MACQUARIE

Macquarie Atlas Roads

Annual Report 2014

Special Notice

Macquarie Atlas Roads (MQA) comprises Macquarie Atlas Roads Limited (ACN 141 075 201) (MARL) and Macquarie Atlas Roads International Limited (Registration No. 43828) (MARIL). Macquarie Fund Advisers Pty Limited (ACN 127 735 960) (AFSL 318123) (MFA) is the manager/adviser of MARL and MARIL. MFA is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) (MGL).

Stapling

In accordance with its requirements in respect of stapled securities, ASX reserves the right to remove either or both of MARL and MARIL from the official list of ASX if, while the stapling arrangements apply, the securities in one of the entities ceases to be stapled to the securities in the other entity.

Takeover provisions

Unlike MARL, MARIL is not subject to takeover provisions of Chapters 6, 6A, 6B and 6C of the Corporations Act. However, as the takeover provisions of the Corporations Act apply to MARL and its shareholders, by virtue of the stapling arrangements, the takeover provisions will apply to the holders of MQA stapled securities. This is notwithstanding that MARIL and its shareholders are not subject to the takeover provisions of the Corporations Act.

Disclaimer

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities. Investments in MQA are subject to investment risk, including possible delays in repayment and loss of income and capital invested.

Advice warning

The information in this annual report is given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any other way, including by reason of negligence for errors or omission herein is accepted by MQA or its officers.

This annual report is not an offer or invitation for subscription or purchase of, or a recommendation of, securities. It does not take into account the investment objectives, financial situation and particular needs of the investor.

Before making an investment in MQA, 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.

Manager fees

MFA as manager of MARL and adviser to MARIL is entitled to fees for so acting. MGL and its related corporations (including MFA), together with their officers and directors, may hold stapled securities in MQA from time to time.

Complaint handling

A formal complaint handling procedure is in place for MQA. MFA is a member of the Financial Ombudsman Service. Complaints should in the first instance be directed to Macquarie Atlas Roads.

If you have any enquiries or complaints please contact:

Macquarie Atlas Roads Investor Relations
Level 7, 50 Martin Place
Sydney, NSW, 2000
Telephone (Australia): 1800 621 694
Telephone (International): 61 2 8232 7455

MQA'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. MQA's privacy policy is available on the MQA website at www.macquarie.com/mqa or you can contact our investor relations team on 1800 621 694.

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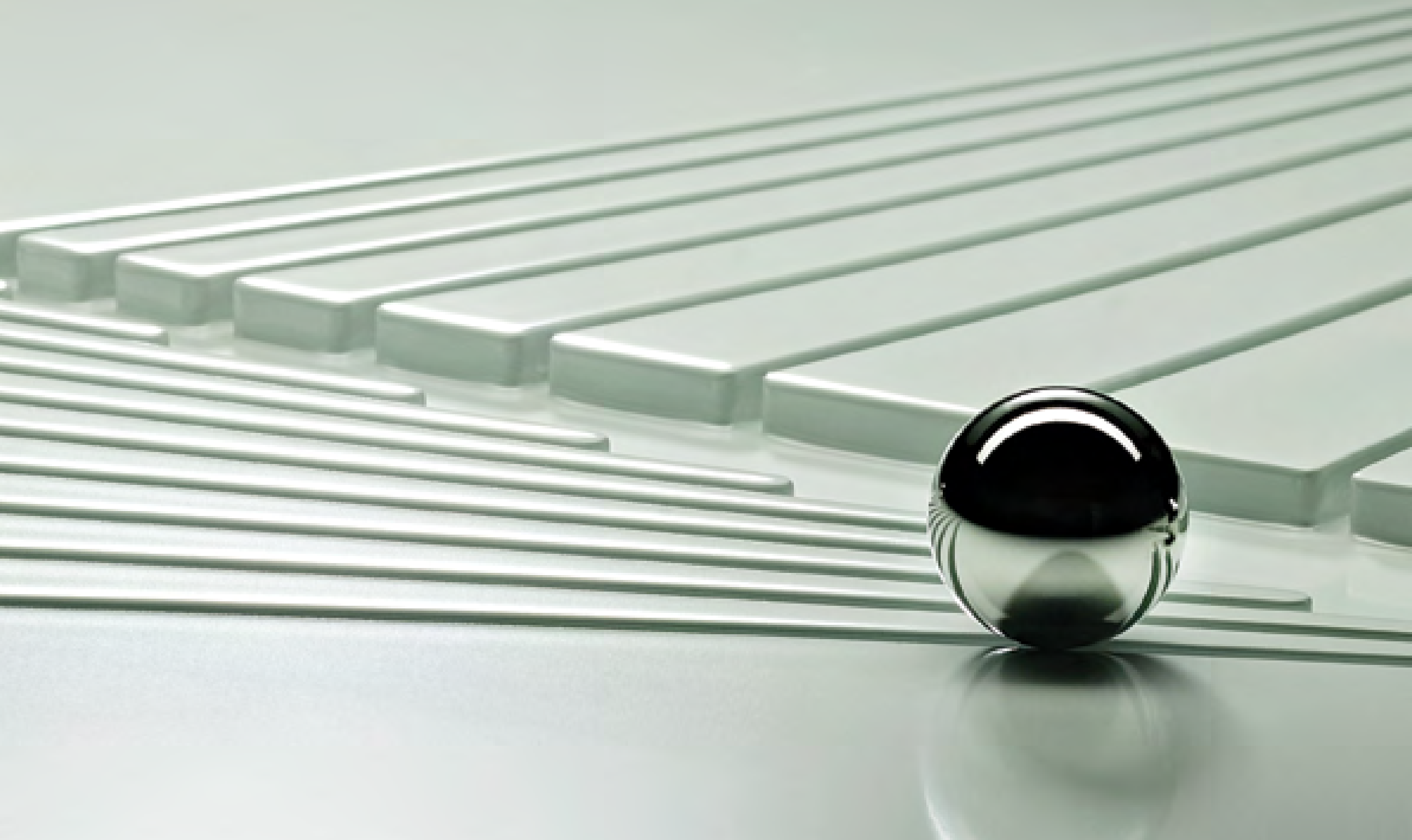


About Macquarie Atlas Roads[1]

Position on ASX
Top 200

Securities on issue
511.5 million

Market capitalisation
A$1.63 billion

Security holders
~18,000

Toll roads in portfolio
6, across 4 countries

Total km travelled on MQA roads in 2014
25.6 billion

Our business

MQA offers shareholders exposure to an international portfolio of toll road assets:

- Primary exposure is to the European economy and traffic levels
- Secondary exposure is to the US economy.

MQA offers shareholders a total return including distributions and capital appreciation:

- A substantial proportion of asset-level cash flow is reinvested in the respective business via capital expenditure and debt reduction, improving the value of MQA's equity investment.

Our strategy

MQA's focus is on growing distributions and growing the value of its portfolio.
Key strategies include:

- Active management of portfolio assets to deliver improved operational performance
- Efficient, disciplined capital and portfolio management
- Refinancing of project debt as suitable opportunities emerge over the medium term
- Delivering and growing dividends.

Key portfolio assets

Autoroutes Paris-Rhin-Rhône (APRR)

One of the largest motorway networks in Europe, and the second largest in France, APRR is MQA's flagship asset and represents most of MQA's portfolio by value.

Dulles Greenway

Located in Northern Virginia, USA, the Dulles Greenway forms part of a commuter route into Washington DC.

1 As at 26 February 2015.

Letter from the Chairmen and the CEO

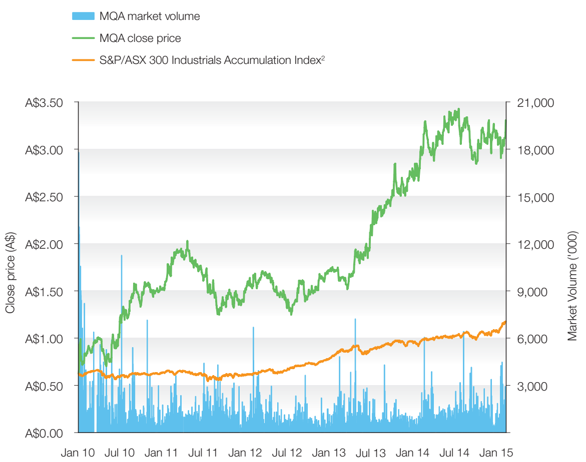
Overview

Macquarie Atlas Roads (MQA) maintained its positive performance in 2014. Highlights for the year included the improvement in distributions paid to our investors and the acquisition of an additional interest in APRR funded by a share placement of A$60 million. The share placement was MQA's first capital raising and an important milestone for the Group.

Across the portfolio, on a like-for-like proportionately consolidated basis, traffic, revenue and EBITDA[1] increased on 2013 levels by 1.7%, 2.6% and 3.3% respectively despite the soft economic conditions in Europe. A more detailed review of the portfolio's operating performance can be found in the Chief Financial Officer's report overleaf.

Security price performance

MQA's security price traded above A$3.00 for the first time in February 2014 and remained at above that level for most of the year. MQA's market capitalisation at 31 December 2014 was over A$1.6 billion, an increase of 22% from the end of 2013 and of 488% since listing. A chart of MQA's security price performance since listing is presented below.



Operations

APRR delivered another record result in 2014, with EBITDA of €1.520 billion and an EBITDA margin of 70.7%. Traffic across the network increased by 1.6%, a pleasing performance in light of continued economic weakness in Europe.

In early 2014, new management contracts with the French State were entered into by APRR and its subsidiary AREA. The two contracts provide for total capital expenditure of around €500 million in return for higher annual tariff increases than would otherwise have applied.

In late 2014 anti toll-road sentiment in France, including calls for termination of the concession contracts, coloured the relationships between French motorway companies including APRR and the French State. At the time of writing, discussions are ongoing between the State and the concession companies regarding a package of measures which would respect the economics of the existing contracts while delivering structural improvements. The State announced that the scheduled 2015 toll increase would be suspended while talks continue. The motorway companies have taken legal measures to protect their rights but remain optimistic that the situation will be resolved satisfactorily.

Dulles Greenway traffic performed strongly during 2014, up 3.0% on 2013 despite the severe winter conditions in the first quarter. Toll increases in April 2014 and lower operating expenses contributed to revenue and EBITDA growth of 5.3% and 7.1% respectively on 2013 levels. While the road continues to improve its performance, MQA does not expect any distributions from Dulles Greenway in the medium term.

Acquisition of additional interest in APRR

On 16 July 2014, MQA announced it had reached an agreement to acquire an additional 0.71% indirect interest in APRR from a Macquarie-managed vehicle concurrently selling an equal stake to third parties on the same terms. The acquisition is expected to provide an attractive return to MQA and consolidates MQA's position in the APRR ownership structure. The acquisition was funded by a A$60 million institutional placement, well supported by both existing and new investors, which represented MQA's first capital raising. MQA now has a 20.14% indirect interest in APRR.

Eiffarie/APRR refinancings completed

On 19 February 2015, Eiffarie and APRR signed new loan agreements with an international consortium of banks. The new facilities replace existing facilities that were due to mature in 2017, the early refinancing taking advantage of favourable debt conditions including an improved APRR credit rating. The new €1.5 billion

1 Earnings Before Interest, Tax, Depreciation and Amortisation. Proportionately consolidated numbers aggregate the results of each asset in proportion to MQA's beneficial interest. Comparative numbers have been normalised for changes in ownership interests and foreign exchange rates.

2 Benchmark rebased to A$0.615, the MQA close price on the first day of listing (25 January 2010).

Eiffarie facility has a five-year term with two available one-year extensions and carries a margin of 1.0%, a significant decrease from the 3.0% margin on the previous facility. APRR's revolving credit facility was increased to €1.8 billion, which will allow more efficient capital management by the company. It has a similar term to the Eiffarie facility and a lower cost than the facility it replaced. Further details are provided in the APRR update section on pages 10 to 13.

Indiana Toll Road (ITR) update

The ITR concessionaire filed a pre-packaged Chapter 11 plan on 22 September 2014, after more than 18 months of negotiations with lenders. The plan has been confirmed by the bankruptcy court, with a sale of ITR expected to conclude in mid-2015. The concessionaire will continue to operate the road throughout the sale process, consistent with its obligations under the concession agreement.

Distributions

MQA's distributions grew strongly in 2014, with a total of 13.2 cents per security (cps) declared during the year compared to 5.7 cps in 2013. MQA declared a first half dividend of 5.0 cps and a second half distribution of 8.2 cps, which included both dividend and return of capital components.

These distributions were underpinned by distributions received from MQA's investment in APRR, and it is expected that these will continue to form the basis of MQA's future distributions to shareholders. APRR retains a proportion of the cash it generates to fund capital expenditure and reduce debt. This should increase the value of MQA's investment in APRR over time.

As with any foreign investment, distributions received by MQA from its assets are affected by fluctuations in foreign exchange rates. As a result, the level of distribution MQA pays to its shareholders may be impacted by foreign exchange rates, in particular the A$/€.

Board updates

In August 2014, Nora Scheinkestel was appointed to the board of MARL. Nora brings a wealth of valuable insight and expertise to MQA. She is an experienced director, having served as chairman and director of listed companies, funds, not-for-profits, government business enterprises and private companies for more than 20 years.

In February 2015, David Walsh announced that he will retire as Chairman of MARL and as a director of MARIL after the 2015 Annual General Meeting (AGM). The MARL and MARIL Boards wish to sincerely thank David for his years of dedicated service. David's leadership and his significant contribution to MQA will be missed and the Boards wish him the very best for the future. It is intended that, subject to her appointment by shareholders at the AGM, Nora Scheinkestel will assume the chairmanship of MARL and will replace David as a director of MARIL.

Outlook

Our focus over the coming year will remain on delivering growth in distributions and on improving the value of MQA's existing portfolio to investors. Additionally, we are open to considering accretive opportunities on a disciplined and selective basis. MQA remains well positioned to benefit from any future improvements in underlying economic conditions in France and the USA.

We are pleased to provide distribution guidance of 6.0 cps for the first half of 2015 and 10.0 cps for the second half of 2015.

On behalf of the Boards and management team, we would like to thank you for your support of MQA.

David Walsh
Chairman
Macquarie Atlas Roads Limited

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited

Peter Trent
Chief Executive Officer
Macquarie Atlas Roads

CFO's report

FOR THE YEAR ENDED 31 DECEMBER 2014

Overview

MQA's assets have delivered positive operational performance, with growth in traffic, revenue and EBITDA across the portfolio during 2014 despite continued weak economic conditions in Europe.

MQA now owns a 20.14% indirect interest in its flagship asset APRR, following the acquisition of an additional 0.71% indirect interest in July 2014. The acquisition was funded by a A$60 million institutional placement. Higher distribution receipts from APRR (via its holding companies) allowed MQA to declare an increased level of distributions to investors in 2014. Distributions for the year totalled 13.2 cps, compared with 5.7 cps in 2013.

Financial highlights – statutory

MQA equity accounts for all the assets in its portfolio. These results are disclosed as 'share of net profits/ (losses) of investments accounted for using the equity method' in MQA's income statement, and together with corporate-level expenses make up MQA's statutory result.

During 2014 MQA expensed the full performance fee of A$58.2 million that was calculated at 30 June 2014, notwithstanding that only the first instalment of A$19.4 million was payable (the second and third instalments are anticipated to become payable in future periods). This unusually large expense item more than offsets the equity accounted result from MQA's assets and as a result, MQA has recorded a statutory loss for the 2014 year.

During 2013, the deconsolidation of the M6 Toll resulted in some significant one-off items in MQA's statutory accounts, including a A$1.38 billion profit from deconsolidated operation in MQA's income statement. These items make like-for-like comparison of MQA's 2014 and 2013 statutory results difficult.

A summary of MQA's statutory financial performance for the periods ended 31 December 2014 and 2013 is set out in the following table.

Income statement

	Year ended 31 Dec 2014 A$m	Year ended 31 Dec 2013 A$m
(Loss)/profit from continuing operations after income tax	(50.6)	41.9
Profit from deconsolidated operation	-	1,381.5
(Loss)/profit attributable to MQA security holders	(50.6)	1,423.5

Balance sheet

	As at 31 Dec 2014 A$m	As at 31 Dec 2013 A$m
Total assets	868.2	882.3
Total liabilities	(45.3)	(6.8)
Total MQA security holders' interest	822.9	875.6

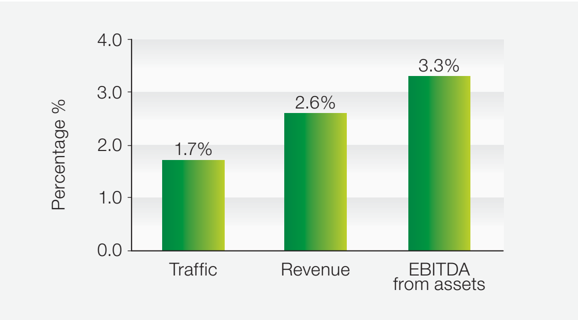
The increase in liabilities on MQA's balance sheet reflects the second and third instalments of the 2014 performance fee (each A$19.4 million) which, subject to ongoing performance criteria, are anticipated to become payable in 2015 and 2016 respectively.

Further information on the statutory results is provided in the Financial Report on pages 25 to 90.

Financial highlights – proportionate results from toll road assets

The proportionate results aggregate the financial results of MQA's assets in the respective proportions of MQA's economic interests from ongoing operations in each asset. The proportionate results are prepared on a different basis to the MQA Financial Report, which is prepared in accordance with Australian Accounting Standards.

The following chart shows the operating performance of MQA's portfolio as a whole for 2014 compared to 2013.

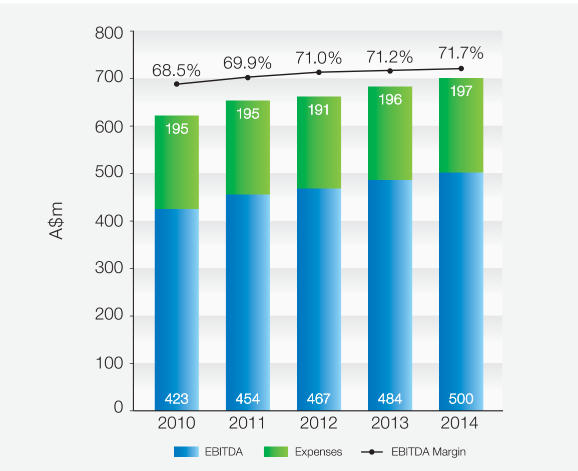


Summary 2014 pro forma[1] asset performance vs 2013

All roads experienced an increase in traffic compared to the previous year. Of note, traffic on the Dulles Greenway grew strongly despite severe weather conditions in the first quarter, reflecting traffic growth in the Greenway's corridor.

All toll roads recorded revenue and EBITDA increases reflecting traffic growth, the positive impact of changes to tolling structures and continued focus on cost control at the assets.

A summary of MQA's portfolio performance for the last five years is set out in the graph below. Portfolio revenue, EBITDA and EBITDA margin continue to trend positively. This is a pleasing result in light of the challenging macroeconomic climates in both Europe and the US over the last few years.



Pro forma[1] proportionate EBITDA from road assets (A$m), year ended 31 December

Further information, including the basis of preparation of proportionate results and a reconciliation of these results to the statutory results, is provided in the Management Information Report which is available on MQA's website at www.macquarie.com/mqa.

Cash flow and cash position

A summarised fund-level cash flow statement for the period is set out below.

Available cash[2]	Year ended 31 Dec 2014 A$m	Year ended 31 Dec 2013 A$m
Opening balance – 1 January	**17.7**	**13.7**
Cash flows received from APRR (via Financière Eiffarie)	96.6	48.8
Other operating cash flows, net of foreign exchange movements	(24.5)	(17.0)
Proceeds from the issue of securities (including transaction costs)	59.3	-
Payment for purchase of additional indirect interest in APRR (including transaction costs)	(52.7)	-
Distributions paid	(66.3)	(27.6)
Closing balance – 31 December	**30.1**	**17.7**

MQA received larger distributions from APRR (via Financière Eiffarie) in 2014 than in 2013. This allowed MQA to declare an increased level of distributions to shareholders: a 1H 2014 dividend of 5.0 cps (1H 2013: 2.4 cps) and a 2H 2014 distribution, which included a return of capital component, of 8.2 cps (2H 2013: 3.3 cps).

MQA's strategy in relation to capital management remains disciplined. MQA has no corporate level debt, and all debt secured against the assets remains non-recourse to MQA. After payment of each dividend, MQA retains a prudent working capital balance. MQA's available cash position at 26 February 2015 was approximately A$24.9 million.

Mary Nicholson
Chief Financial Officer
Macquarie Atlas Roads

1 Pro forma results are normalised for changes in ownership interests and foreign exchange rates. The M6 Toll and ITR are not included because MQA's economic interest from the ongoing operations of these assets is 0.0%.

2 Available cash represents cash immediately available for MQA use. In addition, MQA has €1.2 million (A$1.8 million) of cash not available for use, representing secured cash deposits in relation to outstanding guarantees.

MQA's First Five Years

Simple strategy, strong results

MQA's strategy has remained consistent and transparent

2010

25 January 2010

"MQA" lists on Australian Securities Exchange (ASX)

Macquarie Atlas Roads (MQA) commences trading on the ASX at A$0.51 after Macquarie Infrastructure Group (MIG) is restructured into two separate ASX listed toll road groups.

The closing price on the first day of trading is A$0.615, giving MQA an initial market capitalisation of A$278 million.

17 June 2010

Acquisition of minority interests in APRR

Eiffarie, the consortium vehicle through which MQA and its co-investors hold an 81.5% interest in APRR, reaches agreement to acquire a further 13.7% from certain minority holders.

The landmark acquisition brings Eiffarie's holding in APRR to more than 95%, permitting the commencement of a process to acquire the remaining minority interests. The acquisition is funded entirely with equity, de-risking the investment through an effective reduction in its gearing level and positioning Eiffarie well to deal with its upcoming refinancing challenge.

MQA's €155 million contribution to the acquisition was made from existing cash reserves.

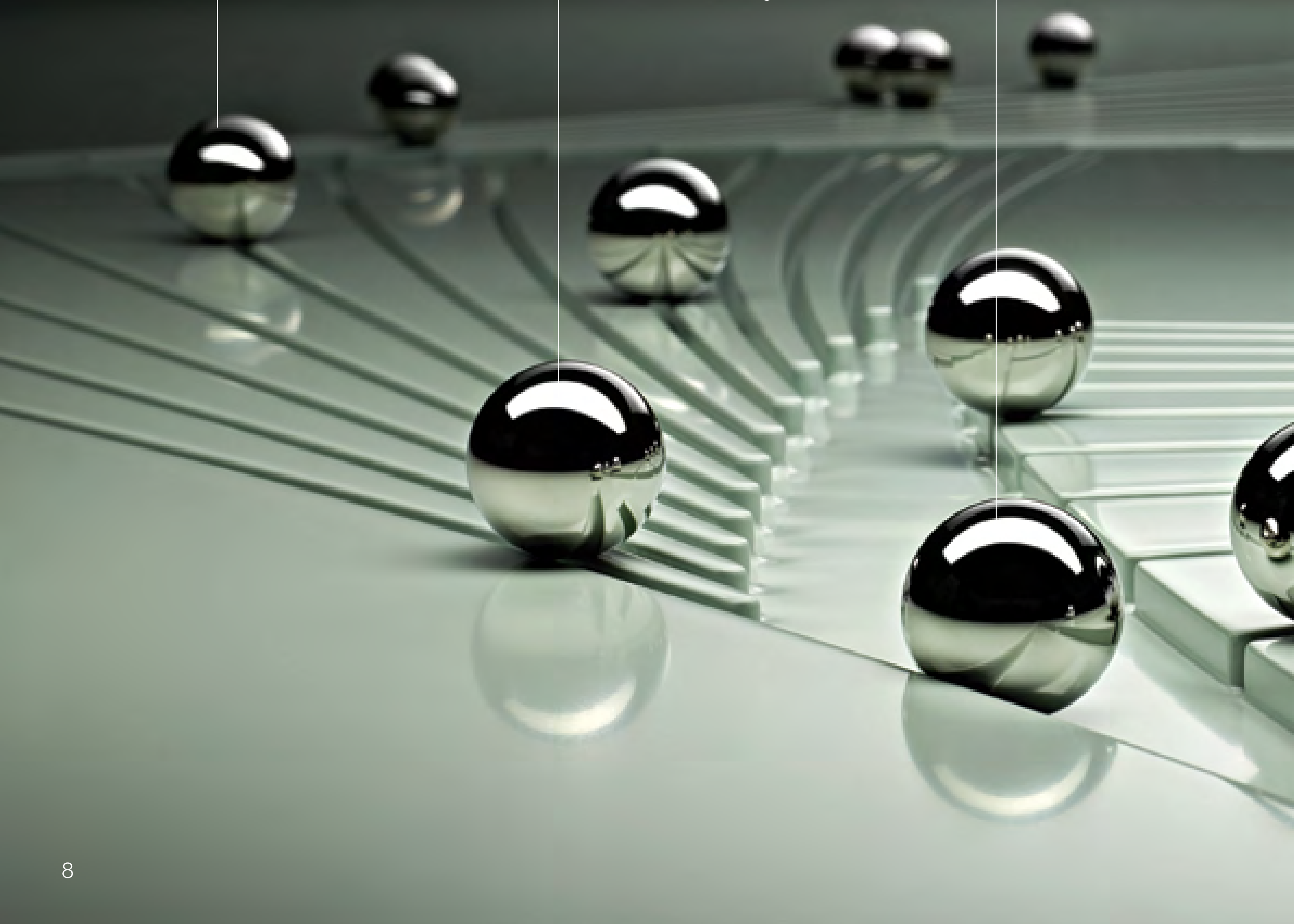
21 June 2010

MQA closes at A$1.00 for the first time.

30 July 2010

MQA included in the S&P/ASX 200 Index

MQA is included in the S&P/ASX 200 Index as a result of increased market capitalisation. On this date MQA closes at A$1.20, a market capitalisation of A$543 million.



The Group's ability to deliver success by improving operations and earnings, along with its disciplined approach to capital management, has helped MQA reach important milestones during its first five years.

MQA remains focused on growing dividends and the value of its existing portfolio, but remains open to considering accretive opportunities on a disciplined and selective basis. The Group is well positioned for future growth.

2011

25 January 2011

At its first anniversary, MQA has delivered returns in the form of share price growth of 148% since listing.

2012

20 February 2012

Eiffarie refinancing

Despite extremely challenging market conditions, the €3.8 billion acquisition debt facility at Eiffarie is refinanced a year ahead of its maturity date: €1.0 billion is repaid from accumulated funds at APRR and a new €2.8 billion facility is put in place. This stabilises the Eiffarie/APRR capital structure and allows the asset to start paying distributions to MQA and its co-investors.

2013

21 March 2013

MQA declares its first dividend

MQA declares a 1H 2013 dividend of 2.4 cents per stapled security. At just over three years since listing, this first dividend comes significantly earlier than originally anticipated when MQA was created.

11 July 2013

MQA's market capitalisation reaches A$1 billion, with a closing security price of A$2.11.

12 September 2013

MQA declares a 2H 2013 dividend of 3.3 cents per stapled security.

2014

17 February 2014

MQA closes at over A$3.00 for the first time.

MQA's market capitalisation is now A$1.47 billion.

12 March 2014

MQA declares a 1H 2014 dividend of 5.0 cents per stapled security.

17 July 2014

MQA's first capital raising

MQA completes a A$60 million institutional placement of new stapled securities to fund the acquisition of an additional indirect interest in APRR. The capital raising is well supported by both existing and new investors.

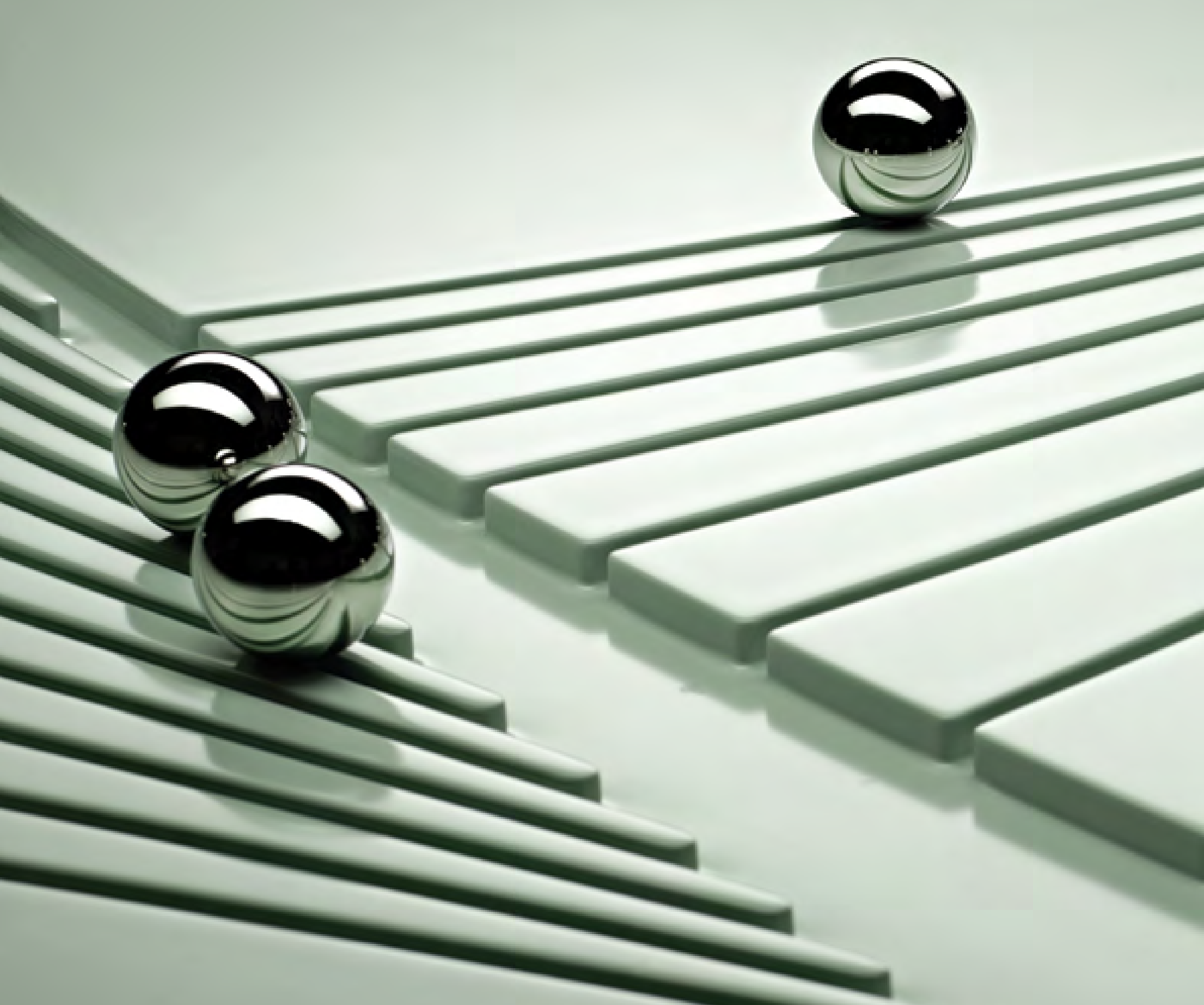
23 July 2014

MQA market capitalisation reaches A$1.7 billion, with a closing price of A$3.37.

17 September 2014

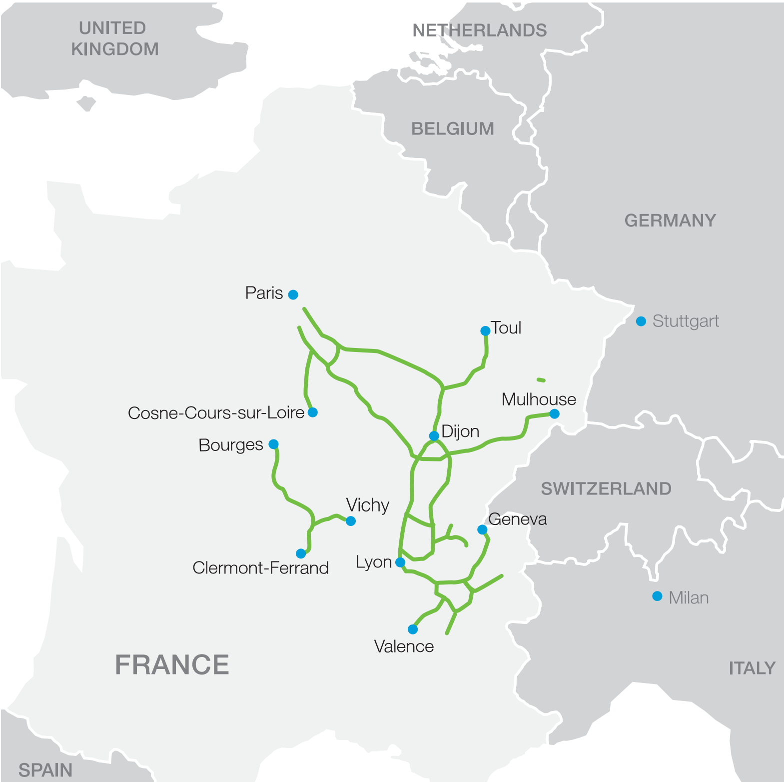
MQA declares a 2H 2014 distribution of 8.2 cents per stapled security.

APRR is the concessionaire of a 2,278km motorway network located in the east of France.



Autoroutes Paris-Rhin-Rhône

FRANCE



Asset description

Overview APRR is the concessionaire of a 2,278km motorway network located in the east of France. APRR operates four separate concessions: APRR, Autoroutes Rhône-Alpes (AREA), ADELAC and the Maurice Lemaire Tunnel. APRR is the second largest motorway network in France and the fourth largest in Europe. The network includes a number of highly travelled routes including the Paris-Lyon route (A5, A6 and A39), the Bourgogne-Northern Europe route (A31 and A36), the Alpine motorways in the Rhône-Alpes region (A40, A41, A42, A43, A48, A49, A51) and motorways in central France (A71 and A77). The concession provides for a further 10km of motorways to be constructed and opened from 2016.

Opened Fully operational March 1970, majority owned by the French State until February 2006.

Concession expiry
31 December 2032 (APRR, AREA); 31 December 2060 (ADELAC); 31 December 2068 (Maurice Lemaire Tunnel).

MQA's interest: 20.14%

Results

Revenue
2.4% increase on the prior corresponding period (pcp)

Traffic
1.6% increase on pcp

Operating performance

- APRR traffic continued to recover in 2014 with an overall increase of 1.6% in total vehicle kilometres travelled compared to 2013. This higher traffic, together with tariff increases and a continued focus on cost control, has resulted in revenue and EBITDA increasing 2.4% and 3.0% to record highs of €2.15 billion and €1.52 billion respectively.
- Light vehicle traffic increased by 1.6% for the year, benefiting from an increase in household disposable income and lower fuel prices on average for the year.
- Heavy vehicle traffic in 2014 grew by 1.5% above 2013 levels, reflecting the gradual recovery of the French economy with growth decelerating during the second half of the year.
- Scheduled toll increases of 0.80% for APRR and 0.84% for AREA were implemented with effect from 1 February 2014. These, combined with the traffic growth, contributed to a revenue increase in 2014 of 2.4%.
- The EBITDA margin increased to 70.7% compared to 70.3% in 2013.
- Figure 1 (overleaf) shows APRR's financial performance over the last 14 years: throughout the economic cycle, APRR has continued to demonstrate growth in revenue and EBITDA year on year.

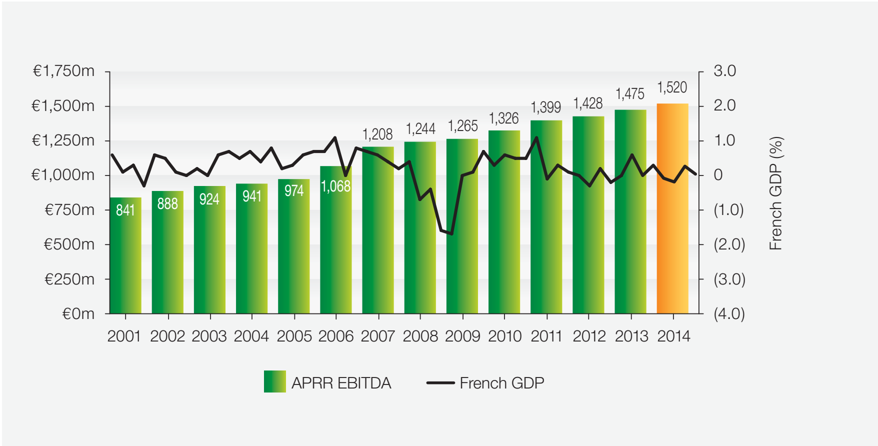


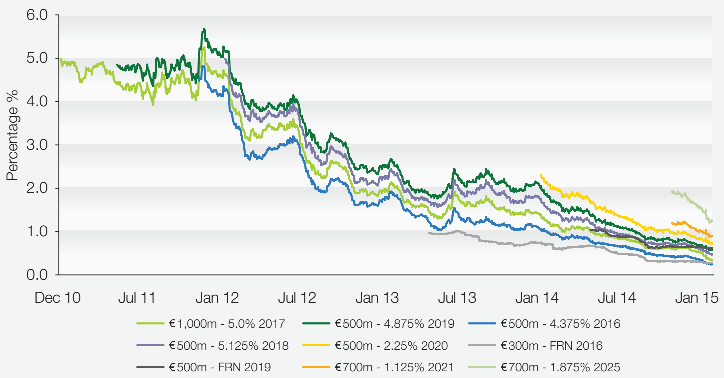
Fig 1: EBITDA against French GDP 2001-2014

Automation

- Automated transactions (tag, credit card and coin machine) accounted for 95.1% of total transactions during 2014 compared with 93.3% in 2013, demonstrating the ongoing progress made in increasing the level of automation across the network.
- The level of electronic toll collection, which represented 52.7% of total transactions in 2014 (2013: 51.2%), continues to grow, with the number of active Liber-t tags increasing by 18.2% in 2014. There are now more than 1.72 million tags on issue.
- 141 of the 150 toll plazas operated by APRR are now operated either completely or partially remotely, resulting in a more centralised and streamlined service.

Capital expenditure contracts and government relations

- APRR and AREA may enter into periodic management contracts (*Contrats de Plan*) with the French State, under which capital works are performed by APRR and AREA in return for an improved toll schedule. Typically these contracts run for a five-year period: the most recent completed contracts for APRR and AREA covered the period 2009-2013.
- In early 2014, APRR and AREA entered into new management contracts covering the 2014-2018 period. The two contracts provide for total capital expenditure of around €500 million, with annual tariff increases, applicable from 2014 to 2018, of 85% of CPI (excl. tobacco) + 0.37% for APRR and 85% of CPI (excl. tobacco) + 0.41% for AREA.
- APRR and AREA are also in discussions with the French State regarding an additional package of capital expenditure, part of a broad package for the toll road industry which aims to stimulate the French economy. If agreed, this package would be in return for an extension to the APRR and AREA concessions.
- In late 2014 anti toll-road sentiment in France, including calls for termination of the concession contracts, coloured the relationships between French motorway companies including APRR and the French State. At the time of writing, discussions are ongoing between the State and the concession companies regarding a package of measures which would respect the economics of the existing contracts while delivering structural improvements. The State announced that the scheduled 2015 toll increase would be suspended while talks continue. The motorway companies have taken legal measures to protect their rights but remain optimistic that the situation will be resolved satisfactorily.



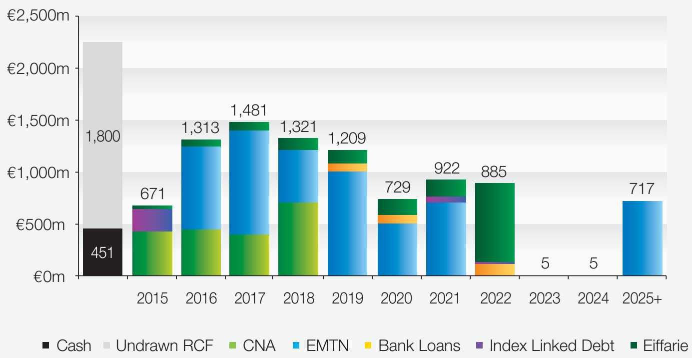


Fig 2: APRR Mid-yield to maturity

Fig 3: Pro Forma APRR/Eiffarie Debt Maturity Profile (€m)[1]

S&P rating upgrade and refinancing of debt facilities at APRR

- In November 2014, S&P upgraded APRR's rating from BBB (positive outlook) to BBB+ (stable outlook), reflecting improved financial metrics and perspectives at APRR. Fitch continues to rate APRR at BBB+ (stable outlook).
- APRR debt continues to enjoy strong support in the debt markets, with major issuances during the last 12 months agreed at the following very attractive terms:
  - In April 2014: €500 million floating rate note with a margin of 0.75% to 3-month Euribor and a maturity of March 2019
  - In November 2014: €700 million fixed rate bonds with a coupon of 1.125% and a maturity of January 2021, as well as €700 million fixed rate bonds with a coupon of 1.875% and a maturity of January 2025.
- Figure 2 shows the traded yields of APRR's EMTN bonds since the end of 2010: yields are currently at historically low levels, reflecting the strong market appetite for APRR debt and APRR's improved credit rating as well as improved debt market conditions generally.
- In February 2015 APRR replaced its undrawn Revolving Credit Facility (RCF), with a larger facility of €1.8 billion. The commitment fee payable on the new facility is lower than on the previous facility, and the increased facility size will allow APRR to manage its balance sheet more efficiently. The new facility carries a five-year term with two available one-year extensions.

Refinancing of debt facilities at Eiffarie

- Since the privatisation of APRR in 2006, the Eiffarie group has been financed at both operating company (APRR) and holding company (Eiffarie) levels.
- In February 2015, at the same time as APRR replaced its RCF, Eiffarie refinanced its debt facility with an international syndicate of banks. The proceeds of a new €1.5 billion debt facility, together with a distribution from APRR, were used to repay Eiffarie's existing €2.5 billion facility in full. The existing facility was due to mature in February 2017 and was refinanced two years ahead of maturity to take advantage of the current favourable debt markets.
- The new facility has a term of five years, with two available extensions of one year each, and a margin of 1.0%, lower than the 3.0% margin on Eiffarie's existing facility.
- As a result of the aforementioned bond issues and new facilities, the Eiffarie group now has a long dated, regular debt maturity profile with strong liquidity and with no significant refinancing requirements in the medium term. Figure 3 sets out a pro forma debt maturity profile of the group[1]. For as long as the current favourable interest rate conditions continue, APRR will have the opportunity of lowering the cost of its debt over time as existing tranches are repaid or refinanced.

1 As at 31 December 2014, adjusted to reflect the refinancing of the Eiffarie Facility (including the dividend from APRR) and the replacement of the APRR RCF, which were signed on 19 February 2015, as well as the EMTN maturity in January 2015. Excludes short term debt and mark to market on swaps.

Dulles Greenway is a 22km toll road in Loudoun County, northern Virginia, part of a road corridor connecting Leesburg and other suburban communities with Washington DC.

Dulles Greenway

VIRGINIA, USA

Asset description

Overview 22km toll road in northern Virginia, west of Washington DC. It runs from Dulles International Airport through Loudoun County to Leesburg, part of a road corridor connecting Leesburg and other suburban communities with Washington DC.

Opened September 1995

Concession expiry
15 February 2056

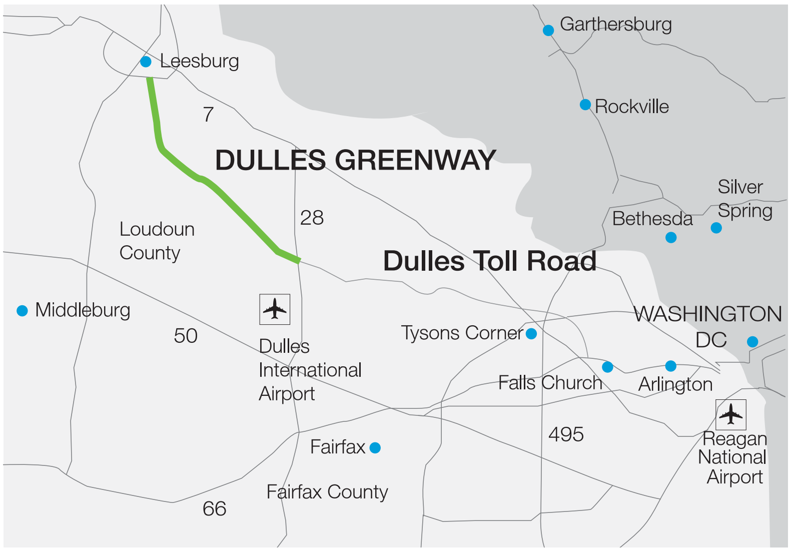
MQA's interest 50%[1]

Results

Revenue
5.3% increase on pcp

Traffic
3.0% increase on pcp

1 Estimated economic interest.



Operating performance

- Revenue for 2014 was 5.3% higher than in 2013, reflecting the impact of both traffic growth and increased tolls (effective 11 April 2014, tolls were increased from US$4.90 to US$5.10 for peak period, peak direction car traffic and from US$4.10 to US$4.20 for other car traffic).
- 2014 traffic was 3.0% above 2013 levels, despite the severe winter conditions in the first quarter and April 2014 toll increases. The traffic comparison benefited from continued corridor growth, milder winter conditions in the fourth quarter and the negative impact of the US government shut-down in October 2013 on 2013 traffic.
- EBITDA for the year increased by 7.1% compared to 2013 levels, due to higher revenue and lower operating expenses.

Dulles Greenway
VIRGINIA, USA (CONTINUED)

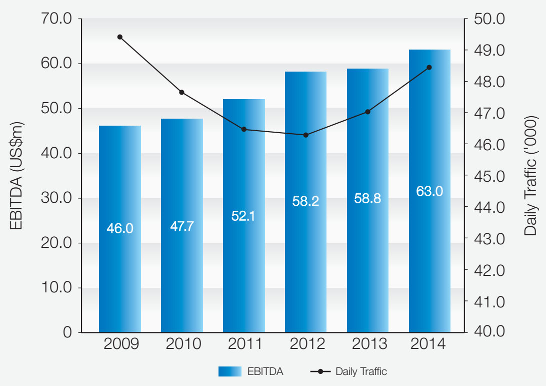


Fig 1: EBITDA versus traffic 2009-2014

Corridor dynamics

- Greenway traffic levels decreased between 2005 and 2012 as a result of improvements to the free alternative routes and the economic downturn. During this same period, both revenue and EBITDA increased.
- Since 2012, traffic growth has resumed with 3.0% traffic growth in 2014, and further growth expected in the future with increased regional economic activity.
- The Greenway is a key route in one of the fastest growing and most affluent areas in the US. In the latest US Census Bureau's estimates, Loudoun County is ranked second in the US in population growth among large counties[2] since the 2010 Census. Loudoun County is also ranked second in the US in median household income.
- Greenway has available capacity and is well-positioned to provide a good service to commuters as corridor traffic grows, particularly during peak hours.

Tolling and regulatory update

- The Greenway has undergone an extensive regulatory hearing process with the SCC during 2013 and 2014 with respect to the current toll rate structure and rate levels charged on the road. The SCC is expected to conclude its process during 2015.
- A toll increase application has also been lodged for 2015. The SCC's determination is expected in the near term.

Financing structure and distributions

- The Greenway is financed with five series of fixed-rate bonds maturing at various dates through to the end of the concession in 2056. Consequently, there is no interest rate or refinancing risk associated with this asset.
- The Greenway is subject to annual distribution tests under its debt indentures. While the asset is currently meeting its debt service obligations each year, it is not meeting the threshold required to distribute its surplus cash to MQA. No distributions are expected before 2019.

2 Large county is defined as having a population of more than 250,000.

Other assets

Chicago Skyway

ILLINOIS, USA

Asset description

Overview 12.5km majority elevated toll road in Chicago, Illinois, connecting the Dan Ryan Expressway to the Indiana Toll Road and providing an important link to downtown Chicago and surrounding communities.

Opened 1959, leased to the private sector in January 2005

Concession expiry 24 January 2104

MQA's interest 22.5%

Results

Revenue 1.0% increase on pcp

Traffic 0.2% increase on pcp

Warnow Tunnel

ROSTOCK, GERMANY

Asset description

Overview 2km toll road and tunnel under the Warnow River in the northern German city of Rostock.

Opened September 2003

Concession expiry 15 September 2053

MQA's interest 70%

Results

Revenue 5.2% increase on pcp

Traffic 1.7% increase on pcp

M6 Toll

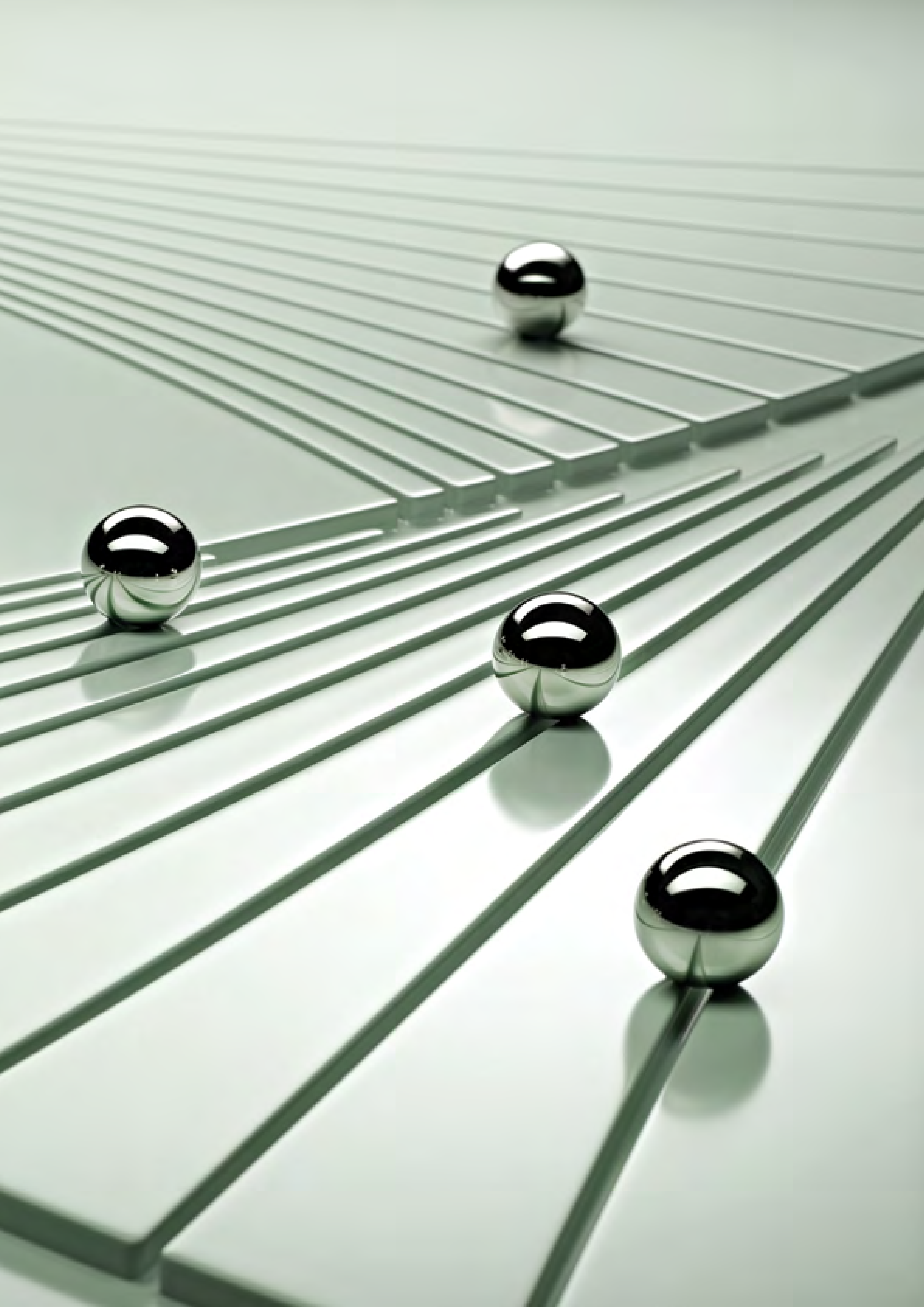
WEST MIDLANDS, UK

The M6 Toll is a 43km tolled motorway that bypasses Birmingham and connects to the M6 at both ends. Following the 2013 refinancing of the project's debt facilities, MQA receives an annual fee of £750,000 (indexed) for managing the asset. MQA does not expect to receive further equity distributions from the project and all surplus cash flows from the asset will be applied to service the new debt.

Indiana Toll Road

INDIANA, USA

The Indiana Toll Road (ITR) filed a pre-packaged Chapter 11 plan on 22 September 2014, after more than 18 months of negotiations with lenders. The plan has been confirmed by the bankruptcy court, with a sale of ITR expected to conclude in mid-2015. The ITR concessionaire will continue to operate the road consistent with its obligations under the concession agreement throughout the sale process.



Environmental and social responsibility (ESR) management

Macquarie Group (Macquarie) manages a range of investment vehicles within the Macquarie Infrastructure and Real Assets division. MQA is one of these investment vehicles. Macquarie has made a public statement on corporate citizenship and information regarding Macquarie's environmental, social and governance performance is published in the Macquarie Group Annual Report.

The commitment to corporate citizenship is based on Macquarie taking a long-term view of its business activities and acknowledging the importance of good custodianship to the communities in which it operates.

As set out on Macquarie's website, this commitment is underpinned by:

- A clear expectation of ethical behaviour from all Macquarie staff
- A robust framework of policies including those relevant to environmental, social and governance (ESG) responsibilities.

All Macquarie staff, including those working on behalf of MQA, have a collective responsibility to ensure that Macquarie continues to be a good corporate citizen. MQA management is supported in this by Macquarie's integrity, equal employment and sustainability and environment officers, as well as the Risk Management Group.

Macquarie staff also contribute their time, expertise and finances to community organisations through the Macquarie Group Foundation. The Foundation has raised over A$200 million since its inception through staff payroll giving, fundraising, and Foundation matching.

In October 2014, Macquarie and MQA relocated to their new headquarters at 50 Martin Place in Sydney. Through the creation of a light-filled central atrium, an innovative dome roof and flexible workplace design, the building demonstrates a global commitment to sustainability and was awarded the first 6 Star Green Star Rating granted in Australia under the new rating scheme, a major achievement for a heritage redevelopment of this size.

MQA's environmental, social and governance policies

MQA believes that many social, environmental and economic benefits arise from responsible private sector development and operation of infrastructure. MQA is also aware that with these benefits lies the potential for risks, including ESG risks.

MQA has adopted a number of policies to manage these risks that are consistent with Macquarie's policies and reflect the risks specifically associated with management of and investment in infrastructure assets.

These policies form part of MQA's overarching risk management framework in accordance with Principle 7 of its corporate governance statement. For more information, visit MQA's website at www.macquarie.com/mqa.

The framework is applied throughout MQA's investment process as follows:

- Asset selection – ESG risk and responsibilities are reviewed as part of the acquisition due diligence process
- Ongoing asset management – regular asset board reporting enables compliance with environmental and social requirements to be monitored and environmental and social responsibility issues to be identified. MQA promotes good environmental, social and governance practices within each asset
- Stakeholder reporting – social and environmental policies, initiatives and compliance performance are reported internally and, where appropriate, externally.

In this section we outline a selection of MQA's environmental and social responsibility initiatives undertaken during 2014. MQA's governance responsibilities and policies are covered on pages 23 and 24.

Environmental and social responsibility (ESR) management

CONTINUED

In addition to MQA's own processes and policies, many new infrastructure projects undergo extensive social and environmental impact reviews before being given approval to proceed. The process is typically run by governments, which will have balanced the costs and benefits of the project. Accordingly, a government-run process will usually require new infrastructure to produce more efficient environmental outcomes than existing alternative infrastructure; or, where an investment is made in existing infrastructure, for that investment to produce improved environmental outcomes over those that existed prior to the investment being approved.

ESR-related regulatory requirements

MQA is not aware of any material breaches of relevant ESR-related regulatory standards by its assets during the year ended 31 December 2014.

The following is a selection of environmental and social responsibility initiatives at MQA's assets. A more comprehensive summary is available on MQA's website at www.macquarie.com/mqa.

Environmental initiatives at MQA assets during 2014

APRR

Over the past 30 years, APRR has actively reduced its environmental footprint through the development of policies and initiatives. These initiatives aim to preserve the network's surrounding water resources, fauna and flora, and to reduce the impact of noise, visual and environmental pollution.

More than 10% of the costs associated with the development of new motorways are dedicated to landscaping and environmental development. New motorways are equipped with high-performance environmental protection systems such as retention basins and noise barriers, and large-fauna passages and the re-creation of biological corridors have been incorporated to encourage biodiversity.

Other environmental initiatives include:

- Maintaining over 10,000 hectares of green space adjacent to its motorways through environmentally friendly methods, including more than 10 million trees planted throughout the network and its surrounding areas
- Experimenting with the innovative maintenance of green space, with the trialling of "eco-grazing" through the introduction of sheep into certain green spaces along the motorway
- Introducing the use of no-stop toll gates, reducing idling time and minimising greenhouse gas emissions
- Improving APRR's vehicle registration service to incorporate the asset's car sharing program. In mid-2014, 10% of trips had two or more passengers
- Studying flora and fauna by monitoring frogs and dragonflies living in motorway water retention ponds throughout 2014
- Developing the 2013 biodiversity initiative, where beehives were introduced in four locations. 2014 saw beehives introduced into four additional locations; these beehives will be monitored until 2020 by volunteer employees
- Raising awareness of the asset's environmental initiatives through positive reinforcement in digital signage along the motorway.

In 2009 APRR became the first motorway concession operator in France to obtain ISO 14001 environmental certification, with the certification being maintained through 2014.

Dulles Greenway

The Dulles Greenway continues to focus on identifying and actively pursuing strategies to prevent any negative environmental impact throughout the design, construction, and ongoing operations of the toll road.

Dulles Greenway maintains its support of Loudoun Wildlife Conservancy by donating a portion of funds received from its annual 'Drive for Charity' campaign. Funds raised in 2014 were used to protect Loudoun County's water supply against erosion and sediment problems, establish new wetlands, collect scientific data on the condition of local wildlife, and engage in tree reforestation.

Chicago Skyway and Indiana Toll Road

Skyway Concession Company and ITR Concession Company continue to implement initiatives to reduce electricity usage and efficiently manage facilities.

Warnow Tunnel

Warnow Tunnel has maintained an environmental management system consistent with ISO 14001 and is planning to develop an energy efficiency programme according to ISO 50001.

M6 Toll

The M6 Toll has successfully maintained its ISO 14001 certification throughout 2014.

Social responsibility initiatives at MQA assets during 2014

APRR

In December 2014, a new interchange "La Tour-du-Pin – Est" was opened on the A43, in the north of the Isère department. Traffic which previously drove through the nearby town of Tour-du-Pin will now bypass the town, reducing peak hour congestion and improving safety for local residents. The project was funded by local authorities.

During 2014, APRR continued to support the training and education of students, by welcoming 57 trainees and 148 employees in through its Alternating Education program, which combines part-time study with practical experience.

APRR was awarded a prize on 2 October 2014 at the 10th International Diversity Gathering (*10è Rencontres Internationales de la Diversité*) for diversity, outsourcing and responsible procurement. This award acknowledges the successful implementation of a policy launched in 2012.

APRR's and AREA's customer satisfaction ratings, as measured by an annual satisfaction survey (face-to-face as well as by phone for ETC subscribers), have increased again in 2014. Customers are asked about their satisfaction level regarding major components of motorway service such as traffic information, safety, road maintenance, cleanliness and quality of rest or service areas. In 2014, APRR and AREA scored 8.0 and 8.1 out of 10, respectively.

SOS AUTOROUTE, the asset's emergency call smartphone application, has been downloaded by nearly 330,000 customers as at the end of 2014 and covers nearly 60% of the French motorway network.

To optimise the safety of its employees, APRR has a training centre dedicated to safety activities in all seasons, including winter. The training programmes, designed for personnel involved in network surveillance and maintenance, are attended by 700 people annually.

AREA maintained its OHSAS 18001 safety certification through 2014.

APRR promotes diversity by providing each of its ~3,600 employees equal opportunities irrespective of gender, age, ethnicity, sexual orientation or any non-merit based characteristics. APRR's values of open-mindedness, diversity and anti-discrimination are expressed through its three commitments:

1. Reinforce diversity and equal opportunities during the hiring process;
2. Maintain equal opportunities throughout an employee's career with APRR; and
3. Attempt to preserve employment by offering additional training and mentoring to employees experiencing difficulty in performing their role.

In April 2014, APRR and AREA gathered about 50 employees from varied backgrounds to assess the diversity actions undertaken since 2011. The results of the diversity policy and the new 2014-2018 action plan were presented to managers and trade unions in July, as part of the second such gathering. The new slogan *"Diversity and equal opportunity, we all benefit from it"* reflects APRR's long-term diversity strategy.

In 2013, a new organisation structure for APRR's operating department was deployed to promote APRR's new mobility guide (recruitment and promotions). In 2014, 90 employees across 14 different job types were part of this internal mobility training programme.

At 31 December 2014, APRR's workforce consisted of 39% women and 61% men, with the average length of service of all employees being approximately 16 years.

Environmental and social responsibility (ESR) management

CONTINUED

Dulles Greenway

Dulles Greenway is in its ninth year of involvement with the annual 'Drive for Charity' campaign. In 2014 approximately US$295,000 was donated to six local organisations through tolls and the assistance of Greenway sponsors within the local business community, bringing the total amount raised through the event over the last nine years to over US$2 million.

The Greenway has policies in place to ensure that management hires and promotes staff on the basis of demonstrated ability, experience and training, without regard to race, colour, national origin, religion, age, sex, disability, or any other status protected by law.

As at 31 December 2014, women made up 29% and men 71% of the Greenway's workforce, with the average length of service of all employees being six years.

Chicago Skyway and Indiana Toll Road

The Indiana Toll Road actively supports numerous causes, including support for persons with disabilities, underprivileged youth, health initiatives and more.

In 2014, ITR Concession Company made contributions in the form of monetary donations and pre-loaded E-Z Pass transponders to a number of local organisations.

Both the Chicago Skyway and Indiana Toll Road are committed to equal employment opportunities. Both assets' employee handbooks pledge not to discriminate and not to tolerate discrimination by others against employees or applicants. This policy covers all aspects of employment including recruiting, hiring, promotion and transfer, work assignment, compensation, discipline, termination and all other employment-related decisions.

At 31 December 2014, women made up 57% of Chicago Skyway's workforce and 40% of Indiana Toll Road's workforce. The average length of service across all employees is four years at Chicago Skyway and five years at Indiana Toll Road.

Warnow Tunnel

Throughout 2014, Warnow Tunnel provided sponsorship and monetary support to a number of organisations.

Warnow Tunnel offers various programmes to employees to promote and ensure workplace health and safety. The services offered range from basic first aid courses to periodic medical examinations. Health and safety seminars are run annually to better inform employees as to the risks they face and how to best mitigate them.

As at 31 December 2014, women made up 48% of Warnow Tunnel's workforce. The average length of service of all employees at Warnow Tunnel is nine years.

M6 Toll

The M6 Toll relaunched the 'Drive for Charity' initiative in 2014, donating £50,000 to local charities and community projects. The asset is committed to supporting local primary schools, offering grants for specific projects which aid the development of their students. Seven schools were awarded grants during 2014. In addition, local secondary school minibuses are offered free passage on the M6 Toll.

Supported charities for 2014-15 include Acorns Children's Hospice, Troop Aid and The Guide Dogs, together with continued support of Midlands Air Ambulance. Numerous local community projects have benefited from funding.

The M6 Toll maintained its OHSAS 18001 certification throughout 2014, and actively encourages positive workplace health and safety practices through the provision of appropriate training and resources.

The M6 Toll is committed to diversity and equality in its operations. The M6 Toll's diversity, recruitment and selection, and training and development policies ensure that applicants and employees are treated in a fair and consistent manner.

As at 31 December 2014, women made up 43% of the M6 Toll's workforce, with the average length of service of all staff being eight years.

Corporate governance

Legal framework and management arrangements

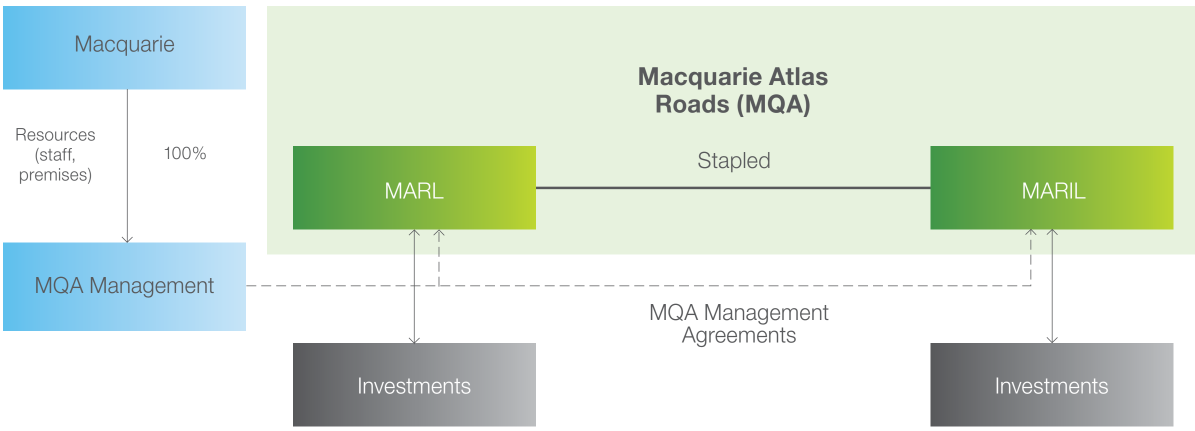
Macquarie Atlas Roads (MQA) is a dual stapled vehicle externally managed by Macquarie. It was established in early February 2010 as a result of a security holder approved restructure of Macquarie Infrastructure Group (MIG).

MQA comprises Macquarie Atlas Roads Limited (ACN 141 075 201) (MARL), an Australian public company, and Macquarie Atlas Roads International Limited (Registration No. 43828) (MARIL), an exempted mutual fund company incorporated in Bermuda. MQA is listed as a stapled structure on the Australian Securities Exchange (ASX). The securities of MARL and MARIL are stapled, and must trade and otherwise be dealt with together.

Management and advisory agreements (MQA Management Agreements) with Macquarie Fund Advisers Pty Limited (ABN 84 127 735 960) (AFS Licence Number 318 123) (the MQA Manager) were entered into by MARL and MARIL respectively at the time of establishment.

MARL and MARIL have also entered into a cooperation deed which provides for sharing of information, adoption of consistent accounting policies and coordination of reporting to security holders (MQA Cooperation Deed).

Macquarie Atlas Roads Structure



Entity	Type of entity	Assets (various % holdings)	Source of income
MARL	Australian public company	Chicago Skyway Indiana Toll Road Dulles Greenway[1]	MARL derives its income primarily from returns from its asset portfolio
MARIL	Bermudan exempted mutual fund company	APRR Dulles Greenway[2] Warnow Tunnel M6 Toll	MARIL derives its income primarily from returns from its asset portfolio

1 Holds a 6.7% shareholding.
2 Holds a ~43.3% economic interest through subordinated loans.

Corporate governance

CONTINUED

MARL and MARIL have no employed staff at the stapled company level. The MQA Management Agreements are non-discretionary and substantially similar in their terms. They require the MQA Manager to assist with the general administration of the companies, to provide active management of the MQA assets and to make investment and divestment recommendations.

Key decision making is reserved to the MARL Board and the MARIL Board (together the MQA Boards). The MQA Boards have no obligation to act on the recommendations of the MQA Manager and can appoint other advisers if they wish.

The MQA Manager has sub-advisory agreements with appropriately licensed or registered Macquarie Group companies in various non-Australian jurisdictions to assist with its management and advisory functions at no additional cost to MQA. All staff are supplied to these Macquarie management and advisory entities via resourcing arrangements with the Macquarie employing entity in the relevant jurisdiction.

A high-level summary of the MQA Management Agreements, addressing the disclosure recommended in ASX Guidance Note 26 can be found on the MQA website.

More detail about MQA's operational and governance arrangements can also be found in the ASIC 231 Regulatory Guide disclosure on the MQA website. This disclosure includes details of any change of control provisions in MQA asset debt documents or shareholder arrangements that may be triggered if the MQA Manager is removed as the manager/adviser of MQA.

We recommend that you also read the following constituent documents on the MQA website.

- MARIL Advisory Agreement
- MARIL Bye-Laws
- MARL Management Agreement
- MARL Constitution
- MQA Cooperation Deed.

References to 'Macquarie' above are references to Macquarie Group Limited (MGL) and its affiliates.

Corporate Governance Statement

The MQA Boards determine the corporate governance arrangements for MQA. As with all its business activities, MQA is proactive in respect of corporate governance and puts in place those arrangements it considers are in the best interests of MQA and its investors, and consistent with its responsibilities to other stakeholders.

MQA's corporate governance arrangements conform to the Corporate Governance Principles and Recommendations (3rd edition) issued by the ASX Corporate Governance Council, taking into account MQA being an externally managed vehicle.

MQA's Corporate Governance Statement has been approved by the MQA Boards and outlines MQA's main corporate governance practices for the year ended 31 December 2014 and up to the date of issue of this 2014 Annual Report.

MQA's Corporate Governance Statement can be viewed on MQA's website at www.macquarie.com/mgl/com/mqa/about-mqa/corporate-governance.

Macquarie Atlas Roads

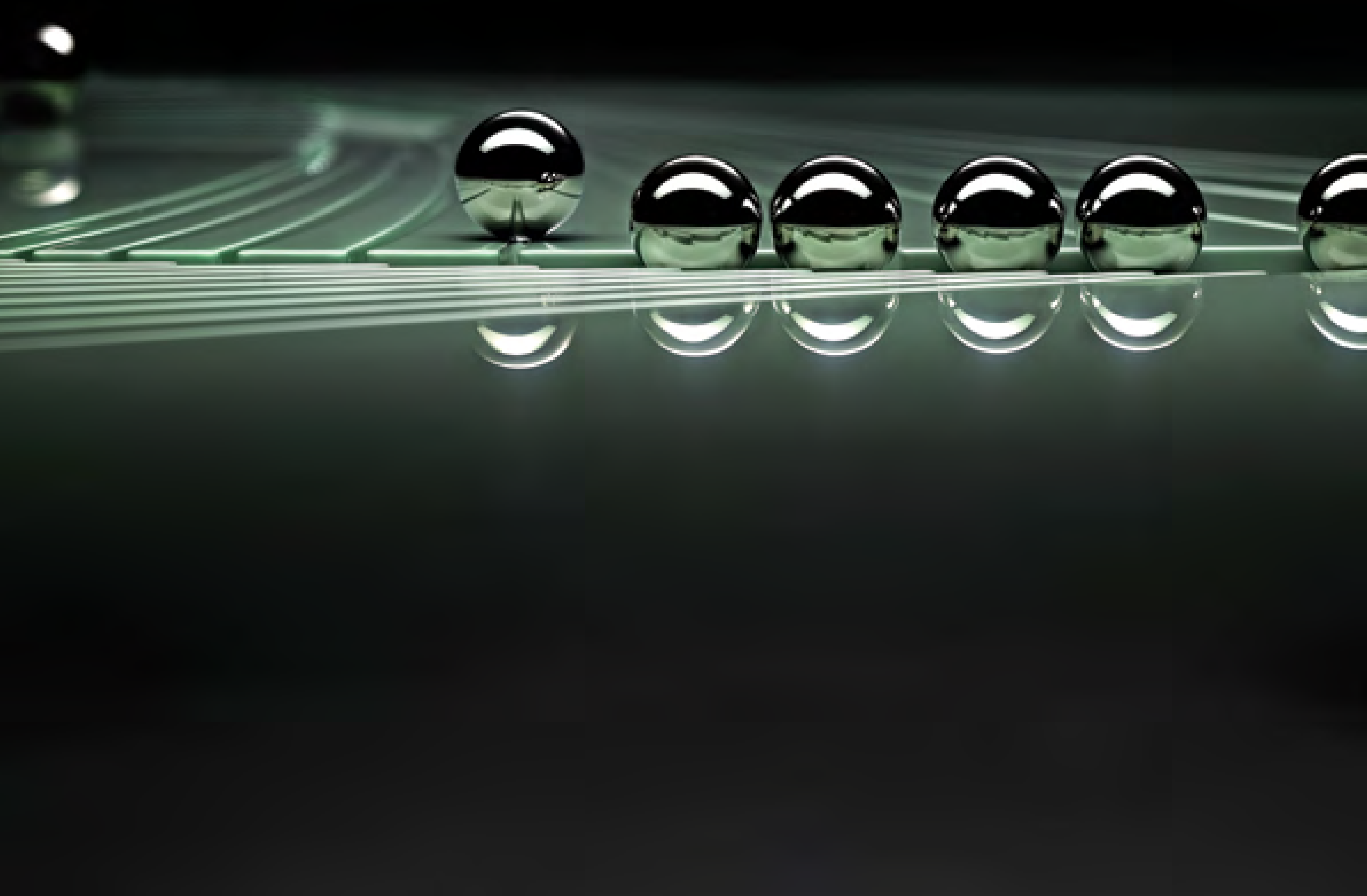
Financial report

for the year ended 31 December 2014

This report comprises:

Macquarie Atlas Roads International Limited and its controlled entities

Macquarie Atlas Roads Limited and its controlled entities



Contents

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors of Macquarie Atlas Roads International Limited ("MARIL") submit the following report together with the Financial Report of Macquarie Atlas Roads ("MQA" or "the Group") for the year ended 31 December 2014. *AASB 3 Business Combinations* and *AASB 10 Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Financial Report. In accordance with this requirement, MARIL has been identified as the parent entity of the consolidated group comprising MARIL and its controlled entities and Macquarie Atlas Roads Limited ("MARL") and its controlled entities ("the MARL Group"), together comprising MQA.

The directors of MARL submit the following report for the MARL Group for the year ended 31 December 2014.

Macquarie Fund Advisers Pty Limited ("the Adviser/Manager" or "MFA") acts as the adviser for MARIL and the manager of MARL.

Directors

The following persons were directors of MARIL during the whole of the year and up to the date of this report:

- Jeffrey Conyers (Chairman)
- James Keyes
- Derek Stapley
- David Walsh

The following persons were directors of MARL during the whole of the year and up to the date of this report (unless otherwise stated):

- David Walsh (Chairman)
- Marc de Cure
- Richard England
- John Roberts
- Nora Scheinkestel (appointed 28 August 2014)

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2014

Operating and Financial Review

Principal Activities

The principal activity of the Group and the MARL Group (together "the Groups") is the development and operation of toll roads, bridges and tunnels and investment in entities in the same industry sector. Other than as disclosed elsewhere in this report, there were no significant changes in the nature of the Groups' activities during the year.

Distributions

Distributions paid to members during the financial year were as follows:

	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000
Ordinary dividend of 5.0 cents per stapled security ("cps") paid on 4 April 2014	**24,362**	-
Distribution of 8.2 cps paid on 8 October 2014*	**41,946**	-
Ordinary dividend of 2.4 cps paid on 19 April 2013	**-**	11,485
Ordinary dividend of 3.3 cps paid on 4 October 2013	**-**	16,079
	66,308	27,564

All of the distributions were paid in full by MARIL.

* This distribution comprised a capital return of 6.4 cps and an ordinary dividend of 1.8 cps.

Review and Results of Operations

The performance of MQA and the MARL Group for the year, as represented by the results of their operations, was as follows:

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Revenue from continuing operations	**2,139**	890	**1,412**	1,755
(Loss)/profit from continuing operations after income tax	**(50,561)**	41,926	**(12,368)**	4,085
Profit from deconsolidated operation	**-**	1,381,543	**-**	-
(Loss)/profit for the year	**(50,561)**	1,423,469	**(12,368)**	4,085
(Loss)/profit attributable to:				
Equity holders of the parent – MARIL	**(38,193)**	1,419,384	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)	**(12,368)**	4,085	**(12,368)**	4,085
Stapled security holders	**(50,561)**	1,423,469	**(12,368)**	4,085
	Cents	Cents	**Cents**	Cents
(Loss)/profit from continuing operations per MQA stapled security	**(10.17)**	8.71	**(2.49)**	0.85
(Loss)/profit per MQA stapled security	**(10.17)**	295.80	**(2.49)**	0.85

MQA's share of the results of its non-controlled toll road assets are disclosed as share of net profits of investments accounted for using the equity method.

MQA's loss from continuing operations after tax for the year ended 31 December 2014 was $50.6 million (2013: profit of $41.9 million). The reduction in profits for the period reflects the following significant movements:

- During the year ended 31 December 2014 MQA has recognised the full 30 June 2014 performance fee ($58.2 million), including instalments that are expected to become payable in future periods. This accounts for the majority of the increase in reported operating expenses to $83.9 million (2013: $23.5 million);
- A decrease in the share of net profit of investments accounted for using the equity method to $31.2 million (2013: profit of $64.5 million), reflecting:
  i. Autoroutes Paris-Rhin-Rhône ("APRR") profit of $51.1 million (2013: profit of $72.8 million);
  ii. Dulles Greenway loss of $14.9 million (2013: loss of $15.7 million); and
  iii. Chicago Skyway loss of $5.1 million (2013: profit of $7.5 million).

The change in the share of net profits of investments accounted for using the equity method is primarily due to:

i. Inclusion of fair value gains on APRR interest rate swaps of $4.8 million for the year ended 31 December 2014 compared to $33.9 million during the year ended 31 December 2013. Derivative instruments are recorded at fair value which can result in significant volatility in a given period as market expectations of interest rates fluctuate; and
ii. Recognition of losses on Chicago Skyway amounting to $5.1 million (2013: profit of $7.5 million) for the year ended 31 December 2014. MQA's share of the total Chicago Skyway losses exceeded the investment's carrying amount and consequently, the carrying value of the investment in Chicago Skyway is $nil at 31 December 2014.

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2014

Significant Changes in State of Affairs

Base Management Fees

For 2014 and for subsequent years until further notice, the base management fee rates payable by MQA on market capitalisation up to $3.0 billion have been reduced by 25bps per annum. The revised base management fee rates are as follows:

Market Capitalisation	Revised Rate	Previous Rate
Up to $1 billion	**1.75%**	**2.00%**
Over $1 billion and up to $3 billion	**1.00%**	**1.25%**
Over $3 billion	**1.00%**	**1.00%**

Issue of Securities and Acquisition of Additional Stake in APRR

On 16 July 2014, MQA completed a $60 million placement of new MQA stapled securities to institutional and sophisticated investors ("Placement"). The Placement price was $3.25 per security. As a result, 18,461,539 new MQA stapled securities were issued on 23 July 2014. All stapled securities issued under the Placement rank equally with MQA's existing stapled securities. The Placement was undertaken to fund the acquisition of an additional 1.41% interest in Macquarie Autoroutes de France 2 SA, the company through which MQA holds its indirect investment in APRR. The acquisition was settled on 29 July 2014.

Restructuring of Indiana Toll Road under Chapter 11 of the United States Bankruptcy Code

On 22 September 2014, MQA announced that ITR Concession Company LLC ("ITRCC"), the operator of the Indiana Toll Road, had agreed a debt restructuring plan with its secured creditors under Chapter 11 of the United Stated Bankruptcy Code. Under the terms of the plan, a process to sell ITRCC's assets was commenced.

If no sale is completed, then a restructure will be implemented whereby ITRCC's secured debt will be substantially reduced and the secured creditors will receive 95.75% of ITRCC's equity. There will be no impact to Indiana Toll Road's operations.

In the opinion of the directors, there were no other significant changes in the state of affairs during the year under review.

Likely Developments and Expected Results of Operations

It is expected that MQA will continue to develop and operate toll roads, bridges, tunnels and to invest in infrastructure. Comments on the expected outlook for MQA are included in the annual report within the letter from the Chairmen and CEO.

Events Occurring after Balance Sheet Date

French Political Update

In January 2015 the French Government announced the establishment of a working group, comprising members of parliament and government representatives, with the objective of considering options for the renegotiation of the existing toll concession agreements, or in the alternative, the termination of these agreements.

Pending the recommendations of the working group, the government decided to defer the toll increases contractually scheduled for 1 February 2015.

Eiffarie Debt Refinancing

On 19 February 2015, completion was reached on the refinancing of the debt facility at Eiffarie SAS, the holding company for APRR. This comprised a €1.5 billion term loan, which together with the proceeds of a distribution from APRR, will be applied towards the full repayment of Eiffarie's existing €2.5 billion debt facility, due to mature in February 2017. In addition, APRR has signed a €1.8 billion revolving credit facility which will replace its existing undrawn €720 million credit facility.

Since balance date, the directors of MARIL and MARL are not aware of any other matter or circumstance not otherwise dealt with in the Directors' Report that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 31 December 2014.

Indemnification and Insurance of Officers and Auditors

During the year, MARL and MARIL paid premiums of $110,908 each to insure the directors and officers of MARL and MARIL. The liabilities insured are legal and defence costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of MARL and MARIL, and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to MARL or MARIL. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. So long as the directors and officers of MARL and MARIL act in accordance with the Constitutions and the law, the directors and officers remain indemnified out of the assets of the Groups against any losses incurred while acting on behalf of the Groups.

The auditors of the Groups are in no way indemnified out of the assets of the Groups.

Environmental Regulation

The operations of the underlying assets in which the Groups invest are subject to environmental regulations particular to the countries in which they are located.

Rounding of Amounts in the Directors' Report and the Financial Reports

The Groups are of a kind referred to in Class Order 98/100 as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Reports. Amounts in the Directors' Report and Financial Reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Application of Class Order

The Directors' Reports and Financial Reports for MQA and the MARL Group have been presented in the one report, as permitted by ASIC Class Order 13/1050 as amended by Class Order 13/1644.

Additional Specific MARL Disclosures

The following information is only required to be disclosed for the directors of MARL as MARL is an Australian entity that is required to comply with the *Corporations Act 2001*. The *Corporations Act 2001* does not apply to MARIL, a Bermudian entity, and consequently information is not provided for MARIL.

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2014

Information on Directors

	Experience and Directorships	Special Responsibilities	Particulars of director's interests in MQA stapled securities as at 31 Dec 2014	31 Dec 2013
David Walsh LLB Independent Director	**Experience:** David Walsh is an experienced corporate and commercial lawyer and company director. He was a partner of the law firm Mallesons Stephen Jaques from 1962 to 2004, and the senior partner from 1991. From 2005-2011 he was a senior legal consultant to Telstra. **Other current listed company directorships:** MARIL. **Former listed company directorships in last 3 years:** Templeton Global Growth Fund Limited.	Chairman of Board	**7,000**	7,000
John Roberts LLB Non-Executive Director	**Experience:** John Roberts is a Consultant to Macquarie and Non Executive Chairman of Macquarie Infrastructure and Real Assets ("MIRA") (a division of the Macquarie Funds Group) which has approximately $100 billion of assets under management. John was employed by the Macquarie Group for over 22 years, during which time he held various roles within the organisation, including Head of Europe, Joint Head of Macquarie Capital Advisers and Global Head of Macquarie Capital Funds (now MIRA). **Other current listed company directorships:** Sydney Airport Limited and DUET group entities. **Former listed company directorships in last 3 years:** Macquarie International Infrastructure Fund Limited (SGX) and Macquarie Infrastructure Company (NYSE).	-	**46,108**	46,108
Richard England FCA MAICD Independent Director	**Experience:** Richard England, who is also the Chairman of the Audit and Risk, Nominations and Remuneration Committees of MARL, is a former partner of Ernst & Young (Australia) where he was national director of the Corporate Recovery and Insolvency practice. **Other current listed company directorships:** Ruralco Holdings Limited, Nanosonics Limited, Chandler Macleod Group Limited and Japara Healthcare Limited. **Former listed company directorships in last 3 years**: None	Chairman of Audit and Risk Committee, Nominations Committee and Remuneration Committee	**40,000**	40,000
Marc de Cure BCom (Hons) MWQ FCA Independent Director	**Experience:** Marc de Cure is a company director and advisor. His former executive roles include Group Chief Financial Officer of American International Assurance Company Ltd in Hong Kong, Group Chief Financial Officer and General Manager Strategy and Development of AMP Limited, Executive Chair of GIO Australia Group and Executive Director of Henderson plc. He was a Principal Advisor to Bain & Company and a senior partner and practice leader at PricewaterhouseCoopers. **Other Current listed company directorships:** None. **Former listed company directorships in last 3 years:** MARL (1 June 2010 to 1 November 2010).	-	**-**	-
Nora Scheinkestel LLB (Hons), PhD, FAICD Independent Director	**Experience:** Nora Scheinkestel is an experienced company director and advisor, with a background as a senior banking executive in international and project financing. She currently consults to government, corporate and institutional clients in areas such as corporate governance, strategy and finance. **Other Current listed company directorships:** Orica Limited and Telstra Corporation Limited. **Former listed company directorships in last 3 years:** AMP Limited, Insurance Australia Group Limited and Pacific Brands Limited.	-	**58,603**	-

MARL Company Secretary

The Company Secretary of MARL is Ms Christine Williams, an Executive Director of Macquarie Group Limited and Global Head of legal for MIRA. She joined MIRA in 1998. She is a practising solicitor with over 34 years governance and transactional legal experience. She has also performed company secretarial roles for various listed property and infrastructure funds for the past 22 years.

Meetings of MARL Directors

The number of meetings of the MARL board of directors, Audit and Risk Committee, Nominations Committee and Remuneration Committee held during the year ended 31 December 2014, and the numbers of meetings attended by each director were:

	Board		Audit and Risk Committee		Nominations and Remuneration Committees	
MARL Director	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**
David Walsh (Chairman)	8	7	4	4	2	2
Marc de Cure	8	8	4	4	2	2
Richard England	8	8	4	4	2	2
John Roberts	8	7	N/A	N/A	N/A	N/A
Nora Scheinkestel*	2	2	N/A	N/A	N/A	N/A

* Appointed to Board of Directors on 28 August 2014.

MARL Remuneration Report (audited)

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements

The information provided under the headings listed above includes remuneration disclosures that are required under Accounting Standard *AASB 124 Related Party Disclosures*. These disclosures have been transferred from the Financial Report and have been audited.

The information provided in this Remuneration Report has been audited as required by s308 (3c) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration (audited)

The remuneration paid to directors who are not employees of Macquarie Group is determined by reference to current market rates for directorships of similar entities. The level of remuneration is not related to the performance of MARL. Refer to remuneration of non-executive directors for further information.

Non-executive directors

The MARL constitution provides that directors (other than the managing or executive directors) are entitled to remuneration in aggregate not exceeding $1,000,000 per annum. For the year ended 31 December 2014 independent directors were entitled to director's fees per the remuneration table on page 34.

MARL non-executive directors are not entitled to MQA options or securities or to retirement benefits as part of their remuneration package.

Executives

MARL has no company executives.

Details of remuneration (audited)

Remuneration of directors

	MARL Group	MARL Group
	Year ended 31 Dec 14 Director's fees $	Year ended 31 Dec 13 Director's fees $
MARL Non-executive Directors		
David Walsh (Chairman)	**185,000**	185,000
Marc de Cure	**125,000**	125,000
Richard England	**140,000**	140,000
John Roberts*	**-**	-
Nora Scheinkestel**	**42,799**	-
	492,799	450,000

* John Roberts was originally nominated by Macquarie and is a consultant to and remunerated by the Macquarie Group.
** Appointed to Board of Directors on 28 August 2014.

Except for reimbursements, no payments other than those disclosed in the table above were made by the MARL Group to any of the MARL directors during their year/period of director's service.

Service agreements (audited)

Remuneration for the directors is formalised in service agreements. Upon termination of the service agreements, directors are not entitled to any payments, other than directors' fees payable up until the date of termination. Termination is governed by the terms of the service agreement and the constitution of MARL.

Loans to directors and executives

There were no loans to directors and executives.

Share options granted to directors

No options over unissued ordinary securities of MQA exist or were granted to directors at 31 December 2014.

Directors' holdings of stapled securities

Refer to the Information on Directors on page 32.

MARL Non-Audit Services

When permissible by the auditor independence policy, the MARL Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with MARL and/or the MARL Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out on page 35.

The board of directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

	MARL Group	MARL Group
	Year ended 31 Dec 2014 $	Year ended 31 Dec 2013 $
Taxation services		
PricewaterhouseCoopers Australian firm	-	4,028
Total remuneration for taxation services	-	4,028
Other services		
PricewaterhouseCoopers Australian firm	**4,300**	3,663
PricewaterhouseCoopers Overseas firm	-	1,149
Total remuneration for other services	**4,300**	4,812
Total	**4,300**	8,840

Audit services of $185,882 were provided during the year (2013: $214,615).

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for MARL is set out on page 36.

Signed in accordance with a resolution of the directors of Macquarie Atlas Roads International Limited

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Hamilton, Bermuda
25 February 2015

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Hamilton, Bermuda
25 February 2015

Signed in accordance with a resolution of the directors of Macquarie Atlas Roads Limited

David Walsh
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
26 February 2015

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
26 February 2015

Auditor's Independence Declaration

As lead auditor for the audit of Macquarie Atlas Roads Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Atlas Roads Limited and the entities it controlled during the period.

Craig Stafford

Partner
PricewaterhouseCoopers
Sydney
26 February 2015

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Consolidated Statements of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	**MQA** **Year ended 31 Dec 2014 $'000**	MQA Year ended 31 Dec 2013 $'000	**MARL Group** **Year ended 31 Dec 2014 $'000**	MARL Group Year ended 31 Dec 2013 $'000
Revenue from continuing operations					
Revenue from continuing operations		**2,139**	890	**1,412**	1,755
Total revenue from continuing operations	2(i)	**2,139**	890	**1,412**	1,755
Operating expenses from continuing operations					
Operating expenses		**(83,855)**	(23,529)	**(6,702)**	(3,037)
Total operating expenses from continuing operations	2(ii)	**(83,855)**	(23,529)	**(6,702)**	(3,037)
Share of net profits/(losses) of investments accounted for using the equity method	10(b)	**31,160**	64,543	**(7,078)**	5,367
(Loss)/profit from continuing operations before income tax		**(50,556)**	41,904	**(12,368)**	4,085
Income tax (expense)/benefit	4	**(5)**	22	**-**	-
(Loss)/profit from continuing operations after income tax		**(50,561)**	41,926	**(12,368)**	4,085
Profit from deconsolidated operation	5	**-**	1,381,543	**-**	-
(Loss)/profit for the year		**(50,561)**	1,423,469	**(12,368)**	4,085
(Loss)/profit attributable to:					
Equity holders of the parent entity – MARIL		**(38,193)**	1,419,384	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		**(12,368)**	4,085	**(12,368)**	4,085
Stapled security holders		**(50,561)**	1,423,469	**(12,368)**	4,085
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**(14,481)**	(18,228)	**1,273**	220
Cash flow hedges, net of tax		**-**	461,767	**-**	-
Other comprehensive (loss)/income for the year, net of tax		**(14,481)**	443,539	**1,273**	220
Total comprehensive (loss)/income for the year		**(65,042)**	1,867,008	**(11,095)**	4,305
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent entity – MARIL		**(53,947)**	1,862,703	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		**(11,095)**	4,305	**(11,095)**	4,305
Stapled security holders		**(65,042)**	1,867,008	**(11,095)**	4,305
(Loss)/profit per share from continuing operations attributable to MARIL/MARL shareholders					
Basic and diluted (loss)/profit per share from continuing operations attributable to:		**Cents**	Cents	Cents	Cents
MARIL (as parent entity)	18	**(7.68)**	7.86	**-**	-
MARL (as non-controlling interest)	18	**-**	-	**(2.49)**	0.85
(Loss)/profit per share attributable to MARIL/MARL shareholders					
Basic and diluted (loss)/profit per share attributable to:		**Cents**	Cents	Cents	Cents
MARIL (as parent entity)	18	**(7.68)**	294.95	**-**	-
MARL (as non-controlling interest)	18	**-**	-	**(2.49)**	0.85

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statements of Financial Position

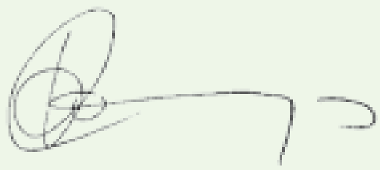
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	**MQA** **As at 31 Dec 2014 $'000**	MQA As at 31 Dec 2013 $'000	**MARL Group** **As at 31 Dec 2014 $'000**	MARL Group As at 31 Dec 2013 $'000
Current assets					
Cash and cash equivalents	7	**30,116**	17,656	**28,884**	15,738
Receivables	8	**797**	44	**345**	321
Prepayments	9	**121**	70	**53**	30
Total current assets		**31,034**	17,770	**29,282**	16,089
Non-current assets					
Cash not available for use	7	**1,763**	1,836	**-**	-
Receivables	8	**-**	-	**4,373**	15,201
Investments accounted for using the equity method	10	**835,431**	862,708	**16,456**	22,101
Total non-current assets		**837,194**	864,544	**20,829**	37,302
Total assets		**868,228**	882,314	**50,111**	53,391
Current liabilities					
Payables	13	**(25,935)**	(6,754)	**(2,023)**	(717)
Total current liabilities		**(25,935)**	(6,754)	**(2,023)**	(717)
Non-current liabilities					
Provisions	13	**(19,400)**	-	**(1,287)**	-
Total non-current liabilities		**(19,400)**	-	**(1,287)**	-
Total liabilities		**(45,335)**	(6,754)	**(3,310)**	(717)
Net assets		**822,893**	875,560	**46,801**	52,674

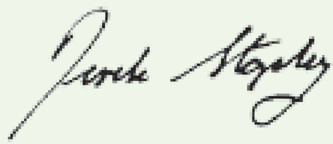
	Note	MQA As at 31 Dec 2014 $'000	MQA As at 31 Dec 2013 $'000	MARL Group As at 31 Dec 2014 $'000	MARL Group As at 31 Dec 2013 $'000
Equity					
Equity attributable to equity holders of the parent – MARIL					
Contributed equity	14	**1,410,130**	1,369,408	**-**	-
Reserves	15	**22,991**	38,745	**-**	-
Accumulated losses	16	**(657,029)**	(585,267)	**-**	-
MARIL security holders' interest		**776,092**	822,886	**-**	-
Equity attributable to other stapled security holders – MARL					
Contributed equity	14	**205,552**	200,330	**205,552**	200,330
Reserves	15	**(11,164)**	(12,437)	**(11,164)**	(12,437)
Accumulated losses	16	**(147,587)**	(135,219)	**(147,587)**	(135,219)
Other stapled security holders' interest		**46,801**	52,674	**46,801**	52,674
Total equity		**822,893**	875,560	**46,801**	52,674

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

As required by Bermuda regulations, the MQA financial information was approved by the Macquarie Atlas Roads International Limited ("MARIL") board of directors on 25 February 2015 and was signed on MARIL's behalf by:



Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Hamilton, Bermuda



Derek Stapley
Director
Macquarie Atlas Roads International Limited
Hamilton, Bermuda

Consolidated Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

MQA	Attributable to MARIL security holders					
	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	**Total $'000**	Attributable to MARL security holders $'000	**Total equity $'000**
Total equity at 1 January 2014	1,369,408	38,745	(585,267)	**822,886**	52,674	**875,560**
Loss for the year	-	-	(38,193)	**(38,193)**	(12,368)	**(50,561)**
Exchange differences on translation of foreign operations	-	(15,754)	-	**(15,754)**	1,273	**(14,481)**
Total comprehensive loss	-	(15,754)	(38,193)	**(53,947)**	(11,095)	**(65,042)**
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	18,113	-	-	**18,113**	1,287	**19,400**
Issue of securities (net of transaction costs)	55,348	-	-	**55,348**	3,935	**59,283**
Capital return*	(32,739)	-	-	**(32,739)**	-	**(32,739)**
Dividends paid*	-	-	(33,569)	**(33,569)**	-	**(33,569)**
	40,722	-	(33,569)	**7,153**	5,222	**12,375**
Total equity at 31 December 2014	1,410,130	22,991	(657,029)	**776,092**	46,801	**822,893**

* On 8 October 2014, MQA paid a distribution of 8.2 cents per stapled security ("cps"). This distribution comprised a capital return of 6.4 cps and an ordinary dividend of 1.8 cps.

MQA	Attributable to MARIL security holders					
	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	**Total $'000**	Attributable to MARL security holders $'000	**Total equity $'000**
Total equity at 1 January 2013	1,354,159	(1,964,553)	(417,108)	**(1,027,502)**	46,916	**(980,586)**
Profit for the year	-	-	1,419,384	**1,419,384**	4,085	**1,423,469**
Exchange differences on translation of foreign operations	-	(18,448)	-	**(18,448)**	220	**(18,228)**
Cash flow hedges, net of tax*	-	461,767	-	**461,767**	-	**461,767**
Total comprehensive income	-	443,319	1,419,384	**1,862,703**	4,305	**1,867,008**
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	15,249	-	-	**15,249**	1,453	**16,702**
Transfer from other reserve to accumulated losses*	-	1,559,979	(1,559,979)	**-**	-	**-**
Dividends paid	-	-	(27,564)	**(27,564)**	-	**(27,564)**
	15,249	1,559,979	(1,587,543)	**(12,315)**	1,453	**(10,862)**
Total equity at 31 December 2013	1,369,408	38,745	(585,267)	**822,886**	52,674	**875,560**

* Refer to note 15 for further details.

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

MARL Group

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	**Total equity $'000**
Total equity at 1 January 2014	200,330	(12,437)	(135,219)	**52,674**
Loss for the year	-	-	(12,368)	**(12,368)**
Exchange differences on translation of foreign operations	-	1,273	-	**1,273**
Total comprehensive loss	-	1,273	(12,368)	**(11,095)**
Transactions with equity holders in their capacity as equity holders:				
Application of performance fees to subscription for new securities	1,287	-	-	**1,287**
Issue of securities (net of transaction costs)	3,935	-	-	**3,935**
	5,222	-	-	**5,222**
Total equity at 31 December 2014	205,552	(11,164)	(147,587)	**46,801**

MARL Group

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	**Total equity $'000**
Total equity at 1 January 2013	198,877	(12,657)	(139,304)	**46,916**
Profit for the year	-	-	4,085	**4,085**
Exchange differences on translation of foreign operations	-	220	-	**220**
Total comprehensive income	-	220	4,085	**4,305**
Transactions with equity holders in their capacity as equity holders:				
Application of performance fees to subscription for new securities	1,453	-	-	**1,453**
	1,453	-	-	**1,453**
Total equity at 31 December 2013	200,330	(12,437)	(135,219)	**52,674**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	**MQA** **Year ended 31 Dec 2014 $'000**	MQA Year ended 31 Dec 2013 $'000	**MARL Group** **Year ended 31 Dec 2014 $'000**	MARL Group Year ended 31 Dec 2013 $'000
Cash flows from operating activities					
Toll revenue received		**-**	45,438	**-**	-
M6 Toll management fees received		**758**	-	**-**	-
Interest received		**657**	645	**1,365**	2,188
Other income received		**-**	685	**-**	-
Reimbursement from Macquarie Autoroutes de France SAS		**-**	510	**-**	-
Manager's and Adviser's base fees paid		**(23,218)**	(18,087)	**(1,692)**	(1,720)
Payments to suppliers and employees (inclusive of GST/VAT)		**(2,901)**	(13,363)	**(1,280)**	(1,798)
Net indirect taxes received/(paid)		**155**	(7,640)	**143**	213
Income taxes (paid)/refunded		**(5)**	2,716	**-**	3,052
Net cash flow from operating activities	19	**(24,554)**	10,904	**(1,464)**	1,935
Cash flows from investing activities					
Principal & interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA		**96,606**	48,290	**-**	-
Payment for purchase of investments (including transaction costs)		**(52,708)**	-	**(166)**	-
Proceeds from sale of property, plant and equipment		**-**	35	**-**	-
Payments for purchase of property, plant and equipment		**-**	(738)	**-**	-
Deconsolidated cash balance from M6 Toll entities		**-**	(70,311)	**-**	-
Net cash flow from investing activities		**43,898**	(22,724)	**(166)**	-
Cash flows from financing activities					
Proceeds from issue of securities		**60,000**	-	**3,985**	-
Capital return		**(32,739)**	-	**-**	-
Dividends paid		**(33,569)**	(27,564)	**-**	-
Borrowing costs paid		**-**	(66)	**-**	-
Transaction costs on issue of securities		**(721)**	-	**(54)**	-
Loans advanced to related parties		**-**	-	**(8,200)**	(7,900)
Repayment of loans from related parties		**-**	-	**19,028**	19,511
Net cash flow from financing activities		**(7,029)**	(27,630)	**14,759**	11,611
Net increase/(decrease) in cash and cash equivalents		**12,315**	(39,450)	**13,129**	13,546
Cash and cash equivalents at the beginning of the year		**17,656**	54,491	**15,738**	2,102
Effects of exchange rate movements on cash and cash equivalents		**145**	2,615	**17**	90
Cash and cash equivalents at the end of the year	7	**30,116**	17,656	**28,884**	15,738
Cash not available for use at the beginning of the year		**1,836**	1,511	**-**	-
Effects of exchange rate movements on cash not available for use		**(73)**	325	**-**	-
Cash not available for use at the end of the year	7	**1,763**	1,836	**-**	-
Non-cash financing and investing activities	19	**19,400**	16,702	**1,287**	1,453

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these consolidated financial statements are stated to assist in a general understanding of this general purpose Financial Report. These policies have been consistently applied to all periods presented, unless otherwise stated.

The accounting policies adopted in the preparation of the Financial Report are set out below.

(a) Basis of preparation

This general purpose Financial Report for the reporting year ended 31 December 2014 has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* (where applicable). Both Macquarie Atlas Roads International Limited ("MARIL") and Macquarie Atlas Roads Limited ("MARL") are for-profit entities for the purpose of preparing the financial statements.

As permitted by ASIC Class Order 13/1050 as amended by Class Order 13/1644, this report consists of the consolidated financial statements of MARIL and the entities it controlled at the end of and during the year (collectively referred to as "MQA" or "the Group") and the consolidated financial statements of MARL and the entities it controlled at the end of and during the year (collectively referred to as "the MARL Group").

The Financial Report was authorised for issue by the directors of the MARIL and the MARL Boards on 25 February 2015 and 26 February 2015 respectively. The Boards have the power to amend and reissue the Financial Report.

Going concern

The Financial Reports have been prepared on a going concern basis. At 31 December 2014, MQA had a net current asset position of $5.1 million (31 December 2013: $11.0 million). Included within MQA's current payables are performance fees of $19.4 million (31 December 2013: $nil), which may become payable at 30 June 2015 (subject to performance criteria continuing to be satisfied).

Management forecasts indicate that MQA will be able to meet its current liabilities as and when they become due and payable (including current performance fees), assuming that Macquarie Fund Advisers Pty Limited ("MFA") and MQA's independent directors agree that these fees be applied to a subscription for new MQA securities, as was agreed in relation to the 30 June 2014 performance fee payments. Where no such agreement is reached, the directors consider that other funding alternatives will be available to meet any resulting shortfall of available cash.

Compliance with International Financial Reporting Standards ("IFRS")

Compliance with Australian Accounting Standards ensures that the Financial Report complies with IFRS as issued by the International Accounting Standards Board ("IASB"). Consequently, this Financial Report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value.

Stapled security

The shares of MARIL and MARL are listed on the Australian Securities Exchange ("ASX") as stapled securities in MQA. The shares of MARIL and MARL cannot be traded separately.

1 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

Reclassifications

Certain prior year amounts in the consolidated financial statements and accompanying notes have been reclassified to conform to the current year presentation. The reclassifications had no effect on previously reported consolidated total assets, total liabilities, comprehensive income or shareholders' equity.

Business combinations under common control

Business combinations under common control have been accounted for in the consolidated accounts prospectively from the date the Groups obtain the ownership interest. The transfer of MQA Investments Limited (formerly MIG Investments Limited) and its subsidiaries, which included Midland Expressway Limited ("MEL") (the concessionaire for the M6 Toll), was treated as a common controlled transaction on acquisition by MARIL prior to the demerger from Macquarie Infrastructure Group ("MIG"). The difference between the fair value of the consideration paid by MARIL and the amounts at which the assets and liabilities are recorded in the consolidated MQA financial statements, being at historical cost, was recognised directly in equity in the "Other reserve". In order to simplify the disclosures, this "Other reserve" has been transferred to accumulated losses in 2013 (Refer to note 15).

(b) Consolidated accounts and stapling arrangements

AASB 3 Business Combinations and *AASB 10 Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Financial Report. In accordance with this requirement, MARIL has been identified as the parent entity of the consolidated group comprising MARIL and its subsidiaries and MARL and its subsidiaries, together comprising MQA.

The financial statements of MQA should be read in conjunction with the separate consolidated financial statements of the MARL Group presented in this report for the year ended 31 December 2014.

(c) Principles of consolidation

As per *AASB 10 Consolidated Financial Statements*, the Groups control an entity when the Groups are exposed to, or have the right to, variable returns from involvement with the entity and have the ability to affect those returns through power over the entity.

The consolidated financial statements of MQA incorporate the assets and liabilities of the entities controlled by MARIL for the year ended 31 December 2014, including those deemed to be controlled by MARIL by identifying it as the parent of MQA, and the results of those controlled entities for the year then ended. The consolidated financial statements of the MARL Group incorporate the assets and liabilities of the entities controlled by MARL for the year ended 31 December 2014. The effects of all transactions between entities in the consolidated entities are eliminated in full. Non-controlling interests in the results and equity are shown separately in the Statement of Comprehensive Income and the Statement of Financial Position. Non-controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by MARL or MARIL.

Subsidiaries

Subsidiaries, other than those that MARIL has been deemed to have directly acquired through stapling arrangements, are those entities over which the Groups exposed to, or have the right to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Groups.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Groups. Where control of an entity is obtained during a financial year, its results are included in the Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed and the subsidiary is de-consolidated from the date that control ceases.

Associates

Associates are entities over which the Groups have significant influence but not control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Groups' investment in associates includes the fair value of goodwill (net of any accumulated impairment loss) identified on acquisition.

The Groups' share of their associates' post-acquisition profits or losses are recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Groups' share of losses in an associate equals or exceeds its interest in the associate, including any long term interests that, in substance, form part of the Groups' net investment in the associate, the Groups do not recognise further losses, unless they have incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Groups and their associates are eliminated to the extent of the Groups' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Groups.

Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Groups have no joint operations and account for joint ventures using the equity method.

(d) Cash, cash equivalents and cash not available for use

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash not available for use is classified as a non current asset (refer to Note 7).

1 Summary of Significant Accounting Policies (continued)

(e) Impairment of assets

The carrying amount of non controlled investments is assessed every reporting period to determine whether there are indications of any impairment of the carrying value. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount.

The recoverable amount of the asset is determined as the higher of the fair value less cost to sell and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets which generate cash inflows that are largely independent of those from other assets or groups of assets.

Discounted cash flow analysis is the methodology applied in determining recoverable amount. Discounted cash flow analysis is the process of estimating future cash flows that are expected to be generated by an asset and discounting these to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular asset is reflective of the uncertainty associated with the future cash flows. Periodically, independent traffic forecasting experts provide a view on the most likely level of traffic to use the toll road having regard to a wide range of factors including development of the surrounding road network and economic growth in the traffic corridor.

(f) Performance fees

A performance fee is payable at 30 June each year in the event that the MQA security price outperforms its benchmark in that year after making up any carried forward underperformance. The performance fee is determined at 30 June and is payable in three equal annual instalments. The first instalment is payable immediately. The second and third instalments are payable on the first and second anniversaries of the calculation date if certain performance criteria are met.

Future potential performance fees relating to a performance fee period that has not yet concluded, and hence are contractually determined based on performance in the future, are accounted for in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*.

Any performance fee determined at 30 June is accounted for in accordance with AASB 137 until the instalment is no longer subject to future performance criteria, from which point the relevant instalment is recognised as a payable to the Adviser/Manager and accounted for as a liability in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. The liability is recognised at its fair value.

(g) Transaction costs

Transaction costs are included in the carrying amounts disclosed in the financial statements.

(h) Distributions

A distribution payable is recognised for the amount of any distribution declared, or publicly recommended by the directors on or before the end of the year but not distributed at balance date.

(i) Revenue recognition

Interest income on cash balances is recognised as it accrues in accordance with the effective interest method. Other revenue is recognised when the fee in respect of services provided is receivable. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of subsidies, Goods and Services Tax ("GST") and Value Added Tax ("VAT") payable to the relevant taxation authority.

(j) Income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is determined using the Balance Sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

MARL and its wholly owned Australian controlled entities have formed a tax-consolidated group under Australian taxation law as of 2 February 2010. The head entity, MARL and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax accounts.

Under current Bermudian law, MARIL will not be subject to any income, withholding or capital gains taxes in Bermuda. Controlled entities of MARIL that are subject to taxes in their jurisdictions recognise income tax using the balance sheet approach of tax effect accounting.

(k) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Groups' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of MARIL and MARL.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1 Summary of Significant Accounting Policies (continued)

(k) Foreign Currency Translation (continued)

Group companies

The results and financial position of the Groups' entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position
- income and expenses for each Statement of Comprehensive Income are translated at exchange rates at the dates of transactions or at an average rate as appropriate
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to security holders' equity. When a foreign operation is disposed of or borrowings that form part of the net investment are repaid, a proportionate share of such exchange differences are recognised in profit or loss as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(l) Prepayments

Prepayments recognised comprise costs incurred relating to future financial years.

(m) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost. Interest income from loans and receivables is recognised using the effective interest method.

Receivables are generally received within 30 days of becoming due and receivable. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the year in which they are identified.

(n) Payables and other liabilities

Liabilities are recognised at fair value when an obligation exists to make future payments as a result of a purchase of assets or services, whether or not billed. Trade creditors are generally settled within 30 days.

(o) Provisions

Provisions are recognised when: the Groups have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at the balance date.

(p) Earnings per stapled security

Basic earnings per stapled security

Basic earnings per stapled security is determined by dividing the profit attributable to security holders by the weighted average number of securities on issue during the year.

Diluted earnings per stapled security

Diluted earnings per share is calculated by dividing the profit attributable to security holders by the weighted average number of ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

(q) GST and VAT

The amount of GST incurred by the Groups that is not recoverable from the Australian Taxation Office ("ATO") is recognised as an expense or as part of the cost of acquisition of an asset or adjusted from the proceeds of securities issued. These expenses have been recognised in profit or loss net of the amount of GST recoverable from the ATO. The amount of VAT incurred by the Groups that is not recoverable from H.M. Revenue & Customs in the United Kingdom is recognised as an expense or as part of the cost of acquisition of an asset. Receivables and payables are stated at amounts inclusive of GST and VAT. The net amount of GST and VAT recoverable from the ATO and H.M. Revenue & Customs is included in receivables in the Consolidated Statement of Financial Position. Cash flows relating to GST and VAT are included in the Consolidated Statements of Cash Flows on a gross basis.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the MARIL and MARL Boards of Directors.

(s) Critical Accounting Estimates and Judgements

The preparation of the Financial Report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The directors believe the estimates used in the preparation of the Financial Report are reasonable. Actual results in the future may differ from those reported.

Significant judgments made in applying accounting policies, estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income Tax

The Groups are subject to income taxes in Australia and jurisdictions where they have foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Groups recognise anticipated tax liabilities based on their current understanding of the current tax law.

In addition, the Groups have recognised deferred tax assets relating to carried forward losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. The utilisation of tax losses depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

1 Summary of Significant Accounting Policies (continued)

(s) Critical Accounting Estimates and Judgements (continued)

Impairment testing

In accordance with the accounting policy stated in Note 1(e) the carrying amount of non-controlled investments is assessed every reporting period to determine whether there are indications of any impairment of the carrying value. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount. There are also estimates and judgements involved in assessing impairment indicators and in determining the recoverable amounts of the assets. A sensitivity analysis was undertaken to examine the effect that a change in variables would have on the impairment calculation. This analysis concluded that discount rates would need to increase by more than 30% in order for the recoverable amounts of assets to be below their carrying amounts.

Provision for performance fees

In accordance with the accounting policy stated in Note 1(f), to determine the probability of payment of performance fee instalments which are still subject to future performance criteria, an assessment of the level of outperformance is undertaken.

Control assessment

Control is assessed for all of the Groups' investments by applying *AASB 10 Consolidated Financial Statements*. The Groups control an entity when the Groups are exposed to, or have the right to, variable returns from its involvement with the entity and have the ability to affect those returns through its power over the entity. Judgement is used when assessing an investment for control. For further information refer to Note 1(c).

(t) Offsetting financial instruments

Financials assets and financial liabilities are offset and the net amount reported on the Statement of financial position when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

(u) Derivative financial instruments

From time to time, the Group enters into forward exchange contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether or not derivatives are designated as hedges. If not, any changes in their fair value are recognised immediately in the Consolidated Statement of Comprehensive Income.

(v) Accounting Standards and Interpretations issued

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year. The Groups' assessment of the impact of the relevant new standards and interpretations which have not been early adopted in preparing the Financial Reports is set out below.

AASB 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. The Groups are assessing the new standard's impact and do not anticipate a significant impact on the Groups' financial statements.

AASB 15 Revenue from Contracts with Customers

The AASB issued *AASB 15 Revenue from Contracts with Customers*, which specifies how and when revenue is recognised, as well as requiring enhanced disclosures. When first applied, comparative information will need to be restated. AASB 15 is effective for annual periods beginning on or after 1 January 2017 but is available for early adoption. The Groups are assessing the new standard's impact and do not anticipate a significant impact on the Groups' financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entities in the current or future reporting periods and on foreseeable transactions.

(w) Parent Entity Financial Information

The financial information for MARIL and MARL disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the separate financial statements of MARIL and MARL.

Tax consolidation legislation

MARL and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 2 February 2010.

The head entity, MARL and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, MARL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate MARL for any current tax payable assumed and are compensated by MARL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to MARL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the MARL Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Financial guarantees

Where the parent entities have provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

1 Summary of Significant Accounting Policies (continued)

(x) Presentation of Financial Reports

The Financial Reports for MARIL and MARL have been presented in this single document, pursuant to ASIC Class Order 13/1050 as amended by Class Order 13/1644.

(y) Rounding of Amounts

The Groups are of a kind referred to in Class Order 98/100, as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Reports have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2 (Loss)/profit for the year

The (loss)/profit from continuing operations before income tax includes the following specific items of revenue and expense:

(i) Revenue

	MQA	MQA	MARL Group	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Revenue from continuing operations				
Interest income:				
Related parties	**130**	81	**876**	1,357
Other persons and corporations	**527**	322	**527**	322
Total interest income	**657**	403	**1,403**	1,679
Other Income:				
M6 Toll management fee income	**1,466**	-	**-**	-
Net foreign exchange gain	**16**	487	**9**	76
Total other income	**1,482**	487	**9**	76
Total revenue from continuing operations	**2,139**	890	**1,412**	1,755

(ii) Operating expenses

	MQA	MQA	MARL Group	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Operating expenses from continuing operations				
Cost of operations:				
Directors' fees	**797**	736	**493**	450
	797	736	**493**	450
Other operating expenses:				
Consulting and administration fees	**996**	1,474	**316**	530
Manager's and Adviser's base fees	**22,921**	19,985	**1,553**	1,615
Manager's and Adviser's performance fees	**58,207**	-	**3,867**	-
Other expenses	**934**	1,334	**473**	442
Total other operating expenses	**83,058**	22,793	**6,209**	2,587
Total operating expenses from continuing operations	**83,855**	23,529	**6,702**	3,037

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

3 Distributions

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Distributions paid during the year				
Ordinary dividend paid on 4 April 2014	**24,362**	-	**-**	-
Distribution paid on 8 October 2014*	**41,946**	-	**-**	-
Ordinary dividend paid on 19 April 2013	**-**	11,485	**-**	-
Ordinary dividend paid on 4 October 2013	**-**	16,079	**-**	-
Total distributions paid during the year	**66,308**	27,564	**-**	-

	Cents per stapled security	Cents per stapled security	**Cents per stapled security**	Cents per stapled security
Distributions paid during the year				
Ordinary dividend per security paid on 4 April 2014	**5.0**	-	**-**	-
Distribution per security paid on 8 October 2014*	**8.2**	-	**-**	-
Ordinary dividend per security paid on 19 April 2013	**-**	2.4	**-**	-
Ordinary dividend per security paid on 4 October 2013	**-**	3.3	**-**	-
Total distributions paid during the year	**13.2**	5.7	**-**	-

All of the distributions were paid in full by MARIL.

* This distribution comprised a capital return of 6.4 cps, and an ordinary dividend of 1.8 cps.

4 Income tax expense/(benefit)

The income tax expense/(benefit) for the financial year differs from the prima facie tax payable. The differences are reconciled as follows:

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
(a) Reconciliation of income tax expense/(benefit) to prima facie tax payable				
(Loss)/profit from continuing operations before income tax	**(50,556)**	41,904	**(12,368)**	4,085
(Loss)/profit from for the year*	**(50,556)**	41,904	**(12,368)**	4,085
Prima facie income tax on (loss)/profit at the Australian tax rate of 30%	**(15,167)**	12,571	**(3,710)**	1,226
Impact of different tax rates of operations in jurisdictions other than Australia	**26,113**	7,716	**(3)**	(1)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Non-deductible expenditure	**232**	319	**232**	319
Share of net (gain)/loss of investments accounted for using the equity method	**(9,348)**	(19,363)	**2,123**	(1,610)
Temporary differences not brought to account	**525**	(347)	**757**	(339)
Deferred tax asset on taxable losses not brought to account	**(2,355)**	(896)	**601**	405
Over provision in prior year	**-**	(22)	**-**	-
Others	**5**	-	**-**	-
Aggregate income tax expense/(benefit)	**5**	(22)	**-**	-
(b) Income tax expense/(benefit)*				
Aggregate income tax expense/(benefit) comprises:				
Current taxation expense/(benefit)	**5**	(22)	**-**	-
	5	(22)	**-**	-
(c) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**473,232**	1,222,976	**472,244**	1,222,217
Potential tax benefit of unused tax losses	**166,846**	471,541	**166,597**	471,334

* Profit for the year ended 31 December 2013 excludes profit from deconsolidated operations of $1,381.5 million. The amount of income tax benefit for the year ended 31 December 2013 excludes the tax benefit from deconsolidated operations of $5.9 million and tax on gain on deconsolidated operation of $nil; both of these were included in the 'profit from deconsolidated operations'.

5 Deconsolidated operation

On 4 June 2013, MQA deconsolidated the M6 Toll group. Ongoing discussions with the M6 Toll lender group progressed such that a reassessment of the variable return to which MQA is exposed from its involvement with the M6 Toll group was necessary to be performed as at that date in accordance with *AASB 10 Consolidated Financial Statements*. This reassessment led to the conclusion that MQA was no longer expected to be exposed to significant variable returns from the asset because while MQA remained the legal owner of the M6 Toll it would only receive a small annual fee for continuing to manage the asset. There were no expectations of further equity distributions from the project because all surplus cash flows would be applied to service debt. Therefore MQA concluded that it should no longer consolidate the M6 Toll group. In December 2013, the debt refinancing was completed as expected.

MQA continues to own 100% of the ordinary equity in the M6 Toll and, due to its power to participate in the financial and operating policy decisions, accounts for its investment using the equity method (refer to Note 10). The financial performance and cash flow information relating to the deconsolidated operation to 4 June 2013 is presented below.

	MQA	MQA	**MARL Group**	MARL Group
	Dec 2014 $'000	Dec 2013 $'000	**Dec 2014 $'000**	Dec 2013 $'000
Cash flow information				
Net cash flow from operating activities	-	28,253	-	-
Net cash used in investing activities	-	(703)	-	-
Net cash used in financing activities	-	(66)	-	-
Net increase in cash generated from deconsolidated operations	-	27,484	-	-
Financial performance				
Revenue	-	99,192*	-	-
Expenses	-	(572,571)*	-	-
Loss before income tax	-	(473,379)	-	-
Income tax benefit	-	5,867	-	-
Loss after income tax of deconsolidated operation	-	(467,512)	-	-
Gain from deconsolidation	-	1,849,055	-	-
Total profit from deconsolidated operation	-	1,381,543	-	-
Total comprehensive income from deconsolidated operation attributable to:				
Equity holders of the parent entity - MARIL	-	1,681,440	-	-
Equity holders of the parent entity - MARL	-	-	-	-
Stapled security holder	-	1,681,440	-	-
Basic profit per share from deconsolidated operation attributable to MARIL/MARL shareholders	**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	-	287.09	-	-
MARL (as parent entity)	-	-	-	-

* Revenue and expenses include one-off items relating to the discontinuation of hedge accounting for the M6 Toll swaps (refer to Note 15).

6 Remuneration of auditors

	MQA	MQA	MARL Group	MARL Group
	Year ended 31 Dec 2014 $	Year ended 31 Dec 2013 $	**Year ended 31 Dec 2014 $**	Year ended 31 Dec 2013 $
Amounts paid or payable to PricewaterhouseCoopers Australia for:				
Audit services	**340,275**	490,387	**176,475**	192,760
Other services:				
Taxation compliance services	**-**	4,028	**-**	4,028
Other services	**133,600**	37,325	**4,300**	3,663
	473,875	531,740	**180,775**	200,451
Amounts paid or payable to Network firms of PricewaterhouseCoopers for:				
Audit services	**105,883**	92,785	**9,407**	21,855
Other services:				
Taxation compliance services	**33,286**	11,435	**-**	-
Other services	**-**	1,149	**-**	1,149
	139,169	105,369	**9,407**	23,004

7 Cash and cash equivalents and cash not available for use

	MQA	MQA	MARL Group	MARL Group
	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Current				
Cash at bank	**9,201**	2,529	**7,969**	611
Short term money market investments (a)	**20,915**	15,127	**20,915**	15,127
	30,116	17,656	**28,884**	15,738
Non-current				
Cash not available for use (b)	**1,763**	1,836	**-**	-
	1,763	1,836	**-**	-

(a) Short term money market investments

The short term money market investments outstanding at 31 December 2014 matured within 30 days (2013: 6 days) and paid interest at 3.10% (2013: 3.50%) per annum.

During the year the majority of the cash available for use is held in bank accounts earning money market rates of interest between nil% to 2.67% (2013: nil - 3.00%) per annum.

(b) Cash not available for use

This comprises cash-backed guarantees provided in relation to Warnowquerung GmbH & Co. KG ("WQG"), the owner of the Rostock Fixed Crossing Concession. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 21.

8 Receivables

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Current				
GST and VAT recoverable	**54**	44	**51**	42
Receivables from related parties	**743**	-	**294***	279*
Total current receivables	**797**	44	**345**	321
Non-current				
Receivables from related parties	**-**	-	**4,373***	15,201*
Total non-current receivables	**-**	-	**4,373**	15,201

* MARIL has a non-collateral associated interest bearing loan with MARL at 31 December 2014 and at 31 December 2013. For further information relating to related party loans please refer to Note 20.

The Groups' maximum credit exposure for receivables is the carrying value. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 21. The fair values of receivables approximate their carrying values.

9 Prepayments

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Current				
Prepaid expenses	**121**	70	**53**	30
Total current prepayments	**121**	70	**53**	30

10 Investments accounted for using the equity method

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Investment in associates and joint arrangements – equity method	**835,431**	862,708	**16,456**	22,101
	835,431	862,708	**16,456**	22,101

10 Investments accounted for using the equity method (continued)

Information relating to associates and joint arrangements is set out below:

(a) Carrying amounts

Name of Entity[1]	Country of incorporation/ Principal Place of Business	Principal Activity	MQA Economic Interest	MQA	MQA	MARL Economic Interest	MARL Group	MARL Group
			As at 31 Dec 2014 and 31 Dec 2013 %	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 and 31 Dec 2013 %**	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Macquarie Autoroutes de France 2 SA	Luxembourg	Investment in toll road network located in the east of France (APRR)	**40.3/38.9[2]**	**691,261**	710,819	**-**	**-**	-
Dulles Greenway Partnership[3]	USA	Investment in toll road located in northern Virginia, USA	**50.0**	**144,170**	146,681	**6.7**	**16,456**	16,893
Chicago Skyway Partnership	USA	Investment in toll road located south of Chicago, USA	**50.0**	**-**	5,208	**50.0**	**-**	5,208
Indiana Toll Road Partnership	USA	Investment in toll road located in northern Indiana, USA	**0.0/49.0[4]**	**-**	-	**0.0/49.0[4]**	**-**	-
WQG[5]	Germany	Investment in toll road located in Rostock, north-eastern Germany	**70.0**	**-**	-	**-**	**-**	-
Peregrine Motorways Limited[6]	UK	Investment in toll road located in the West Midlands, UK	**0.0**	**-**	-	**-**	**-**	-
				835,431	862,708		**16,456**	22,101

(1) Except for Macquarie Autoroutes de France 2 SA, all associates and joint arrangements are in "lockup" under their debt documents, meaning that they are currently unable to make distributions to MQA and the MARL Group.

(2) On 29 July 2014, MQA purchased an additional 1.41% interest in Macquarie Autoroutes de France 2 SA, the holding vehicle for MQA's investment in APRR.

(3) The MARL Group holds a 6.7% equity interest in Toll Road Investors Partnership II LP ("TRIP II"), the concessionaire for Dulles Greenway, through Dulles Greenway Partnership ("DGP"). Along with MARIL's interest bearing financial assets, MQA's estimated overall economic interest in TRIP II is 50%. Dulles Greenway Partnership holds a 100% interest in the General Partner, Shenandoah Greenway Corporation.

(4) On 22 September 2014, ITR Concession Company LLC ("ITRCC"), the operator of Indiana Toll Road, agreed a debt restructuring plan with its creditors under Chapter 11 of the United States Bankruptcy Code and this was approved by the courts on 28 October 2014. MQA continues to legally own a 49% equity interest in Indiana Toll Road Partnership ("ITRP"), the holding vehicle of ITRCC, but is no longer exposed to any variable returns from the ongoing operations of this investment. Accordingly, at 31 December 2014 MQA's economic interest in the ongoing operations of ITRP is nil. The historic losses of ITRP are no longer disclosed in Note 10(f).

(5) A subsidiary of MARIL, European Transport Investments (UK) Limited ("ETIUK"), beneficially owns 70% of both the WQG Limited partnership and the General Partner ("GP") of the partnership which have contracted to build, own and operate a tolled tunnel in Rostock, Germany. The balance of 30% is held by Bouygues Travaux Publics SA ("BTP"). Per the agreement, any decisions made with regard to the relevant activities requires 75% of the voting members to proceed, meaning both partners have to agree. As a result, MQA's investment in WQG is classified as a Joint Venture.

(6) On 4 June 2013, MQA deconsolidated Macquarie Motorways Group Limited ("MMG") (the previous holding company for the M6 Toll) and commenced equity accounting for its interest as an investment in an associate. A new entity, Peregrine Motorways Limited ("PML"), was incorporated on 2 August 2013 and inserted as the 100% owner of MMG. MQA legally owns a 100% ordinary equity interest in PML but is not expected to be exposed to any significant variable returns from the ongoing operations of this investment. As a result, at 31 December 2014 MQA's economic interest in PML is nil. Refer to Note 5.

10 Investments accounted for using the equity method (continued)

(b) Movement in carrying amounts

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Carrying amount at the beginning of the year	**862,708**	702,783	**22,101**	16,470
Investment in associates (including transaction costs)	**52,708**	-	**166**	-
Share of profits/(losses) after income tax*	**31,160**	64,543	**(7,078)**	5,367
Distributions received/receivable	**(96,606)**	(48,290)	**-**	-
Foreign exchange movement	**(14,539)**	143,672	**1,267**	264
Carrying amount at the end of the year	**835,431**	862,708	**16,456**	22,101

* Included in the share of profits/(losses) after income tax for MQA and the MARL Group are fair value gains on interest rate swaps for which hedge accounting has not been applied.

(c) Summarised financial information for associates

The below tables provide summarised financial information for those associates that are material to the Groups. The information disclosed reflects the amounts presented in the financial statements of the relevant entities and not the Groups' share of those amounts. They have been amended to reflect adjustments made by the Groups when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Macquarie Autoroutes de France 2 SA (APRR)		**Dulles Greenway Partnership**	
Summarised Statement of Financial Position	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Total current assets	**2,003,634**	867,042	**194,730**	175,769
Total non-current assets	**9,436,563**	10,123,180	**1,822,912**	1,697,302
Total current liabilities	**(1,586,996)**	(1,311,485)	**(82,267)**	(70,424)
Total non-current liabilities	**(8,305,514)**	(7,949,306)	**(1,478,540)**	(1,354,895)
Net Assets	**1,547,687**	1,729,431	**456,835**	447,752
Reconciliation to carrying amounts:				
Opening net assets as on 1 January	**1,729,431**	1,364,601	**447,752**	413,922
Profit/(loss) for the year	**129,489**	187,019	**(29,750)**	(31,351)
Dividends paid	**-**	-	**-**	-
Foreign exchange movement	**(311,233)**	177,811	**38,833**	65,181
Closing net assets	**1,547,687**	1,729,431	**456,835**	447,752
MQA's share in %	**40.3%**	38.9%	**50.0%**	50.0%
MQA's share in $	**623,501**	672,749	**228,418**	223,876
MARL Group's share in %	**-**	-	**6.7%**	6.7%
MARL Group's share in $	**-**	-	**30,608**	29,999
MQA's carrying amount	**691,261**	710,819	**144,170**	146,681
MARL Group's carrying amount	**-**	-	**16,456**	16,893

10 Investments accounted for using the equity method (continued)

(c) Summarised financial information for associates (continued)

	Macquarie Autoroutes de France 2 SA (APRR)		**Dulles Greenway Partnership**	
Summarised Statement of Comprehensive Income	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Revenue	**1,772,826**	1,658,072	**87,558**	77,627
Profit/(loss) for the period	**129,489**	187,019	**(29,750)**	(31,351)
MQA's share in $	**51,119**	72,751	**(14,875)**	(15,676)
MARL Group's share in $	**-**	-	**(1,994)**	(2,101)
MQA's distributions received	**96,606**	48,290	**-**	-
MARL Group's distributions received	**-**	-	**-**	-

(d) Individually immaterial associates and joint arrangements

In addition to the interest in associates disclosed above the group also has interests in a number of individually immaterial associates and joint arrangements that are accounted for using the equity method.

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Aggregate carrying amount of individually immaterial associates	**-**	-	**-**	-
Aggregate amounts of the Group's share of:				
(Loss)/profit from continuing operation	**(10,478)**	309,150	**(10,478)**	309,150
Total comprehensive (loss)/income	**(10,478)**	309,150	**(10,478)**	309,150
Aggregate carrying amount of individually immaterial joint arrangements	**-**	-	**-**	-
Aggregate amounts of the Group's share of:				
Loss from continuing operation	**(3,209)**	(3,741)	**-**	-
Total comprehensive loss	**(3,209)**	(3,741)	**-**	-

10 Investments accounted for using the equity method (continued)

(e) Share of contingent liabilities of associates and joint arrangements

As at 31 December 2014 and 31 December 2013, there was no share of contingent liabilities incurred jointly with other investors and no contingent liabilities relating to liabilities of associates or joint arrangements for which MARIL and MARL are severally liable.

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.8 million) (31 December 2013: €1.2 million ($1.8 million)), in the event of a senior debt payment event of default by WQG. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million ($1.8 million) (31 December 2013: €1.2 million ($1.8 million)) has been deposited. These funds are restricted.

(f) Share of associates' and joint arrangements' losses not brought to account

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Share of associates' losses not brought to account				
Balance at the beginning of the year	**(264,749)**	(573,899)	**(264,749)**	(573,899)
Share of (losses)/profits not brought to account	**(5,394)**	309,150	**(5,394)**	309,150
Losses relating to ITRP*	**264,749**	-	**264,749**	-
Balance at the end of the year	**(5,394)**	(264,749)	**(5,394)**	(264,749)
Share of joint arrangements' losses not brought to account				
Balance at the beginning of the year	**(15,827)**	(12,086)	**-**	-
Share of losses not brought to account	**(3,209)**	(3,741)	**-**	-
Balance at the end of the year	**(19,036)**	(15,827)	**-**	-

* Refer to Note 10(a) for further details.

11 Subsidiaries

(a) MQA

Name of controlled entity	Country of establishment	**2014 voting %**	2013 voting %
Macquarie Atlas Roads Limited	Australia	**100.0**	100.0
Macquarie Infrastructure US Pty Limited	Australia	**100.0**	100.0
Macquarie Infrastructure Australia Pty Limited	Australia	**100.0**	100.0
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0
Macquarie Green Bermudian Holdings Limited*	Bermuda	**100.0**	100.0
MQA Investments Limited	Bermuda	**100.0**	100.0
MIBL Finance Luxembourg Sarl	Luxembourg	**100.0**	100.0
Tollway Holdings Limited	UK	**100.0**	100.0
European Transport Investments (UK) Limited	UK	**100.0**	100.0
WMTH No.1 Limited (formerly Macquarie Midland Holdings Limited)	UK	**100.0**	100.0
Tipperhurst Limited	UK	**100.0**	100.0
Greenfinch Motorways Limited	UK	**100.0**	100.0
Macquarie 125 Holdings Inc	USA	**100.0**	100.0
MQA Holdings 2 (US) LLC	USA	**100.0**	100.0
MQA Indiana Holdings LLC	USA	**100.0**	100.0
MQA Holdings (US) LLC	USA	**100.0**	100.0

* Macquarie Green Bermudian Holdings Limited changed its name to Green Bermudian Holdings Limited on 13 January 2015.

(b) MARL Group

Name of controlled entity	Country of establishment	**2014 voting %**	2013 voting %
Macquarie Infrastructure Australia Pty Limited	Australia	**100.0**	100.0
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0
MQA Holdings 2 (US) LLC	USA	**100.0**	100.0
MQA Indiana Holdings LLC	USA	**100.0**	100.0
MQA Holdings (US) LLC	USA	**100.0**	100.0

12 Investment in associates and joint arrangements

(a) MQA

Name of associate and joint arrangements	Country of establishment	Principal activity	Balance date	**2014 ownership %**	2013 ownership %
Macquarie Autoroutes de France 2 SA*	Luxembourg	Holding company	31 Mar	**40.3**	38.9
Dulles Greenway Partnership	USA	Holding company	31 Dec	**50.0**	50.0
Chicago Skyway Partnership	USA	Holding company	31 Dec	**50.0**	50.0
WQG	Germany	Investment in toll tunnel	31 Dec	**70.0**	70.0
Warnowquerung Verwaltungsgesellschaft GmbH	Germany	General Partner of WQG	31 Dec	**70.0**	70.0
Indiana Toll Road Partnership*	USA	Holding company	31 Dec	**49.0**	49.0
Peregrine Motorways Limited*	UK	Investment in M6 Toll	31 Dec	**100.0**	100.0

(b) MARL Group

Name of associate	Country of establishment	Principal activity	Balance date	**2014 ownership %**	2013 ownership %
Dulles Greenway Partnership	USA	Holding company	31 Dec	**50.0**	50.0
Chicago Skyway Partnership	USA	Holding company	31 Dec	**50.0**	50.0
Indiana Toll Road Partnership*	USA	Holding company	31 Dec	**49.0**	49.0

* Refer to Note 10(a) for further details.

The voting power held in the associates and joint arrangements disclosed above is in proportion to the ownership interest held except for Peregrine Motorways Limited and Indiana Toll Road Partnership. The above associates and joint arrangements are accounted for using the Equity Method. Refer also to Note 10.

13 Payables and provisions

	MQA	MQA	MARL Group	MARL Group
	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Current				
Manager and Adviser fees payable	**5,814**	5,994	**397**	420
Provision for Manager and Adviser performance fees (i)	**19,400**	-	**1,287**	-
Sundry creditors and accruals	**721**	760	**336**	297
Payable to related parties	**-**	-	**3**	-
Total current payables and provisions	**25,935**	6,754	**2,023**	717
Non current				
Provision for Manager and Adviser performance fees (i)	**19,400**	-	**1,287**	-
Total non-current payables and provisions	**19,400**	-	**1,287**	-

(i) In accordance with MARIL and MARL's advisory and management agreements (the "Agreements") with MFA, a performance fee calculation is performed for each year ended 30 June. The performance fee is calculated with reference to the performance of the MQA accumulated index compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. Any performance fee calculated is payable in three equal annual instalments, provided MQA meets certain performance criteria at each instalment date.

For the year ended 30 June 2014, a total performance fee of $58.2 million (excluding GST) was calculated for MQA (30 June 2013: Nil). The first instalment of $19.4 million (excluding GST) was applied to a subscription for new MQA securities in September 2014. The second and third instalments of $19.4 million each will become payable should the performance criteria be met at 30 June 2015 and 30 June 2016 respectively.

14 Contributed equity

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity holders
	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Ordinary shares	**1,410,130**	1,369,408	**205,552**	200,330
Contributed equity	**1,410,130**	1,369,408	**205,552**	200,330

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity holders
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
On issue at the beginning of the year	**1,369,408**	1,354,159	**200,330**	198,877
Application of performance fees to subscription for new securities*	**18,113**	15,249	**1,287**	1,453
Issue of securities (net of transaction costs)	**55,348**	-	**3,935**	-
Capital return	**(32,739)**	-	**-**	-
On issue at the end of the year	**1,410,130**	1,369,408	**205,552**	200,330

	Number of shares '000	Number of shares '000	**Number of shares '000**	Number of shares '000
On issue at the beginning of the year	**487,231**	478,531	**487,231**	478,531
Application of performance fees to subscription for new securities*	**5,847**	8,700	**5,847**	8,700
Issue of securities	**18,461**	-	**18,461**	-
On issue at the end of the year	**511,539**	487,231	**511,539**	487,231

* During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling $18.1 million (31 December 2013: third instalment of the June 2011 performance fee, totalling $15.2 million) was applied to a subscription for new MARIL securities. During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling $1.3 million (31 December 2013: third instalment of the June 2011 performance fee, totalling $1.5 million) was applied to a subscription for new MARL securities.

Ordinary shares in MARIL and MARL

Each fully paid stapled security confers the right to vote at meetings of security holders, subject to any voting restrictions imposed on a security holder under the *Corporations Act 2001* in Australia, Companies Act in Bermuda and the ASX Listing Rules. On a show of hands, every security holder present in person or by proxy has one vote.

On a poll, every security holder who is present in person or by proxy has one vote for each fully paid share in respect of MARIL and one vote for each fully paid share in respect of MARL.

The directors of MARIL and MARL may declare distributions which are appropriate given the financial position of MARIL and MARL.

If MARIL and MARL are wound up, the liquidator may, with the sanction of an extraordinary resolution and any other requirement of law, divide among the members in specie or in kind the whole or any part of the assets of MARIL and MARL.

15 Reserves

	Attributable to MARIL equity holders As at 31 Dec 2014 $'000	Attributable to MARIL equity holders As at 31 Dec 2013 $'000	Attributable to MARL equity holders As at 31 Dec 2014 $'000	Attributable to MARL equity holders As at 31 Dec 2013 $'000
Balance of reserves				
Foreign currency translation reserve	**22,991**	38,745	**(11,164)**	(12,437)
	22,991	38,745	**(11,164)**	(12,437)

	Attributable to MARIL equity holders Year ended 31 Dec 2014 $'000	Attributable to MARIL equity holders Year ended 31 Dec 2013 $'000	Attributable to MARL equity holders Year ended 31 Dec 2014 $'000	Attributable to MARL equity holders Year ended 31 Dec 2013 $'000
Movements of reserves				
Hedging reserve – cash flow hedges (net of tax)				
Balance at the beginning of the year	**-**	(461,767)	**-**	-
Revaluation (gross) on interest rate swap contracts	**-**	(48,037)	**-**	-
Cash flow hedge reserve recycled to profit & loss*	**-**	509,804	**-**	-
Balance at the end of the year	**-**	-	**-**	-
Foreign currency translation reserve				
Balance at the beginning of the year	**38,745**	57,193	**(12,437)**	(12,657)
Net exchange differences on translation of foreign controlled entities	**(15,754)**	114,135	**1,273**	220
Deconsolidation of subsidiaries	**-**	(132,583)	**-**	-
Balance at the end of the year	**22,991**	38,745	**(11,164)**	(12,437)
Other reserve**				
Balance at the beginning of the year	**-**	(1,559,979)	**-**	-
Transfer of other reserve to accumulated losses	**-**	1,559,979	**-**	-
Balance at the end of the year	**-**	-	**-**	-

* Hedge accounting for the M6 Toll swaps was discontinued on 24 April 2013. Fair value gains of $60.1m between this date and the date from which the M6 Toll group was no longer consolidated have been recorded in the profit and loss account.

** On the demerger from MIG, a reserve was recognised representing the difference between the fair value of securities issued and the historical carrying values of the interests in the assets acquired. For simplified disclosure purposes, the balance of this "other reserve" was transferred to accumulated losses in 2013.

16 Accumulated losses

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2014 $'000**	Year ended 31 Dec 2013 $'000
Balance at the beginning of the year	**(585,267)**	(417,108)	**(135,219)**	(139,304)
(Loss)/profit attributable to shareholders	**(38,193)**	1,419,384	**(12,368)**	4,085
Dividends paid	**(33,569)**	(27,564)	**-**	-
Other reserve balance transferred	**-**	(1,559,979)	**-**	-
Balance at the end of the year	**(657,029)**	(585,267)	**(147,587)**	(135,219)

17 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, being the MQA Boards.

The MQA Boards consider the business from the aspect of each of the toll road portfolio assets and have identified four and two operating segments for MQA and the MARL Group respectively. The segments of MQA are the investments in APRR, Dulles Greenway, Chicago Skyway and Warnow Tunnel. The segments of the MARL Group are the investments in Dulles Greenway and Chicago Skyway. Following the deconsolidation of M6 Toll and the restructuring of Indiana Toll Road, these assets are no longer considered operating segments by the MQA Boards (refer to note 5 and 10).

The operating segment note discloses the segment revenue and segment EBITDA for the year ended 31 December 2014 by individual portfolio asset. The MQA Boards are provided with performance information on each asset, in their capacity as chief operating decision maker, to monitor the operating performance of each asset.

17 Segment information (continued)

(b) Segment information provided to the MQA Boards

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2014, based on MQA's effective ownership interest is as follows:

	APRR	**Dulles Greenway**	**Chicago Skyway**	**Warnow Tunnel**	**Total MQA**
MQA	**Year ended 31 Dec 2014 $'000**	**Year ended 31 Dec 2014 $'000**	**Year ended 31 Dec 2014 $'000**	**Year ended 31 Dec 2014 $'000**	**Year ended 31 Dec 2014 $'000**
Segment revenue	**623,693**	**43,731**	**20,142**	**9,778**	**697,344**
Segment expenses	**(183,030)**	**(8,826)**	**(2,358)**	**(3,283)**	**(197,497)**
Segment EBITDA	**440,663**	**34,905**	**17,784**	**6,495**	**499,847**
EBITDA Margin	**71%**	**80%**	**88%**	**66%**	**72%**

The segment revenue disclosed in the table above primarily relates to toll revenue generated by the assets from external customers.

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2013, based on MQA's effective ownership interest is as follows:

	APRR	Dulles Greenway	Chicago Skyway	Warnow Tunnel	Total MQA
MQA	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000
Segment revenue	562,017	38,808	18,647	8,711	628,183
Segment expenses	(167,218)	(8,327)	(2,122)	(2,986)	(180,653)
Segment EBITDA	394,799	30,481	16,525	5,725	477,530
EBITDA Margin	70%	79%	89%	66%	71%

17 Segment information (continued)

(b) Segment information provided to the MQA Boards (continued)

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2014, based on the MARL Group's effective ownership interest is as follows:

	Dulles Greenway	Chicago Skyway	Total MARL Group
MARL Group	**Year ended 31 Dec 2014 $'000**	**Year ended 31 Dec 2014 $'000**	**Year ended 31 Dec 2014 $'000**
Segment revenue	**5,860**	**20,142**	**26,002**
Segment expenses	**(1,183)**	**(2,358)**	**(3,541)**
Segment EBITDA	**4,677**	**17,784**	**22,461**
EBITDA Margin	**80%**	**88%**	**86%**

The segment revenue disclosed in the table above primarily relates to toll revenue generated by the assets from external customers.

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2013, based on the MARL Group's effective ownership interest is as follows:

	Dulles Greenway	Chicago Skyway	Total MARL Group
MARL Group	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000
Segment revenue	5,200	18,647	23,847
Segment expenses	(1,116)	(2,122)	(3,238)
Segment EBITDA	4,084	16,525	20,609
EBITDA Margin	79%	89%	86%

17 Segment information (continued)

(b) Segment information provided to the MQA Boards (continued)

A reconciliation of MQA and the MARL Group's segment revenue and EBITDA to its total revenue and (loss)/profit from continuing activities before income tax is provided as follows:

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2014 $'000**	As at 31 Dec 2013 $'000
Reconciliation of segment revenue to revenue				
Segment revenue	**697,344**	628,183	**26,002**	23,847
Revenue attributable to investments accounted for under the equity method*	**(697,344)**	(628,183)	**(26,002)**	(23,847)
Unallocated revenue	**2,139**	890	**1,412**	1,755
Total revenue	**2,139**	890	**1,412**	1,755
Reconciliation of segment EBITDA to (loss)/profit before income tax (expense)/benefit				
Segment EBITDA	**499,847**	477,530	**22,461**	20,609
EBITDA attributable to investments accounted for under the equity method*	**(499,847)**	(477,530)	**(22,461)**	(20,609)
Unallocated revenue	**2,139**	890	**1,412**	1,755
Unallocated expenses	**(83,855)**	(23,529)	**(6,702)**	(3,037)
Share of net profit/(loss) of investments accounted for using the equity method	**31,160**	64,543	**(7,078)**	5,367
(Loss)/Profit from continuing operations before income tax (expense)/benefit	**(50,556)**	41,904	**(12,368)**	4,085

* Revenue and EBITDA attributable to investments accounted for under the equity method is included within the "Share of net profit/(loss) of investments accounted for using the equity method" line in the Statements of Comprehensive Income. Proportionate revenue and EBITDA relating to investments accounted for under the equity method is included in the information reported to the MQA Boards.

18 Earnings per stapled share

	MARIL	MARIL	**MARL**	MARL
	Year ended 31 Dec 2014 cents	Year ended 31 Dec 2013 cents	**Year ended 31 Dec 2014 cents**	Year ended 31 Dec 2013 cents
Basic and diluted (loss)/earnings from continuing operations per MARIL/MARL share	**(7.68)**	7.86	**(2.49)**	0.85
Basic and diluted earnings from deconsolidated operation	**-**	287.09	**-**	-
Basic and diluted (loss)/earnings per MARIL/MARL share	**(7.68)**	294.95	**(2.49)**	0.85
	$'000	$'000	**$'000**	$'000
Earnings used in the calculation of basic and diluted (loss)/profit from continuing operations per MARIL/MARL share*	**(38,193)**	37,841	**(12,368)**	4,085
Earnings used in the calculation of basic and diluted profit from deconsolidated operations per MARIL/MARL share*	**-**	1,381,543	**-**	-
Earnings used in the calculation of basic and diluted (loss)/profit per MARIL/MARL share*	**(38,193)**	1,419,384	**(12,368)**	4,085
	Number	Number	**Number**	Number
Weighted average number of shares used in calculation of basic and diluted (loss)/earnings per MARIL/MARL share*	**497,330,637**	481,224,583	**497,330,637**	481,224,583

* There is no difference in the (loss)/earnings and weighted average number of shares used in the calculation of basic (loss)/earnings per share and diluted (loss)/earnings per share.

The basic and diluted loss per MQA stapled security for the year ended 31 December 2014 was 10.17 cents (2013: profit of 295.80 cents) per stapled security using MQA loss attributable to MQA stapled security holders of $50.6 million (2013: profit of $1,423.5 million).

19 Cash flow information

	MQA	MQA	Continued Operation	Deconsolidated Operation*
	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000
Reconciliation of profit after income tax to the net cash flows from operating activities				
(Loss)/profit from continuing activities after income tax	**(50,561)**	1,423,469	41,926	1,381,543
(Loss)/gain on equity accounted assets	**(31,160)**	(64,543)	(64,543)	-
Expenses relating to financing activities	**-**	30,808	-	30,808
Net foreign exchange differences	**(16)**	(487)	(487)	-
Net loss on derivative contracts	**-**	449,688	-	449,688
Gain on deconsolidation of subsidiaries	**-**	(1,849,055)	-	(1,849,055)
Gain on sale of non-current assets	**-**	(35)	-	(35)
Depreciation and amortisation	**-**	11,132	-	11,132
Issue of securities against performance fees payable	**19,400**	-	-	-
Changes in operating assets and liabilities				
Increase in receivables	**(750)**	(2,187)	(815)	(1,372)
Decrease in other assets	**(49)**	2	2	-
Decrease in tax receivables	**-**	3,049	3,049	-
Decrease in deferred tax liability	**-**	(5,867)	-	(5,867)
Increase/(decrease) in payables	**38,582**	2,677	3,519	(842)
Increase in other liabilities	**-**	12,253	-	12,253
Net cash inflow from operating activities	**(24,554)**	10,904	(17,349)	28,253

* Refer to note 5 for further details.

19 Cash flow information (continued)

	MARL Group Year ended 31 Dec 14 $'000	MARL Group Year ended 31 Dec 13 $,000
Reconciliation of (loss)/profit after income tax to the net cash flows from operating activities		
(Loss)/profit from continuing activities after income tax	**(12,368)**	4,085
Loss/(profit) on equity accounted assets	**7,078**	(5,367)
Net foreign exchange differences	**(9)**	(76)
Issue of securities against performance fees payable	**1,287**	-
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	**(14)**	509
Increase in other assets	**(22)**	-
Decrease in tax receivables	**-**	3,052
Increase/(decrease) in payables	**2,584**	(268)
Net cash (outflow)/inflow from operating activities	**(1,464)**	1,935

Non-cash financing and investing activities

Application of performance fees to subscription of new securities

During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling $18.1 million (31 December 2013: third instalment of the June 2011 performance fee, totalling $15.2 million) was applied to a subscription for new MARIL securities. During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling $1.3 million (31 December 2013: third instalment of the June 2011 performance fee, totalling $1.5 million) was applied to a subscription for new MARL securities.

20 Related party disclosures

Adviser and Manager

The Adviser of MARIL and the Manager of MARL is MFA, a wholly owned subsidiary of Macquarie Group Limited ("MGL").

Directors

The following persons were directors of MARIL during the whole of the year and up to the date of this report:

- Jeffrey Conyers (Chairman)
- James Keyes
- Derek Stapley
- David Walsh

The following persons were directors of MARL during the whole of the year and up to the date of this report (unless otherwise stated):

- David Walsh (Chairman)
- Marc de Cure
- Richard England
- John Roberts
- Nora Scheinkestel (appointed 28 August 2014)

Key Management Personnel

Key Management Personnel ("KMP") are defined in *AASB 124 Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The directors of MARIL and MARL meet the definition of KMP as they have this authority in relation to the activities of MQA and the MARL Group respectively, however they do not manage day to day activities of the business. The directors have appointed MFA to run and manage the ongoing operations of the business and pay a quarterly management fee in return for these services. There are no other KMP of MQA and the MARL Group.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

20 Related party disclosures (continued)

Key Management Personnel (continued)

Compensation in the form of directors' fees that were paid to directors is as follows:

	Year ended 31 Dec 2014 Director's fees $	Year ended 31 Dec 2013 Director's fees $
MARIL		
Jeffrey Conyers	**83,595**	78,595
Peter Dyer*	**-**	8,597
James Keyes	**66,876**	54,760
Derek Stapley	**78,022**	73,355
David Walsh	**65,000**	65,000
	293,493	280,307
MARL		
David Walsh	**185,000**	185,000
Marc de Cure	**125,000**	125,000
Richard England	**140,000**	140,000
John Roberts**	**-**	-
Nora Scheinkestel***	**42,799**	-
	492,799	450,000

* Resigned 21 February 2013.

** John Roberts was originally nominated by Macquarie and is a consultant to and remunerated by the Macquarie Group.

*** Appointed to Board of Directors on 28 August 2014.

The compensation paid to directors of MARIL and MARL is determined by reference to current market rates for directorships of similar entities. The level of compensation is not related to the performance of MQA.

The number of MQA stapled securities held directly, indirectly or beneficially by the KMP at 31 December is set out below:

	Directors' interests in MQA Stapled Securities At 31 Dec 2014	Directors' interests in MQA Stapled Securities At 31 Dec 2013
Jeffrey Conyers	**40,000**	40,000
Marc de Cure	**-**	-
Richard England	**40,000**	40,000
James Keyes	**-**	-
John Roberts	**46,108**	46,108
Nora Scheinkestel	**58,603**	-
Derek Stapley	**-**	-
David Walsh	**7,000**	7,000
Total	**191,711**	133,108

Adviser/Manager fees

Under the terms of the governing documents of the individual entities within the Groups, fees paid or payable (inclusive of non-recoverable GST and VAT) to the Adviser/Manager of MQA and the MARL Group were:

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $	Year ended 31 Dec 2013 $	**Year ended 31 Dec 2014 $**	Year ended 31 Dec 2013 $
Base fee	**22,921,082**	19,985,168	**1,552,649**	1,614,990
Performance fees	**58,206,685**	-	**3,867,038**	-
Total	**81,127,767**	19,985,168	**5,419,687**	1,614,990

For the year ended 31 December 2014, the base fee was calculated as 1.75% per annum on the first $1.0 billion of MQA market capitalisation and 1.00% per annum on MQA market capitalisation over $1.0 billion at the end of each quarter.

For the year ended 31 December 2013, the base fee was calculated as 2.00% per annum on the first $1.0 billion of MQA market capitalisation, 1.25% per annum on MQA market capitalisation between $1.0 billion and $3.0 billion and 1.00% per annum on MQA market capitalisation over $3.0 billion at the end of each quarter.

The performance fee is calculated with reference to the performance of the MQA accumulated index compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. For the period ended 30 June 2014, a total performance fee of $58.2 million (excluding GST) was calculated for MQA. This fee is payable in three equal annual instalments. The first instalment of the June 2014 performance fee totalling $19.4 million was applied to a subscription for new MQA securities in September 2014.

For the 12 months ended 30 June 2013 and 30 June 2012, MQA did not meet the performance criteria for new performance fees to be earned. For the 12 months ended 30 June 2011, a total performance fee of $50.1 million (excluding GST) was calculated for MQA. This fee was paid in three equal instalments, with the instalments of $16.7 million being applied to subscriptions for new shares in August 2011, July 2012 and September 2013 respectively.

Fees are apportioned between MARL and MARIL based on each entity's share of the net assets of MQA.

20 Related party disclosures (continued)

Other transactions

MGL and companies within the MGL Group undertake various transactions with, and perform various services for MQA. Fees paid to MGL are approved solely by the independent directors on the Boards of MARIL and MARL and where appropriate, external advice is sought by the directors to ensure that the fees and terms of engagement are representative of arm's length transactions.

At 31 December 2014, Macquarie Capital Group Limited, a subsidiary of MGL, beneficially held 82,465,523 (2013: 95,080,259) stapled securities through its principal position in MQA.

At 31 December 2014, entities within the Groups had the following funds on deposit with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of MGL:

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2014 $	As at 31 Dec 2013 $	**As at 31 Dec 2014 $**	As at 31 Dec 2013 $
Cash held with MBL	**9,044,454**	2,272,411	**7,968,732**	611,823
Total	**9,044,454**	2,272,411	**7,968,732**	611,823

During the year, entities within the Groups had the following transactions with related parties:

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $	Year ended 31 Dec 2013 $	**Year ended 31 Dec 2014 $**	Year ended 31 Dec 2013 $
Interest earned on deposits with MBL	**129,547**	81,349	**66,503**	32,224
Reimbursement of expenses paid by MGL Group Companies on behalf of MQA	**800,290**	679,760	**576,561**	449,274
Advisory fees paid to Macquarie Capital (Australia) Limited for issue of securities	**626,185**	-	**45,313**	-

Other balances and transactions

At 31 December 2014, MARL had a receivable balance with MARIL of $4,654,851 (2013: $15,469,564) which is made up of an interest bearing loan of $4,373,329 (2013: $15,201,380) accrued interest on this loan of $284,080 (2013: $246,810) and other non-interest bearing payable of $2,558 (2013: receivable of $21,374). The loan owing from MARIL to MARL bears interest at BBSW plus a margin of 3.0% – 4.0% and the principal of $4,654,851 (2013: $15,201,380) is due in 2017, the interest of $284,080 (2013: $246,810) is payable in 2015. Related party interest between MARIL and MARL totalled $809,219 (2013: $1,324,946) for the year.

At 31 December 2014, entities within the Groups had the following balances receivable from Associates:

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2014 $	As at 31 Dec 2013 $	**As at 31 Dec 2014 $**	As at 31 Dec 2013 $
M6 Toll management fee	**743,103**	-	**-**	-
Total	**743,103**	-	**-**	-

During the year, entities within the Groups received the following from Associates:

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2014 $	Year ended 31 Dec 2013 $	**Year ended 31 Dec 2014 $**	Year ended 31 Dec 2013 $
Reimbursement of expenses	**-**	509,990	**-**	-
M6 Toll management fee	**758,355**	-	**-**	-
Principal & interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA	**96,605,666**	48,290,257	**-**	-

MQA utilises the services provided by MBL's foreign exchange and treasury departments from time to time on arm's length terms.

All of the above amounts represent payments on normal commercial terms made in relation to the provision of goods and services.

21 Financial risk and capital management

Financial risk management

The Groups' activities expose them to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Groups' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Groups. The Groups use derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

The Risk Management Policy and Framework is carried out by management under policies approved by the Boards. MFA identifies, quantifies and qualifies financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when recognised assets and liabilities and future commercial transactions are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Groups operate internationally and are exposed to foreign exchange risk mainly arising from currency exposures to the Euro, Pound Sterling and United States Dollar.

The Groups do not hedge the foreign exchange exposure on overseas investments due to their long term horizon. However, commitments to make investments which are denominated in foreign currencies are hedged, by way of forward contracts, with maturities as close as possible to the time of making the commitment or raising the required capital.

Monetary items are converted to the Australian Dollar ("AUD") at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year end to settlement date, as provided by independent financial institutions.

In assessing foreign exchange risk, management has assumed the following possible movements in the Australian dollar:

- AUD/EUR exchange rate increased/decreased by 8 Euro cents (2013: 9 Euro cents)
- AUD/GBP exchange rate increased/decreased by 7 UK pence (2013: 8 UK pence)
- AUD/USD exchange rate increased/decreased by 12 US cents (2013: 15 US cents)

(a) Foreign exchange risk (continued)

The below tables display the amounts for financial instruments that would be recognised in profit or loss or directly in equity if the movements in foreign exchange rates as outlined above occur. The Groups' management have determined the above movements in the Australian dollar to be a reasonably possible shift following analysis of foreign exchange volatility for relevant currencies over the last 5 years.

	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
MQA Group	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000
Total financial assets	**(285)**	(383)	**(285)**	(383)	**367**	516	**367**	516
Total financial liabilities	**14**	18	**14**	18	**(18)**	(26)	**(18)**	(26)
Total	**(271)**	(365)	**(271)**	(365)	**349**	490	**349**	490

	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
MARL Group	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000
Total financial assets	**(6)**	(10)	**(6)**	(10)	**8**	13	**8**	13
Total financial liabilities	**2**	1	**2**	1	**(3)**	(1)	**(3)**	(1)
Total	**(4)**	(9)	**(4)**	(9)	**(5)**	12	**(5)**	12

(b) Interest rate risk

The Groups have no significant interest bearing assets and liabilities whose fair value is significantly impacted by changes in market interest rates.

In assessing interest rate risk, management has assumed the following movements in the identified interest rates:

- Bank bill swap reference rate (AUD BBSW 90 days) increased/decreased by 69 bps (2013: 88 bps)
- Bank bill swap reference rate (EURIBOR 90 days) increased/decreased by 49 bps (2013: 76 bps)
- Bank bill swap reference rate (USD LIBOR 90 days) increased/decreased by 18 bps (2013: 41 bps)
- Bank bill swap reference rate (GBP LIBOR 90 days) increased/decreased by 23 bps (2013: 58 bps)
- Bank bill swap reference rate (AUD BBSW 6 months) increased/decreased by 76 bps (2013: 103 bps)

21 Financial risk and capital management (continued)

(b) Interest rate risk (continued)

The below tables display the amounts for financial instruments that would be recognised in profit or loss or directly in equity if the above interest rate movements occur. The Groups' management have determined the above movements in interest rates to be a reasonably possible shift following analysis of the interest spreads of comparable debt instruments over the past 5 years.

	Interest rate risk							
	Increase in interest rates				Decrease in interest rates			
MQA Group	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000
Total financial assets	**203**	150	**203**	150	**(203)**	(150)	**(203)**	(150)
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**203**	150	**203**	150	**(203)**	(150)	**(203)**	(150)

	Interest rate risk							
	Increase in interest rates				Decrease in interest rates			
MARL Group	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000	**P&L 2014 $'000**	P&L 2013 $'000	**Equity 2014 $'000**	Equity 2013 $'000
Total financial assets	**233**	330	**233**	330	**(233)**	(330)	**(233)**	(330)
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**233**	330	**233**	330	**(233)**	(330)	**(233)**	(330)

Financial assets include cash and cash equivalents, cash not available for use, receivables and prepayments.

Financial liabilities include payables.

Credit risk

Potential areas of credit risk consist of deposits with banks and financial institutions as well as receivables from associates and Governments. The Groups limit their exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. With the exception of the transactions between MARIL and MARL, the Groups transact with independently rated parties with appropriate minimum short term credit ratings of A-1. The Boards from time to time sets exposure limits to financial institutions and these are monitored on an on-going basis.

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security.

The following table sets out the counterparties with which the Groups transact and therefore provides an indication of the credit risk exposures.

	MQA				**MARL Group**			
	Financial Institutions $'000	**Corporates and other $'000**	**Government $'000**	**Total $'000**	**Financial Institutions $'000**	**Corporates and other $'000**	**Government $'000**	**Total $'000**
2014								
Cash and cash equivalents	30,116	-	-	**30,116**	28,884	-	-	**28,884**
Cash not available for use	1,763	-	-	**1,763**	-	-	-	**-**
Receivables	-	743	54	**797**	-	4,667	51	**4,718**
Total	**31,879**	**743**	**54**	**32,676**	**28,884**	**4,667**	**51**	**33,602**

	MQA				MARL Group			
	Financial Institutions $'000	Corporates and other $'000	Government $'000	Total $'000	Financial Institutions $'000	Corporates and other $'000	Government $'000	Total $'000
2013								
Cash and cash equivalents	17,656	-	-	17,656	15,738	-	-	15,738
Cash not available for use	1,836	-	-	1,836	-	-	-	-
Receivables	-	-	44	44	-	15,479	43	15,522
Total	19,492	-	44	19,536	15,738	15,479	43	31,260

21 Financial risk and capital management (continued)

Financial institutions

The credit risk to financial institutions relates to cash held by and term deposits due from Australian and OECD banks. In line with the credit risk policies of the Groups these counterparties must meet a minimum short term credit rating of A-1.

Corporates and other and Government

The MQA and MARL Group credit risk relates primarily to receivables from related parties and other receivables from government authorities. These counterparties have a range of credit ratings.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Groups have a liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or highly liquid cash assets, anticipated cash in and outflows and exposure to connected parties.

The below tables display the forecast contractual undiscounted future cash outflows of the liabilities at balance date of MQA and the MARL Group.

	MQA				MARL Group			
	Less than 1 Year $'000	1-2 Years $'000	Greater than 2 Years $'000	Total $'000	Less than 1 Year $'000	1-2 Years $'000	Greater than 2 Years $'000	Total $'000
2014								
Payables	**25,935**	**19,400**	**-**	**45,335**	**2,023**	**1,287**	**-**	**3,310**
Total	**25,935**	**19,400**	**-**	**45,335**	**2,023**	**1,287**	**-**	**3,310**
2013								
Payables	6,754	-	-	6,754	717	-	-	717
Total	6,754	-	-	6,754	717	-	-	717

Fair value estimation

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The Group classifies fair value measurement using a fair value hierarchy as outlined below:

a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level for an instrument is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of all financial assets (excluding Investments accounted for using the equity method) and financial liabilities approximates their carrying value at balance sheet date.

Capital management

The Groups' capital management objectives are to:

- Ensure sufficient capital resources to support the Groups' business and operational requirements; and
- Safeguard the Groups' ability to continue as a going concern.

Annual reviews of the Groups' capital requirements are performed to ensure the Groups are meeting their objectives.

Capital is defined as contributed equity plus reserves. As at 31 December 2014 the Groups do not have any externally imposed capital requirements.

22 Parent entity financial information

(a) Summary financial information

In accordance with the *Corporations Act 2001*, the individual financial statements for MARIL and MARL are shown in aggregate amounts below:

	MARIL	MARIL	**MARL**	MARL
	31 Dec 2014 $'000	31 Dec 2013 $'000	**31 Dec 2014 $'000**	31 Dec 2013 $'000
Statement of Financial Position				
Current assets	**1,113**	1,902	**29,219**	16,097
Non-current assets	**714,027**	710,667	**78,500**	91,247
Total assets	**715,140**	712,569	**107,719**	107,344
Current liabilities	**(23,782)**	(7,311)	**(1,972)**	(681)
Non-current liabilities	**(24,662)**	(15,201)	**(1,290)**	-
Total liabilities	**(48,444)**	(22,512)	**(3,262)**	(681)
Shareholders' equity				
Issued capital	**1,410,129**	1,369,407	**205,552**	200,330
Retained earnings	**(743,433)**	(679,350)	**(101,095)**	(93,667)
	666,696	690,057	**104,457**	106,663
(Loss)/profit for the year	**(30,513)**	(11,908)	**(7,429)**	777
Total comprehensive income	**(30,513)**	(11,908)	**(7,429)**	777

(b) Guarantees entered into by the parent entities

MARIL and MARL have not provided any financial guarantees in respect to bank overdrafts and loans of subsidiaries as at 31 December 2014 and 31 December 2013. MARIL and MARL have not given any unsecured guarantees at 31 December 2014 and 31 December 2013.

(c) Contingent liabilities of the parent entities

Refer to Note 23 for MARIL and MARL's contingent liabilities as at 31 December 2014 and 31 December 2013.

23 Contingent liabilities

MQA had the following contingent liabilities at 31 December 2014 and 31 December 2013. No provisions have been raised against these items unless stated below. The MARL Group had no contingent liabilities at 31 December 2014 and 31 December 2013.

Warnow Tunnel

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.8 million) (31 December 2013: €1.2 million ($1.8 million)), in the event of a senior debt payment event of default by WQG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million ($1.8 million) (31 December 2013: €1.2 million ($1.8 million)) has been deposited. These funds are restricted.

Acquisition of Additional Stake in APRR – contingent consideration

Following the July 2014 acquisition of an additional 1.41% interest in Macquarie Autoroutes de France 2 SA (see Directors' Report for further details), further contingent consideration up to a maximum €5.1m ($7.6 million) may become payable depending on certain operational assumptions being realised by 31 December 2015.

24 Events occurring after balance sheet date

French Political Update

In January 2015 the French Government announced the establishment of a working group, comprising members of parliament and government representatives, with the objective of considering options for the renegotiation of the existing toll concession agreements, or in the alternative, the termination of these agreements.

Pending the recommendations of the working group, the government decided to defer the toll increases contractually scheduled for 1 February 2015.

Eiffarie Debt Refinancing

On 19 February 2015, completion was reached on the refinancing of the debt facility at Eiffarie SAS, the holding company for APRR. This comprised a €1.5 billion term loan, which together with the proceeds of a distribution from APRR, will be applied towards the full repayment of Eiffarie's existing €2.5 billion debt facility, due to mature in February 2017. In addition, APRR has signed a €1.8 billion revolving credit facility which will replace its existing undrawn €720 million credit facility.

Since balance date, there have been no other matters or circumstances not otherwise dealt with in the Financial Report that has significantly affected or may significantly affect the operations of the groups, the result of those operations or the state of affairs of the Groups in period subsequent to the year ended 31 December 2014.

Directors' Declaration

FOR THE YEAR ENDED 31 DECEMBER 2014

Directors' Declaration – Macquarie Atlas Roads International Limited

The directors of Macquarie Atlas Roads International Limited ("MARIL") declare that:

a) the Financial Report of MARIL and its controlled entities ("MQA") and Notes set out on pages 37 to 87:
   i) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and
   ii) give a true and fair view of the financial position of the MQA as at 31 December 2014 and of its performance for the year ended on that date; and

b) there are reasonable grounds to believe that MARIL will be able to pay its debts as and when they become due and payable; and

The directors confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Jeffrey Conyers	**Derek Stapley**
Chairman	Director
Macquarie Atlas Roads International Limited	Macquarie Atlas Roads International Limited
Hamilton, Bermuda	Hamilton, Bermuda
25 February 2015	25 February 2015

Directors' Declaration – Macquarie Atlas Roads Limited

The directors of Macquarie Atlas Roads Limited ("MARL") declare that:

a) the Financial Report of MARL and its controlled entities ("the MARL Group") and Notes set out on pages 37 to 87 are in accordance with the constitution of MARL and the *Corporations Act 2001*, including:
   i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   ii) giving a true and fair view of the financial position of the MARL Group as at 31 December 2014 and of their performance for the year ended as on that date; and

b) there are reasonable grounds to believe that MARL will be able to pay its debts as and when they become due and payable; and

The directors confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

David Walsh	**Richard England**
Chairman	Director
Macquarie Atlas Roads Limited	Macquarie Atlas Roads Limited
Sydney, Australia	Sydney, Australia
26 February 2015	26 February 2015

Independent Auditor's Report to the Members of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited

Report on the Financial Reports

We have audited the accompanying Financial Reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited, which comprise the consolidated statements of financial position as at 31 December 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declarations for Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited. Macquarie Atlas Roads ("MQA") comprises Macquarie Atlas Roads International Limited and the entities it controlled during the year, and Macquarie Atlas Roads Limited and the entities it controlled during the year. Macquarie Atlas Roads Limited Group ("MARL Group") comprises Macquarie Atlas Roads Limited and the entities it controlled during the year.

Directors' responsibility for the Financial Reports

The directors of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited are responsible for the preparation of Financial Reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (as applicable) and for such internal control as the directors determine is necessary to enable the preparation of Financial Reports that are free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that the Financial Reports comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Reports based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Reports. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Reports.

PricewaterhouseCoopers, ABN 52 780 433 757

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* (as applicable).

Auditor's opinion

In our opinion:

(a) the Financial Reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited are in accordance with the *Corporations Act 2001* (as applicable), including:

- (i) giving a true and fair view of Macquarie Atlas Roads' and Macquarie Atlas Roads Limited Group's financial position as at 31 December 2014 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (as applicable)

(b) the Financial Reports and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report for Macquarie Atlas Roads Limited included on pages 33 to 44 of the Directors' Report for the year ended 31 December 2014. The directors of Macquarie Atlas Roads Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Macquarie Atlas Roads Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Stafford

Craig Stafford

Partner
PricewaterhouseCoopers
Sydney
26 February 2015

Remuneration report

FOR THE YEAR ENDED 31 DECEMBER 2014

As noted in the corporate governance statement, MQA is an externally managed vehicle comprising Macquarie Atlas Roads Limited (MARL), an Australian public company, and Macquarie Atlas Roads International Limited (MARIL), a Bermudan exempted mutual fund company.

MARL and MARIL have entered into management and advisory agreements (the MQA Management Agreements) respectively with Macquarie Fund Advisers Pty Limited (ABN 84 127 735 960) (AFS Licence Number 318 123) (the MQA Manager).

The MQA Manager makes available employees (including senior executives) to discharge its obligations to the relevant MQA entity. These staff are employed by entities in the Macquarie Group and made available to MQA through formalised resourcing arrangements. Their remuneration is not an MQA expense as it is paid by Macquarie Group. Instead, MQA pays management fees to the MQA Manager (and therefore the Macquarie Group) for providing management and advisory services. These fees are an MQA expense and are therefore disclosed below.

Under the Corporations Act it is only Australian listed companies that are required to prepare a Remuneration Report. Accordingly, the Remuneration Report that appears in the MARL Directors' Report (which forms part of the Financial Report and is audited) is only for MARL, and only MARL security holders participate in a non-binding vote in respect of it. MARIL and MQA as a whole are not required to prepare a Remuneration Report.

Set out below are details of the management fees paid by MQA together with qualitative disclosure detailing how staff of the MQA Manager are incentivised and their interests aligned with MQA.

Management fees

Under the terms of the MQA Management Agreements, the MQA Manager is entitled to base and performance fees for acting as manager and adviser to the stapled entities that comprise MQA. Base and performance fees are calculated in accordance with defined formulae under the MQA Management Agreements. The management fee structure is linked to MQA's market performance and, in the case of performance fees, ongoing MQA outperformance against a market benchmark.

The management fees paid or payable by MQA to the MQA Manager for the financial year ended 31 December 2014 were:

- Base fee A$22.9 million
- Performance fee A$19.4 million[1]

All base fees for the financial year ended 31 December 2014 were paid in cash.

As permitted under the terms of the MQA Management Agreements, the performance fee paid during the financial year ended 31 December 2014, being the first instalment of the 2014 performance fee, was applied by the MQA Manager to a subscription for new MQA securities.

The structure and level of the fee arrangements were fully disclosed to investors on fund inception and continue to be disclosed on the MQA website and in annual reports. Investors originally invested and continue to invest with this knowledge. Any changes to the structure of the fee provisions which would have the effect of increasing the fees provided for under the MQA Management Agreements would need to be approved by MQA stapled security holders.

1 This is the first instalment of the A$58.2 million June 2014 performance fee. This fee is payable in three equal annual instalments of A$19.4 million each. Future instalments may become payable at 30 June 2015 and 30 June 2016 respectively, subject to meeting ongoing outperformance criteria.

Base fees

The MQA Manager has notified MQA that for the 2014 calendar year and for subsequent years until further notice, the base management fee rates payable by MQA on market capitalisations up to A$3 billion will be reduced by 0.25% per annum. That is, for 2014 and thereafter until further notice, reduced base fees are calculated quarterly as follows:

- 1.75% per annum of the Market Value of MQA at the end of each calendar quarter up to A$1 billion; plus
- 1.00% per annum of the Market Value of MQA at the end of each calendar quarter in excess of A$1 billion.

As a consequence, the base fees paid in 2014 were A$3.9 million lower than as provided for under the MQA Management Agreements.

For the purposes of calculating the base fee, 'Market Value' means the market capitalisation of MQA calculated on the basis of the average number of MQA securities on issue during the last 10 ASX trading days in the relevant calendar quarter multiplied by the volume weighted average price (VWAP) of all MQA securities traded on the ASX during those 10 trading days.

The quantum of the base management fee can increase or decrease as a result of any movement in both the number of MQA securities on issue and the security price.

Performance fees

A performance fee is payable at 30 June each year in the event that the MQA accumulation index outperforms its benchmark, the S&P/ASX 300 Industrials Accumulation Index, in the year to that date having made up for any previous underperformance.

The performance fee is 15% of the dollar amount of the net outperformance for the period and is payable in three equal annual instalments. The first instalment is payable immediately. The second instalment is payable on the first anniversary of the calculation date, only if MQA's performance equals or exceeds that of the benchmark over the two-year period to that date. The third instalment is payable on the second anniversary of the calculation date, only if MQA's performance equals or exceeds that of the benchmark over the three-year period to that date.

Where MQA underperforms the benchmark a fee deficit exists. Before any future performance fees can be earned, all accumulated deficits from prior periods of underperformance must be eliminated ensuring that any performance fees are paid as a result of sustained benchmark outperformance.

This requirement for sustained outperformance creates a strong alignment of interest between the MQA Manager and MQA security holders.

Fees are apportioned between MARL and MARIL based on each entity's share of the value of MQA's net assets.

Oversight of fee payments

There is independent oversight in respect of the calculation and payment of management fees as follows:

The calculation and payment of management fees (both base and performance fees) are audited as part of the annual financial statement audit. The performance fee calculation is subject to review by MQA's auditors, PricewaterhouseCoopers, at the time the fee is calculated. The performance fee calculation is also checked for mathematical accuracy by a specialist firm. MQA's independent directors review the certification process prior to payment of the performance fee.

Reinvestment of fees

Under MQA's constituent documents and the MQA Management Agreements, the MQA Manager has the ability to request the application of base or performance fees payable to it for a subscription in new MQA securities, subject to the approval of MQA's independent directors.

In this event, the issue price for the new MQA stapled securities is the VWAP of all MQA stapled securities traded on the ASX during the last 10 trading days of the relevant instalment period.

Expense reimbursement

The MQA Manager is also entitled to be reimbursed for expenses incurred by it in relation to the proper performance of its duties, out of the assets of MQA.

This includes routine ongoing expenses such as the third-party costs of acquiring assets and managing them, as well as capital raising costs, registry, audit, insurance, compliance costs and other expenses as set out in the MQA Management Agreements.

Fees paid or payable by MQA group entities for related party services are disclosed in the MQA financial statements.

Directors

The independent and non-executive directors of MARL and MARIL are remunerated by MQA. David Walsh, Richard England, Marc de Cure and Nora Scheinkestel, as independent directors of MARL, each receive fees of A$125,000 per annum, with David Walsh receiving an additional A$60,000 per annum for his role as chairman and Richard England receiving an additional A$15,000 per annum as chairman of the Audit and Risk Committee. John Roberts, as a director on the MARL Board, was originally nominated by Macquarie. He retired from his executive role with Macquarie with effect from 3 July 2013 and during 2014 was a consultant to and remunerated by the Macquarie Group. Nora Scheinkestel was appointed as a director on 28 August 2014.

Jeffrey Conyers, Derek Stapley and James Keyes, as independent directors of MARIL, each receive fees of US$60,000 per annum, with Jeffrey Conyers receiving an additional US$15,000 per annum for his role as chairman and Derek Stapley receiving an additional US$10,000 as chairman of the Audit and Risk Committee. David Walsh is also an independent director of MARIL and receives fees of A$65,000 per annum in this capacity.

The fees paid to the independent and non-executive directors of MARL and MARIL are determined by reference to current market rates for directorships in Australia and Bermuda respectively. The level of fees is not related to the performance of MQA. The Boards of MARL and MARIL will consider remuneration payable to their independent and non-executive directors from time to time. Remuneration for the independent and non-executive directors is approved by the Boards and any increases are to be periodically benchmarked to market based on external advice. Under the MARL Constitution, aggregate MARL directors' fees are capped at A$1,000,000 and under the MARIL Bye-Laws, aggregate MARIL directors' fees are capped at US$500,000. Any increase to this cap requires shareholder approval.

None of the MARL or MARIL independent and non-executive directors is entitled to MQA options or securities or to retirement benefits as part of his or her remuneration package.

Set out below are details of the total remuneration paid by MQA to independent and non-executive directors for the financial year 2014:

Name	MARL directors' fees	MARIL directors' fees
Jeffrey Conyers	-	US$75,000
Marc de Cure	A$125,000	-
Richard England	A$140,000	-
James Keyes	-	US$60,000
John Roberts[1]	-	-
Nora Scheinkestel[2]	A$42,799	-
Derek Stapley	-	US$70,000
David Walsh	A$185,000	A$65,000

1 John Roberts was originally nominated by Macquarie and during 2014 was remunerated by Macquarie Group.

2 Nora Scheinkestel became a director of MARL on 28 August 2014.

Remuneration report

FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

Executives

The remuneration of executives that are involved in the management of MQA (including the CEO and CFO of MQA) is not disclosed because these executives are employed by Macquarie Group and not by MQA.

The remuneration of these executives is determined and paid by the Macquarie Group and is not recharged to MQA. The Boards and Remuneration Committees of MARL and MARIL do not determine the remuneration of MQA management executives.

Macquarie Group's approach to employee remuneration, which is detailed in the Macquarie Group Annual Report, produces a strong alignment of interest between MQA management executives and MQA investors.

As detailed in that report, Macquarie Group's remuneration system ensures that a significant amount of remuneration is at risk and solely dependent on performance. The remuneration package of all Macquarie Group executives consists of a base salary and an annual profit share allocation.

The base salary is reviewed annually and the profit share allocation, which is not guaranteed, is based on performance. Performance assessment of Macquarie Group employees takes place half-yearly. The MQA Boards, which comprise a majority of independent and non-executive directors, provide feedback in respect of performance of the MQA CEO and CFO, and can request that they be replaced if not performing satisfactorily.

The levels of base salary for senior executives take into consideration the role of the individual and market conditions. However, the levels of base salary can be low compared to similar roles in non-investment banking companies.

The profit share allocations to executives provide substantial incentives for superior performance but low or no participation for less satisfactory outcomes. Profit share allocations are therefore highly variable and can comprise a high proportion of total remuneration in the case of superior performance. The level of profit share received by members of the MQA management team is driven predominantly by their individual contribution to the performance of MQA, taking into account the following elements:

- MQA's overall performance as a listed entity
- Management and leadership of MQA and the management of MQA's investments
- Effective risk management and capital management
- Maintenance of Macquarie Group's reputation and track record in respect of its branded funds.

There is no formulaic approach to determining MQA management's profit share allocation. It is completely discretionary and takes into account factors outlined above as well as input from the MQA Boards in the case of the MQA CEO and CFO. Deferral and restriction arrangements apply to a portion of allocated profit share to encourage a long-term perspective and commitment from Macquarie employees.

A further alignment of interests

Further to the remuneration matters discussed above, alignment between MQA security holders and Peter Trent, the CEO of MQA (and an executive director of Macquarie Group), is reflected in his profit share arrangements.

Under these arrangements 40% is retained from Mr Trent's profit share allocation (the retention amount); 50% of the retention amount is notionally invested in MQA securities and the remainder in fully paid ordinary Macquarie shares through an employee retention share plan.

The investment in MQA securities from Mr Trent's profit share is described as 'notional' because Mr Trent may not directly hold securities in relation to this specific investment. However, the value of the retained amounts varies as if these amounts were directly invested in MQA securities.

All retained amounts vest and are released from three to five years after the year retained. The retained amounts are subject to forfeiture on leaving Macquarie, except in cases of genuine retirement, redundancy and other limited exceptional circumstances.

Alignment between the Macquarie Group and MQA security holders is also demonstrated through the interest the Macquarie Group holds in MQA. At 26 February 2015 the Macquarie Group held a 16.12% principal holding in MQA.

Stapled security holder information

AS AT 26 FEBRUARY 2015

Distribution of securities

Investor ranges	Holders	Total securities	% of issued securities
1 – 1,000	11,923	4,223,375	0.83
1,001 – 5,000	4,609	9,987,550	1.95
5,001 – 10,000	736	5,347,274	1.05
10,001 – 100,000	664	17,371,285	3.40
100,001 and over	82	474,609,368	92.78
Total	**18,014**	**511,538,852**	**100.00**
Investors with less than the minimum marketable parcel[1]	4,107	223,519	0.04

Twenty largest investors

	Investor	Number of securities	% of issued securities
1	HSBC Custody Nominees (Australia) Limited	111,791,990	21.85
2	JP Morgan Nominees Australia Limited	88,431,100	17.29
3	Macquarie Capital Group Ltd	82,465,523	16.12
4	National Nominees Limited	69,158,138	13.52
5	Citicorp Nominees Pty Limited	36,104,957	7.06
6	BNP Paribas Noms Pty Ltd	26,115,271	5.11
7	HSBC Custody Nominees (Australia) Limited	7,329,244	1.43
8	RBC Investor Services Australia Nominees Pty Limited	6,508,695	1.27
9	AMP Life Limited	4,412,424	0.86
10	Citicorp Nominees Pty Limited	4,324,902	0.85
11	RBC Investor Services Australia Nominees Pty Ltd	4,068,122	0.80
12	Avanteos Investments Limited	3,104,944	0.61
13	UBS Wealth Management Australia Nominees Pty Ltd	2,868,005	0.56
14	Bond Street Custodians Limited	2,666,126	0.52
15	Invia Custodian Pty Limited	1,992,084	0.39
16	SmallCo Investment Manager Ltd	1,784,037	0.35
17	National Nominees Limited	1,374,798	0.27
18	Australian Foundation Investment Company Limited	1,000,000	0.20
19	Netherfield Nominees Pty Ltd	1,000,000	0.20
20	EQT Wealth Services Limited	890,578	0.17
Total		**457,390,938**	**89.41**

Details of substantial stapled security holders

Holder	Date of most recent substantial holder notice	Number of securities	% of issued securities[2]
Macquarie Group Limited	1 December 2014	93,915,604	18.35%
Lazard Asset Management	17 November 2014	48,028,085	9.39%
Goldman Sachs	1 August 2014	36,144,455	7.07%

1 Minimum marketable parcel is A$500.00 equating to 170 shares at A$2.95 per share.

2 For substantial notices prior to 4 September 2014, the % of issued securities shown in the table has been adjusted to reflect the current number of securities on issue, being 511,538,852.

Directors' profiles

MQA comprises Macquarie Atlas Roads Limited (MARL) and Macquarie Atlas Roads International Limited (MARIL). Macquarie Fund Advisers Pty Limited, a wholly owned subsidiary of Macquarie Group Limited, is the manager of MARL and the adviser to MARIL. The MARL and MARIL Boards are made up of five and four directors respectively, with a diverse range of backgrounds and experience. The directors take an active role in the management of MQA, meeting on a regular basis to review MQA's affairs and to carry out their statutory and fiduciary duties. Where required, the Boards convene at short notice to consider matters as they arise.

The **MARL** Board of directors is made up as follows:

David Walsh LLB (Melb)
Independent Chairman

Director since establishment on 16 December 2009

David Walsh is an experienced corporate and commercial lawyer and company director. He was a partner of the law firm Mallesons Stephen Jaques from 1962 to 2004, and the senior partner from 1991. He established the firm's Hong Kong office and was resident in Hong Kong from 1988 to 1991. David had a wide-ranging corporate and commercial practice which included mergers and acquisitions, cross-border investment and international trade, anti-trust law, industrial property, insurance, telecommunications, civil engineering and construction, and commercial litigation. From 2005 to 2011 he was a senior legal consultant to Telstra. David has also served as chairman of Templeton Global Growth Fund Limited and as a director of Intoll Management Limited (formerly Macquarie Infrastructure Investment Management Limited), Malcolm Moore Industries Limited, Asia Pacific Specialty Chemicals Limited, PaperlinX Limited and Dyno Nobel Limited.

Marc de Cure BCom (Hons) (UNSW) MWQ FCA
Independent Director

Director from 3 August 2011

Marc de Cure is a company director and advisor. He chairs the advisory boards of the ARC Centre of Excellence in Population Ageing Research and The Australian Institute for Population Ageing Research, and is a member of the Advisory Council of the Business School at UNSW. He was formerly the Group Chief Financial Officer of American International Assurance Company Ltd in Hong Kong during its IPO/listing and was an executive director of a number of AIA group companies including AIA Australia. He was the Group Chief Financial Officer and General Manager Strategy and Development of AMP Limited, Executive Chair of GIO Australia Group and Executive Director of Henderson plc, and also held other senior executive and executive director positions at AMP Limited. He was a Principal Advisor to Bain & Company and a senior partner and practice leader at PricewaterhouseCoopers specialising in M&A, initial public offerings/capital raisings, risk management and assurance.

Richard England FCA MAICD
Independent Director

Director from 1 June 2010

Richard England, who is also the Chairman of the Audit and Risk, Nominations and Remuneration Committees of MARL, is a former partner of Ernst & Young (Australia) where he was national director of the Corporate Recovery and Insolvency practice. Since 1994, in addition to past consulting roles with Ernst & Young and Sims Partners, Richard has held a number of chairmanships including Tower Trust Limited and Peter Lehmann Wines Limited, and directorships including St.George Bank Limited, ABB Grain Limited and Healthscope Limited. Richard is currently chairman of Ruralco Holdings Limited and Chandler McLeod Group Limited, a director of Nanosonics Limited and Japara Healthcare Limited.

John Roberts LLB (Canterbury)
Non-Executive Director

Director since restructure implementation on 2 February 2010

John Roberts is a consultant to Macquarie and Non-Executive Chairman of Macquarie Infrastructure and Real Assets (MIRA) (a division of Macquarie Asset Management) which has approximately $100 billion of assets under management. John serves on a number of boards and investment committees in MIRA to provide oversight and strategic direction to individual fund management executive teams. John was employed by the Macquarie Group for over 22 years, during which time he held various roles within the organisation, including Head of Europe, Joint Head of Macquarie Capital Advisers and Global Head of Macquarie Capital Funds (now MIRA). John's other listed current directorships include Sydney Airport Limited and DUET Group entities.

Nora Scheinkestel LLB (Hons) (Melb), PhD, FAICD, Centenary Medal
Independent Director

Director from 28 August 2014

Nora Scheinkestel is an experienced Non-Executive Director, having served as chairman and director of listed companies, funds, not-for-profits, government business enterprises and private companies for over 20 years, spanning a wide range of industry sectors. Dr Scheinkestel is currently a director and committee chairman of Orica Limited and Telstra Limited. She is also an Associate Professor in the Melbourne Business School at Melbourne University and is a member of the Takeovers Panel. Earlier in her career, Dr Scheinkestel was a senior banking executive in international and project finance. In 2003, Dr Scheinkestel was awarded a Centenary Medal for services to Australian society in business leadership.

The **MARIL** Board of directors is made up as follows:

Jeffrey Conyers BA (Toronto)
Independent Chairman

Bermuda-based – director since establishment on 16 December 2009

Jeffrey Conyers is a director of numerous companies in Bermuda and is the former Chief Executive Officer of First Bermuda Securities Limited. First Bermuda Securities provides an advisory and execution service on worldwide offshore mutual funds to individuals and local companies based in Bermuda. Jeffrey began his professional career as a stockbroker in Toronto and returned to Bermuda in 1985 to join the Bank of Bermuda, where his focus was investments and trusts. He is a founding executive council member and deputy chairman of the Bermuda Stock Exchange. Jeffrey has previously served on the boards of MAp Airports International Limited and Intoll International Limited, parts of the previously Macquarie-managed and ASX-listed vehicles MAp Group and Intoll Group respectively.

Jeffrey Conyers is married to Edith Conyers, who is Executive Director, Chief Executive Officer and a shareholder in IKONIC Fund Services Limited, a Bermuda-based firm that provides company secretarial and funds administration services to clients including other Macquarie-managed vehicles. Jeffrey has no involvement with the operations of IKONIC Fund Services Limited but is a beneficiary of his wife's investment in the business. Edith Conyers is an independent businesswoman of 30 years' standing as a fund administrator in Bermuda. She is not involved with the provision of services to MQA. Jeffrey's initial appointment to the MQA Boards was made in view of his expertise. The MQA Boards have assessed Jeffrey's independence and confirmed his independent status.

Directors' profiles

(CONTINUED)

James Keyes MA (Oxon)
Independent Director

Bermuda-based – director from 21 February 2013

James Keyes is a Bermudan solicitor and barrister with over 25 years' experience. He is currently on the board of a number of private and listed companies. He began his career with Freshfields in London and New York then moved to the Funds and Investment Services team at Appleby, one of the largest offshore law firms in Bermuda. James retired as a partner from Appleby in 2008, and held a part-time position as Managing Director of Renaissance Capital and related entities until December 2012. James was a director of the Bermudan entity within Transurban Group for six years, from which he gained experience in the toll road sector.

Derek Stapley BA (Glas Cal) CA
Independent Director

Bermuda-based – director from 1 June 2010

Derek Stapley, who is also the Chairman of the Audit and Risk, Nominations and Remuneration Committees of MARIL, is a Scottish Chartered Accountant with 28 years' experience.

He is a former partner and industry group leader with Ernst & Young in Financial Services. Derek was the chair of Ernst & Young's Global Hedge Fund Steering Committee, which was responsible for providing strategic direction to Ernst & Young's global hedge fund practice. He now serves as an independent director on the board of several public and private investment funds, insurance companies and family offices.

David Walsh LLB (Melb)
Independent Director

Australia-based – director since restructure implementation on 2 February 2010

See biography on page 96.

Corporate directory

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Manager of Macquarie Atlas Roads Limited and Adviser to Macquarie Atlas Roads International Limited

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ABN 84 127 735 960
AFS Licence No. 318 123

Macquarie Atlas Roads Limited

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Directors

David Walsh (Chairman)
Marc de Cure
Richard England
John Roberts
Nora Scheinkestel

Secretary

Christine Williams

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Directors

Jeffrey Conyers (Chairman)
James Keyes
Derek Stapley
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Secretary

Donna Phillips

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