 20 September 2018, ALX acquired the remaining 30% interest in Warnow Tunnel.
5. Based on A$ figures presented. There may be differences when calculated in natural currency.
6. Positive number reflects an improvement.

2.2 APRR – France

2.2.1 Traffic and financial performance

Table 6 – Traffic performance

VKT[1] (millions)	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp
Light vehicles	20,464	20,124	1.7%
Heavy vehicles	3,859	3,686	4.7%
Total	**24,323**	**23,810**	**2.2%**
Workdays in year	252	251	+1
Non-workdays in year	113	114	-1

1. Vehicle Kilometres Travelled.

Figure 3 – Quarterly traffic performance (VKTm)

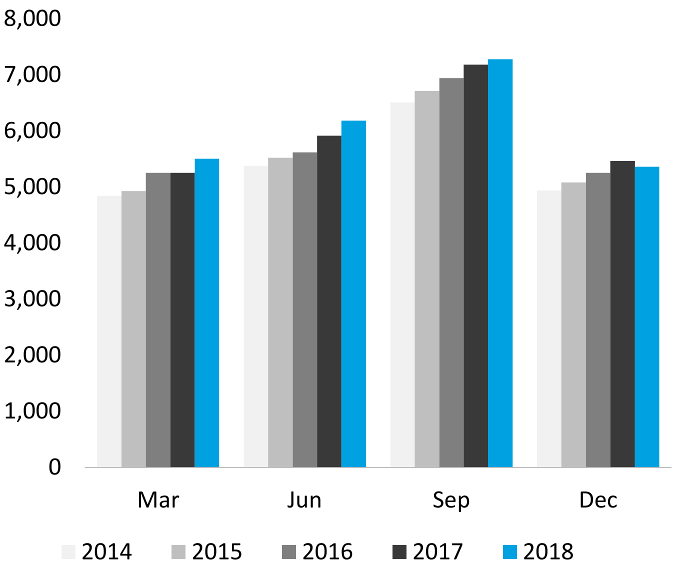
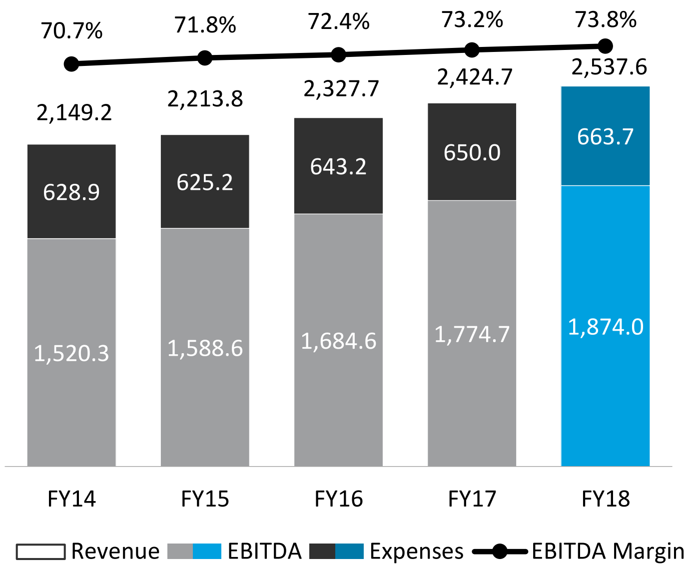


Figure 4 – EBITDA and revenue (€m)[1]



`1. Results represent performance of APRR. On a consolidated APRR Group basis, FY18 EBITDA was €1,873.5m (FY17 EBITDA: €1,774.2m). The difference resulted from €0.5m of operating expenses at the Eiffarie / FE level.

Table 7 – Financial performance

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Toll revenue	2,463.0	2,353.1	4.7%	2,257.7	2,145.6	2,081.5
Other revenue	74.6	71.5	4.3%	70.1	68.2	67.7
Total revenue	**2,537.6**	**2,424.7**	**4.7%**	**2,327.7**	**2,213.8**	**2,149.2**
Operating expenses	(663.7)	(650.0)	(2.1%)	(643.2)	(625.2)	(628.9)
EBITDA	**1,874.0**	**1,774.7**	**5.6%**	**1,684.6**	**1,588.6**	**1,520.3**
EBITDA margin	73.8%	73.2%		72.4%	71.8%	70.7%

Table 8 – Operating expenses

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Employment costs	(205.5)	(203.1)	(1.2%)	(207.6)	(214.2)	(219.6)
Tax (other than income tax)	(346.4)	(336.6)	(2.9%)	(328.5)	(301.1)	(291.7)
Purchases, external charges and other (ex IFRIC 12)	(111.7)	(110.3)	(1.3%)	(107.0)	(109.9)	(117.7)
APRR operating expenses[1]	**(663.7)**	**(650.0)**	**(2.1%)**	**(643.2)**	**(625.2)**	**(628.9)**
Eiffarie and FE operating expenses	(0.5)	(0.5)	*nm*[2]	(1.1)	(1.1)	(1.0)

1. Excludes provisions.
2. Not meaningful.

Table 9 – Interest, depreciation and amortisation

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
APRR interest income[1]	4.9[2]	9.6	(49.0%)	9.3	13.1	22.9
APRR interest expense[1]	(148.1)[3]	(190.2)	22.1%	(244.2)	(291.7)	(345.6)
APRR cash interest paid	(178.0)[3]	(244.2)	27.1%	(327.0)	(356.3)	(348.0)
APRR net interest paid	(176.1)[3]	(235.9)	25.3%	(322.2)	(339.4)	(336.5)
Eiffarie net interest	(88.3)[4]	(173.8)	49.2%	(174.3)	(180.2)	(237.6)
APRR depreciation and amortisation[1]	(418.1)	(398.4)	(4.9%)	(396.6)	(405.1)	(404.3)

1. As per APRR published financial statements.
2. Reflects a combination of lower average cash balances and lower interest rates during the year.
3. Reflects lower average debt levels and lower cost of debt as a result of continued refinancings.
4. Reflects reduced interest expense due to the expiration of the Eiffarie swap in June 2018.

Table 10 – Tax

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
APRR current income tax expense	(436.7)[1]	(457.6)	(366.1)	(357.9)	(341.5)
Tax grouping	28.0	59.8	64.2	182.3	253.2
APRR Group current income tax payable[2]	**(408.7)**	**(397.8)**	**(301.9)**	**(175.6)**	**(88.3)**

1. Reduction in tax expense is due to a one-off exceptional tax of 5% imposed on large corporates (including the APRR group) in 2017. This reduction in 2018 has been partially offset by increase in tax expense due to higher taxable income driven by higher revenue and lower finance costs during the current year.
2. Since 1 January 2011, FE and Eiffarie have been grouped with APRR for tax purposes. Current year deductions from FE and Eiffarie are offset against APRR taxable income. Historic carried forward losses were exhausted during 2015. The higher group current income tax payable is due to the full utilisation of these historic losses and higher taxable profits.

Table 11 – Capital expenditure

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Maintenance	(113.0)	(103.3)	(9.4%)	(95.3)	(95.5)	(92.2)
Additional investment[1]	(333.4)	(240.3)	(38.7%)	(209.9)	(126.8)	(172.3)
New construction[1]	(24.7)	(61.5)	*nm*	(44.9)	(39.1)	(93.2)
Total capital expenditure	**(471.0)**	**(405.2)**	**(16.2%)**	**(350.1)**	**(261.4)**	**(357.8)**

1. Movement in Additional investment and New construction capital expenditure driven by timing of spending from the 2014-2018 management contract and 2015 Stimulus Package.

2.2.2 Operational statistics

Table 12 – Toll collection statistics (% total transactions)

	Year ended 31 Dec 18	Year ended 31 Dec 17	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
APRR transponders (m)	2.7	2.5	2.2	2.0	1.7
Electronic toll collection	58.7%	57.6%	55.9%	54.3%	52.7%
Automated transactions	99.4%	98.9%	97.5%	96.3%	95.1%

2.2.3 Financing and debt

Table 13 – Debt metrics[1]

				Net debt / EBITDA		EBITDA / Interest		
€m	Gross debt	Cash	Net debt	Actual	Default	Actual	Default	Hedging %
2018								
APRR and Eiffarie	9,254.2	935.9	8,318.2	4.4x	n/a	n/a	n/a	72.2%[2]
APRR	8,054.2[3]	934.9[4]	7,119.3	3.8x	7.0x	13.21x	2.20x	83.1%
Eiffarie	1,200.0	1.0	1,199.0	0.6x	n/a	n/a	n/a	0%
2017								
APRR and Eiffarie	10,267.1	1,821.0	8,446.0	4.8x	n/a	n/a	n/a	106.3%[2]
APRR	8,957.1[3]	1,800.9[4]	7,156.2	4.0x	7.0x	10.03x	2.20x	86.3%
Eiffarie	1,310.0[5]	20.1	1,289.9	0.7x	n/a	n/a	n/a	241.7%

1. Using cash / debt balances as at 31 December. Hedging % reflects the proportion of gross debt outstanding as at 31 December 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 31 December.
2. Hedging % represents the proportion of borrowings and commercial paper outstanding as at 31 December that is fixed or has been hedged and does not take into account future maturities / issues.
3. Includes €203m (2017: €0.3b) of short term debt, accrued interest and mark to market on swaps.
4. In addition to available cash, APRR also has an undrawn €1.8b Revolving Credit Facility.
5. Eiffarie gross debt excludes swaps mark to market of €78.1m (€3.2b swap matured in June 2018).

Table 14 – APRR main debt facilities at 31 December

Debt type	2018	2017	Details[1]
Euro Medium Term Note ("EMTN") public bonds	€7,457m	€7,454m	Includes €1,000m (2017: €1,000m) of floating rate notes and €157m (2017: €154m) of index-linked bonds. Remaining bonds are at fixed rates.
Revolving Credit Facility ("RCF")	€1,800m	€1,800m	Currently undrawn, maturing in February 2022. Margin of 35bps above EURIBOR.
Caisse Nationale des Autoroutes ("CNA") debt	€46m	€760m	Outstanding CNA debt is fixed rate and was materially amortised in 2018.
European Investment Bank Loan	€375m	€525m	Comprises a €100m fixed rate loan maturing 2022 and €275m (2017: €425m) floating rate loans maturing in 2022.

1. Relates to 2018 balances.

Table 15 – Eiffarie debt facility

Debt type	2018	2017	Details
Term loan	€1,200m	€1,310m	Margin of 90bps above Euribor, maturing in February 2022.

Table 16 – APRR Debt ratings at 31 December 2018

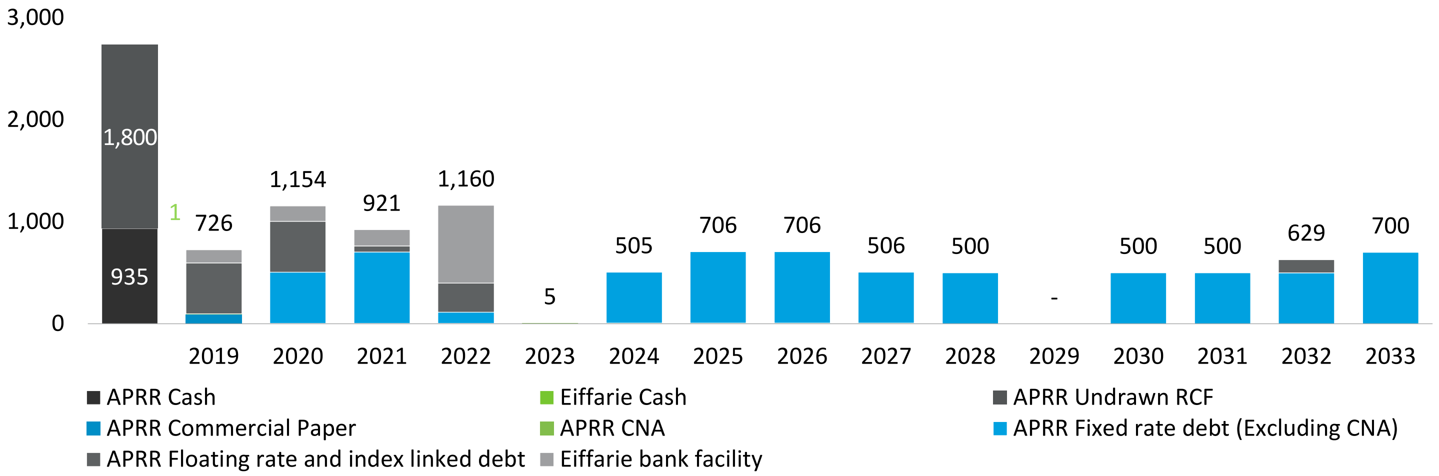
Corporate rating	Outlook	Rating agency	Rating since[1]
A-	Stable	Standard & Poor's	November 2016
A-	Stable	Fitch	October 2017

1. In July 2018 and November 2018, Fitch and S&P respectively reaffirmed their A- underlying rating of APRR with stable outlook.

Table 17 – APRR bonds issued during 2018

Date	Amount	Debt type	Issuance details	Maturity
November 2018	€500m	EMTN	99.027% of par with a coupon of 1.50%	January 2030

Figure 5 – APRR and Eiffarie pro forma debt maturity profile and cash position at 31 December 2018 (€m)[1]



1. Pro forma as at 31 January 2019. Adjusted to reflect the EMTN maturity (€500m fixed EMTN at 4.875%) and new EMTN bond issue (€500m EMTN at 99.133% of par with a coupon of 1.25% and a maturity of January 2028) in January 2019. Excludes interest accrued and mark to market on swaps.

2.2.4 MIBL facility

On 31 May 2018, ALX refinanced and upsized the MIBL facility from €150.0 million to €350.0 million with revised terms and incurred upfront issue costs of €4.0 million.

The maturity date of the new facility is unchanged from the old facility. Interest accrues on the borrowing at the aggregate of margin and EURIBOR. Key changes to the margin rates are as follows:

Table 18 – Margins

	Margin (p.a.) over EURIBOR	
Periods	Old facility	New facility
From 24 Oct 2017 to 23 Oct 2019	2.25% per annum	2.25% per annum
From 24 Oct 2019 to 23 Oct 2021	2.50% per annum	2.25% per annum
From 24 Oct 2021 to 23 Oct 2022	2.75% per annum	2.25% per annum
From 24 Oct 2022 to 23 Oct 2023	3.25% per annum	2.75% per annum
From 24 Oct 2023 to 23 Oct 2024	3.75% per annum	3.25% per annum

Interest of €4.0 million was paid on the new facility for the period from initial drawdown. ALX paid interest up to the date of repayment of the previous facility of €1.3 million at 31 May 2018. There were no prepayment penalties.

Table 19 – Asset finance facility covenants

Financial covenant		Calculation	Actual (31 Dec 2018)
Interest cover	1.20x	MIBL available cash flow[1] / MIBL senior net debt service	n/a[1]
Leverage	7.2x in December 2018 7.0x in June 2019 6.8x in December 2019 6.7x in June 2020 6.5x in December 2020 6.2x in June 2021 6.0x thereafter	Consolidated leverage ratio of the APRR Group[2] *plus* (MIBL proportionate net debt[3] *plus* MAF Group proportionate Net debt[4]) / APRR Group consolidated EBITDA	5.2x

1. Calculated as MIBL distributions received less operating expenses and taxes paid and business acquisitions. MIBL distributions received includes some distributions from APRR that are only declared and paid following the period end and are therefore not available to be included in this report.
2. Consolidated leverage ratio of the APRR Group = APRR Group net debt : APRR Group consolidated EBITDA.
3. MIBL proportionate net debt = MIBL net debt / MIBL indirect ownership of APRR.
4. MAF Group proportionate net debt = MAF net debt / MAF indirect ownership of APRR + MAF2 net debt / MAF2 indirect ownership of APRR.

Table 20 – Key balances used in MIBL acquisition finance facility covenants

Year ended 31 December 2018 (€m)	MIBL
APRR Group EBITDA	1,873.5
Operating expenses and tax paid	0.2
Business acquisitions	-
Finance charges	5.3
Debt repayments	-

As at 31 December 2018 (€m)	MIBL	MAF	MAF2
Cash and cash equivalents	2.2	0.1	0.2
Gross debt	350.0	-	-

2.2.5 Interest rate caps

In June 2018, ALX paid €3.1 million to acquire €350.0 million of 5 year interest rate caps maturing June 2023 with a strike of 0.9% p.a. to hedge the EURIBOR floating rate interest exposure on the new MIBL facility.

2.3 ADELAC – France

2.3.1 Traffic and financial performance

Table 21 – Traffic performance

ADT[1]	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp
Total Traffic (millions)	10.8	10.7	1.2%
All days	29,713	29,374[2]	1.2%
Workdays in year	252	251	+1
Non-workdays in year	113	114	-1

1. Average Daily Traffic.
2. Traffic for 2017 has been restated from 29,381 (ADT) following finalisation of traffic count.

Figure 6 – Quarterly traffic performance (ADT)

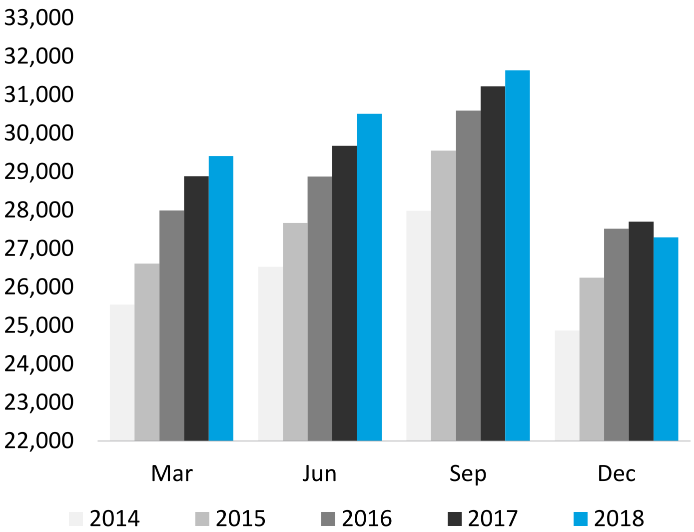


Figure 7 – EBITDA and revenue (€m)

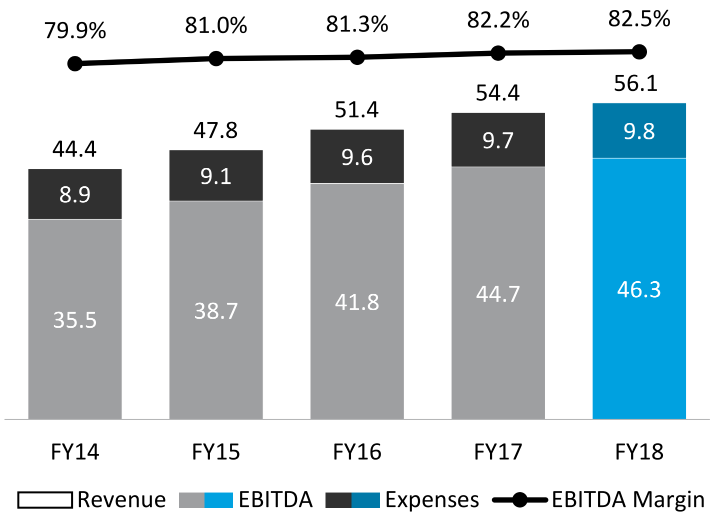


Table 22 – Revenue and EBITDA

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Toll revenue	56.0	54.2	3.4%	51.2	47.5	44.2
Other revenue	0.1	0.2	*nm*[1]	0.2	0.2	0.2
Revenue	**56.1**	**54.4**	**3.1%**	**51.4**	**47.8**	**44.4**
Operating expenses	(9.8)	(9.7)	(1.4%)	(9.6)	(9.1)	(8.9)
EBITDA	**46.3**	**44.7**	**3.5%**	**41.8**	**38.7**	**35.5**
EBITDA margin	82.5%	82.2%		81.3%	81.0%	79.9%

1. Not meaningful.

Table 23 – Operating expenses

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Purchases and external charges	(7.5)	(7.5)	*nm*[1]	(7.4)	(7.0)	(7.0)
Other taxes and payments	(2.3)	(2.2)	*nm*[1]	(2.2)	(2.1)	(2.0)
Total operating expenses	**(9.8)**	**(9.7)**	**(1.4%)**	**(9.6)**	**(9.1)**	**(8.9)**

1. Not meaningful.

Table 24 – Capital expenditure

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Total capital expenditure	(0.6)	(0.3)	(0.7)	(0.7)	(0.8)

2.3.2 Financing and debt

Table 25 – Debt metrics[1]

Assets	Local	Gross debt	Cash	Net debt	Net debt / EBITDA	EBITDA / Interest	Hedging %
2018							
ADELAC	€m	730.0	13.9	716.0	15.5x	2.61x	85.2%
2017							
ADELAC	€m	738.3	13.8	724.5	16.2x	2.48x[2]	85.2%

1. Using cash / debt balances excluding shareholder loans as at 31 December; hedging % reflects the proportion of gross debt outstanding as at 31 December 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 31 December.
2. Interest excludes amortisation of swap breakage costs incurred during ADELAC's 2016 debt refinancing.

2.4 Dulles Greenway – Virginia, USA

2.4.1 Traffic and financial performance

Table 26 – Traffic performance

ADT	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp
Total Traffic (millions)	18.3	19.2	(4.5%)
Average Daily Traffic	50,193	52,555	(4.5%)
Workdays	*58,410*	*61,433*	*(4.9%)*
Weekends / public holidays	*32,100*	*33,255*	*(3.5%)*
Workdays in year	251	250	+1
Non-workdays in year	114	115	-1

Dulles Greenway's traffic performance during the period was negatively impacted by adverse weather conditions, federal government shutdowns and improvements to the surrounding network which have provided congestion relief on competing routes relative to pcp.

Figure 8 – Quarterly traffic performance (ADT)

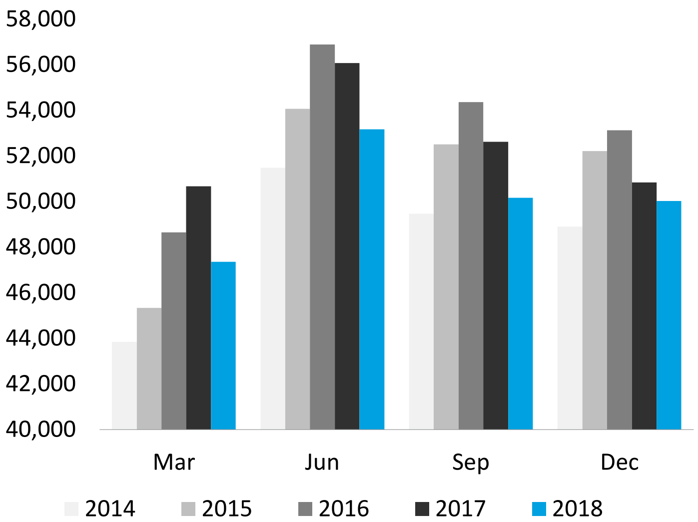


Figure 9 – EBITDA and revenue (US$m)

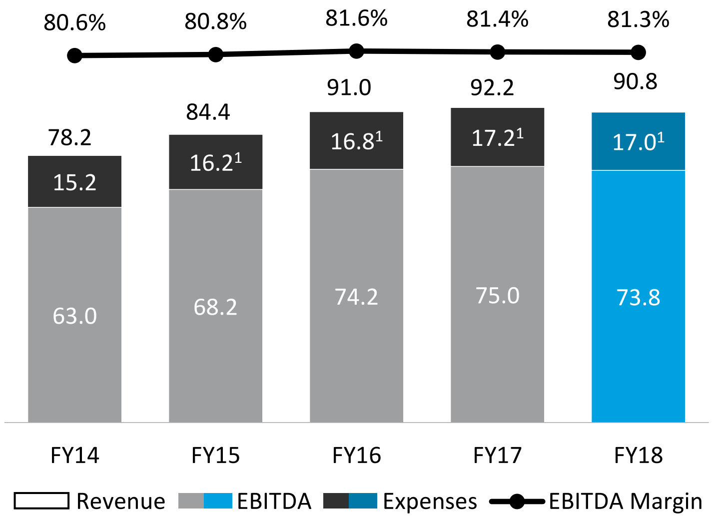


Table 27 – Revenue and EBITDA

US$m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Toll revenue	90.4	91.7	(1.4%)	90.5	84.0	77.8
Other revenue	0.4	0.4	0.2%	0.4	0.4	0.4
Revenue	**90.8**	**92.2**	**(1.4%)**	**91.0**	**84.4**	**78.2**
Operating expenses[1]	(17.0)	(17.2)	1.0%	(16.8)	(16.2)	(15.2)
EBITDA	**73.8**	**75.0**	**(1.5%)**	**74.2**	**68.2**	**63.0**
EBITDA margin	81.3%	81.4%		81.6%	80.8%	80.6%

1. Operating expenses have been adjusted to exclude the recognition of project improvement expenses which are included in operating expenses following the US accounting standards change for prior year figures to be comparable and also to present expenses in the form used for the TRIP II covenant testing (Topic 853 Service Concession Arrangements applicable from 1 January 2015). Operating expenses would have increased by US$2.0m, US$4.0m, US$1.0m and US$1.8m for years ended 2015, 2016, 2017 and 2018 respectively if project improvement expenses were to be included.

Table 28 – Operating expenses

US$m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
VDOT[1] and credit card fees	(3.3)	(3.3)	1.0%	(3.2)	(2.8)	(2.3)
Operation and maintenance expenses	(3.9)	(4.1)	4.1%	(4.1)	(4.6)	(4.8)
Administrative expenses	(2.5)	(2.6)	2.5%	(2.2)	(2.2)	(2.0)
Real estate property taxes	(4.4)	(4.3)	(1.9%)	(4.2)	(3.7)	(3.3)
Other	(3.0)	(2.9)	(0.5%)	(3.0)	(2.9)	(2.8)
Total operating expenses	**(17.0)**	**(17.2)**	**1.0%**	**(16.8)**	**(16.2)**	**(15.2)**

1. Virginia Department of Transportation.

Table 29 – Capital expenditure

US$m	Year ended 31 Dec 18	Year ended 31 Dec 17	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Project improvement expenses	(1.8)	(1.0)	(4.0)	(2.0)	(3.2)
Growth[1]	(1.8)	-	-	-	-
Equipment / other	(0.2)	(0.1)	(0.2)	(0.0)	(0.3)
Total capital expenditure	**(3.7)**	**(1.1)**	**(4.2)**	**(2.0)**	**(3.5)**

1. Relates to DTR Connector project.

2.4.2 Operational initiatives

Table 30 – Toll collection statistics (% total transactions)

	Year ended 31 Dec 18	Year ended 31 Dec 17	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Electronic toll collection	84.5%	83.4%	82.6%	81.8%	81.2%
Automated transactions (including credit card)	93.8%	93.3%	93.0%	92.3%	91.8%

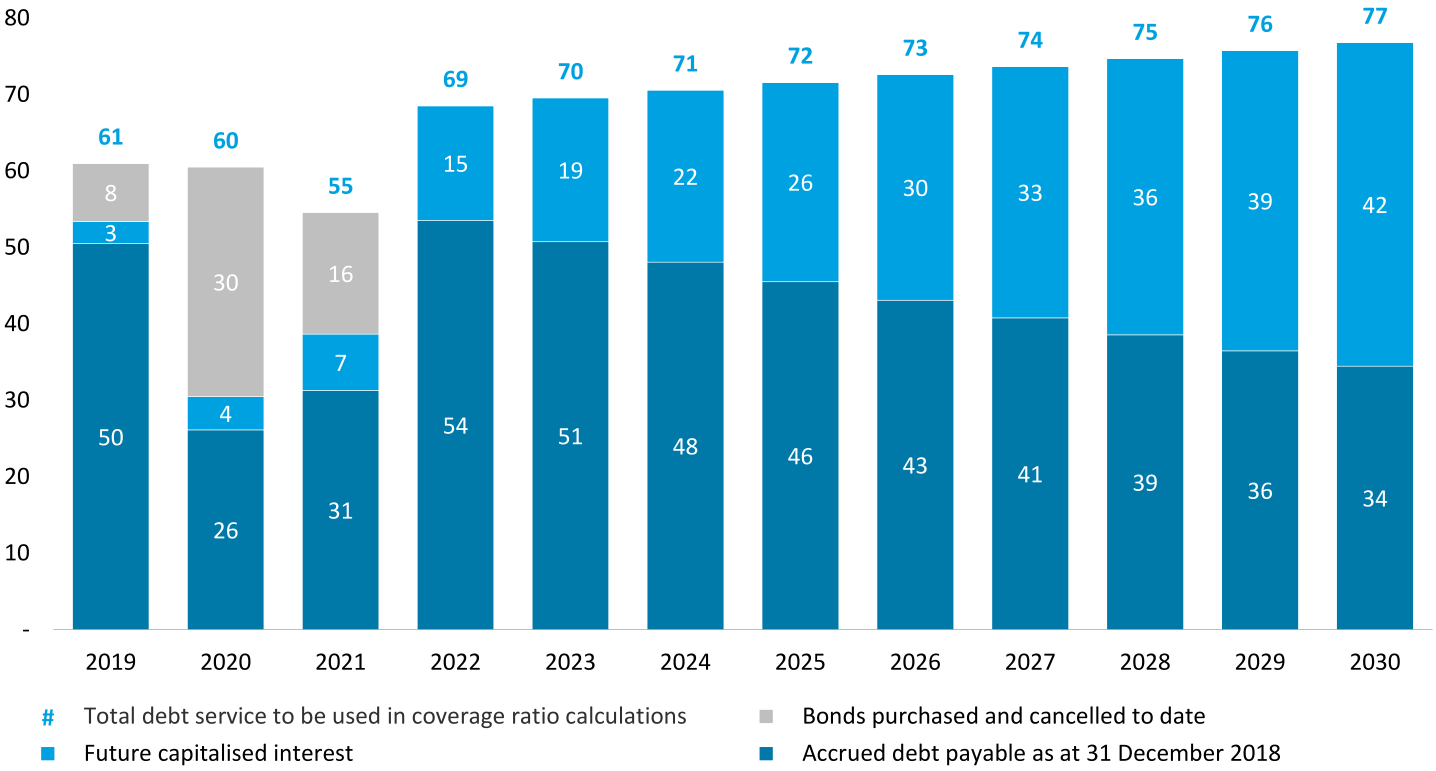
2.4.3 Financing and debt

Table 31 – Debt metrics[1]

US$m	Gross debt	Cash	Net debt	Net debt / EBITDA	EBITDA / Interest	MCR Actual	MCR Lock-up	ACR Actual	ACR Lock-up
2018									
Dulles Greenway	1,041.7[2]	203.8[3]	837.9	11.4x[4]	2.15x[4]	1.18x[5]	1.25x[5]	1.18x[5]	1.15x[5]
2017									
Dulles Greenway	1,029.3[2]	183.1[3]	846.1	11.3x[4]	1.85x[4]	1.18x[5]	1.25x[5]	1.16x[5,6]	1.15x[5]

1. Using cash / debt balances as at 31 December. EBITDA and interest paid are for the 12 months to 31 December (cash interest paid was US$34.4m (2017: US$40.5m), reflecting interest on current pay bonds for the 12 months to 31 December and the total amount of interest accrued on zero coupon bonds that have matured in the 12 months to 31 December). Excludes interest on bonds previously bought back and cancelled with the exception of MCR and ACR calculations.
2. All debt is in the form of fixed-interest rate senior bonds, consisting of US$35.0m (2017: US$35.0m) current interest bonds and US$1,006.7m (2017: US$994.3m) zero-coupon or accreting interest bonds with various maturities extending to 2056.
3. Majority of cash held at Dulles Greenway as at 31 December 2018 and 31 December 2017 is required reserves and currently not available for distribution.
4. Based on EBITDA adjusted to exclude the recognition of project improvement expenses (which are included in operating expenses under the US accounting standards change: Topic 853 Service Concession Arrangements) and cash interest adjusted for bonds previously bought back and cancelled.
5. Calculated as Minimum Coverage Ratio (“MCR”) and Additional Coverage Ratio (“ACR”) as defined under TRIP II’s bond indentures. MCR and ACR calculation methodologies has been amended to offset the impact of Topic 853 Service Concession Arrangements regarding the recognition of project improvement expenses. Refer section “Distribution tests” for further details.
6. The Transfers to the Improvement Fund for 2017 was restated from $nil to $1.2m. As a result, the 2017 ACR was restated from 1.18x to 1.16x.

Figure 10 – Debt service profile (2019-2030)[1] as at 31 December 2018 (US$m)[2]



1. Debt service profile extends to 2056, however only the years to 2030 are shown.
2. Net of the bonds that were repurchased and cancelled (maturing 2018-2021) during late 2011 and early 2012, the debt service on which continues to be included in the MCR and ACR calculations. In 2011, the TRIP II Trustee authorised the use of locked-up cash to repurchase outstanding TRIP II bonds. TRIP II used US$34.3m of locked-up cash to repurchase bonds due to mature between 2018 and 2021 at an average yield to maturity of 7.8%. No further bond repurchases have been made since February 2012.

The chart above presents the maturity profile for debt outstanding at 31 December 2018 and also provides the total debt service (including current / capitalised interest) payable each year to 2030.

Table 32 – Debt ratings at 31 December 2018

Corporate rating[1]	Outlook	Rating agency
BBB-[2]	Stable[2]	Standard & Poor's
Ba1	Stable	Moody's
BB+	Stable	Fitch

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 A and Baa2 by S&P and Moody's respectively. Changes to the debt rating of NPFGC do not affect the cost of Dulles Greenway debt.
2. On 7 February 2019, S&P reaffirmed its BBB- underlying rating on TRIP II and maintained the outlook at stable.

Distribution tests

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

Table 33 – Distribution test methodologies

	Minimum Coverage Ratio ("MCR")	Additional Coverage Ratio ("ACR")
Test and calculation	If **MCR** <1.25x, distributions are in a lock-up for 12 months $= \frac{\text{Net Toll Revenue}}{\text{Total Debt Service}}$	If **ACR** <1.15x, distributions are in a lock-up for 36 months $= \frac{\text{Net Toll Revenue – Fund Transfers}}{\text{Total Debt Service}}$
Net toll revenue	**Toll Revenues** *(All amounts received including all receivables, revenues and income generated from toll booths, plazas and collection systems)* *Less* **Operating Expenses**[1] *(current operation and maintenance expenses)*	**Toll Revenues** *(All amounts received including all receivables, revenues and income generated from toll booths, plazas and collection systems)* *Less* **Operating expenses**[1] *(current operation and maintenance expenses)*
Fund transfers	**N/A**	**Net transfers to Improvement fund and Operating reserve fund**[3] *Improvement Fund Requirement* = 100% of amount in most recently approved capital expenditure budget for the current year *Operating Reserve Requirement* = 50% of amount in most recently approved budget for all current expenses in the current year
Total debt service	**Sum of all**: • Debt Service on all Series 1999 Bonds outstanding for such fiscal year[2]; • Debt Service on all Series 2005 Bonds outstanding for such fiscal year[2]; and • Scheduled Early Redemption amounts for such fiscal year as set forth in the Early Redemption schedule for the Series 2005 Bonds.	

1. The distribution test methodologies have been amended to offset the impact of Topic 853 Service Concession Arrangements.
2. For the purpose of the distribution tests, the original debt service on TRIP II bonds repurchased and cancelled in 2011 and 2012 (debt maturing in 2018-2021) using locked-up cash will continue to be included in the debt service calculation.
3. Net transfers to Improvement Fund & Operating Reserve Fund are currently estimated to be ~US$3m for 2019, subject to revisions throughout the year (2018: US$0.4m; 2017: US$1.5m).

Table 34 – Distribution tests as at year end 31 December

US$m	Actual 2018	Actual 2017
Toll Revenues	90.4	91.7
Operating Expenses	(17.0)	(17.2)
Net Toll Revenues (MCR – Minimum Coverage Ratio)	**73.4**	**74.6**
Net Transfers to Improvement Fund[4]	(0.1)	(1.2)[3]
Net Transfers to Operating Reserve Fund[4]	(0.2)	(0.3)
Net Toll Revenues (ACR – Additional Coverage Ratio)	**73.0**	**73.1**
1999A	(2.5)	(2.5)
1999B	(39.8)	(38.1)
2005A	(19.7)	(22.4)
2005B / 2005C	-	-
Total Debt Service[1]	**(62.0)**	**(63.0)**
Minimum Coverage Ratio – 1.25x	**1.18x**[2]	**1.18x**
Additional Coverage Ratio – 1.15x	**1.18x**[2]	**1.16x**[3]

1. Debt service requirement for the distribution tests is based on the current maturity profile in addition to the debt service that would have been payable on the bonds re-purchased using locked-up cash in 2011 and 2012 (debt maturing in 2018-2021).
2. At 31 December 2018, the MCR was 1.18x and the ACR was 1.18x. Accordingly, TRIP II passed the 2018 ACR test but failed the MCR test. Distributions remain in lock-up under the senior debt indentures through to at least December 2019.
3. The Transfers to the Improvement Fund for 2017 was restated from $nil to $1.2m. As a result, the ACR was restated from 1.18x to 1.16x.
4. The Net Transfers to Improvement Fund and Net Transfers to Operating Reserve Fund sum to $0.4m in 2018. Difference is due to rounding.

2.4.4 DG Asset finance facility

In May 2017, ALX drew down US$175.0 million of a US$200.0 million eight year bullet financing facility to facilitate the acquisition of the remaining 50% estimated economic interest in Dulles Greenway. On 4 June 2018, this facility was repaid along with an early repayment fee of US$3.5 million and accrued interest of US$0.6 million up to the date of repayment. ALX also paid US$5.2 million interest on this debt facility in May 2018.

2.5 Warnow Tunnel – Rostock, Germany

On 20 September 2018, ALX acquired the remaining 30% interest in Warnow Tunnel, bringing ALX's total interest to 100%.

2.5.1 Traffic and financial performance

Table 35 – Traffic performance

ADT	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp
Total Traffic (millions)	4.7	4.3	10.5%
Average Daily Traffic	12,948	11,715	10.5%
Workdays	*14,841*	*13,339*	*11.3%*
Weekends / public holidays	*8,779*	*8,140*	*7.9%*
Workdays in year	251	251	-
Non-workdays in year	114	114	-

Warnow Tunnel's traffic performance during the year was positively impacted by temporary maintenance activities on competing routes in and around Rostock.

Figure 11 – Quarterly traffic performance (ADT)

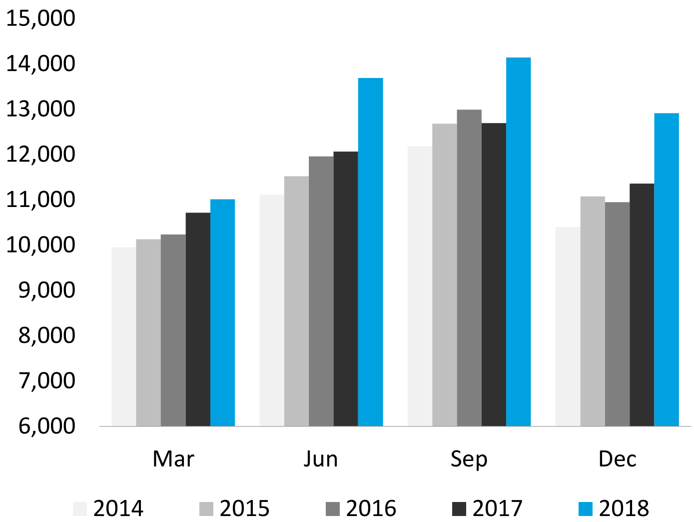


Figure 12 – EBITDA and revenue (€m)[1]

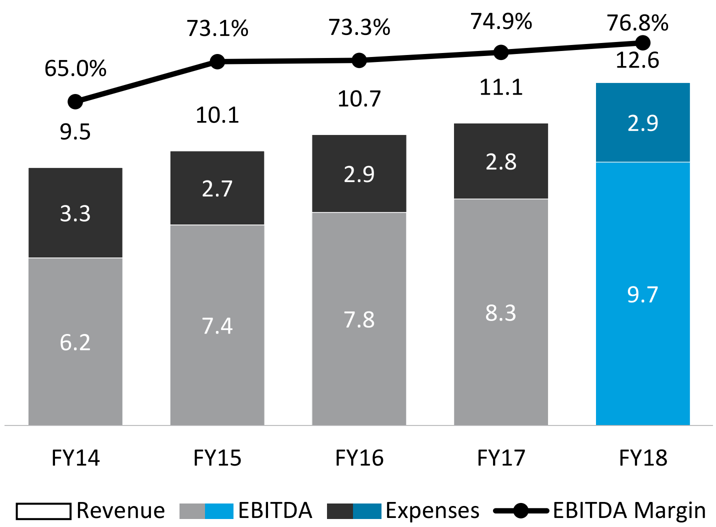


Table 36 – Revenue and EBITDA[1]

€m	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Year ended 31 Dec 16	Year ended 31 Dec 15	Year ended 31 Dec 14
Revenue	**12.6**	**11.1**[2]	**13.4%**	**10.7**	**10.1**	**9.5**
Operating expenses	(2.9)	(2.8)	(4.9%)	(2.9)[2]	(2.7)	(3.3)[2]
EBITDA	**9.7**	**8.3**	**16.2%**	**7.8**	**7.4**	**6.2**
EBITDA margin	76.8%	74.9%		73.3%	73.1%	65.0%

1. Current and historical operating expenses have been updated to exclude provisions and any maintenance capital expenditure.
2. Excludes one off extraordinary revenue of €0.6 million in 2017 and one off extraordinary expenses of €0.1 million and €0.7 million in 2016 and 2014 respectively.

2.5.2 Financing and debt

Table 37 – Debt metrics[1]

Assets	Gross debt	Cash	Net debt	Net debt / EBITDA	EBITDA / Interest	DSCR		Hedging %
						Actual	Lock-up	
2018								
Warnow Tunnel	153.4[2]	5.1	148.4	15.3x	2.70x	2.26x	1.05x	28.9%
2017								
Warnow Tunnel	158.6[2]	4.3	154.3	18.5x	2.19x	2.10x	1.05x	29.2%

1. Using cash / debt balances as at 31 December; hedging % reflects the proportion of gross debt outstanding as at 31 December 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 31 December (cash interest paid for this 12 month period was €3.6m (2017: €3.8m)); 2017 interest paid has been updated to include interest across senior and subordinated debt tranches. DSCRs calculated on a pro forma basis as at 31 December. Warnow Tunnel has three tranches of debt and currently cash flows are only sufficient to satisfy a partial cash sweep at the Tranche II level (i.e. no repayments are being made at Tranche III, which continues to capitalise). Tranche I is the only tranche subject to covenant testing, with the DSCR set out in the table above calculated only on this tranche. Current and historical operating expenses have been updated to exclude provisions and any maintenance capital expenditure.
2. Represents long term amortising bank debt. Tranche I: €44.3m, Tranche II: €14.7m, Tranche III: €94.5m (2017: Tranche I: €46.3m, Tranche II: €18.7m, Tranche III: €93.6m).

Appendix 1 – Summary of significant policies

The significant policies which have been adopted by the ALX boards and used in the preparation of Sections 1 and 2 of this Report, are stated to assist in a general understanding of this Report. Unless stated otherwise, these policies have been consistently applied to all years presented in this Report.

Proportionate EBITDA

Current and prior year 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 year results with the asset ownership percentage and foreign currency exchange rates from the current year. Pro forma results are produced to allow comparisons of the operational performance of assets between years, 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

ALX's beneficial interest in an asset reflects its economic interest in the results of that asset's ongoing operations. When ALX changes its ownership in an asset (i.e. sold / bought), it is calculated according to the number of days in the reporting year 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 year and pcp are as set out below.

Table 38 – Average beneficial interest

Beneficial interest for:	At 31 Dec 18	Year ended 31 Dec 18	Year ended 31 Dec 17
APRR[1]	25.00%	25.00%	21.06%
ADELAC[2]	25.03%	25.03%	21.00%
Dulles Greenway[3]	100.00%	100.00%	81.51%
Warnow Tunnel[4]	100.00%	78.47%	70.00%

1. On 24 October 2017, ALX acquired an additional 4.86% interest in APRR via MAF2, increasing ALX's total interest in APRR to 25.00%.
2. On 14 March 2017, ALX acquired an additional 0.40% interest in ADELAC from a minority interest through MAF2. On 24 October 2017, ALX acquired an additional interest in ADELAC via MAF2, increasing ALX's total interest in ADELAC to 25.03% (12.48% through APRR Group and the remaining 12.55% through MAF2).
3. On 16 May 2017, ALX acquired the remaining 50% estimated economic interest in Dulles Greenway, bringing ALX's total estimated economic interest to 100%.
4. On 20 September 2018, ALX acquired the remaining 30% interest in Warnow Tunnel, bringing ALX's total interest to 100%.

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 year to remove the impact of changes in foreign currency exchange rates.

Table 39 – Spot and average foreign exchange rates

	Spot foreign exchange rates	Quarter ended average foreign exchange rates			
	As at 31 Dec 18	31 Mar 18	30 Jun 18	30 Sep 18	31 Dec 18
Euro	0.6156	0.6397	0.6350	0.6290	0.6283
United States dollar	0.7043	0.7861	0.7563	0.7314	0.7169

Operating revenue

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

Operating expenses

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

Additionally, provisions for maintenance capital expenditure have been excluded from operating expenses when present.

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

Aggregated cash flow statement

The aggregated cash flow statement represents the aggregation of the cash flows attributable to securityholders. This includes the cash flows of each of the stapled entities and their wholly owned subsidiaries, excluding entities that form part of the road operator company groups. As a result, it does not reconcile with the cash balances in the statutory results, which consolidate the cash balances of the wholly owned Dulles Greenway and Warnow Tunnel. 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.

Appendix 2 – Reconciliation to statutory accounts

Table 40 – Overview

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

Statutory result for the year	Proportionally consolidated financial performance
ALX has consolidated Dulles Greenway's and Warnow Tunnel's results in its statutory results. Non-controlled toll road asset results are included in share of gains from associates. Non-controlled assets results included in share of profits / losses from associates adjusted for: • Purchase price allocations which results in additional toll concession amortisation; and • Fair value movements on asset level interest rate swaps which must be taken through the income statement, even though they may be taken through reserves (accounted for as effective cash flow hedges) at the non-controlled asset level. Profits / losses of associates are brought to account only to the extent that the investment carrying value is above nil.	Aggregation of operating results of proportionate interests in assets.

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

Table 41 – Reconciliation – Statutory results to proportionate EBITDA

A$m	Year ended 31 Dec 18	Year ended 31 Dec 17
Statutory profit attributable to ALX securityholders	**59.9**	**519.6**
Dulles Greenway related adjustments:		
Revenue	(125.7)	(77.2)
Finance costs	71.8	42.4
Income tax benefit	(1.1)	(18.4)
Other net expenses	90.8	53.2
Warnow Tunnel related adjustments:		
Revenue	(5.8)	-
Finance costs	4.0	-
Income tax expense	2.0	-
Other net expenses	3.8	-
Asset adjustments:		
Share of net gains from associates	(246.1)	(188.0)
Proportionate EBITDA from assets	869.4	652.8
ALX corporate level adjustments:		
Performance fees	70.6	8.0
Manager's and adviser's base fees	36.8	32.8
Income	(14.5)	(395.8)
Finance costs	33.1	11.4
Income tax expense	0.0	1.7
Corporate net expenses	20.5	10.3
Proportionate EBITDA from assets (per MIR)	**869.4**	**652.8**

Table 42 – Reconciliation – Statutory to MIR operating cash flows and total cash

A$m	Year ended 31 Dec 18	Year ended 31 Dec 17
Net statutory operating cash flows	**23.1**	**18.1**
Dulles Greenway related adjustments:		
Toll revenue received	(117.6)	(73.6)
Interest and other income received	(1.7)	(0.7)
Property taxes paid	5.9	5.7
Payments to suppliers and employees	18.2	9.5
Warnow Tunnel related adjustments:		
Toll revenue received	(5.6)	-
Interest and other income received	(0.1)	-
Property taxes paid	-	-
Payments to suppliers and employees	1.1	-
ALX corporate level adjustments:		
Preferred equity return from APRR Group	249.4	147.8
Acquisition related costs	-	3.3
Net operating cash flows (per MIR)	**172.8**	**110.2**
Statutory cash and cash equivalents at the end of the year	**186.5**	**122.7**
Cash and cash equivalents at Dulles Greenway	(93.3)	(82.9)
Cash and cash equivalents at Warnow Tunnel	(3.6)	-
Restricted cash at ALX	3.2	1.8
Total corporate cash assets at the end of the year (per MIR)	**92.8**	**41.6**

Appendix 3 – Traffic and toll revenue performance

Table 43 – Traffic and toll revenue performance on pcp

Asset	Year ended 31 Dec 18	Year ended 31 Dec 17	Change on pcp	Quarter on pcp			
				Mar 18	Jun 18	Sep 18	Dec 18
APRR							
Light vehicle VKTm	20,464	20,124	1.7%	4.5%	4.1%	1.1%	(2.9%)
Heavy vehicle VKTm	3,859	3,686	4.7%	6.0%	6.6%	3.0%	3.1%
Total VKTm	24,323	23,810	2.2%	4.8%	4.5%	1.3%	(1.8%)
Toll revenue (€m)	2,463	2,353	4.7%	6.6%	7.0%	3.9%	1.3%
ADELAC							
ADT	29,713	29,374	1.2%	1.8%	2.8%	1.3%	(1.5%)
Average daily toll revenue (€)	153,422	148,388	3.4%	4.4%	5.3%	3.4%	0.4%
Dulles Greenway							
ADT	50,193	52,555	(4.5%)	(6.5%)	(5.2%)	(4.7%)	(1.6%)
Average daily toll revenue (US$)	246,028	251,337	(2.1%)	(4.3%)	(2.9%)	(2.0%)	0.8%
Warnow Tunnel							
ADT	12,948	11,715	10.5%	2.7%	13.5%	11.4%	13.7%
Average daily toll revenue (€)	34,506	30,321	13.8%	6.3%	16.6%	13.8%	17.4%
Portfolio average							
Weighted average traffic			**1.5%**	**3.4%**	**3.5%**	**0.9%**	**(1.6%)**
Weighted average toll revenue			**4.0%**	**5.4%**	**5.9%**	**3.4%**	**1.5%**