Macquarie Communications Infrastructure Group

Management Information Report

For the half year ended 31 December 2008

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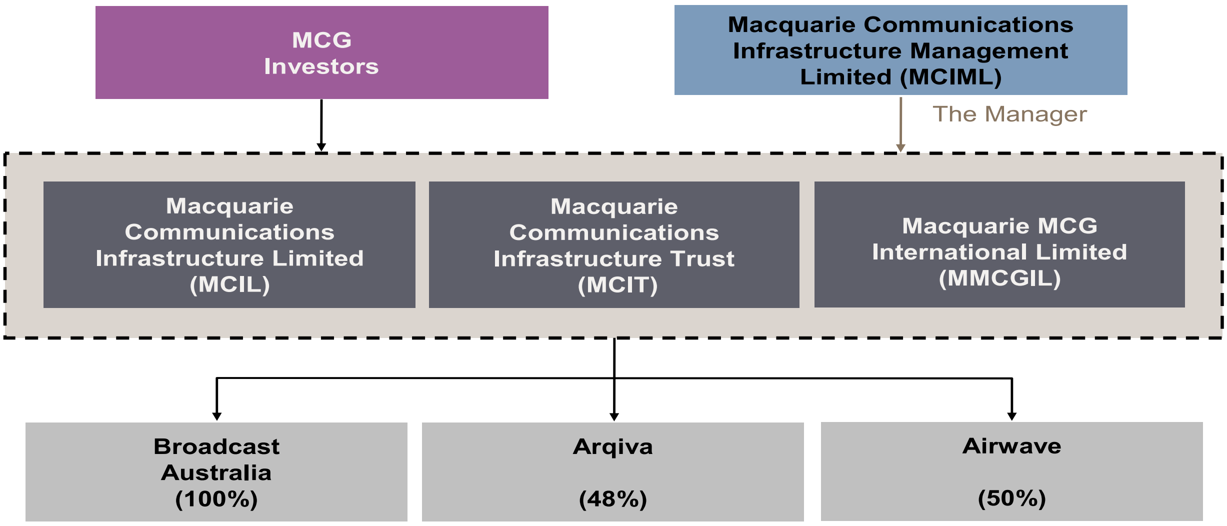
Overview of MCG

Structure

MCG is a triple stapled security listed on the Australian Securities Exchange. Stapled securities are two or more securities that are quoted and traded as if they were a single security. A MCG stapled security consists of a unit in MCIT, a share in MCIL and a share in MMCGIL.



Report Summary

The Report contains Proportionate Earnings, Proportionate Net Debt, Asset Financial Information and Unconsolidated Cash Flows for the half year ended 31 December 2008. It has been prepared using policies adopted by the directors of Macquarie Communications Infrastructure Management Limited (MCIML) as the responsible entity of Macquarie Communications Infrastructure Trust (MCIT), and the directors of Macquarie Communications Infrastructure Limited (MCIL) and Macquarie MCG International Limited (MMCGIL) and, unless stated otherwise, these policies have been consistently applied to all periods presented in this Report.

The purpose of this Report is to provide information supplementary to the Interim Financial Report of Macquarie Communications Infrastructure Group (MCG). This Report has been prepared on a different basis to the MCG Interim Financial Report. The information contained within this Report does not, and cannot be expected to provide as full an understanding of the financial performance, financial position and the cash flows of MCG as the MCG Interim Financial Report. This Report should be read in conjunction with the MCG Interim Financial Report which can be found on the MCG website at www.macquarie.com.au/au/mcg/financials_only.htm.

Further details in relation to the preparation of this report are set out in the summary of significant report policies on pages 12 to 16.

Proportionate Earnings and Distribution per Security (EPS & DPS)

		Half year to 31 December 2008	Half year to 31 December 2007	Change %
Proportionate (pre-corporate expenses) EPS	cents	**22.6**	24.0	(5.8%)
Proportionate EPS	cents	**20.9**	18.1	15.5%
DPS paid/payable	cents	**5.0**	23.0	(78.3%)
Weighted average MCG securities on issue	#'m	**536.6**	512.1	4.8%

MCG's weighted average number of securities on issue in the period increased to 536.6 million as a result of the issuance of 11.7 million securities in February 2008 and 15.1 million securities in August 2008 under the Distribution and Dividend Reinvestment Plan (DRP) and 2.2 million securities in November 2008 following the reinvestment of September 2008 quarter management fees in scrip by MCIML.

Proportionate Earnings

	Actual Results Half year to 31 December 2008 $'000	Proforma Results Half year to 31 December 2007 $'000	Actual Results Half year to 31 December 2007[1] $'000
Asset revenue	**767,328**	699,254	701,250
Asset operating expenses	**(441,122)**	(380,967)[2]	(380,930)[2]
Proportionate EBITDA	**326,206**	318,287	320,320
Asset net cash proceeds from sale of non-current assets	**32**		3,290
Asset maintenance capital expenditure	**(22,149)**		(28,684)
Asset net interest expense	**(182,830)**		(171,923)
Asset net tax expense	**(210)**		(93)
Proportionate Earnings (pre-corporate expenses)	**121,049**		122,910
Corporate expenses	**(2,412)**		(24,025)
Realised gains on FX hedge contracts	**3,703**		5,978
Coupon on corporate exchangeable bonds	**(8,977)**		(11,156)
Corporate net interest expense	**(1,221)**		(2,247)
Proportionate Earnings	**112,142**		91,460

- **Asset revenue** was $767.3 million, an increase of 9.4% on the prior corresponding period (pcp) and an increase of 9.7% on the proforma pcp. The growth is driven by the acquisition of Hostworks (February 08), the continued roll-out of the major programs at Airwave and an increase in Arqiva's satellite media revenue positively impacted by the strengthening of the Euro against the Pound. The increase offsets the discounts given to Arqiva's radio and television customers under the remedies put in place by the UK Competition Commission.
- **Proportionate EBITDA** was $326.2 million, an increase of 1.8% on actual pcp and an increase on the proforma pcp of 2.5%. Broadcast Australia (BA) is the driver of the growth reflecting its acquisitions of Hostworks, Kordia and RFE as well as the digital television roll-out. EBITDA has been steady for both Arqiva and Airwave, notwithstanding Arqiva's customer discounts recognised in advance of synergy savings and Airwave's expenses incurred on delivering the ambulance and fire programs whilst milestone revenues are not expected to be recognised until the second half of the financial year.
- **Proportionate Earnings (pre-corporate expenses)** were $121.0 million, a decrease of 1.5% versus pcp due to increased interest costs as the assets fund their capital expenditure programs including digital switch over for Arqiva and BA and contract roll-out for Airwave offsetting the underlying operating growth and savings on maintenance capital expenditure.
- **Proportionate Earnings** were $112.1 million up 22.6% on pcp incorporating the effect of reduced corporate expenses. The decrease in corporate expenses is due to no management fees settled in cash and reflects reduced interest costs as MCG has reduced fund level gearing in line with its strategy announced in October 2008. The use of the funds from the sale of Global Tower Partners (GTP) to buy back issued exchangeable bonds has reduced the cost of the coupon. Additionally, MCG repaid $74.1 million of bank debt in the period including $44.4 million from the proceeds of the DRP in August 2008 and earned increased interest due to increased cash on hand.

The following items are not included in Proportionate Earnings: cash gain on sale of GTP of $25.9 million, gain of $31.9 million on the buy-back of exchangeable bonds, management fees reinvested in MCG of $9.5 million, accreted interest of $10.6 million on the corporate exchangeable bonds, $40.9 million on Arqiva's swaps linked to the Retail Price Index (RPI), net deferred revenue receipts of $24.3 million and integration costs of $12.6 million associated with the acquisition of NGW.

[1] Prior period actual and proforma Arqiva/NGW numbers have been restated to exclude previously disclosed intercompany revenue and expenses due to the lifting of the hold separate arrangements (1 September 2008).
[2] The Arqiva Dec 2007 actual and proforma results have been adjusted to exclude MCG's share of actuarial gains on pension fund, £0.7 million ($1.5 million).

Proportionate Net Debt

	As at 31 December 2008 $'m	As at 30 June 2008 $'m
Proportionate asset net debt (refer appendix 3)	**5,341.9**	5,155.9
Corporate net debt	**39.6**	306.3
Exchangeable bonds[1]	**570.8**	971.2
Total Proportionate Net Debt	**5,952.3**	6,433.4
Net Debt to EBITDA	**9.3x**[2]	10.8x

Proportionate asset net debt increased from $5.2 billion to $5.3 billion due to:

- Increase in BA debt from $932.2 million to $952.2 million due to drawdowns on the capital expenditure facility of $22.0 million.
- Increase in Arqiva: debt from $2,460.4 million to $2,742.7 million due to drawdowns on the capital expenditure facility of $132.5 million, accretion in relation to the RPI linked swaps of $40.9 million and a reduction in cash balances of $168.6 million, offset by a repayment of $79.3 million of term debt as a result of the Competition Commission undertakings
- Increase in Airwave debt from $1,587.4 million to $1,647.0 million due to drawdowns on the capital expenditure facility of $71.6 million, offset by an increase in cash balances of $20.3 million.
- Reduction in GTP from $175.9 million to nil due to the sale of GTP during the half year.

Corporate net debt decreased from $306.3 million to $39.6 million due to a repayment of the ANZ facility $75.2 million, a reduction in the distribution payable of $93.6 million and an increase in cash on hand at the fund level of $97.9 million.

Exchangeable bonds reduced from $971.2 million to $570.8 million due to the repurchase of exchangeable bonds with a principal value of $343.3 million for the A$ bonds and US$88.5 million for the US$ bonds from the proceeds of the sale of GTP.

Net Debt to EBITDA decreased from 10.8x to 9.3x due to the sale of GTP and the subsequent repurchase of exchangeable bonds and increased EBITDA post corporate expenses. This has been partially offset by the draw down on working capital and capital expenditure facilities at Arqiva and Airwave.

[1] Exchangeable bonds have been calculated to reflect their accreted value. The accretion is only relevant where exchangeable bonds are not exchanged by bondholders.
[2] Net debt to EBITDA ratio as at 31 December 2008 has been presented on the basis of half year to 31 December 2008 results x2 including corporate expenses and excluding GTP.

Unconsolidated Cash Flows

	Half year to 31 December 2008 $'000	Half year to 31 December 2007 $'000
Cash flows from operations		
Distributions received from operating assets		
Broadcast Australia	**50,000**	58,463
Arqiva	**153,484**	3,671
Airwave	**40,242**	51,914
GTP	**5,452**	3,518
	249,178	117,566
Interest received on surplus cash	**4,161**	1,811
Other expenses paid (inclusive of GST)	**(2,257)**	(2,521)
Responsible entity/ Adviser fees/ Manager fees paid	**(9,082)**	(22,220)
Net GST received	**664**	1,325
Net proceeds received/(paid) on settlement of FX hedge contracts	**19,417**	(3,983)
Net cash flows from operations	**262,081**	91,978
Cash flows from investing activities		
Acquisition of GTP	**-**	(408,087)
Sale of GTP	**433,982**	-
Acquisition of minority stakes in Arqiva	**-**	(144,973)
Net proceeds received/(paid) on settlement of FX hedge contracts	**(18,421)**	
Net cash flows from investing activities	**415,561**	(553,060)
Cash flows from financing activities		
Net proceeds from issuing securities	**-**	(888)
Net proceeds/(buyback) of exchangeable bonds	**(408,209)**	244,100
Net drawings/repayments on debt facilities	**(74,142)**	107,863
Exchangeable bonds coupon	**(10,567)**	(9,063)
Interest and commitment fees on debt facilities	**(7,392)**	(2,565)
Distributions paid	**(75,881)**	(61,558)
Net cash flows from financing activities	**(576,191)**	277,889
Net (decrease)/increase in cash assets held	**101,451**	(183,193)
Cash assets at the beginning of the half year	**15,898**	196,715
Exchange rate movements	**(3,544)**	67
Cash assets at the end of the half	**113,805**	13,589

Distributions were paid from cash flows from operations. Cash increased by $101.5 million over the half year with the following key items:

- The distribution from Arqiva, BA and Airwave represent the final distribution in respect of the year ended 30 June 2008. The Arqiva distribution in the prior year was artificially low due to timing differences between receipt from Arqiva and payments under profit participating loans
- MCG sold its stake in GTP for net sale proceeds of $434.0 million (post $3.0 million of acquisition costs). From the proceeds of the GTP sale, MCG bought back AUD denominated exchangeable bonds with a principal value of $343.3 million for $308.3 million and USD denominated exchangeable bonds with a principal value of US$88.5 million for US$78.8 million ($98.4 million) Additionally transaction costs of $1.7 million were paid.

Asset Financial Information

Broadcast Australia (BA)

Overview

BA is the owner and operator of an Australian national broadcast transmission network. BA provides transmission services to the ABC and SBS and to regional television, radio, telecommunications and community organisations. BA also provides site access and portal services to commercial broadcasters including WIN, Prime and Southern Cross Broadcasting and through Hostworks is also now recognised as Australia's leading provider of managed services for on-line media and entertainment companies as well as for management and hosting of a broad range of critical applications.

Investment:	$290.0m	Net debt at 31 December 2008:	$952.2m
Date of investment:	13 August 2002	Undrawn facilities at 31 December 2008:	$70.0m
Economic ownership at 31 December 2008:	100%	Net debt/EBITDA:	5.2x
Growth capital expenditure for the half year:	$10.2m		

Financial Performance

(All figures presented at 100% in local currency)	**Half year to 31 December 2008** **$'000**	Half year to 31 December 2007 $'000
Operating revenue		
Terrestrial broadcast	109,147	103,596
Wireless access	38,412	22,129
	147,559	**125,725**
Operating expenses		
Employee benefits	(19,108)	(8,175)
Property	(9,114)	(7,417)
Operations and maintenance	(14,788)	(17,334)
Power	(7,908)	(6,984)
Other expenses	(5,316)	(3,507)
	(56,234)	**(43,417)**
EBITDA	**91,325**	**82,308**
EBITDA margin	61.9%	65.5%
Net cash proceeds from sale of non-current assets	25	3,262
Maintenance capital expenditure	(6,798)	(10,011)
Net interest expense	(32,872)	(33,620)
Total Earnings	**51,680**	**41,939**

Revenue was $147.6 million, an increase on the pcp of 17.4%.

- Terrestrial broadcast was $109.1 million, up 5.4% due to digital television roll out.
- Wireless access was $38.4 million, up 73.6% due to the acquisition of Hostworks (March 2008).

Operating expenses were $56.2 million, an increase on pcp of 29.5%.

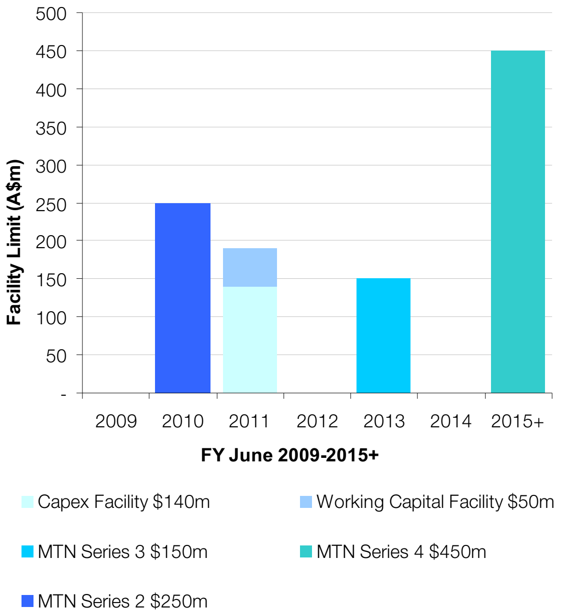
- Employee benefits were $19.1 million, up 133.7% due to increased headcount following acquisitions of Hostworks and Kordia Repairs and Maintenance Pty Limited (Kordia) (December 2007). The Kordia acquisition brought in-house all BA's repairs and maintenance activities for its national broadcast network.
- Property expenses were $9.1 million, up 22.9% due to the inclusion of Hostworks and higher rent, rates and land tax as a result of fixed indexation and Consumer Price Index (CPI) increases.
- Operation and maintenance was $14.8 million, down 14.7% due to the impact of lower field service costs following the in sourcing of the service in December 2007 through the acquisition of Kordia, partially offset by the inclusion of Hostworks.

Maintenance capital expenditure was $6.8 million, down 32.2% as a result of the replacement of older analogue equipment with new digital equipment.

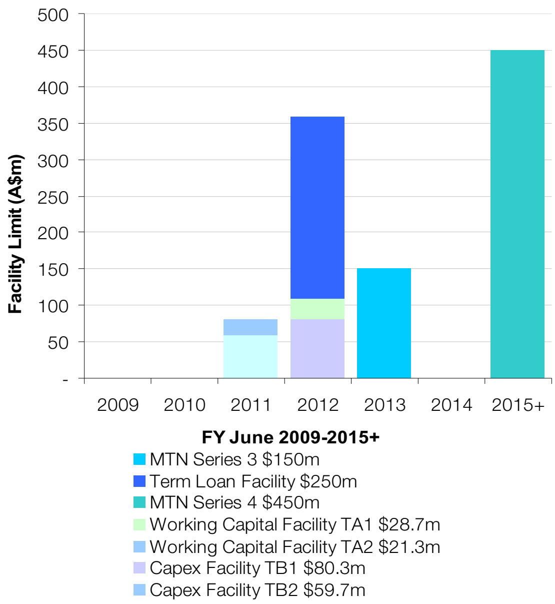
Net cash proceeds on sale of non-current assets in the prior period represent proceeds from site rationalisations.

Asset Financial Information (cont'd)

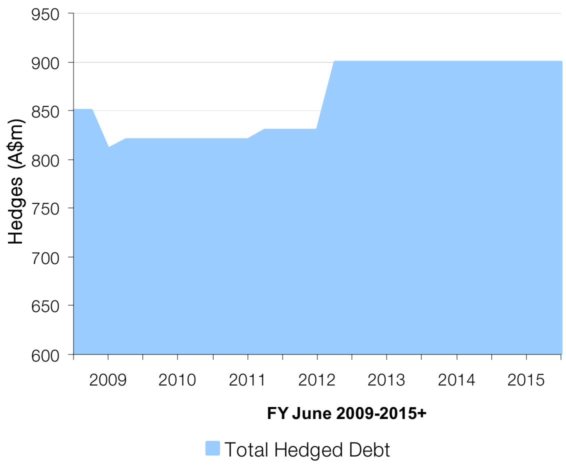
Debt Maturity Profile at 31 December 2008



Debt Maturity Profile post BA refinancing[1]



Hedging Profile[2]



Net Debt

	As at 31 December 2008	As at 30 June 2008
	$'m	**$'m**
Medium term notes	850.0	850.0
Working capital facilities	9.0	9.0
Capital expenditure facilities	111.0	89.0
Less: cash	(17.8)	(15.8)
	952.2	**932.2**

Debt Hedging Profile

	6 months to 30 June 2009	FY2010	FY2011	FY2012	FY2013
	$'m	**$'m**	**$'m**	**$'m**	**$'m**
Weighted average debt facilities [1]	1,040.0	790.0	695.8	600.0	450.0
Weighted average debt interest rate[2]	BBSY+ 0.46%	BBSY+ 0.46%	BBSY+ 0.45%	BBSY+ 0.43%	BBSY+ 0.40%
Weighted average swap notionals	850.0	826.6	820.0	824.4	861.1
Weighted average hedged interest rate (BBSY fixed at)	6.43%	6.40%	6.33%	6.54%	6.71%

[1]On 17 February 2009 Broadcast Australia (BA) announced it had successfully raised $250m of new bank facilities to refinance Medium term notes (MTN), due to mature in July 2009, and extend $109m of the January 2011 $190m capital expenditure and working capital facilities to January 2012.
[2]No assumptions have been made in regards to refinancing underlying debt.
[3]A number of the swaps have a mandatory break in Jan 2011 or on earlier refinancing of the underlying debt.

Asset Financial Information (cont'd)
Arqiva

Overview

Arqiva owns a network of communications assets across the UK, including broadcast towers, teleports, wireless infrastructure and related facilities. Arqiva provides end-to-end services to broadcasters and coverage to around 99% of the population. Arqiva is an industry leader in analogue and digital transmission for both radio and television. Through its acquisition of NGW, Arqiva now owns the other national communications infrastructure network in the UK providing broadcast transmission services for BBC television and radio, and hosting mobile telephone equipment for major mobile network operators and owns and operates two of six UK digital terrestrial television multiplexes.

Investment:	$1,808.2m, £761.0m	Net debt at 31 December 2008:	£2,774.7m
Date of investment:	20 January 2005	Undrawn facilities at 31 December 2008:	£603.1m
Economic ownership at 31 December 2008:	48.0%	Net debt/EBITDA:	9.6x
Growth capital expenditure for the half year:	£59.1m		

Financial Performance

(All figures presented at 100% in local currency)	**Half year to 31 December 2008** **£'000**	Half year to 31 December 2007 £'000
Operating revenue		
Terrestrial broadcast	106,983	105,495
Satellite media	120,370	106,085
Wireless access	107,184	109,508
Public safety	27,827	23,769
Multiplexing	29,776	28,646
	392,140	**373,503**
Operating expenses		
Employee benefits	(58,080)	(60,092)
Property	(33,224)	(27,889)
Operations and maintenance	(43,464)	(39,901)
Power	(17,300)	(15,084)
Circuits	(13,598)	(17,397)
Satellite capacity	(64,125)	(54,274)
Other expenses	(17,301)	(12,086)
	(247,092)	**(226,723)**
EBITDA	**145,048**	**146,780**
EBITDA margin	37.0%	39.3%
Net cash proceeds from sale of non-current assets	7	27
Maintenance capital expenditure	(11,137)	(10,986)
Net interest expense	(79,898)	(72,391)
Net tax expense	(240)	-
Total Earnings	**53,780**	**63,430**

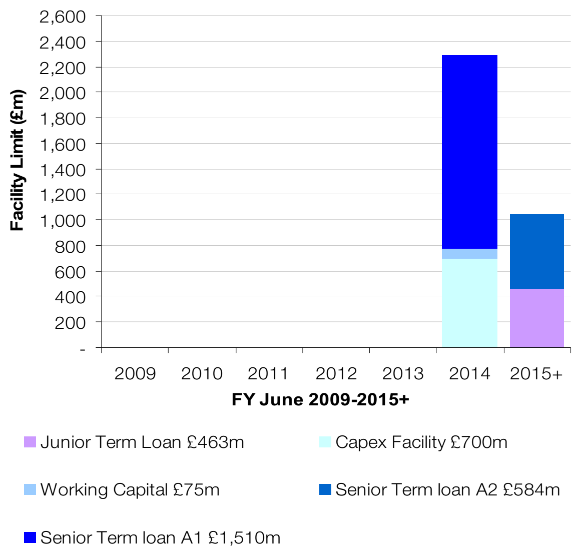
Revenue was £392.1 million, an increase on pcp of 5.0%.
- Terrestrial broadcast was £107.0 million, up 1.4% due to RPI-linked revenue increases offset by discounts given to radio and television customers under the remedies put in place by the UK Competition Commission.
- Satellite media was £120.4 million, up 13.5% due to RPI-linked revenue increase and the strengthening of the Euro against the Pound, as a large proportion of the satellite media revenue is Euro denominated.
- Wireless access was £107.2 million a decrease of 2.1% due to lower installation revenue pending contract negotiations with MBNL, 3UK/T-mobile joint venture.
- Public Safety was £27.8 million, up 17.1% due to increased sales of radio and hand held devices to Her Majesty's Revenue and Customs, the coast guard and other customers, and the sale of spectrum to Airwave offset by a reduction in revenues on the legacy Metropolitan Police contract (extended to October 2009).

Operating expenses were £247.1 million, an increase on pcp of 9.0%.
- Employee expenses were £58.1 million, down 3.3% due to headcount reductions associated with integration.
- Operations and maintenance was £43.5 million, up 8.9% due to RPI linked expense increases and rates rebates in pcp.
- Satellite capacity was £64.1 million up 18.2% due to higher cost of space capacity and the strengthening of the Euro against the Pound, as a large proportion of the satellite capacity costs are Euro denominated.

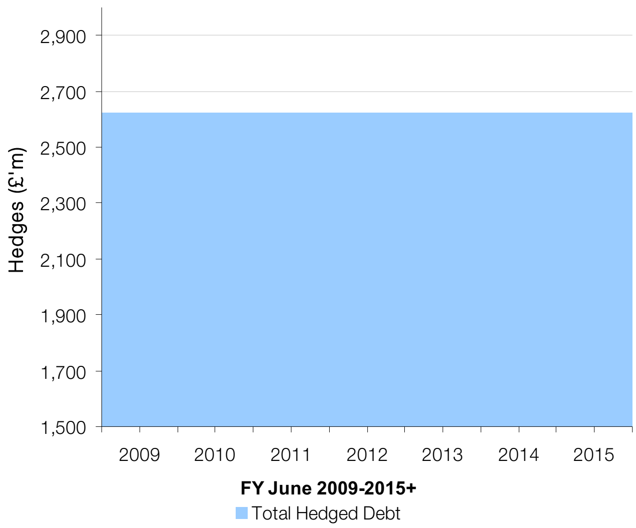
Net interest expense was £79.9 million up 10.4% due to increase in net debt.

Asset Financial Information (cont'd)

Debt Maturity Profile



Hedging Profile[2]



Net debt

	As at 31 December 2008	As at 30 June 2008
	£'m	**£'m**
Term debt	2,556.9	2,625.0
Working capital facilities	19.8	-
Capital expenditure facilities	152.1	18.0
Accretion of RPI-linked swaps[3]	109.4	67.7
Less: cash	(63.5)	(233.0)
	2,774.7	**2,477.7**

Debt Hedging Profile

	6 months to 30 June 2009	FY2010	FY2011	FY2012	FY2013
	£'m	**£'m**	**£'m**	**£'m**	**£'m**
Weighted average debt facilities[1]	3,332.0	3,332.0	3,332.0	3,332.0	3,332.0
Weighted average debt interest rate	LIBOR+ 2.11%	LIBOR+ 2.11%	LIBOR+ 2.14%	LIBOR+ 2.39%	LIBOR+ 2.64%
Weighted average swap notionals (vanilla)[2]	1,312.5	1,312.5	1,312.5	1,312.5	1,312.5
Weighted average swap notionals (RPI-linked)[3]	1,421.9	1,421.9	1,421.9	1,421.9	1,421.9
Weighted average hedged interest rate (Vanilla) (LIBOR fixed at)	5.12%	5.16%	5.24%	5.24%	5.24%
Weighted average hedged interest rate (RPI-linked) (real interest rate)	1.90%	1.94%	2.02%	2.02%	2.02%

[1]No assumptions have been made in regards to debt refinancing
[2]The swaps extend to 2027 thereby fixing Arqiva's interest costs on the swapped amounts to 2027; however the swaps have a mandatory break in April 2014 or on earlier refinancing of the underlying debt.
[3]Under the terms of the RPI-linked swaps Arqiva pays a fixed real interest rate on the swap notional amount. Inflation capitalises into the swap notional amount with reference to movements in the UK Retail Price Index. In addition to the ongoing real interest payments, the capitalised inflation component is settled at maturity or at a mandatory break in April 2014 (calculated as the difference between the swap notional at the end and beginning of the contract). As a result the accretion to date is considered to form part of Arqiva's net debt.

Asset Financial Information (cont'd)

Airwave

Overview

Airwave is the primary provider of secure digital radio and communications to Great Britain's police, fire and ambulance services and public safety organisations. Airwave owns and operates the world's largest purpose-built Terrestrial Trunked Radio (TETRA) public safety communications network. The purpose-built network covers 100% of the population and 99% of the land area. It provides secure, interoperable digital radio communications to police, fire and ambulance services and other public safety customers in Great Britain.

Investment:	\$631.3m, £264.0m	Net debt at 31 December 2008:	£1,600.4m
Date of investment:	20 April 2007	Undrawn facilities at 31 December 2008:	£130.0m
Economic ownership at 31 December 2008:	50.0%	Net debt/EBITDA:	12.2x
Growth capital expenditure for the half year:	£60.0m		

Financial Performance

	Half year to 31 December 2008	Half year to 31 December 2007
(All figures presented at 100% in local currency)	**£'000**	£'000
Operating revenue		
Public safety	169,900	148,447
	169,900	**148,447**
Operating expenses		
Employee benefits	(31,087)	(27,192)
Property	(16,315)	(21,296)
Operations and maintenance	(27,426)	(13,584)
Power	(4,320)	(2,097)
Circuits	(13,784)	(12,142)
Other expenses	(10,945)	(5,177)
	(103,877)	**(81,488)**
EBITDA	**66,023**	**66,959**
EBITDA margin	38.9%	45.1%
Maintenance capital expenditure	(2,755)	(5,579)
Net interest expense	(54,796)	(49,453)
Total Earnings	**8,472**	**11,927**

Revenue was £169.9 million, an increase on pcp of 14.5% due to completion of major programs - two to build additional network resilience for the police, Ground Based Network Resilience (GBNR) and Cluster Hot Standby (CHS), and the roll-out of a public safety system for the London Underground allowing the use of the Airwave handsets by London police services underground. Milestone revenues on the roll-out of the fire and ambulance programs are not expected until the second half of the financial year.

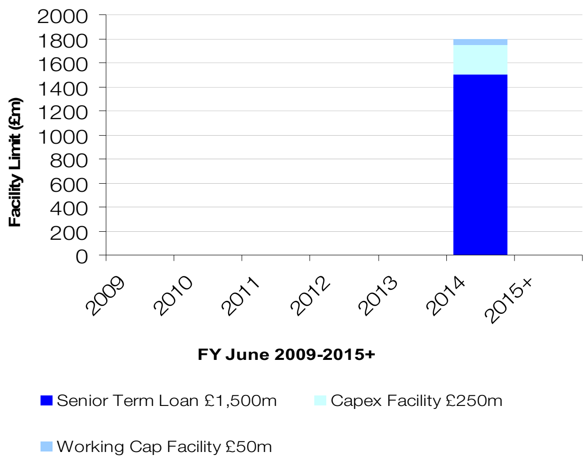
Operating expenses were £103.9 million, an increase on pcp of 27.5%.

- Employee benefits were £31.1 million, up 14.3% due to increased headcount to roll out the major programs including fire and ambulance and support the expanded network.
- Property expenses were £16.3 million, down 23.4% driven by cost rationalisation including the release of some historical accruals.
- Operations and maintenance was £27.4 million, up 101.9% due to the recognition of costs on the fire and ambulance contract roll-outs and additional network costs resulting from the resilience programs.
- Power costs were £4.3 million, up 106.0% due to increases in underlying electricity costs coupled with further power usage under the resilience programs.
- Other expenses were £10.9 million, up 111.4% due to additional software support costs for the network and one-off consultancy and legal costs associated with international expansion.

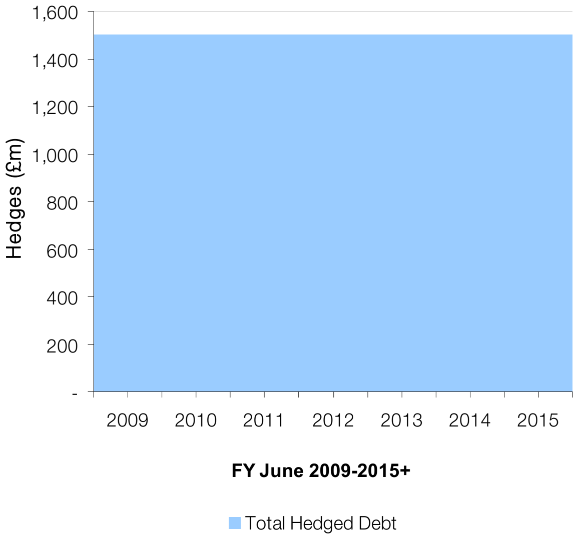
Net interest expense was £54.8 million, up 10.8% due to drawdowns on the capex and working capital facilities.

Asset Financial Information (cont'd)

Debt Maturity Profile



Hedging Profile[2]



Net debt

	As at 31 December 2008	As at 30 June 2008
	£'m	£'m
Term debt	1,500.0	1,500.0
Working capital facilities	15.0	-
Capital expenditure facilities	155.0	85.0
Less: cash	(69.6)	(49.7)
	1,600.4	**1,535.3**

Debt Hedging Profile

	6 months to 30 June 2009	FY2010	FY2011	FY2012	FY2013
	£'m	£'m	£'m	£'m	£'m
Weighted average debt facilities[1]	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0
Weighted average debt interest rate	LIBOR+ 1.50%	LIBOR+ 1.50%	LIBOR+ 1.50%	LIBOR+ 1.50%	LIBOR+ 1.50%
Weighted average swap notionals[2]	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Weighted average hedged interest rate (LIBOR fixed at)	5.50%	5.50%	5.50%	5.50%	5.50%

[1]No assumptions have been made in regards to debt refinancing.
[2]The swaps extend to 2019 thereby fixing Airwave's interest costs to 2019, however the swaps have a mandatory break in April 2014 or on earlier refinancing of the underlying debt.

Asset Financial Information (cont'd)

Global Tower Partners (GTP)

Overview

GTP is a leading owner and operator of towers and sites for wireless communications services in the United States (US). It has a portfolio of approximately 3,000 tower and 5,800 rooftop sites in urban, suburban and key corridor locations across the US and Puerto Rico.

On 12 September 2008, MCG sold of its 28.7% interest in GTP to Macquarie Infrastructure Partners II for net sale proceeds of US$362.7 million ($434.0 million). The sale proceeds of GTP include the settlement of US$89 million ($101.3 million) tranche of subordinated debt.

Investment:	$408.1m, US$358.0m
Date of investment:	30 July 2007

Financial Performance

(All figures presented at 100% in local currency)	**Actual results Half year to 31 December 2008[1]** US$'000	Proforma results Half year to 31 December 2007 US$'000	Actual results Half year to 31 December 2007 US$'000
Operating revenue			
Wireless access	25,896	20,363	45,541
	25,896	**20,363**	**45,541**
Operating expenses			
Employee benefits	(2,266)	(1,859)	(3,912)
Property	(6,560)	(4,874)	(12,205)
Operations and maintenance	(359)	(493)	(924)
Power	(429)	(348)	(694)
Other expenses	(605)	(2,271)	(3,974)
	(10,219)	**(9,845)**	(21,709)
EBITDA	**15,677**	**10,518**	**23,832**
EBITDA margin	60.5%	51.7%	52.3%
Maintenance capital expenditure	(612)		(2,304)
Net interest expense	(8,802)		(17,075)
Net tax benefit/ (expense)	144		(284)
Total Earnings	**6,407**		**4,169**

Revenue was US$25.9 million, an increase on the proforma pcp of 27.2%.
Operating expenses were US$10.2 million, up 3.8%.

- The increase in EBITDA is due to the growth of the business as a result of additional tower acquisitions, construction of new tower sites and additional leases on existing sites aided by cost control initiatives to manage operating expenses.

[1]The results reflect the period of MCG ownership from 1 July 2008 to 12 September 2008.

Summary of Significant Report Policies

The significant policies which have been adopted by the board of MCIML, in its capacity as the responsible entity of MCIT and the directors of MCIL and MMCGIL, and used in the preparation of this Report, are stated to assist in a general understanding of this Report. Unless stated otherwise, these policies have been consistently applied to all periods presented in this Report.

PricewaterhouseCoopers have been engaged to perform certain procedures for the directors of MCIML, MCIL and MMCGIL in relation to the preparation of the Proportionate Earnings and Distribution per Security (EPS & DPS), Proportionate Earnings, Proportionate Net Debt, Unconsolidated Cash Flows and Asset Financial Information disclosures in this Report on the basis set out below. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed by PricewaterhouseCoopers is that of the directors, and these procedures were performed solely to assist the directors of MCIML, MCIL and MMCGIL in evaluating the accuracy of the disclosures.

PricewaterhouseCoopers conducted their engagement in accordance with Australian Auditing Standards applicable to agreed upon procedures engagements. The procedures do not constitute either an audit or review in accordance with Australian Auditing Standards and accordingly PricewaterhouseCoopers express no assurance over the accuracy of the Proportionate Earnings and Distribution per Security (EPS & DPS), Proportionate Earnings, Proportionate Net Debt, Unconsolidated Cash Flows and Asset Financial Information disclosures or on any other aspect of the Report.

Proportionate earnings

Current and prior period proportionate earnings information contained in this Report involves the aggregation of the financial results of MCG's operating assets in the relevant proportions that MCG holds beneficial ownership interests.

Proportionate earnings are detailed in three key metrics:

- **Proportionate EBITDA**: calculated as operating revenue less operating expenses to arrive at earnings before interest, tax, depreciation and amortisation (EBITDA);

- **Proportionate Earnings (pre corporate expenses)**: calculated as Proportionate EBITDA adjusted for net cash proceeds from sale of non-current assets, Asset maintenance capital expenditure, operating asset net interest expense, net tax expense; and

- **Proportionate Earnings**: calculated as Proportionate Earnings (pre corporate expenses) adjusted for corporate expenses; realised gains/losses on foreign exchange (FX) hedge contracts, Coupon on corporate exchangeable bonds and corporate net interest expense/income.

All three metrics are disclosed for the year and the pcp (Actual Results). Prior priod proportionate EBITDA is also disclosed under a proforma approach (Proforma Results). The proforma EBITDA is derived by restating the prior period results with the beneficial interest percentages and foreign currency exchange rates from the current period. Proforma Results are produced to allow comparisons of the operational performance of operating assets between periods as it removes the impact of changes in ownership interests and foreign currency movements.

Proportionate earnings are calculated as the aggregation of MCG's proportionate share of each asset's earnings based on MCG's beneficial interest in each asset less corporate expenses. The principal policies adopted in the preparation of the proportionate earnings information are set out below.

Summary of significant report policies (cont'd)

Calculation of MCG's beneficial ownership interest

Beneficial ownership interest is MCG's economic interest in each asset. Where the beneficial ownership interest changes during the period, the new beneficial ownership percentage is applied to the earnings from the date of change. The weighted average beneficial ownerships for the half year to 31 Dec 2007 and 31 Dec 2008 are set out below as a guide:

	BA %	Arqiva %	Airwave %	GTP %
30 June 2007	100.0	53.7	50.0	-
Movement	-	(9.1)	-	23.9
31 December 2007	100.0	44.6	50.0	23.9
Movement	-	3.4	-	4.8
30 June 2008	**100.0**	**47.7**	**50.0**	**28.7**
Movement	-	0.3	-	(28.7)
31 December 2008	**100.0**	**48.0**	**50.0**	**-**

Changes in beneficial ownership interests

Arqiva/NGW

Period Beginning	Period End	Change %	Ownership %	Event
30 June 2007	11 November 2007	-	43.7%	
12 November 2007	29 February 2008	3.3%	47.0%	Acquired additional 3.3% from Cheyne Special Situations Fund LP
1 March 2008	31 December 2008	1.0%	48.0%	Acquired additional 1.0% from Invest Allied Limited

GTP

Period Beginning	Period End	Change %	Ownership %	Event
1 July 2007	30 July 2007	-	-	
1 August 2007	12 September 2008	28.7%	28.7%	Acquired 28.7% of GTP
12 September 2008	31 December 2008	(28.7%)	-	Sold 28.7% of GTP

Translation of foreign currency denominated earnings

All proportionate earnings information contained in this report is disclosed in Australian dollars unless otherwise stated. Earnings denominated in foreign currencies are translated to Australian dollars at average monthly foreign currency exchange rates. The average foreign currency exchange rates for the half years to 31 December 2007 and 31 December 2008 are shown below to provide a guide:

	AUD/GBP	AUD/USD
Half year to 31 December 2008[1]	**0.4472**	**0.9017**
Half year to 31 December 2007	0.4291	0.8780

[1]The AUD/USD foreign exchange rate for the half year to 31 December 2008 represents the period of ownership of GTP from 1 July 2008 to 12 September 2008.

Summary of significant report policies (cont'd)

Principle policies - assets

Asset revenue
Asset revenue is recognised under the local GAAP applicable to each asset.

Asset operating expenses
Asset expenses are recognised under the local GAAP applicable to each asset and exclude one-off acquisition related costs e.g. separation costs that were pre-funded. The following pre-funded one-off acquisition related costs are not included in operating expenses (presented on a proportionate basis):

	A$ Prop Half year to 31 December 2008 $'000	**100% Half year to 31 December 2008 '000**	A$ Prop Half year to 31 December 2007 $'000	100% Half year to 31 December 2007 '000
Arqiva integration and competition review expenses	**12,620**	**£11,885**	4,850	£4,564
Airwave separation expenses	**-**	**-**	1,937	£1,697
GTP discontinued acquisition costs	**-**	**-**	751	US$2,308
Total	**12,620**		7,538	

Net cash proceeds from sale of non-current assets
Net proceeds from sale of non-current assets represent the actual net cash proceeds from the sale of assets not in the ordinary course of business and therefore not included in revenue.

Asset maintenance capital expenditure
Asset maintenance capital expenditure represents capital expenditure in relation to maintenance activities. Such expenditure is typically required to be funded from operating cash as opposed to growth capital expenditure for which there is often other sources of funding e.g. bank facilities.

Asset net interest expense
Asset net interest expense is the net interest expense incurred by:

- the operator company of the relevant asset; and
- entities interposed between any of the MCG stapled entities and the operator companies, which have debt that is non-recourse to MCG.

The definition of net interest expense includes all contractual interest expenses, borrowing expenses and interest revenues payable to or payable by, third parties. Interest and borrowing expenses, or interest revenues, in respect of shareholder loans or similar agreements are excluded from the definition of net interest expense. Interest and borrowing costs that are capitalised and/or amortised are also excluded from the definition of net interest expense.

Asset Net tax expense
Net tax expense is the current net tax expense, where the asset does not, in conjunction with any entities that are majority owned by one or a combination of the MCG stapled entities, form part of a consolidated group for tax purposes (Tax Consolidated Group); and

Principle policies - corporate

Corporate expenses
Corporate expenses reflect the aggregation of:

- all expenses paid by MCG (excluding investment at acquisition costs), including base management and adviser fees and performance fees (to the extent that either or both are payable in cash and subsequently not reinvested in MCG securities); and
- MCG's share of expenses from entities interposed between any of the MCG stapled entities and the operating companies not included in operating expenses.

Coupon on corporate exchangeable bonds
Coupon on corporate exchangeable bonds represents the cash interest expense payable to the exchangeable bondholders at 2.5 per cent per annum semi-annually in arrears.

Summary of significant report policies (cont'd)

Corporate net interest (expense)/ income
Corporate net interest income is the net interest expense or income incurred by:

- any of the MCG stapled entities; and
- entities interposed between any of the MCG stapled entities and the operating companies which have debt that is recourse to MCG.

The definition of net interest expense includes all contractual interest expenses, borrowing expenses (excluding the coupon on the corporate exchangeable bonds) and interest revenues payable to or payable by, third parties, other than interest and borrowing costs that are capitalised and/or amortised. Acquisition related finance costs that are pre-funded through a capital raising are excluded from net interest expense. Such acquisition related finance costs include interest and fees on acquisition bridge debt facilities.

Realised gains/ (losses) on FX hedge contracts
Realised gains/(losses) on FX hedge contracts reflect the gains or losses on foreign exchange forward contracts entered into by MCG to hedge distributions from its operating assets. The gains or losses are calculated in relation to the proportionate cash earnings in respect of the year and with reference to the average foreign exchange rates used to translate those foreign currency denominated earnings.

Corporate tax
Corporate tax expense is the net tax expense of any of the MCG stapled entities and subsidiaries thereof that do not form part of another Tax Consolidated Group for taxation purposes.

Proportionate Earnings per Security
The number of issued stapled securities for the purpose of calculating Proportionate Earnings per Security is calculated by the aggregation of each issue of MCG stapled securities weighted by the number of days each stapled security was on issue during the period.

Proportionate net debt

Proportionate net debt is calculated by aggregating the following as at the relevant date:

- MCG's proportionate share of its operating assets' net debt, based on MCG's Beneficial Ownership Interest;
- Net debt outstanding at the corporate level; and
- Exchangeable bonds at accreted value;

All Proportionate net debt information contained in this Report is disclosed in Australian dollars unless stated otherwise using foreign currency exchange rates applicable as at the relevant date, as set out in the below table:

	AUD/GBP	AUD/USD
As at 31 December 2008	**0.4859**	**0.7074**
As at 30 June 2008	0.4810	0.9582

Operating asset net debt
The net debt of the operating assets is calculated by the aggregation of:

- MCG's proportionate share of the net debt at each of MCG's operating assets; and
- MCG's proportionate share of the net debt held by entities interposed between any of the MCG stapled entities and the operating assets that is non-recourse to MCG.

Net debt is calculated at each of the relevant operating assets by subtracting total cash on hand from total debt at the relevant date. Debt includes the accretion of derivatives where the derivative includes a capital component that will need to be cash settled at maturity e.g. the RPI-linked swaps entered into by Arqiva/NGW.

Summary of significant report policies (cont'd)

Corporate net debt
Net debt at the corporate level is calculated by the aggregation of:

- all net debt held by MCG stapled entities; and
- all net debt held by entities interposed between any of the MCG stapled entities and the operating asset companies, excluding debt that is non-recourse to MCG.

Corporate debt held is calculated by subtracting available cash on hand from total debt at the end of the period. Available cash on hand is calculated by subtracting from total cash on hand all distributions declared by the MCG stapled entities but not paid at the end of the relevant period.

Exchangeable bonds
Exchangeable bonds have been calculated to reflect their accreted value. The accreted value comprises the principal plus the accreted interest at the reporting date. The accretion is only relevant where the exchangeable bonds are not exchanged by bondholders.

Unconsolidated Cash Flows

Unconsolidated Cash Flows represent the aggregation of the cash flows attributable to MCG security holders. This includes the cash flows of each of the MCG stapled entities and net cash flows received from their subsidiaries, excluding all cash flows of entities which have non-recourse debt to MCG as these entities are considered to be part of the operating company groups.

All information in this Report relating to Unconsolidated Cash Flows is disclosed in Australian dollars, using foreign currency exchange rates applicable to the relevant transactions included in Unconsolidated Cash Flows.

Appendix 1: Proportionate earnings detail – comparison v 2007 actuals

	Actuals - half year to 31 December 2008						Actuals - half year to 31 December 2007						Variance
	Broadcast Australia	Arqiva	Airwave	Global Tower Partners	Corporate	Total	Broadcast Australia	Arqiva	Airwave	Global Tower Partners	Corporate	Total	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%
Operating revenue													
Terrestrial broadcast	109,147	114,774	-	-	-	223,921	103,596	109,732	-	-	-	213,328	5.0%
Satellite media	-	129,523	-	-	-	129,523	-	110,085	-	-	-	110,085	17.7%
Wireless access	38,412	115,226	-	8,252	-	161,890	22,129	113,513	-	14,872	-	150,514	7.6%
Public safety	-	29,983	189,997	-	-	219,980	-	24,698	172,883	-	-	197,581	11.3%
Multiplexing	-	32,014	-	-	-	32,014	-	29,742	-	-	-	29,742	7.6%
	147,559	421,520	189,997	8,252	-	767,328	125,725	387,770	172,883	14,872	-	701,250	9.4%
Operating expenses													
Employee benefits	(19,108)	(62,283)	(34,714)	(721)	-	(116,826)	(8,175)	(62,441)	(31,744)	(1,277)	-	(103,637)	12.7%
Property	(9,114)	(35,685)	(18,232)	(2,090)	-	(65,121)	(7,417)	(28,931)	(24,728)	(3,982)	-	(65,058)	0.1%
Operations and maintenance	(14,788)	(46,541)	(30,546)	(115)	-	(91,990)	(17,334)	(41,414)	(15,945)	(302)	-	(74,995)	22.7%
Power	(7,908)	(18,670)	(4,800)	(136)	-	(31,514)	(6,984)	(15,653)	(2,426)	(226)	-	(25,289)	24.6%
Circuits	-	(14,547)	(15,511)	-	-	(30,058)	-	(18,074)	(14,140)	-	-	(32,214)	(6.7%)
Satellite capacity	-	(68,832)	-	-	-	(68,832)	-	(56,358)	-	-	-	(56,358)	22.1%
Other expenses	(5,316)	(19,082)	(12,185)	(198)	-	(36,781)	(3,507)	(12,452)	(6,116)	(1,304)	-	(23,379)	57.3%
	(56,234)	(265,640)	(115,988)	(3,260)	-	(441,122)	(43,417)	(235,323)	(95,099)	(7,091)	-	(380,930)	15.8%
Proportionate EBITDA	91,325	155,880	74,009	4,992	-	326,206	82,308	152,447	77,784	7,781	-	320,320	1.8%
EBITDA margin	61.9%	37.0%	39.0%	60.5%	-	42.5%	65.5%	39.3%	45.0%	52.3%	-	45.7%	(3.2%)pts
Asset net cash proceeds from sale of non-current assets	25	7	-	-	-	32	3,262	28	-	-	-	3,290	(99.0%)
Asset maintenance capital expenditure	(6,798)	(12,048)	(3,113)	(190)	-	(22,149)	(10,011)	(11,366)	(6,554)	(753)	-	(28,684)	(22.8%)
Net interest expense	(32,872)	(85,847)	(61,307)	(2,804)	-	(182,830)	(33,620)	(75,225)	(57,499)	(5,579)	-	(171,923)	6.3%
Net tax expense	-	(258)	-	48	-	(210)	-	-	-	(93)	-	(93)	125.8%
Proportionate earnings (pre-corporate expenses)	51,680	57,734	9,589	2,046	-	121,049	41,939	65,884	13,731	1,356	-	122,910	(1.5%)
Corporate expenses	-	-	-	-	(2,412)	(2,412)	-	-	-	-	(24,025)	(24,025)	(90.0%)
Realised gain on FX hedge contracts	-	-	-	-	3,703	3,703	-	-	-	-	5,978	5,978	(38.1%)
Coupon on corporate exchangeable bonds	-	-	-	-	(8,977)	(8,977)	-	-	-	-	(11,156)	(11,156)	(19.5%)
Corporate net interest (expense) / income	-	-	-	-	(1,221)	(1,221)	-	-	-	-	(2,247)	(2,247)	(45.7%)
Proportionate Earnings	51,680	57,734	9,589	2,046	(8,907)	112,142	41,939	65,884	13,731	1,356	(31,450)	91,460	22.6%

Appendix 2: Proportionate earnings detail – comparison v 2007 proforma

	Actuals - half year to 31 December 2008					Proforma - half year to 31 December 2007					Variance
	Broadcast Australia	**Arqiva**	**Airwave**	**Global Tower Partners**	**Total**	Broadcast Australia	Arqiva	Airwave	Global Tower Partners	Total	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000	%
Operating revenue											
Terrestrial broadcast	**109,147**	**114,774**	**-**	**-**	**223,921**	103,596	113,166	-	-	216,762	**3.3%**
Satellite media	**-**	**129,523**	**-**	**-**	**129,523**	-	114,056	-	-	114,056	**13.6%**
Wireless access	**38,412**	**115,226**	**-**	**8,252**	**161,890**	22,129	117,696	-	6,493	146,318	**10.6%**
Public safety	**-**	**29,983**	**189,997**	**-**	**219,980**	-	25,457	165,901	-	191,358	**15.0%**
Multiplexing	**-**	**32,014**	**-**	**-**	**32,014**	-	30,760	-	-	30,760	**4.1%**
	147,559	**421,520**	**189,997**	**8,252**	**767,328**	**125,725**	**401,135**	**165,901**	**6,493**	**699,254**	**9.7%**
Operating expenses											
Employee benefits	**(19,108)**	**(62,283)**	**(34,714)**	**(721)**	**(116,826)**	(8,175)	(64,501)	(30,336)	(592)	(103,604)	**12.8%**
Property	**(9,114)**	**(35,685)**	**(18,232)**	**(2,090)**	**(65,121)**	(7,417)	(29,973)	(23,836)	(1,557)	(62,783)	**3.7%**
Operations and maintenance	**(14,788)**	**(46,541)**	**(30,546)**	**(115)**	**(91,990)**	(17,334)	(42,819)	(15,116)	(156)	(75,425)	**22.0%**
Power	**(7,908)**	**(18,670)**	**(4,800)**	**(136)**	**(31,514)**	(6,984)	(16,197)	(2,311)	(111)	(25,603)	**23.1%**
Circuits	**-**	**(14,547)**	**(15,511)**	**-**	**(30,058)**	-	(18,690)	(13,586)	-	(32,276)	**(6.9%)**
Satellite capacity	**-**	**(68,832)**	**-**	**-**	**(68,832)**	-	(58,263)	-	-	(58,263)	**18.1%**
Other expenses	**(5,316)**	**(19,082)**	**(12,185)**	**(198)**	**(36,781)**	(3,507)	(13,187)	(5,607)	(712)	(23,013)	**59.8%**
	(56,234)	**(265,640)**	**(115,988)**	**(3,260)**	**(441,122)**	**(43,417)**	**(243,630)**	**(90,792)**	**(3,128)**	**(380,967)**	**15.8%**
Proportionate EBITDA	**91,325**	**155,880**	**74,009**	**4,992**	**326,206**	82,308	157,505	75,109	3,365	318,287	**2.5%**
EBITDA margin	**61.9%**	**37.0%**	**39.0%**	**60.5%**	**42.5%**	65.5%	39.3%	45.3%	51.8%	45.5%	**(3.0%)pts**

Appendix 3: Proportionate asset net debt

As at 31 December 2008	Broadcast Australia	Arqiva	Airwave	Global Tower Partners	Total
	$'m	$'m	$'m	$'m	$'m
Term debt	-	2,527.4	1,543.8	-	4,071.2
Medium term notes	850.0	-	-	-	850.0
Mortgage-backed notes	-	-	-	-	-
Working capital facilities	9.0	19.6	15.4	-	44.0
Capital expenditure facilities	111.0	150.4	159.5	-	420.9
Accretion of RPI-linked swaps	-	108.1	-	-	108.1
Less: cash	(17.8)	(62.8)	(71.7)	-	(152.3)
	952.2	**2,742.7**	**1,647.0**	**-**	**5,341.9**

As at 30 June 2008	Broadcast Australia	Arqiva	Airwave	Global Tower Partners	Total
	$'m	$'m	$'m	$'m	$'m
Term debt	-	2,606.7	1,550.9	-	4,157.6
Medium term notes	850.0	-	-	-	850.0
Mortgage-backed notes	-	-	-	144.9	144.9
Working capital facilities	9.0	-	-	-	9.0
Capital expenditure facilities	89.0	17.9	87.9	37.1	231.9
Accretion of RPI-linked swaps	-	67.2	-	-	67.2
Less: cash	(15.8)	(231.4)	(51.4)	(6.1)	(304.7)
	932.2	**2,460.4**	**1,587.4**	**175.9**	**5,155.9**