

MACQUARIE COMMUNICATIONS INFRASTRUCTURE GROUP
SCHEME BOOKLET
4 MAY 2009



For a recommended proposal for Canada Pension Plan Investment Board (**CPPIB**) to acquire through CPPIB Communications Pty Limited (**CCPL**) all of your Securities in Macquarie Communications Infrastructure Group (**MCG**) via a scheme of arrangement, a Bermuda scheme of arrangement and a trust scheme (the **CPPIB Proposal**).

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Share Schemes and the Trust Scheme, and, if necessary, consult your legal, investment, taxation or other professional adviser.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE CPPIB PROPOSAL IS FAIR AND REASONABLE AND THEREFORE IN THE BEST INTERESTS OF MCG SECURITY HOLDERS.

YOUR INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS TO APPROVE THE CPPIB PROPOSAL, IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO MAINTAIN THAT THE CPPIB PROPOSAL IS FAIR AND REASONABLE AND THEREFORE IN THE BEST INTERESTS OF MCG SECURITY HOLDERS.

If, after reading this Scheme Booklet, you have any questions about the CPPIB Proposal, please call the Macquarie Communications Infrastructure Group Security holder information line on 1800 242 200 (within Australia) or +61 2 9207 3835 (outside Australia) Monday to Friday between 8.00am and 6.00pm (Sydney time).

If you have sold all of your MCG Securities, please disregard this document.

Macquarie Communications Infrastructure Limited ABN 18 084 388 983

Macquarie MCG International Limited ARBN 112 652 490 (EC 35258)

and

Macquarie Communications Infrastructure Management Limited ABN 29 066 047 738 (AFSL 221 936) as responsible entity of
Macquarie Communications Infrastructure Trust ARSN 101 048 293

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Corporate Directory

Macquarie Group entities

Neither MCG nor any Macquarie Group entity (other than Macquarie Bank Limited ABN 46 008 583 542 (MBL)) is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth) and their obligations do not represent deposits with, or other liabilities of, MBL or any other Macquarie Group entity. MBL does not guarantee or otherwise provide assurance in respect of the obligations of MCG or any Macquarie Group entity (other than MBL).

WHAT YOU SHOULD DO NEXT

Step 1: Carefully read this Scheme Booklet

You should read this Scheme Booklet in full before making any decision on how to vote.

There are frequently asked questions in Section 1 to help answer any questions you may have. If you have any doubts as to what action you should take, you should seek financial, tax or other professional advice before making any decision in relation to your MCG Securities and how to vote at the Meetings.

Step 2: Vote on the Schemes

As a MCG Security holder, you are entitled to vote (subject to the voting exclusion statements in the Notices of Meeting) on whether you want the CPPIB Proposal to proceed or not.

You can vote:

- by proxy, using the enclosed Proxy Form; or
- in person, by attending the Meetings to be held at The Heritage Room, Westin Hotel, No 1 Martin Place, Sydney commencing at 11.30am on Wednesday 17 June 2009.

To ensure that the Proxy Form is valid, you should return it by 11.30am on Monday 15 June 2009. You can do this by using the enclosed reply paid envelope or by faxing the Proxy Form to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Important Notices

Defined Terms

Capitalised terms used in this Scheme Booklet are defined in the Glossary in Section 10.

A Glossary of the entities referred to in this Scheme Booklet is included in Section 9.

Currency

Unless otherwise specified, a reference to 'A\$', '\$' or 'dollar' is to Australian currency.

Time and date

Unless otherwise specified, all references to time in this Scheme Booklet are references to Australian Eastern Standard Time, and all references to dates are to dates calculated in accordance with Australian Eastern Standard Time. (That is, such references will be to the time and date in Sydney, New South Wales, Australia).

This Scheme Booklet

This Scheme Booklet provides MCG Security holders with information about the proposed acquisition of MCG by CCPL. It is the explanatory statement required to be sent to certain MCG Security holders in relation to the Schemes, under Part 5.1, Part 5C.3 and Part 6.2 of the Corporations Act and section 100 of the Bermuda Companies Act.

A copy of each proposed Share Scheme is included in this Scheme Booklet in Annexure C as an attachment to the Deed Poll. A copy of the proposed Supplemental Deed (to implement the Trust Scheme) is also included in Annexure C as an attachment to the Deed Poll.

You should read this Scheme Booklet in its entirety before making a decision as to how to vote on the Resolutions to be considered at the Meetings and, if necessary, consult your legal, investment, taxation or other professional adviser.

Responsibility for information

Except as outlined below, the information contained in this Scheme Booklet has been provided by MCG and is the responsibility of MCG. Except as outlined below, none of CCPL, CPPIB, Macquarie Group, nor any of their respective directors, employees, officers or advisers assumes any responsibility for the accuracy or completeness of any such information.

CCPL and CPPIB have provided and are solely responsible for the Bidder Information, including information as to the funding arrangements it has made to provide the Scheme Consideration and information as to CCPL's and CPPIB's opinions, views, and intentions in relation to MCG (except to the extent that that information is based on information provided by MCG, for which MCG takes responsibility). None of MCG, Macquarie Group or any of their respective directors, officers or advisers assumes any responsibility for the accuracy or completeness of the Bidder Information.

Macquarie Capital Group Limited has provided and is solely responsible for the Macquarie Information. None of MCG, CCPL, CPPIB or any other member of the Macquarie Group or any of their respective directors, officers or advisers assume any responsibility for the accuracy or completeness of the Macquarie Information.

The Independent Expert, Deloitte, has provided and is responsible for the information contained in Annexure A and Annexure B of this Scheme Booklet. None of CCPL, CPPIB, MCG, Macquarie Group nor any of their respective directors, officers or advisers assume any responsibility for the accuracy or completeness of the information contained in Annexure A or Annexure B. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Annexure A and Annexure B.

Investment decisions

This Scheme Booklet has been prepared without reference to the investment objectives, financial situation or particular needs of any MCG Security holder or any other person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision. The information contained in this Scheme Booklet is not financial product advice. Independent financial and taxation advice should be sought before making any investment decision in relation to your MCG Securities and how you vote on the Schemes.

Neither MCIL nor MMCGIL hold an Australian Financial Services Licence and they are therefore not licensed to provide financial product advice.

To the extent that any information contained in this Scheme Booklet constitutes financial product advice given by MCIML: (i) neither MCIML nor any related body corporate, nor any director or employee of any of them nor any associate is receiving any remuneration or other benefits in respect of, or that is attributable to, the provision of financial product advice by MCIML (if any); and (ii) there are no associations or relationships between MCIML, or any related body corporate, and the issuers of any financial products, being associations or relationships that might reasonably be expected to be capable of influencing MCIML in providing any financial product advice as referred to above.

Any statements made by any of MCIL, MMCGIL or MCIML in relation to MCG Securities relate only to the underlying share or unit issued by it. None of MCIL, MMCGIL or MCIML make any statement in this Scheme Booklet in relation to any security issued by any other party.

ASIC and ASX involvement

A copy of this Scheme Booklet (including the Independent Expert's Report and the Ancillary Transaction Report) has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and lodged with, and registered for the purposes of section 412(6) of the Corporations Act by, ASIC. ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the Corporations Act that ASIC has no objection to the MCIL Share Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

Neither ASIC, nor any of its officers, take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet will be lodged with the ASX. Neither the ASX, nor any of its officers, take any responsibility for the contents of this Scheme Booklet.

Court involvement

The orders of the Court and the Bermuda Court that the Scheme Meetings be convened and the giving of the First Judicial Advice are not, and should not be treated as, an endorsement or any other expression of opinion by the Court or the Bermuda Court on, the Schemes.

Disclosure regarding forward looking statements

This Scheme Booklet contains both historical and forward-looking statements in connection with MCG.

The forward-looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current expectations of MCG or, in relation to the Bidder Information, CCPL and CPPIB, or, in relation to the Macquarie Information, Macquarie Capital, concerning future results and events. Such statements may generally be identified by the use of forward-looking words or phrases such as, 'believe', 'aim', 'expect', 'anticipated', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimated', 'potential', or other similar words and phrases. Similarly, statements that describe objectives, plans, goals or expectations are, or may be, forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. Deviations as to future results, performance and achievements are both normal and to be expected.

MCG Security holders should review carefully all of the information, including the financial information, included in this Scheme Booklet. The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet. None of MCG, CCPL, CPPIB, Macquarie Group nor any of the directors of these entities, nor any other person, makes or gives any representation, assurance or guarantee to MCG Security holders that any forward-looking statements will actually occur, or be achieved, and MCG Security holders are cautioned not to place undue reliance on such forward-looking statements.

Subject to any continuing obligations under law or the Listing Rules, none of MCG, CCPL, CPPIB or Macquarie Group gives any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Privacy and personal information

MCG will need to collect personal information to implement the Schemes. The personal information may include the names, contact details and details of holdings of MCG Security holders, plus contact details of individuals appointed by MCG Security holders as proxies, corporate representatives or attorneys at the Meetings.

The collection of some of this information is required or authorised by the Corporations Act. MCG Security holders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and can contact MCIML's company secretary if they wish to exercise those rights. The information may be disclosed to print and mail service providers, and to MCG, CPPIB and CCPL and their respective advisers to the extent necessary to effect the Schemes.

If the information outlined above is not collected, MCG may be hindered in, or prevented from, conducting the Meetings or implementing the Schemes effectively, if at all. MCG Security holders who appoint an individual as their proxy, corporate representative, or attorney to vote at the Meetings, should inform that individual of the matters outlined above. It is noted that all persons are entitled, under section 173 of the Corporations Act, to inspect and copy the Register. The Register contains personal information about MCG Security holders.

Notice to persons outside Australia

This Scheme Booklet and the Schemes are subject to Australian and Bermudan disclosure requirements, which may be different from the requirements applicable in other jurisdictions. The financial information included in this document is either based on financial statements that have been prepared in accordance with Australian Accounting Standards or in the case of proportionately consolidated financial information, policies adopted by MCG, both of which may differ from generally accepted accounting principles in other jurisdictions.

MCG Security holders resident outside Australia for tax purposes should seek specific taxation advice in relation to the Australian and overseas taxation implications of the Schemes.

Date

This Scheme Booklet is dated 4 May 2009.

Key Dates

Date	Event
Monday 15 June 2009 (11.30am)	Time and date by which the Proxy Forms must be received by MCG's Registry, Computershare Investor Services Pty Limited
Monday 15 June 2009 (7.00pm)	Time and date for determining eligibility to vote at Meetings
Wednesday 17 June 2009 (11.30am)	Meetings of MCG Security holders (or classes of MCG Security holders) to be held at The Heritage Room, The Westin Hotel, No 1 Martin Place Sydney
	IF SCHEMES APPROVED BY MCG SECURITY HOLDERS:
Wednesday, 24 June 2009 BDST	Bermuda Court hearing for approval of the MMCGIL Share Scheme If approval is obtained, notify ASX of Bermuda Court approval
Friday, 26 June 2009	Court hearing for approval of the MCIL Share Scheme and Second Judicial Advice If approval is obtained, notify ASX of Court approval
Tuesday, 30 June 2009	Effective Date Lodge Court order and modified constitution of MCIT with ASIC, and Bermuda Court order with Bermuda Registrar of Companies
Tuesday, 30 June 2009	Suspension of trading MCG Securities cease trading on the ASX at close of trading
Tuesday, 7 July 2009	Scheme Record Date Record date for determining entitlements to Scheme Consideration
Tuesday, 14 July 2009	Implementation Date
Wednesday, 15 July 2009	Expected payment of Scheme Consideration to MCG Security holders (other than MCIML)

All dates are indicative only and, among other things, are subject to all necessary approvals from the Court, the Bermuda Court and the ASX. Any changes to the above timetable will be announced through the ASX and on MCG's website at www.macquarie.com/mcg.

Unless otherwise stated, all references to time in this Scheme Booklet are references to Australian Eastern Standard Time and all references to dates are to dates calculated in accordance with Australian Eastern Standard Time. (That is, such references will be to the time and date in Sydney, New South Wales, Australia).

Letter from the Independent Directors

4 May 2009

Dear MCG Security holder,

Your Independent Directors unanimously recommend that MCG Security holders vote in favour of the proposal for the acquisition of MCG by CPPIB in the absence of a Superior Proposal and given that the Independent Expert considers that the CPPIB Proposal is fair and reasonable and therefore in the best interests of MCG Security holders. The CPPIB Proposal offers MCG Security holders \$2.50 cash for each of their MCG Securities. The cash offer of \$2.50 per MCG Security is a 67% premium to the closing price of MCG Securities prior to the announcement of the CPPIB Proposal¹ and a 134% premium to the three month volume weighted average price of MCG Securities prior to the announcement of the CPPIB Proposal.

MCG listed in 2002 with approximately \$300 million raised to acquire Broadcast Australia as its seed asset. Our objective then, as now, was to acquire a portfolio of communications infrastructure businesses which provided MCG Security holders with a combination of stable long-term cash yields and capital growth through improved business and capital management.

Since listing, MCG has delivered, on average, Proportionate EBITDA growth per Security of over 20% per annum. During that time, MCG has distributed approximately \$2.00 per Security to its investors. We have delivered this by successfully managing and growing our portfolio, including through the acquisition of significant interests in Arqiva, Airwave, National Grid Wireless and Global Tower Partners, which have provided growth in earnings and portfolio diversification.

Nevertheless, the MCG Security price has declined over the past 12 to 18 months and has underperformed the ASX 200 Industrials index for approximately 12 months. In order to address this, the MCG Boards and management have undertaken a range of initiatives which were designed to restore value to MCG Security holders.

These initiatives included:

- the sale of MCG's interest in Global Tower Partners;
- the purchase and cancellation, at a discount, of over 45% (approximately \$450m million worth) of MCG's Exchangeable Bonds; and

- the decision to reduce MCG's prospective distributions and apply the retained cash towards the elimination of all fund level obligations by August 2011, including the future cash settlement of the remaining Exchangeable Bonds.

Despite these initiatives the MCG Security price has continued to trade down. The MCG Boards took the view that this is substantially due to market concerns regarding uncertainty of the future refinancing of asset level debt, particularly when viewed in the context of current credit market conditions (especially if these were to continue for some time), the amount of debt outstanding and a likely reduction in leverage ratios being necessary at the time of refinancing. The MCG Boards became concerned that these issues may adversely affect future distributions to MCG Security holders, especially beyond 2011,² or require future potentially dilutive capital raisings, or both. The MCG Boards therefore embarked on a portfolio review which explored several options to restore MCG Security holder value and reduce the debt at MCG, including the sale of individual assets and other capital management initiatives. It was through exploring these options that CPPIB took the opportunity to submit its proposal to the MCG Boards.

The CPPIB offer is interconditional on the separate Ancillary Transaction with Macquarie Capital relating to the acquisition of MCIML and the receipt of certain investment advisory and transitional services if the Schemes are implemented. Therefore in order to assess the offer from CPPIB appropriately, the MCG Boards established an Independent Board Committee (IBC), which consists of all the Independent Directors of the MCG Boards. Mr Gerald Moriarty, the non-executive Chairman of MCG, was an Executive Director of the Macquarie Group until December 2008 and remains a consultant to the Macquarie Group. Mr Moriarty is therefore not a member of the IBC. The IBC has made all decisions and recommendations in relation to the CPPIB Proposal.

The IBC considers CPPIB's fully financed cash offer to be attractive especially when compared with the less certain and longer term alternatives that have been explored. We are confident, in the face of the added risk profile created by ongoing disruption in equity and debt capital markets, that the acquisition of MCG by CPPIB is a more certain means of providing increased value to MCG Security holders than the alternatives identified.

¹ The closing price of MCG Securities on ASX on 30 March 2009 (\$1.495).

² In October 2008, MCG announced its strategy to retain cash in order to repay all fund level debt including the Exchangeable Bonds by August 2011. MCG provided guidance that distributions were likely to remain substantially below cash earnings until post August 2011.

The IBC appointed Deloitte to prepare an independent expert's report on the CPPIB Proposal. The Independent Expert has valued MCG at \$2.27 to \$3.13 per MCG Security and concluded that the CPPIB Proposal is fair and reasonable and therefore in the best interests of MCG Security holders. A copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet.

If the CPPIB Proposal is implemented, CPPIB has also agreed, under the Ancillary Transaction, to acquire, through CCPL, MCG's manager, Macquarie Communications Infrastructure Management Limited (**MCIML** – a Wholly Owned Subsidiary of Macquarie Capital Group Limited), by way of a separate transaction with Macquarie Capital. MCIML's entire interest of approximately 18.33% of the total number of MCG Securities on issue will be acquired by CPPIB in connection with the Ancillary Transaction for \$2.50 per MCG Security (the same price that will be paid to all other MCG Security holders for their MCG Securities under the Schemes). Following the completion of the implementation of the Schemes and the acquisition of MCIML's entire holding of MCG Securities, CPPIB will be the sole MCG Security holder.

The Ancillary Transaction itself provides for an upfront payment of \$56.5 million to Macquarie Capital for the acquisition of MCIML³ and a payment of approximately \$4 million per annum for 10 years⁴ to Macquarie Capital for ongoing investment advisory services in respect of Arqiva and Airwave. Macquarie Capital will also provide CPPIB with a right to use certain intellectual property rights of Macquarie Capital to operate MCG and with transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML.

In a separate report to the Independent Directors, the Independent Expert has reviewed the Ancillary Transaction and has concluded that nothing has come to its attention that causes it to believe that the consideration payable to the Macquarie Parties under the Ancillary Transaction is not on arm's length terms or constitutes the receipt of a collateral benefit by a Macquarie Party. The report on the Ancillary Transaction is included in Annexure B of this Scheme Booklet.

Grant Samuel has also acted as independent financial adviser to the IBC in relation to any areas of potential conflict with Macquarie Capital which acted as adviser to MCG and is a party to the Ancillary Transaction.

The Independent Directors unanimously recommend that MCG Security holders vote in favour of the CPPIB Proposal, in the absence of a Superior Proposal and given that the Independent Expert considers that the CPPIB Proposal is fair and reasonable and therefore in the best interests of MCG Security holders.

The Scheme Meetings to consider the proposal are to be held on Wednesday, 17 June 2009 in Sydney. The proposal is subject to a number of conditions including the passing of all of the resolutions to be considered at the Meetings and court approval in New South Wales and Bermuda. The key Conditions Precedent to the implementation of the CPPIB Proposal are summarised in Section 8.18 of this Scheme Booklet.

This Scheme Booklet contains important information in relation to the CPPIB Proposal and the Schemes, including the reasons for the Independent Directors' recommendation and a summary of the advantages, disadvantages and risks associated with the CPPIB Proposal. Please read this Scheme Booklet carefully before making your decision and voting at the Meetings.

If you have any questions in relation to the CPPIB Proposal, please call the MCG Security holder information line on 1800 242 200 (within Australia) or +61 2 9207 3835 (outside Australia).

This Scheme Booklet should not be relied upon as the sole basis for any investment decision. I would encourage you to seek independent financial and taxation advice before making any investment decision in relation to your MCG Securities and how you vote on the Resolutions.

Yours sincerely,



Malcolm Long
Independent Director and Chairman of the IBC

³ This amount does not include the consideration for the MCG Securities held by MCIML.

⁴ The annual fee is indexed at 10% per annum except to the extent that it is prepaid for future years. Subject to indexation, the total amount of fees payable to Macquarie Capital for the investment advisory services is approximately \$40 million.

What you will receive under the CPPIB Proposal

The CPPIB Proposal

The CPPIB Proposal is to acquire through the Schemes all the MCG Securities other than those MCG Securities held by MCIML.

The Offer Price

Under the CPPIB Proposal, MCG Security holders (other than MCIML) will receive \$2.50 cash for each of their MCG Securities (the **Offer Price**).

The Offer Price is a 67 per cent premium to the last closing price of MCG Securities prior to the announcement of the CPPIB Proposal⁵ and a 134 per cent premium to the three month volume weighted average price of MCG Securities prior to the announcement of the CPPIB Proposal.

If the Schemes become Effective, it is expected that you would receive the Offer Price on 15 July 2009. You will not receive a final FY09 distribution on your MCG Securities.

Other Relevant Information

The Ancillary Transaction

CPPIB has separately agreed with Macquarie Parties that CPPIB, through CCPL, will acquire MCIML and receive certain advisory and transitional services and certain rights to Macquarie Capital's intellectual property if the Schemes are implemented.

The Ancillary Transaction facilitates the CPPIB Proposal. Under the Ancillary Transaction, CPPIB will pay Macquarie Parties \$56.5 million for the acquisition of MCIML⁶ and approximately \$4 million per annum for 10 years⁷ for the provision of ongoing investment advisory services in respect of Arqiva and Airwave.

Macquarie Capital will also provide CPPIB with a right to use certain intellectual property rights of Macquarie Capital to operate MCG (which will be licensed to MCIML) and with transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML.

Macquarie Capital's continued involvement in the management of MCG's businesses assists the smooth transition of ownership if the CPPIB Proposal is implemented as it preserves Macquarie Capital's expertise and experience for CPPIB. In addition, without the ongoing provision of investment advisory services by Macquarie Capital, certain adverse consequences upon a change of control of MCG could arise under material contracts relating to MCG's assets.

MCG Securities held by MCIML

MCIML holds an interest in approximately 18.33% of the total number of MCG Securities on issue. These MCG Securities will not be acquired by CPPIB through the Schemes. If the Schemes are implemented, it is intended that these MCG Securities will be acquired by CPPIB in connection with the acquisition of MCIML for \$2.50 per MCG Security, the same price that will be paid to all other MCG Security holders for their MCG Securities under the Schemes.

The Independent Board Committee

In order to assess the offer from CPPIB appropriately, particularly given that the Ancillary Transaction involves the Macquarie Parties, which are related parties of MCIML, the MCG Boards established the IBC, which consists of all the Independent Directors of the boards of MCG. Mr Gerald Moriarty, the non-executive Chairman of MCG, was an Executive Director of the Macquarie Group until December 2008 and remains a consultant to the Macquarie Group. Mr Moriarty is therefore not a member of the IBC. The IBC has made all decisions and recommendations in relation to the CPPIB Proposal.

To assist the IBC in considering the CPPIB Proposal, the IBC engaged Grant Samuel to provide separate advice to the IBC in respect of the Ancillary Transaction, including matters where a conflict may arise between MCG and Macquarie Capital in its capacity as adviser to MCG in relation to the CPPIB Proposal, as manager of MCG or because of its interests in the Ancillary Transaction.

The IBC also engaged the Independent Expert to review the Ancillary Transaction. The Independent Expert has concluded that nothing has come to its attention that causes it to believe that the consideration payable to the Macquarie Parties under the Ancillary Transaction is not on arm's length terms or constitutes the receipt of a collateral benefit by a Macquarie Party. The report on the Ancillary Transaction is included in Annexure B of this Scheme Booklet.

⁵ The closing price of MCG Securities on the ASX on 30 March 2009 was \$1.495.

⁶ This amount does not include the consideration for the MCG Securities held by MCIML.

⁷ The annual fee is indexed at 10% per annum except to the extent that it is prepaid for future years. Subject to indexation, the total amount of fees payable to Macquarie Capital for the investment advisory services is approximately \$40 million.

Why you might vote in favour of the CPPIB Proposal

This Section is a summary only and is not intended to address all the relevant issues for MCG Security holders. MCG Security holders should read all of the Scheme Booklet. This Section should be read in conjunction with the other Sections of this Scheme Booklet.

The Independent Directors unanimously recommend that MCG Security holders accept the CPPIB Proposal in the absence of a Superior Proposal and subject to the Independent Expert continuing to maintain that the Schemes are fair and reasonable and therefore in the best interests of MCG Security holders

- The MCG Independent Directors' recommendation has only been provided following a review of options for preserving and maximising MCG Security holder value, including the sale of individual assets, recapitalising MCG, privatisation, or taking no further action;
- The CPPIB Proposal offers MCG Security holders certain and immediate value;
- The CPPIB Proposal offers a substantial premium to the recent trading price of MCG Securities prior to the announcement of the CPPIB Proposal;
- No Superior Proposal has emerged prior to the date of this Scheme Booklet;
- The Offer Price of \$2.50 follows a rigorous process and consideration of several alternatives;⁸ and
- In light of the increased market risk profile resulting from changed equity and credit market conditions, the CPPIB Proposal was judged by the IBC to be the best available option to maximise MCG Security holder value.

The CPPIB Proposal offers certain and immediate value to MCG Security holders in an uncertain economic environment

- MCG's Security Price has progressively declined over the past 12 to 18 months and credit markets and the global economy have deteriorated significantly over the last 12 months, resulting in an uncertain economic environment going forward;

- MCG Securities have underperformed the market over this period despite MCG's assets performing strongly, which the MCG Boards believe is significantly due to market concerns regarding uncertainty of the future refinancing of asset level debt, especially in the context of changed market conditions (especially if these were to continue for some time), the amount of debt to be refinanced and a likely reduction in leverage ratios being necessary at the time of refinancing MCG's operating businesses;
- The CPPIB Proposal is a fully funded cash offer, allowing MCG Security holders to immediately realise value and eliminate these uncertainties; and
- CPPIB intends to fund the Offer Price from its internal financial resources, removing financing uncertainty.

The CPPIB Proposal offers a whole of fund solution, providing significantly greater value and certainty than alternative options

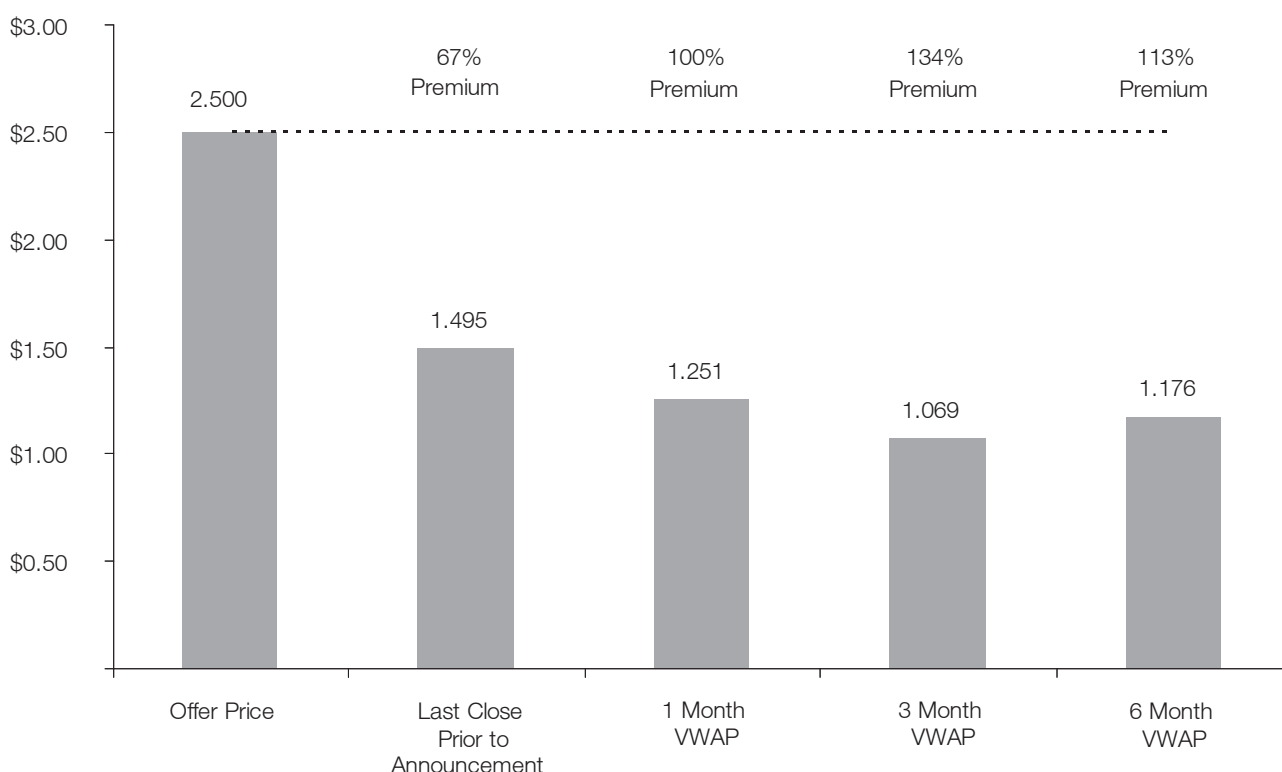
- The MCG Boards have considered a number of initiatives to enhance MCG Security holder value, including divesting individual assets, recapitalisation of individual assets and conducting further capital management initiatives;
- Further individual asset sales have been considered however it was concluded that they were unlikely to offer sufficient value and certainty in comparison to the CPPIB Proposal; and
- Given the poor response to previous capital management initiatives to date and the ongoing uncertainty about the overall gearing level of MCG and its assets, together with the ongoing dislocation in credit markets, the MCG Boards are concerned that these issues may adversely affect future distributions to MCG Security holders, especially beyond 2011, or require future potentially dilutive capital raisings, or both. In these circumstances, the Independent Directors believe the acquisition of MCG by CPPIB will provide more value for MCG Security holders when compared to other options in the foreseeable future.

⁸ For details of the alternatives considered, refer to Section 4.1 of this Scheme Booklet

The CPPIB Proposal offers a significant premium to the recent trading price of MCG Securities

- 67 per cent premium to the last closing price of MCG Securities on the ASX prior to the announcement of the CPPIB Proposal; and
- 134 per cent premium to the three month volume weighted average price of MCG Securities on the ASX prior to the announcement of the CPPIB Proposal.

CPPIB Offer Price Premium to Recent MCG Security Trading Price Metrics

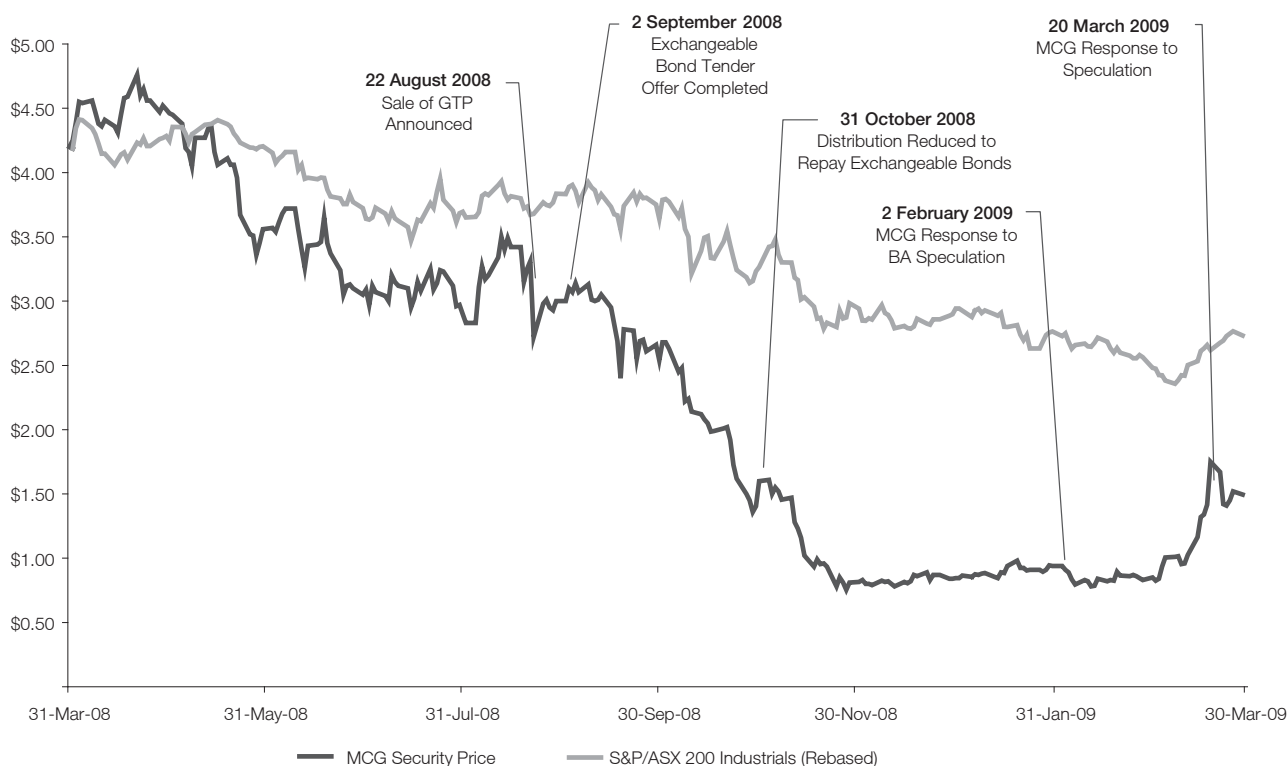


Source: IRESS. Volume weighted average prices (VWAP) are calculated from the last day prior to the Announcement of the CPPIB Proposal (Monday 30 March, 2009).

The trading price of MCG Securities may fall if the Schemes are not implemented

- If the Schemes are not implemented it is possible that MCG Securities could trade at a lower price than the price at which they have traded since the CPPIB Proposal was announced;
- The trading price of MCG Securities will continue to be subject to market volatility, including general stock market movements, general economic conditions, and the demand for listed securities; and
- The trading price of MCG Securities may be lower due to concerns over sustainability of distributions and the potential need to contribute additional equity capital in order to repay asset level debt at Arqiva and Airwave.

The trading price movement of MCG Securities before the announcement of the CPPIB Proposal is indicated by the following chart:



The Independent Expert concluded that the CPPIB Proposal is fair and reasonable, and therefore in the best interests of MCG Security holders

- The Independent Expert has provided the Independent Expert’s Report and the Ancillary Transaction Report;
- The Independent Expert has concluded that the CPPIB Proposal is fair and reasonable, and therefore in the best interests of MCG Security holders;
- The valuation analysis of the Independent Expert concluded the fair market value of MCG Securities is between \$2.27 and \$3.13 and therefore in the absence of a Superior Proposal, the offer of \$2.50 per MCG Security, although in the lower half of the range, is fair and reasonable and therefore in the best interests of MCG Security holders; and

- The Independent Expert also concluded that nothing has come to its attention that causes it to believe that the consideration payable to the Macquarie Parties under the Ancillary Transaction:
 - is not on arm’s length terms; or
 - constitutes the receipt of a collateral benefit by the Macquarie Parties; and
- The Independent Expert also concluded that nothing has come to its attention in relation to the Ancillary Transaction that would cause it to qualify its conclusions reached in the Independent Expert’s Report.

No brokerage

- There is no brokerage payable by MCG Security holders under the CPPIB Proposal.

Why you might vote against the CPPIB Proposal

You may disagree with the Offer Price

- You may have a view that MCG's Security price may improve over time to a point above the Offer Price. In this case you may consider that the Offer Price is too low; and
- You may consider that individual asset sales or further capital management may realise greater value than the CPPIB Proposal.

If you wish to object to the Schemes at the Court or the Bermuda Court hearings for the approval of the Schemes, you should note that the Second Court Hearing is to be held on the Second Court Date (expected to be on Friday 26 June 2009) and the Second Bermuda Court Hearing is to be held on the Second Bermuda Court Date (expected to be on Wednesday 24 June 2009).

You may believe that capital markets will recover over time

- You may consider that the equity and credit market conditions may recover over the short to medium term; and
- You may consider that if the capital markets improve over time, MCG's Security price may improve to a point above the Offer Price.

You may wish to maintain your current investment profile

- You may wish to retain an investment in an ASX listed communications infrastructure fund; and
- By accepting the CPPIB Proposal you will no longer have exposure to MCG's assets.

You may believe that there is the possibility of a Superior Proposal emerging

- You may consider that a Superior Proposal may emerge. However, the Independent Directors are not currently aware of a Superior Proposal.

You may consider there is a collateral benefit under the Ancillary Transaction

- You may consider that Macquarie Capital is receiving a collateral benefit from the Ancillary Transaction, despite the conclusions to the contrary in the Ancillary Transaction Report prepared by Deloitte.

Tax consequences for MCG Security holders

- Implementation of the CPPIB Proposal may trigger tax consequences for MCG Security holders earlier than may otherwise have been the case (see Section 7).

1. Frequently Asked Questions

This Section is a summary only and is not intended to address all the relevant issues for MCG Security holders. MCG Security holders should read all of the Scheme Booklet. This Section should be read in conjunction with the other Sections of this Scheme Booklet.

	Question	Answer	Reference
1.	What is the CPPIB Proposal?	The CPPIB Proposal is a proposal to acquire all of the issued MCG Securities (except for those held by MCIML, which will be acquired separately for the same price) for \$2.50 per MCG Security through the Schemes.	What you will receive under the CPPIB Proposal
2.	What are the Schemes?	The Schemes are a scheme of arrangement, a Bermuda scheme of arrangement and a trust scheme between MCG and MCG Security holders other than MCIML. If the Resolutions are approved by the requisite majorities of MCG Security holders, the Schemes will result in the acquisition of all of the MCG Securities by CPPIB, through CCPL, with the exception of MCIML's MCG Securities, which will be acquired separately for the same price of \$2.50 per Security (in connection with the Ancillary Transaction) if the Schemes are approved by MCG Security holders.	Section 4
3.	When and where are the Meetings?	The Meetings will be held on Wednesday, 17 June 2009 at The Heritage Room, The Westin Hotel, No 1 Martin Place Sydney, commencing at 11.30am. Details of proxy voting options are set out in Section 2.	Section 2
4.	Who has made the CPPIB Proposal?	The CPPIB Proposal has been made by CCPL, a special purpose acquisition vehicle wholly owned by CPPIB. CPPIB is a Canadian Crown corporation incorporated pursuant to the Canada Pension Investment Board Act 1997. CPPIB invests on behalf of the Canada Pension Plan.	Section 5
5.	Do the Independent Directors recommend the CPPIB Proposal?	The MCG Independent Directors unanimously recommend that MCG Security holders vote in favour of the Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to maintain that the Schemes are fair and reasonable and therefore in the best interests of MCG Security holders. The Offer Price represents a 67 per cent premium to the last closing price prior to the announcement of the CPPIB Proposal, ⁹ and a 134 per cent premium to the three month volume weighted average price of MCG Securities prior to that announcement.	Letter from the Independent Directors
6.	What is the IBC?	The Independent Board Committee (IBC) was formed to evaluate the CPPIB Proposal. It consists of all the Independent Directors of MCG. Gerald Moriarty, the non-executive Chairman of MCG, was an Executive Director of the Macquarie Group until December 2008 and remains a consultant to the Macquarie Group. Mr Moriarty is therefore not a member of the IBC. The IBC has made all decisions and recommendations in relation to the CPPIB Proposal.	
7.	What is the conclusion of the Independent Expert?	The Independent Expert has valued MCG at \$2.27 to \$3.13 per MCG Security, and concluded that the CPPIB Proposal is fair and reasonable and therefore in the best interests of MCG Security holders. The full Independent Expert's Report is available in Annexure A.	Annexure A
8.	What will happen if the Independent Expert changes its conclusion that the CPPIB Proposal is in the best interests of MCG Security holders?	If the Independent Expert gives a report to MCG which opines that the Share Schemes are not in the best interests of MCG Security holders or that the Trust Scheme is not fair and reasonable, the Independent Directors may (in some circumstances after having consulted with CPPIB) change their recommendation but unless the Independent Directors recommend a Superior Proposal, MCG will not have the right to terminate the Scheme Implementation Agreement. Therefore, in these circumstances unless CPPIB terminates the Scheme Implementation Agreement as a result of the Independent Directors changing their recommendation (after waiving the Break Fee), the Independent Directors intend to put the Resolutions to MCG Security holders, notwithstanding the conclusion of the Independent Expert.	

Question	Answer	Reference
9. What is the Ancillary Transaction?	<p>CPPIB has separately agreed with Macquarie Capital that CPPIB, through CCPL, will acquire MCIML and receive certain advisory and transitional services and rights to use certain intellectual property of Macquarie Capital (the Ancillary Transaction) if the Schemes are implemented.</p> <p>Under the Ancillary Transaction, CPPIB will pay Macquarie Capital \$56.5 million for the acquisition of MCIML¹⁰ and approximately \$4 million per annum for 10 years¹¹ for the provision of ongoing investment advisory services in respect of Arqiva and Airwave. Macquarie Capital will also provide CPPIB with a right to use certain intellectual property rights of Macquarie Capital to operate MCG (which will be licensed to MCIML) and with transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML.</p>	Section 6
10. What will happen to the MCG Securities held by MCIML?	<p>MCIML holds an interest in approximately 18.33% of the total number of MCG Securities on issue. These MCG Securities will not be sold as part of the Schemes because they will be acquired by CPPIB in connection with the acquisition of MCIML if the Schemes are implemented. The price for these MCG Securities will be \$2.50 each (the same consideration as the consideration paid to all other MCG Security holders under the Schemes).</p>	Section 6
11. How have potential conflicts relating to the Ancillary Transaction been considered?	<p>The Board established the IBC to make all decisions in relation to the CPPIB Proposal and the Ancillary Transaction. The IBC adopted protocols to govern potential conflicts of interest with Macquarie Capital which acted as adviser to MCG in connection with the CPPIB Proposal and is counterparty to the Ancillary Transaction.</p> <p>The IBC has engaged Grant Samuel to act as adviser to the IBC in respect of the Ancillary Transaction and other matters where a conflict of interest may arise between MCG and the Macquarie Capital in its capacity as an adviser to MCG in relation to the CPPIB Proposal, as manager to MCG, or because of its interests in the Ancillary Transaction. This has included Grant Samuel providing advice on risk allocation between MCG and Macquarie Capital under the CPPIB Proposal, finalising terms as agreed between MCG and Macquarie Capital, and identification of potential, or actual, conflicts of interest which may arise from the proposed transaction. The mandate also included assisting the IBC in ensuring that these issues were appropriately addressed.</p> <p>The IBC also engaged Deloitte to provide a report to the IBC on the Ancillary Transaction and whether anything had come to their attention that caused them to believe that the consideration payable to a Macquarie Party under the Ancillary Transaction is not on arm's length terms, or constitutes the receipt by any Macquarie Party of a collateral benefit for the purposes of the Corporations Act 2001 as interpreted by the Takeovers Panel in its Guidance Note 21. Deloitte reported that "Nothing has come to our attention to cause us to believe that the consideration payable to any Macquarie Party under the Proposed Ancillary Transaction is not on arm's length terms or would constitute the receipt by any Macquarie Party of a collateral benefit. Furthermore, nothing has come to our attention in respect of the Proposed Ancillary Transaction that would cause us to qualify the conclusions we have reached in the IER in relation to the Proposed MCG Transaction."</p> <p>The IBC treated certain senior MCG personnel, including Gerald Moriarty, Scott Davies (CEO of MCG) and MCG asset management personnel, as 'participating insiders'¹² given the possibility of some of them being offered ongoing roles with CPPIB. As at the date of this Scheme Booklet no such ongoing arrangements have been entered into. All affected personnel have continued to make their knowledge available to the IBC. However they have not been present during any voting by the IBC on the CPPIB Proposal.</p>	Section 6

1. FREQUENTLY ASKED QUESTIONS

Question	Answer	Reference
12. When will I receive the Scheme Consideration?	Provided the Schemes become Effective, MCG Security holders (other than MCIML) on the Register at 7.00pm on the Scheme Record Date, Tuesday, 7 July 2009, will receive the Scheme Consideration on or about 15 July 2009.	Key Dates
13. Will I receive a final distribution for FY09?	If the Schemes become Effective, a final distribution for FY09 will not be paid. If the Schemes do not become Effective, the Board has provided guidance that a final distribution of 5 cents will be paid.	
14. Are there any conditions that must be satisfied?	<p>Yes. A summary of the Conditions Precedent to be either satisfied or (where applicable) waived before the Second Court Date is set out in Section 8.18 of this Scheme Booklet. These conditions include:</p> <ul style="list-style-type: none"> ▪ Certain regulatory approvals including: <ul style="list-style-type: none"> — the Treasurer either approving (or not objecting to) the acquisition by CCPL of the MCG Securities pursuant to the Schemes under FATA or related policies or being (or becoming) precluded from making any orders in connection with the acquisition by CCPL of the MCG Securities under FATA; — certain Australian, UK and US Antitrust authorities approving (or taking no action to oppose) the Schemes; — modifications and exemptions being granted by ASIC in relation to certain provisions of the Corporations Act; and — clearances and authorisations of the Bermuda Monetary Authority in respect of the MMCGIL Share Scheme and associated matters. ▪ Court, Bermuda Court and MCG Security holder approvals being obtained; ▪ No Target Material Adverse Change having occurred; ▪ Obtaining certain third party consents; ▪ Confirmation that the only outstanding condition to the completion of the Ancillary Transaction is the implementation of the Schemes; ▪ A tax ruling being obtained and delivered to CPPIB; and ▪ Certain certifications being provided by MCG in respect of EBITDA. <p>The Schemes are also conditional on other conditions precedent including customary conditions precedent. For further details of the conditions to the Schemes, refer to Section 8.18 of this Scheme Booklet and to clause 3.1 of the Scheme Implementation Agreement.</p>	Section 8.18
15. What voting majority is required to approve the Schemes?	At the Meetings, the majority required to approve each Resolution will depend on the particular Resolution being considered. As an example, the MCIL Share Scheme must be approved by more than 50 per cent by number of Eligible MCG Security holders voting and at least 75 per cent of the votes cast on the resolution. For further information on the voting majority required to approve each Scheme, refer to Section 4.	Section 4
16. Am I entitled to vote?	MCIML is not entitled to participate in the MCIL Share Scheme Meeting or the MMCGIL Share Scheme Meeting as MCIML will not participate in the Schemes. Otherwise, if you are registered as an MCG Security holder on the Register as at 7.00pm on Monday 15 June 2009, you will be entitled to vote at the Meetings unless otherwise noted in the Notices of the Meetings.	Section 2
17. Will CPPIB or the Macquarie Group be voting?	<p>Except as noted below, none of CPPIB, CCPL or any member of the Macquarie Group and their associates will vote at the Meetings.</p> <p>To the extent that CPPIB, CCPL or a Macquarie Group entity and their associates hold MCG Securities on behalf of third parties who are not excluded from voting and who provide explicit voting instructions those entities may vote as directed.</p>	Section 2.2 Entitlement to Vote

Question	Answer	Reference
18. Does Macquarie Group have relevant interests in MCG Securities and will it be entitled to vote?	<p>As at 28 April 2009, Macquarie Group had relevant interests in 114,540,405 MCG Securities, being approximately 20.96 per cent of the total number of MCG Securities on issue.</p> <p>Except as noted below, Macquarie Group and their associates will not vote at the meetings.</p> <p>To the extent that a Macquarie Group entity and their associates hold MCG Securities on behalf of third parties who are not excluded from voting and who provide explicit voting instructions those entities may vote as directed.</p>	Section 8.8
19. Does CPPIB or CCPL or any of their associates have relevant interests in MCG Securities?	<p>As at the date of this Scheme Booklet, neither CPPIB nor CCPL hold any relevant interest in MCG Securities pursuant to the Corporations Act. However, pursuant to the Corporations Act, MCIML is considered to be an associate of CPPIB and CCPL, and does hold a relevant interest in MCG Securities. CPPIB's and CCPL's association with MCIML arises as a result of entering into the Scheme Implementation Agreement. As at 28 April 2009, MCIML held an interest in 100,139,074 or approximately 18.33 per cent of the total number of MCG Securities on issue and also has a relevant interest in the MCG Securities in which other entities within the Macquarie Group have a relevant interest. Pursuant to the Corporations Act, as at 28 April 2009, MCIML had a relevant interest in 114,540,405 MCG Securities or approximately 20.96 per cent above of the total MCG Securities on issue. As noted above, however, none of Macquarie Group, CPPIB, CCPL or their respective associates (including MCIML) will vote at the Meetings (except in the limited circumstances described above). For further information on relevant interests and additional detail on voting power, refer to Section 8.14.</p>	Section 8.14
20. Will the Directors vote in favour of the CPPIB Proposal?	<p>No. Because of their role with MCIML none of the directors of MCIML, all of whom are also directors of MCIL, are eligible to vote on the CPPIB Proposal despite their recommendation of the CPPIB Proposal. None of the Independent Directors of MMCGIL hold any MCG Securities and therefore they are not entitled to vote on the CPPIB Proposal.</p>	
21. Is voting compulsory?	<p>No. If you do not vote, and the CPPIB Proposal is successful, you will receive the Scheme Consideration if you are still an MCG Security holder (other than MCIML) on the Scheme Record Date.</p>	What you will receive under the CPPIB Proposal
22. Will I be taxed on the Schemes proceeds?	<p>The taxation consequences of the Schemes for MCG Security holders will depend on the personal taxation and financial circumstances of each MCG Security holder.</p> <p>However, general information about the likely Australian capital gains tax consequences of the Schemes is set out in Section 7 of this Scheme Booklet.</p> <p>MCG recommends that MCG Security holders seek financial, tax or any other professional advice if there are any doubts in relation to the tax consequences of the Schemes.</p>	Section 7
23. What happens if the Schemes do not proceed?	<p>The Schemes are inter-conditional; if one or more of the Schemes do not become Effective, then none of the Schemes will proceed. If the Schemes do not proceed, MCG Security holders will not receive the Scheme Consideration and will retain their MCG Securities. Depending on the reasons for the Schemes not proceeding, including if the Independent Directors recommend a Superior Proposal, MCG may be liable to pay a break fee to CPPIB of 1% of the number of MCG Securities on issue (at the time) multiplied by the Scheme Consideration per MCG Security (expected to be approximately \$13.7 million). No break fee is payable, however, if MCG Security holders do not pass the Resolutions in respect of the Schemes.</p> <p>The Ancillary Transaction is also conditional on the Schemes being implemented.</p>	Section 4

1. FREQUENTLY ASKED QUESTIONS

	Question	Answer	Reference
24.	Has MCG granted exclusivity to CPPIB?	The Scheme Implementation Agreement includes an undertaking from MCG not to solicit, or participate in any discussions or negotiations in relation to a competing proposal, although this undertaking will not prevent MCG from responding to an unsolicited Superior Proposal (as defined in the Scheme Implementation Agreement).	Section 4.9
25.	Does the CPPIB Proposal require the repayment of any of MCG's debt packages?	Following the completion of the Schemes, the Exchangeable Bonds and corporate bank facility may be repaid by CPPIB at the option of the debt providers under the terms of those agreements. All asset level debt facilities are expected to remain in place.	
26.	When will MCG Securities cease trading on the ASX?	Provided the Schemes become Effective, MCG Securities are expected to cease trading on the ASX at close of trading on 30 June 2009.	
27.	Where can I find further information?	If you have any questions about the Schemes, please call the MCG Security holder information line on 1800 242 200 (within Australia) or +61 2 9207 3835 (outside Australia). If you would like additional copies of this Scheme Booklet or another Proxy Form, please call the Registry on 1800 448 448 (within Australia) or +61 3 9946 4451 (outside Australia). A copy of the Scheme Booklet is available at www.macquarie.com/mcg . For information about your individual financial or taxation circumstances, please consult your investment, legal, taxation or other professional adviser.	

9 The closing price of MCG Securities on ASX on 30 March 2009 \$1.495.

10 This amount does not include the consideration for the MCG Securities held by MCIML.

11 The annual fee is indexed at 10% per annum except to the extent that it is prepaid for future years. Subject to indexation the total amount of fees payable to Macquarie Capital for the investment advisory services is approximately \$40 million.

12 "Participating insiders" as defined by the Takeovers Panel in its Guidance Note 19.

2. Meetings Details and How to Vote

2.1 Location of Meetings

Location: The Heritage Room, The Westin Hotel, No 1 Martin Place, Sydney

Date: Wednesday, 17 June 2009

Time: Commencing at 11.30am. The Scheme Meetings will be held simultaneously with the remaining meetings to follow the Scheme Meetings

The Notices of Meetings are set out in Annexure D of this Scheme Booklet. There is a single personalised Proxy Form for all of the Meetings enclosed with this Scheme Booklet.

2.2 Entitlement to Vote

MCIML is not entitled to participate in the MCIL Share Scheme Meeting or the MMCGIL Share Scheme Meeting as MCIML will not participate in the Schemes.

All Eligible MCG Security holders on the Register at 7.00pm on Monday, 15 June 2009 are entitled to vote at the Meetings.

In order for the Schemes to proceed, all Resolutions must be approved by the requisite majorities of Eligible MCG Security holders. If any of the Resolutions are not passed by the requisite majority, the Schemes will not proceed.

The Independent Directors unanimously recommend that you vote in favour of all the Resolutions to approve the Schemes, in the absence of a Superior Proposal and subject to the Independent Expert continuing to maintain that the CPPIB Proposal is fair and reasonable and therefore in the best interests of MCG Security holders.

If you are unable to attend the Meetings, your Independent Directors urge you to complete and return, in the enclosed reply-paid envelope, the Proxy Form that accompanies this Scheme Booklet.

CPPIB, CCPL and their associates are excluded from voting on the Acquisition Resolution at the Trust Scheme Meeting. In addition MCIML (the responsible entity of MCIT) and its associates (including other Macquarie Group entities and directors of MCIML) are excluded from voting at the Trust Scheme Meeting (except to the extent that they hold MCG Securities on behalf of third parties who are not excluded from voting and who provide explicit voting instructions).

The Macquarie Group also has an interest in the outcome of the CPPIB Proposal in addition to its interest as an MCG Security holder because of the Ancillary Transaction as outlined in Section 6.

Consequently, none of CPPIB, CCPL, or any member of the Macquarie Group and their associates will vote at the Meetings, except to the extent that they hold MCG Securities on behalf of third parties who are not excluded from voting and who provide explicit voting instructions.

2.3 The Resolutions

Section 4 provides details of the Resolutions and the requisite voting majorities that are required for the Resolutions to be approved.

2.4 Voting in person, by attorney or by corporate representative

If you wish to vote in person, you must attend the Meetings.

If you cannot attend the Meetings, you may vote (a) by proxy, (b) through your attorney, or (c) if you are a body corporate, by appointing a corporate representative.

Attorneys who plan to attend the Meetings should bring with them the original, or a certified copy of, the power of attorney under which they have been authorised to attend and vote at the Meetings.

A body corporate that is a MCG Security holder may appoint an individual to act as its corporate representative. The appointment must, in respect of MCIL, comply with the requirements of sections 250D and 253B of the Corporations Act and must, in respect of MMCGIL, comply with the requirements of bye-law 54 of the MMCGIL Bye-laws. The representative should bring to the Meetings evidence of his or her appointment, including any authority under which it is signed.

2.5 Voting by proxy

If you wish to appoint a proxy to attend and vote at the Meetings on your behalf, please complete and sign the personalised Proxy Form accompanying this Scheme Booklet in accordance with the instructions set out on the Proxy Form. You may complete the Proxy Form in favour of the Chairman of the Meetings, or appoint up to two proxies to attend and vote on your behalf at the Meetings. If two proxies are appointed, and the appointment does not specify the proportion or number of the MCG Security holder's vote each proxy may exercise, each proxy may exercise half of the votes. If a proxy appointment is signed by, or validly authenticated by, the MCG Security holder but does not name the proxy or proxies in whose favour it is given, the Chairman of the Meetings will act as proxy.

2. MEETINGS DETAILS AND HOW TO VOTE

THE PROXY FORM SHOULD BE COMPLETED AND RETURNED IN ACCORDANCE WITH THE INSTRUCTIONS ON THE PROXY FORM.

TO BE VALID, PROXY FORMS MUST BE RECEIVED BY THE REGISTRY, COMPUTERSHARE INVESTOR SERVICES PTY LIMITED, NO LATER THAN 11.30AM ON MONDAY 15 JUNE 2009.

Proxy Forms, duly completed in accordance with the instructions set out on the Proxy Form, may be returned to the Registry by:

- posting them in the reply paid envelope provided to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia;
- hand delivering them to Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney NSW 2000, Australia; or
- faxing them to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

3. Profile of MCG

3.1 Background and history

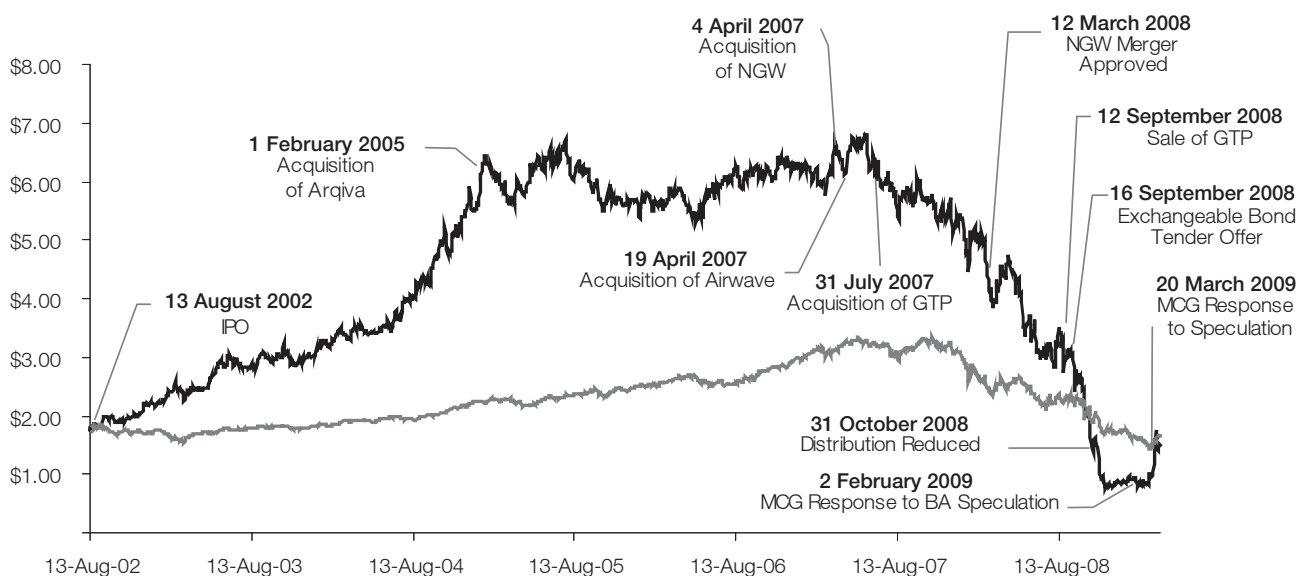
MCG's mandate is to invest in communications infrastructure within OECD countries, and countries which have comparable sovereign credit ratings and economic performance. Potential investments include broadcast transmission towers and related infrastructure, and other communications infrastructure, such as wireless communications facilities, satellite facilities and cable infrastructure.

MCG's current investments are in:

- 100 per cent of Broadcast Australia;
- 48 per cent of Arqiva,¹³ and
- 50 per cent of Airwave.

MCG listed on the ASX in August 2002. At 30 March 2009, MCG had a market capitalisation of approximately \$816.6 million. The chart below shows the security price performance of MCG on the ASX since listing.

Performance of MCG since listing¹⁴



Source: IRESS

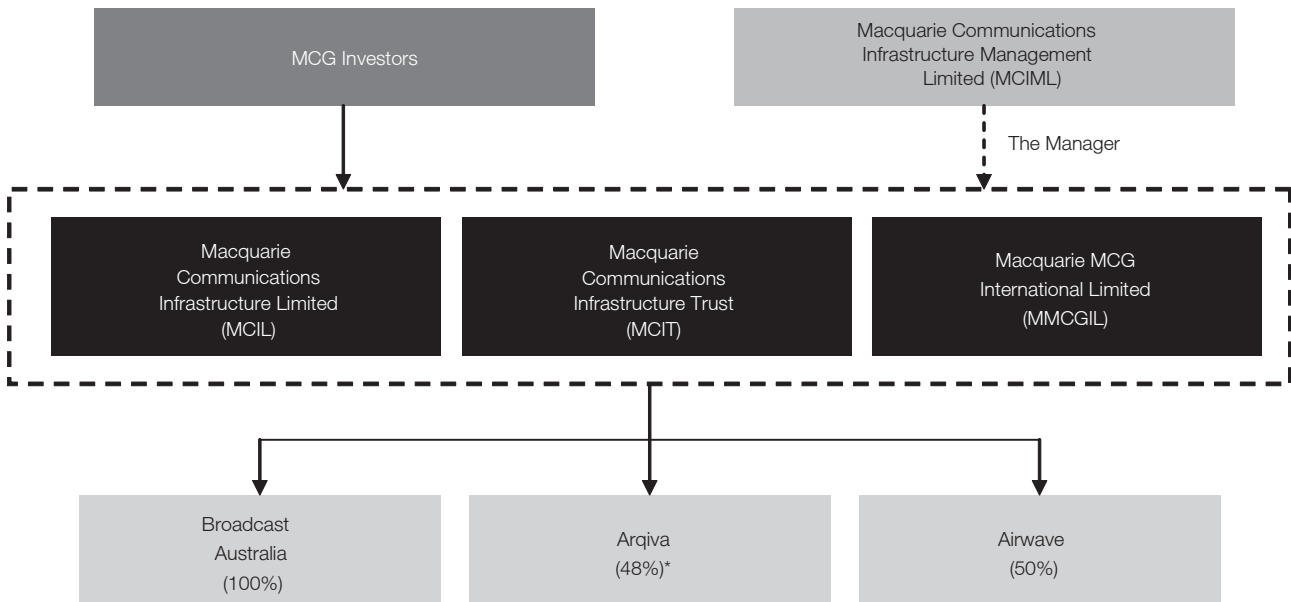
¹³ This reflects MCG's current economic interest in Arqiva and its legal interest in Arqiva after the proposed PPL unwind described in Section 8.19 which will make MCG's legal interest in Arqiva equal to its current economic interest.

¹⁴ S&P/ASX200 Industrial index rebased to MCG security price at time of listing.

3.2 Corporate structure

MCG is a triple-stapled structure, comprising MCIT, an Australian trust, MCIL, an Australian incorporated company, and MMCGIL, a Bermuda exempted mutual fund company. The securities in each of those entities (an ordinary share in the capital of MCIL, an ordinary share in the capital of MMCGIL and a unit in MCIT) are quoted jointly on the ASX (ASX Code: MCG) and cannot be traded separately.

Simplified Corporate Structure of MCG



*MCG's current economic interest. As described in section 8.19, MCG's current legal interest is 64.9%

3.3 Key milestones

MCG's seed investment was a 100 per cent interest in Broadcast Australia prior to MCG's initial listing on the ASX in August 2002. Broadcast Australia's core business is the provision of fully managed services and infrastructure access for the transmission of television and radio broadcasts across Australia. The business also provides site sharing and infrastructure services to a range of telecommunications providers and commercial broadcasters.

In February 2005, an MCG-led consortium acquired 100 per cent of Arqiva (then ntl:Broadcast). MCG's interest in the consortium was 54 per cent. Arqiva is an infrastructure based provider of terrestrial broadcasting transmission, satellite teleport facilities, wireless communications, and managed services to public safety organisations in the UK. These services are provided through its large portfolio of broadcast towers, satellite transmission facilities, wireless towers, and other communications infrastructure.

Since its acquisition by the MCG-led consortium, Arqiva has acquired two satellite services businesses, one formerly known as Inmedia, the other was BT's Satellite Broadcast Services business.

In September 2006, MCG acquired an additional 4.3 per cent interest in Arqiva from Macquarie Bank Limited, increasing its interest in Arqiva to 58.3 per cent.

In April 2007, Arqiva acquired 100 per cent of the business formerly known as National Grid Wireless (**NGW**) for £2.5 billion. NGW is an infrastructure based provider of broadcasting and wireless services and owns one third of the digital terrestrial television licences issued in the UK. Following competition clearance, NGW was merged into Arqiva, which combined two complementary businesses to create a single national provider of broadcast transmission services and the largest independent wireless site sharing business in the UK. Following the acquisition of NGW, MCG had a 43.7 per cent economic interest in Arqiva.

Since then, MCG has acquired an additional 4.3 per cent interest in Arqiva from other Arqiva shareholders, increasing its economic interest to 48.0 per cent.

In April 2007, MCG and MEIF II, through their jointly owned vehicle, Guardian Digital Communications Luxembourg s.à r.l, acquired Airwave 02 Limited (subsequently renamed Airwave Solutions Limited (**Airwave**)) for a total consideration of £1.9 billion. Airwave is the primary provider of secure digital radio communications to the police, fire and ambulance services, as well as other public safety organisations in Great Britain. The business was first established to provide a single secure digital mobile radio network for the 51 police forces of England, Scotland and Wales to replace their individual analogue radio systems.

In July 2007, MCG and certain other Macquarie-managed funds, along with some of the senior management of Global Tower Partners (**GTP**), acquired 100 per cent of GTP for US\$1.425 billion. On acquisition, MCG held an equity interest of 28.7 per cent in GTP. GTP is a leading owner and operator of towers and sites for wireless communications services in the United States. It has a portfolio of tower and rooftop sites in urban, suburban, rural, and key corridor locations across the United States and Puerto Rico. MCG disposed of its interest in GTP in September 2008 and used the majority of the sale proceeds to repurchase some of the Exchangeable Bonds that MCG had on issue.

3.4 Broadcast Australia

Broadcast Australia is a leading independent broadcast transmission services provider in Australia and owns and operates the most extensive broadcast transmission infrastructure network in Australia. It provides services from approximately 600 transmission sites across metropolitan, regional and rural areas, reaching approximately 99 per cent of the Australia population.

Broadcast Australia's core business is providing a fully managed TV and radio transmission service for the ABC and the SBS under long-term contracts.

In addition to supplying managed transmission services, Broadcast Australia also provides site and infrastructure access services to regional commercial broadcasters, telecommunications providers, and other commercial radio broadcasters.

In March 2008, Broadcast Australia acquired 100 per cent of Hostworks Group Limited, a leading provider of online and critical applications hosting.

3.5 Arqiva

Arqiva is the leading owner and operator of critical national infrastructure that supports television, radio and wireless communications in the United Kingdom. The group owns and operates 1,154 broadcast TV sites, approximately 300 broadcast radio sites, over 9,000 active sites used for wireless communications, one third of the digital terrestrial television multiplexes in the Great Britain and 9 teleports across the globe that provide global satellite distribution capability.

As the United Kingdom's leading provider of terrestrial and satellite broadcasting services, and leading independent owner of wireless communications infrastructure, Arqiva is the partner of choice for domestic and international broadcasters and mobile operators in the region.

The business operates three key business units:

Terrestrial broadcast

Arqiva utilises its network of 1,154 broadcast TV sites to deliver analogue TV transmission to 98.5 per cent of the UK population and low power digital TV transmission to 73 per cent of the UK population. Arqiva has contracts with all major UK broadcasters to roll out the high power digital services nationally by digital switchover in 2012.

Arqiva owns two of the six digital multiplex licenses in Great Britain on the digital Free to Air platform, Freeview. It has won contracts to design, build and operate the digital networks with all three other multiplex operators (British Broadcasting Corporation (**BBC**), SDN Limited and Digital 3 and 4 Limited).

Arqiva transmits all BBC national and local radio services on AM, FM and digital audio broadcast and provides transmission for approximately 300 national, regional and local commercial radio services on AM, FM, and digital audio broadcast.

Satellite media solutions

Arqiva is the UK's largest independent provider of end-to-end satellite transmission and playout services to direct-to-home broadcasters and other customers, delivering more than 450 services across the world, including 297 channels on the Sky Digital platform. Arqiva's satellite and media distribution services are provided through its 9 teleports with 100 satellite uplink dishes, multiple fibre interconnects, 10 TV studios and a fleet of outside broadcast satellite trucks.

Arqiva was recently awarded a contract with FreeSat (ITV/BBC joint venture for free-to-air satellite TV), and a long-term transponder agreement with Setanta Sports for UK direct-to-home delivery.

Wireless access

Arqiva's wireless access division operates the leading independent portfolio of wireless towers, masts and managed sites available for lease in the UK, providing multi-operator infrastructure systems and services to all major mobile network operators. It also provides complementary services related to the installation and maintenance of towers and related network infrastructure. Arqiva is also a provider of managed radio communications services to the blue-light emergency service organisations (such as police, fire and ambulance services) across the UK and the Republic of Ireland.

Recent highlights include an agreement to provide 2G/3G/Wi-Fi coverage at 15 Glasgow subway stations and the acquisition of 18,000 potential urban radio sites as part of the acquisition of Macropolitan Limited in December 2007 and the award of a radio access network sharing contract with Mobile Broadband Network Limited (MBNL), a joint venture between T-Mobile and 3UK in December 2008.

3.6 Airwave

Airwave is the primary provider of secure digital radio network communications and solutions to blue-light¹⁵ users, as well as other public safety customers in Great Britain. Airwave provides services to more than 230,000 public safety users¹⁶ through the operation of a digital radio network based on TETRA technology. Airwave's coverage is approximately 99 per cent of the land area of England, Scotland, and Wales.

The original contract with the Police Information Technology Organisation (now the National Police Improvement Agency) to provide a nationwide, secure digital communications network for the 51 police forces of England, Scotland, and Wales as a replacement for their individual analogue radio systems was entered into during 2000. Additional contracts have since been agreed to improve the resilience of the Airwave network, and to extend coverage into the London Underground.

Following the successful implementation of the network for the police, Airwave won contracts to provide network access to the ambulance and fire services. In 2006, roll-out of additional services under the ambulance contract began, and the initial contract with the fire service was agreed. Roll-out under these contracts is expected to be completed by 2010.

¹⁵ Emergency services such as the police, ambulance and fire services.

¹⁶ As at March 2009.

Apart from blue-light users, Airwave is limited to providing network access to customers on the list of sharer organisations published by Ofcom. There are, however, currently over 100,000 potential non-blue-light users on this list for whom Airwave is currently the only nationwide, digital private mobile radio network provider.

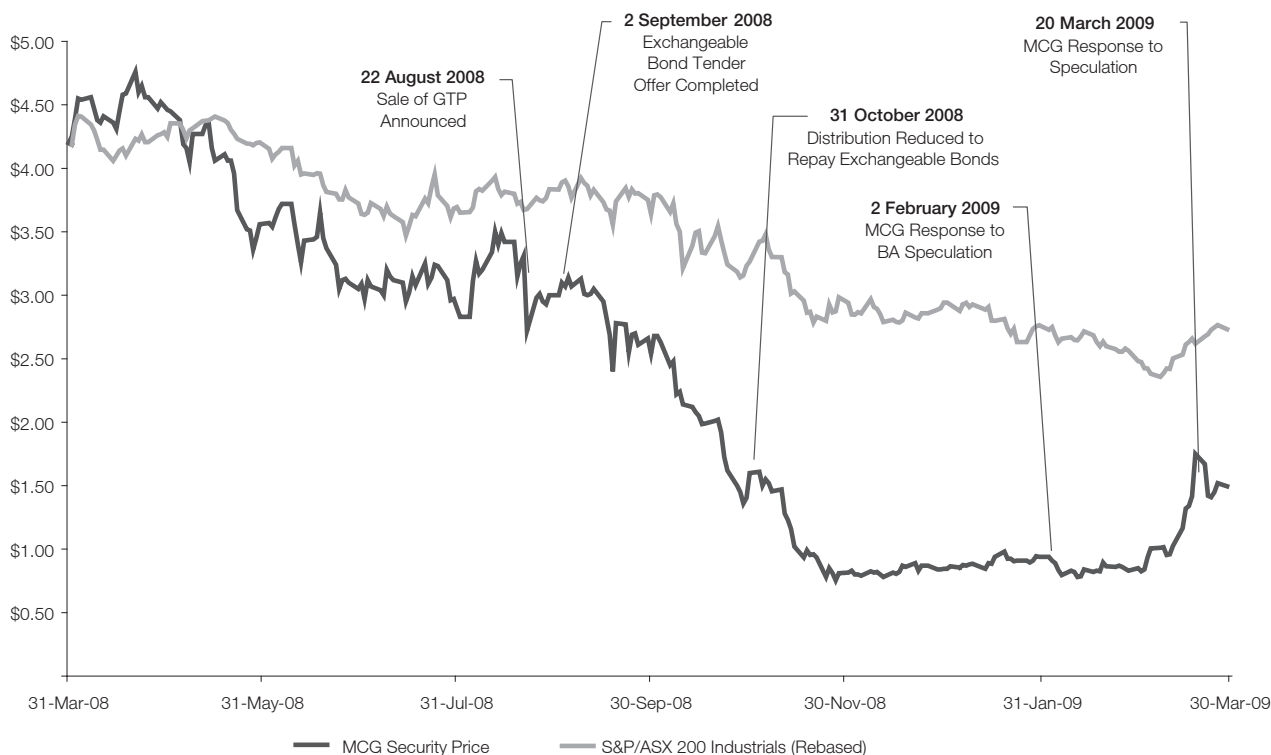
In January 2009, Airwave also announced that it has been selected as a Tier 3 supplier to London's 2012 Olympic Games and will provide private mobile radio services to all Games' venues.

3.7 Recent MCG Security price performance

The closing price of MCG Securities on the ASX on 30 March 2009, the last trading day prior to the announcement of the CPPIB Proposal, was \$1.495. The closing price of MCG Securities on the ASX on 29 April 2009 was \$2.23.

The following chart sets out the daily closing price of MCG Securities on the ASX from 31 March 2008 to 30 March 2009 (the last trading day prior to the announcement of the CPPIB Proposal).

MCG Security Price Performance from 31 March 2008 to 30 March 2009



Source: IRESS

3.8 Biographies of members of the MCG Boards

Gerald Moriarty, AM, FTSE, FIE (Aust), FAICD: Non-executive Chairman (MCIL and MCIML) Non-executive Director (MMCGIL)

Gerald is currently a consultant to Macquarie Group Limited and Non-Executive Chairman of MCG (he was Executive Chairman from December 2002 to December 2008). He is a Director of each of MCG's operating businesses (Broadcast Australia, Arqiva, and Airwave) and is also a Director of Global Tower Partners in the US. He joined MCG in 2002 from Telstra Limited, where he held a number of senior executive positions, the most recent being Group Managing Director, Telstra Infrastructure Services. Prior to joining Telstra, Gerald was Managing Director, Broadcast Communications Limited and Corporate Director, Television New Zealand Group. Gerald holds a first class honours degree in Electrical Engineering from Canterbury University (New Zealand), 1972. He is a Fellow of the Australian Academy of Technological Sciences and Engineering, a Fellow of Engineers Australia and a Fellow to the Australian Institute of Company Directors. He is also

Chairman of the Bionic Ear Institute and a Director of Research Australia.

Although he has made his knowledge available to the IBC, Gerald is not a member of that committee and has not voted on the IBC's decisions in relation to its consideration of the CPPIB Proposal.

Malcolm Long LLB, FAIM Independent Director (MCIL and MCIML)

Malcolm is the Chairman of the IBC.

Malcolm has extensive senior experience in media and communications. He has been Managing Director of Australia's national multicultural and multilingual broadcaster SBS and prior to that Deputy Managing Director of the ABC. He is currently Chairman of the National Institute of Dramatic Art (NIDA), a Director of PAN TV Limited and a part-time member of the Australian Communications and Media Authority.

He has also been a specialist consultant on communications and media, advising clients including Telstra Limited and the Commonwealth Department of Communications.

Malcolm is a past Chairman of the London-based International Institute of Communications and is a member of the Advisory Board of the communications research group the Network Insight Institute.

Rodney Keller, BE (Mech(Syd)), FIE(Aust), Independent Director (MCIL and MCIML)

Rodney brings over 42 years of commercial knowledge and experience to the MCG Boards. Rodney was Managing Director of GPU International (Australia) Pty Ltd (GPU) from 1995 to 1999. He became Chief Executive Officer of GPU PowerNet and GPU GasNet in 1999. Prior to joining GPU, Rodney held a number of management positions with Fletcher Construction Pty Ltd, the South Australian Government and Santos Ltd. Rodney has a Bachelor of Engineering (Mechanical) from Sydney University. He is currently Chairman of Norfolk Group Ltd. Recent directorships included Dyno Nobel Ltd and Chairman of GasNet Australia Limited.

Mel Ward, AO, BE(Hons), M Eng Sc, FIE (Aust), FTS, IVA, Independent Director (MCIL and MCIML)

Mel is also an Independent Director on the board of Transfield Services Limited and Chairman of Pro Medicus Limited. Mel has had a long career in the telecommunications industry, and was Managing Director of Telecom Australia (now Telstra) and Chairman of Telecom Australia (International) Limited from 1986 to 1992. He has a Bachelor of Engineering (Honours) and Master of Engineering Science, and is a Fellow of both the Australian and Swedish Academies.

Since generally becoming a non-executive, Mel has been a director or chairman of many public, private, or charitable companies. This has included Coca-Cola Amatil, AXA Asia Pacific Holdings and Sedgwick Holdings. Mel is a past Chairman of the Major Performing Arts Board of the Australia Council for the Arts, and had previously been Chairman of The Australian Ballet. He was also a Director of NIDA. In 1992, Mel was made an Officer of the Order of Australia.

Rodney Birrell, BA, BCL, LLB, Independent Chairman (MMCGIL)

As a corporate attorney with Appleby Spurling & Kempe between 1988 and 1993, Rodney was involved in a number of high profile merger and acquisition transactions. Since then, Rodney has been Managing Director and President of Bristol Limited and, since 2003, Co-Executive Director of Anpero Capital Limited. Rodney is a Director of Paradigm Limited and C. Venture Limited in Bermuda; Quorum Secured Equity Trust in Canada; and Kew Trading in the British Virgin Islands. Rodney is a member of the Canadian, Ontario and Quebec Bar Associations.

Kim Carter, Independent Director (MMCGIL)

Kim has extensive experience in business management. He owned and operated a manufacturing company, QRT Ltd, from 1977 to 1989, and in 1991 launched a publishing company, Carter & Carter Ltd, publisher of non-fiction books. Kim is a certified hedge fund specialist (CHFS) and in 2004 became a Director of Tribley Asset Management Ltd in Bermuda. Kim was Chairman of Macquarie Capital Alliance International Limited and was Chairman of international squash tournaments: the Bermuda Open, the PSA Masters 2005 and 2006, and the World Open 2007. In 2008 Kim became a Director of Triton Renewable Energy Limited and in 2009 Kim became a Director of Roslyn Opportunity Fund Limited.

Thomas Davis, JP, B Comm, MBA, CA, Independent Director (MMCGIL)

Thomas is the majority owner, President and Chief Executive Officer of the Meridian Group of Companies, a supplier of financial services to an international clientele. After qualifying as a chartered accountant with Price Waterhouse in 1975, Thomas worked with the Bank of Bermuda Limited in Bermuda, Guernsey, Luxembourg and New York. Thomas helped to form two Bermuda licensed trust companies; Mid-Ocean Trust Company Ltd; and Winchester Global Trust Company Ltd. Thomas served as Chief Executive Officer of Winchester and as Senior Vice President of Olympia Capital.

Thomas has a long history of public service, most recently as Chairman of the Bermuda International Business Association and he has also been a Director of the Bermuda Tourism Board and a member of the Bermuda Broadcast Commission.

3.9 MCG historical financial information

Set out below is MCG's historical financial information for the years ended 30 June 2007 and 30 June 2008, and for the half year ended 31 December 2008.

The historical income statements and historical summarised balance sheets set out below are extracted from the MCG Financial Report for the year ended 30 June 2008 and the MCG Interim Financial Report for the half year ended 31 December 2008. The historical Proportionate EBITDA information is extracted from the MCG Management Information Reports for the years ended 30 June 2007 and 30 June 2008, and from the MCG Management Information Report for the half year ended 31 December 2008. Copies of these reports and further historical financial information about MCG can be found on MCG's website at www.macquarie.com/mcg.

The MCG Financial Reports and Interim Financial Reports are prepared in accordance with Australian Accounting Standards. The MCG Management Information Reports involve the proportionate consolidation of the results of MCG's businesses and therefore are not prepared to conform to Australian Accounting Standards but prepared in accordance with the policies set out in each MCG Management Information Report.

3.9.1 Historical MCG income statement

Income Statement (consolidated)	Reviewed 6 months to 31 Dec 08 \$million	Audited Year to 30 Jun 08 \$million	Audited Year to 30 Jun 07 \$million
Revenue from continuing activities	1,053	2,035	1,316
Other income	72	384	155
Total revenue and other income from continuing activities	1,125	2,419	1,471
Net share of (loss)/profit of associates and jointly controlled entity accounted for using the equity method ¹⁷	(308)	(177)	47
Employee benefits	(149)	(291)	(228)
Satellite capacity	(145)	(257)	(101)
Operations and maintenance	(119)	(198)	(197)
Property	(84)	(171)	(80)
Power	(47)	(85)	(50)
Circuits	(31)	(78)	(47)
Management fees	(9)	(38)	(45)
Other expenses	(63)	(132)	(50)
Depreciation and amortisation	(175)	(330)	(174)
Finance costs ¹⁸	(1,720)	(1,259)	(456)
Total operating expenses from continuing activities	(2,542)	(2,839)	(1,428)
(Loss)/profit from continuing activities before income tax expense	(1,725)	(597)	90
Income tax benefit	207	228	59
(Loss)/profit from continuing activities after income tax expense	(1,518)	(369)	149
Profit from discontinued operations	65	-	-
(Loss)/profit for the period	(1,453)	(369)	149
(Loss)/profit attributable to:			
- Equity holders of MCIT and MCIL (as parent entities)	(576)	135	67
- Equity holders of MMCGIL (as minority interest)	(521)	(238)	54
- Stapled security holders	(1,097)	(103)	121
- Other minority interest	(356)	(266)	28
	(1,453)	(369)	149

17 Includes non-operating net revaluation losses on interest rate swaps held by Airwave of \$324 million (post tax) for the six months to 31 December 2008, \$26 million (post tax) for the 12 months to 30 June 2008 and a non-operating revaluation gain of \$32 million (post tax) for the period to 30 June 2007.

18 Includes non-operating net revaluation losses on interest rate swaps (including Retail Price Index (RPI) linked swaps) held by Broadcast Australia and Arqiva of \$1,240 million for the six months to 31 December 2008 and \$649 million for the twelve months to 30 June 2008. Interest rate swaps are used by MCG to fix interest costs for the long term by swapping floating interest rates on the group's debt for fixed interest rates under swap contracts. Australian Accounting Standards require that derivative instruments be recorded at fair value resulting in significant accounting volatility over the life of the instruments as market expectations of interest rates, foreign exchange rates and inflation change.

3.9.2 Historical MCG proportionate revenue and EBITDA

Proportionate Revenue and EBITDA	Unaudited 6 months to 31 Dec 08 \$million	Unaudited Year to 30 Jun 08 \$million	Unaudited Year to 30 Jun 07 \$million
Proportionate revenue			
Broadcast Australia	147	268	236
Arqiva	422	784	551
Airwave	190	356	67
Global Tower Partners	8	34	-
Total proportionate revenue	767	1,442	854
Proportionate EBITDA			
Broadcast Australia	91	171	152
Arqiva	156	302	203
Airwave	74	147	29
Global Tower Partners	5	18	-
Total Proportionate EBITDA	326	638	384

3.9.3 Historical MCG summarised balance sheet

Summarised Balance Sheet (consolidated)	Reviewed As at 31 Dec 08 \$million	Audited As at 30 Jun 08 \$million	Audited As at 30 Jun 07 \$million
Current assets			
Cash and cash equivalents	262	516	836
Receivables	326	240	244
Other assets	203	188	150
Total current assets	791	944	1,230
Non-current assets			
Investments accounted for using the equity method	94	733	666
Property, plant and equipment	3,376	3,303	3,569
Intangible assets	7,149	7,281	8,222
Other assets	91	164	94
Total non-current assets	10,710	11,481	12,551
Total assets	11,501	12,425	13,781
Current liabilities			
Distribution and dividend payable	27	121	84
Payables	201	201	171
Accrued expenses	331	307	292
Interest bearing liabilities	380	131	-
Unearned revenue	290	322	369
Other liabilities	137	106	266
Total current liabilities	1,366	1,188	1,182
Non-current liabilities			
Deferred tax liabilities	495	704	992
Derivative financial instruments ¹⁹	1,673	552	-
Interest bearing liabilities	7,845	8,309	9,101
Unearned revenue	166	182	178
Other liabilities	103	116	72
Total non-current liabilities	10,282	9,863	10,343
Total liabilities	11,648	11,051	11,525
Net assets	(147)	1,374	2,256
Equity	(147)	1,374	2,256

¹⁹ Represents the mark-to-market valuation of interest rate swaps (including RPI-linked swaps) held by Broadcast Australia and Arqiva. Interest rate swaps are used by MCG to fix interest costs for the long term by swapping floating interest rates on the group's debt for fixed interest rates under swap contracts. Australian Accounting Standards require that derivative instruments be recorded at fair value resulting in significant accounting volatility over the life of the instruments as market expectations of interest rates, foreign exchange rates and inflation change.

3.10 MCG debt and swap profile

The table below shows the total debt facilities in place as at 31 March 2009 maturing on a 100% ownership basis:²⁰

Debt Maturing (100% basis)	Year to 30 Jun 09 \$million	Year to 30 Jun 10 \$million	Year to 30 Jun 11 \$million	Year to 30 Jun 12 \$million	Year to 30 Jun 13 \$million	Year to 30 Jun 14 \$million	Year to 30 Jun 15+ \$million
Broadcast Australia	-	-	81	359	150	-	450
Arqiva	-	-	-	-	-	4,703	2,155
Airwave	-	-	-	-	-	3,704	-
MCG Corporate Debt	-	31	-	-	-	-	-
Exchangeable Bonds	-	428	-	182	-	-	-

The table below shows the weighted average swapped amounts on a 100% ownership basis:²¹

Weighted Average Swapped Amounts (100% basis)	6 months to 30 Jun 09 \$million	Year to 30 Jun 10 \$million	Year to 30 Jun 11 \$million	Year to 30 Jun 12 \$million	Year to 30 Jun 13 \$million	Year to 30 Jun 14 \$million	Year to 30 Jun 15+ \$million
Broadcast Australia	850	827	820	824	861	900	900
Arqiva	5,627	5,627	5,627	5,627	5,627	5,627	5,627
Airwave	3,087	3,087	3,087	3,087	3,087	3,087	3,087
MCG Corporate Debt	-	-	-	-	-	-	-

Arqiva and Airwave swaps have mandatory breaks at the earlier of debt refinancing or April 2014. Some Broadcast Australia swaps have a break at the option of the swap provider on debt maturity or refinancing.

Depending on market conditions at the time of the breaks, these swaps may generate a mark to market revaluation which could result in a material change in the requirement to refinance asset level debt.

3.11 MCG operational guidance

MCG management expects a solid operating result for the year ending 30 June 2009, with Proportionate EBITDA²² (before exceptional items²³) expected to be between 5% and 10% above the prior year. MCG management also expects that the operating performance of the assets within the fund will also be in line with previous guidance to MCG Security holders.

²⁰ This assumes early redemption of Exchangeable Bonds in May 2010 (A\$ bonds) and August 2011 (US\$ bonds). The exchange rates assumed are A\$1 = £0.4859, A\$1 = US\$0.7074, as per 31 December 2008 Management Information Report. It also excludes the operation of debt covenants that require excess cash flow generated by Arqiva and Airwave to be used to pay down principal in 2013 and 2014.

²¹ These are the total notional amounts of interest rate swaps as at 31 December 2008, including RPI accretion on Arqiva swaps to December 2008. The exchange rates assumed are A\$1 = £0.4859, A\$1 = US\$0.7074, as per 31 December 2008 Management Information Report.

²² On a constant currency basis.

²³ Examples of exceptional items include integration costs at Arqiva.

4. Overview of the CPPIB Proposal

4.1 Background

MCG was established to make investments in communications infrastructure that, pursuant to its investment mandate, produce predictable cashflows, consistent revenue growth, and have strong defensive characteristics. From these investments, MCG has focused on returning a strong cash yield to the MCG Security holders.

The MCG Security price has progressively declined over the past 18 months. In order to address this, the MCG Boards and management have undertaken a range of initiatives which were designed to restore value to MCG Security holders. The first of these initiatives was MCG's sale of its investment in GTP announced in August 2008 and the repurchase of over 45 per cent of MCG's outstanding Exchangeable Bonds at an approximate discount of 10 per cent to face value. On 31 October 2008, MCG announced its strategy to fully repay the fund level Exchangeable Bonds by 2011. This strategy included lowering distributions to retain cash to repay the Exchangeable Bonds.

Over the past 12 months, the global economic outlook has deteriorated significantly and this has had a dramatic effect on the debt and equity capital markets. MCG has continued to underperform the market over this period despite its assets performing strongly and despite the above capital management initiatives. The MCG Independent Directors believe that this is substantially due to market concerns regarding uncertainty of the future refinancing of asset level debt, especially in the context of changed market conditions (especially if these were to continue for some time), the amount of debt outstanding and a likely reduction in leverage ratios being necessary at the time of refinancing MCG's operating businesses. This in turn focussed the MCG Boards on risks surrounding MCG distributions and possible dilution of MCG's holdings in its underlying businesses.

The MCG Boards became concerned that these issues may adversely affect future distributions to MCG Security holders, especially beyond 2011,²⁴ or require future potentially dilutive capital raisings, or both. The MCG Boards therefore have continued to investigate a range of options, including the sale of assets, either individually or in combination, as well as a recapitalisation of existing assets.

Macquarie Capital Advisers was engaged to assist with this process. After conducting a comprehensive review of the options available, MCG determined that a process including asset divestment and recapitalisations was most likely to maximise value for MCG Security holders.

A process was initiated by the MCG Boards that involved:

- separate arm's length negotiations with potential third party investors as part of a competitive process for the sale of assets to maximise value;
- separate arm's length discussions with potential third party investors as part of a competitive process to introduce new capital into the assets in which MCG holds an interest; and
- provision of due diligence information and management meetings with senior management of MCG's portfolio companies.

During this time, MCG engaged in discussions with CPPIB in relation to some of the above opportunities. From these discussions, CPPIB ultimately decided that it preferred to make an offer to acquire 100 per cent of MCG, at a price recommended by the Independent Directors, conditional upon entry into arrangements with Macquarie Capital to acquire MCIML and receive certain investment advisory and transitional services if the Schemes are implemented. Although no binding offers were made for individual assets, MCG used the competitive tension between potential asset sales and CPPIB's Proposal to maximise the CPPIB offer price. As a consequence of CPPIB wanting an exclusive period to confirm its acquisition proposal for all of MCG, the broader process regarding divestments and recapitalisation was then terminated to exclusively pursue the CPPIB Proposal.

As a result of the CPPIB Proposal being conditional on reaching an agreement in relation to the Ancillary Transaction, the IBC was formed to avoid any potential conflicts of interest arising. It was noted by the IBC that:

- due to continuing uncertainty in capital markets, and considering the responses received by MCG for the sale of individual assets, there would be a high level of risk involved in attempting to achieve a higher value from individual asset sales in current market conditions;
- a whole of fund transaction delivering the Offer Price of \$2.50 cash per MCG Security was beneficial for those investors seeking to crystallise and preserve value in the short to medium term;

²⁴ In October 2008, MCG announced its strategy to retain cash in order to repay all fund level debt including the Exchangeable Bonds by August 2011. MCG provided guidance that distributions were likely to remain substantially below cash earnings until post August 2011.

- it was not certain that any additional benefit would be obtained from further engaging in the potential recapitalisation of any of the assets as there were no readily discernable signs of credit market conditions improving;
- the possibility of further deterioration of credit market conditions poses a risk of requiring further alterations to distribution policy or a recapitalisation of MCG or its assets at a discount;
- the MCG Security price response to the sale of GTP and the Exchangeable Bond repayment strategy announced on 31 October 2008 had been disappointing and that compared with a whole of fund solution, further capital management was unlikely to create as much value for MCG Security holders;
- considering recent MCG Security trading prices, the lack of identifiable catalysts for a Security price re-rating in the near term and the increased risk profile resulting from the significant adverse changes to debt markets, maintaining the operation of MCG in its existing form was unlikely to be satisfactory for MCG Security holders when compared with the \$2.50 fully funded cash offer. The Offer Price represents a 134 per cent premium to the three month volume weighted average price and a 67 per cent premium to the last closing price prior to the announcement of the CPPIB Proposal on 31 March 2009; and
- the certainty provided by the fact that the CPPIB Proposal was not subject to any financing conditions was unlikely to be matched by other proposals although the exclusivity provisions allow MCG to respond to any Competing Proposals subject to certain conditions.

After comparing the CPPIB Proposal to the alternative options previously being considered, the IBC concluded that, in the absence of a Superior Proposal, the option most likely to deliver the greatest value for MCG Security holders was the CPPIB Proposal.

4.2 Scheme Consideration

If the Schemes become Effective, CCPL will provide the Scheme Consideration to each MCG Security holder (other than MCIML) on the Register at 7.00pm on the Scheme Record Date, 7 July 2009, (the **Scheme Participants**). Each Scheme Participant will receive \$2.50 in cash per MCG Security.

To assess the tax position under the CPPIB Proposal, MCG Security holders should refer to Section 7.

4.3 Explanation of the Schemes

Each MCG Security comprises one share in MCIL, one share in MMCGIL and one unit in MCIT stapled together. The CPPIB Proposal comprises three separate but inter-conditional Schemes:

- an Australian law scheme of arrangement in relation to the transfer of MCIL Shares to CCPL;
- a Bermuda law scheme of arrangement in relation to the transfer of MMCGIL Shares to CCPL as nominee for CPPIB Infrastructure Holdings Inc (**CIHI**); and
- an Australian law trust scheme in relation to the transfer of the MCIT Units to CCPL.

4.3.1 Share Schemes

The Share Schemes are court supervised arrangements between MCIL and MCIL Shareholders, and between MMCGIL and MMCGIL Shareholders, pursuant to which all of the shares in each of those entities, with the exception of those held by MCIML, are transferred to CCPL in consideration for the Scheme Consideration. To be effective, the Share Schemes must be approved by Eligible MCIL Shareholders and Eligible MMCGIL Shareholders at their respective Share Scheme Meetings, and by the Court and the Bermuda Court, respectively. The Trust Scheme must also become Effective.

Copies of the MCIL Share Scheme and the MMCGIL Share Scheme are set out in Attachments 1 and 2 of Annexure C of this Scheme Booklet.

The MCIL Share Scheme Resolution must be approved by:

- (i) a majority in number (more than 50 per cent) of the Eligible MCIL Shareholders present and voting (whether in person, by proxy, under power of attorney or, in the case of a corporate holder, by duly appointed corporate representative) at the MCIL Share Scheme Meeting; and
- (ii) at least 75 per cent of the votes cast by Eligible MCIL Shareholders entitled to vote on the MCIL Share Scheme Resolution.

The MMCGIL Share Scheme Resolution must be approved by a majority in number, representing 75 per cent in value, of the Eligible MMCGIL Shareholders present and voting (either in person or by proxy, under power of attorney or, in the case of a corporate holder, by duly appointed corporate representative) at the MMCGIL Share Scheme Meeting.

The Share Scheme Resolutions are set out in the notice of MCIL Share Scheme Meeting and the notice of MMCGIL Share Scheme Meeting included in Annexure D of this Scheme Booklet.

4.3.2 Trust Scheme

The Trust Scheme is an arrangement pursuant to which all of the MCIT Units, with the exception of those held by MCIML, are transferred to CCPL. This transfer requires the Eligible MCIT Unit holders to approve two separate resolutions:

(i) Amendment Resolution

The Eligible MCIT Unit holders must approve an amendment to the MCIT Constitution to authorise all actions necessary or desirable for the transfer of MCIT Units to CCPL. The amendments also provide that if the Schemes are implemented, MCIML will not be entitled to any fees in respect of the period after 31 March 2009. These amendments are set out in the Supplemental Deed in Attachment 3 of Annexure C of this Scheme Booklet.

This amendment (by adoption of the Supplemental Deed) must be approved by a special resolution, which requires approval by at least 75 per cent of the votes cast on the Amendment Resolution at the Trust Scheme Meeting by Eligible MCIT Unit holders entitled to vote on the resolution.

(ii) Acquisition Resolution

In addition to the Amendment Resolution, Eligible MCIT Unit holders must approve the acquisition by CCPL of all the MCIT Units other than those held by MCIML. This approval must be obtained via an ordinary resolution of the Eligible MCIT Unit holders for the purposes of Item 7 of section 611 of the Corporations Act, which requires approval by more than 50 per cent of the votes cast on the Acquisition Resolution at the Trust Scheme Meeting by Eligible MCIT Unit holders entitled to vote on the resolution.

As noted earlier in this Scheme Booklet, none of CPPIB, CCPL or any member of the Macquarie Group or their associates will vote on the Resolutions, except to the extent that they hold MCG Securities on behalf of third parties who are not excluded from voting and who have provided explicit voting instructions.

Judicial advice

On 1 May 2009 MCIML, as the responsible entity of MCIT, applied for the First Judicial Advice from the Court to confirm its power to take the steps required to implement the CPPIB Proposal.

On 4 May 2009 the Court made an order that MCIML as responsible entity of MCIT is justified in:

- proceeding on the basis that amendments to the MCIT Constitution in the manner proposed by the Supplemental Deed following the approval by special resolution of the Eligible MCIT Unit holders, would be within the powers of alteration contained in the MCIT Constitution and as set out in section 601GC of the Corporations Act; and
- convening a meeting of the Unit holders to consider, and if thought fit approve, the Amendment Resolution and the Acquisition Resolution.

If the Amendment Resolution and the Acquisition Resolution are approved by the requisite majorities, MCIML will apply for further judicial advice (the Second Judicial Advice) to the effect that it is justified in acting upon the Amendment Resolution and the Acquisition Resolution and in doing all things, and taking all necessary steps, to implement the Trust Scheme. If the Court does not advise that MCIML is so justified, the Schemes will not become Effective.

4.3.3 Additional Resolutions

In addition to the resolutions set out in Sections 4.3.1 and 4.3.2 to approve the Schemes, certain other approvals will be required to implement the Schemes. To implement the Schemes, MCG Security holders must approve the Additional Company Resolutions and the Additional MCIT Resolutions which include:

- resolutions to approve the unstapling of the MCG Securities with effect from the Implementation Date (the unstapling is to enable MMCGIL to be held by CIHI following implementation of the Schemes);
- resolutions for the purpose of item 7 of section 611 of the Corporations Act to approve the acquisition of relevant interests in MCIL Shares and MCIT Units resulting from or in connection with the Share Acquisition Agreement in respect of the Ancillary Transaction;
- a special resolution in respect of MCIL to change its name to a name that does not include 'Macquarie', with effect from the Implementation Date;
- an ordinary resolution in respect of MMCGIL to change its name to a name that does not include 'Macquarie', with effect from the Implementation Date; and
- in respect of MMCGIL a special resolution to amend the MMCGIL Bye-Laws by deleting Bye-Law 11(e)(ii) with effect from the Effective Date.

Approval of the Additional Resolutions requires:

- in respect of the MCIL name change resolution and the amendment to the MMCGIL Bye-Laws, which require a special resolution, approval of at least 75% of the votes cast on the Additional Resolutions at their respective Meetings; and
- in respect of the other Additional Resolutions, approval by more than 50 per cent of the total number of votes cast on each Additional Resolution at each of the MCIL General Meeting, the MMCGIL General Meeting and the Trust General Meeting as applicable.

The Additional Resolutions are set out in the notice of MCIL General Meeting, the notice of MMCGIL General Meeting and the notice of Trust General Meeting included in Annexure D of this Scheme Booklet.

4.3.4 Meetings

As required under the Schemes, the Court has:

- (i) convened, under section 411(1) of the Corporations Act, the MCIL Share Scheme Meeting to approve the MCIL Share Scheme (pursuant to which CCPL will acquire all of the MCIL Shares other than those held by MCIML); and
- (ii) as noted in section 4.3.2 above, advised that, under section 63 of the Trustee Act 1925 (NSW), MCIML would be justified in convening the Trust Scheme Meeting and proceeding on the basis that amending the MCIT Constitution as set out in the Supplemental Deed, following the approval by special resolution of the Eligible MCIT Unit holders would be within the powers of alteration conferred by the MCIT Constitution and section 601GC of the Corporations Act.

As required under the Schemes, the Bermuda Court has convened, under section 99(1) of the Companies Act, the MMCGIL Share Scheme Meeting to approve the MMCGIL Share Scheme (pursuant to which CCPL will acquire all of the MMCGIL Shares other than those held by MCIML).

The Scheme Meetings will be held simultaneously at The Heritage Room, The Westin Hotel, No. 1 Martin Place, Sydney on 17 June 2009 commencing at 11.30am. The remaining Meetings will be held immediately following the Scheme Meetings (provided that the resolutions considered at the Scheme Meetings are all approved by the requisite majorities).

The notices of all the Meetings are set out in Annexure D of this Scheme Booklet.

MCIML is not entitled to participate in the MCIL Share Scheme Meeting or the MMCGIL Share Scheme Meeting as MCIML will not participate in the Schemes. Otherwise, each MCG Security holder who is registered on the Register at 7.00pm on 15 June 2009 is entitled to attend and vote (subject to the voting exclusion statements in the Notices of Meetings) at the Meetings. This may be done in person, by proxy, by an attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with sections 250D and 253B of the Corporations Act.

As noted earlier in this Scheme Booklet, none of CPPIB, CCPL or any member of the Macquarie Group or their associates will vote on the Resolutions, except to the extent that they hold MCG Securities on behalf of third parties who are not excluded from voting and who have provided explicit voting instructions.

Instructions on how to attend and vote at the Meetings in person, or to appoint a proxy, attorney, or corporate representative to attend and vote on your behalf, are set out in Section 2 of this Scheme Booklet.

MCG has engaged Computershare Investor Services Pty Limited to assist in the administration of the Scheme Meetings by providing services including receiving Proxy Forms, reporting proxy voting details to the chairman, and recording and reporting the results of voting by poll on the Resolutions.

4.4 Court approval of Share Schemes

In the event that:

- (i) the Resolutions are approved by the requisite majority of Eligible MCIL Shareholders, Eligible MMCGIL Shareholders and Eligible MCIT Unit holders; and
- (ii) all Conditions Precedent to the Schemes have been satisfied or remain capable of being satisfied, or (where applicable) waived,

MCG will apply to the Court for an order approving the MCIL Share Scheme and will also apply to the Bermuda Court for an order approving the MMCGIL Share Scheme. The Corporations Act and the Supreme Court (Corporations) Rules 1999 provide a procedure for MCG Security holders to oppose the approval by the Court of the MCIL Share Scheme. MCG Security holders may also appear to support or oppose the sanction by the Bermuda Court of the MMCGIL Share Scheme.

If you wish to oppose the approval of the MCIL Share Scheme at the Second Court Hearing, you may do so by filing with the Court and serving on MCG an interlocutory process in the prescribed form, together with any affidavit on which you wish to rely at the hearing.

With leave of the Court, you may also oppose the approval of the MCIL Share Scheme by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. MCG should be notified in advance of an intention to object. The date for the Second Court Hearing is currently scheduled to be Friday 26 June 2009, although this date is subject to change. Any change to this date will be announced through the ASX.

If you wish to oppose the approval of the MMCGIL Share Scheme at the Second Bermuda Court Hearing, you may do so by filing with the Court and serving on MMCGIL, an affidavit setting out the reasons for your opposition. Such affidavit evidence should be filed in advance of the Second Bermuda Court Hearing. You will be entitled to attend and make representations, either through Counsel or in person, at the Second Bermuda Court Hearing in support of your opposition.

Alternatively, you may appear at the Second Bermuda Court Hearing and make representations and give evidence to the Bermuda Court as to why you oppose the approval of the MMCGIL Share Scheme. The date for the Second Bermuda Court Hearing is currently scheduled to be Wednesday 24 June 2009, although this date is subject to change. Any change to this date will be announced through the ASX.

4.5 Second Judicial Advice

In the event that:

- (i) the Resolutions are approved by the requisite majority of Eligible MCIL Shareholders, Eligible MMCGIL Shareholders and Eligible MCIT Unit holders at the MCIL Scheme Meeting, the MMCGIL Scheme Meeting and the Trust Scheme Meeting, respectively; and
- (ii) all Conditions Precedent to the Schemes have been satisfied or remain capable of being satisfied, or (where applicable) waived,

MCG will apply to the Court, at the same time as it will apply for approval of the MCIL Share Scheme, for orders confirming that MCIL would be justified in acting upon the Trust Scheme Resolutions and in doing all things, and taking all necessary steps, to put the Trust Scheme into effect.

Each Eligible MCG Security holder has the right to appear at this Court hearing seeking the Second Judicial Advice.

4.6 Implementation Steps

If the Court and the Bermuda Court make orders approving the Share Schemes and confirming the implementation of the Trust Scheme, MCG and CCPL will take, or procure the taking of, the steps required for the Schemes to be implemented, including:

- (i) lodging with ASIC an office copy of:
 - (A) the Court orders given under section 411(4)(b) of the Corporations Act approving the MCIL Share Scheme; and
 - (B) the modification to the MCIT Constitution under section 601GC(2) of the Corporations Act; and
- (ii) lodging with the Bermuda Registrar of Companies the Bermuda Court order given under section 99(2) of the Companies Act sanctioning the MMCGIL Share Scheme.

It is anticipated that these steps will occur on or about 30 June 2009. Following the lodgement of the Court order, the Bermuda Court order and the modification of the MCIT Constitution with ASIC and the Bermuda Court order with the Bermuda Registrar of Companies, the Schemes will become Effective.

If the Schemes become Effective:

- (a) MCG will become bound to take the steps required for CCPL to become the holder of all MCG Securities held by Scheme Participants; and
- (b) CPPIB will become bound to or to procure that CCPL provides the Scheme Consideration.

On the Implementation Date:

- (iii) CPPIB or CCPL will provide the Scheme Consideration for each Scheme Participant. The Scheme Consideration will be deposited by CPPIB or CCPL into a trust account operated by MCG (with interest accruing for the benefit of CPPIB or CCPL); and
- (iv) MCG will execute a master transfer on behalf of all Scheme Participants to transfer all the MCG Securities to CCPL and deliver the master transfer to CCPL, or otherwise effect a transfer of such MCG Securities in CHESS, and enter the name of CCPL in the Register in respect of the MCG Securities.

4.7 Payment of Scheme Consideration

If the Schemes become Effective, payment of the Scheme Consideration to each Scheme Participant will be made within one Business Day after the Implementation Date by MCG depositing the Scheme Consideration into the bank account nominated by the Scheme Participant (by notice to the Registry before the Scheme Record Date). If you have not previously notified the Registry of your nominated bank account, or would like to change your existing nominated bank account, you should contact the Registry on 1800 448 448 (within Australia) or +61 3 9946 4451 (outside Australia) before the Scheme Record Date.

If you do not have a nominated bank account with the Registry as at the Scheme Record Date, you will be sent a cheque for the Scheme Consideration. If the Scheme Participant's whereabouts are unknown as at the Scheme Record Date, the Scheme Consideration will be paid into a separate bank account and held by MCG until claimed or applied under laws dealing with unclaimed money.

4.8 Warranty by MCG Security holders about their MCG Securities

The effect of clause 8.3 of the Share Schemes and clause 32.5(b) of the MCIT Constitution as amended by the Supplemental Deed is that all Scheme Participants, including those who vote against the Schemes and those who do not vote, will be deemed to have warranted to MCIL (in respect of the MCIL Shares), MMCGIL (in respect of the MMCGIL Shares), MCIML in its capacity as responsible entity of MCIT (in respect of the Units), and to CPPIB and CCPL that their MCG Securities are fully paid and are not subject to any encumbrances or interests of third parties or restrictions on transfer of any kind and that they have full power and capacity to sell and transfer such MCG Securities. If the warranty is breached, Scheme Participants may be liable to pay to CPPIB or CCPL any amounts paid by CPPIB or CCPL to acquire clear title to their MCG Securities.

4.9 Scheme Implementation Agreement and Deed Poll

The Scheme Implementation Agreement was entered into by MCG and CPPIB on 31 March 2009.

The key terms of the Scheme Implementation Agreement are summarised in Section 8.18.

A full copy of the Scheme Implementation Agreement was lodged with ASX on 31 March 2009 and may be obtained by contacting the Registry on 1800 448 448 (within Australia) or +61 3 9964 4451 (outside Australia) or from MCG's website: www.macquarie.com/mcg or from ASX's website: www.asx.com.au.

On 4 May 2009, CCPL and CPPIB executed the Deed Poll pursuant to which CCPL agrees, subject to the Schemes becoming Effective, to provide to each Scheme Participant the Scheme Consideration to which each Scheme Participant is entitled under the terms of the Schemes. The Deed Poll automatically terminates if the Scheme Implementation Agreement is terminated in accordance with its terms. A copy of the Deed Poll is included in Annexure C of this Scheme Booklet.

4.9.1 Conditions Precedent

A number of Conditions Precedent contained in the Scheme Implementation Agreement need to be satisfied or waived before the Schemes can be implemented.

Please refer to Section 8.18 of this Scheme Booklet for a summary of the Conditions Precedent.

4.9.2 Exclusivity

The Scheme Implementation Agreement contains exclusivity provisions that prohibit MCG and its representatives from doing certain things, including initiating or encouraging, and participating in discussions regarding or providing due diligence, in respect of Competing Proposals.

However, the Independent Directors can take or refuse to take action in respect of a Superior Proposal which was not solicited, initiated, invited, facilitated or encouraged contrary to the exclusivity provisions.

Please refer to Section 8.18 of this Scheme Booklet for a summary of the provisions concerning exclusivity.

4.9.3 Payment of break fee

In certain circumstances, MCG may become liable to pay to CPPIB a break fee of 1% of the equity value of MCG, being the number of MCG Securities on issue (at the time) multiplied by the Scheme Consideration per MCG Security (expected to be approximately \$13.7 million).

Please refer to Section 8.18 of this Scheme Booklet for a summary of the circumstances where the break fee will be payable.

4.10 Effect of the Schemes

The effect of the Schemes will be that all of the MCG Securities other than those held by MCIML will be transferred to CCPL. If all the Conditions Precedent to the implementation of the Schemes are satisfied or (where applicable) waived, the Schemes are expected to be implemented by 14 July 2009.

On or about 15 July 2009, the Scheme Participants will be sent the Scheme Consideration and each MCG Security they hold will be transferred to CCPL, regardless of whether they voted for or against the Resolutions.

4.11 Consequences if the Schemes are not implemented

If the Schemes do not proceed, MCG Security holders will continue to hold MCG Securities. CCPL will not acquire any MCG Securities under the Schemes and MCG Security holders will not receive the Scheme Consideration. MCG Securities will continue to be quoted on the ASX.

It is difficult to predict where the MCG Security price might settle in the absence of the CPPIB Proposal or speculation regarding an alternative proposal. However, the IBC has concluded that, in such circumstances, the MCG Securities could trade at a lower price than the price at which they have traded since the CPPIB Proposal was announced.

Depending on the reasons for the Schemes not proceeding, MCG may be liable to pay approximately \$13.7 million to CCPL as a break fee. This amount will not be payable merely because MCG Security holders do not approve the Schemes. The provisions in relation to the break fee are summarised in Section 8.18 of this Scheme Booklet, and are set out in full in clause 14 of the Scheme Implementation Agreement.

Transaction fees incurred by MCG of approximately \$12.4 million will still be payable by MCG if the Schemes do not proceed.

If the Schemes do not proceed, and no Superior Proposal is received, the MCG Directors intend to continue to operate MCG as a listed entity.

4.12 Taxation

The taxation consequences of the Schemes for MCG Security holders will depend on the personal taxation and financial circumstances of each Security holder. General tax implications of the Schemes are discussed in Section 7 of this Scheme Booklet. MCG Security holders should consult their own taxation advisers about the taxation consequences for them if the Schemes are implemented.

4.13 Further questions

If you have any further questions, you should call the MCG Security holder information line on 1800 242 200 (within Australia) or +61 2 9207 3835 (outside Australia), Monday to Friday between 8.00am and 6.00pm (Sydney time).

5. Profile of CPPIB and Bidder

This Section has been prepared by CPPIB and CPPIB is responsible for its accuracy.

5.1 Overview of CPPIB, CCPL and CIHI

5.1.1 CPPIB Communications Pty Ltd and CPPIB Infrastructure Holdings Inc

CPPIB Communications Pty Ltd (**CCPL**) is an Australian incorporated company (ACN 136 263 011) established for the sole purpose of acquiring the MCG Securities under the Schemes and the Ancillary Transaction.

CCPL is a wholly owned subsidiary of CPPIB and will be the legal entity which acquires all of the MCG Securities if the Schemes are implemented and completion occurs under Share Acquisition Agreement in respect of the Ancillary Transaction. CCPL will acquire the shares in MCIL and the units in MCIT in its own capacity, but will acquire the shares in MMCGIL under the Schemes as nominee for CPPIB Infrastructure Holdings Inc (**CIHI**).

All of the issued shares in CCPL are wholly owned by CPPIB Communications Holdings Pty Ltd (**CCHPL**). CPPIB owns all of the issued shares in CCHPL.

CIHI is a Canadian incorporated company, all of the shares in which are owned by CPPIB. Following implementation of the Schemes and completion of the Ancillary Transaction, it is intended that CIHI will hold all the shares in MMCGIL and any interests currently held by MCIL and its subsidiaries in Bermudan MCG entities.

The directors of CCPL are Kerry Adby, John Butler and David Denison.

5.1.2 CPPIB's overview and history

CPPIB is a federal non-agent Canadian Crown corporation incorporated pursuant to the *Canada Pension Plan Investment Board Act 1997* (the "CPPIB Act", an Act of the Canadian Parliament). As at 31 December 2008, CPPIB had total assets under management valued at C\$108.9 billion.

CPPIB invests the funds not needed by the Canada Pension Plan to pay current benefits and seeks to manage the Canada Pension Plan's long term liabilities via the acquisition of a diversified portfolio of public equity and private equity, inflation sensitive assets (including real estate and infrastructure) and fixed income instruments. CPPIB has an exclusive legislated mandate to manage the assets of the Canada Pension Plan under the following principles:

- to assist the Canada Pension Plan in meeting its obligations to contributors and beneficiaries;
- to manage any amounts transferred to it in the best interests of the contributors and beneficiaries under the Canada Pension Plan; and
- to invest its assets with a view to achieving a maximum rate of return without undue risk of loss, having regard to factors that may affect the funding of the Canada Pension Plan and its ability to meet its financial obligations on any given business day.

The CPPIB Act prohibits CPPIB from directly or indirectly carrying on any business or activity or exercising any power that is inconsistent with its mandate. Plainly stated, the CPPIB has an "investment-only", fiduciary, commercial mandate.

CPPIB is an experienced and long-term investor in infrastructure assets. CPPIB invests in infrastructure over the long term in order to match the long dated pension liabilities of Canada Pension Plan. CPPIB typically seeks to invest in infrastructure assets that can be held for periods of 20-30 years and is willing to invest additional follow-on capital to foster growth and expansion. CPPIB's portfolio of infrastructure investments is currently valued at approximately C\$4.5 billion. CPPIB's infrastructure investments include Anglian Water Group (32%), ITC Holding (4%), Puget Energy (28%), TdF (2%), Transelec S.A. (28%), Transurban (14%) and Wales & West Utilities (20%).

CPPIB is a professional investment management organisation. It operates independently of the Canada Pension Plan and at arm's length from the federal and provincial governments that are jointly responsible for the Canada Pension Plan. Oversight of CPPIB is provided by an independent board of directors. This board, not the relevant governments, approves investment policies and makes critical operational decisions, such as the hiring of the president and chief executive officer and the setting of executive compensation.

The Act establishing CPPIB expressly provides that CPPIB is not an agent of Her Majesty in right of Canada, and directors, officers, employees and agents of CPPIB are not part of the federal public administration.

CPPIB operates with extremely high levels of disclosure and transparency. CPPIB reports on the same basis as most Canadian public companies, including the preparation and publication of quarterly financial statements and of annual financial statements that are audited by Deloitte & Touche and form part of its annual report. CPPIB's transparency is further evidenced by the more than 1,200 pages of disclosure made available via its website, which include the public disclosure of its portfolio holdings, its fund partners and other investment partners.

While CPPIB operates at arm's length from governments, it is subject to very rigorous accountability requirements. Accountability is deeply ingrained in the CPPIB legislation, governance and in the policies and practices of the board, officers and employees. Specific examples of the ways in which CPPIB is by law accountable include:

- its annual report is tabled in the Canadian Parliament by the Canadian federal minister of finance;
- it receives annual audits by an independent external audit firm;
- there is a review of the Canada Pension Plan and CPPIB by the Canadian federal and provincial finance ministers every three years;
- CPPIB is subject to a special examination of its records, systems and practices every six years;
- if deemed necessary, the Canadian finance minister also has the power to appoint a firm of accountants to conduct a special audit at any time;
- CPPIB holds public meetings in each participating province every two years; and
- CPPIB provides regular and timely information on its website helping interested Canadians monitor the activities and investment performance of CPPIB.

Further detail in relation to CPPIB (including copies of its annual reports) are available via its website at www.cppib.ca.

5.2 Post-acquisition intentions of CPPIB

If the Schemes are implemented and CPPIB acquires MCIML's entire holding in MCG Securities in connection with the Ancillary Transaction, CPPIB (via CCPL and CIHI) will become the holder of all of the MCG Securities and accordingly MCG will be wholly owned by CPPIB.

This Section 5.2 sets out CPPIB's current intentions if the Schemes are implemented and CPPIB acquires MCIML's entire holding in MCG Securities in connection with the Ancillary Transaction.

These intentions are based on the information concerning MCG, its business and the general business environment which is known to CPPIB at the time of the preparation of this Scheme Booklet, which is limited to publicly available information and a due diligence review of certain non-public information provided by MCG. Final decisions in relation to these matters will only be reached after CPPIB has had an opportunity to undertake a detailed review of MCG's operations. Accordingly, the statements set out in this Section 5.2 are statements of current intention only which may change as new information becomes available or circumstances change.

CPPIB's current intentions if the Schemes are approved and CPPIB acquires MCIML's entire holding in MCG Securities in connection with the Ancillary Transaction are to:

- (a) seek to have MCG removed from the official list of the ASX;
- (b) unstaple MCIL Shares from MCIT Units and from MMCGIL Shares with effect from the Implementation Date;
- (c) appoint nominees of CPPIB as directors to the MCG Boards – these nominees have not yet been identified and their identity will depend on the circumstances at the relevant time. CPPIB will not give any benefit to any current director of MCG in connection with his retirement from office as a result of the implementation of the Schemes;
- (d) maintain the business of the Target Group in investing in communications infrastructure;
- (e) seek new equity participants in respect of CCPL, CCHPL, CIHI (or another holding entity) or particular assets of the Target Group. Any equity in CCPL, CCHPL or CIHI (or another holding entity) made available to new equity participants would be unlikely to exceed 25% of the total equity in such entity. If any transaction with a new equity participant were undertaken within a short period after the Implementation Date, it is intended that the consideration payable by the equity participant would reflect the price paid by CPPIB under the CPPIB Proposal and the Ancillary Transaction;
- (f) except as contemplated by paragraph (e), continue to own and operate the material assets of the Target Group;
- (g) deregister MCIT as a managed investment scheme;
- (h) continue to retain MCIML as the trustee of MCIT;

- (i) change the name of MCIT to “CPPIB Communications Infrastructure Trust” and the name of MCIML to “CPPIB Communications Infrastructure Management Limited”;
- (j) retain existing management employed by the Target Group to operate the assets of the Target Group going forward. CPPIB has a very successful track record of supporting management to deliver strong operational performance and recognises the strength of the incumbent management team and its achievements to date. When necessary, CPPIB will look to supplement existing management with senior appointments to ensure the strategic goals of each of the Target Group Entities are achieved. CPPIB will look to resource these senior appointments from markets where the Target Group Entities operate and local knowledge can be gained and utilised. It is also CPPIB’s current intention to maintain the approach of existing management with respect to operational employees of each business unit;
- (k) terminate the existing management services and advisory agreements between MCG and MCIML, pursuant to which MCIML provides management and advisory services to MMCGIL and MCIL;
- (l) enter into new agreements for the provision by Macquarie International Advisory Services Pty Ltd of ongoing advisory services in respect of Arqiva and Airwave for up to 10 years (as outlined in Section 6.3);
- (m) inject further equity into or provide further loans to relevant Target Group Entities to enable the redemption of the Exchangeable Bonds and the repayment of the Corporate Debt Facility if such redemption or repayment is required by the debt providers under the terms of those agreements; and
- (n) to maintain the existing dividend policy in the short term. However, given its investment mandate, CPPIB is able to take a longer term approach to dividend returns versus capital growth than MCG. As such, CPPIB is able to maintain a flexible dividend policy which allows portfolio companies to strategically manage existing capital expenditure requirements, growth opportunities, reduction of corporate debt and other initiatives to create value at each of the portfolio companies.

5.3 CPPIB’s funding arrangements

Although the Schemes are not subject to finance arrangements, this Section 5.3 outlines how CPPIB intends to finance the payment of the Scheme Consideration.

As at 31 December 2008, CPPIB had total assets under management valued at C\$108.9 billion. If the Schemes are implemented, CPPIB will pay, or procure that CCPL pays, Scheme Participants \$2.50 per MCG Security under the Schemes. CPPIB intends to fund the aggregate Scheme Consideration from its internal financial resources. CPPIB does not require any external third party financing to meet its commitment to pay the aggregate Scheme Consideration.

If the Schemes are implemented, CPPIB will have on the Implementation Date, sufficient cash funds to pay the aggregate Scheme Consideration to all Scheme Participants in full.

The obligations of CPPIB and CCPL to pay the Scheme Consideration will be satisfied by CPPIB or CCPL before 12.00 pm on the Implementation Date, depositing or procuring the deposit of the Scheme Consideration into an account nominated by MCG. The deposited Scheme Consideration will then be held by MCG on trust for the Scheme Participants, and distributed to the Scheme Participants on the Business Day immediately following the Implementation Date.

5.4 Undertakings by CCPL and associates

- (a) subject to Section 5.4(d), neither CCPL, CPPIB or any other associate of CCPL will acquire any MCG Securities outside of the Schemes from the date of the Notices of Meeting until the Schemes become Effective or are rejected or the Scheme Implementation Agreement is terminated;
- (b) subject to Section 5.4(d), neither CCPL, CPPIB or any other associate of CCPL has, or will, give or agree to give a benefit to, or receive or agree to receive a benefit from, a person, or an associate of a person, from whom MCG Securities were acquired within the six months before the date this Scheme Booklet was despatched to MCG Security holders attributable to the acquisition or matters that include the acquisition where the amount or value of the benefit is determined by reference to the Scheme Consideration or matters including the Scheme Consideration;

- (c) subject to Section 5.4(d), neither CCPL, CPPIB or any other associate of CCPL will, from the date this Scheme Booklet was despatched to MCG Security holders until the Schemes become Effective or are rejected or the Scheme Implementation Agreement is terminated, give, offer to give or agree to give a benefit to a person that:
 - is likely to induce the person or an associate to vote in favour of any of the Resolutions or dispose of MCG Securities; and
 - is not offered to all MCG Security holders;
- (d) to the extent that any member of the Macquarie Group is an associate of CCPL, the undertakings contained in Sections 5.4(a), (b) and (c) do not extend to any acts of any member of the Macquarie Group.

5.5 Supplementary Information

CCPL will issue or procure the issue of a supplementary document to the Bidder Information in this Scheme Booklet if either it or CPPIB becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

- (a) a material statement in the Bidder Information is false or misleading;
- (b) a material omission from the Bidder Information;
- (c) a significant change affecting a matter in the Bidder Information; or
- (d) a significant new matter has arisen and it would have been required to be included in the Bidder Information if known at the date of lodgement with ASIC.

Depending on the nature of the timing of the changed circumstances and subject to obtaining any relevant approvals, CCPL may, in addition to releasing or procuring the release of the supplementary information on ASX, circulate and publish or procure the publication of any supplementary document by:

- (a) placing an advertisement in a prominently placed newspaper which is circulated generally throughout Australia;
- (b) arranging for the supplementary document to be posted on MCG's website, www.macquarie.com/mcg; or
- (c) posting the supplementary document to all MCG Security holders.

6. Explanation of the Ancillary Transaction

6.1 Background to the Ancillary Transaction

Macquarie Capital, under the existing MCIL Management Services Agreement and MMCGIL Advisory Agreement is currently providing a broad range of management services to MCG and its assets. Following the implementation of the CPPIB Proposal, CPPIB considers that a smooth transition is necessary and important in order to maintain the value of MCG's assets. CPPIB has agreed with Macquarie Parties that they will provide services during a transitional phase and ongoing advisory services as required.

Macquarie Capital has agreed to sell MCIML to CPPIB (acting through CCPL), to enter into new Investment Advisory Agreements in respect of Airwave and Arqiva and to provide certain transitional services and a right to use certain intellectual property rights of Macquarie Capital to CPPIB. Together, these arrangements, which are detailed in Section 6.3, are described as the "Ancillary Transaction."

The Independent Directors of MCG have established a number of procedures and protocols to address the potential conflicts of interest that arise from the Ancillary Transaction in the context of the CPPIB Proposal. Conflicts of interest may also arise due to some senior MCG personnel (who are currently employees of Macquarie Capital) potentially being offered ongoing roles with CPPIB. These procedures and protocols are outlined below in Section 6.2.

In addition to these procedures and protocols, the IBC commissioned the Independent Expert, Deloitte, to review the Ancillary Transaction, which is outlined below in Section 6.3.

6.2 Procedures and protocols

The CPPIB Proposal and the Ancillary Transaction gives rise to potential conflicts of interest between the interests of MCG Security holders and Macquarie Capital. Recognising the potential for this conflict to arise, the IBC established protocols and procedures to ensure that consideration of any proposal was subject to appropriate controls.

Potential conflicts were managed in the following ways:

- the MCG Boards established the IBC comprising all the independent directors of the three MCG entities, jointly representing the entities in the stapled structure;

- following establishment of the IBC, Mr Gerald Moriarty who has a conflict of interest in relation to the Ancillary Transaction because of his recent role as a Macquarie Executive Director and his continuing consultancy to the Macquarie Group has made his knowledge available to the IBC, however, has not voted in relation to proposals affecting the control of MCG, including the CPPIB Proposal. Accordingly, the IBC took responsibility for the negotiation of the terms of the CPPIB Proposal, and the decision to enter into the Scheme Implementation Agreement and commit MCG to propose the Schemes. This decision was one made by the IBC in accordance with the authority delegated to it by the MCG Boards;
- the IBC treated certain senior MCG personnel, including Gerald Moriarty, Scott Davies (CEO of MCG) and MCG asset management personnel, as 'participating insiders'²⁵ given the possibility that some of them may be offered ongoing roles with CPPIB. As at the date of this Scheme Booklet no such ongoing arrangements have been entered into. All affected personnel have continued to make their knowledge available to the IBC, however have not been present during any voting by the IBC on the CPPIB Proposal;
- the IBC appointed separate legal advisers in Australia and Bermuda to act on behalf of MCG in relation to the negotiation of the proposal and preparation of the Scheme Implementation Agreement, Scheme Booklet and other additional documentation relating to the Schemes;
- the IBC appointed Grant Samuel to advise it in regard to all aspects of the CPPIB Proposal and Ancillary Transaction where conflicts of interest between MCG and Macquarie Capital may arise; and
- the IBC commissioned Deloitte to provide an independent expert's report on the Ancillary Transaction.

6.3 Details of the Ancillary Transaction

The Ancillary Transaction has three key components:

- the sale of MCIML for \$56.5 million;²⁶

²⁵ 'Participating insiders' as defined in Guidance Note 19.

²⁶ This amount does not include the consideration for the MCG Securities held by MCIML.

6. EXPLANATION OF THE ANCILLARY TRANSACTION

- the provision by MIASPL of ongoing investment advisory services in respect of Arqiva and Airwave for up to 10 years at approximately \$4 million per annum;²⁷ and
- the provision of transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML and the provision of rights to use certain intellectual property of Macquarie Capital to operate MCG.

As at 28 April 2009, MCIML held an interest in 100,139,074 MCG Securities in its personal capacity (being approximately 18.33% of the total number of MCG Securities on issue). These MCG Securities will not be acquired under the Schemes. Rather, it is intended that they will be acquired by CPPIB after the implementation of the Schemes in connection with the acquisition of MCIML for \$2.50 per MCG Security (the same price that will be paid to all other MCG Security holders for their MCG Securities under the Schemes). This is in addition to the amounts, specified above, payable for the sale of MCIML and the provision of investment advisory and transitional services.

6.3.1 The sale of MCIML

CPPIB, CCPL, Macquarie Capital International Holdings Pty Limited (**MCIHPL**) and Macquarie Capital Group Limited (**MCGL**) have entered into a "Share Acquisition Agreement" in respect of the sale of MCIML to CCPL. Under the Share Acquisition Agreement, CPPIB has agreed to pay \$56.5 million in cash for the transfer of the shares in MCIML. MCIML is the manager of MCG and, in its personal capacity, holds the A special shares issued by MCIL and MMCGIL which confer certain board appointment rights. In addition, as noted above, MCIML, in its personal capacity, holds an interest in approximately 18.33% of the total number of MCG Securities on issue which CPPIB will separately acquire for \$2.50 per MCG Security (the same price that will be paid to all other MCG Security holders for their MCG Securities under the Schemes). MCIML will also hold a license to certain intellectual property rights of Macquarie Capital which are required to operate MCG and its assets.

The Share Acquisition Agreement includes the following key provisions:

- the agreement is conditional on the implementation of the Schemes. Other relevant conditions precedent include the approval of the MCIML sale under the FATA, the approval of the CPPIB Acquisition Resolutions at the Meetings and the provision to CPPIB by Macquarie Capital of certain information and confirmations. Except for the approval under the FATA and conditions relating to the Schemes, all conditions precedent of the Share Acquisition Agreement can be waived by CPPIB;
- in circumstances where the Ancillary Transaction does not proceed because of certain matters outside the control of CPPIB, CPPIB is entitled to receive a break fee from MCIHPL in recognition of costs it has incurred in connection with the Ancillary Transaction and the CPPIB Proposal. The amount of the break fee would be the same as the break fee described in Section 4.9.3. MCIHPL can only ever be liable to pay the break fee once and will not be liable to the extent that the break fee is otherwise recoverable from MCG;
- the Share Acquisition Agreement contains certain warranties and indemnities, including with respect to title, financial arrangements, liabilities and accounts, conduct of business, contracts, compliance and litigation and accuracy of information;
- prior to the Effective Date, CPPIB can terminate the Share Acquisition Agreement in the case of a material breach of warranty by MCIHPL. The Share Acquisition Agreement can also be terminated if MCIML amends any of the key agreements relating to MCG or retires as responsible entity of MCIT or as trustee of the Exchangeable Bonds sub-trusts or if MCIHPL materially breaches any of its obligations with respect to conduct of MCIML's business;
- after the Effective Date, termination is only available to CPPIB if Macquarie Capital does not comply with specified obligations in relation to the exit of MCIML from the Macquarie Group consolidated tax group, if MCIML does not have full title to all of the MCG Stapled Securities which it has undertaken to sell to CPPIB or if the liabilities of MCIML exceed \$56.5 million and MCIHPL does not remedy this situation;²⁸ and

²⁷ The annual fee is indexed at 10% per annum except to the extent that it is prepaid for future years. Subject to indexation, the total amount of fees payable to Macquarie Capital for the investment advisory services is approximately \$40 million.

²⁸ It is not expected that MCIML will have any material liabilities on completion of the Ancillary Transaction.

- If CPPIB terminates the Share Acquisition Agreement, the parties will enter into a put option deed which will give MCIML the right to put the MCG Securities which are held by MCIML to CPPIB at the same price as that offered to all other MCG Security holders under the Schemes, if the Schemes are implemented.²⁹ The effect of the put option is that, if the Schemes are implemented, MCIML will be able to sell its MCG Securities to CPPIB for the same \$2.50 price per MCG Security as all other MCG Security holders will receive for their MCG Securities under the Schemes irrespective of the completion of the Ancillary Transaction.

6.3.2 Advisory services to Airwave and Arqiva

Macquarie International Advisory Services Pty Limited (MIASPL) has entered into two non-exclusive Investment Advisory Agreements for the provision of certain advisory services at the request of the respective boards of Arqiva and Airwave. The services to be provided under the agreements include the following:

- asset management and recommendations on asset development and maintenance, and custodial arrangements;
- recommendations on dividend and distribution policies, board appointments and exercise of voting rights, and constitutional documentation;
- advice on budgets and financial plans; and
- asset valuations.

In addition, each of these Investment Advisory Agreements includes the following key provisions:

- MIASPL is entitled to a fee of \$2 million per annum. The fee is indexed at 10% per annum except on pre-payment of the fee.
- the term of each of the agreements is 10 years. MIASPL's role can be terminated earlier in certain circumstances. However, the fee for the unused term of the agreement remains payable if the agreements are terminated before the end of their term unless the termination is for an unremedied material breach by MIASPL or in circumstances where MIASPL is or may become insolvent or where a relevant licence, regulatory approval or consent held by MIASPL is suspended or revoked without remedy by MIASPL.

²⁹ For the Schemes to be implemented if CPPIB terminates the Share Acquisition Agreement, CPPIB and MCG would need to agree to waive the condition precedent in the Scheme Implementation Agreement which relates to the Ancillary Transaction. The conditions precedent are summarised in part 8.18 of this Scheme Booklet.

The new Investment Advisory Agreements commence on the Second Court Date (subject to the subsequent implementation of the Schemes). The existing management service agreements between MCG and MCIML will be terminated immediately following the completion of the transfer of MCIML to CPPIB.

6.3.3 Transitional services

Under a Transitional Services Agreement MCG has agreed to provide certain services to CPPIB to assist CPPIB during the transition of ownership of MCG if the Schemes are implemented. The services cover the following services currently being provided by Macquarie Capital in respect of the ongoing management of MCG:

- financial reporting and accounting functions;
- asset management functions (to the extent not covered by the Investment Advisory Agreements);
- tax filings and ongoing assistance with tax issues; and
- legal and compliance functions.

The term of the Transitional Services Agreement is up to six months from the completion of the MCIML sale. CPPIB may terminate the agreement earlier. MCG will receive monthly fees for providing the services which will total \$310,000 if the agreement remains in effect for the full term of six months.

6.3.4 Effect of the Ancillary Transaction

The payments made by CPPIB under the components of the Ancillary Transaction reflect the value that CPPIB receives from acquiring MCIML and from MCG's agreement to provide transitional and ongoing advisory services.

Macquarie Capital's continued involvement in the management of MCG's assets assists the smooth transition of ownership if the CPPIB Proposal is implemented as it preserves Macquarie Capital's expertise and experience for CPPIB.

In addition, without the ongoing provision of investment advisory services by Macquarie Capital, certain adverse consequences upon a change of control of MCG could arise under material contracts relating to MCG's assets. These consequences are not specific to the CPPIB Proposal, and could also arise (in the absence of the CPPIB Proposal) if the management services currently being provided by MCIML to MCG, under the Management Agreements, were to be terminated by ordinary resolution of MCG Security holders, without being replaced with new management arrangements with Macquarie Capital or any of its related entities.

7. Tax Implications

The following is Australian income tax advice for MCG Security holders in relation to the disposal of their MCG Securities under the CPPIB Proposal that has been independently reviewed and approved by Greenwoods & Freehills.

This advice is applicable to:

- Australian residents who hold their MCG Securities on capital account for Australian income tax purposes (i.e. the advice does not apply to Australian residents who hold the MCG Securities on revenue account or as trading stock); and
- Foreign residents who hold their MCG Securities on capital account and do not hold their MCG securities through an Australian permanent establishment.

Disclaimer

This opinion has been prepared for inclusion in this Scheme Booklet and should be read in conjunction with the remainder of this Scheme Booklet.

The following summary is based upon the legislation and established interpretation of legislation as at the date of this Scheme Booklet, but is not intended to be an authoritative or complete statement of the law relevant to the circumstances of each MCG Security holder. MCG Security holders should seek independent professional advice in relation to their own particular circumstances.

As there is no undertaking on any parties' behalf to update this advice for any changes in the Australian tax law after the date of this letter, it is the responsibility of the MCG Security holders to take further advice, if they are to rely on this advice at a later date.

This advice has not been prepared by any party that is licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. You should consider taking advice from an Australian Financial Services Licence holder before making any decision on a financial product.

Background

Under the terms of the proposal, MCG Security holders will receive cash consideration of \$2.50 per MCG Security.

CGT implications – resident Security holders

Although the MCG Securities are stapled and traded as such (i.e. cannot be traded separately), for Australian income tax purposes each MCIL Share, MMCGIL Share and MCIT Unit are separate CGT assets.

MCG Security holders will trigger CGT Event A1 upon disposal of their Securities to CPPIB. Disposal will occur on the Implementation Date. Therefore, according to the indicative timetable, disposal would occur in the financial year ending 30 June 2010. If the Implementation Date occurs on or prior to 30 June 2009, then CGT Event A1 will be triggered in the financial year ending 30 June 2009.

A capital gain is made in respect of the disposal of a share/unit where the capital proceeds for the share/unit exceed the cost base of the share/unit, and a capital loss is incurred where the capital proceeds for the share/unit are less than the reduced cost base of the share/unit.

The capital proceeds will be equal to the cash consideration received per security. The Scheme Consideration (being \$2.50) is split as follows based on the offer from CPPIB calculated with reference to the net asset values of each of MCIL, MCIT and MMCGIL as a percentage of the whole of MCG at 31 March 2009:

- \$1.13 cash for each MCIL Share;
- \$0.62 cash for each MMCGIL Share; and
- \$0.75 cash for each MCIT Unit.

The MCG Security holders' CGT cost base in the MCG Securities should broadly be the amount paid to acquire the Securities plus any incidental costs incurred upon acquisition or disposal. The cost base will be reduced by any tax-deferred distributions on MCIT Units or returns of capital on MCIL or MMCGIL Shares received by the MCG Security holder until the CPPIB Proposal implementation date to the extent that such distributions or capital returns have not already reduced the cost base to zero.

Where the MCG Securities were acquired as a stapled security, to determine the cost base attributable to each security, the consideration paid to acquire the stapled securities should be apportioned between the MCIL Share, MMCGIL Share and MCIT Unit on a reasonable basis. The manager for MCG publishes its view as to how to allocate value between the stapled entities in the MCG Tax Guide, published annually. The tax guide is available on MCG's website at <http://www.macquarie.com.au/au/mcg/investor/tax-guide.htm>.

The MCG Security holders' reduced cost base (relevant in determining whether there is any capital loss on disposal of the Securities) should be the same as the cost base with a reduction in the cost base of the units in MCIT for any 'tax-free amounts' received, if any, in relation to the units in MCIT.

MCG Security holders who are individuals, trusts or complying superannuation entities may be entitled to the CGT discount where they have held the relevant Securities for more than 12 months. The discount is 50 per cent for individuals and trusts and 33^{1/3} per cent for complying superannuation entities. Companies are generally not entitled to a CGT discount.

Capital losses incurred in an income year may be offset against capital gains derived in the same income year. Capital losses should be applied against gross capital gains (i.e. prior to applying any CGT discount).

Where there are insufficient capital gains in an income year to offset any capital losses, the excess capital losses can be carried forward and used to offset capital gains derived in subsequent income years (subject to certain loss tests for companies).

CGT implications – non-resident MCG Security holders

Broadly, non-residents should only be subject to the Australian CGT provisions where the MCG Securities constitute taxable Australian property, subject to the application of any relevant Double Taxation Agreement.

The MCIL Share, MMCGIL Share and MCIT Unit will only constitute taxable Australian property where:

- The MCG Securities have been used by the non-resident in carrying on a business in Australia through a permanent establishment; or
- Both the following conditions are satisfied:
 - The foreign resident, together with their associates, owns 10 per cent or more of the relevant MCG entity at the time of disposal, or at any time in a 12-month period during the two years that preceded the time of disposal; and
 - At the time of disposal, more than 50 per cent of the market value of MCIL, MMCGIL or MCIT's assets comprise taxable Australian real property (i.e. real property situated in Australia).

For most non-resident investors, the shares in MCIL, MMCGIL and units in MCIT should not constitute taxable Australian property because of the above 10 per cent test.

As such, these non-residents who hold their investment on capital account and do not hold their investment through an Australian permanent establishment should not be subject to Australian capital gains tax on disposing of the securities. Any non-resident investor in MCG that individually, or with associates had a 10% or greater interest in MCG at any time should seek further assistance from Macquarie Communications Infrastructure Management Limited. If you are unsure as to whether you hold such an interest, you should consult your tax adviser.

8. Additional Information

8.1 Scheme Implementation Agreement

The Scheme Implementation Agreement was entered into by MCG and CPPIB on 31 March 2009. A full copy of the Scheme Implementation Agreement was lodged with ASX on 31 March 2009 and may be obtained by contacting the Registry on 1800 448 448 (within Australia) or +61 3 9946 4451 (outside Australia) or from MCG's website: www.macquarie.com/mcg or from the ASX website: www.asx.com.au.

8.2 Interests in MCG held by MCG Directors

The MCG Directors and the number of MCG Securities in which they have a relevant interest as at the date of this Scheme Booklet are set out in the table below:

MCG Director Security Holdings

Name	Number of MCG Securities
Gerald Moriarty	64,852
Rodney Keller	10,019
Mel Ward	48,791
Malcolm Long	18,768
Kim Carter	Nil
Rodney Birrell	Nil
Thomas Davis	Nil

Because of their role with MCIML none of the directors of MCIML, all of whom are also directors of MCIL, are eligible to vote on the CPPIB Proposal despite their recommendation of the CPPIB Proposal. None of the directors of MMCGIL, with the exception of Mr Moriarty, hold any MCG Securities and therefore they are not entitled to vote on the CPPIB Proposal.

Mr Moriarty will not vote due to his position as Director of MCIML. Mr Moriarty has not made a recommendation in relation to the CPPIB Proposal because of his conflict of interest which arises because of his previous role as an Executive Director of Macquarie Group and his continuing role as a consultant to Macquarie Group.

8.3 Interests in CPPIB or CCPL held by MCG Directors

No securities or any other interests in CPPIB or CCPL are held by, or on behalf of, any MCG Director.

8.4 Interests in contracts of CPPIB or CCPL held by MCG Directors

No MCG Director holds any interest in any contract entered into by CPPIB or CCPL.

However, CPPIB has raised the possibility of retaining the services of Mr Gerald Moriarty after the Schemes are implemented. As at the date of this Scheme Booklet, there has been no formal offer from CPPIB nor agreement by Mr Moriarty.

8.5 Agreements or arrangements with MCG Directors

Other than as disclosed at Section 8.4, there is no agreement or arrangement made between any MCG Director and any other person, including CPPIB, in connection with or conditional upon the outcome of the Schemes.

8.6 Other interests of Directors of MCG

Gerald Moriarty was until December 2008 an Executive Director of Macquarie Group and remains a consultant to Macquarie Group. Because of his relationship with Macquarie Group, Mr Moriarty has a conflict of interest in relation to the Ancillary Transaction.

No other MCG Director has any other interest, other than as a MCG Security holder whether as a director, or creditor of MCG or otherwise, material to the Schemes.

8.7 Payments and other benefits to directors, secretaries or executive officers of MCG

No payment or other benefit is proposed to be made or given to a Director, secretary or executive officer of MCG, or any related body corporate of MCG, as compensation of loss for, or as consideration for, or in connection with, their retirement from office in MCG or any of its related bodies corporate.

After taking advice from external advisers Egan Associates, MCG will pay each Independent Director a special exertion benefit equivalent to his current annual fee, being A\$40,000 in the case of the MCIL directors³⁰ and US\$35,000 in the case of the MMCGIL directors, to reflect the significant volume of additional work undertaken by them in regard to the CPPIB Proposal, including work relating to the Share Schemes, the Trust Scheme and the Ancillary Transaction. From mid December 2008 until the date of this Scheme Booklet, that additional work included an additional 16 Board and Independent Board Committee meetings and 5 due diligence committee meetings as well as provision of affidavits for the court hearings and the need to attend the Scheme Meetings. The Independent Directors' entitlement to the special exertion benefits is not contingent on the Schemes proceeding.

8.8 MCG's Substantial Security holders

The substantial holders of MCG Securities as at the date of this Scheme Booklet are as follows:

	('000 of MCG Securities)	Voting Power (%)
Macquarie Group Limited/CPPIB	114,540	20.96
Lazard Asset Management Pacific Co	58,660	10.74
Suncorp-Metway Limited	58,097	10.64
Barclays Group	42,710	7.82

Under the Corporations Act, CPPIB is taken to have a technical substantial holding in MCG Securities as a result of an association with MCIML. That association arises as a result of the Scheme Implementation Agreement. The Corporations Act attributes the voting power of CPPIB's associates (including MCIML) to CPPIB, which results in it having voting power of 20.96% for substantial holder disclosure purposes. As noted above however, CPPIB, CCPL and their associates will not vote in the Meetings except to the extent they hold MCG Securities on behalf of third parties who are not excluded from voting and who provide explicit voting instructions.

³⁰ The MCIML directors will also receive \$40,000 although as MCIML is a wholly owned subsidiary of Macquarie Group, Macquarie Group bears the MCIML expense and no director of MCIML is remunerated by MCG.

See Section 8.14 for further information on relevant interests and association.

MCG has relied on the substantial holder notices provided to it up to the date of this Scheme Booklet, which are available on the ASX website, to compile the above table. Information in regard to substantial holdings arising, changing or ceasing before this time, or in respect of which the relevant announcement is not available on the ASX website, is not included above.

8.9 Information disclosed to ASX and documents lodged with ASIC

MCG is a disclosing entity for the purposes of the Corporations Act and as such is subject to periodic reporting and continuous disclosure obligations. Publicly disclosed information about all ASX-listed entities, including MCG, is available on the ASX website at www.asx.com.au.

MCG is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by MCG may be obtained from, or inspected at, ASIC offices.

MCG will provide free of charge, to any MCG Security holder who requests it before the Effective Date, a copy of:

- the audited financial report of MCG and its controlled entities for the year ended 30 June 2008 (being the annual financial report most recently lodged with ASIC before this Scheme Booklet was lodged with ASIC);
- the reviewed half year financial report of MCG and its controlled entities for the six month period to 31 December 2008;
- the Scheme Implementation Agreement; and
- each announcement to the ASX made by MCG after lodgement with ASIC of the annual report referred to above and before the Scheme Meetings. The following is a list of all such announcements lodged since 1 September 2008 and before the date of this Scheme Booklet.

Recent ASX Announcements

Date	Headline
29-Apr-09	Ceasing to be a Substantial Holder
28-Apr-09	Form 604 Change of Interests of Substantial Holder from SUN
2-Apr-09	Becoming a substantial holder
31-Mar-09	MQG: CPPIB offer regarding MCG
31-Mar-09	Scheme Implementation Agreement
31-Mar-09	MCG Recommended Offer to Security Holders
27-Mar-09	Change to Registered Office Address
23-Mar-09	Interim Report for the Half Year Ended 31 December 2008
20-Mar-09	Response to BRW On-line Speculation
13-Mar-09	Change in substantial holding from MQG
06-Mar-09	Form 604 – Change in substantial holding
05-Mar-09	Appendix 3B
04-Mar-09	Airwave presentation
04-Mar-09	Arqiva presentation
02-Mar-09	MQG: Macquarie Group - Listed Specialist Funds
18-Feb-09	MCG – Interim Results Briefing – Mr Scott Davies, Chief Executive Officer; Mr Michael Buckling, Chief Financial Officer; and Mr Sam Dobson, Investor Relations Manager (Audio stream)
18-Feb-09	MCG Interim Financial Report
18-Feb-09	MCG Interim Results Presentation
18-Feb-09	MCG Management Information Report
18-Feb-09	MCG Interim Results for half year ended 30 Dec 08
18-Feb-09	Appendix 4D
16-Feb-09	BA Confirms \$250m Bond Refinance
11-Feb-09	Confirmation of Payment of Interim Distribution
11-Feb-09	Notice of Half Year Results Presentation
02-Feb-09	MCG Response to BA Speculation
27-Jan-09	Airwave selected as a Tier 3 Supplier to London Olympics
15-Jan-09	Airwave – Completion of Roll-Out for the London Underground
23-Dec-08	Appendix 3Z – Final Director's Interest Notice X2
23-Dec-08	Resignation of Director
19-Dec-08	Ceasing to be a substantial holder
18-Dec-08	Change in substantial holding
16-Dec-08	Letter to security holders regarding change of registry
08-Dec-08	Form 604 – Change of Interests of Substantial Holder for MCG
25-Nov-08	Change in substantial holding for MCG
25-Nov-08	Change in substantial holding
21-Nov-08	MCG Announces further purchase of Exchangeable Bonds

Recent ASX Announcements

Date	Headline
20-Nov-08	Section 708A(5)(e) and 1012DA(5)(e) Notice
20-Nov-08	Appendix 3B
19-Nov-08	2008 Annual General Meeting Results
19-Nov-08	2008 Annual General Meeting Presentation
19-Nov-08	2009 Interim Distribution Announcement
11-Nov-08	MCG notes successful completion of the first stage of DSO
07-Nov-08	Letter to shareholders re MCG to repay Exchangeable Bonds
31-Oct-08	Change in substantial holding
31-Oct-08	MCG to repay Exchangeable Bonds
30-Oct-08	MCG Announces further purchase of Exchangeable Bonds
22-Oct-08	MCG Corporate Governance
16-Oct-08	2008 Annual General Meeting Notices and Forms
25-Sep-08	2008 Annual Report
24-Sep-08	Change of Company Secretary
12-Sep-08	Financial Close of Sale of GTP
05-Sep-08	Change in substantial holding
02-Sep-08	Becoming a substantial holder
02-Sep-08	Successful Completion of Tender Offer for Exchangeable Bonds

8.10 Consents

- (a) The following parties have given and have not, before the lodgement of this Scheme Booklet with ASIC, withdrawn their written consent to be named in this Scheme Booklet in the form and context in which they are named:
- i) Greenwoods & Freehills as tax advisers to MCG;
 - ii) Freehills as legal advisers to MCG;
 - iii) Computershare Investor Services Pty Limited as the Registry;
 - iv) Deloitte Corporate Finance Pty Limited as Independent Expert;
 - v) Grant Samuel as independent financial adviser to the IBC in regard to the aspects of the CPPIB Proposal and Ancillary Transaction concerning potential conflicts of interests between MCG and the Macquarie Group;
 - vi) Egan Associates as remuneration consultant to MCG with respect to the work undertaken by the Independent Directors in regard to the CPPIB Proposal; and
 - vii) Macquarie Capital Advisers Limited as financial adviser to MCG in relation to the CPPIB Proposal.
- (b) Greenwoods & Freehills have given, and have not withdrawn, their written consent to the inclusion of the tax report in Section 7 of this Scheme Booklet for MCG Security holders, and the references to that letter, in the form and context in which they are included in this Scheme Booklet.
- (c) Deloitte Corporate Finance Pty Limited has given and has not, before the lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to:
- i) the inclusion of the Independent Expert's Report and the references to that report; and
 - ii) the inclusion of the Ancillary Transaction Report and the references to that report,
- in the form and context in which they are included in, or accompany, this Scheme Booklet.
- (d) CCPL and CPPIB have given and have not, before the lodgement of this Scheme Booklet with ASIC, withdrawn their written consent to the inclusion of the Bidder Information, and the references to that information, in the form and context in which they are included in, or accompany, this Scheme Booklet.

- (e) Macquarie Capital Group Limited has given and has not, before the lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to the inclusion of the Macquarie Information, and the references to that information, in the form and context in which they are included in, or accompany, this Scheme Booklet.
- (f) Each party referred to in this Section 8.10:
- i) has not made any statement in, or accompanying, this Scheme Booklet, or any statement on which a statement in, or accompanying, this Scheme Booklet is based, other than the statements and references included in, or accompanying this Scheme Booklet with the consent of that party (as set out in paragraphs (b), (c), (d) and (e) of this Section 8.10); and
 - ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than with respect to the statements and references included in, or accompanying, this Scheme Booklet with the consent of that party (as set out in paragraphs (b), (c), (d) and (e) of this Section 8.10).

8.11 Supplementary Information

MCG will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known at the date of lodgement with ASIC.

Depending on the nature of the timing of the changed circumstances and subject to obtaining any relevant approvals, MCG may, in addition to releasing the supplementary information on ASX, circulate and publish any supplementary document by any one or more of the following methods:

- (a) placing an advertisement in a prominently placed newspaper which is circulated generally throughout Australia;

- (b) posting the supplementary document on MCG's website, www.macquarie.com/mcg; and
- (c) posting the supplementary document to all MCG Security holders.

8.12 Other

8.12.1 Other material information

Otherwise than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the other information that is contained in the annexures to this Scheme Booklet, in the opinion of the IBC there is no other information that is material to the making of a decision by an Eligible MCG Security holder whether or not to vote in favour of the Resolutions to approve the Schemes, being information that is known to any MCG Director and which has not been previously disclosed to MCG Security holders.

8.12.2 Material changes since full year 30 June 2008 audited financial statements

The last annual financial statements presented to MCG Security holders in general meeting and sent to MCG Security holders were the audited financial statements for the year ended 30 June 2008 as lodged with the ASX on 26 August 2008. So far as is known by MCG Directors, the only material changes to the financial position of MCG since the date of those annual financial statements are as announced to the ASX or as set out in this Scheme Booklet. These include:

- (i) the sale of GTP as announced on 22 August 2008, with financial close occurring on 12 September 2008;
- (ii) the repurchase of Exchangeable Bonds due 2012 and Exchangeable Bonds due 2013 at a discount to face value as announced on 2 September 2008, 30 October 2008, 21 November 2008;
- (iii) the signing of the legal undertakings between Arqiva and the UK Competition Commission regarding the merger of Arqiva and NGW and the subsequent lifting of the hold separate arrangements on 1 September 2008 which had been in place since the acquisition of NGW by Arqiva in April 2007;
- (iv) the announcement of the reduced distribution guidance for FY2009 on 31 October 2009 in order to prioritise MCG's cash flow to debt reduction;
- (v) the MCG Interim Financial Report for the half year ended 31 December 2008 (lodged with the ASX on 18 February 2009); and
- (vi) events subsequent to 31 December 2008 and prior to the signing of the interim report on 17 February, as outlined in note 11 of the MCG Interim Financial Report, including Broadcast Australia's successful refinance of \$250 million medium term notes and extension of the majority of its capital expenditure and working capital facility to 2012, and the continuing revaluation of interest rate swaps which may be material between 31 December 2008 and the date of this Scheme Booklet.

8.12.3 ASIC relief

ASIC has granted the following exemptions and modifications in connection with this Scheme Booklet and the CPPIB Proposal:

- a modification of item 7 of section 611 of the Corporations Act, to permit Unit holders to vote in favour of the Acquisition Resolution at the Trust Scheme Meeting for the purpose of Item 7 of section 611 (disregarding votes of CCPL and associates of CCPL, unless the associate is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary who is not an associate of CCPL, directing the associate how to vote); and
- an exemption from any requirement for CPPIB (or CCPL) to comply with Division 5A of Part 7.9 of the Corporations Act in relation to the Trust Scheme and the MMCGIL Share Scheme.

8.12.4 Fees

Each of the persons named in Section 8.10(a) of this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

As detailed in Section 8.7 of this Scheme Booklet, the Independent Directors will also receive a special exertion benefit.

8.13 Status of regulatory conditions

Implementation of the Schemes is subject to CCPL receiving approvals from certain Regulatory Authorities.

The key Conditions Precedent of the Scheme Implementation Agreement are summarised in Section 8.18 of this Scheme Booklet.

CPPIB has applied for Australian foreign investment approval under FATA and is awaiting the outcome of that application.

The BMA has granted approval for the acquisition of the MMCGIL Shares and the A special share and B special share in MMCGIL, as well as for the acquisition of Bermuda subsidiaries of MMCGIL. CPPIB has also made or is in the process of making filings with the Office of Fair Trading in the UK and the FCC and CFIUS in the US.

8.14 Relevant interests and voting power of CPPIB, CCPL and their associates in MCG Securities

8.14.1 Total MCG Securities on issue

As at the date of this Scheme Booklet, there are 546,254,151 MCG Securities on issue.

8.14.2 Relevant interests as at date of Scheme Booklet

As at the date of this Scheme Booklet, neither CPPIB nor CCPL hold any relevant interest in MCG Securities pursuant to the Corporations Act. However, pursuant to the Corporations Act, MCIML is considered to be an associate of CPPIB and CCPL, and MCIML does hold a relevant interest in MCG Securities. CPPIB's and CCPL's association with MCIML arises as a result of entering into the Scheme Implementation Agreement. As at 28 April 2009 MCIML held an interest in 100,139,074 MCG Securities or approximately 18.33 per cent of the total number of MCG Securities on issue, and also has a relevant interest in the MCG Securities in which other entities within the Macquarie Group have a relevant interest. Pursuant to the Corporations Act, as at 28 April 2009, MCIML has a relevant interest in 114,450,405 MCG Securities or approximately 20.96 per cent of the total MCG Securities on issue.³¹ As noted above, however, none of Macquarie Group, CPPIB, CCPL or their respective associates (including MCIML) will vote at the Meetings (except to the extent that these entities and their associates hold MCG Securities on behalf of third parties who are not excluded from voting and who provide explicit voting instructions).

³¹ MCIML also holds 1 A Special Share in the capital of MCIL and 1 A Special Share in the capital of MMCGIL. Those A special shares are technically 'voting shares' because they carry voting rights beyond the rights listed in the definition of 'voting share' in section 9 of the Corporations Act. However, the only voting rights that those shares carry relate to:

- a proposal by the holder of the special A share to appoint a director or managing director (pursuant to its powers to appoint up to 50% of the directors) or remove a director or managing director appointed by the holder of the special A share;
- any variation of the rights attached to the special A share; and
- any other matter in respect of which the Corporations Act or the Bermuda Companies Act (as applicable) prevents the right to vote being excluded or restricted.

8.14.3 Voting power as at date of Scheme Booklet

Under the Corporations Act, a person has voting power in the total number of voting securities in which the person or an associate has a relevant interest. Therefore CPPIB and CCPL have voting power in relation to all MCG Securities in which MCIML has a relevant interest. Accordingly, as at 28 April 2009 CPPIB, CCPL and their associates have voting power in relation to approximately 20.96 per cent of MCG Securities (the relevant interest of MCIML described in paragraph 8.14.2 above).³²

8.14.4 Relevant interests and voting power as a result of the Schemes and the Ancillary Transaction

As a result of the Schemes and the Ancillary Transaction, CPPIB and CCPL will acquire a relevant interest, and voting power, in 100 per cent of MCG Securities.³³ That will be an increase in voting power of 79.04 per cent from the current level of voting power held by CPPIB and CCPL as at 28 April 2009 of 20.96 per cent.

8.15 Acquisitions of MCG Securities by CCPL or its associates

During the period of four months prior to the date of this Scheme Booklet, MCIML (an associate of CPPIB and CCPL for the reasons outlined in Section 8.14 above) acquired MCG Securities for a cash sum price per MCG Security of A\$0.83.

Except as specified above, during the period of four months prior to the date of this Scheme Booklet, neither CPPIB, CCPL nor their associates provided, or agreed to provide, consideration for MCG Securities under a purchase or agreement.

8.16 Pre-Schemes benefits

In the four months prior to the date of this Scheme Booklet, neither CCPL nor any of its associates have provided any benefit, or agreed to provide any benefit, to a person to induce them to vote in favour of the CPPIB Proposal or to dispose of their MCG Securities, other than the agreement under the Deed Poll for CCPL to pay the Scheme Consideration under the Schemes if they become Effective.

³² CPPIB and CCPL also have voting power in the A special shares held by MCIML in each of MCIL and MMCGIL, with their limited voting rights, as referred to above.

³³ As a result of the Schemes and the Ancillary Transaction, CPPIB and CCPL will also acquire a relevant interest in the A special shares in each of MCIL and MMCGIL, with their limited voting rights, as referred to above (CCPL will indirectly acquire the A special shares in each of MCIL and MMCGIL as a result of the Ancillary Transactions).

8.17 Intention of the MCG Boards

If the Schemes become Effective, the current directors on the MCG Boards propose to resign with effect from the Implementation Date. From the Implementation Date, nominees of CPPIB will be the directors of MCG and responsible for its operations including in relation to the matters addressed below.

The intentions of the current MCG Boards in relation to the following matters are set out below:

- (a) the continuation of the businesses of MCG – until the Implementation Date the MCG Boards intend to conduct the business of MCG in the ordinary course, subject to MCG's obligations under the Scheme Implementation Agreement;
- (b) any major changes to be made to the businesses of MCG – until the Implementation Date the MCG Boards do not intend to make major changes to the businesses of MCG; and
- (c) any determination regarding future employment of the present personnel of MCG and its businesses – until the Implementation Date the MCG Boards intend to conduct the business of MCG in the ordinary course, subject to MCG's obligations under the Scheme Implementation Agreement.

8.18 Summary of Key Terms of Scheme Implementation Agreement

On 4 May 2009, CCPL and CPPIB executed the Deed Poll pursuant to which CCPL agrees, subject to the Schemes becoming Effective, to provide to each Scheme Participant the Scheme Consideration to which each Scheme Participant is entitled under the terms of the Schemes. The Deed Poll automatically terminates if the Scheme Implementation Agreement is terminated in accordance with its terms.

Some of the key terms of the Scheme Implementation Agreement are summarised below.

The information contained in this Section 8.18 is a summary only. A full copy of the Scheme Implementation Agreement was lodged with the ASX on 31 March 2009 and is available to be downloaded from www.asx.com.au or from the MCG website: www.macquarie.com/mcg.

Conditions to Schemes	<p>The Schemes are subject to the following Conditions Precedent being satisfied on or prior to the Second Court Date:</p> <ul style="list-style-type: none"> (a) Approvals, where required, from all relevant Australian regulatory bodies such as FIRB and ACCC as well as UK Regulatory Approvals and Other Antitrust Clearances. (b) Court approval and Bermuda Court approval of the Schemes in accordance with section 411(4)(b) of the Corporations Act and section 99(2) of the Companies Act. (c) Relevant MCG Security holder approval of the Schemes at the Scheme Meetings by the requisite majorities under the Corporations Act and the Companies Act (as applicable). (d) MCG Security holders' approval of the Additional Resolutions.³⁴ (e) No restraints issued by any court or regulatory authority preventing implementation of the Schemes. (f) No Target Material Adverse Change as stipulated in the Scheme Implementation Agreement has occurred. (g) No Prescribed Occurrence as stipulated in the Scheme Implementation Agreement has occurred. (h) The MCG Independent Directors do not change, qualify or withdraw their recommendation that MCG Security holders vote in favour of the Schemes (in the absence of a Superior Proposal and subject to the Independent Expert continuing to maintain that the Schemes are in the best interests of MCG Security holders and fair and reasonable). (i) MCG representations and warranties as stipulated in the Scheme Implementation Agreement are true and correct at the relevant times. (j) CPPIB representations and warranties as stipulated in the Scheme Implementation Agreement are true and correct at the relevant times. (k) MCG has not breached any provision of the Scheme Implementation Agreement to a material extent in the context of the Schemes as taken as a whole. (l) CPPIB is not in breach of specified provisions of the Scheme Implementation Agreement to a material extent in the context of the Schemes taken as a whole. (m) The Share Acquisition Agreement in respect of the Ancillary Transaction has not been terminated and the only outstanding condition to completion of the Ancillary Transaction is the implementation of the Schemes. (n) Each of the Arqiva PPL Unwind Documents has been executed (and the Escrow Documents have been placed into escrow) and no such documents have been terminated. (o) Either consent to the Transaction by Ambac has been obtained or certain ratings affirmations as stipulated in the Scheme Implementation Agreement have been provided to Ambac. (p) A ruling from the Australian Taxation Office confirming that there is no application of section 51AD of the Income Tax Assessment Act 1936 to Broadcast Australia Pty Limited has been obtained and delivered to CPPIB. (q) MCG delivers a certificate as to EBITDA (as that term is defined in the Scheme Implementation Agreement) as stipulated by the Scheme Implementation Agreement. (r) Irrevocable consent to the implementation of the Transaction has been obtained by CPPIB from SBS in connection with the SBS Analogue Extension Agreement and the SBS Digital Agreement.
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Exclusivity obligations	<p>From the date of the Scheme Implementation Agreement to the earlier of the termination of the Scheme Implementation and the Effective Date, MCG must not and must procure that its representatives do not:</p> <ul style="list-style-type: none"> ▪ directly or indirectly solicit, initiate, invite, facilitate or encourage any inquiries, proposals or discussions in relation to or which may be expected to lead to a Competing Proposal, ▪ directly or indirectly participate in discussions or negotiations in relation to a Competing Proposal, or which may be expected to lead to, a Competing Proposal; ▪ accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding in relation to, or which may be expected to lead to, a Competing Proposal; ▪ communicate to any person an intention to do any of the above things; or ▪ permit any party to undertake due diligence on any Target Group Entity (as defined in the Scheme Implementation Agreement), permit any person to obtain confidential information relating to any Target Group Entity (in each case for the purpose of obtaining a Competing Proposal) or disclose information about the business or affairs of MCG, Airwave Holdco, Arqiva Holdco or any of their Controlled Entities (as defined in the Scheme Implementation Agreement) other than in the ordinary course of business or communicate an intention to do any of the above. <p>MCG must notify CPPIB promptly on becoming aware of any negotiations or discussions or approaches or attempts to initiate any negotiations or discussions regarding a Competing Proposal, including certain details of such approaches or proposals.</p>
Limitations to exclusivity obligation	<p>Certain exclusivity obligations do not apply to the extent they restrict the Independent Directors from taking any action with respect to a Superior Proposal which was not solicited, initiated, invited, facilitated or encouraged.</p>
Break fee	<p>MCG may become liable to pay to CPPIB a break fee of 1% of the number of MCG Securities on issue (at the time) multiplied by the Scheme Consideration per MCG Security (expected to be approximately \$13,656,353) in certain circumstances. These circumstances include where any of the following events have occurred and either the Schemes have not been implemented by 11.59pm on the Sunset Date or CPPIB has terminated Scheme Implementation Agreement:</p> <ul style="list-style-type: none"> ▪ the Court or the Bermuda Court do not approve the Schemes; ▪ there is a restraining order in effect prohibiting or restricting the Schemes; ▪ CPPIB terminates the Scheme Implementation Agreement because a Prescribed Occurrence has occurred; ▪ CPPIB terminates the Scheme Implementation Agreement because a Target Material Adverse Change has occurred; ▪ CPPIB terminates the Scheme Implementation Agreement because MCG breaches a representation, warranty or undertaking given by MCG and the breach is material in the context of the Schemes taken as a whole; ▪ CPPIB terminates the Scheme Implementation Agreement because MCG is in material breach of the Scheme Implementation Agreement in the context of the Schemes taken as a whole; ▪ a Superior Proposal is announced or made and is publicly recommended, promoted or otherwise endorsed by any of the Independent Directors, Gerald Moriarty or the MCG Boards; ▪ an Independent Director changes or withdraws his recommendation that MCG Security holders vote in favour of the Schemes or otherwise makes a public statement suggesting that the Schemes are no longer so recommended, subject to certain exceptions; or ▪ the Schemes are not implemented by 11.59pm on the Sunset Date for any reason other than those set out in clause 14.2(a)(4) of the Scheme Implementation Agreement. <p>No break fee is payable, however, if MCG Security holders do not pass the Resolutions in respect of the Schemes.</p>

Termination

Each of MCG and CPPIB have termination rights under the Scheme Implementation Agreement in certain circumstances.

Either MCG or CPPIB may terminate the Scheme Implementation Agreement if:

- the Transaction does not become Effective by the Sunset Date (other than as a result of a breach by the terminating party of its obligations);
- the required majorities of MCG Security holders do not approve the Schemes at the Scheme Meetings;
- at any time before 8.00am on the Second Court Date there is an order, decree, ruling or other permanent restraint by a court or other Regulatory Authority that permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed; or
- there is a breach or non fulfilment of a Condition Precedent which is not waived at least 10 Business Days before the Sunset Date or a Condition Precedent can no longer be satisfied and has not been waived, after consultation a party can terminate in certain circumstances.

CPPIB may terminate the Scheme Implementation Agreement if:

- at any time prior to 8.00am on the Second Court Date, MCG is in breach of the Scheme Implementation Agreement and the breach is material in the context of the Schemes taken as a whole, and MCG has not cured the breach within 10 Business Days after having received notice from CPPIB (or any shorter period ending at 8.00am on the Second Court Date);
- MCG breaches any representation, warranty or undertaking and which breach cannot be or is not remedied before 8.00am on the Second Court Date and the breach is material in the context of the Schemes taken as a whole;
- any of the Independent Directors modify or withdraw their recommendation that MCG Security holders vote in favour of the Schemes, withdraw the recommendation from this Scheme Booklet or make a public statement to the effect that the Schemes are no longer recommended;
- a Superior Proposal is announced or made and is publicly recommended, promoted or otherwise endorsed by any of the Independent Directors, Gerald Moriarty or the MCG Boards; or
- a Prescribed Occurrence or Target Material Adverse Change has occurred.

MCG may terminate the Scheme Implementation Agreement if:

- CPPIB is in breach of certain of its obligations under the Scheme Implementation Agreement and the breach is material in the context of the Schemes taken as a whole, and CPPIB has not cured the breach within 10 Business Days after having received notice from MCG (or any shorter period ending at 8.00am on the Second Court Date);
- CPPIB breaches any representation, warranty or undertaking which cannot be remedied before 8.00am on the Second Court Date and the breach is material in the context of the Schemes taken as a whole; or
- there is a Superior Proposal and a majority of the Independent Directors change or withdraw their recommendation of the Schemes and recommend a Superior Proposal and the break fee is payable in full by MCG.

If a termination right is exercised, the Schemes will not proceed.

34 Other than the resolutions to change the names of MCIL and MMCIL

8.19 Unwinding the PPLs

In April 2007, Macquarie UK Broadcast Holdings Ltd (**MUKBHL**) (the consortium vehicle for the investment in Arqiva) conducted a rights issue process as part of the National Grid Wireless acquisition. Two Macquarie Group managed unlisted funds, Macquarie European Infrastructure Fund II (**MEIF II**) and Macquarie FSS Infrastructure Trust (**MFIT**), participated in the MUKBHL rights issue through MCG's rights entitlement via profit participating loans with MCG's wholly-owned subsidiary, MICAL (the **MEIF II PPL** and the **MFIT PPL** respectively).³⁵

The funding that MCG obtained through the MEIF II PPL and the MFIT PPL ensured that MICAL could take up its full entitlement under the rights issue. In return for the funding, MICAL held the 17.1 per cent economic interest in Arqiva that was funded by MEIF II and MFIT on their behalf. Details of the MEIF II PPL and the MFIT PPL were provided to MCG Security holders and approved at the MCG special general meeting held on 13 June 2007.

In addition, in March 2007, MICAL entered into another profit participating loan with another Macquarie-managed unlisted fund, Macquarie Global Infrastructure Fund II (**GIF2**) to fund GIF2's entitlement in the MUKBHL rights issue (the **GIF2 PPL** and, together with the MFIT PPL and the MEIF II PPL, the **PPLs**). The GIF2 PPL increased MCG's economic interest in Arqiva by 0.73 per cent and did not require MCG Security holder approval because the increase to MCG's economic interest in Arqiva represented less than 5 per cent of MCG's net assets.

As a result the operation of the PPLs, following the rights issue MCG's legal holding (through MICAL) in Arqiva was 60.1 per cent, but economic interest was 43.7 per cent. Following three subsequent transactions entered into between MICAL and other Arqiva shareholders in 2007 and 2008, MCG increased its legal interest to 64.9 per cent and its economic interest to 48.0 per cent. In these transactions, MCG increased its economic interest in Arqiva by 4.3 per cent, and MEIF II and MFIT each increased their economic interests via the PPLs by 0.2 per cent.

The PPLs can be repaid with cash, or with agreement of the PPL counterparties, shares in MUKBHL and loan notes in MUKBS. If MCG Security holders approve the Schemes, and MCG obtains court approval on the Second Court Date, MCG intends to unwind the PPLs by a transfer of the underlying MUKBHL shares and MUKBS loan notes in accordance with the ASX waiver granted to MCG on 29 April 2009.

The effect of unwinding the PPLs on MCG is that its legal interest will be made equal to its economic interest of 48.0 per cent in Arqiva and it is this interest that CPPIB will acquire through the CPPIB Proposal. There is no financial impact on MCG arising from this process other than paying the costs of the PPL counterparties (including stamp duty), which is expected to be approximately \$3.1 million.

If the Schemes are not approved then the PPLs with MFIT and MEIF II will not be unwound.

8.20 Existing management arrangements summary

The following is a high level summary of the existing MCG management arrangements with MCIML. If the proposed Transaction and Ancillary Transaction do not proceed, the existing management arrangements between MCG and MCIML will remain in place. The following description is not exhaustive, but is merely intended to provide a brief description of the current arrangements, which may also be read alongside the Ancillary Transaction Report when considering the Ancillary Transaction or the full agreements and summaries which can be found on the MCG website www.macquarie.com/mcg.

Under the terms of the MCIT Constitution, MCIL Management Services Agreement and MMCGIL Advisory Agreement (**Management Agreements**), MCIML must cause the carrying out of management, secretarial, accounting and reporting functions of each of MCIT, MCIL and MMCGIL. MCIML also makes recommendations regarding the investments, divestments and capital management of MCIL and MMCGIL.

MCIML as manager/adviser is engaged by MCIL and MMCGIL on an exclusive basis, although the manager/adviser itself may act for other parties. MCIML has agreed that another Macquarie Group entity may provide advisory services to MCIL and MMCGIL as part of the Ancillary Transaction (these services are described in Section 6.3).

There is no fixed term under the MCIL Management Services Agreement or the MMCGIL Advisory Agreement but MCIML may retire on 90 days written notice and can be removed by the directors if a resolution to remove MCIML is passed by at least 50% of votes cast at a meeting of MCG Security holders entitled to vote.

³⁵ These loans were initially provided as unsecured loans to MICAL by MEIF II and MFIT and subsequently restated as profit participating following MCG Security holder approval on 13 June 2007.

8. ADDITIONAL INFORMATION

Under the MCIT Constitution, MCIML may be removed as responsible entity of MCIT in accordance with the Corporations Act, which generally requires an ordinary resolution of Unit holders approving the removal or retirement and approving the appointment of a new responsible entity.

Under the Management Agreements, MCIML is entitled to base and performance fees for acting as responsible entity of MCIT, manager of MCIL and adviser to MMCGIL. Base management and performance fees are determined in accordance with a defined formula (set out below) under the Management Agreements which is linked to market performance, and in the case of performance fees, ongoing outperformance against an external benchmark.

Base Fees	<p>Payable quarterly.</p> <p>Base Fee =</p> <p>1.5% per annum of the amount of Net Investment Value (as defined in the Management Agreements) up to \$500 million; plus</p> <p>1.25% per annum of the amount by which the Net Investment Value exceeds \$500 million and does not exceed \$1 billion; plus</p> <p>1% per annum of the amount by which the Net Investment Value exceeds \$1 billion.</p> <p>Net Investment Value is the Market Value of MCG Securities (as defined in the Management Agreements) plus the amount of any external borrowings and the amount firmly committed to future investments less the amount invested in cash or cash equivalents.</p> <p>Market Value is the volume weighted average market price over the last 15 ASX trading days of each quarter.</p> <p>The responsible entity and the manager/adviser may apply the base fee in subscription for MCG Securities, in which case the price of the MCG Securities is the volume weighted average trading price of the MCG Securities traded on ASX during the 15 trading days up to and including the quarter end date.</p>
Performance Fees	<p>Payable at 30 June and 31 December if earned.</p> <p>Payable in the event that the MCG accumulation index (as defined in the Management Agreements - the Return) outperforms the S&P/ASX 200 Industrials Accumulation Index (the Benchmark Return) for the period having made up for underperformance in previous periods.</p> <p>Performance fee = 20% of the amount (if any) by which the Return exceeds the Benchmark Return for that period.</p> <p>Any underperformance deficit from prior periods must be made up before future performance fees can be earned.</p> <p>The responsible entity and the manager/adviser may apply the performance fee in subscription for MCG Securities, in which case the price of the MCG Securities is the volume weighted average trading price of the MCG Securities traded on ASX during the first 15 trading days after the end of the relevant period.</p>

Historic management fees payable by MCG

Management Fees Summary	6 months to 31 Dec 08 \$million	Year to 30 Jun 08 \$million	Year to 30 Jun 07 \$million
Base Fees	9.5 ³⁶	38.4	31.3
Performance Fees	–	–	– ³⁷
Total Fees Payable by MCG	9.5	38.4	31.3

8.21 Broker handling fees

CCPL will pay a broker handling fee (Handling Fee) to participating organisations of ASX (Brokers) in respect of valid proxy forms received from MCG Security holders to vote all MCG Securities they hold at the Scheme Meetings. The Handling Fee will be paid to Brokers in respect of proxy forms received from MCG Security holders in the circumstances set out below, where such proxy forms are from clients of the Broker and were procured by the Broker.

The Handling Fee will be 0.75% of \$2.50 (being the Scheme Consideration) per MCG Security that the proxy forms relate to, with a minimum amount of \$50 and a maximum amount of \$750 for each MCG Security holder in respect of whom a proxy form is submitted.

A Handling Fee will only be payable to a Broker if:

- a valid proxy form is received from an MCG Security holder to vote all MCG Securities they hold at the Scheme Meetings;
- the Schemes become Effective; and
- the proxy form is received by MCG before the deadline for lodgement of the proxy forms, being 11.30am (Sydney time) on Monday, 15 June 2009.

Details of the claims method will be communicated to Brokers separately.

The Handling Fee is payable to Brokers only, not to MCG Security holders, and will not be paid in respect of MCG Securities held by the Broker or an associate on its own account. A Broker's acceptance of CCPL's offer to pay the Handling Fee constitutes a representation that neither the Broker nor any associate is the MCG Security holder who has submitted a proxy form, and that the fee will not be passed on or otherwise shared directly or indirectly with any MCG Security holder.

No Handling Fee will be paid in respect of any proxy form in which a MCG Security holder does not vote all the MCG Securities they hold, which is not treated as valid by MCG, for which more than one Broker tenders a proxy form or which has been sent to Computershare Investor Services Pty Limited directly by the MCG Security holder or through another agent.

No Handling Fee will be paid in respect of any proxy form where the MCG Security holder that executed the proxy form withdraws the proxy form or otherwise takes action that results in the proxy form becoming ineffective or the relevant proxy not being able to vote the MCG Securities the subject of the proxy form.

CCPL reserves the right to:

- aggregate any proxy forms in determining the Handling Fees payable to any Broker if it reasonably believes that a party has structured holdings of MCG Securities to take advantage of the Handling Fees;
- determine, in its sole discretion, any disputes regarding whether a Handling Fee is payable; and
- not pay a Handling Fee if it reasonably believes that to do so is likely to involve a breach of the Corporations Act by CCPL or CPPIB or any of their directors, officers, employees or agents.

Subject to the terms set out in this Scheme Booklet, payment of the Handling Fee in respect of any proxy forms will be despatched within 5 Business Days after the Implementation Date.

³⁶ \$9.5m reinvested in MCG Securities.

³⁷ \$13.4m paid and reinvested in MCG Securities during this period relates to performance in the period 6 months to 31 December 2005.

9. Glossary of Entities referred to in this Scheme Booklet

The regulatory structure for a stapled security group can be complicated by the number of companies and trusts involved and the entities, such as advisers, managers and responsible entities, which are appointed to assist in their management.

This Section sets out a glossary of entities that are referred to throughout this Scheme Booklet.

9.1 Existing Group – Macquarie Communications Infrastructure Group or MCG

MCG means Macquarie Communications Infrastructure Group comprising MCIL, MMCGIL and MCIT (including, where applicable, acting through MCIML as the responsible entity of MCIT).

MCIL means Macquarie Communications Infrastructure Limited ABN 18 084 388 983, an Australian public company.

MMCGIL means Macquarie MCG International Limited ARBN 112 652 490 (EC 35258), a Bermuda exempted mutual fund company.

MCIML means Macquarie Communications Infrastructure Management Limited ABN 29 066 047 738 (AFSL Number 221936), which is the responsible entity of MCIT, manager to MCIL and adviser to MMCGIL. MCIML is a Wholly Owned subsidiary of Macquarie Group.

MCIT means Macquarie Communications Infrastructure Trust ARSN 101 048 293, an Australian registered managed investment scheme.

9.2 Registry

Registry means the manager of the Register, being Computershare Investor Services Pty Limited.

9.3 Entities in which MCG has invested

Airwave means Guardian Digital Communications Holdings Ltd, the primary provider of secure digital radio and communications to Great Britain's police, fire and ambulance services and public safety organisations.

Arqiva means Macquarie UK Broadcast Holdings Ltd, the operator of a network of communications assets across the United Kingdom.

Broadcast Australia means Broadcast Australia Holdings Pty Ltd and Broadcast Australia Finance Pty Ltd, the owner and operator of an Australian national broadcast transmission network.

Global Tower Partners or **GTP** (sold in September 2008), owner and operator of towers and sites for wireless communications services in the United States.

National Grid Wireless or **NGW**, merged with Arqiva.

9.4 The Bidder

CCPL means CPPIB Communications Pty Limited (ACN 136 263 011).

CIHI means CPPIB Infrastructure Holdings Inc.

CPPIB means the Canada Pension Plan Investment Board.

9.5 Macquarie Entities which are involved in the Ancillary Transaction

Macquarie Capital is an operating group within the Macquarie Group. It conducts its business through various entities including (relevantly) MCGL, MCIHPL, MCIML and MIASPL each of which is a Wholly Owned Subsidiary of Macquarie Group.

Macquarie Parties means MCGL, MCIML, MCIHPL and MIASPL and each of them is a **Macquarie Party**.

MCGL means Macquarie Capital Group Limited ABN 54 096 705 109.

MCIHPL means Macquarie Capital International Holdings Pty Limited ABN 24 123 199 253. MCIHPL owns all of the shares in MCIML.

MIASPL means Macquarie International Advisory Services Pty Limited ABN 84 127 735 960.

9.6 Other Entities referred to in this Scheme Booklet

BT means BT Group Plc.

Deloitte means Deloitte Corporate Finance Pty Limited ABN 19 003 833 127.

Grant Samuel means Grant Samuel Corporate Finance Pty Limited.

Hostworks means Hostworks Group Ltd.

Inmedia means Inmedia Communications Ltd.

MEIF II means Macquarie European Infrastructure Fund II.

MFIT means Macquarie-FSS Infrastructure Trust.

MICAL means Macquarie International Communications Assets Limited, the entity which holds MCG's interest in MUKBHL.

MUKBHL means Macquarie UK Broadcast Holdings Ltd, the holding company of Arqiva and National Grid Wireless.

MUKBS means Macquarie UK Broadcast Services Plc, a wholly owned subsidiary of MUKBHL.

10. Glossary and Interpretation

In this document:

ABC means Australian Broadcasting Corporation.

ACCC means the Australian Competition and Consumer Commission.

Acquisition Resolution means 'Resolution 2' set out in the Notice of Trust Scheme Meeting at Annexure D.

Additional MCIL Resolutions means the following resolutions of holders of MCIL Shares:

- a resolution to approve the unstapling of MCIL Shares from MMCGIL Shares and from MCIT Units, with effect from the Implementation Date, in accordance with the requirements of the MCIL Constitution and the Stapling Deed;
- a resolution for the purpose of item 7 of section 611 of the Corporations Act to approve the acquisition of relevant interests in MCIL Shares resulting from the Share Acquisition Agreement; and
- a special resolution to change the name of MCIL to CPPIB Communications Infrastructure Limited with effect from the Implementation Date.

Additional MCIT Resolutions means the following resolutions of Unit holders:

- a resolution to approve the unstapling of MCIT Units from MCIL Shares and from MMCGIL Shares, with effect from the Implementation Date, in accordance with the requirements of the MCIT Constitution and the Stapling Deed; and
- a resolution for the purpose of item 7 of section 611 of the Corporations Act to approve the acquisition of relevant interests in MCIT Units resulting from the Share Acquisition Agreement.

Additional MMCGIL Resolutions means the following resolutions of holders of MMCGIL Shares:

- a resolution to approve the unstapling of MMCGIL Shares from MCIL Shares and from MCIT Units, with effect from the Implementation Date, in accordance with the requirements of the MMCGIL Bye-Laws and the Stapling Deed;
- a special resolution to amend the MMCGIL Bye-Laws by deleting Bye-Law 11(e)(ii) with effect from the Effective Date; and
- a resolution to change the name of MMCGIL to CPPIB Communications Group International Limited with effect from the Implementation Date.

Additional Resolutions means the Additional MCIL Resolutions, the Additional MMCGIL Resolutions and the Additional MCIT Resolutions.

Adjusted Net Cash has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

AFSL means Australian financial services licence.

Amendment Resolution means 'Resolution 1' set out in the Notice of Trust Scheme Meeting at Annexure D.

Ancillary Transaction has the meaning given in Section 6.1 of this Scheme Booklet.

Ancillary Transaction Report means the report prepared by the Independent Expert in relation to the Ancillary Transaction, a copy of which is at Annexure B of this Scheme Booklet.

Arqiva PPL Unwind Documents has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

AUD means Australian dollars.

Australian Accounting Standards means the standards issued by the Australian Accounting Standards Board as in force at the balance date of the relevant financial statements.

Australian Eastern Standard Time means the time in Sydney, Australia.

BDST means Bermuda Day Light Savings Time.

Bermuda Court means the Supreme Court of Bermuda.

Bidder Information means the information contained in the following parts of this Scheme Booklet:

- (a) in the Section "Why you might vote in favour of the CPPIB Proposal", the last bullet point under the heading 'The CPPIB Proposal offers certain and immediate value to Security holders in an uncertain economic environment';
- (b) in Section 1 "Frequently Asked Questions" (i) the response to question 4; (ii) the response to question 17 to the extent it relates to CPPIB and CCPL and their associates other than a Macquarie Group entity; (iii) first, second and third sentences of the response to question 19 and the sixth sentence but only to the extent it relates to CPPIB and CCPL and its associates other than a Macquarie Group entity; and (iii) the response to question 25;

- (c) in Section 2, the last paragraph under the heading “2.2 Entitlement to Vote” but only to the extent it relates to CPPIB and CCPL and their associates other than a Macquarie Group entity;
- (d) in Section 4: (i) the second sentence in the seventh paragraph under the heading “4.1 Background” commencing “From these discussions, CPPIB ultimately decided”; (ii) the last sentence of paragraph (ii) under the heading “4.3.2 Trust Scheme” but only to the extent it relates to CPPIB and CCPL and its associates other than a Macquarie Group entity; (iii) under the heading “4.3.3 Additional Resolutions”, the words in brackets in the first bullet point;
- (e) Section 5;
- (f) in Section 6, under the heading Section “6.1 Background to the Ancillary Transaction”, the second and third sentence in the first paragraph;
- (g) in Section 8: (i) under the heading “8.4 Interests in contracts of CPPIB or CPPL held by MCG Directors”, the second paragraph; (ii) in the second paragraph under the heading “8.8 MCG’s Substantial Security holders”, (x) the first, second and third sentences; and (y) the fourth sentence but only to the extent it relates to CPPIB, CCPL and their associates other than a Macquarie Group entity (iii) under the heading 8.12.3 ASIC relief, the second and third bullet points (iv) under the heading “8.13 Status of Regulatory Conditions”, the second paragraph; (v) under the heading “8.14.2 Relevant Interests as at the date of Scheme Booklet, the first, second and third sentences in the first paragraph; (vi) under the heading “8.14.3 Voting power as at the date of Scheme Booklet”, the second sentence and footnote 32; (vii) under the heading “8.14.4 Relevant Interests and voting power as a result of the Schemes and Ancillary Transaction”, the first sentence and footnote 33; (viii) under the heading “8.15 Acquisitions of MCG Securities by CCPL or its associates”, the second paragraph but only to the extent it relates to CPPIB, CCPL and their associates other than a Macquarie Group entity; (ix) under the heading “8.16 Pre-Schemes benefits, the entire paragraph but only to the extent it relates to CCPL and its associates other than a Macquarie Group entity; (x) section 8.21 other than the sentence beginning “Details of the claims method...” and
- (h) in Section 9, the definitions under the heading “9.4 The Bidder.”

BMA means the Bermuda Monetary Authority.

BMA Approval has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Business Day means a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

CGT means Capital Gains Tax.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

Companies Act means the Companies Act 1981 of Bermuda.

Competing Proposal has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Conditions Precedent means the conditions precedent to the Schemes set out in clause 3.1 of the Scheme Implementation Agreement. A summary of the Conditions Precedent is contained in Section 8.18 of this Scheme Booklet.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Supreme Court of New South Wales.

CPPIB Acquisition Resolutions means resolutions for the purpose of item 7 of section 611 of the Corporations Act to approve the acquisition of relevant interests in MCIL Shares and MCIT Units resulting from, or in connection with, the Share Acquisition Agreement in respect of the Ancillary Transaction.

CPPIB Proposal means the proposed acquisition of all the MCG Securities, with the exception of those MCG Securities held by MCIML, by CCPL pursuant to the Schemes.

Deed Poll means the document at Annexure C which has been executed by CPPIB and CCPL.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Effective means, when used in relation to the Schemes, all of the following events taking place:

- (a) the order of the Court made under section 411(4)
- (b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the MCIL Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act; and

- (b) the order of the Bermuda Court made under section 99(2) of the Companies Act in relation to the MMCGIL Share Scheme coming into effect pursuant to section 99(3) of the Companies Act; and
- (c) the Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which all the Schemes become Effective, which is expected to be on or about 30 June 2009.

Eligible MCG Security holders means, in relation to any Resolution, each person who is registered in the Register as the holder of MCG Securities (and in respect of the Share Scheme Resolutions, excluding MCIML), as at the Meeting Record Date, entitled to vote on the Resolution, which excludes those identified in the 'Voting Exclusions' statement in the relevant Notice of Meeting.

Eligible MCIL Shareholders means, in relation to any Resolution, holders of MCIL Shares (and in respect of the Share Scheme Resolutions, excluding MCIML), as at the Meeting Record Date, entitled to vote on the Resolution, which excludes those identified in the 'Voting Exclusions' statement in the relevant Notice of Meeting.

Eligible MCIT Unit holders means, in relation to any Resolution, Unit holders, as at the Meeting Record Date, entitled to vote on the Resolution which excludes those identified in the 'Voting Exclusion' Statement in the relevant Notice of Meeting.

Eligible MMCGIL Shareholder means, in relation to any Resolution, holders of MMCGIL Shares (and in respect of the Share Scheme Resolutions, excluding MCIML), as at the Meeting Record Date, entitled to vote on the Resolution which excludes those identified in the 'Voting Exclusions' Statement in the relevant Notice of Meeting.

Escrow Documents has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Exchangeable Bonds means the AUD 2.5% guaranteed exchangeable bonds due in 2012 issued by MCIML as trustee of the MCG 2007 Sub Trust and the USD 2.5% guaranteed exchangeable bonds due in 2013 issued by MCIML as trustee of the MCG Global Tower Acquisition Trust.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

FIRB means the Foreign Investment Review Board.

First Judicial Advice means confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that MCIML as the responsible entity of MCIT would be justified in convening the Trust Scheme Meeting and proceeding on the basis that amending the MCIT

Constitution as set out in the Supplemental Deed would be within the powers of alteration conferred by the MCIT Constitution and section 601GC of the Corporations Act.

Guidance Note 19 means *Guidance Note 19: Insider Participation in Control Transactions* issued by the Takeovers Panel of Australia.

Implementation Date means the fifth Business Day after the Scheme Record Date, which is expected to be Tuesday 14 July 2009.

Independent Board Committee or **IBC** means the committee of the board of directors of MCG comprising the Independent Directors.

Independent Directors means the directors of the MCG Boards other than Gerald Moriarty being, Rodney Birrell, Kim Carter, Thomas Davis, Rod Keller, Malcolm Long, and Mel Ward.

Independent Expert means Deloitte Corporate Finance Pty Limited ABN 19 003 833 127.

Independent Expert's Report means the report prepared by the Independent Expert to be provided to the Independent Directors and MCG Security holders providing an opinion as to whether the Schemes are fair and reasonable and in the best interests of MCG Security holders.

Listing Rules means the official listing rules of ASX.

Macquarie Capital Advisers means a division of Macquarie Capital.

Macquarie Group means Macquarie Group Limited and its wholly owned subsidiaries.

Macquarie Information means the information contained in the following parts of this Scheme Booklet:

- (a) in the Letter from the Independent Directors: (i) the paragraph commencing with the words "If the CPPIB Proposal is implemented" other than the last sentence of that paragraph; (ii) the paragraph commencing with the words "The Ancillary Transaction itself"; and (iii) footnotes 3 and 4;
- (b) in the Section "What you will receive under the CPPIB Proposal": (i) the first two paragraphs under the heading "The Ancillary Transaction" other than the first sentence of the second paragraph; (ii) the first sentence and the third sentence under the heading "MCG Securities held by MCIML"; and (iii) footnotes 6 and 7;

- (c) in Section 1 “Frequently Asked Questions”: (i) the last sentence of the response to question 2 commencing “which will be acquired separately”; (ii) the response to question 9; (iii) the first and third sentences in the response to question 10; (iv) the response to question 17 (but only to the extent it relates to the Macquarie Group); (v) the fourth, fifth and sixth sentences (but only to the extent it relates to the Macquarie Group) of the response to question 19; and (vi) the final sentence of the response to question 23;
- (d) in Section 2, under the heading “2.2 Entitlement to Vote, the last paragraph but only to the extent it relates to the Macquarie Group;
- (e) in Section 4, the last sentence of paragraph (ii) under the heading “4.3.2 Trust Scheme” but only to the extent it relates to the Macquarie Group;
- (f) in Section 6: (i) the second paragraph under the heading “6.1 Background to the Ancillary Transaction”; (ii) all paragraphs under the heading “6.3 Details of the Ancillary Transaction” other than: (x) the sentence “These MCG Securities will not be acquired under the Schemes”; and (y) the paragraphs under the heading “Effect of the Ancillary Transaction”;
- (g) in Section 8: (i) in the second paragraph under the heading “8.8 MCG’s Substantial Security holders”, the second last sentence but only to the extent it relates to the Macquarie Group; (ii) the fourth and fifth sentences under the heading “8.14.2 Relevant interests as at the date of Scheme Booklet” and the sixth sentence but only to the extent it relates to the Macquarie Group; and (iii) the first sentence of footnote 31; (iv) in the first paragraph under the heading “8.15 Acquisitions of MCG Securities by CPPL or its associates”, the specific references to acquisitions of MCG Securities made by MCIML during the four months prior to the date of this Scheme Booklet but no other reference in that paragraph; and (v) under the heading “8.16 Pre-Schemes Benefits” but only to the extent it relates to the Macquarie Group; and
- (h) in Section 9, the definitions under the heading “9.5 Macquarie Entities which are involved in the Ancillary Transaction”.

Management Agreements means the MCIT Constitution, the MMCGIL Advisory Agreement and the MCIL Management Services Agreement.

MCG Boards mean the boards of directors of MCIL, MMCGIL, and MCIML as responsible entity for MCIT.

MCG Director means a director on one of the MCG Boards.

MCG Security (or **Security**) means one MCIL Share, one MMCGIL Share and one MCIT Unit, all of which are stapled to one another.

MCG Security holder (or **Security holder**) means each person who is registered in the Register as the holder of MCG Securities, except in relation to:

- (a) the payment of Scheme Consideration, where it means the Scheme Participants; and
- (b) approval of, acceptance of or voting in relation to the CPPIB Proposal or the Resolutions, where it means each person who is registered in the Register as the holder of MCG Securities, is entitled to vote on the Resolutions and, in respect of the Share Scheme Resolutions, excludes MCIML.

MCIL Constitution means the constitution of MCIL (as amended from time to time).

MCIL General Meeting means the meeting of holders of MCIL Shares convened pursuant to clause 8.2 of the MCIL Constitution to consider the Additional MCIL Resolutions, and includes any adjournment of such meeting.

MCIL Management Services Agreement or **MSA** means the agreement dated 8 July 2002 (as varied from time to time) under which MCIML agrees to provide management services to MCIL (as varied from time to time).

MCIL Share means one fully-paid ordinary share issued in the capital of MCIL.

MCIL Shareholder means a person who is registered in the Register as the holder of MCIL Shares, other than MCIML.

MCIL Share Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between MCIL and the MCIL Shareholders, the form of which is contained in Attachment 1 of Annexure C, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by CPPIB and MCG.

MCIL Share Scheme Meeting means the meeting of MCIL Shareholders convened by the Court in relation to the MCIL Share Scheme pursuant to section 411(1) of the Corporations Act.

MCIT Constitution means the constitution establishing MCIT dated 19 June 2002 (as amended from time to time).

MCIT Unit means one fully-paid ordinary unit in MCIT.

MMCGIL Advisory Agreement means the agreement between MCIML and MMCGIL dated January 2005 (as amended from time to time) under which MCIML agrees to provide advisory services to MMCGIL.

MMCGIL Bye-Laws means the bye-laws of MMCGIL.

MMCGIL General Meeting means the meeting of holders of MMCGIL Shares convened pursuant to bye-law 39 of the MMCGIL Bye-Laws to consider the Additional MMCGIL Resolutions and includes any adjournment of such meeting.

MMCGIL Share means one fully-paid ordinary share issued in the capital of MMCGIL.

MMCGIL Shareholder means a person who is registered in the Register as the holder of MMCGIL Shares, other than MCIML.

MMCGIL Share Scheme means the scheme of arrangement pursuant to section 99 of the Companies Act proposed between MMCGIL and the MMCGIL Shareholders, the form of which is contained in Attachment 2 of Annexure C, together with any alterations or conditions made or required by the Bermuda Court and approved in writing by CPPIB and MCG.

MMCGIL Share Scheme Meeting means the meeting of MMCGIL Shareholders convened by the Bermuda Court in relation to the MMCGIL Share Scheme pursuant to section 99(1) of the Companies Act.

Meeting Record Date means the day that is two days prior to the relevant Meeting.

Meetings means the Scheme Meetings, the MCIL General Meeting, the MMCGIL General Meeting and the Trust General Meeting.

Notices of Meetings means the notices convening the Meetings together with the Proxy forms for those Meetings.

Offer Price means the amount of Scheme Consideration offered under the CPPIB Proposal per MCG Security being \$2.50 cash per MCG Security.

Other Antitrust Clearances means all approvals, consents, clearances, permissions, confirmations and waivers set out in Attachment 10 of the Scheme Implementation Agreement.

PPLs has the meaning given in Section 8.19.

Prescribed Occurrence has the meaning given in clause 1.1 the Scheme Implementation Agreement.

Proportionate EBITDA means EBITDA recognised under local generally accepted accounting principals calculated on a proportionately consolidated

basis using MCG's beneficial interest in each asset. Proportionate EBITDA is calculated in accordance with the policies set out in MCG's Management Information Reports which are not prepared to conform to Australian Accounting Standards.

Proxy Form means the form, so titled, enclosed with this Scheme Booklet.

Register means the stapled security register of MCG kept pursuant to the Corporations Act and the Companies Act (as applicable).

Regulatory Authority has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Resolutions means the Share Scheme Resolutions and the Trust Scheme Resolutions and the Additional Resolutions.

SBS means Special Broadcasting Service Corporation.

Scheme Booklet means this document, including all of the Annexures and the relevant Proxy Forms which accompany this Scheme Booklet.

Scheme Consideration means for each MCG Security held by a Scheme Participant at the Scheme Record Date, \$2.50.

Scheme Implementation Agreement means the scheme implementation agreement between MCG and CPPIB dated 31 March, 2009 (as amended). A full copy of the Scheme Implementation Agreement was lodged with ASX on 31 March 2009 and may be obtained by contacting the Registry on 1800 448 448 (within Australia) or +61 3 9946 4451 (outside Australia) or from MCG's website: www.macquarie.com/mcg or from the ASX website: www.asx.com.au.

Scheme Meetings means the:

- (a) MCIL Share Scheme Meeting;
- (b) MMCGIL Share Scheme Meeting; and
- (c) the Trust Scheme Meeting.

Scheme Participant means each MCG Security holder on the Register as at 7.00 pm on the Scheme Record Date, other than MCIML.

Scheme Record Date means the fifth Business Day following the Effective Date, or such earlier date (after the Effective Date) as MCG and CPPIB may agree in writing, and expected to be Tuesday 7 July 2009.

Schemes means the Share Schemes and the Trust Scheme.

Second Bermuda Court Date means the first day on which an application made to the Bermuda Court for an order pursuant to section 99(2) of the Companies Act approving the MMCGIL Share Scheme is heard, or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard, which is expected to be on or about Wednesday 24 June 2009.

Second Bermuda Court Hearing means the hearing by the Bermuda Court of the Second Bermuda Court Date application.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the MCIL Share Scheme is heard, or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard, which is expected to be on or about Friday 26 June 2009.

Second Court Hearing means the hearing by the Court of the Second Court Date application.

Second Judicial Advice means confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that, subject to Unit holders passing the Trust Scheme Resolutions, MCIML as the responsible entity of MCIT would be justified in acting upon the Trust Scheme Resolutions and in doing all things and taking all necessary steps to put the Trust Scheme into effect.

Share Acquisition Agreement means the Share Acquisition Agreement dated 31 March 2009 between CPPIB, Macquarie Capital International Holdings Pty Limited and Macquarie Capital Group Limited.

Share Scheme Meetings means:

- (a) the MCIL Share Scheme Meeting; and
- (b) the MMCGIL Share Scheme Meeting,

and includes any adjournment of either or both of those meetings.

Share Scheme Resolutions means the resolutions of the:

- (a) MCIL Shareholders to approve the MCIL Share Scheme as set out in the Notice of MCIL Share Scheme Meeting at Annexure D; and
- (b) MMCGIL Shareholders to approve the MMCGIL Share Scheme as set out in the Notice of MMCGIL Share Scheme Meeting at Annexure D.

Share Schemes means the MCIL Share Scheme and the MMCGIL Share Scheme.

Stapling Deed means the Share Stapling Deed between

MCIML as responsible entity of MCIT, MCIL, MMCGIL and MCIML in its personal capacity.

Sunset Date means 31 October 2009.

Superior Proposal has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Supplemental Deed means a deed poll in the form of Attachment 3 of Annexure C of this Scheme Booklet.

Target Group has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Target Material Adverse Change has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Transaction has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Transaction Documents has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Trust General Meeting means the meeting of Unit holders convened pursuant to clause 17.1 of the MCIT Constitution to consider the Additional MCIT Resolutions and includes any adjournment of such meeting.

Trust Scheme means the arrangement under which CCPL acquires all of the MCIT Units, other than those held by MCIML, from Unit holders facilitated by amendments to the MCIT Constitution as set out in the Supplemental Deed, subject to the requisite Unit holder approvals.

Trust Scheme Meeting means the meeting of the Unit holders convened by MCIML pursuant to clause 17.1 of the MCIT Constitution to consider the Trust Scheme Resolutions, and includes any adjournment of that meeting.

Trust Scheme Resolutions means the Amendment Resolution and the Acquisition Resolution.

UK Regulatory Approvals has the meaning given in clause 1.1 of the Scheme Implementation Agreement.

Unit holder means each person who is registered in the Register as the holder of MCIT Units and Unit holders means all of them.

Wholly Owned Subsidiary of a body corporate ("first body corporate") means any body corporate all of the shares of which are owned directly or indirectly (through one or more bodies corporate) by the first body corporate.

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ANNEXURES

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Annexure A - Independent Expert's Report

Deloitte.

Macquarie Communications Infrastructure Group

Independent expert's report

29 April 2009

Deloitte.

Financial services guide

Deloitte Corporate Finance Pty Limited
A.B.N. 19 003 833 127
AFSL 241457
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

29 April 2009

1.1.1 What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance, we, us or our) the holder of Australian Financial Services Licence (AFSL) No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of our dispute resolution systems and how you can access them.

1.1.2 Information about us

We have been engaged by the independent directors of Macquarie Communications Infrastructure Limited, Macquarie MCG International Limited and Macquarie Infrastructure Management Limited as responsible entity for Macquarie Communications Infrastructure Trust to give general financial product advice in the form of a report to be provided to you in connection with an offer that has been made by the Canada Pension Plan Investment Board to acquire all of the stapled securities in Macquarie Communications Infrastructure Group, except for those held by MCIML. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com.au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

The financial product advice in our report is provided by Deloitte Corporate Finance and not by the Australian partnership of Deloitte Touche Tohmatsu, its related entities, or the Deloitte Touche Tohmatsu Verein.

1.1.3 Associations and relationships

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the Australian partnership of Deloitte Touche Tohmatsu (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

1.1.4 What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to retail and wholesale clients:

- provide financial product advice in respect of:
 - debentures, stocks or bonds to be issued or proposed to be issued by a government
 - interests in managed investment schemes including investor directed portfolio services
 - securities
- deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of:
 - debentures, stocks or bonds issued or to be issued by a government
 - interests in managed investment schemes including investor directed portfolio services
 - securities.

1.1.5 Information about the general financial product advice we provide

The financial product advice provided in our report is known as “general advice” because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product.

1.1.6 How are we and our employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Our fee is \$475,000, excluding GST, and will also be disclosed in the relevant offer document prepared by the issuer of the financial product. Deloitte Corporate Finance, its directors and officers, any related bodies corporate or associates and their directors and officers, do not receive any commissions or other benefits, except for the fees rendered to the party or parties who actually engage us.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

1.1.7 What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing addressed to:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Email: info@fos.org.au
Internet: <http://www.fos.org.au>

The Independent Directors
Macquarie Communications Infrastructure Limited
Macquarie Communications Infrastructure Management Limited as responsible entity of
Macquarie Communications Infrastructure Trust
Macquarie MCG International Limited
No. 1 Martin Place
SYDNEY NSW 2000

29 April 2009

Dear Directors

Independent expert's report

Introduction

Macquarie Communications Infrastructure Group (MCG) is a triple stapled security with direct investments in three discrete businesses (the MCG Assets) and consists of securities in three entities:

- Macquarie Communications Infrastructure Limited (MCIL), an Australian public company;
- Macquarie Communications Infrastructure Trust (MCIT), an Australian registered managed investment scheme; and
- Macquarie MCG International Limited (MMCGIL), a company registered under the laws of Bermuda.

We refer to the stapled securities as the 'MCG Securities'.

Macquarie Communications Infrastructure Management Limited (MCIML), which is a wholly owned subsidiary of Macquarie Capital Group Limited (MCGL), is the responsible entity of MCIT, the manager of MCIL and the advisor of MMCGIL.

The MCG Assets comprise Broadcast Australia Pty Limited (BA), and interests in Arqiva/National Grid Wireless (Arqiva) and Airwave Solutions Limited (Airwave).

We understand that:

- Canada Pension Plan Investment Board (CPPIB) has made a binding offer (the MCG Offer) to acquire all of the MCG Securities, except for those held by MCIML, for \$2.50 per MCG Security (the Proposed MCG Transaction). CPPIB will separately acquire a beneficial interest in the MCG Securities held by MCIML for an equivalent price in connection with the MCIML offer referred to below; and
- CPPIB has made a separate binding offer to the relevant Macquarie Parties (the MCIML Offer) to acquire all of the issued shares of MCIML and to receive certain investment advisory and transitional services in relation to the current and future management of MCG (collectively, the Proposed Ancillary Transaction).

The Proposed MCG Transaction and the Proposed Ancillary Transaction are inter-conditional.

The Proposed MCG Transaction is to be implemented by way of two company schemes of arrangement and a trust scheme (the Proposed Schemes). The directors of MCIL, MMCGIL and MCIML as responsible entity of MCIT, who are unrelated to Macquarie Group Limited (Macquarie Group) (collectively, the Independent Directors) have requested Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) to prepare an independent expert's report (IER) advising whether in our opinion the Proposed Schemes as a whole are in the best interests of MCG's securityholders (Securityholders).

If the Proposed Schemes are approved and the Proposed Ancillary Transaction is completed, MCG would become a wholly owned subsidiary of CPPIB and would be delisted from the Australian Securities Exchange (ASX). The boards of directors of MCIL, MMCGIL and MCIML as responsible entity of MCIT (collectively, the MCG Boards) have prepared a scheme booklet containing the detailed terms of the Proposed Schemes (the Scheme Booklet). An overview of the Proposed Schemes is provided in Section 1 of our detailed report.

You have also requested Deloitte Corporate Finance to prepare a separate report (the Ancillary Transaction Report) to the Independent Directors containing the following:

- an opinion as to whether or not anything has come to our attention that causes us to believe that the consideration payable to MCGL, MCIML, Macquarie Capital International Holdings Pty Limited (MCIHPL) or Macquarie International Advisory Services Pty Limited (collectively, the Macquarie Parties) under the Proposed Ancillary Transaction:
 - is not on arm's length terms; and
 - constitutes the receipt by any Macquarie Party of a collateral benefit for the purposes of the Corporations Act as interpreted by the Takeovers Panel (the Panel) in its Guidance Note 21
- confirmation that nothing has come to our attention in respect of the Proposed Ancillary Transaction that would cause us to qualify the conclusions reached in the IER in relation to the Proposed MCG Transaction.

Purpose of the IER

Whilst an IER in respect of the Proposed Schemes is not required to meet any statutory obligations, the Independent Directors have requested Deloitte Corporate Finance to prepare an IER advising whether the Proposed Schemes as a whole are in the best interests of Securityholders.

This report has been included in the Scheme Booklet to be sent to all Securityholders and has been prepared for the exclusive purpose of assisting Securityholders in their consideration of the Proposed Schemes. This report should not be used for any other purpose.

Basis of evaluation

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a takeover bid under the Corporations Act 2001 (Chapter 6). The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act 2001 (Section 640) requires an IER in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. In our view, where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'. Accordingly, if an expert were to conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the company.

Under Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 (RG 111), which provides guidance in respect of the content of expert reports, a control transaction such as the Proposed Schemes is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target company, including a control premium
- reasonable, if it is fair, or despite not being fair, after considering other significant factors, security holders should accept the offer under the proposed scheme, in the absence of any higher bids. Our analysis of these reasonableness factors is set out in this executive summary and also appears in Section 6 of our detailed report.

To assess whether the Proposed Schemes are in the best interests of Securityholders, we have adopted the test of whether the Proposed Schemes are either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in RG 111.

Summary and conclusion

In our opinion the Proposed Schemes are fair and reasonable and therefore in the best interests of Securityholders.

The Proposed Schemes are fair

Set out in the table below is a comparison of our assessment of the estimated fair market value of a MCG Security with the consideration offered by CPPIB.

Evaluation of fairness

	Section	Low (\$)	High (\$)
Estimated fair market value of a MCG Security	5.5	2.27	3.13
Consideration offered		2.50	2.50

Source: Deloitte Corporate Finance analysis

The consideration offered by CPPIB is within the range of our estimate of the fair market value of a MCG Security, although in the lower half of the range. Accordingly, it is our opinion that the Proposed Schemes are fair.

Valuation of a security in MCG

We have estimated the fair market value of MCG by aggregating the estimated fair market value of the MCG Assets on a sum of the parts basis and deducting the present value of the management fees that are payable to MCIML under long term contractual arrangements, the present value of corporate overheads and net debt of MCG.

In undertaking the sum of the parts analysis we have estimated the fair market value of each MCG Asset using the discounted cash flow method as our primary valuation approach and the capitalisation of earnings method as a cross check.

We have defined fair market value as the amount at which the MCG Securities would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices, to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of MCG has not been premised on the existence of a special purchaser.

We have estimated the fair market value of a MCG Security to be in the range of \$2.27 and \$3.13 as set out in the following table.

Estimated fair market value of a MCG Security

	Reference	Low (\$m)	High (\$m)
Estimated fair market value of MCG's interest in:			
BA	5.2.7	756	784
Arqiva	5.3.7	733	1,040
Airwave	5.4.7	275	437
Estimated fair market value of the MCG Assets		1,765	2,261
Less: MCG net debt	5.5.1	(394)	(394)
Less: Present value of management fees ¹	5.5.2	(106)	(134)
Less: Present value of overhead costs	5.5.3	(26)	(24)
100% equity value of MCG (on a control basis)		1,238	1,708
Number of securities on issue ('000s)		546,254	546,254
Value of a MCG Security (\$)		2.27	3.13

Source: Deloitte Corporate Finance analysis

Notes:

1. This refers to the present value of the management fees that are payable by MCG to MCIML
2. Numbers may not add due to rounding

Valuation methodology

We have selected cash flows to equity holders as the basis of our discounted cash flow valuation of the MCG Assets for the following reasons:

- the majority of the MCG Assets are highly geared and the assumptions made regarding existing and future gearing levels have a significant impact on cash flows to equity holders and therefore the valuation of the assets
- current financing arrangements are on favourable terms relative to current market conditions
- MCG has entered into a number of interest rate and other hedging contracts which affect the return to equity holders
- the MCG Assets have significant carried forward tax losses which are likely to be realised during the forecast period
- the business plans prepared by management are based on cash flows to equity holders.

The discounted cash flow method estimates the value of equity by discounting the nominal geared after tax future cash flows attributable to equity holders to their net present value.

MCG management have provided detailed financial models for each of the MCG Assets which include projections of nominal geared after tax cash flows (the Models). The BA and Airwave projections are for the period up to 2035, while the Arqiva projections are to 2022.

Key operating, financing and income tax assumptions for each asset are dealt with in Section 5 of our report.

Our analysis assumes that it is appropriate to apply the corporate rate of income tax to all distributions to Securityholders. An individual Securityholder may have a different effective tax rate and therefore may attribute a different value to the future equity cash flows from MCG to that derived for the purpose of our valuation analysis.

Our valuations are sensitive to the operating cash flow growth rate, gearing and discount rate assumed for each MCG Asset.

Operating cash flow growth rate

We have adjusted certain components of the operating cash flows in the Models for the purposes of our valuation to take into account the possibility that not all identified new business and services opportunities may be realised. The adjusted cash flows have been prepared on a probability weighted basis to allow for the uncertainty associated with future government policy and the introduction and timing of new products and services.

Gearing

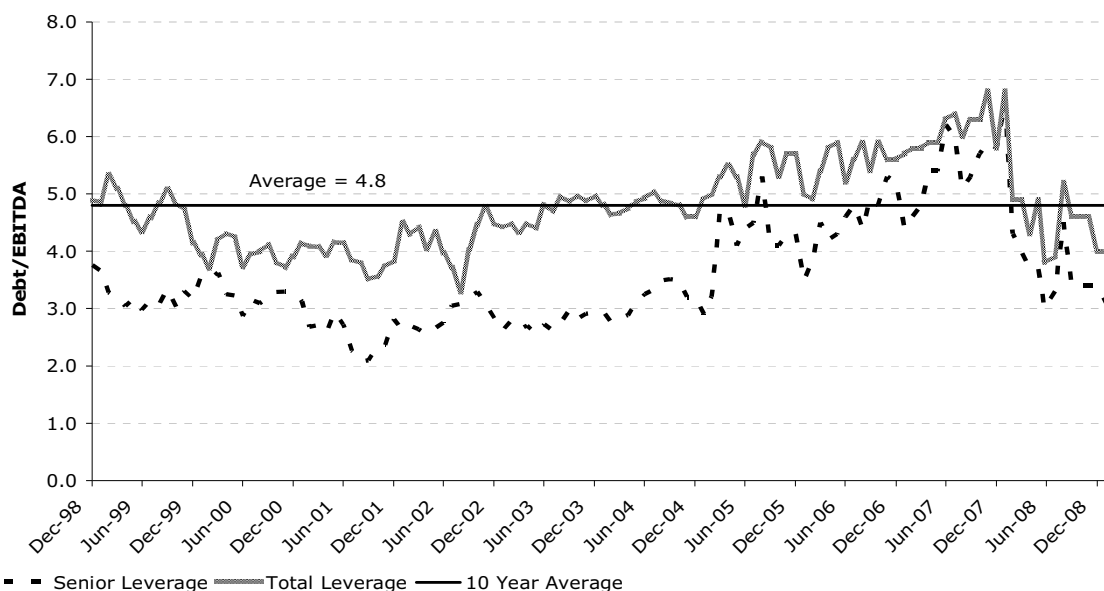
For each MCG Asset, we have compared net interest bearing debt with earnings before interest, tax, depreciation and amortisation (EBITDA). The resulting multiple (debt multiple) is used to measure the gearing of the asset.

Arqiva and Airwave have high levels of gearing, with debt multiples of approximately nine times based on net interest bearing debt at 31 March 2009 and forecast EBITDA for the 30 June 2009 financial year. The major components of these debt packages were negotiated in 2007, prior to the recent tightening of debt markets.

Since 2008, the global economic outlook has deteriorated, resulting in significant adverse implications for debt capital markets. There has also been a negative re-rating in equity markets of many companies that have not taken steps to reduce debt, which has increased effective leverage levels compared to market capitalisation. Given these developments, it is significantly less likely that Arqiva and Airwave would be able to negotiate equivalent debt multiples either in the current market or when the existing debt facilities expire. We have estimated the total maintainable debt capacity of Arqiva and Airwave to be between 4.5 times and 6.0 times forecast EBITDA at the time the existing facilities need to be refinanced. We have assumed both entities will raise combined equity capital in excess of \$2.9 billion to reduce debt from 2012, being the date that the Cash Sweeps become effective.

In selecting our range for the debt multiples, we have had regard to historical EBITDA debt multiples for large leveraged buyouts since December 1998 as set out in the figure below.

Historical debt/EBITDA multiples for large leveraged buyouts



Source: Standard & Poor's, Leveraged Commentary & Data

The debt multiple on leveraged buyouts from December 1998 to December 2008 averaged 4.8 times EBITDA. Debt multiples increased noticeably from March 2005 to January 2008, averaging 5.7 times EBITDA. Since February 2008, debt multiples have averaged 4.4 times EBITDA. The results from our analysis of Standard & Poor's leveraged buyout data are consistent with our own internal research and feedback from other participants in the leveraged buyout market.

Discount rates

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a nominal cost of equity discount rate for each of the MCG Assets and at the MCG fund level to discount the future cash flows to equity holders to their present value as set out in the following table.

Cost of equity applied to valuation of the MCG Assets and at the MCG fund level

	BA	Arqiva	Airwave	MCG fund level
Risk free rate (%)	4.44%	4.02%	4.02%	
EMRP (%)	7.00%	7.00%	7.00%	
Beta	1.27	1.28	1.28	
Specific company risk premium (%)	0.00%	0.50%	0.50%	
Cost of equity capital (Ke) (%)	13.31%	13.45%	13.45%	
Selected cost of equity capital (Ke) (%)	13.00% - 13.50%	13.25% - 13.75%	13.25% - 13.75%	13.15% - 13.65%

Source: Deloitte Corporate Finance analysis

Notes:

1. EMRP: equity market risk premium

Our considerations on the components of the cost of equity discount rate for each of the MCG Assets appear in Appendix 2.

The Models that have been prepared in respect of each MCG Asset contain long term projections. Due to the long term nature of the cash flows, the fair market value of the MCG Assets is highly sensitive to fluctuations in assumed debt levels and discount rate assumptions as set out in the following table.

Sensitivity of fair market value to changes in discount rate and debt multiple assumptions

Discount rate	Forecast debt capacity					
	4.0 times EBITDA	4.5 times EBITDA	5.0 times EBITDA	5.5 times EBITDA	6.0 times EBITDA	6.5 times EBITDA
Discount rate decrease (-0.5%) - \$ per MCG Security	2.56	2.76	2.96	3.17	3.37	3.57
Valuation – high - \$ per MCG Security	2.30	2.50	2.71	2.92	3.13	3.33
Valuation – low - \$ per MCG Security	2.06	2.27	2.48	2.69	2.90	3.11
Discount rate increase (+0.5%) - \$ per MCG Security	1.84	2.06	2.27	2.48	2.69	2.91

Source: Deloitte Corporate Finance analysis

Exchange rates

As Arqiva operates primarily in the United Kingdom and Airwave operates in Great Britain¹, and their capital values are not hedged, the value of MCG's interest in these assets is sensitive to movements in the \$/GBP exchange rate. The sensitivity of the fair market value of a MCG Security to changes in the \$/GBP exchange rate is summarised in the following table.

¹ Great Britain comprises England, Scotland and Wales, but excludes Northern Ireland

Sensitivity of fair market value of a MCG Security to changes in exchange rate assumption

\$/GBP	Low \$	High \$
1.75	1.99	2.73
1.85	2.08	2.85
1.95	2.16	2.98
2.071	2.27	3.13
2.15	2.33	3.22
2.25	2.42	3.35
2.35	2.50	3.47

Source: Deloitte Corporate Finance analysis

Capitalisation of maintainable earnings

As a cross check to the valuation range for each of the MCG Assets determined using the discounted cash flow method, we have considered the capitalisation of maintainable earnings approach which estimates fair market value by capitalising future earnings using an appropriate multiple. In the following table we have compared valuation multiples implied by our discounted cash flow valuation of each MCG Asset against implied multiples derived from broadly comparable companies.

Valuation cross check

	Current EBITDA multiple		Forecast EBITDA multiple	
	Low	High	Low	High
BA EBITDA multiple (on a control basis)	9.4x	9.5x	8.9x	9.1x
Arqiva EBITDA multiple (on a control basis)	12.0x	13.1x	10.7x	11.7x
Airwave EBITDA multiple (on a control basis)	11.2x	11.7x	9.0x	9.4x
Comparable listed companies (on a minority basis)	13.0x	15.8x	11.9x	14.3x
	Average:	14.3x	Average:	13.0x

Source: Deloitte Corporate Finance analysis

The discounted cash flow valuations of the MCG Assets all result in EBITDA multiples that are lower, or at the low end of the range, when compared to the multiples exhibited by broadly comparable listed companies. We believe this to be a result of the following factors:

- **different markets:** most of the comparable companies operate in different geographic regions to the MCG Assets. These companies therefore face different market conditions and operate under different regulatory environments
- **different operations:** some of the broadly comparable companies identified are primarily engaged in different communications services than the MCG Assets
- **size:** many of the comparable companies are considerably larger than the MCG Assets. In general, larger companies have higher earnings multiples than smaller companies
- **growth prospects:** the broadly comparable listed companies largely operate in the United States wireless communications infrastructure industry, an industry which has higher growth prospects than the industries in which the MCG Assets operate. According to broker consensus views, revenue growth of the comparable companies averages approximately 7% over the period to 2014 and EBITDA growth averages approximately 9%, despite the recessionary environment currently being experienced in the United States
- **BA:** has lower growth opportunities than the broadly comparable listed companies, currently providing services to 99% of the Australian population. BA is dependent on changes in Government policy and contracted revenue increases are linked to consumer price index increases

- **Arqiva:** in contrast to the broadly comparable companies, Arqiva's high growth Wireless Access business accounts for only 27% of revenues for the six month period to 31 December 2008
- **Airwave:** in contrast to the broadly comparable companies, Airwave operates in a niche market, with its customer base and growth being restricted to the sharers list (of participants in various high security networks determined by the government of Great Britain) and being dependent on changes in government policy.

The Proposed Schemes are reasonable

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Schemes are reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Schemes.

Advantages of the Proposed Schemes

The likely advantages to Securityholders if the Proposed Schemes are approved include:

No more attractive alternative is currently available to Securityholders

The MCG Boards have been exploring a range of strategic alternatives and options to maximise value for Securityholders. These options included divestment of assets, either individually or in combination, as well as a recapitalisation of existing assets.

MCG commenced execution of these strategies with the sale of its interest in Global Tower Partners (GTP) in September 2008 and repurchase of over 45% of MCG's outstanding exchangeable bonds. On 31 October 2008, MCG announced its strategy to fully repay the fund level exchangeable bonds by 2011. This strategy included lowering distribution guidance to \$0.10 per MCG Security for 2009. Notwithstanding these initiatives, the MCG Security price continued to decline.

The MCG Boards determined that a process including asset divestment and further capital management initiatives was most likely to maximise value for Securityholders. We understand that a process was initiated by the MCG Boards involving:

- separate arm's length discussion and negotiations with potential third party new investors including a competitive process for the sale of assets individually
- separate arm's length discussions with potential third party new investors as part of a competitive process to introduce new capital into select assets in which MCG holds an interest
- provision of due diligence information and meetings with senior management of certain MCG assets.

The majority of potential investors were excluded at this stage on the basis of being unable to meet price expectations or certainty of funding. No final binding offers were received by MCG for any individual assets.

Further details of the sale process are set out in Section 4.1 of the Scheme Booklet.

During this process, MCG engaged in discussions with CPPIB in relation to some of the above opportunities. Following due diligence conducted by CPPIB, CPPIB ultimately decided to make an offer to acquire all of MCG for consideration of \$2.50 per MCG Security, inter conditional upon entry into arrangements to acquire MCIML for an upfront amount of \$56.5 million to be paid to MCIHPL for the acquisition of MCIML and a payment of approximately \$4 million per annum for up to ten years for ongoing investment advisory services in respect of Arqiva and Airwave. The fees for the ongoing advisory services in relation to Arqiva and Airwave remain payable if the agreements are terminated before the end of their term, unless the termination is for material breach by Macquarie Group. The consideration for the acquisition of MCIML excludes the consideration for the MCG Securities held by MCIML. MCGL will also provide CPPIB with a right to use certain intellectual property rights of MCGL to operate MCG (which will be licensed to MCIML) and with transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML.

In light of the current state of the equity and debt capital markets, the MCG Boards have concluded that a sale of MCG is preferable to a process involving either the sale of individual assets or recapitalisation of individual assets.

The Proposed MCG Transaction is conditional upon the current and ongoing provision of management services by the relevant Macquarie Parties in respect of Arqiva and Airwave following completion. Without this ongoing participation, certain change of control clauses in material contracts in relation to the MCG Assets could be triggered. This could either lead to a reduction in the value of MCG and/or frustrate the Proposed MCG Transaction.

The prospect of a superior competing proposal at present is considered unlikely given:

- the significant premium of the CPPIB offer to the MCG Security price prior to recent trading price increases
- the current state of equity and debt capital markets which is restricting many potential bidders from making offers.

Securityholders are receiving a significant premium to MCG's Security price prior to the announcement of the Proposed Schemes

The CPPIB offer of \$2.50 per MCG Security is significantly above the recent trading price on the ASX. MCG has underperformed the broader market between 1 July 2007 and 4 March 2009 (being the day prior to a sharp appreciation in the security price), declining by 87% compared to the S&P/ASX 200 Industrials Index which has declined by 68% over the same period.

The consideration per MCG Security equates to:

- a premium of 198% to the last closing price of \$0.840 on the ASX on 4 March 2009 and 67% to the last closing price of \$1.495 on the ASX on 30 March 2009 (being the last trading day prior to the announcement of the Proposed MCG Transaction)
- a premium of 192% to the three month volume weighted average price from 5 December 2008 to 4 March 2009 of the MCG Securities of \$0.857
- a premium of 134% to the three month volume weighted average price from 31 December 2008 to 30 March 2009 of \$1.069.

It is difficult to predict the price of a MCG Security in the absence of the CPPIB proposal or speculation regarding an alternative proposal. However, if the Proposed Schemes are not implemented, it is likely that the MCG Securities will trade at a price significantly below the offer of \$2.50 per MCG Security.

The Proposed Schemes allow Securityholders to immediately realise their investment in MCG

The Proposed Schemes allow Securityholders to immediately realise their investment in MCG at a premium to the traded security price. The uncertainty in relation to the timing and quantum of the proceeds to be received if the MCG Assets were realised on a piecemeal basis is therefore removed.

The Proposed Schemes remove uncertainty associated with the refinancing of existing debt packages

The Proposed Schemes remove uncertainty associated with the refinancing of existing asset level debt packages. A large proportion of the existing asset level debt packages mature in 2014. Raising new debt at that time is likely to be more difficult, at a higher cost and subject to more stringent conditions than when the existing facilities were established. Since 2008:

- acquisition debt multiples have reduced significantly
- transaction lead times to obtain debt funding have increased due to the additional level of scrutiny being applied by the major lenders
- there has been an increase in the credit margin charged by banks
- loan to valuation ratios have reduced.

The risks associated with refinancing the current debt facilities is discussed in Section 4.1 of the Scheme Booklet and in Appendix 4 of our IER.

Disposal of the MCG Securities

Securityholders will not be required to pay brokerage or stamp duty on the transfer of their MCG Securities.

Disadvantages of the Proposed Schemes

The likely disadvantages to Securityholders if the Proposed Schemes are approved include:

Inability to participate in upside growth potential of the MCG Assets

Whilst the Proposed Schemes allow Securityholders to realise their investment in MCG at a significant premium to MCG's security price prior to the announcement, they will not be able to participate in the future growth of MCG. This growth potential may be amplified because of the extent of the existing asset level debt facilities. It is possible that the value of MCG Securities may increase over time to a level above the consideration now offered, particularly if debt capital markets improve significantly by 2012, being the date the Cash Sweeps become effective.

We further note that, as determined on page 7 and in the body of our report, the valuation multiples implied by our discounted cash flow valuation of each MCG Asset are lower than the EBITDA multiples implied by the acquisition prices for these Assets. Whilst we place little emphasis on these acquisition multiples due to a range of factors including the amount of time that has transpired since the original acquisition dates and the significant changes (including material acquisitions) that have occurred in these businesses, the industries in which they operate and the impact of the current global financial crisis, Securityholders may form the view that similar multiples could be achieved in the future and may therefore believe that MCG does not need to sell at the current point in the cycle.

Loss of exposure to communications infrastructure assets

Securityholders will give up the opportunity to invest in communications infrastructure assets if the Proposed Schemes are implemented. Whilst there are several broadly comparable entities listed in the United States, there are no comparable listed entities in Australia in which Securityholders could reinvest to obtain a similar investment profile and exposure.

Taxation

Implementation of the Proposed Schemes may trigger tax consequences for Securityholders earlier than would have otherwise been the case. The taxation consequences of the Proposed Schemes for Securityholders will depend on the personal taxation and financial circumstances of each Securityholder.

Securityholders should consult their tax advisers in relation to their personal circumstances. General tax implications of the Proposed Schemes are discussed in Section 7 of the Scheme Booklet.

Other considerations

The intentions of the Independent Directors

It is the intention of Independent Directors to unanimously recommend acceptance of the Proposed Schemes, in the absence of a superior proposal.

Break fees

A break fee equal to \$13.7 million is payable by MCG to CPPIB under certain circumstances if the Proposed Schemes do not proceed. This includes circumstances where if the Independent Directors withdraw their recommendation or recommend a superior proposal, the Scheme Implementation Agreement is terminated in certain circumstances or a competing transaction is announced.

Opinion

In our opinion, the Proposed Schemes are fair and reasonable to Securityholders and therefore in the best interests of Securityholders.

In respect of the Proposed Ancillary Transaction, nothing has come to our attention that causes us to qualify our opinion in relation to the Proposed Schemes. The Proposed Ancillary Transaction Report has been included in the Scheme Booklet.

An individual Securityholder's decision in relation to the Proposed Schemes may be influenced by his or her particular circumstances. If in doubt the Securityholder should consult an independent adviser.

This opinion should be read in conjunction with our detailed report attached which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



Stephen Ferris

Director



Mark Pittorino

Director

Note: All amounts stated in this report are Australian \$ unless otherwise stated, and may be subject to rounding.

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1 Details of the Proposed Schemes

1.1 Background to the offer

MCG is a triple stapled security with direct investments in the MCG Assets and consists of securities in three entities:

- MCIL, an Australian public company;
- MCIT, an Australian registered managed investment scheme; and
- MMCGIL, a company registered under the laws of Bermuda.

MCIML, which is a wholly owned subsidiary of MCGL, is the responsible entity of MCIT, the manager of MCIL and the advisor of MMCGIL.

The MCG Assets comprise BA, and interests in Arqiva and Airwave.

We understand that:

- CPPIB has made a binding offer to acquire all of the MCG Securities, except for those held by MCIML, for \$2.50 per MCG Security (Offer Price); and
- CPPIB has made a separate binding offer to the relevant Macquarie Parties (the MCIML Offer) to acquire all of the issued shares of MCIML and to receive certain investment advisory and transitional services in relation to the current and future management of MCG (collectively, the Proposed Ancillary Transaction).

1.2 Sale process

The MCG Boards have been exploring a range of strategic alternatives and options to maximise value for Securityholders. These options included divestment of assets, either individually or in combination, as well as a recapitalisation of existing assets.

MCG commenced execution of these strategies with the sale of its interest in GTP in September 2008 and repurchase of over 45% of MCG's outstanding exchangeable bonds. On 31 October 2008 MCG announced its strategy to fully repay the fund level exchangeable bonds by 2011. This strategy included lowering distribution guidance to \$0.10 for 2009. Notwithstanding these initiatives, the MCG Security price continued to decline.

The MCG Boards determined that a process including asset divestment and further capital management initiatives was most likely to maximise value for Securityholders. We understand that a process was initiated by the MCG Boards involving:

- separate arm's length discussion and negotiations with potential third party new investors including a competitive process for the sale of assets individually
- separate arm's length discussions with potential third party new investors as part of a competitive process to introduce new capital into select assets in which MCG holds an interest
- provision of due diligence information and meetings with senior management of certain MCG assets.

The majority of potential investors were excluded at this stage on the basis of being unable to meet price expectations or certainty of funding. No final binding offers were received by MCG for any individual assets.

Further details of the sale process are set out in Section 4.1 of the Scheme Booklet.

During this process, MCG engaged in discussions with CPPIB in relation to some of the above opportunities. Following due diligence conducted by CPPIB, CPPIB ultimately decided to make an offer to acquire all of MCG for consideration of \$2.50 per MCG Security, inter conditional upon entry into arrangements to acquire MCIML for an upfront amount of \$56.5 million to be paid to MCIHPL for the acquisition of MCIML and a payment of approximately \$4 million per annum for up to ten years for ongoing investment advisory services in respect of Arqiva and Airwave. The fees for the ongoing advisory services in relation to Arqiva and Airwave remain payable if the agreements are terminated before the end of their term, unless the termination is for material breach by Macquarie Group. The consideration for the acquisition of MCIML excludes the consideration for the MCG Securities held by MCIML. MCG will also provide CPPIB with a right to use certain intellectual property rights of MCG to operate MCG (which will be licensed to MCIML) and with transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML.

In light of the current state of the equity and debt capital markets, the MCG Boards have concluded that a sale of MCG is preferable to a process involving either the sale of individual assets or recapitalisation of individual assets in respect of Arqiva and Airwave.

CPPIB will acquire all the MCG Securities, except for those held by MCIML, under:

- the scheme of arrangement pursuant to Part 5.1 of the Corporations Act 2001 proposed between MCIL and the MCIL shareholders (the MCIL Share Scheme), subject to the approval of the holders of the MCIL shares and the Supreme Court of New South Wales
- the scheme of arrangement pursuant to Section 99 of the Bermuda Companies Act 1981 proposed between MMCGIL and the MMCGIL shareholders (the MMCGIL Share Scheme), subject to the approval of the holders of the MMCGIL shares and the Supreme Court of Bermuda
- the arrangement by which CPPIB acquires all of the MCIT units from MCIT unitholders (the Trust Scheme), subject to the requisite MCIT unitholder approvals.

Further details of the process are set out in Section 4.3 of the Scheme Booklet.

1.3 CPPIB's intentions

If the Proposed Schemes are approved and become effective, then on the implementation date, the MCIL shares, the MMCGIL shares and the MCIT units, other than the securities held by MCIML, will be acquired by CPPIB. If the Proposed Schemes are implemented, CPPIB will separately acquire a beneficial interest in the MCG Securities held by MCIML for a price equal to the Offer Price and MCG will become a wholly owned subsidiary of CPPIB.

CPPIB's current intentions are to:

- continue the business of MCG in owning and managing a portfolio of unlisted communications infrastructure investments
- continue to retain MCIML as the trustee of MCIT
- engage Macquarie International Advisory Services Pty Limited, which is a wholly owned subsidiary of MCG, to provide investment advisory services in relation to the future management of Airwave and Arqiva under new management services agreements, for an annual fee of \$4 million for up to 10 years, escalating at 10% per annum.

Further details of CPPIB's intentions are set out in Section 5.2 of the Scheme Booklet.

1.4 Approval process

1.4.1 Share Schemes

The MCIL Share Scheme and the MMCGIL Share Scheme are arrangements pursuant to which all of the shares in MCIL and MMCGIL, other than the shares held by MCIML, are transferred to CPPIB. The MCIL Share Scheme and the MMCGIL Share Scheme resolutions must be approved by:

- a majority in number (more than 50%) of the shareholders of the MCIL shares or MMCGIL shares (as relevant) present and voting at the relevant scheme meeting (either in person or by proxy)
- at least 75% of the votes cast by shareholders of MCIL or MMCGIL (as relevant) entitled to vote on the relevant share scheme resolution.

1.4.2 Trust Scheme

The Trust Scheme is an arrangement pursuant to which all of the units in MCIT, other than the units held by MCIML are transferred to CPPIB. This transfer requires the MCIT unitholders to approve two separate resolutions:

- an amendment to the MCIT constitution, approved by special resolution passed by at least 75% of the total number of votes cast on the resolution at the Trust Scheme meeting, to authorise all actions necessary or desirable for the transfer of MCIT units to CPPIB
- the acquisition by CPPIB of all the MCIT units pursuant to an ordinary resolution of the MCIT unitholders. This requires the resolution to be passed by more than 50% of the total number of votes cast on the resolution at the Trust Scheme meeting by MCIT unitholders.

If the resolutions are approved by the requisite majorities, MCIT will apply for judicial advice from the Supreme Court of New South Wales to the effect that it is justified in acting upon the resolutions.

1.4.3 Conditions precedent

A number of conditions need to be satisfied or waived before the Proposed Schemes can be implemented, including:

- certain regulatory approvals including the Australian Treasurer providing confirmation that there is no objection to CPPIB acquiring MCG Securities pursuant to the Foreign Acquisitions and Takeovers Act 1975
- certain antitrust authorities taking no action to oppose the Proposed Schemes
- relief from ASIC in relation to certain provisions of the Corporations Act 2001
- approval of the Bermuda Monetary Authority in respect of the MMCGIL Share Scheme
- Securityholder approval
- court approval in Australia and Bermuda
- certain third party consents being obtained.

Details of the conditions precedent are set out in Section 8.18 of the Scheme Booklet.

2 Scope of the report

2.1 Purpose of the report

Whilst an IER in respect of the Proposed Schemes is not required to meet any statutory obligations, the Independent Directors have requested Deloitte Corporate Finance to prepare an IER advising whether the Proposed Schemes as a whole are in the best interests of Securityholders.

This report is to be included in the Scheme Booklet to be sent to all Securityholders and has been prepared for the exclusive purpose of assisting Securityholders in their consideration of the Proposed Schemes. This report should not be used for any other purpose.

2.2 Basis of evaluation

2.2.1 Guidance

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6 takeover bid. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act 2001 requires an IER in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'. Accordingly, if an expert were to conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the company.

In our determination as to whether the Proposed Schemes are fair and reasonable and therefore in the best interests of the Securityholders, we have had regard to common market practice and to RG 111.

2.2.1.1 ASIC RG 111

RG 111 provides guidance in relation to the content of IERs prepared for transactions under Chapters 5, 6 and 6A of the Corporations Act 2001, in relation to:

- takeover bids
- schemes of arrangement
- compulsory acquisitions or buy-outs
- acquisitions approved by security holders under item 7 of Section 611
- selective capital reductions
- related party transactions
- transactions with persons in a position of influence
- demergers and demutualisations of financial institutions
- buy-backs.

RG 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of Section 611, a selective capital reduction or selective buy back under Chapter 2J.

In respect of such control transactions, under RG 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target entity (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, Securityholders should accept the offer under the proposed scheme, in the absence of any higher bids before the close of the offer. Our assessment of these reasonableness factors is set out in Section 6.2.

To assess whether the Proposed Schemes are in the best interests of Securityholders, we have adopted the tests of whether the Proposed Schemes are either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in RG 111.

2.2.2 Fairness

RG 111 defines an offer in respect of a control transaction as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming 100% ownership of the target entity.

Accordingly, we have assessed whether the Proposed Schemes are fair by comparing the value of the consideration being offered pursuant to the Proposed Schemes with the value of a MCG Security. We assessed the value of a MCG Security by estimating the current value of MCG as a whole, on a control basis, and dividing this value by the number of securities on issue.

The MCG Securities have been valued at fair market value, which we have defined as the amount at which the securities would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuations have not been premised on the existence of a special purchaser.

2.2.3 Reasonableness

RG 111 considers an offer in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, Securityholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Proposed Schemes we considered the following significant factors in addition to determining whether the Proposed Schemes are fair:

- the likelihood of an alternative offer for the MCG Securities
- the likely impact on the price of the MCG Securities in the absence of the Proposed Schemes
- other implications for Securityholders of rejecting the Proposed Schemes.

2.2.4 Individual circumstances

We have evaluated the Proposed Schemes for Securityholders as a whole and have not considered the effect of the Proposed Schemes on the particular circumstances of individual Securityholders. Due to their particular circumstances, individual Securityholders may place a different emphasis on various aspects of the Proposed Schemes from the one adopted in this report. Accordingly, Securityholders may reach different conclusions to ours on whether the Proposed Schemes are fair and reasonable and therefore in the best interests of Securityholders. If in doubt Securityholders should consult an independent adviser.

2.3 Limitations and reliance on information

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 6.

We would specifically draw to the attention of Securityholders that recent volatility in capital markets and the current economic outlook has created significant uncertainty with respect to the valuation of assets. Recognising these factors, we consider that our valuations may be more susceptible to change than would normally be the case.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

3 Profile of MCG

This section provides an overview of MCG. Section 4 of this report provides a further analysis of each of the MCG Assets and the respective industries in which they operate.

3.1 Overview of MCG

MCG is a listed fund that invests in communication infrastructure assets situated in OECD countries or jurisdictions with a comparable sovereign credit rating or economic performance. Communications infrastructure provides the physical facilities for the transmission of electronic communications signals. Such infrastructure may be used, for example, to deliver television and radio broadcasts or to provide voice and data services. Investment target characteristics include:

- contracted wholesale revenue from creditworthy customers
- revenue enhancement potential
- high barriers to entry for potential competitors
- a controlling or influential interest in the assets.

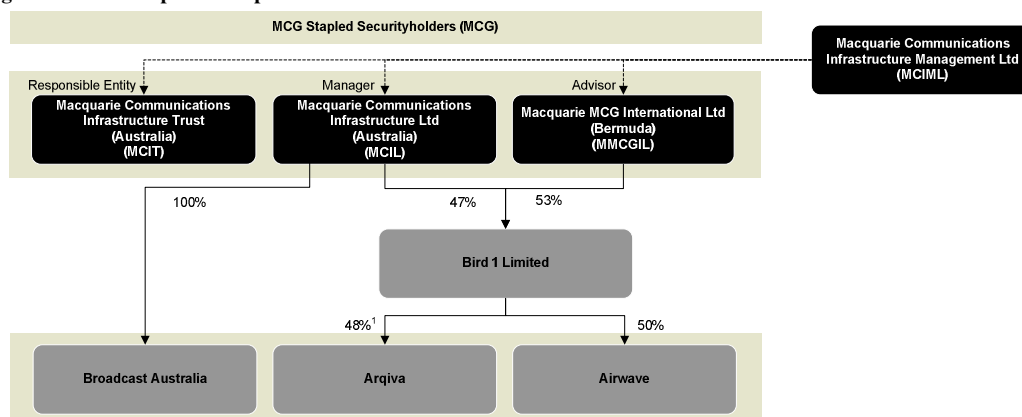
MCG’s current investments are as follows:

- **BA:** BA is a wholly owned subsidiary of MCG that operates an Australian national transmission network for television and radio broadcasting via the analogue and digital spectrum. BA’s major customers are government funded public broadcasters
- **Arqiva:** Arqiva provides analogue and digital radio and television transmission for both the public and commercial broadcasters, wireless site sharing and site services to the mobile operators in the United Kingdom, satellite teleport in the United Kingdom, Europe and the United States, video playout in the United Kingdom and some services based activities to the public safety sector in the United Kingdom. MCG has a 48.0% economic interest in Arqiva
- **Airwave:** Airwave is jointly owned by MCG and Macquarie European Infrastructure Fund II (MEIF 2). The company owns and operates the world’s largest purpose built Terrestrial Trunked Radio (TETRA) public safety communications network. It provides secure, interoperable digital radio communications to police, fire and ambulance services and other public safety customers in Great Britain.

3.2 Capital structure and Securityholders

The corporate structure of MCG is presented in the figure below.

Figure 1: MCG simplified corporate structure



Source: MCG

Note:

1. Although MCG has a 64.9% legal interest in Arqiva, it issued profit participating loan notes that have the effect of transferring a 16.9% economic interest in Arqiva to other Macquarie managed funds. If the Proposed Schemes are approved, MCG will transfer the equivalent legal interest to those funds and redeem the profit participating loan notes. Details of the profit participating loan notes are included in Section 8.19 of the Scheme Booklet

MCG is listed on the ASX as a triple stapled security comprising the following:

- a share in MCIL, an Australian public company
- a unit in MCIT, an Australian registered managed investment scheme
- a share in MMCGIL, a company registered under the laws of Bermuda.

MCIML, which is the responsible entity of MCIT, manager of MCIL and advisor to MMCGIL, is a wholly owned subsidiary of MCGL.

MCG had 546,254,151 stapled securities on issue as at the date of this report. Details of substantial Securityholders are presented in the table below.

Table 1: Substantial Securityholders

Securityholders	Number of Securities ('000)	(%)
Macquarie Group ¹	118,021	21.6%
Lazard Asset Mgt Pacific Co	58,660	10.7%
Tyndall Investment Mgt	52,036	9.5%
Barclays Bank	42,710	7.8%
Fortis Investment Partners	33,177	6.1%
Substantial Securityholders	304,604	55.8%
Other Securityholders	241,650	44.2%
Total	546,254	100.0%

Source: ASX announcements and MCG

Notes:

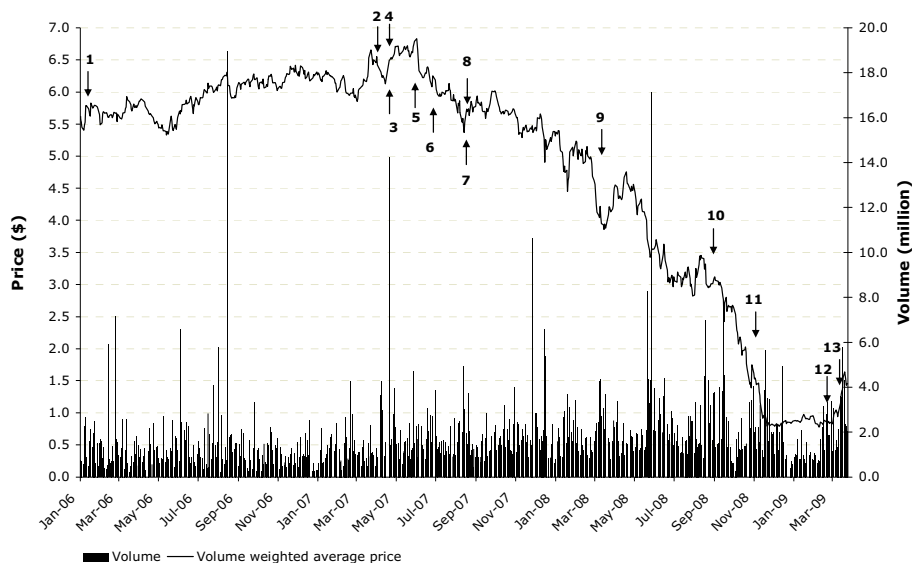
1. CPPIB is taken to have a technical relevant interest of 117,416,717 (21.5%) securities for substantial holder disclosure purposes only, that arises through a technical association with MCIML under the Corporations Act 2001 as a result of the Scheme Implementation Agreement

3.3 Trading history

The MCG Security price declined from an intraday high of \$6.93 in mid 2005 to a low of \$0.76 in late 2008, significantly underperforming the market. Between 1 July 2007 and 4 March 2009 (being the day prior to a surge in the security price) MCG's security price declined by 87% compared to the S&P/ASX 200 Industrials Index, which declined by 68% over the same period. This decline in excess of the index could be a result of the relatively high gearing levels of MCG compared to its peers, which has been compounded by a tightening of credit markets over this period (discussed in further detail in Appendix 4).

The trading history of MCG Securities from January 2006 to March 2009 is presented below.

Figure 2: MCG Security trading



Source: Bloomberg, Deloitte Corporate Finance analysis

The following significant events occurred during the period covered by the figure above:

Reference	Note
1	On 20 January 2006, BA negotiated an increase in its banking facilities from \$150 million to \$390 million, including an increase in capital expenditure facilities from \$125 million to \$240 million. The funds were raised to finance the rollout of new broadcast transmission services under existing contracts.
2	Arqiva acquired 100% of National Grid Wireless (NGW) on 4 April 2007, for \$6.2 billion (Great Britain Pound (GBP) 2.5 billion) funded by a combination of debt and equity. Arqiva simultaneously refinanced its existing debt facilities. Although the United Kingdom competition authorities allowed the merger, the companies remained subject to a 'hold separate' arrangement until the completion of the review process by the United Kingdom competition authorities on 1 September 2008.
3	On 19 April 2007, MCG and MEIF 2 each acquired 50% of Airwave for total combined consideration of \$4.8 billion funded by a combination of debt and equity. The companies were subject to a 'hold separate' arrangement until 8 August 2007, when the United Kingdom Office of Fair Trading cleared the acquisition. MCG announced a capital raising to repay the majority of the bridge facility used to fund its investment in both Airwave and NGW.
4	MCG raised \$625 million from the placement of 102.5 million stapled securities at \$6.10 per security to sophisticated investors on 23 April 2007. MCG successfully completed the bookbuild for the offer of \$725 million in exchangeable bonds.
5	On 30 May 2007, BA refinanced \$450 million of debt and bank facilities maturing in that year through the issue of medium term notes (MTNs) with an expiry of 2019.
6	A Macquarie consortium led by MCG and Macquarie Infrastructure Partners acquired GTP for \$1.7 billion (US\$ 1.4 billion) on 2 July 2007. MCG paid \$444 million for its 28.7% interest.
7	MCG released the financial results for 2007 on 16 August 2007 which included distribution guidance for the financial years 2008, 2009 and 2010 of 46 cents, 51 cents and 53-56 cents, respectively, per security.
8	On 23 August 2007, MCG settled the issue of US\$200 million in exchangeable bonds.
9	BA acquired 100% of Hostworks Group Limited (Hostworks) in March 2008 via a scheme of arrangement for consideration of \$68.9 million, funded through MCG corporate debt.
10	MCG announced the sale of its interest of 28.7% in GTP for US\$363 million on 22 August 2008.
11	On 31 October 2008, MCG announced its revised distribution guidance of 10 cents per stapled security for the 2009 financial year.
12	On 16 February 2009, BA refinanced \$250 million of MTNs due to expire that year, through new bank facilities. Following the refinance, less than 10% of BA's debt facilities require refinancing within the next two years.
13	Over the period between 4 March 2009 and 20 March 2009 the security price increased to \$1.75, possibly as a result of speculation over a sale of BA and/or privatisation of MCG.

Source: Bloomberg, MCG company announcements, Deloitte Corporate Finance analysis

3.4 MCG financial summary

3.4.1 Financial performance

MCG publishes both statutory accounts and proportionate earnings information based on its actual ownership share of each business and before the impact of non-cash amortisation charges.

3.4.1.1 Financial statements

The audited financial results of MCG for the 12 months ended 30 June 2007 and 30 June 2008 as well as the reviewed financial results for the six months to 31 December 2008 are summarised in the table below.

Table 2: Financial performance (consolidated)¹

	12 months to June 2007 (\$m)	12 months to June 2008 (\$m)	6 months to December 2008 (\$m)
Revenue from continuing activities	1,316	2,036	1,053
Other income	155	384	72
Share of profit/(loss) of associates ²	47	(177)	(308)
Operating expenses	(798)	(1,250)	(646)
EBITDA	720	992	170
Depreciation and amortisation	(174)	(330)	(175)
EBIT	546	662	(5)
Finance costs (excluding hedging instruments)	(456)	(610)	(480)
Revaluation of interest rate and Retail Price Index (RPI) swaps	-	(649)	(1,240)
Total profit/(loss) from continuing activities before tax	90	(597)	(1,725)
Income tax benefit	59	228	208
Total profit/(loss) from continuing activities after tax	149	(369)	(1,518)
Profit/(loss) from discontinued operations	-	-	65
Profit/(loss) for the period	149	(369)	(1,453)

Source: MCG annual financial reports dated 30 June 2007 and 30 June 2008, the half year report dated 31 December 2008, Deloitte Corporate Finance analysis

Notes:

1. MCIT is treated as the head entity of MCG
2. Where MCG has a controlling interest, the results of the controlled entity (BA and Arqiva) are included in the consolidated financial statements with the portion attributable to minority investors recognised as a minority interest. Where MCG has a significant influence over an entity (Airwave in 2007 and 2008 and GTP in 2008), MCG includes its share of the after tax result in the consolidated financial statements
3. Following Deloitte Corporate Finance analysis, certain line items vary to statutory accounts

We note the following in respect of MCG's financial performance:

- the significant increase in revenue between 2007 and 2008 was primarily the result of the acquisition of NGW and BT Satellite
- significant fluctuations in finance costs are largely due to the revaluation of interest rate and RPI linked swaps. Long term hedging arrangements have been entered into to provide protection against future increases in interest rates, both nominal and real.

3.4.1.2 Proportionate financial results

The table below summarises the reviewed (but unaudited) proportionate financial results for the 12 months ended 30 June 2007 and 30 June 2008, and the six months ended 31 December 2008.

Table 3: Proportionate financial results¹

	12 months to June 07 (\$m)	12 months to June 08 (\$m)	6 months to December 08 (\$m)
BA	236	268	148
Arqiva	551	784	421
Airwave	67	356	190
GTP	-	34	8
Proportionate Revenue	854	1,442	767
BA	152	171	91
Arqiva	203	302	156
Airwave	29	147	74
GTP	-	18	5
Proportionate EBITDA (pre-fund expenses)	384	638	326

Source: MCG Management Information Report for the 12 months ended 30 June 2007, 30 June 2008 and the six months ended 31 December 2008

Notes:

1. Proportionate financial statements reflect MCG's proportionate share of the earnings of the MCG Assets
2. Balances exclude intercompany revenue and therefore may differ to MCG Management Information reports

The financial performance of each of the MCG Assets is discussed in further detail in Section 4.

3.4.2 Balance sheet

The audited balance sheet of MCG as at 30 June 2007 and 30 June 2008 as well as the reviewed balance sheet as at 31 December 2008 is summarised in the table below.

Table 4: Balance sheet (consolidated)¹

	Audited June 2007 (\$m)	Audited June 2008 (\$m)	Reviewed December 2008 (\$m)
Cash and cash equivalents	836	516	262
Receivables	244	240	326
Investments accounted for using the equity method ²	666	733	94
Property plant and equipment	3,569	3,303	3,376
Intangible assets	8,222	7,281	7,149
Derivative financial instruments	90	117	103
Other assets	154	235	192
Total assets	13,781	12,425	11,501
Distribution and dividend payable	84	121	27
Payables and provisions	300	315	313
Accrued expenses	292	307	331
Interest bearing liabilities	9,101	8,440	8,225
Unearned revenue	547	504	455
Derivative financial instruments	1	552	1,704
Deferred tax liabilities	992	704	495
Other liabilities	208	108	98
Total liabilities	11,525	11,051	11,648
Net assets/(liabilities)	2,256	1,374	(147)

Source: Source: MCG annual financial report dated 30 June 2007, 30 June 2008 and half year report dated 31 December 2008.

Notes:

1. MCIT is treated as the head entity of MCG
2. Where MCG has a controlling interest, the assets and liabilities of the controlled entity are included in the consolidated financial statements with the portion attributable to minority investors recognised as a minority interest. Where MCG has significant influence over an entity, MCG accounts for the asset as an associate or jointly controlled entity

We note the following in respect of MCG's balance sheet:

- MCG consolidates BA and Arqiva
- the principal investment accounted for using the equity method at 31 December 2008 is Airwave, which is a jointly controlled entity. The decline in the investments accounted for using the equity method from \$733 million as at 30 June 2008 to \$94 million as at 31 December 2008 is the result of the sale of GTP in August 2008 and the equity accounted loss in relation to Airwave, which has been driven by the revaluation of interest rate swaps
- intangible assets comprise customer contracts and goodwill in BA, Arqiva and NGW
- interest bearing liabilities primarily relate to term loans, capital expenditure, working capital facilities, bonds and profit participating loans. The debt is largely held at the MCG Asset level
- unearned revenue relates to advance payments on customer contracts largely in the Arqiva and NGW businesses
- derivative instruments largely represent the fair value of interest rate and RPI linked swaps.

Further discussion on the balance sheets of the MCG Assets is included in Section 4.

3.4.3 Debt profile

The MCG fund level debt at 31 March 2009 is presented below:

Table 5: MCG debt profile

Facility	Currency	Start date	Balance outstanding (LC millions)	Annual borrowing rate ³	Term/Expiry
ANZ facility	GBP	13 Feb 2009	15	LIBOR + 0.9%	30 Sep 2009
Exchangeable bonds	A\$	24 May 2007	413 ¹	2.5%	24 May 2010 ²
Exchangeable bonds	US\$	23 Aug 2007	118 ¹	2.5%	23 Aug 2011 ²

Source: MCG

Notes:

1. The actual balance outstanding column represents the redeemable value at 31 March 2009. The A\$ exchangeable bonds have a yield to maturity of 6.25% and the US\$ exchangeable bonds have a yield to maturity of 6.0%, however, both pay a coupon of 2.5%. The difference between the yield to maturity and coupon rate is reflected in accretion of the face value of the bond, which is settled at maturity or on an early redemption event
2. Reflects the early put dates for the bonds, where the bonds can be settled either in cash or by the issue of MCG Securities (at a 5% discount) at the option of the issuer
3. Excludes fees and costs, such as issue or commitment fees
4. LC: local currency

The US\$ denominated exchangeable bonds were issued in August 2007 to partly fund the acquisition of a 28.7% interest in GTP. The A\$ denominated exchangeable bonds were issued to partly fund the acquisitions of NGW and Airwave. GTP was subsequently sold in August 2008 with the proceeds used to reduce gearing through the repurchase of a portion of the exchangeable bonds at a discount to face value.

4 Overview of the MCG Assets

4.1 Profile of Broadcast Australia

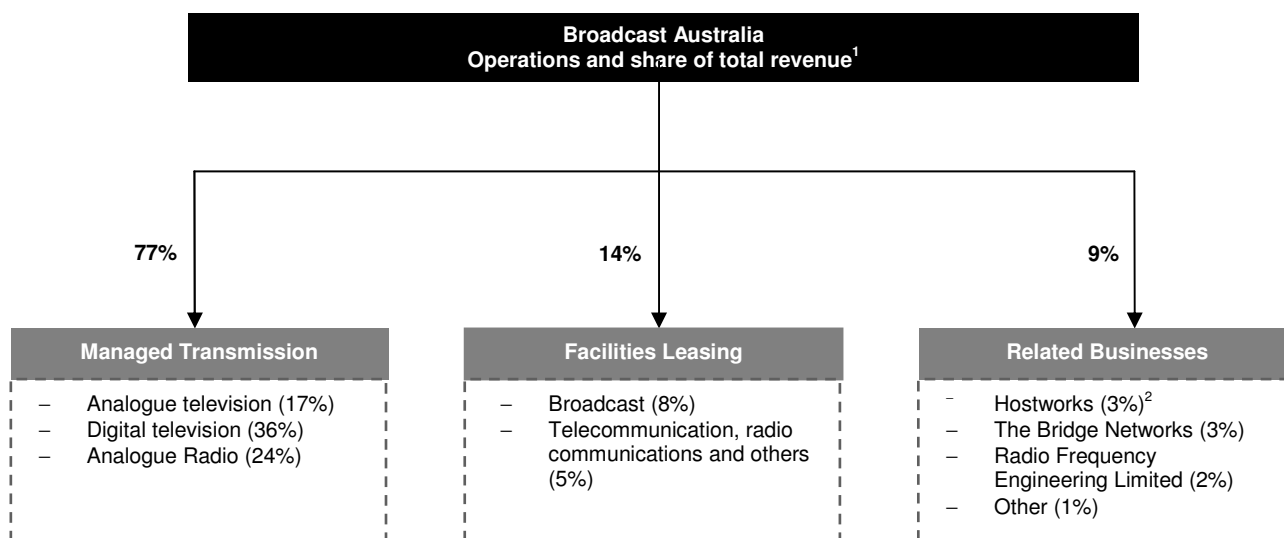
4.1.1 Principal activities and background

BA was privatised in 1999 after over 70 years in public ownership. Macquarie Group acquired 100% of BA in April 2002 and in July 2002 it became the seed asset in the listing of MCG.

BA is the owner and operator of the most extensive national broadcast transmission infrastructure network for television and radio in Australia. BA operates from approximately 600 transmission sites in Australia reaching more than 99% of the population.

BA's core business is the provision of managed transmission services for the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS) (collectively the National Broadcasters) via a terrestrial based tower network. A managed transmission service is one where BA provides an end-to-end service from receipt of the customer's television or radio signal at the broadcast site through to broadcast to end users. In addition to supplying managed transmission services, BA provides site and infrastructure access services to regional commercial television and radio broadcasters, telecommunications providers and other commercial radio communication network operators (facilities leasing) and also operates a number of related businesses, as detailed in Figure 3 below.

Figure 3: Summary of BA's operations



Source: MCG

Note:

1. The above percentage contributions are based on revenue for the financial year ended 30 June 2008
2. Hostworks was acquired in March 2008 and therefore did not contribute a full year of revenue
3. Numbers may not add due to rounding

4.1.2 Industry overview

4.1.2.1 Structure of industry

Terrestrial based telecommunication services in Australia

Terrestrial broadcasting is the transmission of data signals from content providers to audiences via a land-based tower network. It is the dominant form of broadcasting technology for television and radio services in Australia with all free to air television and radio stations using terrestrial broadcasting in accordance with their licence requirements. Free to air television in Australia does not require any form of subscription payment by the customer.

Because of the nature of the infrastructure, terrestrial broadcasting is able to facilitate the distribution of local content to different geographical areas and do so without any incremental cost to households or viewers in those geographical areas. A terrestrial transmission tower is capable of broadcasting multiple services through different frequencies allowing additional services to be added across common infrastructure. Due to the high capital intensity required to achieve economies of scale, the industry is highly concentrated.

Where a transmission service provider typically offers a managed service it is responsible for the entire broadcast chain from receipt of the broadcast signal to final transmission from the antenna, including installing, maintaining, monitoring and operating the necessary equipment.

In a facilities leasing service, the transmission service provider offers the use of shared space in the building at tower sites, access to a combiner system, plus a connection to the power supply systems. The customers pay the providers for this access and install and maintain their own transmitting equipment.

Free to air broadcasters in Australia can be separated into:

- public broadcasters, being government owned or funded
- commercial broadcasters, which derive their revenue primarily from advertising.

The National Broadcasters are primarily serviced by BA while the commercial television networks are serviced in the metropolitan markets by TX Australia which is a joint venture owned equally by Australia's three commercial television networks. Regional commercial broadcasters each manage their own broadcasting services through a tower network that they either each individually own or control, site share with each other, or facility lease from BA.

Table 6: Australian terrestrial broadcast transmission providers

Provider	Estimated number of owned or controlled towers	Area serviced
BA	400 ¹	National
TX Australia	25	Purely metropolitan
Regional broadcasters	200	Purely regional

Source: MCG

Note:

1. BA also operates from third party sites under site sharing agreements which are not included in this figure

Although in some areas more than one provider may have a transmission tower capable of providing the same service, in many service areas such as in regional Australia, only one tower from one provider will be present, meaning there is limited competition in regional areas at the infrastructure access level.

Unlike the geographic spreads of other industries, which often correlate closely with population share, terrestrial based telecommunication services correlate closely with land mass, given that coverage must be facilitated by transmission towers, which have distance limitations. Pricing of transmission services is based on the cost of providing coverage (number of towers, size, power and frequency) rather than the size of the population served. Population urbanisation is important because it is not always economically viable to service areas where population density is low. National Broadcasters have a mandate to provide services to all Australians without reference to economic return. Any other provider of terrestrial broadcast transmission services would require access to many of BA's facilities to satisfy all the coverage requirements of the National Broadcasters.

Alternative technologies

Apart from terrestrial broadcasting (covering nearly 100% of Australia's population) there has been limited penetration of other broadcast technologies in Australia. The possible alternative technologies to terrestrial broadcasting for television and radio signals are summarised in the table below:

Table 7: Alternative broadcasting technologies

Technology	Description	Penetration in Australia
High band-width internet	Transmits content via the internet	2.0%
Cable systems	Transmits content via fixed optic fibres or underground coaxial cables	9.4%
Satellite systems	Transmits content via satellite systems	18.2%

Source: MCG quoting PricewaterhouseCoopers: Global Media & Entertainment Outlook 2008-2012

Digital switch over

The Australian government legislated for the introduction of digital television from January 2001 in metropolitan markets and a phased introduction across regional Australia. This included a policy for broadcasters to transmit their signals in both analogue and digital for at least eight years in each market, following the introduction of digital television in that market (the digital television switch over or 'DSO' policy).

Analogue broadcasting is gradually being phased out in line with the DSO policy. The Australian government's proposed timeline for a switch off of all analogue signals is by December 2013.

4.1.2.2 Key demand drivers and critical success factors

The key demand drivers and critical success factors for the terrestrial broadcasting industry include:

- **economic conditions:** economic conditions impact the level of demand from advertisers and end users of commercial radio and television broadcast content and therefore the broadcasting companies that engage transmission providers
- **technological advancement:** the introduction of new products in the industry including digital television and radio, mobile television and infocasting creates opportunities for those industry participants that can commercialise these products, influencing the level of demand for transmission services
- **socio-economic variables:** increasing ownership and usage of television, PC and mobile phone technologies, the uptake of digital and other new technologies, and the acceptance of the role of telecommunications technology all influence demand for transmission services
- **regulatory changes:** the government DSO program means that industry participants have to migrate analogue customers to digital prior to the proposed final analogue signal switch off date in December 2013. Digital transmission, has the capabilities for multi channelling and data-casting, which in turn may boost revenue. Revenues from analogue broadcasting during the simulcast period will fall away as analogue is switched off in a phased process
- **government policy:** government decisions on the timing of the release of additional spectrum.

BA is partly insulated from these factors as a consequence of the long term contractual arrangements with the ABC and SBS, revenue derivation being related to the costs of providing the services to the nominated coverage areas being served rather than population growth, uptake of products and services by individual customers and the contractual arrangements with other customers.

4.1.3 Services, products, customers and suppliers

4.1.3.1 Products and services

The five main sources of revenue for BA are analogue television, digital television, analogue radio, facilities leasing and critical application management.

Managed services

BA is effectively the sole provider of managed transmission services to the National Broadcasters, as discussed below:

- **analogue television:** BA is the sole provider of analogue television transmission services to the ABC and the major supplier to the SBS
- **digital television:** BA has been engaged by the ABC and SBS to manage and implement their digital television transmission since 2001. BA will be the sole provider of the ABC's and SBS's digital TV transmission requirements once analogue television transmission is phased out
- **analogue radio:** BA is the sole provider of analogue radio transmission to the ABC and SBS. BA also has a small number of managed transmission service contracts with commercial radio broadcasters.

Facilities leasing

BA receives revenue through providing access to its sites to commercial television and radio broadcasters. Under these arrangements, customers install and operate their own transmitters to broadcast signals and are responsible for delivering the signal to the site and for their own standard of service. BA enables access to its infrastructure with broadcasters for the provision of analogue and digital television services predominantly in regional areas. As with managed services, facilities leasing to commercial broadcasters can be divided into analogue television, digital television and analogue radio. Major commercial customers include Macquarie Southern Cross Media, WIN and Prime.

BA also leases access at its sites to emergency services organisations and many of Australia's telecommunications operators. Major customers include Telstra, Optus and Digital Distribution Australia.

BA has over 1,200 individual facilities leasing contracts.

Critical Application Management and other activities

On 10 March 2008, BA acquired a 100% interest in Hostworks, a provider of critical application management and hosting services for websites. More than 15% of all internet pages viewed in Australia are hosted by Hostworks. Hostworks' top ten customers represent approximately 70% of revenue.

On 2 October 2007, BA purchased a 55% interest in Radio Frequency Engineering Limited, a Hong Kong based engineering company. Radio Frequency Engineering Limited specialises in confined space communications systems such as in buildings and tunnels in Hong Kong, Singapore and Bangkok.

BA established The Bridge Networks Pty Limited in 2004. The Bridge Networks Pty Limited procures and installs broadcast and communications equipment as a specialist integrator.

4.1.3.2 Customers and contracted revenue

The services BA provides to its customers are characterised by long term inflation linked contracts varying generally from ten to 15 years. BA had a nominal contract book value of approximately \$2.1 billion as at 30 June 2008, with more than 90% of 2008 revenues contracted for 2009. The contract order book represents 7.92 times 2008 revenue. Approximately 92% of the total order book is contracted with the top five customers.

Pricing arrangements are not regulated. However, broadcast transmission site owners are subject to regulatory access regimes that to date have not been required as commercial negotiations have been successfully concluded. For analogue television and radio transmission, base prices were set when the initial contracts were entered into. Base pricing for the digital television contracts was subject to competitive tender and government review.

BA's two main customers, the ABC and SBS, are provided managed transmission services (analogue and digital television and analogue radio) under long term contracts. Revenues from these broadcasters contributed 75% of BA's total revenue in 2008.

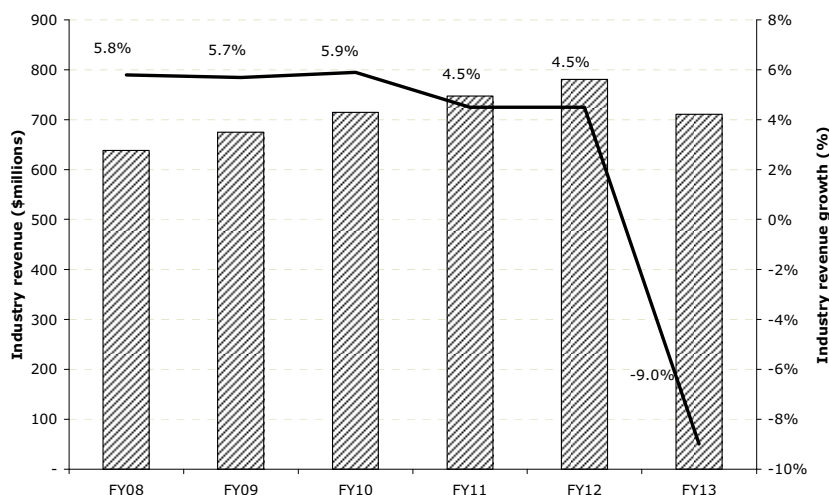
BA's services to the ABC and SBS are contracted on a site by site basis. The majority of BA's revenues are generated from the provision of transmission services in regional Australia, where there are a greater number of sites.

4.1.4 Growth prospects

4.1.4.1 Industry expectations

Industry revenue is forecast to grow at an average of 5.3% per annum until 2013, largely due to multi-channelling by existing television networks and the commercialisation of digital radio. The five major television stations in Australia will be broadcasting in analogue, high definition digital and, from 2009, standard definition digital. According to IBISWorld, the government DSO policy and proposed switch off of the analogue signal in December 2013 is expected to decrease industry revenue in 2013 by 9.0%.

Figure 4: Forecast industry revenue and growth rates



Source: IBISWorld, Deloitte Corporate Finance analysis

Notes:

1. Revenue in this industry is derived from the provision of telecommunications applications including the provision of satellite communications services and television and radio relay station operations. As BA's terrestrial broadcasting services are a subset of the broadcasting industry, industry growth expectations will not necessarily correlate to those of BA

4.1.4.2 Company expectations

BA management expects continued growth for BA until completion of the DSO, predominantly from the continuing roll out of digital television under contract with the National Broadcasters, along with related opportunities such as the expected release of broadcast spectrum (Channel A and Channel B) and the opportunities that arise from DSO. Following completion of the DSO, BA management forecast growth consistent with the inflation linked characteristics of long term contracts with key customers. The key areas of growth opportunity for BA are as follows:

Core terrestrial transmission business

The growth opportunities in the core terrestrial transmission business include:

- **digital terrestrial transmission contracts:** BA will continue the roll out of digital managed transmission services already secured under long term contracts with National Broadcasters in the run up to the DSO
- **analogue radio contracts:** BA will continue to roll out additional analogue radio managed transmission services already secured under long term contracts with the ABC
- **digital radio broadcasting:** digital radio transmission services are expected to commence in 2009.

New digital spectrum services in Australia

BA has a number of opportunities to provide additional managed transmission and facilities leasing services in the event of additional digital spectrum being made available in Australia. The ability to provide these services is contingent on policy decisions from the Australian government. These opportunities include:

- on completion of the DSO, the spectrum used for current analogue television broadcasting will revert to public ownership. BA may have an opportunity should that spectrum be re-allocated to new or existing broadcasters. BA expects the availability of new digital spectrum will provide an opportunity to secure new managed transmission services or facility leasing contracts with users of the recycled spectrum. BA also expects the DSO will require the resolution of a number of digital television coverage black spots
- prior to and as part of the encouragement of the DSO, the Australian Government has the opportunity to release Channel A and Channel B to assist the DSO process. BA expects to be in a position to provide managed or facility leasing services to the owners of the spectrum when released.

Other

Other opportunities include:

- joint venture with Airwave for the provision of private mobile radio business services including emergency services in Australia
- transmission related services in Australia arising from DSO
- the design, installation and operation of satellite communications earth stations.

4.1.5 Competitive position

BA is in a well established strong, competitive position in the sector, having existing ownership or access arrangements to the only existing network with the necessary geographic coverage to satisfy all of the extensive coverage requirements of the mandates of the ABC and SBS. In addition, there are high barriers to entry in the sector. The installation of an alternative national network of transmission towers is inhibited by large capital requirements, the geographic dispersal of Australia's population over large areas, environmental regulation with regards to tower location at suitable sites for optimal broadcasting and BA's already established presence in prime tower locations. In addition, licence requirements and the long term nature of customer contracts further increase the barriers to entry in this industry. Alternative managed transmission service providers may secure access to certain of BA's sites and assets should they wish to compete to provide managed transmission services.

The table below sets out the strengths, weaknesses, opportunities and threats for BA.

Table 8: Strengths, weaknesses, opportunities and threats analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • extensive established terrestrial transmission network • existing long term contracts and strong relationships with the ABC and SBS providing stable and predictable revenues • barriers to entry in the form of high capital costs, environmental regulations regarding tower location at suitable sites for optimal broadcasting, and the licensing of, and the finite number of, broadcast customers available from which to derive transmission revenues • content transmission is largely a non-cyclical industry that is not subject to changes in discretionary income • BA either owns freehold or directly controls via long term leasehold interest 65% of the site locations required to deliver the coverage of services to the National Broadcasters • experienced management team with industry expertise • contract order book of more than \$2 billion. 	<ul style="list-style-type: none"> • contract renewal risk with the ABC and SBS • BA and the National Broadcasters are mutually dependant • site portfolio limited primarily to broadcast transmission services • capital intensity of new growth opportunities.
Threats	Opportunities
<ul style="list-style-type: none"> • competition from third parties seeking access to BA's terrestrial transmission assets • competition from alternate broadcast technologies including high band-width internet, satellite and cable systems • potential delays in releasing new spectrum that will take advantage of BA's broadcast sites • low CPI levels will reduce revenue growth as the escalator in majority of contracts. 	<ul style="list-style-type: none"> • the emergence of, and expected commercialisation of, digital radio broadcasting in 2009 • the potential for new digital spectrum and new service offerings in Australia utilising the existing network and capabilities • the expansion of digital television coverage required to enable DSO to occur.

Source: Deloitte Corporate Finance analysis

4.1.6 Capital structure

BA is wholly owned by MCIL.

4.1.7 Financial summary

4.1.7.1 Financial performance

The table below sets out the unaudited financial performance of BA (comprising Broadcast Australia Pty Limited and its controlled entities and Broadcast Australia Finance Pty Limited) for the 12 months ended 30 June 2007 and 30 June 2008 and the unaudited financial performance for the six months ended 31 December 2008.

Table 9: Financial performance

	June 2007 12 months (\$m)	June 2008 12 months (\$m)	December 2008 6 months (\$m)
Trading revenue	236	271	148
Revenue growth (%)	n/a	15%	n/a
Consolidated EBITDA	152	173	92
Margin (%)	64%	64%	62%
Depreciation	(29)	(34)	(19)
Amortisation	(12)	(11)	(6)
Consolidated EBIT	111	128	67
Margin (%)	47%	47%	45%
Net interest expense	(42)	(57)	(29)
Revaluation of interest rate swaps	18	35	(190)
Other	7	(1)	(1)
Consolidated PBT	94	105	(152)
Tax (expense)/benefit	(0)	(25)	47
Consolidated net profit after tax	94	81	(106)

Source: BA unaudited Management Reports for the financial years ended 30 June 2007, 2008 and the six months ended 31 December 2008

Notes:

- The income statements represent the consolidated group of BA (comprising Broadcast Australia Pty Limited and its controlled entities and Broadcast Australia Finance Pty Limited) without reference to minority interests. The proportionate results presented in Section 3.4 are obtained by removing the outside equity interest in Radio Frequency Engineering Limited

We note the following in respect of BA's statements of financial performance:

- revenue increased by \$35 million (15%) from 2007 to 2008. This growth is primarily driven by increased revenue from digital television transmission, as more service areas are commissioned prior to the DSO cut off date. In addition, the full impact on earnings of the acquisition of Hostworks (March 2008) will be realised in the 2009 year
- revenues have historically been backed by inflation linked contracts. Commercial television broadcasters are largely transmitting the same content via both the analogue and digital spectrums which will underpin earnings until the analogue switch off
- key costs comprise repairs and maintenance on transmission assets, power for the transmission of electrical signals, property costs reflecting the lease/licence and access arrangements to sites, rates and land tax on owned sites and employee costs. Employee costs increased significantly from 2008 following the acquisition of Hostworks and Radio Frequency Engineering Limited.

4.1.7.2 Balance sheet

The table below sets out the unaudited balance sheet of BA (comprising Broadcast Australia Pty Limited and its controlled entities and Broadcast Australia Finance Pty Limited) as at 30 June 2007, 30 June 2008 and 31 December 2008.

Table 10: Balance sheet¹

	June 2007 (\$m)	June 2008 (\$m)	December 2008 (\$m)
Cash	8	16	18
Receivables	25	34	37
Intercompany balances	324	297	362
Other current assets	4	6	7
Total current assets	361	353	423
Intangible assets	166	265	264
Intercompany balances	155	161	165
Property, plant and equipment	708	728	730
Other non-current assets	19	58	1
Total non-current assets	1,048	1,212	1,162
Total assets	1,409	1,565	1,585
Payables	8	6	4
Provisions	5	6	4
Accrued expenses	41	39	34
Intercompany balances	0	41	76
Interest bearing liabilities ²	-	-	250
Other current liabilities	13	19	22
Total current liabilities	66	111	390
Interest bearing liabilities	869	940	713
Intercompany balances	31	31	31
Provisions	3	3	3
Deferred tax balances	-	160	101
Derivative financial instruments	-	-	136
Other non-current liabilities	25	24	24
Total non-current liabilities	928	1,157	1,007
Total liabilities	994	1,268	1,397
Net assets	414	297	187

Source: BA unaudited Management Report for the financial years ended 30 June 2007, 2008 and the six months ended 31 December 2008, and the BA Information Memorandum

Notes:

1. The balance sheets represent the consolidated group of BA (comprising Broadcast Australia Pty Limited and its controlled entities and Broadcast Australia Finance Pty Limited)
2. The current interest bearing liabilities of \$250 million at 31 December 2008 relates to the MTN that has been subsequently refinanced in February 2009 using a term loan. See Section 4.1.7.3 for more detail

We note the following in respect of BA's balance sheet:

- the largest asset on the balance sheet is property, plant and equipment reflecting BA's investment in transmission towers, broadcasting equipment and sites
- the intangible assets relate to goodwill and customer contracts and relationships recorded on acquisition of controlled entities
- the debt profile of BA is discussed in detail in Section 4.1.7.3
- derivative instruments represent the fair value of interest rate swap hedging arrangements.

4.1.7.3 Debt profile

The debt profile of BA is presented in the following table.

Table 11: Debt summary as at 31 March 2009

Tranche	Start Date	Balance outstanding 31-Mar-09 (\$m)	Facility Limit (\$m)	Annual borrowing rate ⁶	Term/ Expiry
Medium Term Notes^{3,5}					
MTN 1B	Jul-07	450	450	BBSW ¹ + 0.26%	Jul-19
MTN 2	Jul-02	150	150	BBSW + 0.51%	Jul-12
Senior Debt⁴					
Term loan	Feb-09	250	250	BBSY ² + 2.50%	Feb-12
Capital Expenditure Facility	Feb-09	140	140	BBSY + 2.25% to 2.50%	Jan-11/Jan-12
Working Cap Facility	Feb-09	21	50	BBSY + 2.25% to 2.50%	Jan-11/Jan-12
Total		1,011	1,040		

Source: MCG

Notes:

1. BBSW: bank bill swap rate
2. BBSY: bank bill swap bid rate
3. All medium term notes are subject to credit enhancements through a credit wrap by Ambac Assurance Corporation
4. Under the terms of the existing bank facility, BA must maintain hedging over its total senior debt other than the working capital facility
5. Following the refinancing in February 2009, BA is holding \$250m in escrow for the repayment of the \$250m MTN. BA is currently engaged in an MTN buyback exercise and these numbers assume that the exercise is successful
6. Excludes fees and costs such as wrap and commitment fees. Rates are before hedging

BA's credit rating was assessed as BBB by Standard and Poor's and Baa2 by Moody's Investor Services as at 31 December 2008 and was also assessed as BBB/Baa2 in February 2009. The medium term notes have the benefit of the Ambac Assurance Corporation credit wrap and thus have a credit rating of A by Standard and Poor's and Baa1 by Moody's Investor Services.

4.2 Profile of Arqiva

4.2.1 Principal activities and background

In January 2005, a MCG led consortium acquired 100% of National Transcommunications Limited and NTL Digital Limited (together NTLB) through an investment holding company, Macquarie UK Broadcast Holdings Limited (MUKBHL). Subsequent to the acquisition, NTLB was renamed Arqiva.

Arqiva is the leading national broadcast transmission and end-to-end satellite media and communications services provider to the television and radio industry in the United Kingdom, it owns and operates a portfolio of communications infrastructure assets and is the largest independent wireless site leasing infrastructure operator in the United Kingdom.

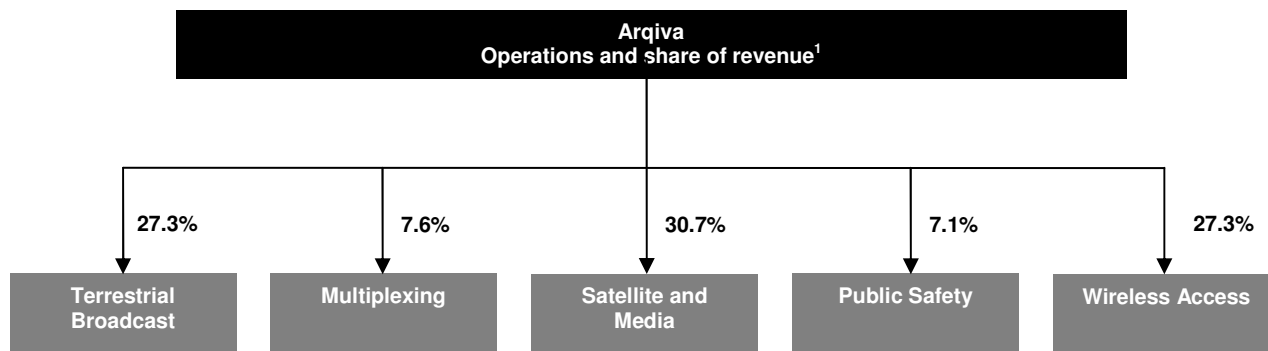
In April 2007, Arqiva acquired NGW. NGW was a national provider of broadcast transmission services, an operator of an independent wireless site sharing business and a significant owner and operator of digital terrestrial television (DTT) spectrum. Arqiva and NGW were the lead players in the above sectors. They are able to achieve significant synergies across their businesses including a more efficient DSO capital expenditure program and reduced operations and maintenance expenditure.

As noted in Section 3.3, the NGW acquisition was subject to review by the United Kingdom competition authorities and a 'hold separate' arrangement was put in place until 1 September 2008. On 1 September 2008, the United Kingdom competition authorities approved the merger of Arqiva and NGW subject to several legal undertakings, including those relating to contract variations and service level availability.

The integration of the businesses commenced in late 2008 and approximately 90% of the integration process is expected to be substantially completed by 30 June 2009.

A summary of the operations of the combined businesses is set out in Figure 5 below.

Figure 5: Summary of Arqiva operations



Source: MCG

Notes:

1. Revenue contributions are based on the financial results for the six month period to 31 December 2008

The communications infrastructure services industry provides the physical facilities for the carriage and delivery of electronic communications signals such as television and radio broadcasts and mobile voice and data transmission. This section focuses on the key industry sectors in which Arqiva operates, namely:

- the provision of end-to-end infrastructure services in the television, radio and satellite teleport markets
- the provision of wireless site leasing and installation services.

4.2.1.1 Television broadcast transmission in the United Kingdom

Terrestrial transmission involves the utilisation of towers and related infrastructure to enable television broadcasters to transmit programming to their audiences. Revenue generated from terrestrial transmission services is based on the extent of network rollout and population coverage, as opposed to the number of viewers of the actual signal or market shares of the content transmitted.

There are currently two forms of signal delivery within the terrestrial transmission delivery platform, being analogue and DTT. While the analogue terrestrial television market is mature, the DTT market is in its growth phase and is currently responsible for the majority of growth in digital television penetration in the United Kingdom.

Following the acquisition of NGW, Arqiva became the sole provider of terrestrial transmission services to television broadcasters in the United Kingdom. The company provides managed transmission services and access to its towers to third parties on a regulated basis, as it is required by The Office of Communications (Ofcom) to provide access to tower sites to third parties on terms which must be 'fair, reasonable, cost oriented and non discriminatory'. Managed transmission services involve content being sent from broadcasters' studios to mast sites (via satellite or cable), where it is transmitted to the viewers.

Analogue television

The United Kingdom analogue television market comprises the public and commercial broadcasters, for example British Broadcasting Corporation's (BBC) BBC1 and BBC2, ITV, Channel Four and Channel Five and the regional channel S4C. All the transmission services for these channels are provided by Arqiva.

Under the DSO project in the United Kingdom, analogue television transmission will be switched off by 2012 and be replaced by high power digital television. Revenue from analogue broadcasting will be phased out over the period to 2012 and replaced by digital television services.

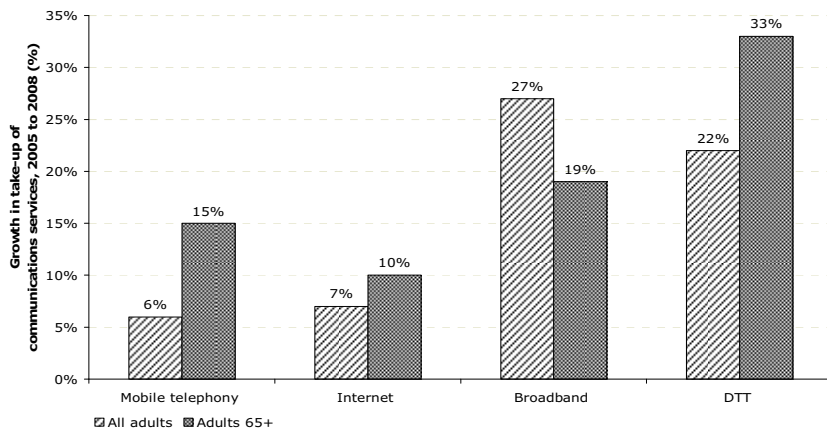
Digital television

In the United Kingdom, DTT is currently available using low power signals, with each signal containing several television channels. The signal is commonly referred to as a digital multiplex. As a part of DSO, the low power digital television broadcasts together with analogue television transmission will be progressively replaced by high power digital broadcasts by 2012.

There are currently six digital multiplexes being broadcast in the United Kingdom and three of the six have a public service mandate with a wider geographic coverage obligation, while the other three are commercial and two of these are owned by Arqiva. The current transmission of all six multiplexes is provided by Arqiva and this will continue after DSO is implemented.

The following figure sets out the growth in the take-up of DTT relative to other communications services within the United Kingdom.

Figure 6: Take-up of digital terrestrial television

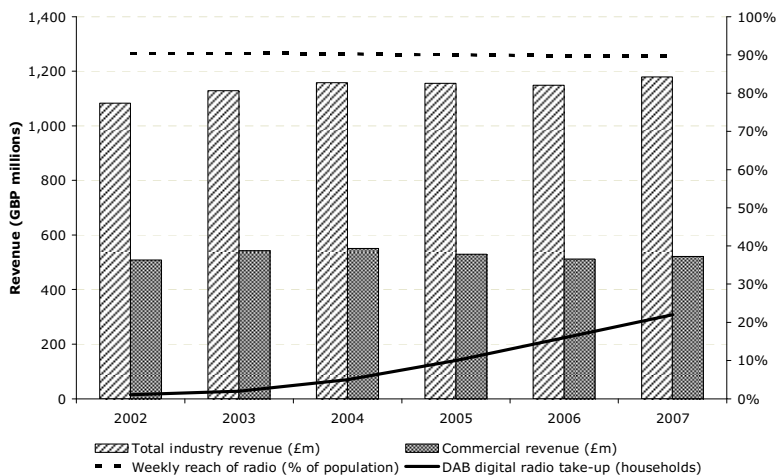


Source: 2008 Ofcom Report, Deloitte Corporate Finance analysis

4.2.1.2 Radio broadcast transmission in the United Kingdom

The following figure sets out the key metrics within the United Kingdom radio industry for the five year period between 2002 and 2007.

Figure 7: Key metrics within the United Kingdom radio industry



Source: 2008 Ofcom Report, Deloitte Corporate Finance analysis

Revenue generated by the United Kingdom radio industry has remained stable at a five-year compound annual growth rate (CAGR) of 1.7%, however, the household digital audio broadcasting (DAB) digital radio take-up has risen substantially at a five year CAGR of 85.6%.

Analogue radio

Arqiva is the key transmission services provider in the analogue commercial radio market. This market is fragmented and analogue radio transmission services are also provided by smaller local operators.

Unlike analogue television, it is understood that the United Kingdom government has not set a date for switching off analogue radio but possible arrangements for a switch over from analogue to digital are being canvassed. It is understood from a Digital Britain report, that the government will switch off analogue radio once sufficient coverage and consumer uptake has been reached.

Digital radio

Commercial digital radio (also known as DAB) commenced broadcasting in the United Kingdom in 1999 and by mid 2008 approximately 90% of the United Kingdom population was covered by at least one DAB multiplex, with most areas being covered by three or more. DAB take up by households has risen and approximately 22% of United Kingdom households currently access DAB.

The BBC and Digital One (partially owned by Arqiva) operate the national DAB networks providing national digital radio services across the United Kingdom, although the Digital One network is not licensed to cover Northern Ireland, where Bauer operates a local multiplex. In addition to these national networks, local DAB multiplexes operate across most of the United Kingdom as indicated above. These multiplexes carry local commercial radio stations and the relevant local or national BBC service.

Penetration of digital radio is expected to be driven by the following:

- growth in digital radio receivers as the technology becomes more popular
- increasing take-up of digital television which includes the ability to access DAB services.

4.2.1.3 Satellite transmission and media services

Satellite transmission service providers use ground facilities called satellite teleports to access satellites that provide linking and broadcast services. Satellite teleports comprise one or more antennae and other related equipment which deliver and receive communication signals to and from satellites. Key industry participants in the United Kingdom include Arqiva and Globecast.

There are three major types of satellite transmission as follows:

- direct to home services
- transmissions for telecommunications purposes
- distributions of content for cable television providers to their cable head-ends.

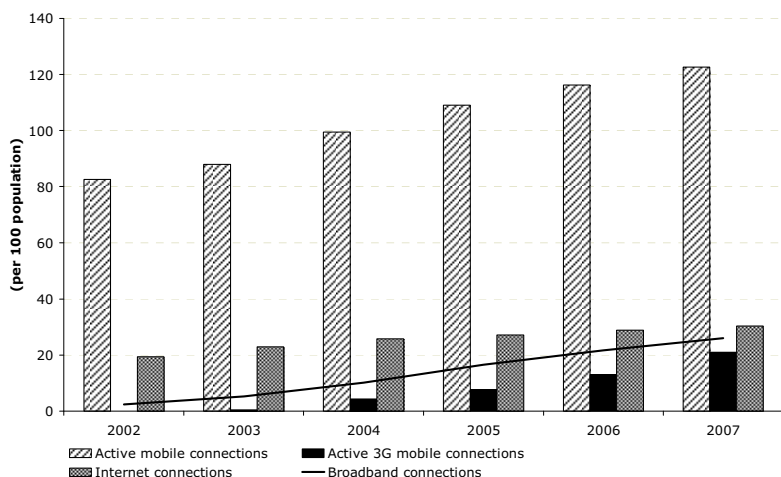
Direct to home broadcasting involves the uplinking of television channel signals from teleport uplinking facilities to satellites and then transmitting the signal to homes in a certain coverage area. Direct to home comprises approximately one third of the total satellite services market. In the past year, Sky Digital has provided an additional 40 channels on its direct to home platform, with additional channels expected to be a key driver of growth.

In addition to providing transmission services, certain industry participants (including Arqiva) provide playout facility services. Playout services consist of the provision of technical facilities and services to television channel producers, allowing them to compile programs, advertising and promotional features in sequence for transmission to viewers. The market for playout services is expected to grow in line with the growth in the number of channels.

4.2.1.4 Wireless

Wireless operations include the provision of wireless communication services such as mobile phones and internet connections. The following figure sets out the key market segments covered by the wireless industry for the period between 2002 and 2007.

Figure 8: Wireless market segments



Source: 2008 Ofcom Report, Deloitte Corporate Finance analysis

Note:

1. Active mobile connections exceed 100 per 100 population due to customers owning more than one mobile phone

The United Kingdom wireless site leasing market is led by the mobile companies who own and operate a significant number of sites. Arqiva is the largest independent supplier of wireless site services in the United Kingdom market, with an estimated 19% market share of the wireless access industry and approximately 9,000 active wireless sites.

Mobile phone network operators in the United Kingdom employ a combination of owned and leased sites to install antennae, base stations and other equipment to support their network coverage. Base station sites are generally leased from broadcast transmission and wireless site leasing operators, fixed line telecommunications operators, utilities and building owners with suitable locations.

Consumer demand for mobile communications services is a key driver behind wireless site leasing requirements although Arqiva wireless site leasing revenue is not directly tied to the number of retail consumers. The United Kingdom already has a high mobile penetration rate and any growth opportunities in the market are expected to be driven by the continued roll out of 3G mobile networks and new wireless technologies.

4.2.2 Services, products, customers and suppliers

The three main operating divisions of Arqiva are terrestrial broadcasting, satellite and media and wireless access. Each of these is discussed in further detail below.

4.2.2.1 Terrestrial broadcast

Arqiva is the owner and operator of the sole national terrestrial broadcast network in the United Kingdom. The Arqiva analogue broadcast network covers 99.7% of the population and comprises 1,154 broadcast towers for television and 300 radio sites in the United Kingdom. The Arqiva DTT network covers approximately 73% of the population and comprises 80 digital broadcast towers in the United Kingdom. Arqiva is also the licence holder for multiplexes C and D, two of the six multiplexes which constitute the Freeview platform.

Furthermore, Arqiva's radio broadcast network includes 300 DAB transmitters, 340 frequency modulation (FM) transmitters and 70 amplitude modulation (AM) transmitters.

Arqiva's forward order book in the Terrestrial Broadcast division represents the majority of Arqiva's total order book. Key contract customers include high quality counterparties such as BBC, ITV and Channel 4. The BBC contracted revenues account for a significant portion of the Terrestrial Broadcast order book and the majority of the BBC agreements are long term contracts up to 2031, escalating at the RPI.

Terrestrial Broadcast comprises two segments being broadcast television and broadcast radio. Broadcast television and radio are both further divided between analogue and digital services.

Analogue television

Products and services

Arqiva provides broadcast transmission services for the major analogue television broadcasters in the United Kingdom, including ITV, Channel 4, S4C and Channel 5. Transmission services provided by Arqiva include the design, operation, maintenance and monitoring of the performance of the transmission network on behalf of its customers.

Customers and contracted revenue

Analogue TV revenue is primarily generated from long term contracts for transmission of the four analogue channels set out above and the BBC. There is a high degree of certainty in relation to analogue TV revenue as the majority of revenue is contracted through to the DSO² at set indexation formulae. These contracts are regulated and pricing under these contracts moves under an RPI minus X formula, with X agreed through commercial negotiations with the regulator and the broadcasters.

Digital television

Products and services

Arqiva offers an end-to-end DTT service which includes:

- managed transmission services, multiplexing and tower leasing
- design, implementation and management of complex DTT compression and multiplexing systems and the network that supports them
- provision of distribution networks using a combination of fibre and satellite to route signals from customer studios to the terrestrial transmitters
- ongoing management of the DTT multiplexing and network facilities.

Arqiva also provides digital channel capacity (television, radio, data) on licensed digital multiplexes C and D for onward transmission over the United Kingdom DTT freeview platform. These licences were awarded to NGW in 2002 for a period of 12 years with the right to renew for a further term of 12 years (from 2014 to 2026).

Customers and contracted revenue

The key channel customers on Arqiva's C and D Multiplexes include UKTV, Channel 4, Ideal Shopping, BSkyB, MTV, BoxTV and ITV.

Arqiva is also the supplier of the DTT managed transmission services for all multiplexes including two for the BBC, and for D3/4, the digital multiplex licensee owned by ITV/Channel 4 and SDN owned by ITV. The new high powered DTT transmission networks will replace the current analogue and low power DTT networks as part of DSO. These transmission services are intended to become operational over the period from 2008 to 2012.

² Details of the United Kingdom Digital Switchover project are set out in Section 4.2.3

Analogue radio

Products and services

Arqiva provides transmission of traditional AM and FM radio services across the United Kingdom. The company provides all the BBC services and has a market share of approximately 90% of the analogue commercial radio market.

Customers and contracted revenue

Transmission revenues are generally secured under long term contracts, often running for the same period of time as the underlying broadcast licences awarded to the radio broadcasters.

The analogue radio business provides services through total broadcast contracts and facilities management contracts. Under total broadcast contracts, Arqiva designs, builds, operates and maintains the transmission facilities on behalf of the radio customers. Key contracts include GCAP Media, EMAP Crystals and GMG Radio. Under facility management contracts, Arqiva maintains customer owned equipment and administers the operation of the transmission service. Key contracts include Classic FM and SRM Radio Clyde.

The majority of these contracts are long term and expire between 2012 and 2016.

Digital radio

Products and services

Arqiva also has over 90% market share of the commercial local and regional DAB multiplexing and transmission services market in the United Kingdom. Growth in the radio industry is low at present because of the impact of the economic climate on advertising revenue.

There are currently two licensed national DAB multiplexes in the United Kingdom, the first operated by the BBC and the second is a commercial Mux operated by Digital One. Arqiva is the long term transmission provider for both. Digital One is majority owned by the radio media group Global Radio (63.3%) with Arqiva owning the balance of the shares.

Customers and contracted revenue

Arqiva's customers within the DAB market are the BBC, Digital One and a range of smaller radio operators. However, digital radio revenues are supported by long term contracts which generally run until the end of the customers' initial licence term.

4.2.2.2 Satellite and Media

Products and services

Arqiva's Satellite and Media division provides ground based infrastructure services to United Kingdom and European direct to home satellite broadcasters and is the United Kingdom's largest independent provider of end-to-end satellite transmission.

Arqiva's main competitors in this market sector include telecommunications operators and Globecast, owned by France Telecom. In July 2005 the company completed the acquisition of Inmedia Communications Limited (a satellite uplinking broadcast infrastructure company) and in March 2007 the satellite broadcast service of British Telecom to expand its presence in this market.

Arqiva's Satellite and Media division delivers over 450 services in the United Kingdom including 297 channels of the Sky Digital platform. Certain key products and services are summarised below:

- **playout and distribution:** channel distribution on behalf of major international broadcasters and channel owners of over 400 television channels to a wide range of international platforms
- **occasional use:** on-site connectivity to a range of customers including sports, entertainment and news. Arqiva is able to deliver content through its eight teleports in various locations including London, Washington, Los Angeles and Paris
- **television facilities:** through ten privately owned television studios, a comprehensive range of facilities is offered from occasional use and permanent channel facilities to post-production and graphics
- **outside broadcasts:** the fleet of fully equipped broadcast satellite trucks that cover key events for all major broadcasters, contracts and/or occasional use
- **digital media networks:** independent provider of services such as in-store TV and radio, digital outdoor media services and content distribution to digital cinemas
- **international connectivity:** Arqiva owns, manages and operates a global teleport network and fibre infrastructure including over 100 major uplinks to satellites at nine teleports and 20 global points of presence with multiple fibre interconnections. Arqiva's international private circuit network provides voice, data and internet to remote areas
- **the London Switch:** the London based inter-connect point where producers of content can use the switch combined with fibre/satellite to distribute globally.

Customers and contracted revenue

Arqiva's forward order book in the Satellite and Media division represents a small proportion of Arqiva's total order book. The top five customers include the Islamic Republic of Iran Broadcasting, British Telecom Plc, ITV Network, BSkyB and TV5 Monde.

4.2.2.3 Wireless Access

Products and services

Arqiva's Wireless Access division owns and operates the largest independent portfolio of wireless sites available for lease in the United Kingdom and provides radio communication services to emergency organisations. The company owns 9,000 active wireless sites and masts, approximately 20,000 marketable rooftops and wireless sites and a spectrum in the 28GHz band suitable for wireless backhaul services.

On 6 December 2007, Arqiva expanded its Wireless Access portfolio through the acquisition of 100% of the equity of Macropolitan Limited for GBP 9.5 million. Macropolitan Limited is a United Kingdom site management company for emerging wireless technologies with a portfolio of approximately 18,000 rooftop rights.

Wireless Access revenue is derived from site leasing and project based installation services. Installation revenue is generated from the design, planning and installation of customer equipment and antennae on Arqiva's towers. Site leasing revenue follows on from installation services and site leasing contracts typically with a term of up to ten years.

As an extension of installation services, Arqiva also provides end-to-end network rollout services. These services are provided under a single outsource contract where Arqiva provides a full range of associated services including radio planning, site acquisition and building, backhaul, core network design, implementation, operations, maintenance and decommissioning/installation.

Arqiva is also a significant provider of radio communications managed services to the United Kingdom’s public safety sector. Public safety revenue is generated under two types of contracts: project contracts and recurring revenue contracts. Project contract revenues also include analogue and digital radio installation revenues and transition project revenues. Recurring revenue contracts relate to the maintenance of the equipment that the public safety department has set up on third party installations, for contracted periods of between one and three years.

Customers and contracted revenue

Arqiva’s forward order book in the Wireless Access division accounts for a significant proportion of Arqiva’s total order book. The largest customers include the top five United Kingdom mobile telecommunications providers, namely 3 UK, T-Mobile, Vodafone, Orange and O2, and Airwave. Site leasing is governed by an umbrella agreement with each customer and the ten year Mobile Broadband Network Ltd contract with 3UK and T-Mobile.

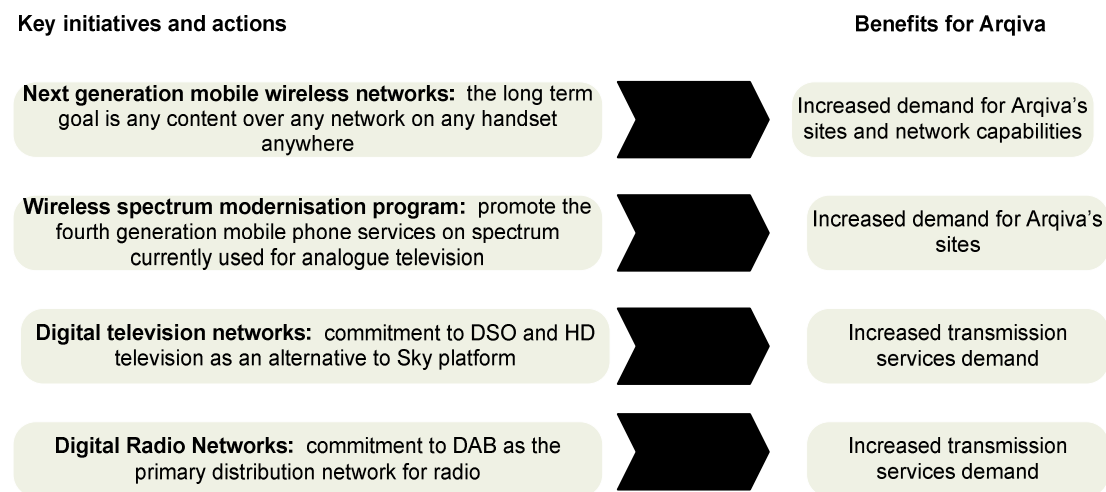
4.2.3 Growth prospects

4.2.3.1 Industry expectations

Digital Britain program

The Digital Britain program is the key driver of growth for all three business divisions of Arqiva. The key initiatives and actions under the Digital Britain program together with the benefits for Arqiva are set out in the figure below.

Figure 9: The Digital Britain program



Source: MCG

Terrestrial Broadcast

The DSO project is likely to lead to a number of opportunities for Arqiva's Terrestrial Broadcast division:

- **additional seventh DTT multiplex:** DSO releases UHF spectrum creating infrastructure opportunities including the potential introduction of a seventh DTT multiplex
- **strong growth in the DTT platform through the DSO:** the uptake of DTT is being driven by Freeview, with over 40% of the total United Kingdom TV sets connected to it. Freeview growth is expected to continue through DSO by gaining many of the 'analogue only home' audiences and by benefiting from its likely position as a default 'free' option for secondary TV sets
- **further additional multiplex channels:** capacity is constrained on the Freeview platform and additional channels are expected to become available as a result of new technology investment between 2009 and 2014
- **the ongoing DSO project:** DSO involves the replacement of existing analogue TV and low power DTT transmitters with high power DTT equipment.

Satellite and Media

The key growth drivers for Arqiva within the Satellite and Media division are set out below:

- **United Kingdom and European direct to home and distribution:** the Satellite and Media division is expected to benefit from the continued growth of the United Kingdom direct to home Sky platform and associated launch of multiple new satellite channels. Key growth opportunities arise in the United Kingdom since it is the largest market in Europe and is dominated by Sky, a key partner of Arqiva. Further, the increasing popularity of satellite based direct to home television together with the transition to high definition across Europe are expected to lead to strong growth for the Satellite and Media division
- **expansion into new media markets:** there appears to be growing demand to move video material between international broadcasters such as news clips from various television channels. Further, the digital cinema market is expected to expand across Europe since the conversion from the 35mm technology to digital content reduces the duplication and distribution costs of distributors
- **high demand for high definition television:** United Kingdom consumers are in the middle of the television hardware replacement cycle. At present, there are over seven million high definition-ready TV households in the United Kingdom and this is expected to rise to approximately 14 million by 2010. Further, BSkyB's key initiatives in 2009 are to push high definition by reducing the price of the Sky high definition box by GBP 100 to GBP 49 and positioning high definition as their main marketing message.

Wireless Access

The key growth drivers for Arqiva within the Wireless Access division are set out below:

- **increased demand for data:** the growth in mobile data from handsets which offer mobile web applications is increasing demand for greater wireless access capacity and increased need for speed. Further, the wider transition to the 3G networks is expected to raise the demand for more wireless site sharing and bigger backhaul pipes
- **emergence of new technologies:** wireless broadband networking and long term evolution technologies are leading to increased demand for site leasing, urban coverage solutions and installation and roll-out services of Arqiva.

4.2.3.2 Company expectations

Terrestrial Broadcast

Management expect continued growth for Arqiva until completion of the DSO, predominantly led by the roll-out of digital television since Arqiva remains the sole contracted supplier to all multiplex operators (BBC, ITV, Digital 3 / 4, and SDN). The DSO represents the most significant capital project for the Terrestrial Broadcast division, representing an investment of approximately GBP 700 million.

As set out above, the DSO may lead to the potential introduction of a seventh DTT multiplex.

At present under its multiplexes, Arqiva has contracts with 12 channel operators and post DSO expects the number of available channels to expand significantly.

Satellite and Media

Arqiva appears to have a strong opportunity to build a Pan-European satellite distribution network for digital cinema. In December 2008, Arqiva became a key shareholder in Arts Alliance Media through its acquisition of a 25% interest in the outstanding equity of the company (the agreement also includes a management performance mechanism that will result in Arqiva's stake being diluted to 23.9% if management performance targets are met). The Arts Alliance Media acquisition puts Arqiva in a strong position to deliver digital content via satellite to cinemas throughout Europe. As noted above, a high uptake is expected in this market since the conversion from the 35mm technology to digital content reduces the duplication and distribution costs of distributors.

Wireless Access

Arqiva has recently signed a site sharing agreement with T-Mobile and 3 UK. The agreement will give Arqiva approximately a 50% share of the sites required by these two operators. Further, Arqiva expects site sharing growth will be driven by the expansion of operator 3G networks and their ultimate move to long term evolution. In addition spectrum is likely to be used for other wireless services such as Wi-max, which will provide opportunities for Arqiva to attract new site sharing revenues.

4.2.4 Competitive position

The table below sets out the strengths, weaknesses, opportunities and threats for Arqiva.

Table 12: Strengths, weaknesses, opportunities and threats analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • dominant market position in the Broadcast Transmission industry in the United Kingdom with extensive established site transmission network infrastructure • diversified revenue streams and customers across the three business divisions • strong customer relationships with blue chip companies including the BBC, ITV, BSkyB and mobile network operators 3UK, T-Mobile, O2 and Orange • strong and predictable cash flows underpinned by long term contracts with high quality counterparties and predictable returns from terrestrial broadcast transmission • long term leases for direct to home satellite transponders in Western Europe • high barriers to entry • experienced management team with extensive industry expertise • due to a large proportion of revenues being contracted, earnings are resistant to economic down turn. 	<ul style="list-style-type: none"> • significant borrowings exist at the Arqiva level which may not be able to be fully refinanced when required in 2014 • capital intensity of new growth opportunities.
Threats	Opportunities
<ul style="list-style-type: none"> • a significant proportion of revenues are linked to inflation, with a common price escalator being inflation and in some cases, minus a predetermined factor. Low inflation results in lower revenue growth • failure to successfully integrate the NGW business, realise expected synergies and preserve focus on existing operations • long term performance of the multiplexing business is influenced by channel demand and the ability to negotiate appropriate carriage fees • potential licensing of the DTT spectrum for the seventh multiplex may dilute the value of the current two multiplexes owned by Arqiva • delay to the DSO timetable could delay the ability of Arqiva to achieve growth forecasts and invoke contract penalties • rise in spectrum fees during the renewal of the multiplex licences in 2014 • competition from third parties seeking access to Arqiva's terrestrial transmission assets. 	<ul style="list-style-type: none"> • release of new digital spectrum after the DSO project in the United Kingdom television broadcast sector • digitisation of communications platform leads to growth in new services such as HDTV and DAB and new infrastructure requirements • global trend toward mobile communications including voice and broadband • continued development and roll-out of 3G mobile telephony services • development and roll out of new wireless technologies (such as long term evolution and Wi-Max).

Source: Deloitte Corporate Finance analysis

4.2.5 Capital structure

MUKBHL is the holding company of Arqiva. The table below sets out the legal and economic ownership of MUKBHL.

Table 13: Arqiva capital structure

Investor	Legal ownership (%)	Economic ownership (%)
MCG via Macquarie International Communications Assets Limited (MICAL)	64.86%	48.02%
Other Macquarie entities	17.14%	33.98%
Other third party entities	18.00%	18.00%
Total	100.00%	100.00%

Source: MCG

Notes:

1. Each shareholder owns loan notes in the company equal to their equity interest

MICAL has entered into profit participating loans with three Macquarie-managed funds. These profit participating loans reduce MCG's economic interest in Arqiva to 48.02% even though its legal interest (through MICAL) is 64.86%. The profit participating loans will be unwound as part of the implementation of the Proposed Schemes (as detailed in Section 8.19 of the Scheme Booklet), such that MICAL's legal and economic interest will be aligned at 48.02%.

4.2.6 Financial summary

4.2.6.1 Financial performance

The table below sets out the audited financial performance of Arqiva for the 12 months ended 30 June 2006, 30 June 2007 and 30 June 2008.

Table 14: Consolidated financial performance of Arqiva¹

	Audited June 2006 12 months (GBPm)	Audited June 2007 12 months ² (GBPm)	Audited June 2008 12 months ² (GBPm)
Trading revenue	323	434	760
Revenue growth (%)	n/a	34.3%	74.9%
Consolidated EBITDA	120	162	275
Margin (%)	37.1%	37.3%	36.2%
Depreciation and amortisation ³	(62)	(104)	(228)
Consolidated EBIT	58	59	47
Margin (%)	17.8%	13.5%	6.2%
Other	(1)	11	(4)
Net Finance costs (excluding hedging instruments)	(96)	(170)	(296)
Settlement of internal rate swaps	-	12	-
Consolidated profit/(loss) before tax	(41)	(88)	(253)
Tax expense/(benefit)	(3)	(0)	8
Consolidated profit/(loss) after tax	(43)	(88)	(244)

Source: MUKBHL consolidated financial statements for the years ended 30 June 2006, 30 June 2007 and 30 June 2008

Notes:

1. MCG had an economic interest limited to 54.0% as at 30 June 2006, 43.7% as at 30 June 2007 and 48.0% from 30 June 2008 onwards
2. The 2007 and 2008 financial results include the operations of NGW for a three month period and a 12 month period, respectively
3. Financial statements have been prepared under UK GAAP

We note the following in relation to the financial performance of Arqiva:

- revenue, which is stated net of value added tax, includes the value of charges made for transmission services, distribution services, products, facilities leasing, research and development contracts, external network services to national and international telecommunications operators, other contracts, rent from properties, excess above cost in respect of capital works contributions from third parties and charges made under site sharing agreements
- other represents Arqiva's share of the operating profit of joint venture companies and associates and the profit on sale of joint venture companies
- the increase in depreciation and amortisation and finance costs between 2007 and 2008 relate to the increase in tangible assets and borrowings as a consequence of the NGW acquisition. Finance costs includes interest payments for the loan notes issued to raise capital for the NGW acquisition.

4.2.6.2 Balance sheet

The following table sets out the audited balance sheets of Arqiva as at 30 June 2007 and 30 June 2008 and the unaudited balance sheet at 31 December 2008.

Table 15: Consolidated balance sheet¹

	Audited June 2007 (GBP m)	Audited June 2008 (GBP m)	Unaudited December 2008 (GBP m)
Cash	267	233	64
Debtors	92	99	128
Prepayments and accrued income	62	59	89
Total current assets	420	391	281
Intangible assets	2,898	2,763	3,318
Tangible assets	1,207	1,237	1,285
Investments in associated undertakings	1	2	8
Total non-current assets	4,107	4,002	4,611
Total assets	4,527	4,393	4,892
Creditors	80	88	132
Accruals and deferred income	340	334	372
Other current liabilities	9	76	83
Total current liabilities	428	498	587
Bank loans	2,582	2,566	2,637
Other loans	655	655	654
Financial instruments	-	-	738
Pension commitments	-	5	5
Other non-current liabilities	108	184	260
Total non-current liabilities	3,345	3,410	4,294
Total liabilities	3,773	3,908	4,881
Net assets	754	485	12

Source: 30 June 2007 and 30 June 2008: MUKBHL consolidated financial statements; 31 December 2008: MCG

Notes:

1. Financial statements have been prepared under UK GAAP at 30 June 2007 and 30 June 2008 and under IFRS at 31 December 2008. Accordingly, they will not be comparable in all respects

We note the following in relation to the balance sheets of Arqiva:

- intangible assets primarily comprise goodwill on the original acquisition of Arqiva, the acquisition of NGW, Inmedia Communications Limited and Macropolitan Limited
- tangible assets comprise freehold land and buildings, leasehold land and buildings and plant and equipment
- financial instruments represent fair value of interest rate swaps at 31 December 2008. Financial instruments are not held at fair value under UK GAAP, and accordingly, there is a nil balance at 30 June 2007 and 30 June 2008
- investments in associated undertakings are summarised in the following table:

Table 16: Associated undertakings

Company	Principal activities	Percentage of ordinary shares held
Digital One Limited	Radio & television activities	36%
DTV Services Limited	Non-profit making	20%
Muxco Limited	Transmission service	25%

Source: MUKBHL consolidated financial statements 30 June 2008 and MCG

- the debt profile of Arqiva is discussed in detail in Section 4.2.6.3
- pension commitments relate to the defined benefit pension plan operated by Arqiva. The net pension liability as at 30 June 2008 was GBP 4.7 million. MCG advised that at 31 March 2009, the pension liability is estimated to be approximately GBP 15 million.

4.2.6.3 Debt profile

The debt profile of Arqiva as at 31 March 2009 is presented in the following table.

Table 17: Arqiva debt profile

Facility	Start date	Balance outstanding 31-Mar-09 (GBP m)	Facility limit (GBP m)	Annual borrowing rate ¹	Term/Expiry
Senior A1	3-Apr-07	1,510	1,510	LIBOR + 1.75% rising to 2.5%	1-Jul-14
Senior A2	3-Apr-07	584	584	LIBOR + 2.00% rising to 2.75%	1-Dec-14
Junior term	3-Apr-07	463	463	LIBOR + 4.00% rising to 5%	1-Jul-15
Capital expenditure facility	3-Apr-07	152	700	LIBOR + 1.75% rising to 2.5% on drawn + 0.5% on undrawn	1-Jul-14
Revolving credit facility	3-Apr-07	-	75	LIBOR + 1.75% rising to 2.5% on drawn + 0.5% on undrawn	1-Jul-14
Total		2,709	3,332		

Source: MCG

Notes:

1. Rates are before hedging

In relation to the above table, we note the following:

- all facilities are to be repaid wholly at the maturity date
- the key terms of the Arqiva debt facilities allow equity distributions (subject to ratio tests) and all senior facilities rank pari passu. Financial covenants and relevant ratios are calculated semi annually on a 12 month rolling basis (both historical and forward looking)
- debt covenants exist which stipulate that any excess free cash flow generated by Arqiva will be used to pay down principal in years six and seven of the debt facilities (i.e. 2013 and 2014).

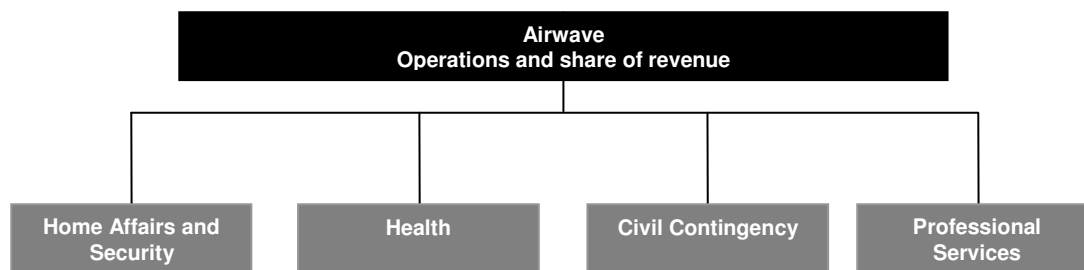
4.3 Profile of Airwave

4.3.1 Principal activities and background

Airwave operates in the public safety mobile information and communications technology (Mobile ICT) industry and is the sole provider of secure digital radio and communication services to the police force, fire and rescue service, ambulance service and other public safety organisations in Great Britain.

On 18 April 2007, Airwave was acquired by Guardian Digital Communications Limited, a 50/50 joint venture consortium comprising MCG and MEIF 2. Airwave is organised around four business divisions, detailed in Figure 10 below. Almost all revenue is derived from public safety (Home Affairs and Security, Health and Civil Contingency), with less than 1% of revenue being derived from professional services.

Figure 10: Summary of Airwave operations



Source: MCG

The Home Affairs and Security business division provides secure mobile communications to major organisations responsible for public safety and security in Great Britain including the police force, the prison system, the ministry of defence and certain other central government departments. The Health business division is primarily focused on providing the Great Britain ambulance service with effective and instantaneous communications solutions for health emergency management and response.

The Civil Contingency business division provides resilient communication services primarily to the Great Britain fire and rescue service in respect of critical voice and data communications and incident management and response. The Professional Services business division primarily comprises consultancy, business improvement and managed communications services.

4.3.2 Industry overview

4.3.2.1 Structure of industry

The Mobile ICT industry comprises electronic communication technology providers who facilitate mobile conveyance of data (including verbal communications) between individuals or groups. In the public safety sector specifically, the application of the Mobile ICT is driven by the need to operate a secure and more diverse and resilient technology that is separate from the public communication networks and is designed to serve in rescue situations, allowing direct communications in areas of poor coverage.

In Great Britain, the communications sector is regulated by Ofcom and Mobile ICT product specifications are primarily set by the European Telecommunications Standards Institute. Access to Airwave's national public safety network in Great Britain is restricted to members of the 'sharers list', a list of defined organisations operating in the public safety domain, administered by Ofcom. The sharers list is classified into three main customer groups including Home Affairs and Security, Health and Civil Contingency organisations.

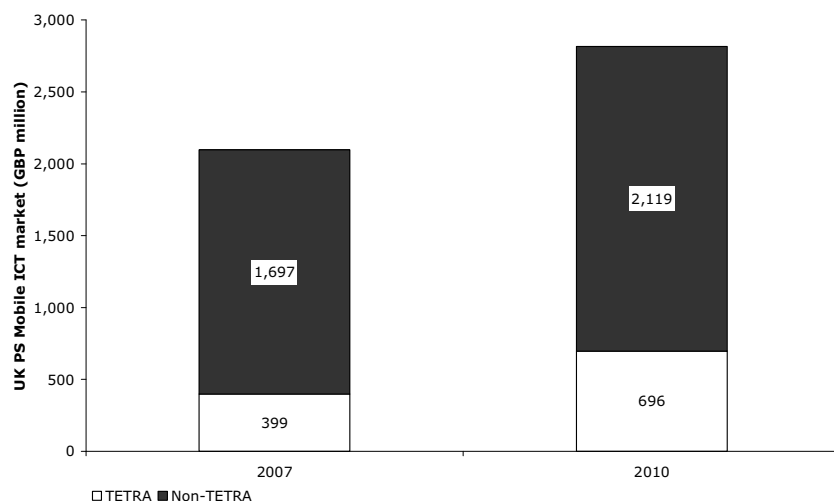
In 2007, the secure TETRA market comprised approximately 19% of the Great Britain public safety Mobile ICT market and was expected to grow to 25% by 2010, driven by an expected CAGR over the period to 2010 of 20.4%.

The key growth drivers of the secure TETRA network are set out below:

- increasing demand for diverse and secure communications services by government and non government public safety users
- government initiatives in Great Britain to achieve electronic integration and interoperability across all main emergency and rescue services
- expected extension of the sharers list from 345,000 current addressable users to more than 429,000 by 2012.

Expected growth in Great Britain’s public safety Mobile ICT market is set out in the figure below.

Figure 11: Great Britain’s public safety Mobile ICT market



Source: MCG

Airwave is well positioned as the provider of network access and secure data and voice communication services for public safety organisations in Great Britain with no significant competitors. The company provides services to 69% of the sharers list. A summary of the industry’s main Mobile ICT solutions providers in other fields of communication services is set out in Table 18 below.

Table 18: Airwave’s key competitors

Mobile Data	Mobile ICT Outsourcing	New Products	International Services
BT Transcomm	Fujitsu	BT	Motorola
-	EDS	EDS	EADS
-	Capita	-	-

Source: MCG

4.3.2.2 Key demand drivers and critical success factors

The following factors are considered critical to success in the public safety Mobile ICT market:

- **technology infrastructure:** provision of secure public safety Mobile ICT services requires specialist technology infrastructure that can provide extensive geographical coverage together with encrypted voice and data transmission with high resilience at superior speed
- **risk events and threats:** demand for emergency communication services is positively correlated with public safety concerns and events where rescue and incident management are required. Further, the ability to offer diverse communication services that can withstand high pressure and disaster situations is critical
- **sharers list:** government directives on adding new customers to the sharers list is critical to the expansion of market demand for both existing and new services, given that government organisations are key customers in the public safety Mobile ICT market. Airwave has secured revenue contracts with 69% of the users on the sharers list
- **government expenditure:** government policy on public safety initiatives, including expenditure levels, is another key contributor to increased demand for new services and interoperability amongst emergency service providers
- **strategic alliances:** the ability to form long term strategic alliances with hardware and technology providers to be able to provide end-to-end solutions
- **market breadth:** the ability to expand to include new customer groups since current revenues are highly dependent on government policy and regulation.

4.3.3 Services, products, customers and suppliers

4.3.3.1 Products and services

The Airwave TETRA public safety communications network is the world's largest secure safety communications networks with around 3,800 transmission sites. Airwave provides its customers with encrypted digital radio voice and data transmission solutions that include network access, mobile voice and data, Mobile ICT outsourcing and managed services. Customers pay Airwave for access to the network rather than unit based usage of communications. Furthermore, during the rollout phase for a new customer, Airwave receives milestone payments for achieving agreed upon targets.

The key features of the secure Airwave TETRA network are set out below:

- **coverage:** 100% and 99% coverage of Great Britain's population and geographical area respectively
- **security:** the Airwave network security is maintained through encryption to prevent scanning or monitoring of data
- **interoperability:** the Airwave network has specialist functionality, multi-functionality and resilience and, in particular, offers interoperability amongst users.

4.3.3.2 Customers and contracted revenues

Airwave operates its network under its wireless telegraphy licence and its access to its primary customer audience is governed by the sharers list.

Airwave is the sole provider of secure digital radio and communication services to Home Affairs and Security, Health, Civil Contingency and Professional Services.

Airwave has contracts with over 300 entities, with major customer contracts expiring between 2016 and 2022. The majority of Airwave's operating revenue is derived from long term contracts with governmental entities operating in the public safety domain in Great Britain. The revenue under these long term contracts is typically linked to the RPI.

Table 19 below illustrates Airwave's key customers for the four business divisions.

Table 19: Key contract summary

Home Affairs and Security	Health	Civil Contingency	Professional Services
British transport police	Department of Health	Immigration and Nationality Directorate	Nokia Siemens Networks
Police Home Office	National Health Service	Firelink	London Organisation Committee for Olympic Games
Ministry of Defence	Highways Agency	Communities and Local Government	The Royal Society for the Prevention of Cruelty to Animals
Metropolitan Police	Scottish Ambulance Service	HM Prison Service	

Source: MCG

Table 20 sets out further details in relation to the Airwave contract order book as at 2008.

Table 20: Airwave contract order book

Business division	Contract	Date	Term (years)	Expiry	Service and deal structure
Home Affairs and Security	National Policing Improvement Agency	Feb-00	19	Jan-19	network service fixed annual revenue
Health	Ambulance	Jul-05	13	Jun-18	fully managed service cash on delivery of early milestones
Home Affairs and Security	Cluster Hot Standby	Sep-05	14	Aug-19	increased switch resilience cash payments upfront
Home Affairs and Security	Ground Base Network Resilience	Nov-05	14	Oct-19	transmission network resilience cash payments upfront and on delivery
Civil Contingency	Fire	Mar-06	10	Feb-16	fully managed service cash on delivery of early milestones
Home Affairs and Security	London Underground	Jan-07	13	Dec-19	coverage in tunnels cash payments upfront and on delivery
Home Affairs and Security	Her Majesty's Revenue and Customs	Dec-07	15	Nov-22	rollout of 4,000 connections and control room fixed monthly revenue and cash based on number of users
Health	The Welsh Ambulance	Feb-07	10	Jan-17	resilient and secure data services

Source: MCG

Airwave's combined contract order book currently stands at approximately GBP 3.2 billion, of which 70% is generated by the National Policing Improvement Agency contract, which covers all police forces including the metropolitan police.

Airwave depends on one key supplier, Motorola Limited, for the supply of technology, hardware and services (including personnel) necessary to maintain its TETRA network. Other suppliers in the industry include EADS.

4.3.4 Growth prospects

4.3.4.1 Industry expectations

The drivers of future growth in the public safety Mobile ICT market in Great Britain are set out below:

- **technological development:** current availability of 2.5G and 3G mobile technologies in the consumer market is setting customer expectations in respect of Mobile ICT service needs, fuelling demand for content rich applications. Further, the TETRA roadmap includes the launch of e-TETRA for use of multiple frequencies and TETRA 2 and TETRA 3 for higher speed data conveyance
- **security threats:** the increasing number of security threats and attacks around the world are expected to create global opportunities for public safety product demand and increased market breadth in terms of service levels and diversity
- **extension of the sharers list:** government policies that target more efficiency, interoperability and coordinated emergency response are expected to lead to growth in Ofcom's sharers list and drive demand for new mobile solutions by Great Britain's government departments
- **public sector outsourcing:** continued adoption of outsourcing of communication services by Mobile ICT managers in the public sector creates a significant growth window.

4.3.4.2 Company expectations

Airwave expects the continuation of its main customer contracts with the police, fire and rescue services and ambulance services due to the following factors:

- Airwave's TETRA network is part of the Government's critical national infrastructure, fully engaged with national emergency planning
- core contracts are long term and linked to RPI increases.

It expects further growth through offering new solutions to current contracted customers, expanding its customer base in Great Britain and targeting international opportunities. Further, Airwave has acquired additional spectrum licences to benefit from the anticipated new TETRA-based technologies (e-TETRA, TETRA 2 and TETRA 3) to satisfy the need for content-rich and higher-speed mobile data services.

4.3.5 Competitive position

The table below sets out the strengths, weaknesses, opportunities and threats for Airwave.

Table 21: Strengths, weaknesses, opportunities and threats analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • secure long term contracts with governmental customers with low counterparty risk • ownership of a network infrastructure that is difficult to replicate • secure network coverage of 100% and 99% of Great Britain’s geographical area and population, respectively • ownership of the Wireless Telegraphy Licence until 2020 • significant market share through a 69% share of the sharers list • management team comprises experienced business leaders in the communications industry. 	<ul style="list-style-type: none"> • current dependency on the Great Britain Police Force for the majority of revenue • vulnerability to the risk of delay in rolling out the ambulance and fire contracts • dependency on Motorola Limited as a supplier for technology, hardware and services • high level of financial gearing.
Threats	Opportunities
<ul style="list-style-type: none"> • failure to extend core contracts • loss of spectrum licence in the event of certain external national security circumstances • competition in mobile data services. 	<ul style="list-style-type: none"> • increased government spending on public safety projects • expected growth in the sharers list • international growth • use of current spectrum to provide new TETRA-based technologies and solutions • providing new products and technologies through current network and ownership of additional spectra.

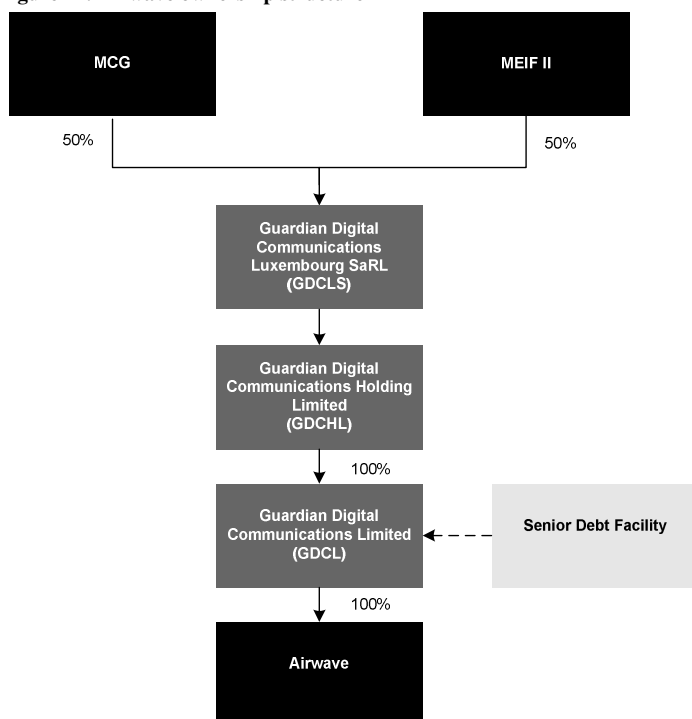
Source: Deloitte Corporate Finance analysis

4.3.6 Capital structure

MCG holds 50% of the shares in Guardian Digital Communications Luxembourg SàRL, a company which through Guardian Digital Communications Holding Limited wholly owns Guardian Digital Communications Limited, Airwave's parent company. The other 50% of Guardian Digital Communications Luxembourg SàRL's shares are owned by MEIF 2.

Airwave's ownership structure is summarised in the figure below.

Figure 12: Airwave ownership structure



Source: MCG

4.3.7 Financial summary

4.3.7.1 Financial performance

The table below sets out the pro forma financial performance of Airwave for the 12 months ended 30 June 2007, the audited financial performance of Airwave for the 12 months ended 30 June 2008 and the unaudited financial performance for the six months ended 31 December 2008.

Table 22: Financial performance

	Pro forma June 2007 12 months (GBP m)	Unaudited June 2008 12 months (GBP m)	Unaudited December 2008 6 months (GBP m)
Trading revenue	259	319	170
Revenue growth (%)	-	23.2%	n/a
Consolidated EBITDA¹	107	132	66
Margin (%)	41.3%	41.4%	38.8%

Source: MCG Management Information Reports for 30 June 2008 and 31 December 2008

Notes:

- Financial information relating to expenses and earnings below EBITDA are only available for the 18 month period to 2008 and accordingly, are not available for periods consistent with the above table

We note the following in respect of Airwave's financial performance:

- the historical and forecast growth in revenue reflects the completion of milestones and the gradual commissioning of customer networks
- the EBITDA margin for the six months ended 31 December 2008 fell to 38.8% from 41.4% in 2008 due to the incurrence of additional costs to support the rollout of the major programs and support the expanded network with increased revenues not expected until the second half of the 2009 financial year.

4.3.7.2 Balance sheet

The table below sets out the audited balance sheets of Guardian Digital Communications Limited (this includes Airwave Solutions Limited) as at 30 June 2007 and 30 June 2008 and the unaudited balance sheet as at 31 December 2008.

Table 23: Balance sheet

	Audited June 2007	Audited June 2008	Unaudited December 2008
	(GBP m)	(GBP m)	(GBP m)
Cash	24	49	69
Receivables	81	106	67
Inventories	12	9	12
Other current assets	37	4	23
Total current assets	154	168	171
Goodwill	577	577	577
Other intangible assets	1,200	1,158	1,137
Property, plant, and equipment	706	776	791
Other non-current assets	21	-	-
Total non-current assets	2,504	2,511	2,506
Total assets	2,658	2,679	2,676
Payables	100	115	130
Provisions	0	15	3
Other current liabilities	53	72	100
Total current liabilities	153	201	233
Interest bearing liabilities	1,992	2,079	2,136
Other non-current liabilities	487	523	718
Total non-current liabilities	2,479	2,602	2,854
Total liabilities	2,632	2,803	3,087
Net assets/(liabilities)	26	(123)	(411)

Source: Guardian Digital Communications Ltd audited financial statements at 30 June 2008 and management reports for 31 December 2008

We note the following in respect of Guardian Digital Communications Limited's balance sheets:

- the goodwill amount of GBP 577 million relates to the acquisition of Airwave
- other intangible assets comprise customer contracts and customer relationships recorded on the acquisition of Airwave
- property, plant, and equipment represents constructed network infrastructure assets
- other current liabilities at 31 December 2008 includes deferred income, unrealised losses on swaps and corporate taxes
- other non-current liabilities mainly represents deferred tax liabilities and long term deferred revenues
- the debt profile of Airwave is discussed in detail in Section 4.3.7.3.

4.3.7.3 Debt profile

The debt profile of Airwave as at 31 March 2009 is presented in table below.

Table 24: Airwave debt profile

Facility	Start date	Balance outstanding 31-Mar-09 (GBP m)	Facility limit (GBP m)	All-in Cost ¹	Term / Expiry
Senior term	19-Apr-07	1,500	1,500	LIBOR + 1.51%	19-Apr-14
Capital expenditure facility	19-Apr-07	155	250	LIBOR + 1.51% drawn + 0.5% non-drawn	19-Apr-14
Revolving facility	19-Apr-07	-	50	LIBOR + 1.51% drawn + 0.5% non-drawn	19-Apr-14
Total		1,655	1,800		

Source: MCG

Notes:

1. Rates are before hedging

The main financial covenants in relation to the above borrowing facilities include interest coverage, leverage ratios and a restriction on drawdowns against the capital expenditure facility. The covenants also stipulate that 50% of any excess free cash flow generated by Airwave will be used to pay down principal in years six and seven of the debt facilities (i.e. 2013 and 2014).

5 Valuation

5.1 Methodologies and approach

To estimate the fair market value of the MCG Securities we have considered common market practice and the valuation methodologies recommended by RG 111. These are discussed below.

5.1.1 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its securities or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent security trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent security trading history provides evidence of the fair market value of the securities in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

5.1.2 Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

5.1.3 Asset based methods

Asset based methods estimate the market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to Securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming a realisation in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

5.1.4 Selection of valuation methodologies

We have estimated the fair market value of MCG by aggregating the estimated fair market value of the underlying MCG Assets on a sum-of-the-parts basis and deducting the present value of the management fees that are payable to MCIML under long term contractual arrangements, the present value of corporate overheads and net debt held in MCG at the fund level.

In undertaking the sum-of-the-parts analysis we have estimated the fair market value of each of the MCG Assets separately. We have adopted the discounted cash flow method as the primary valuation methodology for all the MCG Assets.

In undertaking our primary valuation methodology, we have selected cash flows to equity holders to discount to present value for the following reasons:

- the majority of the MCG Assets are highly geared and the assumptions made around existing and future gearing levels have a significant impact on the equity cash flows and therefore the valuation of the assets
- current financing arrangements are on favourable terms relative to the arrangements that are likely to be negotiated in current market conditions
- MCG has a number of interest rate and other hedging contracts in place which affect the return to equity holders
- the MCG Assets have significant carried forward tax losses which are likely to be realised during the forecast period
- the business plans approved by the MCG Asset managers are based on equity cash flows.

We have used a capitalisation of maintainable earnings approach as a cross check to ensure that our conclusions under our primary valuation methodology are supported. However, we do not place significant emphasis on this methodology for the following reasons:

- the MCG Assets are either in a growth phase (due to new contracts won or new products introduced) or subject to changing operational environments, or both. Accordingly, the earnings multiples of the comparable companies may vary from multiples implied by our valuation of the MCG Assets
- the broadly comparable companies operate in different jurisdictions, are exposed to different financial reporting, taxation and regulatory regimes and have access to the high growth United States wireless communications infrastructure industry.

5.2 Valuation of BA

We consider the current fair market value of BA to be in the range of \$756 million to \$784 million using the discounted cash flow method which we have cross checked with the capitalisation of maintainable earnings method.

5.2.1 The discounted cash flow method

The discounted cash flow method estimates the value of equity by discounting the nominal geared after tax future cash flows attributable to equity holders to their net present value. To value BA using the discounted cash flow method requires the determination of the following:

- future cash flows considering the future level and cost of debt
- an appropriate cost of equity discount rate to be applied to the cash flows
- an estimate of the terminal value
- the value of any surplus assets and contingent liabilities not incorporated within the cash flow model
- consideration of any premiums or discounts appropriate to apply to the fair market value of BA.

5.2.2 Future cash flows

5.2.2.1 Overview

MCG management have provided a detailed financial model which includes projections of nominal geared after tax cash flows up to 30 June 2035 (the BA Financial Model). The BA Financial Model reflects operations of BA at a consolidated level. The business plan which forms the basis of the BA Financial Model has been reviewed by the management of BA.

The BA Financial Model was prepared in 2006 and has been updated to take account of developments since that date. We have undertaken an analysis of this model which has included:

- limited procedures to check the mathematical accuracy of the projected cash flows (but neither a review nor an audit of the projections)
- a broad assessment of the underlying assumptions such as volume growth, price growth and contract terms to ensure that the inputs into the BA Financial Model do not appear unreasonable
- understanding the rationale and implications of updates that have been made to the projections
- holding discussions with MCG concerning the preparation of the projections and their views regarding the assumptions on which they are based
- attending a presentation by BA management in which they presented the business plan and detailed their expectations of future financial performance.

We have not undertaken a review of the projections in accordance with standards issued by the Auditing and Assurance Standards Board. However, nothing has come to our attention as a result of our analysis that suggests that the assumptions on which the projections are based have not been prepared on a reasonable basis for the purpose of our valuation analysis.

Our assessment of the cash flows included an analysis of the operating cash flows, financing cash flows and taxation for the period from 31 March 2009 to the end of the forecast period.

5.2.2.2 Operating cash flows

The key assumptions underlying the preparation of the projections were:

- revenue is forecast to grow to the terminal period at a CAGR of approximately 2%
- revenue from existing analogue television and radio customers is based on the cash flows of contracts in place at the current date. These contracts expire progressively over the period to 2019 including the options to extend. Management has assumed rollover and renewal of these contracts, including the ABC analogue services contract expiring in 2009, with analogue television services winding down as the DSO program takes effect. We believe that it is highly likely that these contracts will be renewed given that BA is the incumbent provider and given the interdependence between the assets BA holds and the requirements of the National Broadcasters
- analogue radio services expand with the roll out of additional analogue radio managed transmission services already secured under long term contracts with the ABC
- revenue from existing digital television customers is based on the contracted cash flows in place at the valuation date. These contracts expire progressively over time until 2026, some with options to extend. Management has assumed rollover and renewal of these contracts, together with growth from completion of the digital services roll out program under contract with the ABC and SBS. We believe that it is highly likely that these contracts will be renewed given that BA is the incumbent provider and given the interdependence between the assets BA holds and the requirements of the National Broadcasters
- revenue from television customers is forecast to decline through the period of analogue switch off before stabilising to grow with inflation. Revenue from radio customers is forecast to grow initially at a small rate above inflation with the continued roll out of ABC analogue radio, before also stabilising to grow with inflation
- increase in utilisation of existing infrastructure to grow revenue from wireless facilities leasing, securing market share under long term contracts with mobile phone carriers as they expand capacity and coverage of 3G services into regional markets
- growth in the Hostworks business as a consequence of market growth and investing in expanded sales and service delivery capacity. Revenues from Hostworks and other new businesses is forecast to grow more strongly than the broadcast and facilities leasing parts of BA's business and is expected to grow at a long term rate in line with the broader economy
- growth from new business such as re-use of existing analogue spectrum for television transmission following DSO, transmission solutions for current digital black spots and associated black spot consulting and a joint venture with Airwave to expand the private mobile radio business to include emergency services contracts in Australia
- growth from provision of new digital services:
 - datacasting and multi-channel digital television
 - mobile television
 - digital radio
- the EBITDA margin is forecast to fall by approximately 5% as the lower margin new businesses such as Hostworks and digital consulting begin to constitute a higher proportion of revenue
- capital expenditure has been forecast to facilitate the DSO rollout, new digital products and other new services and for growth of the Hostworks business
- the cash flows from the sale of surplus land are less than \$60 million in nominal terms and are assumed to be realised between 2009 and 2015.

We have considered the following factors in our assessment of the operating cash flow projections:

- delay beyond the planned analogue television switch off date will cause BA to delay planned increases in managed transmission and facilities leasing service revenue from new digital spectrum, but will allow BA to continue to realise cash flows from transmission of the analogue television services
- the majority of revenue relies upon remaining the preferred provider of managed transmission services to the ABC and SBS
- the Hostworks business has not performed to plan during 2009
- the realisation of managed transmission and facilities leasing service revenue from datacasting and mobile television is contingent upon the government allocating two new digital channels (Channel A and Channel B). The government is expected to make a decision on how to allocate the Channel A spectrum in mid 2009. Mobile television can be delivered using BA’s transmission network or may be delivered over the existing 3G mobile network. There has not yet been an allocation of licences in the required spectrum for BA to provide services for mobile television
- the realisation of revenue from re-use of existing analogue spectrum requires a government policy decision to either allocate this spectrum for digital television with BA subsequently securing new managed transmission contracts with the ABC, SBS or a new broadcaster, or allocate for other usage with BA securing new contracts to provide facilities leasing. Ancillary revenue such as the new digital spectrum transmission revenue and consulting revenue in respect of digital black spots and re-stacking of spectrum to higher frequencies is also contingent on this government policy
- there is no legislative requirement for switch off of analogue radio services. Accordingly, digital radio delivered over terrestrial networks will complement existing analogue terrestrial services and other technologies such as wireless internet radio in the short term.

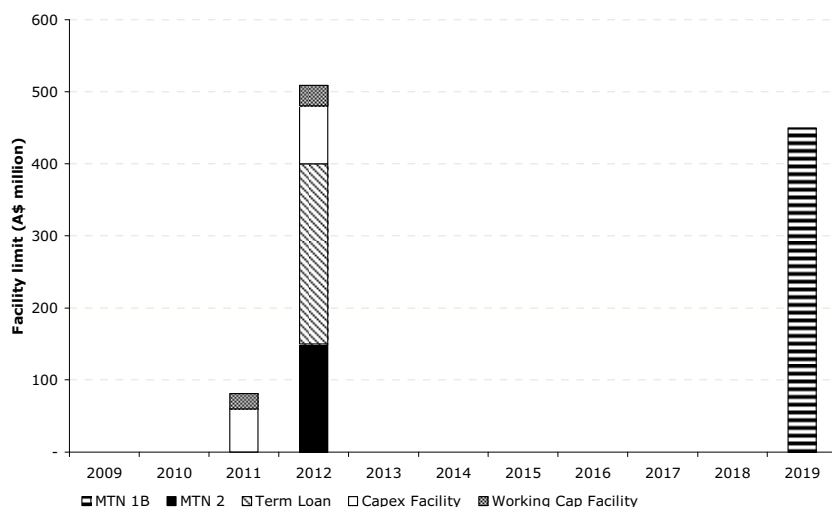
We have adjusted certain components of the operating cash flows contained in the BA Financial Model for the purposes of our valuation analysis to reflect our estimate of the probability of realising all new business and services opportunities throughout the forecast period. The adjusted cash flows reflect the risk that a number of the revenue sources are dependent upon the outcome of changes to government policy and the uncertainty relating to the generation of income from new digital products and new services.

5.2.2.3 Financing cash flows

Debt related cash flows represent interest costs and net principal payments on BA’s existing debt. The total outstanding amount of interest bearing debt facilities as at 31 March 2009 is \$1,011 million. This debt comprises medium term notes (\$600 million) and bank facilities (\$411 million).

The maturity profile of BA’s facilities on a calendar year basis is depicted in Figure 13 below.

Figure 13: Debt maturity profile



Source: MCG

The all in cost of this debt varies from BBSW (the benchmark rate) plus 0.4% for medium term notes issued in July 2007, to BBSY plus 2.50% for bank debt financing arrangements finalised in February 2009.

In our assessment of the future cash flows required to refinance and service debt we have considered:

- the assumption that BA will be able to refinance its debt at maturity at the same levels as it currently has in place
- the cost of finance under the existing senior facilities is based on the floating benchmark rate plus a credit margin
- we have assumed a margin of 250 bps to the benchmark rate following expiry of the existing facilities. This is discussed in further detail in Appendix 4
- interest rate swap agreements under existing contracts, details of which are summarised in the table below, will not be terminated as a consequence of the Proposed Schemes.

Table 25: BA swaps

Facility	Key parameters
Notional values	12 swaps in place with maximum hedge value of \$800 million
Rates	Range from 5.73% to 6.99%
Swap tenor	Range from October 2009 to January 2018

Source: MCG

Note:

1. 80% of BA's forecast debt is hedged until January 2018

5.2.2.4 Income tax

We have assumed:

- current income tax losses will be carried forward and offset against future assessable income during the forecast period
- a corporate tax rate of 30% on all cash flows to equity holders.

5.2.3 Discount rate

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a nominal cost of equity discount rate for BA of between 13.00% and 13.50% to discount the future cash flows to equity holders of BA to their present value.

In selecting the discount rate we considered the following:

- the required rates of returns on listed companies in similar businesses
- analysis of the factors impacting BA's market risk (i.e. the sensitivity of its core earnings/cash flows to broader market movements but after allowing for the adjustments already made to its operating cash flows outlined in Section 5.2.2.2)
- an appropriate level of gearing and the consequent cost of financing the operations of BA.

A detailed consideration of these matters is provided in Appendix 2.

5.2.4 Terminal value

The terminal value estimates the fair market value of the ongoing cash flows after the end of the forecast period. We have estimated the terminal value based on projected cash flows in the terminal year, the discount rate and an estimate of the long term cash flow growth rate.

We have estimated a nominal long term growth rate of 2% having had regard to:

- growth forecasts of the business over the projected period
- long term forecasts of inflation (the Reserve Bank of Australia's target inflation rate is 2.0% to 3.0% per annum. This is particularly relevant as all of BA's transmission contracts are typically linked to the consumer price index
- real growth expectations in the underlying Australian economy (the Economist Intelligence Unit's current medium term forecast for real gross domestic product (GDP) growth is 1.4% per annum).

Our estimated long term growth rate reflects the mature nature of BA's business at the end of the forecast period and the expectation that the current approach to long term contracts being linked to consumer price index will continue beyond the existing contract period.

A discount rate in the range of 13.00% to 13.50% and a terminal growth rate of 2% results in a terminal value in the range of \$64 million to \$73 million.

5.2.5 Surplus assets and contingent liabilities

Surplus assets are surplus to the main operating activities, such as unused property, loans or investments. Such assets should be valued separately from the main operating activities, after adjusting operating results to remove the income or expense arising from the surplus assets.

We have not identified any surplus assets not already included in the BA Financial Model and we have not identified any contingent liabilities relating to BA.

5.2.6 Premium for control and minority and marketability discounts

We have estimated the fair market value of BA using the discounted cash flow method which estimates the fair market value of equity by discounting the estimated future cash flows to their present value. Generally, investors are willing to pay a premium in order to have control over the cash flows of a company. This is referred to as a premium for control. As the discounted cash flow method discounts all projected future cash flows of an entity on a controlling interest basis, a premium for control (excluding buyer synergies) is implicitly incorporated within the value. Accordingly, a separate premium for control has not been incorporated in our assessment of the fair market value of BA.

Where two investments are relatively comparable, investors tend to place more value on the investment which is more liquid and/or more marketable. Accordingly, it is common to apply a discount to the value of an investment where there is likely to be restrictions upon its sale. In practice, liquidity discounts generally range between 10% and 30%.

We have not made any allowance for lack of liquidity or marketability in our valuation of BA.

5.2.7 Valuation of BA: discounted cash flow method

The value of BA derived from the discounted cash flow method is summarised in the table below.

Table 26: Summary – discounted cash flow method

	Section	Low (\$m)	High (\$m)
Present value of forecast cash flows	5.2.2	692	711
Present value of terminal value	5.2.4	64	73
Equity value of 100% holding		756	784

Source: Deloitte Corporate Finance analysis

The above value is sensitive to the discount rate assumed in the discounted cash flow valuation of BA. The sensitivity of BA's equity value to changes in the discount rates is set out in the table below.

Table 27: Sensitivity of the BA equity value to changes in the discount rate

Discount rate	Equity value (\$m)
12.50%	814
13.00%	784
13.50%	756
14.00%	731

Source: Deloitte Corporate Finance analysis

5.2.8 Capitalisation of maintainable earnings

As a cross check to the valuation range of BA determined using the discounted cash flow method, we have considered the capitalisation of maintainable earnings approach which estimates fair market value by capitalising future earnings using an appropriate multiple.

5.2.9 Market pricing data

We have considered the valuation multiples derived from the current share prices of listed companies we consider to be broadly comparable to BA. We have not considered the prices achieved in mergers and acquisitions of comparable companies as, other than the sale of GTP, there have been no equity transactions in communications infrastructure assets in the last nine months for which there is sufficient publicly available information to undertake a meaningful analysis. Given the recent decline in equity markets and the capital constraints being experienced in the debt markets, the multiples that would be implied for transactions prior to this time are likely to be of only limited relevance.

5.2.9.1 Market trading multiples

We have not identified any listed companies that we consider to be directly comparable (in terms of business activities) with BA. According to our research, BA's competitors are either private companies or divisions of larger, more diversified companies or operate in other jurisdictions. Nevertheless, we have compiled share market trading multiples for companies we consider to be broadly comparable to BA in that they hold communications infrastructure assets in other OECD countries.

Relevant financial and valuation statistics are summarised in Appendix 3. General comments regarding the broadly comparable listed companies are set out below:

- **minority interest:** the share price of a listed company represents the fair market value of a minority interest in that company
- **position within the industry:** where an operator has a strong national presence and established routes, this allows for greater economies of scale. Generally operators that have greater presence will trade at a higher earnings multiple
- **different markets:** most of the comparable companies operate in different geographic regions to BA (the United States). The only exception is Crown Castle International Corporation which also owns and operates mobile telephone towers in Australia. These companies therefore face different market conditions, operate under different regulatory environments and may trade at substantially different multiples
- **different operations:** some of the broadly comparable companies identified such as Crown Castle International Corporation are primarily engaged in different communications services than BA. Crown Castle International Corporation, for example, is primarily engaged in wireless facilities leasing, while this is only a component of BA's operations. As such, they may trade at substantially different multiples
- **size:** all of the listed companies are considerably larger than BA. American Tower Corporation for example has a market capitalisation of US\$16.3 billion. In general, larger companies have higher earnings multiples than smaller companies
- **growth prospects:** development or expansion into new regions or an increase in the number of national contracts is an important area of growth for businesses and a strong contract pipeline can increase a company's earnings multiples. Crown Castle International Corporation is primarily exposed to mobile telephone towers which have a higher growth profile relative to terrestrial transmission.

The broadly comparable listed companies are currently trading at between 13.0 times and 15.8 times 2009 EBITDA and between 11.9 times and 14.3 times 2010 EBITDA.

5.2.10 Cross check: capitalisation of maintainable earnings

The following table sets out the current year and forecast EBITDA multiples derived from our discounted cash flow valuation of BA and the current and forecast multiples derived from broadly comparable companies.

Table 28: Valuation cross check

	Current EBITDA multiple		Forecast EBITDA multiple	
	Low	High	Low	High
BA EBITDA multiple (on a control basis)	9.4x	9.5x	8.9x	9.1x
Comparable listed companies (on a minority basis)	13.0x	15.8x	11.9x	14.3x
	Average: 14.3x		Average: 13.0x	

Source: Deloitte Corporate Finance analysis

The discounted cash flow valuation of BA results in an EBITDA multiple that is significantly lower than the multiples exhibited by comparable listed companies. We believe this to be a result of the following factors:

- the comparable listed companies benefit from a higher degree of economies of scale
- higher growth prospects in the United States wireless communications infrastructure industry. According to broker consensus views, revenue growth of the comparable companies is expected to average approximately 7% over the period to 2014 and EBITDA growth is expected to average approximately 9%, despite the recessionary environment currently being experienced in the United States
- BA has lower growth opportunities than the broadly comparable listed companies, currently providing services to 99% of the Australian population. BA is dependent on changes in Government policy and contracted revenue increases are linked to consumer price index increases.

Furthermore, we note that BA was originally acquired by MCG at an implied EBITDA multiple of 12.5x forecast 2003 earnings. However, we place little emphasis on this multiple when comparing to the multiple implied by our discounted cash flow valuation, given:

- the significant amount of time that has transpired since the original acquisition date
- the impact of the global financial crisis on the world economy and the effect that this has had on acquisition multiples in the current environment
- changes in industry conditions that have occurred during this period
- changes in the operations of BA, including acquisitions such as Hostworks.

Taking into consideration the above factors, the implied earnings multiple for BA being below that of the comparable listed companies is consistent with our expectations.

5.2.11 Conclusion

Based on the discounted cash flow method, we assess the fair market value of MCG's 100% interest in the equity of BA to be in the range of \$756 million to \$784 million.

5.3 Valuation of Arqiva

We consider the current fair market value of MCG's interest in Arqiva to be in the range of GBP 354 million to GBP 502 million. Based on the \$/GBP exchange rate of 2.071 as at 31 March 2009, the fair market of MCG's interest in Arqiva is in the range of \$733 million to \$1,040 million.

We estimated the fair market value of MCG's interest in Arqiva using the discounted cash flow method, which we have cross checked with the capitalisation of maintainable earnings method.

5.3.1 The discounted cash flow method

The discounted cash flow method estimates the value of equity by discounting the nominal geared after tax future cash flows attributable to equity holders to their net present value. To value MCG's interest in Arqiva using the discounted cash flow method requires the determination of the following:

- future cash flows considering the future level and cost of debt
- an appropriate cost of equity discount rate to be applied to the cash flows
- an estimate of the terminal value
- the value of any surplus assets and contingent liabilities not incorporated within the cash flow model
- consideration of any premiums or discounts appropriate to apply to the fair market value of MCG's interest in Arqiva.

5.3.2 Future cash flows

5.3.2.1 Overview

MCG management have provided a detailed financial model which includes projections of nominal geared after tax cash flows attributable to Arqiva securityholders up to 31 March 2022 (the Arqiva Financial Model). The Arqiva Financial Model reflects operations of the company at a consolidated level. The business plan which forms the basis of the Arqiva Financial Model, has been reviewed by the management of MCG.

The Arqiva Financial Model was prepared in November 2008 but has been updated to take account of developments since then. We have undertaken an analysis of this model which has included:

- limited procedures to check the mathematical accuracy of the projected cash flows (but neither a review nor an audit of the projections)
- a broad assessment of the underlying assumptions such as volume growth, price growth and contract terms to ensure that the inputs into the Arqiva Financial Model do not appear unreasonable
- understanding the rationale and implications of updates that have been made to the projections
- holding discussions with MCG concerning the preparation of the projections and their views regarding the assumptions on which they are based
- attending a presentation by Arqiva's asset managers in which they presented the business plan and detailed their expectations of future financial performance.

We have not undertaken a review of the projections in accordance with standards issued by the Auditing and Assurance Standards Board. However, nothing has come to our attention as a result of our analysis that suggests that the assumptions on which the projections are based have not been prepared on a reasonable basis for the purpose of our valuation analysis.

Our assessment of the cash flows included an analysis of the operating cash flows, financing cash flows and taxation for the period from 31 March 2009 to the end of the forecast period.

5.3.2.2 Operating cash flow

The key assumptions underlying the preparation of the projections were:

- revenue is forecast to grow to the terminal period at a CAGR of approximately 5% comprising:
 - **Terrestrial Media:** growth is driven in the near term by the continued rollout of the DSO and an increasing number of channels coming to market on Arqiva owned spectrum. Revenue growth moderates thereafter and is generally consistent with industry CAGR expectations. Digital radio contributes to growth after 2013
 - **Satellite Media:** revenue growth rates are forecast to peak between 2014 and 2017 due to the increasing popularity of DTH satellite platforms across Europe, expansion into new media markets and the uptake of digital cinemas in Europe
 - **Wireless Access:** growth is anticipated to be driven in the near term by the site sharing revenues from the continued roll out of 3G networks, the demand for mobile data services, smart metering opportunities, backhaul network growth and the emergence of 4G (wireless broadband networking and long term evolution) networks
- EBITDA margins are expected to increase towards historical levels reflecting the roll-off of low margin legacy satellite contracts, realisation of synergy benefits from the NGW merger and cost efficiencies that are derived from the improved utilisation of the infrastructure
- growth capital expenditure is highest until 2013, allowing for the DSO roll-out, new digital products and other new services.

We have considered the following factors in our assessment of the operating cash flow projections:

- Arqiva has a secure base of long term contracted revenue
- a large proportion of short to medium term revenue growth is forecast from the continued roll-out of digital terrestrial broadcasting and next generation wireless communications technologies
- delay beyond the planned analogue television switch off date will cause Arqiva to delay planned increases in managed transmission from new digital spectrum and will allow Arqiva to continue to realise cash flows from transmission of the analogue spectrum
- there is no legislative requirement for switch off of analogue radio services and accordingly digital radio delivered over terrestrial networks will compete against existing analogue services and against other technologies such as wireless internet radio at a time where radio has been losing market share to other media sectors
- a major source of growth in the terrestrial broadcasting business assumes that the spectrum released from the analogue switch off will be allocated by Ofcom towards a seventh DTT multiplex and Arqiva will either provide network access and managed services to the multiplex operator, or bid for the spectrum itself. There is no legislative requirement for spectrum to be allocated to a DTT multiplex and it may be allocated to other applications such as mobile television, local television, wireless broadband or mobile telephony. However, Arqiva is well positioned to benefit from spectrum releases for either broadcast, mobile telephony or data services
- growth in the terrestrial broadcasting business also assumes that DSO and technology changes will allow extra channels to become available on the Freeview platform.

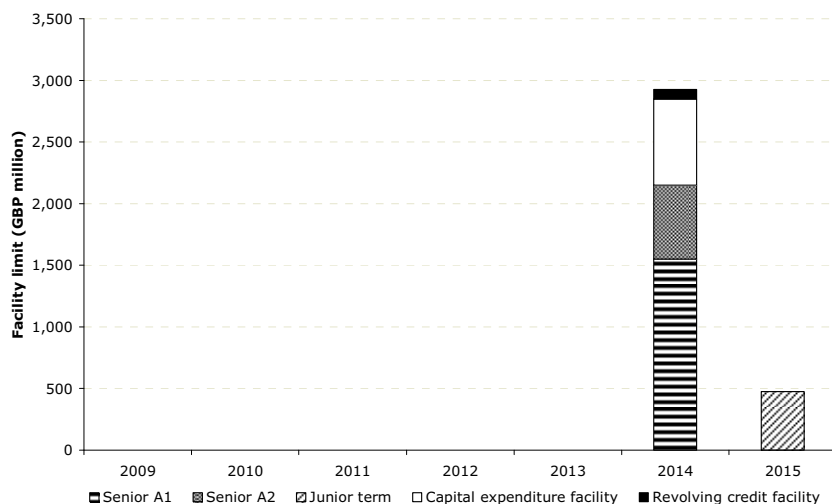
We have adjusted certain components of the operating cash flows contained in the Arqiva Financial Model for the purposes of our valuation analysis, to reflect our estimate of the probability of realising all new business and services opportunities throughout the forecast period. The adjusted cash flows reflect the risks that a number of the revenue sources are dependent upon Arqiva successfully selling a number of additional channels on the Freeview platform.

5.3.2.3 Financing cash flows

Debt related cash flows represent costs and net principal repayments on existing debt facilities. The total outstanding amount of interest bearing debt facilities as at 31 March 2009 is GBP 2.71 billion.

The maturity profile of Arqiva's facilities on a calendar year basis is depicted in Figure 14 below.

Figure 14: Debt maturity profile



Source: MUKBHL consolidated financial statements for the year ended 30 June 2008 and MCG

The current all in cost of this debt varies from LIBOR plus 1.75% to LIBOR plus 4%. The forecasts are prepared on the assumption that on 31 March 2012, all existing debt facilities will be refinanced at the market rates prevailing at that time.

In our assessment of the future cash flows required to refinance and service debt we have considered:

- the current financing arrangements for Arqiva were negotiated and entered into in April 2007. Arqiva was able to negotiate favourable gearing levels, interest rates and terms compared to the arrangements that would likely be able to be negotiated in the current market. Accordingly, we have estimated the total debt capacity of Arqiva to be between 4.5 times and 6.0 times forecast EBITDA at the time the existing facilities need to be refinanced. In selecting the forecast gearing multiple we have had regard to historical debt/EBITDA (debt multiples) for large leveraged buyouts since December 1998³. The debt multiples and other factors considered are discussed in further detail in Appendix 4
- the cost of finance under the existing senior facilities is based on the floating benchmark rate plus a credit margin.
- we have assumed a margin of 250 bps to the benchmark rate following expiry of the existing facilities. This is discussed in further detail in Appendix 4
- interest rate swap agreements under existing contracts, details of which are summarised in the following table, will not be terminated as a consequence of the Proposed Schemes.

³ Source: Standard & Poor's, Leveraged Commentary & Data

Table 29: Arqiva swaps

Facility	Key parameters
Notional values	GBP 1,313 million nominal fixed floating interest rate swaps GBP 1,313 million RPI linked accreting swaps
Rates	5.24% - nominal 2.02% - RPI linked
Swap tenor	April 2027
Break clause	April 2014 (or refinancing of the current facilities)

Source: MCG

5.3.2.4 Income tax

We have assumed:

- current income tax losses will be carried forward and offset against future assessable income during the forecast period
- the United Kingdom corporate tax rate of 28% on all cash flows to equity holders.

5.3.3 Discount rate

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a nominal cost of equity discount rate for Arqiva of between 13.25% and 13.75% to discount the future cash flows to equity holders of Arqiva to their present value.

In selecting the discount rate we considered the following:

- the required rates of returns on listed companies in similar businesses
- analysis of the factors impacting Arqiva's market risk (i.e. the sensitivity of its core earnings/cash flows to broader market movements but after allowing for the adjustment already made to its operating cash flows detailed in Section 5.3.2.2
- the risk associated with refinancing the borrowing facilities on the terms described in Section 5.3.2.3 (after allowing for the adjustments made to the equity cash flows) and the high gearing levels that will remain in place until refinancing occurs
- an appropriate level of gearing and the consequent cost of financing the operations of Arqiva.

A detailed consideration of these matters is provided in Appendix 2.

5.3.4 Terminal value

The terminal value estimates the fair market value of the ongoing cash flows after the end of the forecast period. Given the significance of our refinancing assumptions for Arqiva, the cash flows attributable to security holders do not appear to stabilise until after 2022, being the discrete period forecast by the Arqiva asset managers. As a result, we have extended the discrete forecast period to 2035 and the terminal value has been estimated as at 31 March 2035. This is consistent with the BA and Airwave valuation models, which have a discrete forecast period until 2035.

We have estimated the range of terminal values based on projected free cash flows to equity holders in the terminal year, the discount rate and an estimate of the long term cash flow growth rate.

We have estimated a nominal long term growth rate of 2% having had regard to:

- growth forecasts of the business over the projected period
- long term forecasts of inflation (the Bank of England's target inflation rate is 2.0% per annum). This is particularly relevant as many of Arqiva's contracts are linked to the RPI
- real growth expectations in the underlying United Kingdom economy (the Economist Intelligence Unit's current long term forecast for real GDP growth is 1.8% per annum).

Our estimated long term growth rate is less than the long term nominal GDP growth rate implied above reflecting the mature nature of Arqiva's business at the end of the forecast period and the expectation that the current approach to long term contracts being linked to the RPI will continue beyond the existing contract period.

Assuming a total maintainable debt capacity of Arqiva between 4.5 times and 6.0 times forecast EBITDA, a discount rate in the range of 13.25% to 13.75% and a terminal growth rate of 2%, results in a terminal value in the range of GBP 150 million to GBP 163 million.

5.3.5 Surplus assets and contingent liabilities

We have not identified any surplus assets for Arqiva.

Arqiva has two defined benefit pension plans. As at the valuation date, the combined assets of the pension plans were estimated to be GBP 67 million. MCG advised that at 31 March 2009, the pension liability is estimated to be approximately GBP 15 million.

The Arqiva Financial Model incorporates a one-off payment of GBP 10 million in 2009-2010 in relation to these pension plans. Accordingly, we have deducted the remaining net deficit in the order of GBP 5 million in assessing the current fair market value of Arqiva.

5.3.6 Premium for control and minority and marketability discounts

We have estimated the fair market value of Arqiva using the discounted cash flow method which estimates the fair market value of the business by discounting the estimated future cash flows to their present value. Generally, investors are willing to pay a premium in order to have control over the cash flows of a company. This is referred to as a premium for control. As the discounted cash flow method discounts all projected future cash flows of an entity on a controlling interest basis, a premium for control (excluding buyer synergies) is implicitly incorporated within the value.

Where an investor does not have control, applying a minority discount to the fair market value arrived at using the discounted cash flow method is warranted, to reflect the investor's inability to solely control the cash flows and direct its operations. Based on studies of the premiums required to obtain control of companies, it is our opinion that control premiums generally range between 20% and 40% of the portfolio holding values, which implies minority discounts in the order of 15% to 30%. The minority discount is, *inter alia*, impacted upon by the size of the economic interest and the ability to control the strategic direction of the asset and its ultimate sale. Having regard to these matters, we have allowed for a discount for lack of control of 10% for MCG's equity interest in Arqiva, which reflects the extent of MCG's influence but not control over Arqiva.

Where two investments are relatively comparable, investors tend to place more value on the investment which is more liquid and/or more marketable. Accordingly, it is common to apply a discount to the value of an investment where there is likely to be restrictions upon its sale. In practice, liquidity discounts generally range between 10% and 30%. We have not made any allowance for lack of liquidity or marketability in our valuation of Arqiva.

5.3.7 Valuation of Arqiva: discounted cash flow method

The value of Arqiva derived from the discounted cash flow method is summarised in the table below.

Table 30: Summary – discounted cash flow method

	Section	Currency	Low	High
Present value of forecast cash flows	5.3.2	(GBPm)	673	1,003
Present value of terminal value	5.3.4	(GBPm)	150	163
Equity value before net surplus assets and contingent liabilities			823	1,166
Net surplus assets and contingent liabilities	5.3.5	(GBPm)	(5)	(5)
Equity value of 100% holding (control basis)		(GBPm)	818	1,161
Equity value of 48.02% holding (control basis)¹		(GBPm)	393	558
Discount for lack of control (10%)	5.3.6	(GBPm)	(39)	(56)
Equity value of 48.02% holding after discount for lack of control		(GBPm)	354	502
Exchange rate at 31 March 2009			\$1=GBP 0.48	\$1=GBP 0.48
Equity value of 48.02% holding by MCG		(\$m)	733	1,040

Source: Deloitte Corporate Finance analysis

Notes:

- Assuming that the Proposed Schemes are approved and MCG obtains the relevant regulatory approval, MCG intends to unwind the profit participating loans. The effect of unwinding the profit participating loans is that MCG's legal interest will equal its economic interest of 48.02% in Arqiva

The above values are sensitive to the discount rate and the debt capacity assumed at the refinancing date. The sensitivity of equity value to changes in discount rates and assumed debt capacity is summarised in the table below.

Table 31: Sensitivity of Arqiva equity value to changes in discount rate and debt capacity assumptions

Discount rate	Forecast debt capacity					
	4.0 times EBITDA	4.5 times EBITDA	5.0 times EBITDA	5.5 times EBITDA	6.0 times EBITDA	6.5 times EBITDA
12.75%	833	906	980	1,053	1,127	1,200
13.25%	740	815	890	965	1,040	1,115
13.75%	657	733	809	885	961	1,037
14.25%	581	658	735	812	889	967

Source: Deloitte Corporate Finance analysis

5.3.8 Capitalisation of maintainable earnings

As a cross check to the valuation range determined for MCG's 48.02% interest in Arqiva using the discounted cash flow method, we have considered the capitalisation of maintainable earnings approach which estimates fair market value by capitalising future earnings using an appropriate multiple.

5.3.9 Market pricing data

We have considered the valuation multiples derived from the current share prices of listed companies considered to be broadly comparable to Arqiva. We have not considered the prices achieved in mergers and acquisitions of comparable companies, as other than the sale of GTP, there have been no equity transactions in communications infrastructure assets in the last nine months for which there is sufficient publicly available information to form a meaningful analysis. Given the recent decline in equity markets and the capital constraints being experienced in the debt markets, the multiples that would be implied for transactions prior to this time are likely to be of limited relevance.

5.3.9.1 Market trading multiples

We have not identified any listed companies that we consider to be directly comparable (in terms of business activities) with Arqiva which has a unique and dominant market position through its diversified operations across terrestrial broadcasting, wireless access and satellite and media operations.

According to our research, competitors are either private companies or divisions of larger, more diversified companies or operate in other jurisdictions. Nevertheless, we have compiled share market trading multiples for companies we consider to be broadly comparable to Arqiva in that they hold communications infrastructure assets in other OECD countries.

Relevant financial and valuation statistics are summarised in Appendix 3. General comments regarding the broadly comparable listed companies are set out below:

- **minority interest:** the share price of a listed company represents the fair market value of a minority interest in that company
- **position within the industry:** where an operator has a strong national presence and established routes, this allows for greater economies of scale. Generally, operators that have greater presence will trade at a higher earnings multiple. Arqiva has a leading market presence in the industries in which it operates, however, with the exception of the wireless business, these industries have lower growth forecasts than the operations of the comparable listed companies
- **different markets:** all of the comparable companies operate in different geographic regions to Arqiva (the United States). These companies face different market conditions, have different regulatory environments and may trade at substantially different multiples as a result
- **different operations:** the comparable listed companies are primarily engaged in only one aspect of Arqiva's business, wireless telecommunications. As wireless access accounts for approximately only 27% of the revenue of Arqiva, the broadly comparable companies may trade at substantially different multiples to Arqiva
- **size:** several of the listed companies are considerably larger than Arqiva. While SBA Communications Corporation is of similar size to Arqiva, its operations are limited to the higher growth wireless access market in the United States
- **growth prospects:** the comparable companies are primarily exposed to mobile telephone towers which have a higher growth profile than terrestrial broadcasting and satellite and media.

The broadly comparable listed companies are currently trading at between 13.0 times and 15.8 times 2009 EBITDA and between 11.9 times and 14.3 times 2010 EBITDA.

5.3.10 Cross check: capitalisation of maintainable earnings

The table below presents the current year EBITDA multiples derived from our discounted cash flow valuation of Arqiva and the current and forecast multiples derived from broadly comparable companies.

Table 32: Valuation cross check

	Current EBITDA multiple		Forecast EBITDA multiple	
	Low	High	Low	High
Arqiva EBITDA multiple (on a control basis)	12.0x	13.1x	10.7x	11.7x
Comparable listed companies (on a minority basis)	13.0x	15.8x	11.9x	14.3x
	Average: 14.3x		Average: 13.0x	

Source: Deloitte Corporate Finance analysis

The discounted cash flow valuation of Arqiva results in an EBITDA multiple that is lower than the earnings multiples exhibited by comparable listed companies. We believe this to be a result of the following factors:

- the comparable listed companies benefit from a higher degree of economies of scale
- higher growth prospects in the United States wireless communications infrastructure industry. According to broker consensus views, revenue growth of the comparable companies is expected to average approximately 7% over the period to 2014 and EBITDA growth is expected to average approximately 9%, despite the recessionary environment currently being experienced in the United States
- approximately only 24% of Arqiva's revenue is generated from its high growth Wireless Access business.

Furthermore, we note that Arqiva was originally acquired by MCG at an implied EBITDA multiple of 12.2x forecast 2005 earnings and NGW was acquired at an implied EBITDA multiple of 17.5x forecast 2007 earnings. However, we place little emphasis on these multiples when comparing to the multiple implied by our discounted cash flow valuation, given:

- the time that has transpired since the original acquisition dates
- the impact of the global financial crisis on the world economy and the effect that this has had on acquisition multiples in the current environment
- changes in industry conditions that have occurred during this period
- changes in the operations of Arqiva, including the acquisition of NGW.

Taking into consideration the above factors, the implied earnings multiple for Arqiva being at the low end of the range of the comparable listed companies is consistent with our expectations.

5.3.11 Conclusion

Based on the discounted cash flow method, and broadly supported by the capitalisation of maintainable earnings method, we assess the fair market value of MCG's 48.02% interest in the equity of Arqiva to be in the range of GBP 354 million to GBP 502 million. Based on the \$/GBP exchange rate of 2.071 as at 31 March 2009, the fair market of MCG's interest in Arqiva is in the range of \$733 million to \$1,040 million.

5.4 Valuation of Airwave

We consider the current fair market value of MCG's interest in Airwave to be in the range of GBP 133 million to GBP 211 million. Based on the \$/GBP exchange rate of 2.071 as at 31 March 2009, the fair market of MCG's interest in Airwave is in the range of \$275 million to \$437 million.

We estimated the fair market value of MCG's interest in Airwave using the discounted cash flow method, which we have cross checked with the capitalisation of maintainable earnings method.

5.4.1 The discounted cash flow method

The discounted cash flow method estimates the value of equity by discounting the nominal geared after tax future cash flows attributable to equity holders to their net present value. To value MCG's interest in Airwave using the discounted cash flow method requires the determination of the following:

- future cash flows considering the future level and cost of debt
- an appropriate cost of equity discount rate to be applied to the cash flows
- an estimate of the terminal value
- the value of any surplus assets and contingent liabilities not incorporated within the cash flow model
- consideration of any premiums or discounts appropriate to apply to the fair market value of MCG's interest in Airwave.

5.4.2 Future cash flows

5.4.2.1 Overview

MCG management have provided a detailed financial model which includes projections of nominal geared after tax cash flows attributable to Airwave security holders up to 31 March 2035 (the Airwave Financial Model). The Airwave Financial Model reflects operations of the company at a consolidated level. The business plan which forms the basis of the Airwave Financial Model has been reviewed by the management of MCG.

The Airwave Financial Model was prepared for the purpose of valuing Airwave at December 2008 and has been updated to take account of developments since that date. We have undertaken an analysis of this model which has included:

- limited procedures to check the mathematical accuracy of the projected cash flows (but neither a review nor an audit of the projections)
- a broad assessment of the underlying assumptions such as volume growth, price growth and contract terms to ensure that the inputs into the Airwave Financial Model do not appear unreasonable
- understanding the rationale and implications of updates that have been made to the projections
- holding discussions with MCG concerning the preparation of the projections and their views regarding the assumptions on which they are based
- attending a presentation by Airwave's asset managers in which they presented the business plan and detailed their expectations of future financial performance.

We have not undertaken a review of the projections in accordance with standards issued by the Auditing and Assurance Standards Board. However, nothing has come to our attention as a result of our analysis that suggests that the assumptions on which the projections are based have not been prepared on a reasonable basis for the purpose of our valuation.

Our assessment of the cash flows included an analysis of the operating cash flows, financing cash flows and taxation for the period from 31 March 2009 to the end of the forecast period.

5.4.2.2 Operating cash flows

The key assumptions underlying the preparation of the projections were:

- revenue is forecast to grow to the terminal period at a CAGR of approximately 4%
- service revenue over the period is forecast to grow strongly, primarily being driven by:
 - completion of the fire and ambulance contract rollouts
 - opportunities to provide extra services, including data services, to existing customers
 - revenues from the London 2012 Olympics and UK E-Border contracts
- underlying revenue growth beyond 2014 is projected to be approximately in line with inflation
- growth capital expenditure is highest over the next 3 years as the rollout for the ambulance and fire services is being completed and any new business projects are being rolled-out
- EBITDA margins throughout the projection period fluctuate within a moderate range, impacted by the completion of milestones under various contracts, including fire and ambulance.

We have considered the following factors in our assessment of the operating cash flow projections:

- the majority of forecast revenue is sourced from long term contracts with the UK government. These protect core earnings and provide for growth opportunities through allowing new services to be provided to existing customers. Forecast revenue growth assumes the extension of the core government contracts beyond existing contracted periods and increased product offerings to these clients
- the majority of revenue relies upon Airwave remaining the sole provider of secure voice communications services to the UK's police, fire, and ambulance services
- growth in new business will be driven by the anticipated UK public safety Mobile ICT market growth. This is dependent upon the expansion of the sharers list and government initiatives to spend on interoperability amongst its public safety users.

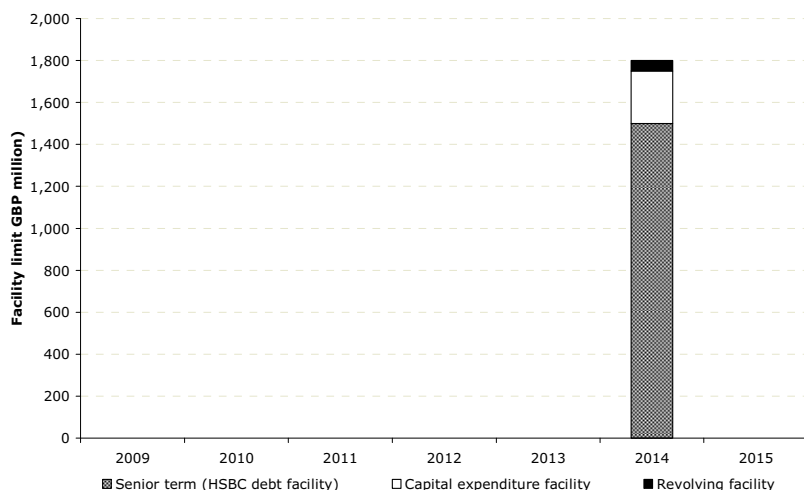
We have adjusted certain components of the operating cash flows contained in the Airwave Financial Model for the purpose of our valuation analysis to reflect our estimate of the probability of realising new business opportunities throughout the forecast period. The adjusted cash flows reflect the risks that a number of the revenue sources are dependent upon government policy, timing of the assumed rollout of new secure network technologies and expansion of the sharers list.

5.4.2.3 Financing cash flows

Debt related cash flows represent interest costs and net principal payments on existing debt. The total outstanding amount of interest-bearing debt facilities as at 31 March 2009 is GBP 1.66 billion.

The maturity profile of Airwave's facilities on a calendar year basis is depicted in Figure 15 below.

Figure 15: Debt maturity profile



Source: MCG

The all in cost of this debt varies from LIBOR plus 1.51% to LIBOR plus 1.86%. The forecasts are prepared on the assumption that on 31 December 2011, all existing debt facilities will be refinanced at market rates prevailing at that time.

In our assessment of the future cash flows required to refinance and service debt, we have considered:

- the current financing arrangements for Airwave were negotiated and entered into in April 2007. Airwave was able to negotiate favourable gearing levels, interest rates and terms compared to the arrangements that are likely to be negotiated in the current market. We have estimated the total maintainable debt capacity of Airwave to be between 4.5 times and 6.0 times forecast EBITDA at the time the existing facilities need to be refinanced. In selecting the forecast gearing multiple we have had regard to historical debt/EBITDA (debt multiples) for large leveraged buyouts since December 1998⁴. The debt multiples and other factors considered are discussed in further detail in Appendix 4
- the cost of finance under the existing senior liabilities is based on the floating benchmark rate plus a credit margin
- we have assumed a margin of 250 bps to the benchmark rate following expiry of the existing facilities. This is discussed in further detail in Appendix 4
- interest rate swap agreements under existing contracts, details of which are summarised in the table below, will not be terminated as a consequence of the Proposed Schemes.

Table 33: Airwave swap agreements

Facility	Key parameters
Notional value	GBP 1,500 million nominal fixed floating interest rate swaps
Rates	5.50% - nominal
Swap tenor	12 years, ending April 2019
Break clause	April 2014 (or maturity of the current facilities)

Source: MCG

⁴ Source: Standard & Poor's, Leveraged Commentary & Data

5.4.2.4 Income tax

We have assumed:

- current income tax losses will be carried forward and offset against future assessable income during the forecast period
- the United Kingdom corporate tax rate of 28% on all cash flows to equity holders.

5.4.3 Discount rates

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a nominal cost of equity discount rate for Airwave of between 13.25% and 13.75% to discount the future cash flows to equity holders of Airwave to their present value.

In selecting the discount rate we considered the following:

- the required rates of returns on listed companies in similar businesses
- analysis of the factors impacting Airwave's market risk (i.e. the sensitivity of its core earnings/cash flows to broader market movements but after allowing for the adjustments already made to its operating cash flows detailed in Section 5.4.2.2)
- the risk associated with refinancing the borrowing facilities on the terms described in Section 5.4.2.3 (after allowing for the adjustments made to the equity cash flows) and the high gearing levels that will remain in place until refinancing occurs
- an appropriate level of gearing and the consequent cost of financing the operations of Airwave.

A detailed consideration of these matters is provided in Appendix 2.

5.4.4 Terminal value

The terminal value estimates the fair market value of the ongoing cash flows after the end of the forecast period. We have estimated the terminal value based on projected cash flows in the terminal year, the discount rate and an estimate of the long term cash flow growth rate.

We have estimated a nominal long term growth rate of 2% having had regard to:

- growth forecasts of the business over the projected period
- long term forecasts of inflation (the Bank of England's target inflation rate is 2.0% per annum). This is particularly relevant as many of Airwave's contracts are linked to the RPI
- real growth expectations in the underlying Great Britain economy (the Economist Intelligence Unit's current long term forecast for real GDP growth is 1.8% per annum).

Our estimated long term growth rate is less than the long term nominal GDP growth rate implied above, reflecting the mature nature of Airwave's business at the end of the forecast period and the expectation that the current approach to long term contracts being linked to the RPI will continue beyond the existing contract period.

Assuming a total debt capacity of Airwave between 4.5 times and 6.0 times forecast EBITDA, a discount rate in the range of 13.25% to 13.75%, and a terminal growth rate of 2%, gives a terminal value in the range of GBP 37 million to GBP 41 million.

5.4.5 Surplus assets and contingent liabilities

We have not identified any material surplus assets or contingent liabilities for Airwave.

5.4.6 Premium for control and minority and marketability discounts

We have estimated the fair market value of Airwave using the discounted cash flow method which estimates the fair market value of equity by discounting the estimated future free cash flows to equity holders to their present value. Generally, investors are willing to pay a premium in order to have majority control over the cash flows of a company. This is referred to as a premium for control. As the discounted cash flow method discounts all projected future cash flows of an entity on a controlling interest basis, a premium for control (excluding buyer synergies) is implicitly incorporated within the value.

Where an investor does not have control, applying a minority discount to the fair market value arrived at using the discounted cash flow method is warranted to reflect the investor's inability to solely control the cash flows of a company and direct its operations. Based on studies of the premiums required to obtain control of companies, it is our opinion that control premiums generally range between 20% and 40% of the portfolio holding values, which implies minority discounts in the order of 15% to 30%. The minority discount is, inter alia, impacted upon by the size of the economic interest and the ability to control the strategic direction of the asset and its ultimate sale. Having regard to these matters, we have allowed for a discount for lack of control of 10% for MCG's equity interest in Airwave, due to it holding joint control over Airwave with MEIF 2.

Where two investments are relatively comparable, investors tend to place more value on the investment which is more liquid and/or more marketable. Accordingly, it is common to apply a discount to the value of an investment where there is likely to be restrictions upon its sale. In practice, marketability discounts generally range between 10% and 30%. We have not made any allowance for lack of liquidity or marketability in our valuation.

5.4.7 Valuation of Airwave: discounted cash flow method

The value of Airwave derived from the discounted cash flow method is summarised in the table below.

Table 34: Summary – discounted cash flow method

	Section	Currency	Low	High
Present value of forecast cash flows	5.4.2	(GBPm)	258	427
Present value of terminal value	5.4.4	(GBPm)	37	41
Equity value of 100% holding (control basis)		(GBPm)	296	469
Equity value of 50% holding (control basis)		(GBPm)	148	234
Discount for lack of control (10%)	5.4.6	(GBPm)	(15)	(23)
Equity value of 50% holding after discount for lack of control		(GBPm)	133	211
Exchange rate at 31 March 2009			\$1 = GBP 0.48	\$1 = GBP 0.48
Equity value of 50% holding by MCG		(\$m)	275	437

Source: Deloitte Corporate Finance analysis

The above values are sensitive to the discount rate and the debt capacity assumed at the refinancing date. The sensitivity of Airwave's equity value to changes in discount rates and assumed debt capacity is summarised in the table below.

Table 35: Sensitivity of Airwave equity value to changes in discount rate and debt capacity assumptions

Discount rate	Forecast debt capacity					
	4.0 times EBITDA	4.5 times EBITDA	5.0 times EBITDA	5.5 times EBITDA	6.0 times EBITDA	6.5 times EBITDA
12.75%	293	336	380	424	467	511
13.25%	261	305	349	393	437	481
13.75%	231	275	320	365	409	453
14.25%	205	250	295	339	384	428

Source: Deloitte Corporate Finance analysis

5.4.8 Capitalisation of maintainable earnings

As a cross check to the valuation range determined for MCG's 50% interest in Airwave using the discounted cash flow method, we have considered the capitalisation of maintainable earnings approach which estimates fair market value by capitalising future earnings using an appropriate multiple.

5.4.9 Market pricing data

We have considered the valuation multiples derived from the current share prices of listed companies we consider to be broadly comparable to Airwave. We have not considered the prices achieved in mergers and acquisitions of comparable companies, as other than the sale of GTP, there have been no equity transactions in communications infrastructure assets in the last nine months for which there is sufficient publicly available information to form a meaningful analysis. Given the recent decline in equity markets and the capital constraints being experienced in the debt markets, the multiples that would be implied for transactions prior to this time are likely to be of limited relevance.

5.4.9.1 Market trading multiples

We have not identified any listed companies that we consider to be directly comparable (in terms of business activities) with Airwave. According to our research, Airwave's competitors are either private companies or divisions of larger, more diversified companies or operate in other jurisdictions. Nevertheless, we have compiled share market trading multiples for companies we consider to be broadly comparable to Airwave in that they hold communications infrastructure assets in other OECD countries.

Relevant financial and valuation statistics are summarised in Appendix 3. General comments regarding the broadly comparable listed companies are set out below:

- **minority interest:** the share price of a listed company represents the fair market value of a minority interest in that company
- **position within the industry:** Airwave operates in a specific market niche, and as such, is influenced by different industry structures and dynamics compared to the comparable listed companies
- **different markets:** all of the comparable companies operate in different geographic regions to Airwave (the United States). These companies therefore face different market conditions, operate under different regulatory environments and may trade at substantially different multiples as a result
- **different operations:** Airwave's product mix and customer base are significantly different from that of the comparable listed companies, since it primarily has one customer, the Great Britain government, with which it has long term staggered contracts
- **size:** all of the listed companies are considerably larger than Airwave. American Tower Corporation, for example has a market capitalisation of US\$16.3 billion. In general, larger companies have higher earnings multiples than smaller companies

The broadly comparable listed companies are currently trading at between 13.0 times and 15.8 times 2009 EBITDA and between 11.9 times and 14.3 times 2010 EBITDA.

5.4.10 Cross check: capitalisation of maintainable earnings

The table below presents the current year EBITDA multiples derived from our discounted cash flow valuation of Airwave and the current and forecast multiples derived from broadly comparable companies.

Table 36: Valuation cross check

	Current EBITDA multiple		Forecast EBITDA multiple	
	Low	High	Low	High
Airwave EBITDA multiple (on a control basis)	11.2x	11.7x	9.0x	9.4x
Comparable listed companies (on a minority basis)	13.0x	15.8x	11.9x	14.3x
	Average:	14.3x	Average:	13.0x

Source: Deloitte Corporate Finance analysis

The discounted cash flow valuation of Airwave results in an EBITDA multiple that is lower than the multiples exhibited by comparable listed companies. We believe this to be a result of the following factors:

- the comparable listed companies benefit from a higher degree of economies of scale
- higher growth prospects in the United States wireless communications infrastructure industry. According to broker consensus views, revenue growth of the comparable companies is expected to average approximately 7% over the period to 2014 and EBITDA growth is expected to average approximately 9%, despite the recessionary environment currently being experienced in the United States
- Airwave operates in a niche market, with its customer base and growth being restricted to the sharers list and being dependent on changes in government policy.

Furthermore, we note that Airwave was originally acquired by MCG at an implied EBITDA multiple of 20.1x historical 2006 pro-forma earnings. However, we place little emphasis on this multiple when comparing to the multiple implied by our discounted cash flow valuation, given:

- the time that has transpired since the original acquisition date
- Airwave was in a roll-out phase in 2006 with lower earnings and significant growth expectations in relation to anticipated new business
- the impact of the global financial crisis on the world economy and the effect that this has had on acquisition multiples in the current environment.

Taking into consideration the above factors, the implied earnings multiple for Airwave being below the range of the comparable listed companies is consistent with our expectations.

5.4.11 Conclusion

Based on the discounted cash flow method, and broadly supported by the capitalisation of maintainable earnings method, we assess the fair market value of MCG's 50% interest in the equity of Airwave to be in the range of GBP 133 million to GBP 211 million. Based on the \$/GBP exchange rate of 2.071 as at 31 March 2009, the fair market value of MCG's interest in Airwave is in the range of \$275 million to \$437 million.

5.5 Sum of the parts analysis

When performing a sum of the parts valuation, consideration needs to be given to the fair market value of MCG's interest in the MCG Assets as well as any surplus assets, net debt/cash, present value of management fees and overheads at the MCG fund level.

5.5.1 MCG surplus assets and net debt

Based on discussions with MCG and an analysis of the 31 December 2008 interim financial report, MCG does not appear to have any surplus assets at the valuation date.

MCG's net debt position at 31 March 2009 is \$394 million, as set out in the following table.

Table 37: MCG's net debt at 31 March 2009

Facility	Currency	Balance outstanding 31-Mar-09	Term/Expiry	FX Rate ¹	(\$m)
ANZ facility	GBP	15	30 Sep 2009	2.071	31
Exchangeable bonds	A\$	413	24 May 2010 ²	1	413
Exchangeable bonds	US\$	118	23 Aug 2011 ²	1.446	171
US hedges	A\$	(35)	n/a ⁴	1	(35)
GBP hedges	A\$	(44)	n/a	1	(44)
Total debt					536
Cash			n/a		(141 ³)
Net debt					394

Source: Deloitte Corporate Finance analysis

Notes:

1. Exchange rate as at 31 March 2009
2. Reflects the early put dates for the bonds, where the bonds can be settled either in cash or by the issue of MCG Securities (at a 5% discount) at the option of the issuer
3. Cash at 31 March 2009 includes an estimated \$12 million in sunk transaction costs
4. n/a: not applicable

We understand that CPPIB will inject further capital into or provide further loans to relevant MCG entities to enable the redemption of the exchangeable bonds if such redemption is required by the holders of those bonds under the terms of those bonds.

Under the terms of the ANZ facility, redemption rights will be triggered upon change of control of MCG. This facility may be repaid by CPPIB at the option of ANZ.

5.5.2 Management fees

The cost structure of MCG includes administration costs and management fees. In analysing the fair market value of MCG on a going concern basis, these costs need to be considered since they are not included in our valuation of each of the MCG Assets.

MCG pays a quarterly base management fee calculated by reference to the net investment value of MCG. The net investment value is calculated as:

- the volume weighted average market capitalisation of MCG over the last 15 trading days of a quarter, plus
- the amount of any external borrowings of MCG or its wholly-owned entities, excluding borrowings by operating entities controlled by MCIL, MCIT or MMCGIL, plus
- the aggregate of the amounts that MCG or its wholly owned entities has firmly committed to for future investment in investments other than cash equivalents, less
- the aggregate amount invested in cash and cash equivalents by MCG or its wholly-owned entities, excluding investments made by operating entities controlled by MCIL, MCIT or MMCGIL.

The base management fee is calculated as:

- 1.50% of the amount of the net investment value up to \$500 million, plus
- 1.25% of the amount of the net investment value in excess of \$500 million but not in excess of \$1 billion, plus
- 1.00% of the amount of the net investment value in excess of \$1 billion.

We have provided for the base management fee in our valuation taking into account the following factors:

- the range of our estimated fair market value of the MCG Assets on a control basis of \$1,758 million to \$2,253 million less the present value of corporate overhead costs
- a minority discount of 20%⁵, as the base management fee is premised on a portfolio holding in the publicly listed securities rather than a control value of MCG
- the weighted average cost of equity for the MCG Assets on a whole of portfolio basis of between 13.15% and 13.65%
- a long term growth rate of 2.0%, in line with the long term growth assumptions used in the valuation of the MCG Assets.

Applying the above assumptions, we have calculated the present value of the base management fees to be between \$106 million and \$134 million.

MCIML is also entitled to a performance fee equal to 20% of the amount (if any) by which the MCG accumulation index exceeds the S&P/ASX 200 Industrials Accumulation Index for each six month period, to the extent the performance for the period exceeds any accumulated underperformance from previous periods. Based on the current level of accumulated shortfall in MCG performance, the payment of performance fees is unlikely and therefore has not been considered in our valuation.

⁵ Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values. A minority interest discount is the inverse of a premium for control (minority interest discount = $1 - [1 / (1 + \text{control premium})]$) and generally ranges between 15% and 30%

5.5.3 Present value of corporate overhead costs

Corporate overhead costs include administration costs, such as directors' fees, salaries and wages and listing costs, in addition to costs associated with providing centralised functions of MCG.

We have estimated the net present value of these corporate overheads to be in the range of \$24 million to \$26 million. This range has been estimated by discounting the forecast corporate overheads of MCG to their present value. We have estimated the present value of the corporate overheads having reference to:

- pre tax corporate overheads in the year ended 30 June 2008 of \$4.2 million
- forecast pre tax corporate overheads for the year ending 30 June 2009 of \$3.9 million
- a corporate tax rate of 30%
- a cost of equity of the MCG Assets on a whole portfolio basis of between 13.15% and 13.65%
- a long term growth rate of 2.0%, in line with the long term growth assumptions used in the valuation of the MCG Assets.

5.5.4 Premium for control

We have estimated the fair market value of the MCG Securities by performing a sum of the parts valuation.

In considering whether it is appropriate to apply a premium for control at the MCG fund level, we have had regard to the following factors:

- our consideration of whether it is appropriate to incorporate a premium for control for each of the MCG Assets
- the size and degree of geographic diversification of the portfolio comprising the MCG Assets
- the costs that would be incurred in acquiring a similar portfolio of assets in contrast to acquiring the MCG Securities
- certain change of control clauses in material contracts of the MCG Assets.

On balance, having regard to the aforementioned factors, we have not incorporated a separate premium for control at the MCG fund level in our assessment of the fair market value of the MCG Securities as effectively our valuations have already been prepared on a control basis.

5.5.5 Sum of the parts analysis

The sum of the fair market values of the MCG Assets, net debt, present value of management fees and overhead costs are summarised in the table below.

Table 38: Summary of valuation findings

	Section	Low (\$m)	High (\$m)
Estimated fair market value of MCG's interest in:			
BA	5.2.7	756	784
Arqiva	5.3.7	733	1,040
Airwave	5.4.7	275	437
Estimated fair market value of the MCG Assets		1,765	2,261
Less: MCG net debt	5.5.1	(394)	(394)
Less: Present value of management fees ¹	5.5.2	(106)	(134)
Less: Present value of overhead costs	5.5.3	(26)	(24)
100% equity value of MCG (on a control basis)		1,238	1,708
Number of MCG Securities on issue ('000s)		546,254	546,254
Value of a MCG Security (\$)		2.27	3.13

Source: Deloitte Corporate Finance analysis

Notes:

1. This refers to the present value of the management fees that are payable by MCG to MCIML
2. Numbers may not add due to rounding

The fair market value of MCG is sensitive to changes in the discount rate, debt capacity and exchange rates as summarised in Table 39 and Table 40 below.

Table 39: Sensitivity of the fair market value of a MCG Security to changes in discount rate and debt capacity assumptions

\$ per MCG Security	Forecast debt capacity					
	4.0 times EBITDA	4.5 times EBITDA	5.0 times EBITDA	5.5 times EBITDA	6.0 times EBITDA	6.5 times EBITDA
Discount rate decrease (-0.5%)	2.56	2.76	2.96	3.17	3.37	3.57
Valuation – high	2.30	2.50	2.71	2.92	3.13	3.33
Valuation – low	2.06	2.27	2.48	2.69	2.90	3.11
Discount rate increase (+0.5%)	1.84	2.06	2.27	2.48	2.69	2.91

Source: Deloitte Corporate Finance analysis

Table 40: Sensitivity of the fair market value of a MCG Security to changes in exchange rate assumptions

\$/GBP	Low \$	High \$
1.75	1.99	2.73
1.85	2.08	2.85
1.95	2.16	2.98
2.071	2.27	3.13
2.15	2.33	3.22
2.25	2.42	3.35
2.35	2.50	3.47

Source: Deloitte Corporate Finance analysis

6 Evaluation and conclusion

6.1 Fairness

Set out in the table below is a comparison of our assessment of the fair market value of a MCG Security as at 31 March 2009 with the consideration offered by CPPIB.

Table 41: Evaluation of fairness

	Section	Low (\$)	High (\$)
Estimated fair market value of a MCG Security	5.5	2.27	3.13
Consideration offered		2.50	2.50

Source: Deloitte Corporate Finance analysis

The consideration offered by CPPIB is within the range of our estimate of the fair market value of a MCG Security, although in the lower half of the range. Accordingly it is our opinion that the Proposed Schemes are fair.

6.2 Reasonableness

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Schemes are reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Schemes.

6.2.1 Advantages of the Proposed Schemes

The likely advantages to Securityholders if the Proposed Schemes are approved include:

No more attractive alternative is currently available to Securityholders

The MCG Boards have been exploring a range of strategic alternatives and options to maximise value for Securityholders. These options included divestment of assets, either individually or in combination, as well as a recapitalisation of existing assets.

MCG commenced execution of these strategies with the sale of its interest in GTP in September 2008 and repurchase of over 45% of MCG's outstanding exchangeable bonds. On 31 October 2008, MCG announced its strategy to fully repay the fund level exchangeable bonds by 2011. This strategy included lowering distribution guidance to \$0.10 per MCG Security for 2009. Notwithstanding these initiatives, the MCG Security price continued to decline.

The MCG Boards determined that a process including asset divestment and further capital management initiatives was most likely to maximise value for Securityholders. We understand that a process was initiated by the MCG Boards involving:

- separate arm's length discussion and negotiations with potential third party new investors including a competitive process for the sale of assets individually
- separate arm's length discussions with potential third party new investors as part of a competitive process to introduce new capital into select assets in which MCG holds an interest
- provision of due diligence information and meetings with senior management of certain MCG assets.

The majority of potential investors were excluded at this stage on the basis of being unable to meet price expectations or certainty of funding. No final binding offers were received by MCG for any individual assets.

Further details of the sale process are set out in Section 4.1 of the Scheme Booklet.

During this process, MCG engaged in discussions with CPPIB in relation to some of the above opportunities. Following due diligence conducted by CPPIB, CPPIB ultimately decided to make an offer to acquire all of MCG for consideration of \$2.50 per MCG Security, inter conditional upon entry into arrangements to acquire MCIML, for an upfront amount of \$56.5 million to be paid to MCIHPL for the acquisition of MCIML and a payment of approximately \$4 million per annum for up to ten years for ongoing investment advisory services in respect of Arqiva and Airwave. The fees for the ongoing advisory services in relation to Arqiva and Airwave remain payable if the agreements are terminated before the end of their term, unless the termination is for material breach by Macquarie. The consideration for the acquisition of MCIML excludes the consideration for the MCG Securities held by MCIML. MCG will also provide CPPIB with a right to use certain intellectual property rights of MCG to operate MCG (which will be licensed to MCIML) and with transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML.

In light of the current state of the equity and debt capital markets, the MCG Boards have concluded that a sale of MCG is preferable to a process involving either the sale of individual assets or recapitalisation of individual assets in respect of Arqiva and Airwave.

The Proposed MCG Transaction is conditional upon the current and ongoing provision of management services by the relevant Macquarie Parties in respect of Arqiva and Airwave following completion. Without this ongoing participation, certain change of control clauses in material contracts in relation to the MCG Assets could be triggered. This could either lead to a reduction in the value of MCG and/or frustrate the Proposed MCG Transaction.

The prospect of a superior competing proposal at present is considered unlikely given:

- the significant premium of the CPPIB offer to the MCG Security price prior to recent trading price increases
- the current state of equity and debt capital markets which is restricting many potential bidders from making offers.

Securityholders are receiving a significant premium to MCG's Security price prior to the announcement of the Proposed Schemes

The CPPIB offer of \$2.50 per MCG Security is significantly above the recent trading price on the ASX. MCG has underperformed the broader market between 1 July 2007 and 4 March 2009 (being the day prior to a sharp appreciation in the security price), declining by 87% compared to the S&P/ASX 200 Industrials Index which has declined by 68% over the same period.

The consideration per MCG Security equates to:

- a premium of 198% to the last closing price of \$0.840 on the ASX on 4 March 2009 and 67% to the last closing price of \$1.495 on the ASX on 30 March 2009 (being the last trading day prior to the announcement of the Proposed MCG Transaction)
- a premium of 192% to the three month volume weighted average price from 5 December 2008 to 4 March 2009 of the MCG Securities of \$0.857
- a premium of 134% to the three month volume weighted average price from 31 December 2008 to 30 March 2009 of \$1.069.

It is difficult to predict the price of a MCG Security in the absence of the CPPIB proposal or speculation regarding an alternative proposal. However, if the Proposed Schemes are not implemented, it is likely that the MCG Securities will trade at a price significantly below the offer of \$2.50 per MCG Security.

The Proposed Schemes allow Securityholders to immediately realise their investment in MCG

The Proposed Schemes allow Securityholders to immediately realise their investment in MCG at a premium to the traded security price. The uncertainty in relation to the timing and quantum of the proceeds to be received if the MCG Assets were realised on a piecemeal basis is therefore removed.

The Proposed Schemes remove uncertainty associated with the refinancing of existing debt packages

The Proposed Schemes remove uncertainty associated with the refinancing of existing asset level debt packages. A large proportion of the existing asset level debt packages mature in 2014. Raising new debt at that time is likely to be more difficult, at a higher cost and subject to more stringent conditions than when the existing facilities were established. Since 2008:

- acquisition debt multiples have reduced significantly
- transaction lead times to obtain debt funding have increased due to the additional level of scrutiny being applied by the major lenders
- there has been an increase in the credit margin charged by banks
- loan to valuation ratios have reduced.

The risks associated with refinancing the current debt facilities is discussed in Section 4.1 of the Scheme Booklet and in Appendix 4 of this report.

Disposal of the MCG Securities

Securityholders will not be required to pay brokerage or stamp duty on the transfer of their MCG Securities.

6.2.2 Disadvantages of the Proposed Schemes

The likely disadvantages to Securityholders if the Proposed Schemes are approved include:

Inability to participate in upside growth potential of the MCG Assets

Whilst the Proposed Schemes allow Securityholders to realise their investment in MCG at a significant premium to MCG's security price prior to the announcement, they will not be able to participate in the future growth of MCG. This growth potential may be amplified because of the extent of the existing asset level debt facilities. It is possible that the value of MCG Securities may increase over time to a level above the consideration now offered, particularly if debt capital markets improve significantly by 2012, being the date the Cash Sweeps become effective.

We further note that, as determined on page 7 and in the body of our report, the valuation multiples implied by our discounted cash flow valuation of each MCG Asset are lower than the EBITDA multiples implied by the acquisition prices for these Assets. Whilst we place little emphasis on these acquisition multiples due to a range of factors including the amount of time that has transpired since the original acquisition dates and the significant changes (including material acquisitions) that have occurred in these businesses, the industries in which they operate and the impact of the current global financial crisis, Securityholders may form the view that similar multiples could be achieved in the future and may therefore believe that MCG does not need to sell at the current point in the cycle.

Loss of exposure to communications infrastructure assets

Securityholders will give up the opportunity to invest in communications infrastructure assets if the Proposed Schemes are implemented. Whilst there are several broadly comparable entities listed in the United States, there are no comparable listed entities in Australia in which Securityholders could reinvest to obtain a similar investment profile and exposure.

Taxation

Implementation of the Proposed Schemes may trigger tax consequences for Securityholders earlier than would have otherwise been the case. The taxation consequences of the Proposed Schemes for Securityholders will depend on the personal taxation and financial circumstances of each Securityholder.

Securityholders should consult their tax advisers in relation to their personal circumstances. General tax implications of the Proposed Schemes are discussed in Section 7 of the Scheme Booklet.

6.2.3 Other considerations

The intentions of the Independent Directors

It is the intention of Independent Directors to unanimously recommend acceptance of the Proposed Schemes, in the absence of a superior proposal.

Break fees

A break fee equal to \$13.7 million is payable by MCG to CPPIB under certain circumstances if the Proposed Schemes do not proceed. This includes circumstances where if the Independent Directors withdraw their recommendation or recommend a superior proposal, the Scheme Implementation Agreement is terminated in certain circumstances or a competing transaction is announced.

6.2.4 Conclusion on reasonableness

On balance, in our opinion, the advantages of the Proposed Schemes outweigh the disadvantages.

6.3 Opinion

In our opinion, the Proposed Schemes are fair and reasonable to Securityholders and therefore in the best interests of Securityholders.

In respect of the Proposed Ancillary Transaction, nothing has come to our attention that causes us to qualify our opinion in relation to the Proposed Schemes. The Proposed Ancillary Transaction Report has been included in the Scheme Booklet.

An individual Securityholder's decision in relation to the Proposed Schemes may be influenced by his or her particular circumstances. If in doubt the Securityholder should consult an independent adviser.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Appendix 1: Glossary

Reference	Definition
\$ or A\$	Australian dollars
ABC	Australian Broadcasting Corporation
AFSL	Australian Financial Services Licence
Ancillary Transaction Report	A separate independent expert's report prepared by Deloitte in relation to the Proposed Ancillary Transaction
Airwave	Airwave Solutions Limited
Airwave Financial Model	Detailed financial model for Airwave prepared by the asset managers of Airwave, which includes projected cash flows attributable to Securityholders up to 31 March 2035
Arqiva	Arqiva / National Grid Wireless
Arqiva Financial Model	Detailed financial model for Arqiva prepared by the asset managers of Arqiva, which includes projected cash flows attributable to Securityholders up to 31 March 2022
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
BA	Broadcast Australia Pty Limited
BA Financial Model	Detailed financial model for BA prepared by the asset managers of BA, which includes projected cash flows attributable to Securityholders up to 30 June 2035
BBC	British Broadcasting Corporation
BBSW	Bank bill swap rate
BBSY	Bank bill swap bid rate
bps	Basis points
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
Cash Sweep	A covenant in a facility agreement which provides that any excess cash generated by a borrower in a specified period (ie, cash that would otherwise be available for distribution to shareholders of the borrower in their capacity as owners or lenders) will instead be used to pay down the debt outstanding under the facility agreement. The covenant obliges the borrower under the facility agreement to pay a specified percentage of excess cash to reduce the debt outstanding. Excess cash for the period is determined by taking the cashflow of the borrower after deductions for things like debt service, permitted expenditure and prepayments required to be made under the facility agreement.
CPPIB	Canada Pension Plan Investment Board
DAB	Digital audio broadcasting or commercial digital radio
Deloitte Corporate Finance, Deloitte, we, us or our	Deloitte Corporate Finance Pty Limited
DSO	Digital television switch over
DTT	Digital terrestrial television
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMRP	Equity market risk premium
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
GBP	Great Britain Pound
GDP	Gross Domestic Product
GTP	Global Tower Partners
Hostworks	Hostworks Group Limited
IER	Independent expert's report
Independent Directors	Directors of MCG who are unrelated to Macquarie Group
Ke	Cost of equity capital

Reference	Definition
<i>LIBOR</i>	<i>London interbank offered rate</i>
<i>Macquarie Communications Infrastructure Group</i>	<i>MCIL, MMCGIL and MCIML as responsible entity of MCIT</i>
<i>Macquarie Group</i>	<i>Macquarie Group Limited</i>
<i>Macquarie Offer</i>	<i>The separate CPPIB offer to acquire all of the issued shares of MCIML</i>
<i>MCG</i>	<i>Macquarie Communications Infrastructure Group</i>
<i>MCG Assets</i>	<i>MCG's direct investments in BA, Arqiva and Airwave</i>
<i>MCG Boards</i>	<i>The boards of directors of MCIL, MMCGIL and MCIML as responsible entity of MCIT</i>
<i>MCG Offer</i>	<i>The CPPIB offer to acquire all of the issued stapled securities of MCG for \$2.50 per security, except for those held by MCIML</i>
<i>MCG Securities</i>	<i>MCG triple stapled securities</i>
<i>MCGL</i>	<i>Macquarie Capital Group Limited</i>
<i>MCIHPL</i>	<i>Macquarie Capital International Holdings Pty Limited</i>
<i>MCIL</i>	<i>Macquarie Communications Infrastructure Limited</i>
<i>MCIL Share Scheme</i>	<i>The scheme of arrangement pursuant to Part 5.1 of the Corporations Act 2001 proposed between MCIL and the MCIL shareholders</i>
<i>MCIML</i>	<i>Macquarie Communications Infrastructure Management Limited</i>
<i>MCIT</i>	<i>Macquarie Communications Infrastructure Trust</i>
<i>MEIF 2</i>	<i>Macquarie European Infrastructure Fund II</i>
<i>MMCGIL</i>	<i>Macquarie MCG International Limited</i>
<i>MMCGIL Share Scheme</i>	<i>The scheme of arrangement pursuant to Section 99 of the Companies Act proposed between MMCGIL and the MMCGIL shareholders</i>
<i>Mobile ICT</i>	<i>Mobile information and communications technology</i>
<i>Models</i>	<i>Airwave Financial Model, Arqiva Financial Model and BA Financial Model</i>
<i>MTN</i>	<i>Medium term notes</i>
<i>MUKBHL</i>	<i>Macquarie UK Broadcast Holdings Limited</i>
<i>National Broadcasters</i>	<i>ABC and SBS</i>
<i>NGW</i>	<i>National Grid Wireless</i>
<i>NTLB</i>	<i>National Transcommunications Limited and NTL Digital Limited</i>
<i>Ofcom</i>	<i>The Office of Communications</i>
<i>Offer Price</i>	<i>\$2.50 per MCG Security</i>
<i>Proposed Ancillary Transaction</i>	<i>The CPPIB offer to acquire all of the issued shares of MCIML and to receive certain services and intellectual property rights in relation to the current and future management of MCG</i>
<i>Proposed MCG Transaction</i>	<i>CPPIB's offer to acquire all of the issued stapled securities of MCG for \$2.50 per MCG Security with the exception of MCIML's MCG Securities</i>
<i>Proposed Schemes</i>	<i>Two inter-conditional schemes of arrangement and a trust scheme to acquire all of the issued stapled securities of MCG</i>
<i>RG 111</i>	<i>ASIC Regulatory Guide 111</i>
<i>RPI</i>	<i>Retail price index</i>
<i>SBS</i>	<i>Special Broadcasting Service</i>
<i>Scheme Booklet</i>	<i>The draft scheme booklet in relation to the Proposed Ancillary Transaction and the Proposed MCG Transaction dated 29 April 2009</i>
<i>Securityholders</i>	<i>Existing holders of MCG stapled securities</i>
<i>TETRA</i>	<i>Terrestrial Trunked Radio</i>
<i>Transactions</i>	<i>The Proposed MCG Transaction and the Proposed Ancillary Transaction</i>
<i>Trust Scheme</i>	<i>The arrangement by which CPPIB acquires all of the MCIT units from MCIT unitholders,</i>
<i>US\$</i>	<i>United States dollar</i>
<i>β</i>	<i>Beta</i>

Appendix 2: Discount rate

Cost of equity capital (K_e)

The discount rate used to equate the future cash flows to their present value reflects the risk adjusted rate of return demanded by a hypothetical investor. As we are considering cash flows to equity holders, we have considered the cost of equity, K_e , as our discount rate. The cost of equity is the rate of return that investors require to make an equity investment in a firm.

We have used the Capital Asset Pricing Model (CAPM) to estimate the K_e for the MCG Assets. The CAPM calculates the minimum rate of return that the company must earn on the equity financed portion of its capital to leave the market price of its shares unchanged. The CAPM is the most widely accepted and used methodology for determining the cost of equity capital and is determined using the following formula:

$$K_e = R_f + \beta(R_m - R_f) + \alpha$$

The components of the formula are:

- K_e = required return on equity
- R_f = the risk free rate of return
- R_m = the expected return on the market portfolio
- β = beta, the systematic risk of a stock
- α = specific company risk premium

Each of the components in the above equation is discussed below.

Risk free rate (R_f)

The risk free rate compensates the investor for the time value of money and the expected inflation rate over the investment period. The frequently adopted proxy for the risk free rate is the long term government bond rate.

In determining R_f we have considered the bond yields on 31 March 2009 in each market in which the MCG Assets operate as summarised below:

Table 42: Risk free rate summary

	BA	Arqiva	Airwave
Country/market	Australia	United Kingdom	United Kingdom
Risk free measure	10 year Australian Government Bond	20 year UK Gilt	20 year UK Gilt
Estimate at valuation date	4.44%	4.02%	4.02%

Source: Deloitte Corporate Finance analysis

The above estimates are widely used and accepted benchmarks for the risk free rate in each market. These rates represent a nominal rate and thus include inflation.

Equity market risk premium (EMRP)

The Equity Market Risk Premium (EMRP) ($R_m - R_f$) represents the risk associated with holding a market portfolio of investments, that is, the excess return a shareholder can expect to receive for the uncertainty of investing in equities as opposed to investing in a risk free alternative. The size of the EMRP is dictated by the risk aversion of investors. The lower (higher) an investor's risk aversion, the smaller (larger) the equity risk premium.

The EMRP is not readily observable in the market and therefore represents an estimate based on available data. There are generally two main approaches used to estimate the EMRP, the historical approach and the prospective approach, neither of which is theoretically more correct or without limitations. The former approach relies on historical share market returns relative to the returns on a risk free security; the latter is a forward looking approach which derives an estimated EMRP based on current share market values and assumptions regarding future dividends.

In evaluating the EMRP we have considered both the historically observed and prospective estimates of EMRP.

Historical approach

The historical approach is estimated by comparing the historical returns on equities against the returns on risk free assets such as Government bonds, or in some cases, Treasury bills. The historical EMRP has the benefit of being capable of estimation from reliable data, however, it is possible that historical returns achieved on stocks were different from those that were expected by investors when making investment decisions in the past and thus the use of historical market returns to estimate the EMRP would be inappropriate.

It is also likely that the EMRP is not constant over time as investors' perceptions of the relative riskiness of investing in equities change. Investor perceptions will be influenced by several factors such as current economic conditions, inflation, interest rates and market trends. The historical risk premium assumes the EMRP is unaffected by a variation in these factors in the short to medium term.

In addition, historical estimates are sensitive to the following:

- the time period chosen for measuring the average
- the use of arithmetic or geometric averaging for historical data
- selection of an appropriate benchmark risk free rate
- the impact of franking tax credits
- exclusion or inclusion of extreme observations.

The EMRP is highly sensitive to the different choices associated with the measurement period, risk free rate and averaging approach used and as a result can vary quite substantially.

We have considered the most recent studies undertaken by the Centre for Research in Finance at the Australian Graduate School of Management, Morningstar Inc, ABN AMRO/London Business School and Aswath Damodaran. These studies generally calculate the EMRP in Australia to be in the range of 5% to 8%.

In respect of the United Kingdom, we have considered the most recent studies undertaken by ABN AMRO, Barclays Capital, Morningstar Inc and Aswath Damodaran. These studies generally calculate the EMRP in the United Kingdom to be in the range of 4% to 7%.

Prospective approach

The prospective approach is a forward looking approach that is current, market driven and does not rely on historical information. It attempts to estimate a forward looking premium based on either surveys or an implied premium approach.

The survey approach is based on investors, managers and academics providing their long term expectations of equity returns. Survey evidence suggests that the EMRP is generally in the range of 6% to 8%.

The implied approach is based on either future cash flows or observed bond default spreads and therefore changes over time as share prices, earnings, inflation and interest rates change. The implied premium may be calculated from the total market capitalisation and the level of expected future earnings and growth.

Bloomberg calculates an Australian implied EMRP of 8.1% and a United Kingdom implied EMRP of 8.42% as at 16 March 2009 using this methodology.

Franking tax credits

The return on the market portfolio used in calculating the EMRP may include a return that shareholders receive through franking tax credits. The evidence on franking tax credits is inconclusive and therefore we have not adjusted the cost of capital for the impact of dividend imputation.

Selected EMRP

We have used both the historically observed EMRP and the prospective approaches as a guideline in determining the appropriate EMRP to use in this report. Australian studies on the historical risk premium approach generally indicate that the EMRP would be in the range of 5% to 8% and United Kingdom studies generally indicate a range of 4% to 7%.

In recent years it has been common market practice in Australia in expert reports and regulatory decisions to adopt an EMRP of 6%. Common practice in the United Kingdom in valuation reports is to adopt an EMRP of between 4% and 6%.

Given the recent severe decline in worldwide equity values and the difficulty companies are experiencing in raising equity capital, this may be indicative of investors demanding a greater risk premium. In addition, current prospective measures appear to indicate an increase in the EMRP.

Having considered the various approaches and their limitations, we consider an EMRP of 7% to be appropriate for both the Australian and United Kingdom assets.

Beta estimate (β)

Description

The beta coefficient measures the systematic risk of a company in comparison to the market as a whole. A beta of greater than one indicates greater market related risk than average, while a beta of less than one indicates less risk than average.

The beta for an asset can be estimated by regressing the returns on any asset against returns on an index representing the market portfolio over a reasonable time period.

Market evidence

In estimating an appropriate beta for the MCG Assets we have considered the betas of broadly comparable listed companies that hold communications infrastructure assets in OECD countries. These betas, which are presented below, have been calculated at 31 March 2009 based on weekly returns, over a two year period, compared to the relevant country index.

Table 43: Analysis of betas for listed companies with comparable operations to the MCG Assets

Company Name	Enterprise Value (\$million)	Market Capitalisation (\$million)	Gearing¹	Levered Beta	Unlevered Beta
Crown Castle International Corp	12,148	5,892	48.9%	1.51	1.03
American Tower Corp	16,279	12,088	25.7%	1.20	1.01
SBA Communications Corp	5,232	2,756	47.3%	1.65	1.13
Average			40.7%	1.45	1.06

Source: Analysts' reports, Bloomberg, Deloitte Corporate Finance analysis

Note:

1. Gearing = net debt/enterprise value

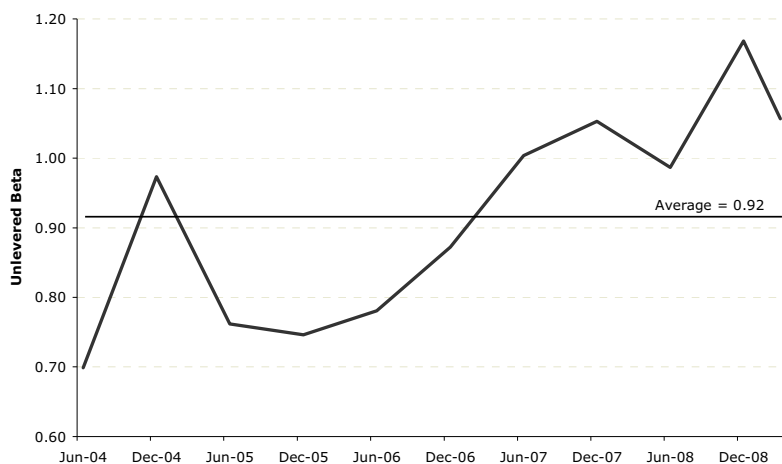
The comparable companies identified above have been selected based on our analysis at Appendix 3.

The observed beta is a function of the underlying risk of the cash flows of the company, together with the capital structure and tax position of that company. This is described as the levered beta.

The capital structure and tax position of the entities in the table above may not be the same as the assets being valued. Therefore, the levered beta is often adjusted for the effect of the capital structure and tax position. The levered beta has been adjusted on the basis of the book value of net debt to net equity. This adjusted beta is referred to as the unlevered beta. The unlevered beta is thus a reflection of the underlying risk of the pre-financing cash flows of the entity.

To ensure an appropriate unlevered beta is selected in calculating the cost of equity for the MCG Assets, an analysis of the trend in unlevered betas and gearing for the companies listed above is shown in the figures below.

Figure 16: Unlevered beta trend analysis

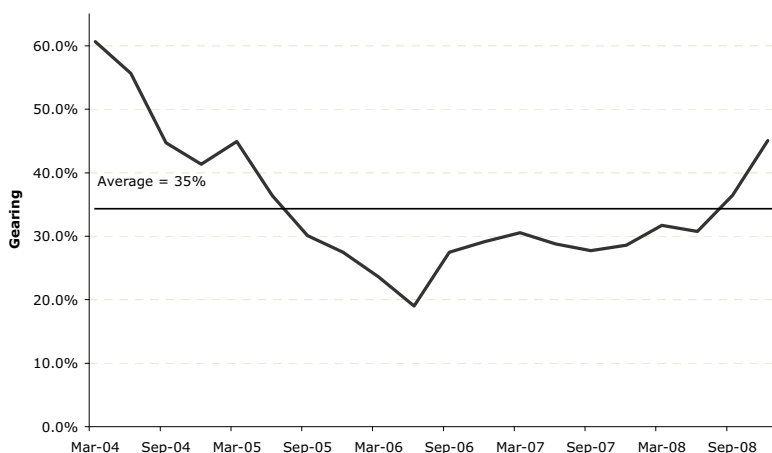


Source: Deloitte Corporate Finance analysis and Bloomberg

Note:

- Betas are calculated two years prior to the date shown in the figure above, on a two year weekly basis.

Figure 17: Gearing trend analysis



Source: Deloitte Corporate Finance analysis and Bloomberg

Note:

- Gearing = net debt/enterprise value

The high betas currently observed are most likely a reflection of the global credit crisis. Companies with high gearing and complex business models have generally seen the largest increase in their betas as investors have shifted their capital to more liquid and secure investments.

Selected beta (β)

In selecting an appropriate beta for the MCG Assets we have considered the following:

- the unlevered beta for the comparable companies at the valuation date is in a range of 1.01 to 1.13, with an average of 1.06
- the average unlevered beta for the comparable companies for the period March 2004 to December 2008 inclusive is 0.92
- the average current gearing of the comparable listed companies is approximately 41%
- the average gearing of the comparable companies for the period March 2004 to December 2008 inclusive is 35%
- a corporate tax rate in Australia of 30% and in the United Kingdom of 28%.

We consider that over the long term, the MCG Assets will have a similar beta to the comparable companies. Given the current volatility in the debt and the equity markets, we have used the average unlevered beta of the comparable listed companies for the period March 2004 to March 2009 of 0.92. We have relevered this beta using a debt to equity ratio of 35/65, having regard to the average gearing of the comparable listed companies of 35% over the period March 2004 to December 2008 and a corporate tax rate of 30% in Australia and 28% in the United Kingdom. This results in a levered beta of 1.27 for BA and 1.28 for Arqiva and Airwave.

Company specific risk factors

The specific company risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors. We have selected specific company risk premiums to apply to the MCG Assets as summarised below.

Broadcast Australia

We have not identified any specific company risk factors to apply to BA.

Arqiva and Airwave

A large proportion of the Arqiva and Airwave debt matures in 2014. At this time, MCG will need to source new funding to help finance the repayment of debt and the ongoing operations. Given the current turbulence and uncertainty in the debt markets, raising new debt is likely to be more difficult, at a higher cost and be subject to more stringent conditions than previously experienced.

Accordingly, we have applied a specific company risk premium to apply to Arqiva and Airwave to reflect:

- the higher levels of gearing that will be in place between the valuation date and the expected date of refinancing. The current gearing level of Arqiva and Airwave is significantly higher than our assumed long term debt to equity ratio of 35/65
- the risks that Arqiva and Airwave will not be able to achieve the assumed gearing levels of 4.5 times to 6.0 times EBITDA and will be required to issue new equity in addition to that assumed in our valuation.

Based on the above, we have applied a specific company risk premium of 0.5% to apply to Arqiva and Airwave.

Conclusion on cost of equity

Based on the above factors we arrive at a cost of equity, K_e , as follows:

Table 44: Cost of equity applied to valuation of the MCG Assets and at the MCG fund level

	BA	Arqiva	Airwave	MCG fund level
Risk free rate (%)	4.44%	4.02%	4.02%	
EMRP (%)	7.00%	7.00%	7.00%	
Beta	1.27	1.28	1.28	
Specific company risk premium (%)	0.00%	0.50%	0.50%	
Cost of equity capital (K_e) (%)	13.31%	13.45%	13.45%	
Selected cost of equity capital (K_e) (%)	13.00% - 13.50%	13.25% - 13.75%	13.25% - 13.75%	13.15% - 13.65%

Source: Deloitte Corporate Finance analysis

As the management fees and overhead costs payable by MCG at the fund level are directly related to the management of the MCG Assets, we have selected the weighted average cost of equity of the MCG Assets to apply to the MCG fund level.

Appendix 3: Comparable entities

Set out below is a list of entities operating within the communications infrastructure industry whose operations are broadly comparable to MCG and whose securities are listed on various stock exchanges.

Table 45: Comparable entities – EBITDA market trading

Company	Country	Currency	Enterprise value (millions)	Market Capitalisation (millions)	EBITDA times (2008)	EBITDA times (2009)	EBITDA times (2010)
Crown Castle International	US	USD	12,148	5,892	14.5x	13.0x	11.9x
American Tower Corp	US	USD	16,279	12,088	15.8x	14.1x	13.0x
SBA Communications	US	USD	5,232	2,756	21.4x	15.8x	14.3x
<i>Average</i>					<i>17.2x</i>	<i>14.3x</i>	<i>13.0x</i>

Source: Bloomberg, Deloitte Corporate Finance analysis

Note:

1. Based on market capitalisation on 31 March 2009

Crown Castle International Corporation

Crown Castle International Corporation owns, operates and leases approximately 24,100 towers and other communication structures for wireless communications (predominantly mobile phone communications). The company offers mobile coverage to markets primarily in the United States and Australia.

Crown Castle International Corporation's core business is leasing space on Crown Castle International Corporation-owned towers to wireless carriers, state and federal government agencies and narrowband and broadband data service providers via long term contracts. Crown Castle International Corporation also provides certain network services including antenna installations, network design and site selection, site acquisition and development.

Major wireless mobile communications customers include Sprint Nextel, AT&T, Verizon Wireless and T-Mobile in the United States and Optus, Telstra, Vodafone and Hutchison in Australia.

American Tower Corporation

American Tower Corporation owns, operates and develops wireless communications and broadcast towers in the United States. As at 31 December 2008, American Tower Corporation had a portfolio of over 23,700 communication sites including wireless communication towers, broadcast communication towers and distributed antenna system networks.

American Tower Corporation leases antenna sites on multi-tenant towers to wireless service providers and radio and television broadcasters. American Tower Corporation also offers a variety of network development services including site acquisition, zoning, permitting and structural analysis services. These services support American Tower Corporation's site leasing business.

SBA Communications Corporation

SBA Communications Corporation owns and operates wireless communications infrastructure in the United States. The company offers both site leasing and site development services. SBA Communications Corporation leases antenna space on its multi-tenant towers to a variety of wireless service providers under long term lease contracts.

As at 31 December 2008, SBA Communications Corporation owned 7,854 towers and managed approximately 4,200 communications sites. SBA Communications Corporation's site development consulting and construction services business complements generates revenues through activities such as antenna and equipment installation.

SBA Communications Corporation serves large national providers and small regional, local and private operators. Both of SBA Communications Corporation's businesses (site leasing and site development) have a concentrated customer base with revenues primarily contributed by wireless service providers such as AT&T, Sprint, T-Mobile and Verizon Wireless.

Appendix 4: Debt market analysis

The current financing arrangements for Arqiva and Airwave were negotiated and entered into in April 2007. Both entities were able to negotiate favourable gearing levels, interest rates and terms compared to the arrangements that are likely to be negotiated in the current market.

Since 2008, the global economic outlook has deteriorated considerably, having significant adverse implications for the debt capital markets. We note the following in relation to the debt markets:

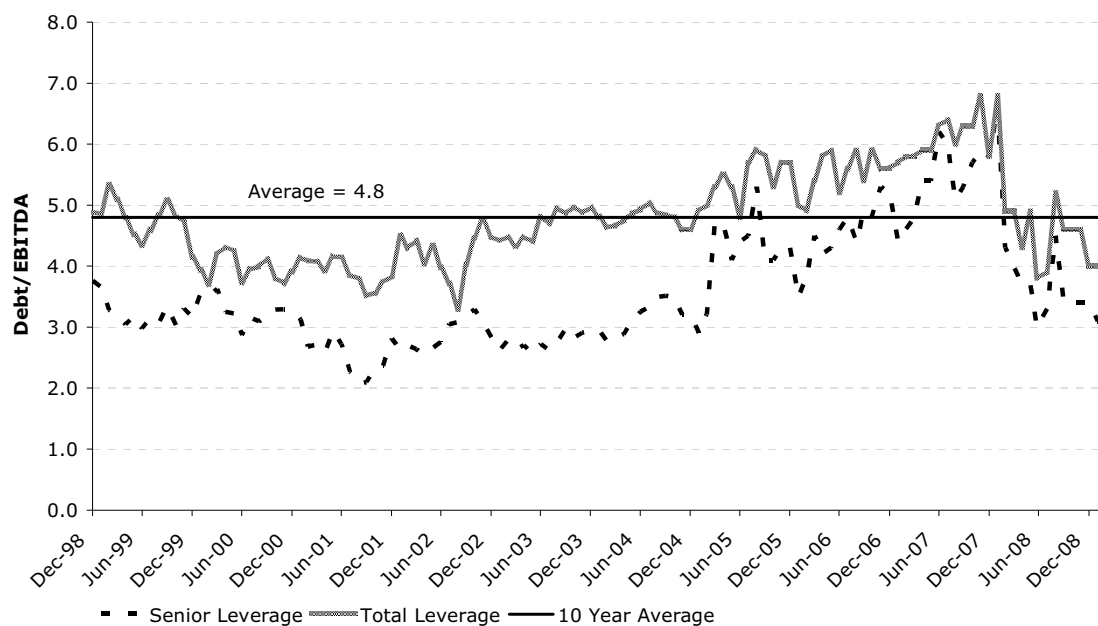
- certain types of debt providers are no longer operating in the current market
- a greater number of banks are generally required to provide the required level of funding as individual banks have either become more risk averse or have less capacity to provide debt funding
- acquisition debt multiples (debt/EBITDA) have contracted significantly
- there has been a significant increase in the credit margin charged by banks for the same level of historical funding in many cases although base rates have also fallen significantly
- transaction lead times to raise debt funding have increased due to the additional level of scrutiny being applied by the major lenders
- lending institutions have suffered significant reductions in their equity capital bases due to loan write-offs and impairments which has led to discounted equity capital raisings to partially replenish the base from which they can apply lending multiples
- loan to valuation ratios have reduced in comparison with previous levels and are likely to come under more scrutiny as the revaluation cycle moves through 2009 and both lending institutions and borrowers continue to deleverage
- undrawn facilities may only be made available where accompanied by a 'line fee' commensurate with the term of the facility and the credit profile of the borrower
- complex borrowing structures are not favoured by lenders
- there were a significant number of large, highly leveraged buy-outs that occurred between 2005 and 2007. The majority of the debt funding provided in these transactions matures at the same time as the Arqiva and Airwave debt (i.e. in 2014) when there is likely to be significant competing demands for capital
- government bodies are also experiencing significant issues associated with revenue shortfalls, and debt funding requirements to cover these shortfalls may lead to significant competition with the private debt markets.

In addition to tightening debt capital markets, there has been a re-rating of the equity securities of infrastructure (and other) companies that have not taken capital management initiatives to reduce debt. This re-rating has resulted in a significant decline in the market capitalisation of companies operating in this industry, resulting in further increases in effective leverage levels.

In light of these aforementioned developments in the debt and equity capital markets, it is significantly less likely that the same favourable gearing levels, interest rates and terms could be negotiated either in the current market or when the debt facilities of Arqiva and Airwave mature. Accordingly, we have estimated the total debt capacity of Arqiva and Airwave to be between 4.5 times and 6.0 times forecast EBITDA at the time the existing facilities need to be refinanced.

In selecting the gearing multiple we have had regard to historical debt multiples for large leveraged buyouts since December 1998⁶ as set out in Figure 18 below.

Figure 18: Historical debt/EBITDA multiples for large leveraged buyouts



Source: Standard & Poor's, Leveraged Commentary & Data

In relation to Figure 18 above, we make the following observations:

- the debt multiple on leveraged buyouts from December 1998 to December 2008 has averaged 4.8 times EBITDA
- debt multiples increased noticeably from approximately March 2005 to January 2008, averaging 5.7 times EBITDA
- since February 2008, debt multiples have fallen to 4.4 times EBITDA.

The results from the analysis of Standard & Poor's leveraged buyout data is not inconsistent with our other research and feedback from other participants in the leveraged buyout market such as large private equity funds.

We have also considered that in early 2009, BA was able to refinance a \$250 million tranche of its debt facilities. The total gearing of BA subsequent to this refinancing was 6.0 times historical EBITDA. In respect of this refinancing we note that:

- the debt profile of BA is set out in Section 4.1.7.3 and shows that this refinancing constitutes approximately 25% of BA's total debt drawn down
- the majority of BA's EBITDA was contracted and is forecast to grow, hence the forward EBITDA multiple would be lower
- BA currently has lower gearing levels and total debt than Arqiva and Airwave
- negotiations on the debt refinancing commenced in August 2008 and the settlement took place in February 2009. Had the negotiations commenced in March 2009, it is likely that the terms ultimately agreed, including the gearing, would have been less favourable to BA
- the refinancing occurred in Australia, rather than in the United Kingdom where Arqiva and Airwave operate. The current economic environment in Australia is more stable than the United Kingdom.

⁶ Source: Standard & Poor's, Leveraged Commentary & Data

In addition, we have assumed a total margin of 250 bps to the benchmark rates for all MCG Assets following expiry of the existing facilities. In selecting this margin, we have taken into consideration:

- MCG's expectations that the likely additional cost of raising new debt capital at the maturity of the current facilities would be in the region of a 150 bps to 300 bps margin over the benchmark rate, depending on the size and timing of the refinancing
- the 250 bps margin over the benchmark rate on BA's recent refinancing (BA has a BBB rating by Standard and Poor's and a Baa2 rating from Moody's Investor Service). This was in relation to the \$250 million term loan which was settled in February 2009
- historical and forward margins over the benchmark rates for similarly rated corporate bonds in Australia, the United Kingdom and the United States.

Appendix 5: Sources of information

In preparing this report we have had access to the following principle sources of information:

General

- Draft Scheme Booklet dated 29 April 2009
- Australian Broadcasting and Pay TV report prepared by Paul Budde Communication Pty Limited dated March 2009
- publicly available information on comparable companies and market transactions published by ASIC, Thompson research, Bloomberg Financial markets, SDC Platinum and Mergermarket
- IBISWorld Pty Limited company and industry reports
- other publicly available information, media releases and brokers reports on MCG, CPPIB, comparable companies and the relevant industry/sectors
- MCG Assets' Shareholder Agreements
- various company websites

MCG Fund level

- Project Vaughn due diligence materials provided by MCG
- MCG annual financial report for the year ended 30 June 2008 and presentation of the annual general meeting
- half-yearly report/s for MCG for the half-years ended 31 December 2006 31 December 2007 and 31 December 2008
- CPPIB indicative non-binding offer letter dated 24 February 2009
- MCG Corporate and Asset Debt Summary of Terms and Conditions dated February 2009

BA

- MCIL board papers including MCG management's valuation of BA at 31 December 2008, provided by MCG
- historical information from the BA unaudited Management Reports for the financial years ended 30 June 2007, 2008 and the six months ended 31 December 2008
- BA forecast financial information from MCG management presentation
- BA management presentation dated February 2009 provided by MCG
- BA Information Memorandum dated January 2009 provided by MCG
- BA non-operating assets schedule provided by MCG
- BA Financial Model provided by MCG

Arqiva

- the 2008 United Kingdom Communications market prepared by Office of Communications dated August 2008
- the 2007 United Kingdom Communications market prepared by Office of Communications dated August 2007
- MUKBHL consolidated financial statements 30 June 2006, 30 June 2007 and 30 June 2008
- Arqiva management accounts for the seven month period ended 30 January 2009
- Arqiva management presentation dated February 2009 provided by MCG
- Arqiva Financial Model provided by MCG

Airwave

- Airwave audited financial statements for the 18 months ended 30 June 2008
- Guardian Digital Communications Limited audited financial statements for the 12 months ended 30 June 2008
- Airwave management accounts for the seven months ended 30 January 2009
- Airwave management presentation dated February 2009 provided by MCG
- Airwave debt summary as at March 2009 provided by MCG
- Airwave Financial Model provided by MCG.

In addition, we have had discussions and correspondence with certain MCG directors and executives, the MCG asset managers and management of the underlying businesses in relation to the above information and to current operations and prospects. MCG confirmed the accuracy and completeness of the relevant information to the expert.

Appendix 6: Qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of Macquarie Communications Infrastructure Limited, Macquarie MCG International Limited and Macquarie Communications Infrastructure Management Limited as responsible entity of Macquarie Communications Infrastructure Trust (collectively MCG) and is to be included in the Scheme Booklet to be given to Securityholders for approval of the Proposed Schemes. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Scheme Booklet in their assessment of the Proposed Schemes outlined in the report and should not be used for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Schemes.

The report represents solely the expression by Deloitte of its opinion as to whether the Proposed Schemes are in the best interests of the Securityholders. Deloitte consents to this report being included in the Scheme Booklet in the form and context in which it is to be included in the Scheme Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte has relied upon the completeness of the information provided by the directors and executives MCG which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to MCG management for confirmation of factual accuracy.

Furthermore, in recognising that Deloitte Corporate Finance may rely on information provided by MCG and its officers and/or associates, MCG has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which MCG may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability arising out of the assignment to give this report.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of MCG personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for MCG included in this report has been prepared on a reasonable basis for the purposes of our valuation analysis. In relation to the prospective financial information, actual results may be different from the prospective financial information of MCG referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

We advise that we have provided tax, accounting, valuation and transaction services to Macquarie Group and its related entities in the last 12 months. This includes acting as an Independent Expert in a scheme of arrangement involving Macquarie Capital Alliance Group in July 2008. We have considered the above relationships and regard ourselves as independent of MCG for the purpose of the preparation of an IER for the Proposed MCG Transaction in accordance with ASIC Regulatory Guide 112: Independence of Experts.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Stephen Ferris, B.Ec, F.Fin, CA, Mark Pittorino, B.Comm., M.App.Fin., CA, Darryl Dorfan, B.Com, CA and Andrew Robinson, B.Bus, CA. Stephen Ferris and Mark Pittorino are Directors and Darryl Dorfan and Andrew Robinson are executives of Deloitte Corporate Finance. Each has many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte Corporate Finance will receive a fee of \$475,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Schemes.

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Annexure B – Ancillary Transaction Report

Deloitte.

Macquarie Communications Infrastructure Group

**Independent expert's opinion in relation to the Proposed
Ancillary Transaction**

29 April 2009

Deloitte.

Financial services guide

Deloitte Corporate Finance Pty Limited
A.B.N. 19 003 833 127
AFSL 241457
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place

29 April 2009

1.1.1 What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance, we, us or our) the holder of Australian Financial Services Licence (AFSL) No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of our dispute resolution systems and how you can access them.

1.1.2 Information about us

We have been engaged by the directors of Macquarie Communications Infrastructure Limited, Macquarie MCG International Limited and Macquarie Infrastructure Management Limited as responsible entity for Macquarie Communications Infrastructure Trust (together, MCG) to give general financial product advice in the form of a report to be provided to you in connection with an offer that has been made by the Canada Pension Plan Investment Board to acquire all of the stapled securities in Macquarie Communications Infrastructure Group with the exception of Securities held by Macquarie Communications Infrastructure Management Limited. We have also been engaged by the independent directors of MCG to prepare this report on the Proposed Ancillary Transaction that may have a bearing on your consideration of the offer. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

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The financial product advice in our report is provided by Deloitte Corporate Finance and not by the Australian partnership of Deloitte Touche Tohmatsu, its related entities, or the Deloitte Touche Tohmatsu Verein.

1.1.3 Associations and relationships

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the Australian partnership of Deloitte Touche Tohmatsu (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

1.1.4 What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to retail and wholesale clients:

- provide financial product advice in respect of:
 - debentures, stocks or bonds to be issued or proposed to be issued by a government
 - interests in managed investment schemes including investor directed portfolio services
 - securities
- deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of:
 - debentures, stocks or bonds issued or to be issued by a government
 - interests in managed investment schemes including investor directed portfolio services
 - securities.

1.1.5 Information about the general financial product advice we provide

The financial product advice provided in our report is known as “general advice” because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product.

1.1.6 How are we and our employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Our fee is \$175,000, excluding GST, and will also be disclosed in the relevant offer document prepared by the issuer of the financial product. Deloitte Corporate Finance, its directors and officers, any related bodies corporate or associates and their directors and officers, do not receive any commissions or other benefits, except for the fees rendered to the party or parties who actually engage us.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

1.1.7 What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing addressed to:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Email: info@fos.org.au
Internet: <http://www.fos.org.au>

The Independent Directors
Macquarie Communications Infrastructure Limited
Macquarie Communications Infrastructure Management Limited as responsible entity of Macquarie
Communications Infrastructure Trust
Macquarie MCG International Limited
No. 1 Martin Place
SYDNEY NSW 2000

29 April 2009

Dear Directors

Independent expert's opinion in relation to the Proposed Ancillary Transaction

1 Introduction

Macquarie Communications Infrastructure Group (MCG) is a triple stapled security with direct investments in three discrete businesses and consists of three entities:

- Macquarie Communications Infrastructure Limited (MCIL), an Australian public company
- Macquarie Communications Infrastructure Trust (MCIT), an Australian registered managed investment scheme, and
- Macquarie MCG International Limited (MMCGIL), a company registered under the laws of Bermuda.

We refer to the stapled securities as the 'MCG Securities'.

Macquarie Communications Infrastructure Management Limited (MCIML) is the responsible entity of MCIT, manager of MCIL and advisor to MMCGIL and is a wholly owned subsidiary of Macquarie Capital Group Limited (MCGL).

The MCG assets comprise Broadcast Australia Pty Limited, and interests in Arqiva/National Grid Wireless (Arqiva) and Airwave Solutions Limited (Airwave).

We understand that:

- Canada Pension Plan Investment Board (CPPIB) has made a binding offer (the MCG Offer) to acquire all of the issued stapled securities of MCG, excluding the MCG Securities held by MCIML, for \$2.50 per MCG Security (the Offer Price) (the Proposed MCG Transaction); and
- CPPIB has made a separate binding offer to the relevant Macquarie Parties (the MCIML Offer) to acquire all of the issued shares of MCIML and to receive certain investment advisory and transitional services in relation to the current and future management of MCG (collectively, the Proposed Ancillary Transaction).

The Proposed MCG Transaction will be implemented by way of two company schemes of arrangement and a trust scheme (collectively the 'Proposed Schemes') involving the three entities that comprise the MCG Security, being MCIL, MCIT and MMCGIL. The Proposed Schemes are subject to approval by MCG securityholders (Securityholders).

If the Proposed MCG Transaction is implemented and CPPIB acquires MCIML's entire holding in MCG, CPPIB will acquire ownership of the MCG Securities currently held by MCIML for consideration equal to the Offer Price per MCG Security and will in addition pay \$56.5 million to Macquarie Capital International Holdings Pty Limited (MCIHPL) to acquire all the MCIML shares. CPPIB will engage Macquarie International Advisory Services Pty Limited, a wholly owned subsidiary of MCGL to provide investment advisory services in relation to the future management of Airwave and Arqiva under new management services agreements, for an annual fee of \$4 million for up to 10 years, escalating at 10% per annum. Macquarie Group will also provide CPPIB with a right to use certain intellectual property rights of Macquarie Group to operate MCG (which will be licensed to MCIML) and with transitional services in relation to the operation of MCG for up to six months following the acquisition of MCIML.

The Proposed MCG Transaction and the Proposed Ancillary Transaction are inter-conditional.

2 Scope and purpose of the report

Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) has been requested to prepare two reports as a result of the MCG Offer and the MCIML Offer:

- an independent expert's report (IER), addressed to the independent directors of MCIL, MCIML as responsible entity of MCIT and MMCGIL (collectively, the Independent Directors), advising whether in our opinion the Proposed Schemes as a whole are in the best interests of Securityholders
- the 'Ancillary Transaction Report', addressed to the Independent Directors, containing the following:
 - an opinion as to whether anything has come to our attention that causes us to believe that the consideration payable to MCGL, MCIML, MCIHPL or Macquarie International Advisory Services Pty Limited (collectively, the Macquarie Parties) under the Proposed Ancillary Transaction:
 - (a) is not on arm's length terms; and
 - (b) constitutes the receipt by any Macquarie Party of a collateral benefit for the purposes of the Corporations Act 2001 (the Act) as interpreted by the Takeovers Panel (the Panel) in its Guidance Note 21 (a Collateral Benefit)
 - confirmation that nothing has come to our attention in respect of the Proposed Ancillary Transaction that would cause us to qualify the conclusion contained in the IER in relation to the Proposed MCG Transaction.

This report sets out our analysis and conclusions in relation to the Ancillary Transaction Report.

We understand:

- the Ancillary Transaction Report has been commissioned by the Independent Directors to assess the Proposed Ancillary Transaction for the purpose of assisting them in forming their opinion as to whether the Proposed MCG Transaction is in the best interests of Securityholders
- the Independent Directors are seeking to ensure that they have considered all aspects of the Proposed Ancillary Transaction (to which the Independent Directors and MCG are not party) and to ensure that they are fully informed of all relevant details of those transactions in making an assessment of the Proposed MCG Transaction.

The Independent Directors comprise the directors of MCIL, MCIML as responsible entity of MCIT and MMCGIL (collectively, the MCG Boards) who are independent of Macquarie Group Limited (Macquarie Group) in respect of the Proposed Ancillary Transaction.

The purpose of the Ancillary Transaction Report is to assist the Independent Directors to make their assessment, taking into account, amongst other things, those matters which we have been asked to opine upon in the Ancillary Transaction Report.

The Ancillary Transaction Report has been included in the scheme booklet to be provided to Securityholders (Scheme Booklet). The scope of our work was limited to the matters set out above.

3 Basis of evaluation, limitations and reliance on information

3.1 Overview

We set out below the framework used in forming our opinion. We acknowledge that, in the absence of a statutory or other well defined framework, it may be possible to use approaches other than that set out below in concluding on the matters within the scope of our report.

In our opinion, whether or not the consideration payable to the Macquarie Parties is on arm's length terms and whether or not there is a Collateral Benefit are interrelated issues. Whilst our analysis addresses each aspect separately, our conclusions have regard to the interrelationship between the issues.

We understand that the Independent Directors will consider our report and any other information they consider relevant in making their overall assessment of the Proposed MCG Transaction and that the Independent Directors may rely on this report. We have also agreed that the Macquarie Parties may rely on this report on the terms agreed between us and the Macquarie Parties.

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 3.

We would specifically draw to the attention of the Independent Directors that recent volatility in capital markets and the current economic outlook has created significant uncertainty with respect to the valuation of assets. Recognising these factors, we consider that our valuations may be more susceptible to change than would normally be the case.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

3.2 Arm's length terms

In determining whether the consideration payable to the Macquarie Parties under the Proposed Ancillary Transaction is on arm's length terms, we have assessed whether the parties are dealing with each other at arm's length.

In order to assess whether the parties are transacting at arm's length, we considered:

- any relationship which exists between the parties
- the genesis of and the links between the Proposed MCG Transaction and the Proposed Ancillary Transaction

This analysis is set out in Section 5 of this report.

3.3 Collateral Benefit

3.3.1 Framework for analysis

Chapter 6 of the Act imposes various constraints on the terms of a takeover bid, including a prohibition on providing collateral benefits. Section 602(c) of the Act states the purpose of Chapter 6 includes ensuring security holders have a reasonable and equal opportunity to participate in any benefits accruing to security holders under a proposal.

In the absence of any regulatory guidance, we have had regard to '*Guidance Note 21: Collateral Benefits*', as interpreted by the Panel (Guidance Note), in assessing whether anything has come to our attention to cause us to believe the consideration payable to the Macquarie Parties under the Proposed Ancillary Transaction would constitute the receipt by the Macquarie Parties of a Collateral Benefit for the purposes of the Act.

Extracts quoted from the Guidance Note include only those paragraphs and annotations that we consider directly relevant to our report.

3.3.2 The equality principle

A collateral benefit offends the equality principle if it is a net benefit

If the bidder provides a security holder (in this instance a Macquarie Party) something of value which it does not offer to other security holders, the Panel may conclude that a collateral benefit has been given which gives rise to unacceptable circumstances. In reaching a conclusion, a key consideration for the Panel is whether the collateral benefit that has been received offends the equality principle¹. In reaching any conclusion, the Panel may consider the parties concerned and the nature and context of the benefit. In determining whether there is a collateral benefit, the test is one of a ‘net benefit’.

Net benefits should be considered on a holistic basis

Paragraphs 15 and 16 of the Guidance Note state that:

- 15 *A net benefit is assessed by reference to the commercial balance of advantages flowing to and from the security holder: Powertel 03. It is assessed on a ‘holistic’ rather than ‘atomistic’ approach.¹⁷ If there is no net benefit, then prima facie the equality principle will not be offended (but see below on s623 and inducement).*
- 16 *Factors affecting the view of the Panel as to the balance of advantages include:*
 - (a) *the substance and commercial reality of the transaction*
 - (b) *the context in which the benefit is given or the consideration is given up*
 - (c) *the overall effect of the transaction: Becker Group 01¹⁸*
 - (d) *an objective assessment of the transaction (rather than the parties intentions).*

The reference to footnote 17 at paragraph 15 of the Guidance Note is a reference to ‘*Boral Energy Resources Ltd v TU Australia (Queensland) Pty Ltd (1998) 28 ACSR 1*’. In that case, the New South Wales Supreme Court provided the following explanation of the approach to be adopted in assessing whether there is a net benefit²:

If an atomistic view of benefit is taken, then all that s 698(1) requires, with its reference to "any benefit", is that the non-bid transaction confer at least one benefit not replicated in the bid transaction (or takeover scheme). The preferred holistic view instead takes into account whatever rights or benefits are conferred by each transaction, to be netted off against whatever rights or benefits are thereby given up, to the extent such benefits are commensurable at least in an approximate sense. The resultant net benefit is to be compared under each transaction. Only if there is overall disparity in favour of the party to the non-bid transaction is s 698(1) contravened. This is in the sense of a balance of advantage, profit or good in favour of the party to the non-bid transaction.

Approaches to establishing whether there is a net benefit

The Guidance Note provides a number of ways in which a party may seek to establish that there is no net benefit under the equality principle, including:

- market testing of the transaction, for example, by a public sale process;
- an independent valuation of the transaction; or
- an expert’s opinion about whether there is a net benefit.

¹ Paragraph 14 of the Guidance Note provides that the Panel will not accept the argument that, but for the benefit, there would have been no offer (or a lower offer) to all other security holders.

² The reference to s 698 is a reference to the Corporations Act 1989.

Market testing is the preferred method, according to the Guidance Note. As this is not possible in the current circumstances, we have been requested to provide an expert's opinion about whether or not there is a net benefit to the Macquarie Parties.

3.3.3 Our approach

In determining whether there is a net benefit to the Macquarie Parties, consistent with our understanding of the principles outlined in the Guidance Note requiring an overall view of the transaction, we have undertaken both a quantitative and a qualitative analysis of the Proposed Ancillary Transaction. This analysis is set out in Section 6 of this report.

As required by the Guidance Note, we have complied with the requirements of the Australian Securities and Investments Commission (ASIC) Regulatory Guide (RG) 111 "Content of expert's reports" and RG 112 "Independence of experts".

Quantitative analysis

Under the first limb of our analysis, we have compared the value of the amounts payable to the Macquarie Parties ('Consideration' or 'benefits received') with the value to the Macquarie Parties of:

- all of the issued shares of MCIML
- the future services that the Macquarie Parties will provide to CPPIB

(collectively the 'benefits provided').

In undertaking the quantitative analysis, we have had regard to:

- what we consider to be the commercial substance of the Proposed Ancillary Transaction
- the benefits received and benefits provided
- whether the benefits provided have special value to the Macquarie Parties.

The Guidance Note recognises that a transaction may confer a collateral benefit even though it is at fair market value³ and consequently does not require the measurement of net benefit by reference to fair market value.

Qualitative analysis

Under the second limb of our analysis, we considered other advantages flowing to and from the Macquarie Parties that are not reflected in the quantitative analysis.

4 The management arrangements

MCIML's rights and obligations as the responsible entity of MCIT, manager of MCIL and advisor to MMCGIL are set out in three separate governing documents, a Management Services Agreement, an Advisory Agreement and the MCIT Constitution (collectively referred to hereinafter as the 'management agreements'). The management agreements set out the roles and responsibilities and remuneration terms of MCIML. MCIML also has rights and obligations as responsible entity under the Act.

The role of manager and of advisor requires MCIML to perform a number of duties including:

- investment and divestment evaluation and recommendations and implementation of investment/divestment instructions given by the MCG Boards
- asset management and valuations
- capital and financial management recommendations
- financial reporting and reporting to the MCG Boards
- investor communications and meetings

³ Paragraph 21 of the Guidance Note defines value as "the price that might be negotiated in an open, unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length: Email 03.²¹".

- general administration of MCG including company secretarial services
- monitoring of MCG's operational risk, insurances and compliance
- litigation management
- provision of suitably qualified personnel to perform the chief executive officer and chief financial officer roles for MCG.

As responsible entity, MCIML has the obligation to meet MCIT's responsibilities. MCIML has the power to contract, borrow, invest and carry out operational and management functions on behalf of MCIT.

Although there is no fixed term for the management agreements, MCIML may be removed if more than 50% of MCG Securityholders vote in favour of a resolution.

MCIML receives a base fee and may receive a performance fee under the management agreements. The base fee, which is payable quarterly, is calculated by reference to the net investment value of MCG. The calculation of the base fee and performance fee are set out in Section 6.1.2 below. MCIML is also entitled to be reimbursed for certain expenses incurred in relation to the proper performance of its duties.

The historical base and performance fees earned by MCIML are set out in the following table:

Table 1: Base and performance fees

	Year ended 30 June 2005 (\$ million)	Year ended 30 June 2006 (\$ million)	Year ended 30 June 2007 (\$ million)	Year ended 30 June 2008 (\$ million)	6 months ended 31 December 2008 (\$ million)
Base fee	21.7	25.7	31.3	38.4	9.5
Performance fee	89.6	-	-	-	-
Total base and performance fees	111.3	25.7	31.3	38.4	9.5

Source: MCG

Macquarie Group is also entitled to receive fees for other services such as financial advisory, underwriting, broking and hedging services provided to MCG on a transactional basis.

5 Arm's length terms

5.1 The relationship between the parties

CPPIB is a professional investment management organisation based in Toronto, Canada. CPPIB invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits and seeks to manage the CPP's long term liabilities via the acquisition of a diversified portfolio of public equity and private equity, inflation sensitive assets (including real estate and infrastructure) and fixed income instruments. The fund administered by CPPIB had C\$108.9 billion in assets under management at 31 December 2008.

CPPIB was incorporated as a federal non-agent Crown corporation by an Act of the Parliament of Canada in December 1997. CPPIB has an exclusive legislated mandate to manage the assets of the CPP under the following principles:

- to assist the CPP in meeting its obligations to contributors and beneficiaries;
- to manage any amounts transferred to it in the best interests of the contributors and beneficiaries under the CPP; and
- to invest its assets with a view to achieving a maximum rate of return without undue risk of loss, having regard to factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

CPPIB is unrelated to the Macquarie Parties and has no financial interest in MCG. CPPIB has existing investment relationships related to the Macquarie Parties including limited partnerships in their funds, direct co-investments in infrastructure assets and passive public equity investments.

CPPIB has undertaken extensive due diligence in relation to both the Proposed MCG Transaction and the Proposed Ancillary Transaction, which would suggest that it has carefully considered the merits of the transactions and the consideration to be paid.

In Section 5.2, we have considered the genesis of and the links between the Proposed MCG Transaction and the Proposed Ancillary Transaction to assess whether anything has come to our attention which would cause us to believe that the parties are not dealing at arm's length.

5.2 Genesis of and links between the Proposed MCG Transaction and the Proposed Ancillary Transaction

As a result of a significant decline in the MCG security price since July 2007, the MCG Boards have sought to explore opportunities to maximise value and reduce risk for Securityholders. The MCG Boards implemented a number of initiatives during 2008 including the sale of Global Tower Partners, redemption of exchangeable bonds and reduction in distributions, however, despite these initiatives, the MCG security price continued to decline.

The MCG Boards determined that a process including asset divestment and further capital management initiatives was most likely to maximise value for Securityholders. We understand that a process was initiated by the MCG Boards involving:

- separate arm's length discussion and negotiations with potential third party new investors including a competitive process for the sale of assets individually
- separate arm's length discussions with potential third party new investors as part of a competitive process to introduce new capital into select assets in which MCG holds an interest
- provision of due diligence information and meetings with senior management of certain MCG assets.

The majority of potential investors were excluded at this stage on the basis of being unable to meet price expectations or certainty of funding. No final binding offers were received by MCG for any individual assets.

During this process, MCG engaged in discussions with CPPIB in relation to some of the above opportunities. Following due diligence conducted by CPPIB, CPPIB ultimately decided to make an offer to acquire all of MCG for consideration of \$2.50 per MCG Security, inter conditional upon entry into arrangements to acquire MCIML.

The MCG Boards formed the view that due to:

- continuing uncertainty in capital markets,
- the premium that the offer represented over the MCG security price,
- the certainty provided by a cash offer without financing conditions, and
- the value of the offer compared to the availability of other transactions that may lead to an improvement in the value of the securities,

the sale of MCG as a whole was preferable to a strategy involving the sale of individual assets.

The Proposed MCG Transaction is conditional upon the current and ongoing provision of advisory and transitional services by the relevant Macquarie Parties following completion. In addition, without ongoing involvement of Macquarie Parties, certain change of control provisions in material contracts relating to MCG's assets could be triggered. This would likely either lead to a reduction in the value of MCG and/or frustrate the transaction. The acquisition structure and genesis of and linkages between the Proposed MCG Transaction and the Proposed Ancillary Transaction are more fully described in Section 4.1 of the Scheme Booklet.

5.3 Conclusion

Based on the information made available to us, which included discussions with MCG and representatives of MCGL, nothing has come to our attention that would cause us to believe that CPPIB and the Macquarie Parties are not dealing at arm's length.

6 Collateral Benefit

In considering whether or not the consideration payable to the Macquarie Parties under the Proposed Ancillary Transaction would constitute the receipt by a Macquarie Party of a Collateral Benefit, we have undertaken both a quantitative and qualitative analysis.

6.1 Quantitative analysis

As described in Section 3.3.3 above, the net benefit concept has been assessed quantitatively by comparing the value of benefits received by the Macquarie Parties with the value of the benefits provided by the Macquarie Parties. Having regard to the total benefits provided by the Macquarie Parties under both our low and high scenarios, compared to the benefits received by the Macquarie Parties, on balance there is, prima facie, no net benefit.

Table 2: Benefits received and benefits provided to Macquarie Parties

	Section	Low (\$million)	High (\$million)	\$2.50 Offer Price (\$ million)
Benefits received	6.1.1	96.5	96.5	96.5
Benefits provided				
Value provided from termination of the existing management agreements ¹		94.8	116.9	100.7
Value provided from servicing the new MSAs ²		1.9	1.9	1.9
Total benefits provided	6.1.2	96.7	118.8	102.6
Excess of benefits provided over benefits received		0.2	22.3	6.1
Net benefit		-	-	-

Source: Deloitte Corporate Finance analysis

Notes:

1. Calculated as the the present value of the income that will be foregone under the existing management agreements less the present value of the \$1.5 million per annum direct variable costs that will no longer be incurred under the existing management agreements. The low value is estimated using the income that will be foregone assuming the low end of the value range for the MCG Securities in the IER, after deducting a minority discount. The high value is estimated using the high end of the value range for the MCG Securities in the IER, after deducting a minority discount. For illustrative purposes we have also shown the calculation based on the \$2.50 per MCG Security Offer Price
2. Calculated as the the present value of \$0.4 million per annum direct variable costs that will be incurred in generating revenue under a new investment advisory agreement concerning Arqiva (Arqiva MSA) and a new investment advisory agreement concerning Airwave (Airwave MSA) (collectively the 'new MSAs')

6.1.1 Value of the benefits received

Under the terms of the Proposed Ancillary Transaction, the Macquarie Parties will⁴:

- sell all the shares in MCIML to CPPIB for a consideration of \$56.5 million payable upon completion. This amount does not include consideration for the MCG Securities held by MCIML. We have not considered the MCG Securities held by MCIML in our consideration of the Proposed Ancillary Transaction as the price to be paid for these securities is the same as the Offer Price under the Proposed MCG Transaction.
- enter into agreements to provide ongoing investment advisory services in relation to Arqiva and Airwave and will receive:
 - \$2.0 million per annum, escalating at 10% per annum, for a period of up to 10 years in relation to the Arqiva MSA
 - \$2.0 million per annum, escalating at 10% per annum, for a period of up to 10 years in relation to the Airwave MSA.

The fees for the ongoing investment advisory services in relation to Arqiva and Airwave remain payable if the agreements are terminated before the end of their term, unless the termination is for material breach by Macquarie.

In calculating the net present value of the Consideration we have discounted the annual payments that the Macquarie Parties will receive to a present value using a pre-tax discount rate of 10%. In arriving at the discount rate, we have had regard to the following factors:

- the annual payments escalate annually by 10%
- the operating and financing risks of the businesses operated by MCG.

The value of the consideration payable to the Macquarie Parties is set out as follows:

Table 3: Benefits received

	(\$ million)
Consideration received on sale of MCIML ⁵	56.5
Present value of the annual payments for ongoing management services	40.0
Total benefits received	96.5

Source: Deloitte Corporate Finance analysis

6.1.2 Value of benefits provided

The value of benefits provided has been calculated as the sum of:

- the estimated net present value of the net income (revenue less \$1.5 million per annum direct variable costs⁶) foregone by MCIML because it will no longer be entitled to the base management fee and the performance fee under the existing management agreement with MCG (being the only material asset of MCIML other than the MCG Securities); and
- the net present value of the direct variable costs that the Macquarie Parties will incur in generating the revenue under the new MSAs.

⁴ The fees which Macquarie Parties will receive under the transitional services agreement been excluded from our quantitative analysis as they are immaterial and will not affect our opinion.

⁵ Excluding that part of the consideration referable to the acquisition by CPPIB of MCIML's MCG Securities

⁶ For the purposes of this section, direct variable costs represent the incremental variable costs incurred and do not include the total costs incurred by MCIML as manager and responsible entity of MCG.

Net income foregone

The assets of MCIML include the existing management agreements, the A class shares issued by MCIL and MMCGIL, licences to use certain intellectual property of MCGL and the MCG Securities held by MCIML (18.3% of the MCG Securities). The consideration payable to the Macquarie Parties in respect of the MCG Securities held by MCIML has not been considered to form part of the Proposed Ancillary Transaction for the purposes of this report for the reason set out in Section 6.1.1 above. In our opinion, the only assets of MCIML that are of material value are the management agreements, which run for an indefinite period.

Under the management agreements, MCIML receives a base fee and may receive a performance fee. The base fee, which is payable quarterly, is calculated by reference to the net investment value of MCG. The net investment value is calculated as:

- the volume weighted average market capitalisation of MCG over the last 15 trading days of a quarter; plus
- the amount of any external borrowings of MCG or its wholly owned entities, excluding borrowings by operating entities controlled by MCG (MCG net debt); plus
- the aggregate of the amounts that MCG or its wholly owned entities has firmly committed to for future investment other than in cash equivalents; less
- the aggregate amount invested in cash and cash equivalents by MCG or its wholly owned entities, excluding investments made by operating entities.

The base management fee is calculated as:

- 1.5% per annum of the amount of net investment value up to \$500 million; plus
- 1.25% per annum of the amount by which the net investment value exceeds \$500 million and does not exceed \$1 billion; plus
- 1% per annum of the amount by which the net investment value exceeds \$1 billion.

A performance fee may be payable equal to 20% of the amount (if any) by which the MCG accumulation index exceeds the S&P/ASX 200 Industrials Accumulation Index for each six month period, to the extent the performance for the period exceeds any accumulated underperformance from previous periods.

The Macquarie Parties currently incur direct variable costs of approximately \$1.5 million per annum that would not be incurred if MCIML were sold and the Macquarie Parties were no longer required to provide services under the management agreements.

Value of income foregone

In determining the present value of the net income that will be foregone under the management agreements following the sale of MCIML, we have made the following assumptions:

- while it is possible that future performance fees may be received, it is assumed that MCIML will not become entitled to further performance fees as a consequence of the extent of past accumulated performance shortfalls
- the net investment value, used to calculate base management fees foregone, is calculated as the sum of the value of the MCG Securities implied by the IER plus MCG net debt of \$394 million. The value range for the MCG Securities determined in our IER relating to the Proposed MCG Transaction is \$2.27 to \$3.13 per security on a control basis. We have also calculated management fees using the \$2.50 Offer Price for illustrative purposes
- it is appropriate to apply a minority discount of 20% to the value range for the MCG Securities as the base management fee is based on a portfolio holding, rather than the control value of MCG assessed in our IER
- the Macquarie Parties will no longer incur pre-tax direct variable costs of approximately \$1.5 million per annum, escalating by inflation, relating to the generation of the base management fee
- the corporate tax rate of 30% is applicable

- the management agreements are for an indefinite period and accordingly the net income foregone has been valued as a perpetuity. A 2% growth rate has been used in the valuation, consistent with the growth rates used for valuation of assets in the IER
- an appropriate post-tax discount rate is 13.9%.

In arriving at the 13.9% discount rate to value the net income foregone, we have:

- used the cost of equity discount rates in our IER, which range from 13.15% to 13.65% with a midpoint of 13.4%, as a starting point in determining an appropriate discount rate. We consider these discount rates to be a suitable reference point as the base management fee is dependent on the MCG Security price and the underlying operating and financing risks faced by MCG
- applied a premium of 0.5% to the midpoint discount rate of 13.4% to allow for:
 - the likelihood of the management agreements being terminated in the absence of the Proposed MCG Transaction⁷
 - lower credit risk as payment of the base management fee ranks ahead of returns to equity holders, which partially offsets the uncertainty in relation the contract period.

In determining the value of the income foregone we have used post-tax cash flows and a post-tax discount rate. An equivalent result would be achieved using pre-tax cash flows and a pre-tax discount rate.

Costs of servicing the new MSAs

Under the Proposed Ancillary Transaction, the Macquarie Parties anticipate that they will incur pre-tax direct variable costs of approximately \$0.4 million per annum for a period of 10 years to provide the services under the new MSAs.

In discounting the costs that the Macquarie Parties will incur in generating the revenue under the new MSAs to a present value, we have used a pre-tax discount rate of 10%, equal to the discount rate used to value the income that the Macquarie Parties will receive under the new MSAs in Section 6.1.1 above.

6.2 Qualitative analysis

Under the second limb of our analysis, we considered other benefits and advantages flowing to and from the Macquarie Parties from the Proposed Ancillary Transaction.

Commercial advantages flowing from the Macquarie Parties

The Proposed Ancillary Transaction facilitates the following:

- the provision of investment advisory services by Macquarie Parties in relation to Arqiva and Airwave, which will facilitate material contracts continuing on the same footing
- the benefit of rights to certain intellectual property owned by MCGL (which will be licensed to MCIML)
- the provision of services which will assist in the transition of ownership of MCG from Securityholders to CPPIB under a transitional services agreement⁸
- the acquisition of the A class shares issued by MCIL and MMCGIL.

The A class shares confer rights on the holder (MCIML in its personal capacity) to appoint up to 50% of the Boards of the respective companies and one of the directors as Managing Director. MCIL and MMCGIL have also issued B class shares to MCIML in its capacity as responsible entity of MCIT. These B class shares confer rights on the holder to appoint up to 25% of the Boards of the respective companies. On 22 October 2008, MCG announced that Macquarie Group would exercise its powers under the A and B class shares in accordance with the outcome of a vote by Securityholders. Macquarie Group announced that these measures would commence at the end of 2008 for a minimum of three years.

⁷ We consider that it is unlikely that the existing management agreements would be terminated in the absence of the Proposed MCG Transaction (other than where replacement management agreements are entered into with MCIML or a related entity) because of the potential to trigger certain pre-emptive rights and consent provisions in material contracts.

⁸ Fees received by MCGL for the provision of services under the transitional services agreement will total \$310,000 if the agreement remains in effect for the full term of six months. The amount of the fees and the cost of providing the transitional services have been excluded from our quantitative analysis as they are immaterial and will not affect our opinion.

The Proposed Ancillary Transaction will also result in the Macquarie Parties foregoing the opportunity to earn performance and advisory fees. The Macquarie Parties have received substantial performance and advisory fees from MCG since its listing in 2002.

Commercial advantages flowing to the Macquarie Parties

The Proposed Ancillary Transaction allows the Macquarie Parties to realise value for the existing management agreements and provides for the relevant Macquarie Parties to continue to provide investment advisory services in relation to Airwave and Arqiva for a period of up to 10 years following the Proposed MCG Transaction.

7 Summary

Having regard to the basis of evaluation, the limitations set out in this report and the results of our analysis, nothing has come to our attention to cause us to believe that the consideration payable to the Macquarie Parties under the Proposed Ancillary Transaction:

- is not on arm's length terms
- would constitute the receipt by the Macquarie Parties of a Collateral Benefit.

Nothing has come to our attention in respect of the Proposed Ancillary Transaction that would cause us to qualify the conclusions we have reached in the IER in relation to the Proposed MCG Transaction.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



Stephen Ferris

Director



Mark Pittorino

Director

Note: All amounts stated in this report are A\$ unless otherwise stated, and may be subject to rounding.

Appendix 1 - Glossary

Reference	Definition
A\$	Australian dollars
Act	Corporations Act 2001
AFSL	Australian Financial Services Licence
Airwave	Airwave Solutions Limited
Airwave MSA	New investment advisory agreement concerning Airwave
Ancillary Transaction Report	This separate independent expert's report prepared by Deloitte in relation to the Proposed Ancillary Transaction
Arqiva	Arqiva / National Grid Wireless
Arqiva MSA	New investment advisory agreement concerning Arqiva
ASIC	Australian Securities and Investments Commission
C\$	Canadian dollars
Collateral Benefit	Collateral benefit for the purposes of the Act as interpreted by the Panel in its Guidance Note 21
CPP	Canada Pension Plan
CPPIB	Canada Pension Plan Investment Board
Deloitte Corporate Finance, Deloitte, we, us or our	Deloitte Corporate Finance Pty Limited
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
Guidance Note	'Guidance Note 21: Collateral Benefits' as interpreted by the Takeovers Panel
IER	Independent Expert's Report
Independent Directors	Directors of the MCG Boards who do not have a conflict of interest in respect of the Proposed Ancillary Transaction
Macquarie Parties	MCGL, MCIML, MCIHPL or Macquarie International Advisory Services Pty Limited collectively
MCG	Macquarie Communications Infrastructure Group
MCG Boards	The boards of directors of MCIL, MCIML as responsible entity of MCIT and MMCGIL
MCG Securities	MCG triple stapled securities
MCGL	Macquarie Capital Group Limited
MCIHPL	Macquarie Capital International Holdings Pty Limited
MCIL	Macquarie Communications Infrastructure Limited
MCIML	Macquarie Communications Infrastructure Management Limited
MCIML Offer	The CPPIB offer to acquire all of the issued shares of MCIML
MCIT	Macquarie Communications Infrastructure Trust
MMCGIL	Macquarie MCG International Limited
Macquarie Group	Macquarie Group Limited
New MSAs	Arqiva MSA and Airwave MSA
Offer Price	\$2.50 per MCG Security
Panel	The Takeovers Panel
Proposed Ancillary Transaction	The CPPIB offer to acquire all of the issued shares of MCIML and to receive certain services and intellectual property rights in relation to the current and future management of MCG
Proposed MCG Transaction	CPPIB's offer to acquire all of the issued stapled securities of MCG for \$2.50 per MCG Security with the exception of MCIML's MCG Securities
Proposed Schemes	Two company schemes of arrangement and a trust scheme to implement the Proposed MCG Transaction
RG	Regulatory Guide
Scheme Booklet	The draft scheme booklet in relation to the Proposed MCG Transaction dated 29 April 2009
Securityholders	Existing holders of MCG Securities

Appendix 2 - Sources of information

In preparing this report we have had access to the following principal sources of information:

- Draft Scheme Booklet dated 29 April 2009
- publicly available information on companies and market transactions comparable to MCG published by ASIC, Thompson research, Bloomberg Financial markets, SDC Platinum and Mergermarket
- other publicly available information, media releases and brokers' reports on MCG, CPPIB and comparable companies
- Takeover Panel Guidance Note 21: 'Collateral Benefits'
- MCIML annual financial report for the years ended 31 March 2007 and 31 March 2008
- correspondence between MCG and CPPIB regarding the Proposed MCG Transaction
- Management Services Agreement dated 8 July 2002 between Macquarie Communications Infrastructure Limited and Macquarie Communications Infrastructure Management Limited
- Advisory Agreement dated January 2005 between Macquarie MCG International Limited and Macquarie Communications Infrastructure Management Limited
- Constitution of the Macquarie Communications Infrastructure Trust dated 19 June 2002
- Investment Agreement dated 20 April 2007 between Neon Lights Limited, MEIFF II and Guardian Digital Communications Luxembourg Sarl
- Shareholders' Agreement dated 26 November 2004 relating to Macquarie UK Broadcast Holdings Limited (Arqiva)
- MCG Corporate and Asset Debt Summary of Terms and Conditions dated February 2009
- Investment Advisory Agreement dated 31 March 2009 in relation to interests in the Airwave business between Macquarie MCG International Limited, Macquarie Communications Infrastructure Limited and Macquarie International Advisory Services (Pty) Limited
- Investment Advisory Agreement dated 31 March 2009 in relation to interests in the Arqiva business between Canada Pension Plan Investment Board and Macquarie International Advisory Services (Pty) Limited
- Share Acquisition Agreement dated 31 March 2009 in respect of Macquarie Communications Infrastructure Management Limited between Macquarie Capital International Holdings Pty Limited (as vendor), MCGL (as guarantor) and CPPIB (as purchaser)
- Licence Deed dated 31 March 2009 between MCIML and MCGL in relation to certain MCGL intellectual property
- Transitional Services Agreement dated 31 March 2009 to assist in facilitating the transition of ownership of MCG to CPPIB.

As MCG is not a party to the Proposed Ancillary Transaction, MCGL has, at the request of MCG, provided a representation letter to the expert in relation to the Proposed Ancillary Transaction.

Management of both MCG and the Macquarie Parties have briefed us as to the genesis of the transactions. In addition, we have had discussions and correspondence with certain MCG directors and executives in relation to the above information and to current operations and prospects.

Appendix 3 - Qualifications, declarations and consents

Deloitte has prepared this report at the request of the Independent Directors of Macquarie Communications Infrastructure Limited, Macquarie MCG International Limited and Macquarie Communications Infrastructure Management Limited as responsible entity of Macquarie Communications Infrastructure Trust (together, MCG).

This report has been prepared for the benefit of the Independent Directors of MCG in relation to:

- whether anything has come to our attention that causes us to believe that the consideration payable to MCGL, MCIML, MCIHPL or Macquarie International Advisory Services Pty Limited (collectively, the Macquarie Parties) under the Proposed Ancillary Transaction:
 - (a) is not on arm's length terms; and
 - (b) constitutes the receipt by any Macquarie Party of a collateral benefit for the purposes of the Corporations Act 2001 as interpreted by the Takeovers Panel in its Guidance Note 21 (a Collateral Benefit)
- confirmation that nothing has come to our attention in respect of the Proposed Ancillary Transaction that would cause us to qualify the conclusions contained in the Independent Expert's Report in relation to the Proposed MCG Transaction.

Deloitte has prepared this report for the Independent Directors of MCG and solely for the purpose of assisting them to assess whether the Proposed MCG Transaction is in the best interests of Securityholders. Deloitte has agreed with the Macquarie Parties that the Macquarie Parties may rely on this report on the terms and subject to the conditions agreed between Deloitte and the Macquarie Parties.

This report will be included in the Scheme Booklet to be given to Securityholders. Deloitte consents to this Report being included in the Scheme Booklet in the form and context in which it is to be included in the Scheme Booklet.

The report and the opinion in it must be read as a whole. Deloitte's opinion is based on information and financial conditions at the date of this report. This report is also based on financial and other information provided by MCG and representatives of MCGL. Accordingly, while statements and opinions contained in this report are given in good faith, Deloitte has relied on the information provided by the directors and executives of MCG and representatives of MCGL which Deloitte believes, on reasonable grounds, to be reliable, complete and not misleading.

Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to MCG management and representatives of MCGL for confirmation of factual accuracy.

We are accountants and not lawyers. Deloitte is not responsible for any legal issues associated with the Proposed Ancillary Transaction and Deloitte offers no legal opinion or interpretation on any issue.

In recognition that Deloitte may rely on information provided by MCG and its officers, employees, agents or advisors, MCG has agreed that it will not make any claim against Deloitte to recover any loss or damage which MCG may suffer as a result of that reliance and that it will indemnify Deloitte against any liability that arises out of either Deloitte's reliance on the information provided by MCG and its officers, employees, agents or advisors or the failure by MCG and its officers, employees, agents or advisors to provide Deloitte with any material information relating to the Proposed Ancillary Transaction.

To the extent that this report refers to prospective financial information, Deloitte has considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of MCG personnel and the personnel of the Macquarie Parties and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information included in this report has been prepared on a reasonable basis. In relation to the prospective financial information, actual results may be different from the prospective financial information referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

We advise that we have provided tax, accounting, valuation and transaction services to Macquarie Group and its related entities in the last 12 months. This includes acting as an Independent Expert in a scheme of arrangement involving Macquarie Capital Alliance Group in July 2008. We have considered the above relationships and regard ourselves as independent of MCG for the purpose of the preparation of an IER for the Proposed Ancillary Transaction in accordance with ASIC Regulatory Guide 112: Independence of Experts.

Deloitte holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership of Deloitte Touche Tohmatsu. The employees of Deloitte principally involved in the preparation of this report were Stephen Ferris, B.Ec, F.Fin, CA, Mark Pittorino, B.Comm., M.App.Fin., CA, Darryl Dorfan, B.Com, CA and Andrew Steere, B.Bus, M.Comm, CA. Stephen Ferris and Mark Pittorino are Directors and Darryl Dorfan and Andrew Steere are executives of Deloitte. Each has many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transactions which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte will receive a fee of \$175,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Ancillary Transaction.

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Annexure C – Deed Poll

Deed poll

Date ►

This deed poll is made by

Bidder	CPPIB Communications Pty Ltd ACN 136 263 011 of Level 29, 530 Collins Street, Melbourne, VIC 3000 (Bidder)
CPPIB	Canada Pension Plan Investment Board of One Queen Street East, Suite 2600, Toronto, MC5 2W5, Canada (CPPIB)
in favour of	Each Scheme Shareholder and Each Scheme Unitholder
Background	<ol style="list-style-type: none">1 On 31 March 2009, Macquarie Communications Infrastructure Limited (ACN 084 388 983) (MCIL), Macquarie MCG International Limited (ARBN 112 652 490) (a company incorporated in Bermuda) (MMCGIL), Macquarie Communications Infrastructure Management Limited (ACN 066 047 738) (MCIML) (as responsible entity of the Macquarie Communications Infrastructure Trust (ARSN 101 048 293) (MCIT)) (collectively, Target Group), and CPPIB entered into a scheme implementation agreement (Scheme Implementation Agreement).2 Under the Scheme Implementation Agreement, CPPIB has agreed to execute, and to procure that Bidder execute, this deed poll.3 CPPIB and Bidder are each entering into this deed poll to covenant in favour of each Scheme Participant to perform its obligations under this deed and the Schemes, including the provision of Scheme Consideration pursuant to the Schemes.
This deed poll witnesses	

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed are set out below.

Term	Meaning
Business Day	<ol style="list-style-type: none">1 for receiving a notice under clause 6, a day that is not a Saturday, Sunday, bank holiday or public holiday in the place where the notice is sent;2 for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.
MCIL Share Scheme	the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between MCIL and MCIL Shareholders (other than MCIML), the form of which is contained in Attachment 1, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by CPPIB and Target.
MCIL Scheme Shareholder	each MCIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.
MMCGIL Share Scheme	the scheme of arrangement pursuant to section 99 of the Companies Act proposed between MMCGIL and MMCGIL Shareholders (other than MCIML), the form of which is contained in Attachment 2, together with any alterations or conditions made or required by the Bermuda Court and approved in writing by CPPIB and Target.
MMCGIL Scheme Shareholder	each MMCGIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.
Scheme Shareholders	MMCGIL Scheme Shareholders and MCIL Scheme Shareholders.
Scheme Unitholder	each person who is a Unitholder as at 7.00pm on the Scheme Record Date, other than MCIML.
Supplemental Deed	a deed poll under which MCIML will amend the MCIT Constitution, the form of which is contained in Attachment 3, with any alterations or conditions approved in writing by CPPIB and Target.
Trust Scheme	the arrangement, in accordance with Guidance Note 15, under which Bidder acquires all of the MCIT Units from Scheme Unitholders facilitated by amendments to the MCIT Constitution as set out in the Supplemental

Term	Meaning
	Deed, subject to the requisite Unitholder approvals.

- (b) A word or phrase defined in the Scheme Implementation Agreement has the same meaning in this deed unless otherwise defined or the context otherwise requires.

1.2 Interpretation

This deed poll is to be interpreted according to corresponding rules to those set out in clause 1.2 of the Scheme Implementation Agreement except that references to 'this agreement' in clause 1.2 will be taken as being references to 'this deed poll', unless the context makes it clear that a rule is not intended to apply.

1.3 Nature of deed poll

Each of CPPIB and Bidder acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though those persons are not party to this deed poll.

2 Conditions to obligations

2.1 Conditions

The obligations of Bidder and CPPIB in respect of the Schemes and pursuant to this deed poll are subject to all of the Schemes becoming Effective.

2.2 Termination

The obligations of Bidder and CPPIB under this Deed Poll with respect to the Schemes will automatically terminate, and the terms of this deed poll will be of no further force or effect, if the Scheme Implementation Agreement is terminated in accordance with its terms.

2.3 Consequences of termination

If the obligations of Bidder and CPPIB under this deed poll are terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) each of CPPIB and Bidder is released from its obligations to further perform this deed poll; and
- (b) Scheme Participants retain the rights they have against CPPIB and Bidder in respect of any breach of this deed poll by Bidder or CPPIB which occurred before termination of this deed poll.

3 Compliance with Schemes Obligations

Subject to clause 2, CPPIB and Bidder each undertake to:

- (a) do all those things it is required to do under the MCIL Scheme, MMCGIL Scheme and the Trust Scheme; and
- (b) in consideration for the transfer of the Securities to Bidder in accordance with the MCIL Scheme, MMCGIL Scheme and the Trust Scheme, pay or procure the payment of the Scheme Consideration,

in accordance with the terms of the MCIL Scheme, MMCGIL Scheme and the Trust Scheme.

4 Warranties

Bidder and CPPIB represent and warrant each in respect of itself that:

- (a) **incorporation:** it is a corporation validly existing under the laws of its place of incorporation;
- (b) **corporate power:** it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **corporate authorisations:** it has taken or will take all necessary corporate action to authorise the entry into of this deed poll and to authorise the performance of this deed poll and carry out the transactions contemplated by this deed poll;
- (d) **binding obligations:** this deed poll is valid and binding upon it;
- (e) **solvency:** it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- (f) **no default:** this deed poll does not conflict with or result in the breach of or default under any provision of its constitution, any material term or provision of any material agreement or any writ, order or injunction, judgement, law, rule, regulation or instrument to which it is party or subject or of which it is bound; and
- (g) **no outstanding regulatory approvals:** no regulatory approvals (other than the Regulatory Approvals) are required to permit Bidder to acquire the Securities upon implementation of the Schemes.

5 Continuing obligations

This deed poll is irrevocable and remains in full force and effect until each of CPPIB and Bidder has completely performed its obligations under this deed poll or the earlier termination of this deed poll under clause 2.

6 Notices

- (a) A notice, consent or other communication (**Notice**) under this deed poll is only effective if it is:
- (1) in writing, signed by or on behalf of the person giving it;
 - (2) addressed to the person to whom it is to be given; and
 - (3) either:
 - (A) delivered or sent by pre-paid mail to that person's address; or
 - (B) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.
- (b) A Notice that complies with this clause 6 is regarded as given and received:
- (1) if hand delivered, on delivery;
 - (2) if sent by prepaid post, the second Business Day after the date of posting (or the seventh Business Day after the date of posting if posted to or from outside Australia);
 - (3) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice,
- but if the delivery or transmission under clause 6(b)(1) or 6(b)(3) is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.
- (c) Each of CPPIB and Bidder's notice details are as set out in the Details section of this deed poll (or are as most recently notified by CPPIB or Bidder (as applicable)).

7 General

7.1 Further assurances

Each of CPPIB and Bidder will do all things and execute all deeds, instruments, transfers or other documents as may be necessary to give full effect to the provisions of this deed poll and the transactions contemplated by it.

7.2 Remedies cumulative

The rights, powers and remedies of CPPIB, Bidder and Scheme Participants in this deed poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity.

7.3 Variation

A provision in this deed poll may only be varied by CPPIB and Bidder if:

- (a) the variation is agreed to by Target where such agreement may be given or withheld without reference to or approval by any Shareholder or Unitholder being required; and
- (b) the Court (and the Bermuda Court in respect of the MMCGIL Share Scheme) indicates that the amendment would not of itself preclude approval of the Share Schemes or provision of the First Judicial Advice or Second Judicial Advice,

in which event, Bidder and CPPIB will enter into a further deed poll in favour of the applicable Scheme Shareholders and Scheme Unitholders giving effect to any such amendment.

7.4 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

7.5 Stamp duty

All stamp duty that may be payable on or in connection with this deed poll and any instrument effected by, executed under or pursuant to this deed poll must be borne by CPPIB. CPPIB must indemnify each Scheme Participant on demand against any liability for that stamp duty.

7.6 Assignment

The rights and obligations of Bidder, CPPIB and each Scheme Participant under this deed poll are personal. They cannot be assigned, encumbered or otherwise dealt with and none of Bidder, CPPIB or any Scheme Participant may attempt, or purport, to do so without the prior written consent of Target and CPPIB.

7.7 Governing law and jurisdiction

This deed poll is governed by the laws of New South Wales, Australia. Bidder and CPPIB submit to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this deed poll.

Signing page

Executed as a deed

Signed for

Canada Pension Plan Investment Board
by its authorised representative

sign here



Authorised representative

print name

GRAEME BEVANS

in the presence of

sign here



Witness

print name

GEORGE SO

Signed for

CPPIB Communications Pty Ltd
by its attorney

sign here



Attorney

print name

GRAEME BEVANS

in the presence of

sign here



Witness

print name

GEORGE SO

Attachment 1 – MCIL Share Scheme

MCIL Share Scheme

This scheme of arrangement is made pursuant to section 411 of the Corporations Act

Between the parties	
MCIL	Macquarie Communications Infrastructure Limited (ABN 18 084 388 983) of 1 Martin Place, Sydney NSW 2000
MCIL Shareholders other than MCIML	The holders of fully paid ordinary shares in MCIL, other than MCIML

1 Definitions and interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

Term	Meaning
ADI	the meaning given to the term 'authorised deposit-taking institution' in the <i>Banking Act 1959</i> (Cth) of Australia.
Aggregate Scheme Consideration	the aggregate of all Scheme Consideration payable to Scheme Participants under the Schemes.
ASIC	the Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

Term	Meaning
ASTC Settlement Rules	the operating rules of the settlement facility of the ASTC for the purposes of the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market conducted by it.
Bermuda Court	the Supreme Court of Bermuda.
Bidder	CPPIB Communications Pty Ltd (ACN 136 263 011).
Business Day	a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.
CHESS	the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASTC.
Companies Act	the <i>Companies Act 1981</i> of Bermuda.
Conditions Precedent	the conditions precedent set out in clause 3.1 of the Scheme Implementation Agreement.
Constitution	the constitution adopted by MCIL on 19 June 2002.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) of Australia.
Court	the Supreme Court of New South Wales.
CPPIB	Canada Pension Plan Investment Board.
Deed Poll	the deed poll dated 4 May 2009 executed by Bidder and CPPIB in favour of Scheme Participants.
Effective	when used in relation to the Schemes, all of the following events taking place: <ol style="list-style-type: none"> 1 the order of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the MCIL Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act; 2 the order of the Bermuda Court made under section 99(2) of the

Term	Meaning
	<p>Companies Act in relation to the MMCGIL Share Scheme coming into effect pursuant to section 99(3) of the Companies Act; and</p> <p>3 the Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.</p>
Effective Date	the date on which all the Schemes have become Effective.
Effective Time	the date and time at which all the Schemes have become Effective.
Explanatory Statements	<p>1 the statement pursuant to section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to this MCIL Share Scheme;</p> <p>2 the statement pursuant to section 100(1)(a) of the Companies Act in relation to the MMCGIL Share Scheme; and</p> <p>3 the statement to be sent to Unitholders in relation to the Trust Scheme, in accordance with Guidance Note 15 and the relevant provisions of the Corporations Act, explaining the effect of the Trust Scheme and setting out information that is material to the making of a decision by Unitholders whether or not to vote in favour of the Trust Scheme,</p> <p>copies of which will be included in the Scheme Booklet.</p>
Guidance Note 15	<i>Guidance Note 15: Listed Trusts and Managed Investment Scheme Mergers</i> issued by the Takeovers Panel of Australia.
Implementation Date	the fifth Business Day after the Scheme Record Date.
Independent Expert's Report	the report prepared by a person appointed by Target as independent expert to prepare a report to be provided to Target, Shareholders and Unitholders providing an opinion as to whether each of the Share Schemes is in the best interests of Shareholders and as to whether the Trust Scheme is fair and reasonable to Unitholders.
Macquarie Transaction	the meaning given to that term in the Share Implementation Agreement.
MCIL	Macquarie Communications Infrastructure Limited (ABN 18 084 388 983).
MCIL Register	the register of MCIL Shareholders maintained by MCIL pursuant to Chapter 2C of the Corporations Act.
MCIL Scheme Share	each MCIL Share on issue as at 7.00pm on the Scheme Record Date,

Term	Meaning
	other than MCIL Shares held by MCIML
MCIL Scheme Shareholder	each MCIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.
MCIL Share	one fully paid ordinary share issued in the capital of MCIL.
MCIL Share Scheme	this scheme of arrangement pursuant to Part 5.1 of the Corporations Act between MCIL and MCIL Scheme Shareholders, under which Bidder acquires all of the MCIL Shares (other than those held by MCIML) from the MCIL Scheme Shareholders, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by CPPIB and Target.
MCIL Share Scheme Meeting	the meeting of MCIL Shareholders (other than MCIML) convened by order of the Court in relation to this MCIL Share Scheme pursuant to section 411(1) of the Corporations Act, and includes any adjournment of such meeting.
MCIL Shareholder	a person who is registered in the MCIL Register as the holder of MCIL Shares, and MCIL Shareholders means all of them.
MCIML	Macquarie Communications Infrastructure Management Limited (ABN 29 066 047 738), in its personal capacity.
MMCGIL	Macquarie MCG International Limited (ARBN 112 652 490), a company incorporated in Bermuda with registration number 35258.
MMCGIL Register	the register of MMCGIL Shareholders maintained by MMCGIL pursuant to section 65 of the Companies Act.
MMCGIL Scheme Share	each MMCGIL Share on issue as at 7.00pm on the Scheme Record Date, other than MMCGIL Shares held by MCIML.
MMCGIL Scheme Shareholder	each MMCGIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.
MMCGIL Share	one fully paid ordinary share issued in the capital of MMCGIL.
MMCGIL Share Scheme	the scheme of arrangement pursuant to section 99 of the Companies Act between MMCGIL and MMCGIL Scheme Shareholders, under

Term	Meaning
	which Bidder acquires all of the MMCGIL Shares (other than those held by MCIML) from MMCGIL Scheme Shareholders, together with any alterations or conditions made or required by the Bermuda Court and approved in writing by CPPIB and Target.
MMCGIL Share Scheme Meeting	the meeting of MMCGIL Shareholders (other than MCIML) convened by the Bermuda Court in relation to the MMCGIL Share Scheme pursuant to section 99(1) of the Companies Act, and includes any adjournment of such meeting.
MMCGIL Shareholder	a person who is registered in the MMCGIL Register as the holder of MMCGIL Shares, and MMCGIL Shareholders means all of them.
Register	the stapled security register of Target kept pursuant to the Corporations Act and the Companies Act.
Registered Address	in relation to a Securityholder, the address of the Securityholder as recorded in the Register.
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277) of Level 3, Carrington Street, Sydney NSW 2000, Australia.
Scheme Booklet	the information to be despatched to all Securityholders, and approved by the Court and the Bermuda Court, in connection with the Schemes, including the Share Schemes, the Explanatory Statements, the Independent Expert's Report, the Deed Poll, the Supplemental Deed, and notices convening the Share Scheme Meetings and the Trust Scheme Meeting together with the proxy forms for those meetings.
Scheme Consideration	for each Security held by a Scheme Participant at 7.00pm on the Scheme Record Date, an amount of \$2.50.
Scheme Implementation Agreement	the agreement of that name dated 31 March 2009 executed by MMCGIL acting in its own capacity, MCIL acting in its own capacity, Trustee acting in its capacity as responsible entity of Trust, and CPPIB.
Scheme Participant	each person who participates in each of the MMCGIL Share Scheme, this MCIL Share Scheme and the Trust Scheme by virtue of being a MMCGIL Scheme Shareholder, a MCIL Scheme Shareholder and a Scheme Unitholder.
Scheme Record Date	the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Target and CPPIB may agree in writing.

Term	Meaning
Scheme Transfer	for each Scheme Participant, a proper instrument of transfer of their Securities for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all Securities.
Scheme Unitholder	each person who is a Unitholder as at 7.00pm on the Scheme Record Date, other than MCIML.
Scheme Unit	each Unit on issue as at 7.00pm on the Scheme Record Date, other than those held by MCIML.
Schemes	the Share Schemes and the Trust Scheme.
Second Court Date	the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving this MCIL Share Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.
Security	a stapled security comprising one MCIL Scheme Share, one MMCGIL Scheme Share and one Scheme Unit.
Securityholder	a MCIL Shareholder, a MMCGIL Shareholder and a Unitholder, and Securityholders means all of them.
Share Scheme Meetings	the MCIL Share Scheme Meeting and the MMCGIL Share Scheme Meeting.
Share Schemes	the MMCGIL Share Scheme and this MCIL Share Scheme.
Shareholder	a MCIL Shareholder and a MMCGIL Shareholder, and Shareholders means all of them.
Sunset Date	31 October 2009.
Supplemental Deed	a deed poll under which Trustee will amend the Trust Constitution, the form of which is contained in Annexure 5 of the Scheme Implementation Agreement, with any alterations or conditions approved in writing by CPPIB and Target.
Target	together, MMCGIL, MCIL and Trust (acting through Trustee in its capacity as responsible entity of Trust), or any of them as the context

Term	Meaning
	requires. For the avoidance of doubt, no security in Trustee will become subject to the Schemes or any other transaction referred to in the Scheme Implementation Agreement or this MCIL Share Scheme except for the Macquarie Transaction.
Trust	Macquarie Communications Infrastructure Trust (ARSN 101 048 293).
Trust Constitution	the constitution establishing Trust dated 19 June 2002.
Trust Scheme	the arrangement, in accordance with Guidance Note 15, under which Bidder acquires all of the Scheme Units from Scheme Unitholders facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed, subject to the requisite Unitholder approvals.
Trust Scheme Meeting	the meeting of Unitholders convened by Trustee pursuant to clause 17.1 of the Trust Constitution to consider the Trust Scheme Resolutions, and includes any adjournment of that meeting.
Trust Scheme Resolutions	the resolutions of Unitholders to approve the Trust Scheme including: <ol style="list-style-type: none"> 1 a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Scheme Units by Bidder; and 2 a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the Trust Constitution as set out in the Supplemental Deed.
Trustee	the trustee for the time being of Trust being, as at the date of this deed, MCIML.
Unit	one fully paid ordinary unit in the Trust.
Unitholder	each person who is registered in the Register as the holder of Units, and Unitholders means all of them.

1.2 Interpretation

The following rules apply in interpreting this MCIL Share Scheme, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;

- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this MCIL Share Scheme, and a reference to this MCIL Share Scheme includes any schedule or annexure;
- (d) a reference to an agreement, document or instrument (including to this MCIL Share Scheme, and to any regulatory guide, standard or guidance note) includes the agreement, document or instrument as novated, amended, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, AUD, dollar or \$ is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;
- (g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) a reference to a party is to a party to this MCIL Share Scheme, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (j) a reference to a person, natural person, trust, partnership, body corporate, association, unincorporated body, governmental or local authority or agency or other entity includes any of them;
- (k) a reference to a statute, ordinance, code or other law, or regulation, includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (l) a word or expression defined in either the Corporations Act or the Companies Act (as applicable) has the corresponding meaning given to it in the Corporations Act or Companies Act;
- (m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (p) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this MCIL Share Scheme or any part of it;
- (q) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (r) a reference to amend includes delete or replace.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2 Preliminary matters

- (a) MCIL is a public company limited by shares, incorporated in Australia and registered in Victoria. Its registered office is at level 12, 1 Martin Place, Sydney, New South Wales, 2000.
- (b) The MCIL Shares are stapled to MMCGIL Shares and Units on a one-for-one-for-one basis.
- (c) Target is admitted to the official list of ASX and the Securities are officially quoted on the financial market conducted by ASX.
- (d) As at the date of the Scheme Booklet, Securities, comprising 546,254,151 MCIL Shares, 546,254,151 MMCGIL Shares and 546,254,151 Units, were in issue.
- (e) MMCGIL is an exempted mutual fund company limited by shares, incorporated in Bermuda with registration number 35258. Its registered office is at Penboss Building, 50 Parliament Street, Hamilton HM 12, Bermuda.
- (f) Trustee is a public company limited by shares, incorporated in Australia and registered in New South Wales. Its registered office is at level 7, 1 Martin Place, Sydney, New South Wales, 2000.
- (g) Trustee is the responsible entity of Trust.
- (h) Bidder is CPPIB Communications Pty Ltd (ACN 136 263 011), a company limited by shares, incorporated in Victoria. Its registered office is at Level 29, 530 Collins Street, Melbourne, VIC 3000. Bidder is an entity wholly owned and controlled by CPPIB.
- (i) CPPIB is a Canadian Crown corporation established by the *Canada Pension Plan Investment Board Act 1997*. Its registered office is at One Queen Street East, Suite 2600, Toronto, M5C 2W5, Canada.
- (j) MMCGIL, MCIL, Trustee (as responsible entity for Trust) and CPPIB have agreed, by executing the Scheme Implementation Agreement, to propose and implement the terms of and to perform their respective obligations, and in the case of CPPIB, also to procure that Bidder will propose, implement and perform its respective obligations, under the MMCGIL Share Scheme, this MCIL Share Scheme and the Trust Scheme.
- (k) CPPIB and Bidder have executed a Deed Poll pursuant to which CPPIB and Bidder have covenanted in favour of each Scheme Participant:
 - (1) in the case of CPPIB, to do or to procure Bidder to do; and
 - (2) in the case of Bidder, to do,

all those things each of them is required to do under the Schemes, including the provision of the Scheme Consideration in accordance with the terms of the Schemes.

- (l) If this MCIL Share Scheme becomes Effective, MCIL undertakes in favour of each MCIL Scheme Shareholder that it will enforce the Deed Poll against CPPIB and/or Bidder on behalf of and as agent and attorney for MCIL Scheme Shareholders.

3 Conditions to the MCIL Share Scheme

- (a) This MCIL Share Scheme is conditional on:
- (1) all of the Conditions Precedent having been satisfied or waived (or taken to have been waived) in accordance with the terms of the Scheme Implementation Agreement before 8am on the Second Court Date, other than the conditions set out in clauses 3.1(b) and 3.1(c) of the Scheme Implementation Agreement;
 - (2) the Scheme Implementation Agreement having not been terminated as at 8am on the Second Court Date; and
 - (3) such other conditions imposed by the Court under section 411(6) of the Corporations Act as are acceptable to CPPIB and Target (acting through their respective counsel).
- (b) The fulfilment of each condition in clause 3(a) is a condition precedent to the binding effect of this MCIL Share Scheme.
- (c) On or before the Second Court Date, Target must provide to the Court a certificate confirming whether or not all the conditions precedent to this MCIL Share Scheme have been satisfied, waived or taken to have been waived other than the conditions set out in clauses 3.1(b) and 3.1(c) of the Scheme Implementation Agreement.
- (d) Without limiting any rights under the Scheme Implementation Agreement, in the event that the Scheme Implementation Agreement is terminated in accordance with its terms before 8am on the Second Court Date, Target, CPPIB and Bidder are each released from:
- (1) any further obligation to take steps to implement the MCIL Share Scheme; and
 - (2) any liability with respect to the MCIL Share Scheme.

4 The MCIL Share Scheme

4.1 Effective

- (a) Subject to clause 4.1(b), this MCIL Share Scheme will come into effect at the Effective Time.
- (b) This MCIL Share Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date or such later date as the Court, with the written consent of CPPIB and Target, may order and the Scheme Implementation Agreement has been terminated in accordance with its terms.

4.2 Binding

If this MCIL Share Scheme becomes Effective, it will:

- (a) bind MCIL and all MCIL Scheme Shareholders, including those who do not attend the MCIL Share Scheme Meeting, those who do not vote at that meeting and those who vote against this MCIL Share Scheme at that meeting; and
- (b) override the Constitution, to the extent of any inconsistency.

4.3 Lodgement of Court orders

If the Court makes the order under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the MCIL Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act, MCIL will lodge with ASIC office copies of that order as soon as practicable and by no later than 5.00pm on the first Business Day after the date on which an office copy of the order is received by MCIL, or such later date as is agreed in writing by CPPIB.

4.4 Transfer of the MCIL Scheme Shares

If this MCIL Share Scheme becomes Effective then:

- (a) all the MCIL Scheme Shares (together with all rights and entitlements attaching to the MCIL Scheme Shares) will be transferred to Bidder simultaneously with the transfer of all the MMCGIL Scheme Shares and Scheme Units to Bidder under the MMCGIL Share Scheme and Trust Scheme respectively;
- (b) MCIL will enter the name of Bidder in the MCIL Register in respect of all the MCIL Scheme Shares; and
- (c) CPPIB will, or procure that Bidder will, provide the Scheme Consideration to MCIL in accordance with clause 5,

in accordance with the provisions of this MCIL Share Scheme.

4.5 Provision of Scheme Consideration

- (a) On or before 12.00 noon on the Implementation Date, in consideration for the transfer of the Securities to Bidder, CPPIB must provide, or procure that Bidder provide, the Scheme Consideration in the manner required by clause 5.
- (b) On the Implementation Date, subject to CPPIB or Bidder paying the Scheme Consideration in accordance with clause 5 and CPPIB providing MCIL with written confirmation of that payment:
 - (1) all of the MCIL Scheme Shares together with all rights and entitlements attaching to the MCIL Scheme Shares as at that time will be transferred to Bidder without the need for any further act by any MCIL Scheme Shareholder (other than acts performed by MCIL or Bidder (as applicable) (or its directors or officers) as attorney or agent of MCIL Scheme Shareholders under clauses 8.2 and 8.4 or otherwise) and must be transferred to Bidder simultaneously with the transfer of all of the MMCGIL Scheme Shares and Scheme Units under the MMCGIL Share Scheme and Trust Scheme respectively; and

- (2) MCIL will procure:
 - (A) in the case of MCIL Scheme Shares in a CHES holding, a message to be transmitted to ASTC in accordance with ASTC Settlement Rules so as to transfer to Bidder the MCIL Scheme Shares held by the MCIL Scheme Shareholder from the CHES sub-register of Target to the issuer sponsored sub-register operated by Target; and
 - (B) the delivery to Bidder of transfers of all the MCIL Scheme Shares duly completed and executed on behalf of MCIL Scheme Shareholders in the form of Scheme Transfers which, together with transfers pursuant to the MMCGIL Share Scheme and the Trust Scheme, transfer all of the Securities to Bidder.
- (c) CPPIB must procure that Bidder, and Bidder must, immediately execute the transfers referred to in clause 4.5(b)(2) as transferee and deliver the Scheme Transfers to MCIL for registration.
- (d) MCIL must, immediately following receipt of the transfers under clause 4.5(c) (in the form of Scheme Transfers in respect of the Securities), enter the name and address of Bidder in:
 - (1) the MCIL Register in respect of all the MCIL Scheme Shares; and
 - (2) the Register in respect of all Securities.

4.6 MCIL Board

On the Implementation Date, after the payment of the Scheme Consideration to MCIL in accordance with clause 5, the MCIL Board will be reconstituted by:

- (a) the appointment of Bidder's nominees to the MCIL board of directors; and
- (b) the resignation from the MCIL board of directors of all persons who are not nominees of Bidder.

5 Scheme Consideration

- (a) The obligations of CPPIB and Bidder to pay the Scheme Consideration will be satisfied by CPPIB or Bidder, before 12.00 noon on the Implementation Date, depositing or procuring the deposit of the Aggregate Scheme Consideration into an account nominated by Target (the details of which must be notified by Target to CPPIB at least five Business Days before the Implementation Date).
- (b) MCIL is to procure that the amount referred to in clause 5(a) be held by Target on trust for the Scheme Participants (except that any interest on the amount will be for the account of Bidder) for the purpose of sending the Scheme Consideration to the Scheme Participants, within one Business Day after the Implementation Date:
 - (1) where the Scheme Participant has nominated (by notice to MCIL or the Registry before 7.00pm on the Scheme Record Date) a bank account with an ADI in Australia for the purpose of payment of any dividends or distribution or the Scheme Consideration, then by depositing, or procuring the deposit of, directly to that bank account, an amount; or

- (2) by dispatching or procuring the dispatch to each Scheme Participant by pre-paid post to their Registered Address a cheque drawn on an ADI in the name of that Scheme Participant for an amount,

in Australian currency, equal to the number of Securities held by that Scheme Participant as at 7.00pm on the Scheme Record Date multiplied by the Scheme Consideration (subject to any rounding pursuant to clause 5(c)). (For the avoidance of doubt, each Scheme Participant will only be entitled to receive one payment of the Scheme Consideration applicable to the number of Securities held by that Scheme Participant as at 7.00pm on the Scheme Record Date, which payment will apply in respect of all of the Schemes.)

- (c) If a fractional entitlement to part of a cent in cash arises from the calculation of the total amount of cash to be paid to a MCIL Scheme Participant, then any such fractional entitlement will be rounded:
- (1) where the fraction is 0.5 or more – up; and
- (2) where the fraction is less than 0.5 – down,
- to the nearest whole cent.
- (d) In the case of joint holders of Securities, a cheque shall be payable to those joint holders and shall be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Scheme Record Date.
- (e) In the event that the Target believes that a Scheme Participant is not known at the Scheme Participant's Registered Address, and no account has been notified in accordance with clause 5(b)(1) or a deposit into such an account is rejected or refunded, the Target may credit the amount payable to the relevant Scheme Participant to a separate bank account of Target to be held until the Scheme Participant claims the amount or the amount is dealt with in accordance with any applicable unclaimed money legislation. Target must hold the amount on trust, but any interest accruing on the amount will be for the account of Bidder. An amount credited to the account is to be treated as having been paid to the Scheme Participant when credited to the account. Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.
- (f) In the case of a notice having been given to MCIL (or the Registry) of an order made by a court of competent jurisdiction:
- (1) which requires payment to a third party of a sum in respect of Securities held by a particular Scheme Participant, which would otherwise be payable to the particular Scheme Participant in accordance with clause 5(b), then MCIL shall procure that payment is made in accordance with that order; or
- (2) which would prevent Target from despatching payment to any particular Scheme Participant in accordance with clause 5(b), MCIL shall procure that Target (or Registry) retains an amount that would otherwise be payable to that Scheme Participant in accordance with clause 5(b) until such time as payment is permitted by law (and any interest accruing on the amount will be for the account of Bidder).

6 Dealings in MCIL Shares

- (a) For the purpose of establishing the persons who are MCIL Scheme Shareholders, dealings in MCIL Shares will only be recognised if:
- (1) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the MCIL Register as the holder of the relevant MCIL Shares by 7.00pm on the Scheme Record Date; and
 - (2) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by 7.00pm on the Scheme Record Date.
- (b) MCIL will register registrable transfers or transmission applications of the kind referred to in clause 6(a)(2) by, or as soon as practicable after, the Scheme Record Date. The persons shown in the MCIL Register, and the number of MCIL Shares shown as being held by them, after registration of those transfers and transmission applications will be taken to be MCIL Shareholders, and the number of MCIL Shares held by them, as at 7.00pm on the Scheme Record Date.
- (c) MCIL will not accept for registration, nor recognise for any purpose (including the purpose of establishing the persons who are MCIL Scheme Shareholders), any transfer or transmission application in respect of MCIL Scheme Shares received after 7.00pm on the Scheme Record Date (or received prior to the Scheme Record Date not in registrable form).
- (d) MCIL will maintain or procure the maintenance of the MCIL Register in accordance with this clause 6. The MCIL Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 6(a)(2) will solely determine the persons who are MCIL Scheme Shareholders and their entitlements to the Scheme Consideration.
- (e) Other than Bidder (after registration of Bidder in respect of all MCIL Scheme Shares under clause 4.5(d)), no MCIL Shareholder (or any person purporting to claim through any MCIL Shareholder) may deal with MCIL Scheme Shares in any way after 7.00pm on the Scheme Record Date except as set out in this MCIL Share Scheme, and any attempt to do so will have no effect.
- (f) Other than in respect of Bidder (after registration of Bidder in respect of all MCIL Scheme Shares under clause 4.5(d)), from the Scheme Record Date, all certificates and holding statements (as applicable) for MCIL Scheme Shares as at 7.00pm on the Scheme Record Date will cease to have any effect as evidence of title, and each entry on the Register as at 7.00pm on the Scheme Record Date will cease to have any effect other than as evidence of the entitlements of MCIL Scheme Shareholders to the Scheme Consideration.
- (g) As soon as practical after the Scheme Record Date, and in any event at least five Business Days before the Implementation Date, MCIL must give to CPPIB, or procure that CPPIB is given, details of the names and addresses shown in the MCIL Register of all MCIL Scheme Shareholders and of the number of MCIL Scheme Shares held by each of them as at 7.00pm on the Scheme Record Date, in whatever form CPPIB or Bidder reasonably requires in order to implement the Schemes (including to facilitate the provision by Bidder of the Scheme Consideration).

7 Quotation of Securities

- (a) Target must apply to ASX for suspension of trading of the Target Shares on ASX with effect from the close of business on the Effective Date.
- (b) On a date to be determined by CPPIB (such date to be after the Implementation Date), MCIL will apply for termination of the official quotation on ASX of the Securities and apply to have Target removed from the official list of ASX.

8 General Scheme provisions

8.1 Consent to MCIL Share Scheme amendments

If the Court proposes to approve this MCIL Share Scheme subject to alterations or conditions, MCIL may, by its counsel or solicitors but subject to the prior written approval of CPPIB, consent on behalf of all MCIL Scheme Shareholders to those alterations or conditions.

8.2 MCIL Share Scheme Shareholders' agreements and representations

Each MCIL Scheme Shareholder irrevocably:

- (a) acknowledges that this MCIL Share Scheme binds MCIL and all of the MCIL Scheme Shareholders from time to time (including those who do not attend the MCIL Scheme Meeting, do not vote at that meeting or vote against the MCIL Share Scheme);
- (b) agrees to the transfer of all of their MCIL Scheme Shares to Bidder in accordance with this MCIL Share Scheme;
- (c) agrees to the modification or variation (if any) of the rights attaching to their MCIL Scheme Shares arising from this MCIL Share Scheme;
- (d) without the need for any further act, appoints MCIL and each of its directors and officers, jointly and severally, as that MCIL Scheme Shareholder's attorney and agent (and MCIL and each of its directors and officers accepts that appointment) for the purpose of executing any document or doing any other act necessary to give full effect to this MCIL Share Scheme, the MMCGIL Share Scheme and the Trust Scheme, and the transactions contemplated by each of them, including:
 - (1) in the case of MCIL Scheme Shares in a CHESS holding, causing a message to be transmitted to ASTC in accordance with ASTC Settlement Rules so as to transfer to Bidder the MCIL Scheme Shares held by the MCIL Scheme Shareholder from the CHESS sub-register of Target to the issuer sponsored sub-register operated by Target notwithstanding that, at the time of such transfer, the Scheme Consideration that is due under this MCIL Share Scheme has not been provided to the MCIL Scheme Shareholders; and
 - (2) executing a proper instrument of transfer of its MCIL Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all Securities; and

- (e) consents to MCIL, CPPIB and Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this MCIL Share Scheme, the MMCGIL Share Scheme and the Trust Scheme, and the transactions contemplated by them.

8.3 Title to and rights to MCIL Shares

- (a) To the extent permitted by law, the MCIL Scheme Shares transferred to Bidder under this MCIL Share Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) MCIL Scheme Shareholders are deemed to have warranted to MCIL, CPPIB and to Bidder, that all their MCIL Scheme Shares (including any rights and entitlements attaching to those MCIL Scheme Shares) which are transferred to Bidder under this MCIL Share Scheme will, at the date they are transferred to Bidder, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (other than that they must be transferred together with the other securities comprising a Security) and that they have full power and capacity to sell and to transfer such MCIL Scheme Shares (including any rights and entitlements attaching to those securities).

8.4 Appointment of Bidder

From the Implementation Date, subject to CPPIB or Bidder paying the Scheme Consideration in accordance with clause 5 and CPPIB providing MCIL with written confirmation of that payment, until MCIL registers Bidder as the holder of all MCIL Scheme Shares in the Register, each MCIL Scheme Shareholder is deemed to have appointed Bidder and each of its directors and officers, jointly and severally, as its attorney and agent (and directed Bidder and its directors and officers in such capacity) to appoint the Chairman of Bidder (or other nominee of CPPIB) as its sole proxy and, where applicable, corporate representative to attend shareholder meetings of MCIL and MMCGIL and unitholder meetings of the Trust, exercise the votes attaching to the MCIL Scheme Shares, the MMCGIL Scheme Shares and the Scheme Units of which they are the registered holder and sign any MCIL Shareholders' resolution, MMCGIL Shareholders' resolution or Unitholders' resolution (and it is acknowledged and agreed that in exercising such powers the attorney may act in the interests of Bidder as the intended registered holder of those shares), and no MCIL Scheme Shareholder, MMCGIL Scheme Shareholder or Scheme Unitholder (as applicable) may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this clause 8.4. Bidder undertakes in favour of each MCIL Scheme Shareholder that it will appoint the Chairman of Bidder (or other nominee of CPPIB) as proxy or, where applicable, corporate representative for the relevant MCIL Scheme Shareholder, MMCGIL Scheme Shareholder or Scheme Unitholder in accordance with this clause 8.4.

8.5 Beneficial title

Bidder will be beneficially entitled to the MCIL Scheme Shares transferred to it under this MCIL Share Scheme pending registration by MCIL of the name and address of Bidder in the Register as the holder of the MCIL Scheme Shares.

9 General

9.1 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this MCIL Share Scheme is sent by post to MCIL, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at MCIL's registered office.

9.2 Further assurances

MCIL must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this MCIL Share Scheme and the transactions contemplated by it.

9.3 Stamp duty and other costs

- (a) Subject to clause 9.3(b), Target will pay the costs of this MCIL Share Scheme.
- (b) CPPIB will, or will procure that Bidder will, pay any stamp duty payable on the transfer by MCIL Scheme Shareholders of the MCIL Scheme Shares to Bidder pursuant to the MCIL Share Scheme.

9.4 Governing law

- (a) This MCIL Share Scheme is governed by the laws in force in New South Wales, Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this MCIL Share Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

Attachment 2 – MMCGIL Share Scheme

MMCGIL Share Scheme

This scheme of arrangement is made pursuant to section 99 of the Companies Act 1981

Between the parties	
MMCGIL	Macquarie MCG International Limited (ARBN 112 652 490, incorporated in Bermuda with registration number 35258) of Penboss Building, 50 Parliament Street, Hamilton HM 12, Bermuda
MMCGIL Shareholders other than MCIML	The holders of fully paid ordinary shares in MMCGIL, other than MCIML

1 Definitions and interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

Term	Meaning
ADI	the meaning given to the term 'authorised deposit-taking institution' in the <i>Banking Act 1959</i> (Cth) of Australia.
Aggregate Scheme Consideration	the aggregate of all Scheme Consideration payable to Scheme Participants under the Schemes.
ASIC	the Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

Term	Meaning
ASTC Settlement Rules	the operating rules of the settlement facility of the ASTC for the purposes of the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market conducted by it.
Bermuda Court	the Supreme Court of Bermuda.
Bidder	CPPIB Communications Pty Ltd (ACN 136 263 011).
Business Day	a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.
Bye-laws	the bye-laws of MMCGIL.
CHESS	the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASTC.
Companies Act	the <i>Companies Act 1981</i> of Bermuda.
Conditions Precedent	the conditions precedent set out in clause 3.1 of the Scheme Implementation Agreement.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) of Australia.
CPPIB	Canada Pension Plan Investment Board.
Deed Poll	the deed poll dated 4 May 2009 executed by Bidder and CPPIB in favour of Scheme Participants.
Effective	when used in relation to the Schemes, all of the following events taking place: <ol style="list-style-type: none"> 1 the order of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the MCIL Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act; 2 the order of the Bermuda Court made under section 99(2) of the Companies Act in relation to the MMCGIL Share Scheme coming into effect pursuant to section 99(3) of the Companies Act; and 3 the Supplemental Deed taking effect pursuant to section 601GC(2) of

Term	Meaning
	the Corporations Act.
Effective Date	the date on which all the Schemes have become Effective.
Effective Time	the date and time at which all the Schemes have become Effective.
Explanatory Statements	<p>1 the statement pursuant to section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to the MCIL Share Scheme;</p> <p>2 the statement pursuant to section 100(1)(a) of the Companies Act in relation to this MMCGIL Share Scheme; and</p> <p>3 the statement to be sent to Unitholders in relation to the Trust Scheme, in accordance with Guidance Note 15 and the relevant provisions of the Corporations Act, explaining the effect of the Trust Scheme and setting out information that is material to the making of a decision by Unitholders whether or not to vote in favour of the Trust Scheme,</p> <p>copies of which will be included in the Scheme Booklet.</p>
Guidance Note 15	<i>Guidance Note 15: Listed Trusts and Managed Investment Scheme Mergers</i> issued by the Takeovers Panel of Australia.
Implementation Date	the fifth Business Day after the Scheme Record Date.
Independent Expert's Report	the report prepared by a person appointed by Target as independent expert to prepare a report to be provided to Target, Shareholders and Unitholders providing an opinion as to whether each of the Share Schemes is in the best interests of Shareholders and as to whether the Trust Scheme is fair and reasonable to Unitholders.
Macquarie Transaction	the meaning given to that term in the Share Implementation Agreement.
MCIL	Macquarie Communications Infrastructure Limited (ABN 18 084 388 983).
MCIL Register	the register of MCIL Shareholders maintained by MCIL pursuant to Chapter 2C of the Corporations Act.
MCIL Scheme Share	each MCIL Share on issue as at 7.00pm on the Scheme Record Date, other than those held by MCIML.

Term	Meaning
MCIL Scheme Shareholder	each MCIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.
MCIL Share	one fully paid ordinary share issued in the capital of MCIL.
MCIL Share Scheme	the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between MCIL and MCIL Scheme Shareholders, under which Bidder acquires all of the MCIL Shares (other than those held by MCIML) from the MCIL Scheme Shareholders, together with any alterations or conditions made or required by the NSW Court under section 411(6) of the Corporations Act and approved in writing by CPPIB and Target.
MCIL Share Scheme Meeting	the meeting of MCIL Shareholders (other than MCIML) convened by order of the NSW Court in relation to the MCIL Share Scheme pursuant to section 411(1) of the Corporations Act, and includes any adjournment of such meeting.
MCIL Shareholder	a person who is registered in the MCIL Register as the holder of MCIL Shares, and MCIL Shareholders means all of them.
MCIML	Macquarie Communications Infrastructure Management Limited (ABN 29 066 047 738), in its personal capacity.
MMCGIL	Macquarie MCG International Limited (ARBN 112 652 490), a company incorporated in Bermuda with registration number 35258.
MMCGIL Register	the register of MMCGIL Shareholders maintained by MMCGIL pursuant to section 65 of the Companies Act.
MMCGIL Scheme Share	each MMCGIL Share on issue as at 7.00pm on the Scheme Record Date, other than those held by MCIML.
MMCGIL Scheme Shareholder	each MMCGIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.
MMCGIL Share	one fully paid ordinary share issued in the capital of MMCGIL.
MMCGIL Share Scheme	this scheme of arrangement pursuant to section 99 of the Companies Act between MMCGIL and MMCGIL Scheme Shareholders, under which Bidder acquires all of the MMCGIL Shares (other than those held by MCIML) from MMCGIL Scheme Shareholders, together with any alterations or conditions made or required by the Bermuda Court and

Term	Meaning
	approved in writing by CPPIB and Target.
MMCGIL Share Scheme Meeting	the meeting of MMCGIL Shareholders (other than MCIML) convened by the Bermuda Court in relation to this MMCGIL Share Scheme pursuant to section 99(1) of the Companies Act, and includes any adjournment of such meeting.
MMCGIL Shareholder	a person who is registered in the MMCGIL Register as the holder of MMCGIL Shares, and MMCGIL Shareholders means all of them.
NSW Court	the Supreme Court of New South Wales, Australia.
Register	the stapled security register of Target kept pursuant to the Corporations Act and the Companies Act.
Registered Address	in relation to a Securityholder, the address of the Securityholder as recorded in the Register.
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277) of Level 3, Carrington Street, Sydney NSW 2000, Australia.
Scheme Booklet	the information to be despatched to all Securityholders, and approved by the NSW Court and the Bermuda Court, in connection with the Schemes, including the Share Schemes, the Explanatory Statements, the Independent Expert's Report, the Deed Poll, the Supplemental Deed, and notices convening the Share Scheme Meetings and the Trust Scheme Meeting together with the proxy forms for those meetings.
Scheme Consideration	for each Security held by a Scheme Participant at 7.00pm on the Scheme Record Date, an amount of \$2.50.
Scheme Implementation Agreement	the agreement of that name dated 31 March 2009 executed by MMCGIL acting in its own capacity, MCIL acting in its own capacity, Trustee acting in its capacity as responsible entity of Trust, and CPPIB.
Scheme Participant	each person who participates in each of the MMCGIL Share Scheme, the MCIL Share Scheme and the Trust Scheme by virtue of being a MMCGIL Scheme Shareholder, a MCIL Scheme Shareholder and a Scheme Unitholder.
Scheme Record Date	the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Target and CPPIB may agree in writing.

Term	Meaning
Scheme Transfer	for each Scheme Participant, a proper instrument of transfer of their Securities for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all Securities.
Scheme Unitholder	each person who is a Unitholder as at 7.00pm on the Scheme Record Date, other than MCIML.
Scheme Unit	each Unit on issue as at 7.00pm on the Scheme Record Date, other than those held by MCIML.
Schemes	the Share Schemes and the Trust Scheme.
Second Court Date	the first day on which an application made to the Bermuda Court for an order pursuant to section 99(2) of the Companies Act approving this MMCGIL Share Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.
Security	a stapled security comprising one MCIL Scheme Share, one MMCGIL Scheme Share and one Scheme Unit.
Securityholder	a MCIL Shareholder, a MMCGIL Shareholder and a Unitholder, and Securityholders means all of them.
Share Scheme Meetings	the MCIL Share Scheme Meeting and the MMCGIL Share Scheme Meeting.
Share Schemes	this MMCGIL Share Scheme and the MCIL Share Scheme.
Shareholder	a MCIL Shareholder and a MMCGIL Shareholder, and Shareholders means all of them.
Sunset Date	31 October 2009.
Supplemental Deed	a deed poll under which Trustee will amend the Trust Constitution, the form of which is contained in Annexure 5 of the Scheme Implementation Agreement, with any alterations or conditions approved in writing by CPPIB and Target.
Target	together, MMCGIL, MCIL and Trust (acting through Trustee in its capacity as responsible entity of Trust), or any of them as the context

Term	Meaning
	requires. For the avoidance of doubt, no security in Trustee will become subject to the Schemes or any other transaction referred to in the Scheme Implementation Agreement or this MMCGIL Share Scheme except for the Macquarie Transaction.
Trust	Macquarie Communications Infrastructure Trust (ARSN 101 048 293).
Trust Constitution	the constitution establishing Trust dated 19 June 2002.
Trust Scheme	the arrangement, in accordance with Guidance Note 15, under which Bidder acquires all of the Scheme Units from Scheme Unitholders facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed, subject to the requisite Unitholder approvals.
Trust Scheme Meeting	the meeting of Unitholders convened by Trustee pursuant to clause 17.1 of the Trust Constitution to consider the Trust Scheme Resolutions, and includes any adjournment of that meeting.
Trust Scheme Resolutions	the resolutions of Unitholders to approve the Trust Scheme including: <ol style="list-style-type: none"> 1 a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Scheme Units by Bidder; and 2 a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the Trust Constitution as set out in the Supplemental Deed.
Trustee	the trustee for the time being of Trust being, as at the date of this deed, MCIML.
Unit	one fully paid ordinary unit in the Trust.
Unitholder	each person who is registered in the Register as the holder of Units, and Unitholders means all of them.

1.2 Interpretation

The following rules apply in interpreting this MMCGIL Share Scheme, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;

- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this MMCGIL Share Scheme, and a reference to this MMCGIL Share Scheme includes any schedule or annexure;
- (d) a reference to an agreement, document or instrument (including to this MMCGIL Share Scheme, and to any regulatory guide, standard or guidance note) includes the agreement, document or instrument as novated, amended, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, AUD, dollar or \$ is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;
- (g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) a reference to a party is to a party to this MMCGIL Share Scheme, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (j) a reference to a person, natural person, trust, partnership, body corporate, association, unincorporated body, governmental or local authority or agency or other entity includes any of them;
- (k) a reference to a statute, ordinance, code or other law, or regulation, includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (l) a word or expression defined in either the Corporations Act or the Companies Act (as applicable) has the corresponding meaning given to it in the Corporations Act or Companies Act;
- (m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (p) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this MMCGIL Share Scheme or any part of it;
- (q) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (r) a reference to amend includes delete or replace.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2 Preliminary matters

- (a) MCIL is a public company limited by shares, incorporated in Australia and registered in Victoria. Its registered office is at level 12, 1 Martin Place, Sydney, New South Wales, 2000.
- (b) The MCIL Shares are stapled to MMCGIL Shares and Units on a one-for-one-for-one basis.
- (c) Target is admitted to the official list of ASX and the Securities are officially quoted on the financial market conducted by ASX.
- (d) As at the date of the Scheme Booklet, Securities, comprising 546,254,151 MCIL Shares, 546,254,151 MMCGIL Shares and 546,254,151 Units, were in issue.
- (e) MMCGIL is an exempted mutual fund company limited by shares, incorporated in Bermuda with registration number 35258. Its registered office is at Penboss Building, 50 Parliament Street, Hamilton HM12, Bermuda.
- (f) Trustee is a public company limited by shares, incorporated in Australia and registered in New South Wales. Its registered office is at level 7, 1 Martin Place, Sydney, New South Wales, 2000.
- (g) Trustee is the responsible entity of Trust.
- (h) Bidder is CPPIB Communications Pty Ltd (ACN 136 263 011), a company limited by shares, incorporated in Victoria. Its registered office is at Level 29, 530 Collins Street, Melbourne, VIC 3000. Bidder is an entity wholly owned and controlled by CPPIB.
- (i) CPPIB is a Canadian Crown corporation established by the *Canada Pension Plan Investment Board Act 1997*. Its registered office is at One Queen Street East, Suite 2600, Toronto, M5C 2W5, Canada.
- (j) MMCGIL, MCIL, Trustee (as responsible entity for Trust) and CPPIB have agreed, by executing the Scheme Implementation Agreement, to propose and implement the terms of and to perform their respective obligations, and in the case of CPPIB, also to procure that Bidder will propose, implement and perform its respective obligations, under this MMCGIL Share Scheme, the MCIL Share Scheme and the Trust Scheme.
- (k) CPPIB and Bidder have executed a Deed Poll pursuant to which CPPIB and Bidder have covenanted in favour of each Scheme Participant:
 - (1) in the case of CPPIB, to do or to procure Bidder to do; and
 - (2) in the case of Bidder, to do,all those things each of them is required to do under the Schemes, including the provision of the Scheme Consideration in accordance with the terms of the Schemes.

- (l) If this MMCGIL Share Scheme becomes Effective, MMCGIL undertakes in favour of each MMCGIL Scheme Shareholder that it will enforce the Deed Poll against CPPIB and/or Bidder on behalf of and as agent and attorney for MMCGIL Scheme Shareholders.

3 Conditions to the MMCGIL Share Scheme

- (a) This MMCGIL Share Scheme is conditional on:
- (1) all of the Conditions Precedent having been satisfied or waived (or taken to have been waived) in accordance with the terms of the Scheme Implementation Agreement before 8am on the Second Court Date, other than the conditions set out in clauses 3.1(b) and 3.1(c) of the Scheme Implementation Agreement;
 - (2) the Scheme Implementation Agreement having not been terminated as at 8am on the Second Court Date; and
 - (3) such other conditions imposed by the Bermuda Court as are acceptable to CPPIB and Target (acting through their respective counsel).
- (b) The fulfilment of each condition in clause 3(a) is a condition precedent to the binding effect of this MMCGIL Share Scheme.
- (c) On or before the Second Court Date, Target must provide to the Bermuda Court a certificate confirming whether or not all the conditions precedent to this MMCGIL Share Scheme have been satisfied, waived or taken to have been waived, other than the conditions set out in clauses 3.1(b) and 3.1(c) of the Scheme Implementation Agreement.
- (d) Without limiting any rights under the Scheme Implementation Agreement, in the event that the Scheme Implementation Agreement is terminated in accordance with its terms before 8am on the Second Court Date, Target, CPPIB and Bidder are each released from:
- (1) any further obligation to take steps to implement the MMCGIL Share Scheme; and
 - (2) any liability with respect to the MMCGIL Share Scheme.

4 The MMCGIL Share Scheme

4.1 Effective

- (a) Subject to clause 4.1(b), this MMCGIL Share Scheme will come into effect at the Effective Time.
- (b) This MMCGIL Share Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date or such later date as the Bermuda Court, with the written consent of CPPIB and Target, may order and the Scheme Implementation Agreement has been terminated in accordance with its terms.

4.2 Binding

If this MMCGIL Share Scheme becomes Effective, it will:

- (a) bind MMCGIL and all MMCGIL Scheme Shareholders, including those who do not attend the MMCGIL Share Scheme Meeting, those who do not vote at that meeting and those who vote against this MMCGIL Share Scheme at that meeting; and
- (b) override the Bye-laws, to the extent of any inconsistency.

4.3 Lodgement of Court orders

If the Bermuda Court makes the order under section 99(2) of the Companies Act in relation to the MMCGIL Share Scheme coming into effect pursuant to section 99(3) of the Companies Act, MMCGIL will lodge with the Registrar of Companies in Bermuda a copy of that order as soon as practicable and by no later than 7.00pm on the first Business Day after the date on which an office copy of the order is received by MMCGIL, or such later date as is agreed in writing by CPPIB.

4.4 Transfer of MMCGIL Scheme Shares

If this MMCGIL Share Scheme becomes Effective then:

- (a) all the MMCGIL Scheme Shares (together with all rights and entitlements attaching to the MMCGIL Scheme Shares) will be transferred to Bidder simultaneously with the transfer of all the MCIL Scheme Shares and Scheme Units to Bidder under the MCIL Share Scheme and Trust Scheme respectively;
- (b) MMCGIL will enter the name of Bidder in the MMCGIL Register in respect of all the MMCGIL Scheme Shares; and
- (c) CPPIB will, or procure that Bidder will, provide the Scheme Consideration to MMCGIL in accordance with clause 5,
in accordance with the provisions of this MMCGIL Share Scheme.

4.5 Provision of Scheme Consideration

- (a) On or before 12.00 noon on the Implementation Date, in consideration for the transfer of the Securities to Bidder, CPPIB must provide, or procure that Bidder provide, the Scheme Consideration in the manner required by clause 5.
- (b) On the Implementation Date, subject to CPPIB or Bidder paying the Scheme Consideration in accordance with clause 5 and CPPIB providing MMCGIL with written confirmation of that payment:
 - (1) all of the MMCGIL Scheme Shares together with all rights and entitlements attaching to the MMCGIL Scheme Shares as at that time will be transferred to Bidder without the need for any further act by any MMCGIL Scheme Shareholder (other than acts performed by MMCGIL or Bidder (as applicable) (or its directors or officers) as attorney or agent of MMCGIL Scheme Shareholders under clauses 8.2 and 8.4 or otherwise) and must be transferred to Bidder simultaneously with the transfer of all of the MCIL Scheme Shares and Scheme Units under the MCIL Share Scheme and Trust Scheme respectively; and

- (2) MMCGIL will procure:
 - (A) in the case of MMCGIL Scheme Shares in a CHESS holding, a message to be transmitted to ASTC in accordance with ASTC Settlement Rules so as to transfer to Bidder the MMCGIL Scheme Shares held by the MMCGIL Scheme Shareholder from the CHESS sub-register of Target to the issuer sponsored sub-register operated by Target; and
 - (B) the delivery to Bidder of transfers of all the MMCGIL Scheme Shares duly completed and executed on behalf of MMCGIL Scheme Shareholders in the form of Scheme Transfers which, together with transfers pursuant to the MCIL Share Scheme and the Trust Scheme, transfer all of the Securities to Bidder.
- (c) CPPIB must procure that Bidder, and Bidder must, immediately execute the transfers referred to in clause 4.5(b)(2) as transferee and deliver the Scheme Transfers to MMCGIL for registration.
- (d) MMCGIL must, immediately following receipt of the transfers under clause 4.5(c) (in the form of Scheme Transfers in respect of the Securities), enter the name and address of Bidder in:
 - (1) the MMCGIL Register in respect of all the MMCGIL Scheme Shares; and
 - (2) the Register in respect of all Securities.

4.6 MMCGIL Board

On the Implementation Date, after the payment of the Scheme Consideration to MMCGIL in accordance with clause 5, the MMCGIL Board will be reconstituted by:

- (a) the appointment of Bidder's nominees to the MMCGIL board of directors; and
- (b) the resignation from the MMCGIL board of directors of all persons who are not nominees of Bidder.

5 Scheme Consideration

- (a) The obligations of CPPIB and Bidder to pay the Scheme Consideration will be satisfied by CPPIB or Bidder, before 12.00 noon on the Implementation Date, depositing or procuring the deposit of the Aggregate Scheme Consideration into an account nominated by Target (the details of which must be notified by Target to CPPIB at least five Business Days before the Implementation Date).
- (b) MMCGIL is to procure that the amount referred to in clause 5(a) be held by Target on trust for the Scheme Participants (except that any interest on the amount will be for the account of Bidder) for the purpose of sending the Scheme Consideration to the Scheme Participants, within one Business Day after the Implementation Date:
 - (1) where the Scheme Participant has nominated (by notice to MMCGIL or the Registry before 7.00pm on the Scheme Record Date) a bank account with an ADI in Australia for the purpose of payment of any dividends or distribution or

the Scheme Consideration, then by depositing, or procuring the deposit of, directly to that bank account, an amount; or

- (2) by dispatching or procuring the dispatch to each Scheme Participant by pre-paid post to their Registered Address a cheque drawn on an ADI in the name of that Scheme Participant for an amount,

in Australian currency, equal to the number of Securities held by that Scheme Participant as at 7.00pm on the Scheme Record Date multiplied by the Scheme Consideration (subject to any rounding pursuant to clause 5(c)). (For the avoidance of doubt, each Scheme Participant will only be entitled to receive one payment of the Scheme Consideration applicable to the number of Securities held by that Scheme Participant as at 7.00pm on the Scheme Record Date, which payment will apply in respect of all of the Schemes.)

- (c) If a fractional entitlement to part of a cent in cash arises from the calculation of the total amount of cash to be paid to a MMCGIL Scheme Participant, then any such fractional entitlement will be rounded:
 - (1) where the fraction is 0.5 or more – up; and
 - (2) where the fraction is less than 0.5 – down,
to the nearest whole cent.
- (d) In the case of joint holders of Securities, a cheque shall be payable to those joint holders and shall be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Scheme Record Date.
- (e) In the event that the Target believes that a Scheme Participant is not known at the Scheme Participant's Registered Address, and no account has been notified in accordance with clause 5(b)(1) or a deposit into such an account is rejected or refunded, the Target may credit the amount payable to the relevant Scheme Participant to a separate bank account of Target to be held until the Scheme Participant claims the amount or the amount is dealt with in accordance with any applicable unclaimed money legislation. Target must hold the amount on trust, but any interest accruing on the amount will be for the account of Bidder. An amount credited to the account is to be treated as having been paid to the Scheme Participant when credited to the account. Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.
- (f) In the case of a notice having been given to MMCGIL (or the Registry) of an order made by a court of competent jurisdiction:
 - (1) which requires payment to a third party of a sum in respect of Securities held by a particular Scheme Participant, which would otherwise be payable to the particular Scheme Participant in accordance with clause 5(b), then MMCGIL shall procure that payment is made in accordance with that order; or
 - (2) which would prevent Target from despatching payment to any particular Scheme Participant in accordance with clause 5(b), MMCGIL shall procure that Target (or Registry) retains an amount that would otherwise be payable to that Scheme Participant in accordance with clause 5(b) until such time as payment is permitted by law (and any interest accruing on the amount will be for the account of Bidder).

6 Dealings in MMCGIL Shares

- (a) For the purpose of establishing the persons who are MMCGIL Scheme Shareholders, dealings in MMCGIL Shares will only be recognised if:
- (1) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the MMCGIL Register as the holder of the relevant MMCGIL Shares by 7.00pm on the Scheme Record Date; and
 - (2) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by 7.00pm on the Scheme Record Date.
- (b) MMCGIL will register registrable transfers or transmission applications of the kind referred to in clause 6(a)(2) by, or as soon as practicable after, the Scheme Record Date. The persons shown in the MMCGIL Register, and the number of MMCGIL Shares shown as being held by them, after registration of those transfers and transmission applications will be taken to be MMCGIL Shareholders, and the number of MMCGIL Shares held by them, as at 7.00pm on the Scheme Record Date.
- (c) MMCGIL will not accept for registration, nor recognise for any purpose (including the purpose of establishing the persons who are MMCGIL Scheme Shareholders), any transfer or transmission application in respect of MMCGIL Scheme Shares received after 7.00pm on the Scheme Record Date (or received prior to the Scheme Record Date not in registrable form).
- (d) MMCGIL will maintain or procure the maintenance of the MMCGIL Register in accordance with this clause 6. The MMCGIL Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 6(a)(2) will solely determine the persons who are MMCGIL Scheme Shareholders and their entitlements to the Scheme Consideration.
- (e) Other than Bidder (after registration of Bidder in respect of all MMCGIL Scheme Shares under clause 4.5(d)), no MMCGIL Shareholder (or any person purporting to claim through any MMCGIL Shareholder) may deal with MMCGIL Scheme Shares in any way after 7.00pm on the Scheme Record Date except as set out in this MMCGIL Share Scheme, and any attempt to do so will have no effect.
- (f) Other than in respect of Bidder (after registration of Bidder in respect of all MMCGIL Scheme Shares under clause 4.5(d)), from the Scheme Record Date, all certificates and holding statements (as applicable) for MMCGIL Scheme Shares as at 7.00pm on the Scheme Record Date will cease to have any effect as evidence of title, and each entry on the Register as at 7.00pm on the Scheme Record Date will cease to have any effect other than as evidence of the entitlements of MMCGIL Scheme Shareholders to the Scheme Consideration.
- (g) As soon as practical after the Scheme Record Date, and in any event at least five Business Days before the Implementation Date, MMCGIL must give to CPPIB, or procure that CPPIB is given, details of the names and addresses shown in the MMCGIL Register of all MMCGIL Scheme Shareholders and of the number of MMCGIL Scheme Shares held by each of them as at 7.00pm on the Scheme Record Date, in whatever form CPPIB or Bidder reasonably requires in order to implement the Schemes (including to facilitate the provision by Bidder of the Scheme Consideration).

7 Quotation of Securities

- (a) Target must apply to ASX for suspension of trading of the Target Shares on ASX with effect from the close of business on the Effective Date.
- (b) On a date to be determined by CPPIB (such date to be after the Implementation Date), MMCGIL will apply for termination of the official quotation on ASX of the Securities and apply to have Target removed from the official list of ASX.

8 General Scheme provisions

8.1 Consent to MMCGIL Share Scheme amendments

If the Bermuda Court proposes to approve this MMCGIL Share Scheme subject to alterations or conditions, MMCGIL may, by its counsel or solicitors but subject to the prior written approval of CPPIB, consent on behalf of all MMCGIL Scheme Shareholders to those alterations or conditions.

8.2 MMCGIL Share Scheme Shareholders' agreements and representations

Each MMCGIL Scheme Shareholder irrevocably:

- (a) acknowledges that this MMCGIL Share Scheme binds MMCGIL and all of the MMCGIL Scheme Shareholders from time to time (including those who do not attend the MMCGIL Scheme Meeting, do not vote at that meeting or vote against the MMCGIL Share Scheme);
- (b) agrees to the transfer of all of their MMCGIL Scheme Shares to Bidder in accordance with this MMCGIL Share Scheme;
- (c) agrees to the modification or variation (if any) of the rights attaching to their MMCGIL Scheme Shares arising from this MMCGIL Share Scheme;
- (d) without the need for any further act, appoints MMCGIL and each of its directors and officers, jointly and severally, as that MMCGIL Scheme Shareholder's attorney and agent (and MMCGIL and each of its directors and officers accepts that appointment) for the purpose of executing any document or doing any other act necessary to give full effect to this MMCGIL Share Scheme, the MCIL Share Scheme and the Trust Scheme, and the transactions contemplated by each of them, including:
 - (1) in the case of MMCGIL Scheme Shares in a CHES holding, causing a message to be transmitted to ASTC in accordance with ASTC Settlement Rules so as to transfer to Bidder the MMCGIL Scheme Shares held by the MMCGIL Scheme Shareholder from the CHES sub-register of Target to the issuer sponsored sub-register operated by Target notwithstanding that, at the time of such transfer, the Scheme Consideration that is due under this MMCGIL Share Scheme has not been provided to the MMCGIL Scheme Shareholders; and
 - (2) executing a proper instrument of transfer of its MMCGIL Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all Securities; and

- (e) consents to MMCGIL, CPPIB and Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this MMCGIL Share Scheme, the MCIL Share Scheme and the Trust Scheme, and the transactions contemplated by them.

8.3 Title to and rights to MMCGIL Shares

- (a) To the extent permitted by law, the MMCGIL Scheme Shares transferred to Bidder under this MMCGIL Share Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) MMCGIL Scheme Shareholders are deemed to have warranted to MMCGIL, CPPIB and to Bidder, that all their MMCGIL Scheme Shares (including any rights and entitlements attaching to those MMCGIL Scheme Shares) which are transferred to Bidder under this MMCGIL Share Scheme will, at the date they are transferred to Bidder, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (other than that they must be transferred together with the other securities comprising a Security) and that they have full power and capacity to sell and to transfer such MMCGIL Scheme Shares (including any rights and entitlements attaching to those securities).

8.4 Appointment of Bidder

From the Implementation Date, subject to CPPIB or Bidder paying the Scheme Consideration in accordance with clause 5 and CPPIB providing MMCGIL with written confirmation of that payment, until MMCGIL registers Bidder as the holder of all MMCGIL Scheme Shares in the Register, each MMCGIL Scheme Shareholder is deemed to have appointed Bidder and each of its directors and officers, jointly and severally, as its attorney and agent (and directed Bidder and its directors and officers in such capacity) to appoint the Chairman of Bidder (or other nominee of CPPIB) as its sole proxy and, where applicable, corporate representative, to attend shareholder meetings of MMCGIL and MCIL and unitholder meetings of the Trust, exercise the votes attaching to the MMCGIL Scheme Shares, the MCIL Scheme Shares and the Scheme Units of which they are the registered holder and sign any MMCGIL Shareholders' resolution, MCIL Shareholders' resolution or Unitholders' resolution (and it is acknowledged and agreed that in exercising such powers the attorney may act in the interests of Bidder as the intended registered holder of those shares), and no MMCGIL Scheme Shareholder, MCIL Scheme Shareholder or Scheme Unitholder (as applicable) may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy, by attorney or by corporate representative) other than pursuant to this clause 8.4. Bidder undertakes in favour of each MMCGIL Scheme Shareholder that it will appoint the Chairman of Bidder (or other nominee of CPPIB) as proxy or, where applicable, corporate representative for the relevant MMCGIL Scheme Shareholder, MCIL Scheme Shareholder or Scheme Unitholder in accordance with this clause 8.4.

8.5 Beneficial title

Bidder will be beneficially entitled to the MMCGIL Scheme Shares transferred to it under this MMCGIL Share Scheme pending registration by MMCGIL of the name and address of Bidder in the Register as the holder of the MMCGIL Scheme Shares.

9 General

9.1 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this MMCGIL Share Scheme is sent by post to MMCGIL, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at MMCGIL's registered office.

9.2 Further assurances

MMCGIL must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this MMCGIL Share Scheme and the transactions contemplated by it.

9.3 Stamp duty and other costs

- (a) Subject to clause 9.3(b), Target will pay the costs of this MMCGIL Share Scheme.
- (b) CPPIB will, or will procure that Bidder will, pay any stamp duty payable on the transfer by MMCGIL Scheme Shareholders of the MMCGIL Scheme Shares to Bidder pursuant to the MMCGIL Share Scheme.

9.4 Governing law

This MMCGIL Share Scheme is governed by the laws in force in Bermuda.

Attachment 3 – Supplemental Deed

Supplemental Deed

Macquarie Communications Infrastructure
Management Limited

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Supplemental Deed

Date ►

This deed poll is made by

Manager

Macquarie Communications Infrastructure Management Limited

(ACN 066 047 738) of 1 Martin Place, Sydney NSW 2000

in its capacity as responsible entity of Macquarie Communications Infrastructure Trust (ARSN 101 048 293)

(Manager)

Recitals	<ol style="list-style-type: none">1 Manager is a public company limited by shares, incorporated in Australia and registered in New South Wales. Its registered office is at 1 Martin Place, Sydney, New South Wales 2000.2 Manager is the responsible entity of the Macquarie Communications Infrastructure Trust (ARSN 101 048 293) (Trust) established under a deed poll dated 19 June 2002 (Constitution).3 The Trust has been registered by the Australian Securities and Investments Commission (ASIC) as a managed investment scheme pursuant to section 601EB of the Corporations Act 2001 (Cth) (Corporations Act).4 Units are Stapled to MMCGIL Shares and MCIL Shares on a one-for-one-for-one basis and the Stapled Securities are officially quoted on the financial market conducted by ASX. As at the date of this deed, 546,254,151 Stapled Securities, comprising 546,254,151 Units, 546,254,151 MMCGIL Shares and 546,254,151 MCIL Shares, were on issue.5 CPPIB Communications Pty Ltd (Bidder) is a company limited by shares, incorporated in Victoria. Its registered office is at Level 29, 530 Collins Street, Melbourne, VIC 3000.. Bidder is an entity wholly owned and controlled by CPPIB.6 CPPIB is a Canadian Crown corporation established by the <i>Canada Pension Plan Investment Board Act 1997</i>. Its registered office is at One Queen Street East, Suite 2600, Toronto, M5C 2W5, Canada.7 Manager (acting in its capacity as responsible entity of the Trust), MMCGIL, MCIL and CPPIB agreed, by executing a Scheme Implementation Agreement dated 31 March 2009, to propose and implement, and in the case of CPPIB, also to procure that Bidder will propose and implement, the Trust Scheme and the Share Schemes.
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	<p>8 The Constitution must be amended to facilitate the Trust Scheme.</p> <p>9 Section 601GC(1)(a) of the Corporations Act provides that the Constitution may be modified by special resolution of Unitholders.</p> <p>10 Clause 24 of the Constitution provides that Manager may, by executing a supplemental deed, give effect to a resolution of Unitholders to amend the Constitution.</p> <p>11 At a meeting held on 17 June 2009 convened in accordance with the Corporations Act and clause 17.1 of the Constitution, Unitholders approved the Trust Scheme Resolutions, including a special resolution to make the amendments to the Constitution contained in this deed.</p> <p>12 Pursuant to section 601GC(2) of the Corporations Act, Manager must lodge a copy of this deed with ASIC and the amendments to the Constitution contained in this deed cannot take effect until a copy of this deed has been lodged with ASIC.</p>
<p>This deed witnesses as follows:</p>	

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market conducted by it.
Bermuda Court	the Supreme Court of Bermuda.
Bidder	CPPIB Communications Pty Ltd (ACN 136 263 011).
Business Day	a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.
Companies Act	the <i>Companies Act 1981</i> of Bermuda.
Court	the Supreme Court of New South Wales.
Effective	when used in relation to the Schemes, all of the following events taking place: <ol style="list-style-type: none">1 the order of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the MCIL Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act;2 the order of the Bermuda Court made under section 99(2) of the Companies Act in relation to the MMCGIL Share Scheme coming into effect pursuant to section 99(3) of the Companies Act; and3 this deed taking effect pursuant to section 601GC(2) of the Corporations Act.
Effective Date	the date on which all the Schemes have become Effective.
Effective Time	the date and time at which all the Schemes have become Effective.

Term	Meaning
MCIL	Macquarie Communications Infrastructure Limited (ABN 18 084 388 983).
MCIL Share	one fully paid ordinary share issued in the capital of MCIL.
MCIL Share Scheme	the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between MCIL and registered holders of MCIL Shares (other than MCIML), under which Bidder acquires all of the MCIL Shares (other than those held by MCIML), together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by CPPIB and MCIL.
MCIML	Macquarie Communications Infrastructure Management Limited (ABN 29 066 047 738), in its personal capacity.
MMCGIL Share	one fully paid ordinary share issued in the capital of MMCGIL.
MMCGIL	Macquarie MCG International Limited (ARBN 112 652 490), a company incorporated in Bermuda with registration number 35258.
MMCGIL Share Scheme	the scheme of arrangement pursuant to section 99 of the Companies Act between MMCGIL and registered holders of MMCGIL Shares (other than MCIML), under which Bidder acquires all of the MMCGIL Shares (other than those held by MCIML), together with any alterations or conditions made or required by the Bermuda Court and approved in writing by CPPIB and MMCGIL.
Scheme Record Date	the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Target and CPPIB may agree in writing.
Scheme Unit	each Unit on issue as at 5.00pm on the Scheme Record Date, other than those held by MCIML.
Scheme Unitholder	each person who is a Unitholder as at 7.00pm on the Scheme Record Date, other than MCIML.
Schemes	the Share Schemes and the Trust Scheme.
Share Schemes	the MMCGIL Share Scheme and the MCIL Share Scheme.
Stapled	the linking together of Units, MCIL Shares and MMCGIL Shares so that one may not be transferred, or otherwise dealt with, without the other or

Term	Meaning
	others and which are quoted on the ASX jointly as a 'stapled security' or such other term as the ASX permits.
Stapled Security	a Unit, a MCIL Share and a MMCGIL Share which are Stapled together and registered in the name of the Unitholder.
Trust Scheme	the arrangement facilitated by the amendments to the Constitution contained in this deed under which Bidder acquires all of the Scheme Units from Scheme Unitholders.
Trust Scheme Resolutions	the resolutions of Unitholders to approve the Trust Scheme set out in the notice of meeting of Unitholders dated 4 May 2009, including: <ol style="list-style-type: none"> 1 a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition by Bidder of all the Scheme Units held by Scheme Unitholders; and 2 a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the Constitution as set out in this deed.
Unit	one fully paid ordinary unit in the Trust.
Unitholder	each person who is registered as the holder of Units, and Unitholders means all of them.

1.2 Interpretation

The following rules apply in interpreting this deed, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed, and a reference to this deed includes any schedule or annexure;
- (d) a reference to an agreement, document or instrument (including to this deed, and to any regulatory guide, standard or guidance note) includes the agreement, document or instrument as novated, amended, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, AUD, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;

- (g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (j) a reference to a person, natural person, trust, partnership, body corporate, association, unincorporated body, governmental or local authority or agency or other entity includes any of them;
- (k) a reference to a statute, ordinance, code or other law, or regulation, includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (l) a word or expression defined in either the Corporations Act or the Companies Act (as applicable) has the corresponding meaning given to it in the Corporations Act or Companies Act;
- (m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (p) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it;
- (q) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (r) a reference to amend includes delete or replace.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2 Lodgement with ASIC

Manager must lodge a copy of this deed with ASIC on the same day that MCIL lodges with ASIC an office copy of the order of the court approving the MCIL Scheme under section 411(4)(b) of the Corporations Act.

3 Amendments to the Constitution

With effect on and from the Effective Time, the Constitution is amended as follows:

- (a) in clause 21.1(a), inserting the words 'and clause 21.2A' after the words 'Subject to the Corporations Act';
- (b) in clause 21.2(a), inserting the words ' and clause 21.2A' after the words ' Subject to the Corporations Act';
- (c) by inserting new clause 21.2A after clause 21.2 as follows:

Fees where Trust Scheme implemented

21.2A The Manager is not entitled to the Base Fee or a Performance Fee in respect of any period after 31 March 2009.

- (d) in clause 31.1, by amending the definitions to read as set out below:

Business Day

- (1) for the purposes of clause 32, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia; and
- (2) for all other purposes, a day other than a Saturday or Sunday on which banks are open for general banking business in Sydney and Melbourne but if the Units are Officially Quoted has the meaning given to that term in the Listing Rules.

Security

- (a) for the purposes of clause 32, a stapled security comprising one MCIL Scheme Share, one MMCGIL Scheme Share and one Scheme Unit; and
 - (b) for all other purposes:
 - (i) while the Units are Stapled, a Stapled Security; and
 - (ii) while the Units are not Stapled, a Unit.
- (e) in clause 31.1, by inserting the following new definitions in alphabetical order:

ADI the meaning given to the term 'authorised deposit-taking institution' in the *Banking Act 1959* (Cth) of Australia.

Aggregate Scheme Consideration the aggregate of all Scheme Consideration payable to Scheme Participants under the Schemes.

ASTC ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASTC Settlement Rules the operating rules of the settlement facility of the ASTC for the purposes of the Corporations Act.

Bermuda Court the Supreme Court of Bermuda.

Bidder CPPIB Communications Pty Ltd (ACN 136 263 011).

CHESS the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASTC.

Companies Act the *Companies Act 1981* of Bermuda.

Conditions Precedent the conditions precedent set out in clause 3.1 of the Scheme Implementation Agreement.

Court the Supreme Court of New South Wales, Australia.

CPPIB Canada Pension Plan Investment Board.

Deed Poll the deed poll dated 4 May 2009 executed by CPPIB and Bidder in favour of Scheme Participants.

Effective when used in relation to the Schemes, all of the following events taking place:

- (1) the order of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the MCIL Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act;
- (2) the order of the Bermuda Court made under section 99(2) of the Companies Act in relation to the MMCGIL Share Scheme coming into effect pursuant to section 99(3) of the Companies Act; and
- (3) the Supplemental Deed making amendments to this constitution to facilitate the Trust Scheme, including the insertion of clause 32, taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date the date on which all the Schemes have become Effective.

Implementation Date the fifth Business Day after the Scheme Record Date.

Macquarie Transaction the meaning given to that term in the Scheme Implementation Agreement.

MCIL Macquarie Communications Infrastructure Limited (ABN 18 084 388 983).

MCIL Register the register of MCIL Shareholders maintained by MCIL pursuant to Chapter 2C of the Corporations Act.

MCIL Scheme Share each MCIL Share on issue as at 7.00pm on the Scheme Record Date, other than MCIL Shares held by MCIML

MCIL Scheme Shareholder each MCIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.

MCIL Share one fully paid ordinary share issued in the capital of MCIL.

MCIL Share Scheme the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between MCIL and MCIL Shareholders (other than MCIML), under which Bidder acquires all of the MCIL Shares (other than those held by MCIML), together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by CPPIB and Target.

MCIL Share Scheme Meeting the meeting of MCIL Shareholders (other than MCIML) convened by order of the Court in relation to the MCIL Share Scheme pursuant to section 411(1) of the Corporations Act, and includes any adjournment of such meeting.

MCIL Shareholder a person who is registered in the MCIL Register as the holder of MCIL Shares, and **MCIL Shareholders** means all of them.

MCIML Macquarie Communications Infrastructure Management Limited (ABN 29 066 047 738), in its personal capacity.

MMCGIL Macquarie MCG International Limited (ARBN 112 652 490), a company incorporated in Bermuda with registration number 35258.

MMCGIL Register the register of MMCGIL Shareholders maintained by MMCGIL pursuant to section 65 of the Companies Act.

MMCGIL Scheme Share each MMCGIL Share on issue as at 7.00pm on the Scheme Record Date, other than MMCGIL Shares held by MCIML

MMCGIL Scheme Shareholder each MMCGIL Shareholder as at 7.00pm on the Scheme Record Date, other than MCIML.

MMCGIL Share one fully paid ordinary share issued in the capital of MMCGIL.

MMCGIL Share Scheme the scheme of arrangement pursuant to section 99 of the Companies Act between MMCGIL and MMCGIL Shareholders (other than MCIML) under which Bidder acquires all of the MMCGIL Shares (other than those held by MCIML), together with any alterations or conditions made or required by the Bermuda Court and approved in writing by CPPIB and Target.

MMCGIL Share Scheme Meeting the meeting of MMCGIL Shareholders (other than MCIML) convened by the Bermuda Court in relation to the MMCGIL Share Scheme pursuant to section 99(1) of the Companies Act, and includes any adjournment of such meeting.

MMCGIL Shareholder a person who is registered in the MMCGIL Register as the holder of MMCGIL Shares, and **MMCGIL Shareholders** means all of them.

Registered Address in relation to a Securityholder, the address of the Securityholder as recorded in the Register.

Registry Computershare Investor Services Pty Limited (ABN 48 078 279 277) of Level 3, Carrington Street, Sydney NSW 2000, Australia.

Scheme Consideration for each Security held by a Scheme Participant at 7.00pm on the Scheme Record Date, an amount of \$2.50.

Scheme Implementation Agreement the agreement of that name dated 31 March 2009 executed by MMCGIL acting in its own capacity, MCIL acting in its own capacity, Manager acting in its capacity as responsible entity of Trust and CPPIB.

Scheme Participant each person who participates in each of the MMCGIL Share Scheme, the MCIL Share Scheme and the Trust Scheme by virtue of being a MMCGIL Scheme Shareholder, a MCIL Scheme Shareholder and a Scheme Unitholder.

Scheme Record Date the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Target and CPPIB may agree in writing.

Scheme Security one MMCGIL Scheme Share, one MCIL Scheme Share and one Scheme Unit.

Scheme Transfer for each Scheme Participant, a proper instrument of transfer of their Scheme Securities for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Securities.

Scheme Unitholder each person who is a Unitholder as at 7.00pm on the Scheme Record Date, other than MCIML.

Scheme Unit each Unit on issue as at 7.00pm on the Scheme Record Date, other than those held by MCIML.

Schemes the Share Schemes and the Trust Scheme.

Securityholder for the purposes of clause 32, each person who is registered in the Register as the holder of Securities.

Share Scheme Meetings the MMCGIL Share Scheme Meeting and the MCIL Share Scheme Meeting.

Share Schemes the MMCGIL Share Scheme and the MCIL Share Scheme.

Supplemental Deed the deed poll dated [#INSERT DATE] made by Manager in relation to amendment of this constitution.

Target together, MMCGIL, MCIL and the Trust (acting through Manager in its capacity as responsible entity of the Trust), or any of them as the context requires. For the avoidance of doubt, no security in Manager will become subject to the Schemes or any other transaction referred to in this constitution or the Scheme Implementation Agreement except for the Macquarie Transaction.

Target Register the stapled security register of Target kept pursuant to the Corporations Act and the Companies Act.

Trust Scheme the arrangement by which all of the Scheme Units will be transferred to Bidder for the Scheme Consideration, as provided for in the Scheme Implementation Agreement and set out in clause 32.

Trust Scheme Meeting the meeting of Unitholders held on 17 June 2009 convened by Manager pursuant to clause 17.1 of this constitution to consider the Trust Scheme Resolutions, and includes any adjournment of that meeting.

Trust Scheme Resolutions the resolutions of Unitholders set out in the notice of meeting of Unitholders dated 4 May 2009 2009, including:

- (1) a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Scheme Units by Bidder; and
- (2) a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to this constitution as set out in the Supplemental Deed.

Unitholder each person who is registered in the Register as the holder of Units, and Unitholders means all of them.

(f) by inserting a new clause 32 as set out below:

32 Trust Scheme

32.1 Dealings in Units

- (a) For the purpose of establishing the persons who are Scheme Unitholders, dealings in Units will only be recognised if:
 - (i) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the relevant Units by 7.00pm on the Scheme Record Date; and
 - (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by 7.00pm on the Scheme Record Date.
- (b) Manager will register registrable transfers or transmission applications of the kind referred to in clause 32.1(a)(ii) by, or as soon as practicable after, the Scheme Record Date. The persons shown in the Register, and the number of Units shown as being held by them, after registration of those transfers and transmission applications will be taken to be the Scheme Unitholders, and the number of Units held by them, as at 7.00pm on the Scheme Record Date.
- (c) Manager will not accept for registration, nor recognise for any purpose (including the purpose of establishing the persons who are Scheme Unitholders), any transfer or transmission application in respect of

Scheme Units received after 7.00pm on the Scheme Record Date (or received prior to the Scheme Record Date but not in registrable form).

- (d) Manager will maintain, or procure the maintenance of, the Register in accordance with this clause 32.1. The Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 32.1(a)(ii), and the terms of the Trust Scheme, will solely determine the persons who are Scheme Unitholders and their entitlements to the Scheme Consideration.
- (e) Other than Bidder (after registration of Bidder in respect of all Scheme Units under clause 32.3(c)), no Scheme Unitholder (or any person purporting to claim through any Scheme Unitholder) may deal with Scheme Units in any way after 7.00pm on the Scheme Record Date except as set out in this clause 32, and any attempt to do so will have no effect.
- (f) Other than in respect of Bidder (after registration of Bidder in respect of all Scheme Units under clause 32.3(c)), from the Scheme Record Date, all unit certificates and holding statements (as applicable) for Scheme Units as at 7.00pm on the Scheme Record Date will cease to have any effect as evidence of title, and each entry on the Register as at 7.00pm on the Scheme Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Unitholders to the Scheme Consideration.
- (g) As soon as practical after the Scheme Record Date, and in any event at least five Business Days before the Implementation Date, Manager must give to CPPIB, or procure that CPPIB is given, details of the names and addresses shown in the Register of all Scheme Unitholders and of the number of Scheme Units held by each of them as at 7.00pm on the Scheme Record Date, in whatever form CPPIB or Bidder reasonably requires in order to implement the Schemes (including to facilitate the provision by Bidder of the Scheme Consideration).

32.2 Scheme Consideration

- (a) The obligations of CPPIB and Bidder to pay the Scheme Consideration under the Deed Poll will be satisfied by CPPIB or Bidder, before 12.00 noon on the Implementation Date, depositing or procuring the deposit of the Aggregate Scheme Consideration into an account nominated by Target (the details of which must be notified by Target to CPPIB at least five Business Days before the Implementation Date).
- (b) Manager is to procure that the amount referred to in clause 32.2(a) be held by Target on trust for the Scheme Participants (except that any interest on the amount will be for the account of Bidder) for the purpose of sending the Scheme Consideration to the Scheme Participants, within one Business Day after the Implementation Date:
 - (i) where the Scheme Participant has nominated (by notice to Manager or the Registry before 7.00pm on the Scheme Record Date) a bank account with an ADI in Australia for the purpose of payment of any dividends or distribution or the Scheme Consideration, then by depositing, or by procuring the deposit of, directly to that bank account, an amount; or
 - (ii) dispatching or procuring the dispatch to each Scheme Participant by pre-paid post to their Registered Address a cheque drawn on an ADI in the name of that Scheme Participant for an amount,

in Australian currency, equal to the number of Securities held by that Scheme Participant as at 7.00pm on the Scheme Record Date, multiplied by the Scheme Consideration (subject to any rounding pursuant to clause 32.2(c)). (For the avoidance of doubt, each Scheme Participant will only be entitled to receive one payment of the Scheme Consideration applicable to the number of Securities held by that Scheme Participant as at 7.00pm on the Scheme Record Date, which payment will apply in respect of all of the Schemes.)

- (c) If a fractional entitlement to part of a cent in cash arises from the calculation of the total amount of cash to be paid to a Scheme Participant, then any such fractional entitlement will be rounded:
 - (i) where the fraction is 0.5 or more – up; and
 - (ii) where the fraction is less than 0.5 – down,to the nearest whole cent.
- (d) In the case of joint holders of Securities, a cheque shall be payable to those joint holders and shall be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Scheme Record Date.
- (e) In the event that the Target believes that a Scheme Participant is not known at the Scheme Participant's Registered Address, and no account has been notified in accordance with clause 32.2(b)(i) or a deposit into such an account is rejected or refunded, the Target may credit the amount payable to the relevant Scheme Participant to a separate bank account of Target to be held until the Scheme Participant claims the amount or the amount is dealt with in accordance with any applicable unclaimed money legislation. Target must hold the amount on trust, but any interest accruing on the amount will be for the account of Bidder. An amount credited to the account is to be treated as having been paid to the Scheme Participant when credited to the account. Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.
- (f) In the case of a notice having been given to Manager (or the Registry) of an order made by a court of competent jurisdiction:
 - (i) which requires payment to a third party of a sum in respect of Securities held by a particular Scheme Participant, which would otherwise be payable to the particular Scheme Participant in accordance with clause 32.2(b), then Manager shall procure that payment is made in accordance with that order; or
 - (ii) which would prevent Target from despatching payment to any particular Scheme Participant in accordance with clause 32.2(b), Manager shall procure that Target (or Registry) retains an amount that would otherwise be payable to that Scheme Participant in accordance with clause 32.2(b) until such time as payment is permitted by law (and any interest accruing on the amount will be for the account of Bidder).

32.3 Transfers to Bidder

- (a) On the Implementation Date, subject to CPPIB and Bidder paying the Scheme Consideration in accordance with clause 32.2 and CPPIB providing Manager with written confirmation of that payment:
 - (i) all of the Scheme Units together with all rights and entitlements attaching to the Scheme Units as at the

Implementation Date will be transferred to Bidder without the need for any further act by any Scheme Unitholder (other than acts performed by Manager (or its directors or officers) as attorney or agent of the Scheme Unitholders under clause 32.4 or otherwise) and must be transferred to Bidder simultaneously with the transfer of all of the MMCGIL Scheme Shares and MCIL Scheme Shares to Bidder under the Share Schemes; and

- (ii) Manager will procure:
 - (A) in the case of Scheme Units in a CHES holding, a message to be transmitted to ASTC in accordance with ASTC Settlement Rules so as to transfer to Bidder the Scheme Units held by the Scheme Unitholder from the CHES sub-register of Target to the issuer sponsored sub-register operated by Target; and
 - (B) the delivery to Bidder of transfers of all the Scheme Units to Bidder duly completed and executed on behalf of the Scheme Unitholders, in the form of Scheme Transfers which together with transfers pursuant to the MCIL Share Scheme and the MMCGIL Share Scheme transfer all of the Scheme Securities to Bidder.

(b) CPPIB must procure that Bidder, and Bidder must, immediately execute the transfers referred to in clause 32.3(a)(ii) as transferee by executing the Scheme Transfers as transferee and delivering the Scheme Transfers to Manager for registration.

(c) Manager must, immediately following receipt of the transfers under clause 32.3(b) (in the form of Scheme Transfers in respect of the Scheme Securities), enter the name and address of Bidder in:

- (i) the Register in respect of all the Scheme Units; and
- (ii) the Target Register in respect of all Securities.

32.4 Covenants by Manager and Unitholders

(a) Each Scheme Unitholder and Manager must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Trust Scheme and the transactions contemplated by it.

(b) Each Scheme Unitholder irrevocably:

- (i) acknowledges that this clause 32 binds Manager and all of the Unitholders from time to time (including those who do not attend the Trust Scheme Meeting, do not vote at that meeting or vote against the Trust Scheme Resolutions);
- (ii) agrees to the transfer of all of their Scheme Units, together with all rights and entitlements attaching to those Scheme Units, to Bidder in accordance with this clause 32;
- (iii) agrees to the modification or variation (if any) of the rights attaching to their Scheme Units arising from this clause 32;
- (iv) without the need for any further act, appoints Manager and each of its directors and officers, jointly and severally, as that Scheme Unitholder's attorney and agent (and Manager and each of its directors and officers accepts that appointment) for the purpose of executing any document or

doing any other act necessary to give full effect to the Trust Scheme, the MCIL Share Scheme and the MMCGIL Share Scheme, this clause 32, and the transactions contemplated by each of them, including:

- (A) in the case of Scheme Units in a CHES holding, causing a message to be transmitted to ASTC in accordance with ASTC Settlement Rules so as to transfer to Bidder the Scheme Units held by the Scheme Unitholder from the CHES sub-register of Target to the issuer sponsored sub-register operated by Target notwithstanding that, at the time of such transfer, the Scheme Consideration that is due under this clause 32 has not been provided to the Scheme Unitholders; and
 - (B) executing a proper instrument of transfer of its Scheme Units for the purposes of section 1071B of the Corporations Act which may be a master transfer of all Securities;
- (v) consents to Manager, CPPIB and Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Trust Scheme, the MCIL Share Scheme and the MMCGIL Share Scheme, this clause 32 and the transactions contemplated by them; and
- (vi) appoints Manager to enforce the Deed Poll against CPPIB and/or Bidder on behalf of and as agent and attorney for the Scheme Unitholder.
- (c) From the Implementation Date, subject to CPPIB or Bidder paying the Scheme Consideration in accordance with clause 32.2 and CPPIB providing Manager with written confirmation of that payment, until Manager registers Bidder as the holder of all Scheme Units in the Register, each Scheme Unitholder is deemed to have appointed Bidder and each of its directors and officers, jointly and severally, as its attorney and agent (and directed Bidder and its directors and officers in such capacity) to appoint the Chairman of Bidder (or other nominee of CPPIB) as its sole proxy and, where applicable, corporate representative to attend unitholder meetings of the Trust and shareholder meetings of MCIL and MMCGIL, exercise the votes attaching to the Scheme Units, MCIL Scheme Shares and the MCIL Scheme Shares of which they are the registered holder and sign any Unitholders' resolution, MCIL Shareholders' resolution or MMCGIL Shareholders' resolution, and no Scheme Unitholder, MCIL Scheme Shareholder or MMCGIL Scheme Shareholder (as applicable) may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this clause 32.4(c). Bidder undertakes in favour of each Scheme Unitholder that it will appoint the Chairman of Bidder (or other nominee of CPPIB) as proxy or, where applicable, corporate representative for the relevant Scheme Unitholder, MCIL Scheme Shareholder or MMCGIL Scheme Shareholder in accordance with this clause 32.4(c).
- 32.5 Status of Scheme Units
- (a) To the extent permitted by law, the Scheme Units transferred to Bidder under this clause 32 will be transferred free from all mortgages,

charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.

- (b) The Scheme Unitholders are deemed to have warranted to Manager, CPPIB and to Bidder, that all their Scheme Units (including any rights and entitlements attaching to those Scheme Units) which are transferred to Bidder under this clause 32 will, at the time they are transferred to Bidder, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind not referred to in this constitution (other than that they must be transferred together with the other securities comprising a Security), and that they have full power and capacity to sell and to transfer their Scheme Units (including any rights and entitlements attaching to those Scheme Units).
- (c) Bidder will be beneficially entitled to the Scheme Units transferred to it under this clause 32 pending registration by Manager of the name and address of Bidder in the Register as the holder of the Scheme Units.

32.6 Effect of clause 32

This clause 32:

- (a) binds Manager and all Unitholders, including those who do not attend the Trust Scheme Meeting, those who do not vote at that meeting and those who vote against the Trust Scheme Resolutions at that meeting; and
- (b) overrides the other provisions of this constitution to the extent of any inconsistency, except clauses 24.2 and 27.

32.7 Manager's limitation of liability

Without limiting clauses 19.1 and 19.2, subject to the Corporations Act, Manager will not have any liability of any nature whatsoever beyond the assets of the Trust to Unitholders arising, directly or indirectly, from Manager doing or refraining from doing any act (including the execution of a document), matter or thing pursuant to or in connection with the implementation of the Trust Scheme.

- (g) by inserting a new clause 33 as set out below:

33 Interpretation of Supplemental Deed amendments

- (a) The following rules apply in interpreting the amendments to this constitution as set out in the Supplemental Deed, except where the context otherwise requires:
 - (i) the singular includes the plural and vice versa, and a gender includes other genders;
 - (ii) another grammatical form of a defined word or expression has a corresponding meaning;
 - (iii) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed, and a reference to this deed includes any schedule or annexure;
 - (iv) a reference to an agreement, document or instrument (including to this deed, and to any regulatory guide, standard or guidance note) includes the agreement, document or instrument as novated, amended, altered, supplemented or replaced from time to time;

- (v) a reference to **A\$, AUD, dollar** or **\$** is to Australian currency;
- (vi) a reference to time is to Sydney, Australia time;
- (vii) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (viii) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (ix) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (x) a reference to a person, natural person, trust, partnership, body corporate, association, unincorporated body, governmental or local authority or agency or other entity includes any of them;
- (xi) a reference to a statute, ordinance, code or other law, or regulation, includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (xii) a word or expression defined in either the Corporations Act or the Companies Act (as applicable) has the corresponding meaning given to it in the Corporations Act or Companies Act;
- (xiii) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (xiv) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (xv) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (xvi) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it;
- (xvii) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (xviii) a reference to amend includes delete or replace.

- (b) For the avoidance of doubt, clause 31.2 of this constitution does not apply in interpreting the amendments to this constitution as set out in the Supplemental Deed.

4 Pre-existing rights

Except as specifically provided under this deed, nothing in this deed:

- (a) prejudices or adversely affects any right, power, authority, discretion or remedy arising under the Constitution before the date of this deed;
- (b) discharges releases or otherwise affects any liability or obligation arising under the Constitution before the date of this deed.

5 No resettlement

The Manager confirms that it is not by this deed intending to:

- (a) resettle or redeclare the Trust declared under the Constitution; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Trust in any person.

6 Governing law

This deed will be governed by the laws of the State of New South Wales, Australia.

Signing page

Executed as a deed

Signed sealed and delivered for
Macquarie Communications Infrastructure Management Limited
by his/her/its attorney

sign here ► _____
Attorney

print name _____

in the presence of

sign here ► _____
Witness

print name _____

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Annexure D – Notices of Meetings

Notice of MCIL Share Scheme Meeting

Macquarie Communications Infrastructure Limited ACN 084 388 983.

Notice is hereby given that by an order of the Supreme Court of New South Wales (**Court**) made on 4 May 2009 pursuant to section 411(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), a meeting of the holders of ordinary shares, other than MCIML, in Macquarie Communications Infrastructure Limited ACN 084 388 983 (**MCIL**) will be held in the Heritage Room at The Westin Sydney Hotel, No. 1 Martin Place, Sydney on 17 June 2009 at 11.30am.

The Court has also directed that Malcolm Long act as chairman of the meeting, or failing him, that Mel Ward act as chairman of the meeting, and has directed the chairman to report the result of the meeting to the Court if the resolution is approved.

Business of the meeting – Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

‘That, subject to and conditional on:

- (a) the MMCGIL Share Scheme being sanctioned by the Supreme Court of Bermuda (**Bermuda Court**) under section 99(2) of the Companies Act 1981 (Bermuda) (with or without modification as approved by the Bermuda Court) and a copy of the order of the Bermuda Court sanctioning the MMCGIL Share Scheme being lodged with the Registrar of Companies in Bermuda; and
- (b) the Unit holders passing the Trust Scheme Resolutions and the Court confirming that MCIML would be justified in acting upon the Trust Scheme Resolutions and in doing all things and taking all steps necessary to put the Trust Scheme into effect,

pursuant to and in accordance with section 411 of the Corporations Act, the arrangement proposed between MCIL and the holders of its fully paid ordinary shares (other than MCIML), designated the ‘MCIL Share Scheme’, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of MCIL Share Scheme Meeting forms part), is agreed to, with or without modification as approved by the Court.’



Leanne Pickering
Company Secretary
Dated 4 May 2009

Explanatory Statement

To enable you to make an informed decision on the resolution, further information on the MCIL Share Scheme is set out in the Scheme Booklet, of which this Notice of MCIL Share Scheme Meeting forms part. Terms used in this Notice of MCIL Share Scheme Meeting have the same meaning as set out in the Glossary in Section 10 of the Scheme Booklet. These notes should be read in conjunction with the Notice of MCIL Share Scheme Meeting and the Scheme Booklet.

The Scheme Booklet also contains a copy of the MCIL scheme (see Attachment 1 to Annexure C) and a copy of the Explanatory Statement required by section 412 of the Corporations Act.

Majority required

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution must be approved by:

- (a) a majority in number of the MCIL Shareholders present and voting (either in person, by proxy or attorney or in the case of a corporate holder, by duly appointed corporate representative) at the MCIL Scheme Meeting; and
- (b) at least 75% of the votes cast on the resolution.

The Chairman proposes to call for the vote to be conducted by poll.

Entitlement to vote

The Court has ordered that, for the purposes of the MCIL Share Scheme Meeting, MCIL Shares will be taken to be held by the persons who are registered as members at 7.00pm on 15 June 2009. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the MCIL Share Scheme Meeting.

Voting Exclusions

None of CPPIB, CCPL or any member of the Macquarie Group and their associates will vote at the MCIL Share Scheme Meeting other than in respect of MCIL Shares in respect of which such person is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary who is not an associate of CPPIB, CCPL or a member of the Macquarie Group, directing such person how to vote.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy or attorney to attend and vote for you. MCIL Shareholders, their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the MCIL Share Scheme Meeting and bring a form of personal identification (such as a driver's licence).

- (a) Jointly held shares

If MCIL Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

- (b) Corporate shareholders

To vote at the meeting (other than by proxy or attorney), a corporation that is a holder of MCIL Shares must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

- (c) Voting by proxy

A holder of MCIL Shares entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of MCIL Shares. If you are entitled to cast two or more votes at the MCIL Share Scheme Meeting you may appoint up to two proxies to attend and act for you at the meeting.

If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes (disregarding fractions).

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the MCIL Share Scheme Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of MCIL or the address listed below no less than 48 hours prior to the commencement of the MCIL Share Scheme Meeting.

(d) Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 11.30am on 15 June 2009 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the MCIL Share Scheme Meeting and given a voting card upon providing at the point of entry to the MCIL Share Scheme Meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a MCIL Shareholder from attending in person and voting at the MCIL Share Scheme Meeting if the MCIL Shareholder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to MCIL at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia

Facsimile: 1800 783 447 (within Australia) or +61 3 9473 2555 (from outside Australia)

Delivery: Computershare Sydney, Level 2, 60 Carrington Street, Sydney NSW 2000, Australia

MCIL Shareholders should contact the Registry at the above address or the Securityholder information helpline on 1800 448 448 (from within Australia) or +61 3 9946 4451 (from outside Australia) with any queries.

Court approval

If the Resolutions are approved at the Meetings by the requisite majorities, the implementation of the MCIL Share Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court. MCIL intends to apply to the Court for orders to give effect to the MCIL Share Scheme if the Resolutions are so approved.

Notice of MMCGIL Share Scheme Meeting

Macquarie MCG International Limited, registration number 35258 (ARBN 112 652 490).

Notice is hereby given that by an order of the Supreme Court of Bermuda (**Bermuda Court**) made on 1 May 2009 pursuant to section 99(1) of the Companies Act 1981 (Bermuda) (**Companies Act**), a meeting of the holders of ordinary shares, other than MCIML, in Macquarie MCG International Limited, registration number 35258 (ARBN 112 652 490) (**MMCGIL**) will be held in the Heritage Room at The Westin Sydney Hotel, No. 1 Martin Place, Sydney on 17 June 2009 at 11.30am Sydney, Australia time.

The Court has also directed that Rodney Birrell act as chairman of the meeting, or failing him, that Kim Carter act as chairman of the meeting, and has directed the chairman to report the result of the meeting to the Bermuda Court if the resolution is approved.


Business of the meeting - Resolution

To consider, and if thought fit, to pass the following resolution in accordance with section 99(2) of the Companies Act:

'That, subject to and conditional on:

- (a) the MCIL Share Scheme being approved by the Supreme Court of New South Wales under section 411(4)(b) of the Corporations Act 2001 (Cth) (with or without modification as approved by the Supreme Court of New South Wales) and an office copy of the order of the Supreme Court of New South Wales approving the MCIL Share Scheme being lodged with the Australian Securities and Investments Commission; and
- (b) the Unit holders passing the Trust Scheme Resolutions and the Supreme Court of New South Wales confirming that MCIML would be justified in acting upon the Trust Scheme Resolutions and in doing all things and taking all steps necessary to put the Trust Scheme into effect,

pursuant to and in accordance with section 99 of the Companies Act, the arrangement proposed between MMCGIL and the holders of its fully paid ordinary shares (other than MCIML), designated the 'MMCGIL Share Scheme', the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of MMCGIL Share Scheme Meeting forms part), is agreed to, with or without modification as approved by the Bermuda Court.'



Edith Conyers
Company Secretary
Dated 1 May 2009

Explanatory Statement

To enable you to make an informed decision on the resolution, further information on the MMCGIL Share Scheme is set out in the Scheme Booklet, of which this Notice of MMCGIL Share Scheme Meeting forms part. Terms used in this Notice of MMCGIL Share Scheme Meeting have the same meaning as set out in the Glossary in Section 10 of the Scheme Booklet.

These notes should be read in conjunction with the Notice of MMCGIL Share Scheme Meeting and the Scheme Booklet.

Majority required

In accordance with section 99(2) of the Companies Act, the resolution must be approved by a majority in number representing 75% in value of the MMCGIL Shareholders present and voting (either in person, by proxy, by attorney or, in the case of a corporate holder, by duly appointed corporate representative) at the MMCGIL Scheme Meeting.

The Chairman proposes to call for the vote to be conducted by poll.

Entitlement to vote

The Bermuda Court has ordered that, for the purposes of the MMCGIL Scheme Meeting, MMCGIL Shares will be taken to be held by the persons who are registered as members at 7.00pm on 15 June 2009. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the MMCGIL Share Scheme Meeting.

Voting Exclusions

None of CPPIB, CCPL or any member of the Macquarie Group and their associates will vote at the MMCGIL Share Scheme Meeting other than in respect of MMCGIL Shares in respect of which such person is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary who is not an associate of CPPIB, CCPL or a member of the Macquarie Group, directing such person how to vote.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy or attorney to attend and vote for you. MMCGIL Shareholders, their proxies or attorneys or representatives of corporate proxies wishing to vote in person should attend the MMCGIL Share Scheme Meeting and bring a form of personal identification (such as a driver's licence).

(a) Jointly held shares

If MMCGIL Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

(b) Corporate shareholders

To vote at the meeting (other than by proxy or under power of attorney), a corporation that is a holder of MMCGIL Shares must appoint a person to act as its representative. The appointment must comply with the Bye-laws of MMCGIL. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

(c) Voting by proxy

A holder of MMCGIL Shares entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of MMCGIL Shares.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the MMCGIL Share Scheme Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of MMCGIL or the address listed below no less than 48 hours prior to the commencement of the MMCGIL Share Scheme Meeting.

(d) Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 11.30am on 15 June 2009 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the MMCGIL Share Scheme Meeting and given a voting card upon providing at the point of entry to the MMCGIL Share Scheme Meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a holder of MMCGIL Shares from attending in person and voting at the MMCGIL Share Scheme Meeting if the holder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms and authorities should be sent to MMCGIL at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia

Facsimile: 1800 783 447 (from within Australia) or +61 3 9473 2555 (from outside Australia)

Delivery: Computershare Sydney, Level 2, 60 Carrington Street, Sydney NSW 2000, Australia

MMCGIL Shareholders should contact the Registry at the above address or the Securityholder information helpline on 1800 448 448 (from within Australia) or +61 3 9946 4451 (from outside Australia) with any queries.

Court approval

If the Resolutions are approved at the Meetings by the requisite majorities, the implementation of the MMCGIL Share Scheme (with or without modification) will be subject, among other things, to the subsequent sanction of the Bermuda Court. MMCGIL intends to apply to the Bermuda Court for an order to give effect to the MMCGIL Share Scheme if the Resolutions are so approved. The Bermuda Court hearing for approval of the MMCGIL Share Scheme is currently scheduled for 24 June 2009 but is subject to change.

Notice of Trust Scheme Meeting

Macquarie Communications Infrastructure Management Limited ACN 066 047 738 as responsible entity of the Macquarie Communications Infrastructure Trust ARSN 101 048 293.

Notice is hereby given that a meeting of holders of units in the Macquarie Communications Infrastructure Trust ARSN 101 048 293 (**MCIT**) as confirmed by an order of the Supreme Court of New South Wales (**Court**) made on 4 May 2009 pursuant to section 63 of the Trustee Act 1925 (NSW) will be held in the Heritage Room at The Westin Sydney Hotel, No. 1 Martin Place, Sydney on 17 June 2009 at 11.30am.

Malcolm Long will act as chairman of the meeting or, failing him, Mel Ward will act as chairman of the meeting.

Business of the meeting – Resolutions

Resolution 1 – Trust Deed Amendment Resolution: To consider, and if thought fit, to pass the following resolution, as a special resolution, in accordance with section 601GC(1)(a) of the Corporations Act:

‘That, subject to and conditional on:

- (a) the MCIL Share Scheme being approved by the Court under section 411(4)(b) of the Corporations Act 2001 (Cth) (**Corporations Act**) (with or without modification as approved by the Court) and an office copy of the order of the Court approving the MCIL Share Scheme being lodged with the Australian Securities and Investments Commission (**ASIC**);
- (b) the MMCGIL Share Scheme being sanctioned by the Supreme Court of Bermuda (**Bermuda Court**) under section 99(2) of the Companies Act 1981 (Bermuda) (**Companies Act**) (with or without modification as approved by the Bermuda Court) and a copy of the order of the Bermuda Court sanctioning the MMCGIL Share Scheme being lodged with the Registrar of Companies in Bermuda; and
- (c) Resolution 2 in this Notice of Trust Scheme Meeting being passed,

the Constitution of MCIT be amended with effect on and from the Effective Date as set out in the Supplemental Deed for the purpose of giving effect to the Trust Scheme and the responsible entity of MCIT be authorised to execute and lodge with ASIC a copy of the Supplemental Deed.’

Resolution 2 – Acquisition Resolution: To consider and if thought fit, to pass the following resolution as an ordinary resolution:

‘That, subject to, and conditional on:

- (a) the MCIL Share Scheme being approved by the Court under section 411(4)(b) of the Corporations Act (with or without modification as approved by the Court) and an office copy of the order of the Court approving the MCIL Share Scheme being lodged with the Australian Securities and Investments Commission;
- (b) the MMCGIL Share Scheme being sanctioned by the Bermuda Court under section 99(2) of the Companies Act (with or without modification as approved by the Bermuda Court) and a copy of the order of the Bermuda Court sanctioning the MMCGIL Share Scheme being lodged with the Registrar of Companies in Bermuda; and
- (c) Resolution 1 in this Notice of Trust Scheme Meeting being passed and an executed copy of the Supplemental Deed being lodged with ASIC before, or at the same time as the office copy of the orders of the Court approving the MCIL Share Scheme is lodged with ASIC,

the Trust Scheme (as described in the Scheme Booklet of which this Notice of Trust Scheme Meeting forms part) be approved and, in particular, the acquisition by Canada Pension Plan Investment Board and its related bodies corporate (as defined in the Corporations Act) of a relevant interest in all the MCIT Units existing as at the Scheme Record Date, other than those held by MCIML, pursuant to the Trust Scheme be approved for the purposes of item 7 section 611 of the Corporations Act.’

By order of the Board of Macquarie Communications Infrastructure Management Limited (the responsible entity of MCIT)



Leanne Pickering
Company Secretary
Dated 4 May 2009

Explanatory Statement

To enable you to make an informed decision on the resolutions, further information on the Trust Scheme is set out in the Scheme Booklet, of which this Notice of Trust Scheme Meeting forms part. Terms used in this Notice of Trust Scheme Meeting have the same meaning as set out in the Glossary in Section 10 of the Scheme Booklet.

These notes should be read in conjunction with the Notice of Trust Scheme Meeting and Scheme Booklet.

Majority required

- Resolution 1 will not be passed unless at least 75% of the votes cast on the resolution are cast in favour of the resolution by holders of MCIT Units entitled to vote on the resolution.
- Resolution 2 will not be passed unless more than 50% of the votes cast on the resolution are cast in favour of the resolution by holders of MCIT Units entitled to vote on the resolution.

The chairman proposes to call for the votes to be conducted by poll.

Entitlement to vote

The responsible entity of MCIT has determined that for the purposes of the Trust Scheme Meeting, MCIT Units will be taken to be held by the persons who are registered as members at 7.00pm on 15 June 2009. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Trust Scheme Meeting.

Voting Exclusions

Any votes cast by Macquarie Group Limited, CPPIB, CCPL or their associates will be disregarded, other than in respect of MCIT Units in respect of which such person is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary who is not an associate of CPPIB, CCPL or a member of the Macquarie Group, directing such person how to vote.

In accordance with section 253E of the Corporations Act, the responsible entity of MCIT and its associates are not entitled to vote their interest on any resolution at a meeting of MCIT Unit holders if they have an interest in the resolution or matter other than as a member of MCIT.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy or attorney to attend and vote for you. Unit holders, their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Trust Scheme Meeting and bring a form of personal identification (such as a driver's license).

(a) Jointly held units

If MCIT Units are jointly held, only one of the joint Unit holders is entitled to vote. If more than one Unit holder votes in respect of jointly held shares, only the vote of the Unit holder whose name appears first in the register will be counted.

(b) Corporate Unit holders

To vote at the meeting (other than by proxy or attorney), a corporation that is a Unit holder must appoint a person to act as its representative. The appointment must comply with section 253B of the Corporations Act. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

(c) Voting by proxy

A Unit holder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of MCIT Units. If you are entitled to cast two or more votes at the Trust Scheme Meeting you may appoint up to two proxies to attend and act for you at the meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes (disregarding fractions).

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Trust Scheme Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of MCIML or the address listed below no less than 48 hours prior to the commencement of the Trust Scheme Meeting.

(d) Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 11.30am on 15 June 2009 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the Trust Scheme Meeting and given a voting card upon providing at the point of entry to the Trust Scheme Meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude an Unit holder from attending in person and voting at the Trust Scheme Meeting if the Unit holder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to MCIT at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia

Facsimile: 1800 783 447 (from within Australia) or +61 3 9473 2555 (from outside Australia)

Delivery: Computershare Sydney, Level 2, 60 Carrington Street, Sydney NSW 2000, Australia

Holders of MCIT Units should contact the Registry at the above address or the Securityholder information helpline on 1800 448 448 (from within Australia) or +61 3 9946 4451 (from outside Australia) with any queries.

Judicial Advice

If the Resolutions are approved at the Meetings by the requisite majorities, the implementation of the Trust Scheme will be subject, among other things, to the subsequent confirmation by the Court, under section 63 of the Trustee Act 1925 (NSW) that, MCIML would be justified in acting upon the Trust Scheme Resolutions and in doing all things and taking all necessary steps to put the Trust Scheme into effect. MCG intends to apply to the Court on behalf of the responsible entity of MCIT for orders to give effect to the Trust Scheme if the Resolutions are so approved.

Notice of MCIL General Meeting

Macquarie Communications Infrastructure Limited ACN 084 388 983.

Notice is hereby given to the members of Macquarie Communications Infrastructure Limited ACN 084 388 983 (**MCIL**) that a general meeting of MCIL will be held in the Heritage Room at The Westin Sydney Hotel, No. 1 Martin Place, Sydney on 17 June 2009 at 12 noon Sydney, Australia time or, if later, immediately following the Scheme Meetings.

Business of the meeting – Resolutions

The purpose of the meeting is to consider, and if thought fit, to pass the resolutions referred to in this notice.

Resolution 1 – Ordinary resolution: To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

‘That, subject to and conditional on the passing of the Share Scheme Resolutions and the Trust Scheme Resolutions and subject to and conditional on the satisfaction of any conditions to the Share Scheme Resolutions and the Trust Scheme Resolutions:

1. subject to approval of a resolution to unstaple the MCIT Units from the MCG Securities by Unit holders and a resolution to unstaple the MMCGIL Shares from the MCG Securities by holders of MMCGIL Shares, the unstapling of MCIL Shares from MMCGIL Shares and from MCIT Units, with effect from the Implementation Date, is approved; and
2. the acquisition of relevant interests in MCIL Shares as described in the Scheme Booklet resulting from, or in connection with, the Share Acquisition Agreement (including through the exercise of rights under any put option deed entered into pursuant to the Share Acquisition Agreement) is approved for the purposes of item 7 of section 611 of the Corporations Act.

Resolution 2 – Special Resolution: To consider, and if thought fit, to pass the following resolution as a special resolution:

‘That, subject to and conditional on the passing of the Share Scheme Resolutions and the Trust Scheme Resolutions, on the satisfaction of any conditions to the Share Scheme Resolutions and the Trust Scheme Resolutions and on the passing of Resolution 1, the name of MCIL is changed to ‘CPPIB Communications Infrastructure Limited’ with effect from the Implementation Date.



Leanne Pickering
Company Secretary
Dated 4 May 2009

Explanatory Statement

To enable you to make an informed decision on the resolutions further information on the Additional Resolutions and the Share Acquisition Agreement is set out in the Scheme Booklet. Terms used in this Notice of Meeting have the same meaning as set out in the Glossary in Section 10 of the Scheme Booklet

These notes should be read in conjunction with the Scheme Booklet.

Majority required

- Resolution 1 will not be passed unless approved a majority of the votes cast on the resolution by the holders MCIL Shares entitled to vote on the resolution,
- Resolution 2 will not be passed unless approved by at least 75% of the votes cast on the resolution by the holders of MCIL Shares entitled to vote on the resolution, in accordance with section 157 of the Corporations Act.

The Chairman proposes to call for the votes to be conducted by poll.

Entitlement to vote

The MCIL board has determined that, for the purposes of the meeting, MCIL Shares will be taken to be held by the persons who are registered as members at 7.00pm on 15 June 2009. Accordingly, transfers registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting Exclusions

None of CPPIB, CCPL or any member of the Macquarie Group and their associates will vote at the MCIL General Meeting other than in respect of MCIL Shares in respect of which such person is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary who is not an associate of CPPIB, CCPL or a member of the Macquarie Group, directing such person how to vote.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy or attorney to attend and vote for you. Holders of MCIL Shares, their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the meeting and bring a form of personal identification (such as a driver's licence).

(a) Jointly held shares

If MCIL Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

(b) Corporate shareholders

To vote at the meeting (other than by proxy or attorney), a corporation that is a holder of MCIL Shares must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

(c) Voting by proxy

A holder of MCIL Shares entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of MCIL Shares. If you are entitled to cast two or more votes at the meeting you may appoint up to two proxies to attend and act for you at the meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes (disregarding fractions).

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of MCIL or the address listed below no less than 48 hours prior to the commencement of the meeting.

(d) Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 11.30am on 15 June 2009 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the meeting and given a voting card upon providing at the point of entry to the meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a holder of MCIL Shares from attending in person and voting at the meeting if the holder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to MCIL at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia

Facsimile: 1800 783 447 (from within Australia) or +61 3 9473 2555 (from outside Australia)

Delivery: Computershare Sydney, Level 2, 60 Carrington Street, Sydney NSW 2000, Australia

Holders of MCIL Shares should contact the Registry at the above address or the Securityholder information helpline on 1800 448 448 (from within Australia) or +61 3 9946 4451 (from outside Australia) with any queries.

Notice of MMCGIL General Meeting

Macquarie MCG International Limited, registration number 35258 (ARBN 112 652 490).

Notice is hereby given to the members of Macquarie MCG International Limited, registration number 35258 (ARBN 112 652 490) (**MMCGIL**) that a general meeting of MMCGIL will be held in the Heritage Room at The Westin Sydney Hotel, No. 1 Martin Place, Sydney on 17 June 2009 at 12 noon Sydney, Australia time or, if later, immediately following the Scheme Meetings.

Business of the meeting - Resolutions

The purpose of the meeting is to consider, and if thought fit, to pass the resolutions referred to in this notice.

Resolution 1 – Ordinary resolution: To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

‘That, subject to and conditional on the passing of the Share Scheme Resolutions and the Trust Scheme Resolutions and subject to and conditional on the satisfaction of any conditions to the Share Scheme Resolutions and the Trust Scheme Resolutions:

1. subject to approval of a resolution to unstaple the MCIT Units from the MCG Securities by Unit holders and a resolution to unstaple the MCIL Shares from the MCG Securities by holders of MCIL Shares, the unstapling of MMCGIL Shares from MCIL Shares and from MCIT Units, with effect from the Implementation Date, is approved; and
2. the name of MMCGIL is changed to ‘CPPIB Communications Group International Limited’ with effect from the Implementation Date.

Resolution 2 – Special Resolution: To consider, and if thought fit, to pass the following resolution as a special resolution:

‘That, subject to and conditional on the passing of the Share Scheme Resolutions and the Trust Scheme Resolutions, on the satisfaction of any conditions to the Share Scheme Resolutions and the Trust Scheme Resolutions and on the passing of Resolution 1, that the MMCGIL Bye-laws be amended by deleting Bye-law 11(e)(ii) and replacing it with the words “Bye-law 11(e)(ii) ‘Not Used’”, with effect from the Effective Date.’



Edith Conyers
Company Secretary
Dated 1 May 2009

Explanatory Statement

To enable you to make an informed decision on the resolutions further information on the Additional Resolutions is set out in the Scheme Booklet. Terms used in this Notice of Meeting have the same meaning as set out in the Glossary in Section 10 of the Scheme Booklet

These notes should be read in conjunction with the Scheme Booklet.

Majority required

In accordance with the Bye-laws:

- Resolution 1 will not be passed unless approved by a majority of the votes cast on the resolution by holders of MMCGIL Shares entitled to vote on the resolution; and
- Resolution 2 will not be passed unless approved by at least 75% of the votes cast on the resolution by holders of MMCGIL Shares entitled to vote on the resolution.

The Chairman proposes to call for the votes to be conducted by poll.

Entitlement to vote

The MMCGIL board has determined that, for the purposes of the meeting, MMCGIL Shares will be taken to be held by the persons who are registered as members at 7.00pm on 15 June 2009 Sydney, Australia time. Accordingly, transfers registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting Exclusions

None of CPPIB, CCPL or any member of the Macquarie Group and their associates will vote at the MMCGIL General Meeting other than in respect of MMCGIL Shares in respect of which such person is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary who is not an associate of CPPIB, CCPL or a member of the Macquarie Group, directing such person how to vote.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy to attend and vote for you. Holders of MMCGIL Shares, their proxies or representatives of corporate proxies wishing to vote in person should attend the meeting and bring a form of personal identification (such as a driver's licence).

(a) Jointly held shares

If MMCGIL Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

(b) Corporate shareholders

To vote at the meeting (other than by proxy or under power of attorney), a corporation that is a holder of MMCGIL Shares must appoint a person to act as its representative. The appointment must comply with the Bye-laws of MMCGIL. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

(c) Voting by proxy

A holder of MMCGIL Shares entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of MMCGIL Shares.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of MMCGIL or the address listed below no less than 48 hours prior to the commencement of the meeting.

(d) Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 11.30am on 15 June 2009, Sydney, Australia time (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the meeting and given a voting card upon providing at the point of entry to the meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a holder of MMCGIL Shares from attending in person and voting at the meeting if the holder of MMCGIL Shares is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms and authorities should be sent to MMCGIL at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia

Facsimile: 1800 783 447 (from within Australia) or +61 3 9473 2555 (from outside Australia)

Delivery: Computershare Sydney, Level 2, 60 Carrington Street, Sydney NSW 2000, Australia

Holders of MMCGIL Shares should contact the Registry at the above address or the Securityholder information helpline on 1800 448 448 (from within Australia) or +61 3 9946 4451 (from outside Australia) with any queries.

Notice of Trust Meeting

Macquarie Communications Infrastructure Management Limited ACN 066 047 738 as responsible entity of Macquarie Communications Infrastructure Trust ARSN 101 048 293.

Notice is hereby given that a meeting of holders of units in the Macquarie Communications Infrastructure Trust ARSN 101 048 293 (**MCIT**) will be held in the Heritage Room at The Westin Sydney Hotel, No. 1 Martin Place, Sydney on 17 June 2009 at 12 noon Sydney, Australia time or, if later, immediately following the Scheme Meetings.

Business of the meeting – Resolutions

The purpose of the meeting is to consider, and if thought fit, to pass the resolution referred to in this notice.

Resolution 1 – Ordinary resolution: To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

‘That, subject to and conditional on the passing of the Share Scheme Resolutions and the Trust Scheme Resolutions and subject to and conditional on the satisfaction of any conditions to the Share Scheme Resolutions and the Trust Scheme Resolutions:

1. subject to approval of a resolution to unstaple the MMCGIL Shares from the MCG Securities by holders of MMCGIL Shares and a resolution to unstaple the MCIL Shares from the MCG Securities by holders of MCIL Shares, the unstapling of MCIT Units from MCIL Shares and from MMCGIL Shares, with effect from the Implementation Date, is approved; and
2. the acquisition of relevant interests in MCIT Units as described in the Scheme Booklet resulting from, or in connection with, the Share Acquisition Agreement (including through the exercise of rights under any put option deed entered into pursuant to the Share Acquisition Agreement) is approved for the purposes of item 7 of section 611 of the Corporations Act.’

By order of the Board of Macquarie Communications Infrastructure Management Limited (the responsible entity of MCIT)



Leanne Pickering
Company Secretary
Dated 4 May 2009

Explanatory Statement

To enable you to make an informed decision on the resolutions further information on the Additional Resolutions and the Share Acquisition Agreement is set out in the Scheme Booklet. Terms used in this Notice of Meeting have the same meaning as set out in the Glossary in Section 10 of the Scheme Booklet

These notes should be read in conjunction with the Scheme Booklet.

Majority required

The resolution will not be passed unless approved by a majority of the votes cast by Unit holders entitled to vote on the resolution.

The Chairman proposes to call for the vote to be conducted by poll.

Entitlement to vote

The responsible entity of MCIT has determined that for the purposes of the meeting, MCIT Units will be taken to be held by the persons who are registered as Unit holders at 7.00pm on 15 June 2009. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the meeting.

Voting Exclusions

None of CPPIB, CCPL or any member of the Macquarie Group and their associates will vote at the MCIT General Meeting other than in respect of MCIT Units in respect of which such person is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary who is not an associate of CPPIB, CCPL or a member of the Macquarie Group, directing such person how to vote.

In accordance with section 253E of the Corporations Act, the responsible entity of MCIT and its associates are not entitled to vote their interest on any resolution at a meeting of Unit holders if they have an interest in the resolution or matter other than as a member of MCIT.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy or attorney to attend and vote for you. Unit holders, their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the meeting and bring a form of personal identification (such as a driver's license).

(a) Jointly held units

If MCIT Units are jointly held, only one of the joint Unit holders is entitled to vote. If more than one Unit holder votes in respect of jointly held shares, only the vote of the Unit holder whose name appears first in the register will be counted.

(b) Corporate Unit holders

To vote at the meeting (other than by proxy or attorney), a corporation that is a Unit holder must appoint a person to act as its representative. The appointment must comply with section 253B of the Corporations Act. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

(c) Voting by proxy

A Unit holder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of MCIT Units. If you are entitled to cast two or more votes at the meeting you may appoint up to two proxies to attend and act for you at the meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes (disregarding fractions).

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of MCIML or the address listed below no less than 48 hours prior to the commencement of the meeting.

(d) Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 11.30am on 15 June 2009 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the meeting and given a voting card upon providing at the point of entry to the meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a holder of MCIT Units from attending in person and voting at the meeting if the holder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to MCIT at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia

Facsimile: 1800 783 447 (from within Australia) or +61 3 9473 2555 (from outside Australia)

Delivery: Computershare Sydney, Level 2, 60 Carrington Street, Sydney NSW 2000, Australia

Holders of MCIT Units should contact the Registry at the above address or the Securityholder information helpline on 1800 448 448 (from within Australia) or +61 3 9946 4451 (from outside Australia) with any queries.

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Corporate Directory

Macquarie Communications Infrastructure Group

No. 1 Martin Place
Sydney NSW 2000

Telephone (Australia): 1800 181 910
Telephone (From overseas): +61 2 8232 3214
Facsimile: +61 2 8232 4713

Email: mcg@macquarie.com
www.macquarie.com/mcg

Responsible Entity for Macquarie Communications Infrastructure Trust, manager of Macquarie Communications Infrastructure Limited, and adviser to Macquarie MCG International Limited:

Macquarie Communications Infrastructure Management Limited

Directors

MCIL

Gerald Moriarty, AM (Chairman)
Rodney Keller
Malcolm Long
Mel Ward, AO

MCIML

Gerald Moriarty, AM (Chairman)
Rodney Keller
Malcolm Long
Mel Ward, AO

MMCGIL

Rodney Birrell (Chairman)
Kim Carter
Thomas Davis
Gerald Moriarty, AM

Secretaries

Christine Williams (MCIL and MCIML only)
Leanne Pickering (MCIL and MCIML only)
Dennis Leong (MCIML only)
Edith Conyers (MMCGIL only)

Chief Executive Officer

Scott Davies

Registry

Computershare Investor Services Pty Ltd
452 Johnston St
Abbotsford Vic 3067
Australia
Telephone (Australia): 1800 448 448
Telephone (From overseas): +61 3 9946 4451
Facsimile (Australia): 1800 783 447
Facsimile (From overseas): +61 3 9473 2555

Legal Adviser

Freehills
101 Collins St
Melbourne Vic 3000
Telephone: +61 3 9288 1234
Facsimile: +61 3 9288 1567

Canada Pension Plan Investment Board

One Queen Street East, Suite 2600
Toronto, Ontario M5C 2W5
Canada
Telephone: +1 416 868 4075
Facsimile: +1 416 868 8689