

**MACQUARIE COMMUNICATIONS
INFRASTRUCTURE GROUP**
INTERIM REPORT FOR THE HALF YEAR
ENDED 31 DECEMBER 2008



MACQUARIE



Corporate directory

Macquarie Communications Infrastructure Group

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Responsible Entity for Macquarie Communications Infrastructure Trust

ARSN 101 048 293

Macquarie Communications Infrastructure Management Limited

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Macquarie Communication Infrastructure Limited and Macquarie Communication Infrastructure Management Limited

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Disclaimer

Macquarie Communications Infrastructure Group (MCG) comprises Macquarie Communications Infrastructure Trust ARSN 101 048 293 (MCIT), Macquarie Communications Infrastructure Limited ABN 18 084 388 983 (MCIL) and Macquarie MCG International Limited (MMCGIL) ARBN 112 652 490. Macquarie Communications Infrastructure Management Limited ABN 29 066 047 738; AFSL 221936 (MCIML) is the responsible entity of MCIT. MCIML is a wholly owned subsidiary of Macquarie Group Limited ACN 112 169 279.

Performance disclaimer

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Advice warning

This interim report is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MCG, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Financial report

A copy of the MCG interim financial report and management information report for the six-month period ended 31 December 2008 is available on the MCG website at www.macquarie.com/mcg

Complaints handling

A formal complaints handling procedure is in place for MCG. MCIML (the responsible entity) is a member of the Banking and Financial Services Ombudsman scheme. Complaints should in the first instance be directed to the responsible entity. If you have any enquiries or complaints, please contact MCG on the details below.

MCG's ongoing commitment to your privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. MCG has adopted a privacy policy. For further information, visit the MCG website at www.macquarie.com/mcg or contact MCG investor relations on 1800 181 910 or outside Australia on +612 8232 3214.

Chairman's letter

For the half year ended
31 December 2008

Overview

Against a challenging external backdrop in the six month period to 31 December 2008, MCG reported strong operating performance at all of its businesses. MCG achieved 2.5% growth in proportionate earnings before interest, tax, depreciation and amortisation (EBITDA) over the pro forma prior corresponding period (pcp). MCG's three businesses - Arqiva, Airwave and Broadcast Australia, which provide essential services to over 90 million people - continue to perform well and generate strong cash flows.

Notwithstanding the strong performance of MCG's underlying businesses, there have been market concerns over MCG's financial obligations at the fund level. This prompted MCG to address those obligations which had the potential to pose a risk of dilution for existing investors given the changed economic climate.

MCG has made several announcements relating to capital structuring initiatives over the period in an effort to restore security holder value.

Revised distribution guidance

In November, MCG took the decision to reduce distributions to security holders and use that cash to reduce fund level obligations. Distribution guidance for FY2009 was therefore lowered to 10.0 cents per security. Distributions are likely to remain substantially below cash earnings until FY2012. The board has also suspended the distribution and dividend reinvestment plan.

Security holders were paid the FY2009 interim distribution of 5.0 cents per stapled security on 13 February 2009.

Capital management initiatives

MCG's strategy for the repayment of approximately A\$780m of fund level obligations over the next three years includes the redemption of its outstanding exchangeable bonds. These obligations will be repaid without the need for a capital raising or further asset sales. MCG's businesses have no significant debt maturing until 2014.

MCG partially addressed its fund level obligations through the sale of its 28.7% interest in Global Tower Partners for net sale proceeds of US\$363m. The sale price represented an EV/EBITDA multiple of 24 times, similar to the trading multiple of its most comparable peer. It was also consistent with transaction multiples in the US tower sector in the preceding six months.

As a result of applying MCG's strong cash flow to debt reduction, MCG anticipates it will have no outstanding obligations at the fund level by August 2011.

Financial highlights

For the half year ended 31 December 2008, MCG's proportionate revenue was A\$767m representing an increase of 9.7% on pro forma pcp and reflecting solid contributions from all businesses.

On a statutory accounts basis, there was a net loss of A\$1.1bn attributable to MCG security holders, primarily reflecting the non-cash, accounting impact of mark to market losses on interest rate swaps, due to recent interest rate movements. MCG uses interest rate swaps to fix its interest costs for the long term.

Corporate governance

MCG also announced changes to its corporate governance framework in November. Effective from the 2009 annual general meeting, MCG security holders will be able to nominate and vote on the appointment of all MCG board directors, none of whom can be a Macquarie Group employee.

In addition, any person will be eligible to stand for MCG's boards if they are nominated by shareholders of at least 5% of total shareholder voting rights or at least 100 stapled security holders. Macquarie will abstain from voting its securities in relation to the appointment of directors and financing decisions such as securities issuance or buybacks.

Outlook

Despite the considerable volatility within the global financial markets within the period, MCG believes its assets will continue to deliver strong results. As demonstrated by MCG's financial results for the six months to 31 December 2008, we expect that EBITDA for FY2009 will be solidly higher than pcp.



Gerald Moriarty AM

FTSE FIEAust FAICD
Chairman, Macquarie Communications
Infrastructure Management Limited

CEO's report and business update

For the half year ended
31 December 2008

Overview

Over the past six months MCG's businesses – Arqiva, Broadcast Australia and Airwave - have shown significant resilience to the volatile economic conditions experienced globally. These businesses remain well positioned both operationally and financially.

With a proportionate contract order book of \$13.5bn, and 95% and 90% of FY2008 revenue locked in for FY2009 and FY2010 respectively, these businesses will deliver predictable cash distributions to MCG.

We also expect significant EBITDA growth from the businesses during FY2009. In addition, we expect risks associated with digital switchover (DSO) and the Arqiva/NGW integration will continue to diminish.

Arqiva

The Arqiva and National Grid Wireless businesses are now fully integrated under the 'Arqiva' brand.

The integration process is progressing in line with expectations: key milestones achieved include the appointment of senior management, the transfer of all NGW employees under Transfer of Undertakings regulations into the employment of Arqiva Limited and the rebranding of all NGW services and equipment.

A 90-day consultation period with union representatives has been completed, followed by the opening of a voluntary redundancy window. The first round of targeted headcount reductions were realised by mid-December alongside a thorough assessment of third-party non-headcount synergies. Integration is now entering the consolidation phase whereby the central merger team are focussed on implementing synergy benefits as permanent run-rate cost savings.

Arqiva continues to play the leading role in the DSO programme, an ambitious undertaking to convert the national UK television network from analogue to digital transmission. Project completion is due by 2012 and entails approximately £700m of capital expenditure. The Arqiva/NGW merger is a significant opportunity to realise cost and capital expenditure savings associated with DSO.

MCG is working in partnership with Arqiva to complete the integration process successfully, realise significant synergy benefits, and deliver DSO on time and within budget.

We also continue to focus on identifying new business opportunities while simultaneously and sustainably developing the business overall. We expect Arqiva will deliver between 0-5% of EBITDA growth in FY2009.

Broadcast Australia

In the six months to 31 December 2008, Broadcast Australia (BA), successfully continued the rollout of analogue and digital television transmission services for the ABC and SBS across Australia.

This was in addition to the continued provision of analogue television and radio services to the national broadcasters, regional and community broadcasters, telecom operators and emergency service communications providers.

We expect BA will deliver approximately 5% of EBITDA growth in FY2009.

Airwave Solutions Limited

Airwave has now completed the rollout of its public safety system to all 125 below ground London Underground stations with the British Transport Police, Metropolitan Police Service and the City of London Police all able to use Airwave radios underground. The rollout of the system was delivered ahead of schedule and under budget.

In January 2009, Airwave also announced it had been selected as a Tier 3 supplier to London's 2012 Olympic Games and will provide private mobile radio services to all Games' venues. Airwave is building a completely new and independent communications infrastructure for the Games that will be used from 2011 up to and during the event. The new service will provide coverage during the Games, enabling its workforce to operate effectively and safely.

We expect Airwave will deliver between 20-25% of EBITDA growth in FY2009.

Outlook

We have a portfolio of quality businesses which are well-positioned with predictable revenue streams, long-term contracts and strong counterparties.

MCG and management at MCG's businesses all expect a strong operational result for FY2009.

We thank you for your support.



Scott Davies

Chief Executive Officer
Macquarie Communications
Infrastructure Group

MCG at a glance

For the half year ended
31 December 2008



Arqiva owns, manages and operates a global teleport infrastructure including over 100 major uplinks at 10 teleports with on-site co-location and data hosting.



Arqiva is one of the UK's leading providers of large-scale transmission infrastructure to the providers of wireless communications services.

Portfolio	Services	
<p>Arqiva</p>	<p>Terrestrial broadcasting (typically 10–25 year contracts) Providing television transmission, radio transmission and planning services, including long-term contracts for design, deployment and operation of the BBC's, D3/4's and SDN's digital terrestrial television network, and the BBC's digital audio broadcasting services</p> <p>Wireless leasing (typically 1–10 year contracts) 9,000 built sites and the number one independent tower owner</p>	<p>Satellite (typically 3–5 year contracts) Satellite television transmission, occasional video, outside broadcasting and television facilities</p> <p>Public safety services (typically 1–2 year contracts) The UK's largest independent provider of radio communications managed services to public safety organisations</p> <p>Public safety networks (typically 10–20 year contracts) 412/422 MHz spectrum, adjacent to Airwave's</p>
<p>Broadcast Australia</p>	<p>Terrestrial broadcasting (typically 10–25 year contracts) Australia's largest independent broadcast transmission services provider, and contracted to provide 446 digital television services to the ABC and 254 digital television services to SBS</p> <p>Wireless leasing (typically 1–10 year contracts) Over 400 sites available for leasing to telco service providers</p>	<p>Public safety networks (typically 10–20 year contracts) Broadcast Australia leases a variety of facilities through the licencing of space on towers to emergency service organisations</p>
<p>Airwave</p>	<p>Public safety networks (typically 10-15 year contracts) Primary provider of secure digital radio communications to Great Britain's emergency services and other government agencies</p>	

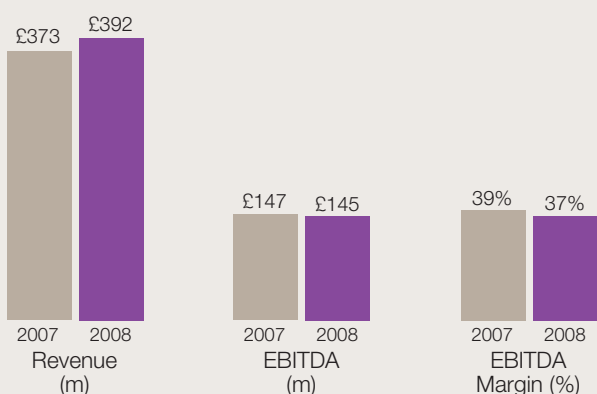


Broadcast Australia is the owner and operator of one of the most extensive terrestrial broadcast transmission networks in the world.



Airwave is the primary provider of secure digital radio and other communications to Great Britain's police, fire and ambulance services and public safety organisations.

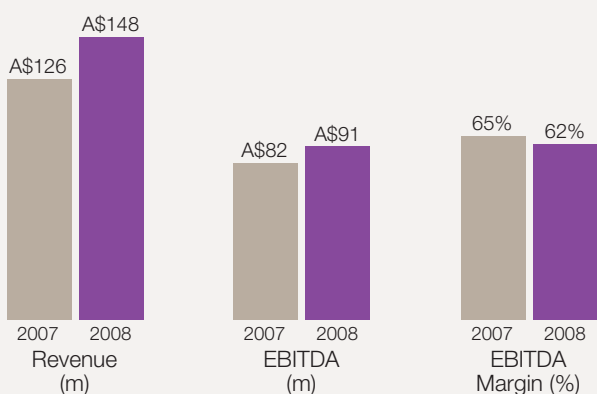
Headline figures



Revenue - Arqiva achieved revenues of £392 million for the half year ended 31 December 2008, 5% higher than pcp

EBITDA - Arqiva recorded EBITDA of £145 million for the half year ended 31 December 2008, 1% lower than pcp due to regulatory discounts

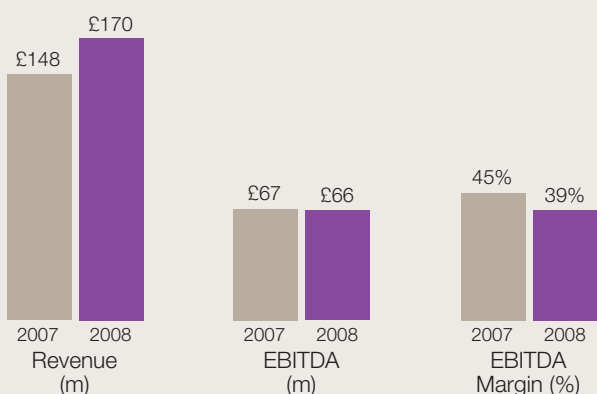
EBITDA margin - Arqiva recorded an EBITDA margin of 37% for the half year ended 31 December 2008, 2% lower than pcp



Revenue - Broadcast Australia (BA) achieved revenues of \$148 million for the half year ended 31 December 2008, 17% higher than pcp due to the Hostworks acquisition & continued digital television rollout

EBITDA - BA recorded EBITDA of \$91 million for the half year ended 31 December 2008, 11% higher than pcp due to the Hostworks acquisition & continued digital television rollout

EBITDA margin - BA recorded an EBITDA margin of 62% for the half year ended 31 December 2008



Revenue - Airwave achieved revenues of £170 million for the half year ended 31 December 2008, 15% higher than pcp

EBITDA - Airwave recorded EBITDA of £66 million for the half year ended 31 December 2008, 1% lower than pcp due to timing of completion of fire & ambulance rollout milestones

EBITDA margin - Airwave recorded an EBITDA margin of 39% for the half year ended 31 December 2008, 6% lower than pcp