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SGX RELEASE

Macquarie International Infrastructure Fund Limited (MIIF)

ANNOUNCEMENT NEW ACQUISITIONS AND EQUITY FUND RAISING

1. INTRODUCTION

1.1 Proposed Acquisition of Leisureworld

The Board of Directors of Macquarie International Infrastructure Fund Limited (the "**Company**") is pleased to announce that it has on 21 October 2005 entered into two total return swaps with members ("**Macquarie Group Members**") of Macquarie Bank Limited ("**Macquarie Bank**"), its subsidiaries and affiliates (the "**Macquarie Bank Group**"), to obtain a 55.0% indirect interest in the long term care, retirement home and related businesses located in Ontario, Canada (collectively referred to as "**Leisureworld**"). One of the total return swaps was entered into with Macquarie Infrastructure Management (Asia) Pty Limited ("**MIMAL**" or the "**Manager**"), the sole and exclusive manager of the Company. MIMAL will assign its rights under the total return swap to Macquarie Bank. MIMAL will hold the assets under the total return swap in its own right, rather than on trust for the benefit of another entity or in its capacity as the manager of the Company. The other swap was entered into with 2083875 Ontario Inc.. Each total return swap is conditional upon (a) successful completion of the acquisition of the Vendors' business, as described below; (b) satisfactory negotiation and completion by the Company and the relevant Macquarie Group Member of the relevant security arrangements; (c) obtaining the approval of the Company's shareholders to the transactions; (d) successfully raising the required capital; and (e) receipt by the parties of all regulatory and other authorisations and consents in respect of the performance of the transactions contemplated in the swaps.

1.2 Acquisition of Tank Storage Business

On 19 September 2005, the Company announced the acquisition of a 100.0% interest in a tank storage business (“**TSB**”) currently owned by LEHNKERING GmbH. The proposed acquisition of the 55.0% indirect interest in Leisureworld (the “**Proposed Acquisition**”) and the acquisition of TSB will collectively be known as the “**New Acquisitions**” in this Announcement. Please refer to the Company’s announcement on 19 September 2005 for further details on the acquisition of TSB.

1.3 Shareholders’ Approval

As the New Acquisitions are in, or in connection with, the ordinary course of the Company’s business, shareholders’ approval is not required in relation to the New Acquisitions for the purposes of Chapter 10 of the Listing Manual.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) considers Macquarie Group Members to be interested persons for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Proposed Acquisition will be an interested person transaction. Chapter 9 of the Listing Manual requires, *inter alia*, shareholders’ approval for an interested person transaction if the value thereof exceeds 5% of the latest audited net tangible assets of the Company and its subsidiary (the “**Group**”). The purchase price for the Proposed Acquisition (of approximately S\$165.6 million) exceeds 5% of the unaudited net asset value of the Group of S\$824,249,000 as at 30 June 2005 and accordingly, the Proposed Acquisition will be subject to shareholders’ approval at a special general meeting (“**SGM**”) of the Company to be convened.

2. THE TOTAL RETURN SWAPS

The total return swaps provide the Company with exposure to Leisureworld through Macquarie Canadian Luxembourg Sàrl (“**MCL**”), a company incorporated in Luxembourg, and a Vendor Financing Note (“**VF Note**”). MCL, through various downstream entities, together with the VF Note provide a 55.0% indirect interest in Macquarie Master LP (“**Master LP**”). Master LP owns all of the limited partnership interests in the Macquarie Senior Care, LP (“**Senior Care LP**”), a limited partnership formed under the laws of Ontario.

Senior Care LP entered into business purchase agreements dated 18 March 2005 with six corporate vendors, each of which is resident in Canada and is engaged directly or indirectly in the operation of various long term care (“LTC”) and retirement facilities in Ontario (each a “Vendor” and collectively the “Vendors”). At least three days prior to the completion of the acquisition of the Vendors’ businesses by Senior Care LP of the Vendors will transfer their business to a newly formed limited partnership on a tax-deferred basis (each, an “Operating LP”). A Vendor will be the sole limited partner and a wholly owned subsidiary of that Vendor will be the sole general partner, holding a nominal percentage interest, of each limited partnership. On closing, Senior Care LP will acquire all of the limited partnership interests in the six Operating LPs and the outstanding shares of the general partners.

The Company will obtain its exposure to Master LP and thereby to Leisureworld through two total return swaps with Macquarie Group Members which in combination gives the Company all of the income in respect of a 55.0% indirect interest in Leisureworld. The assets underlying the total return swaps will comprise (i) 320 MCL ordinary shares and 320 MCL redeemable preference shares, and (ii) the VF Note and two preference shares in Macquarie Leisureworld Holdings Ltd, the issuer of the VF Note.

Further details of the total return swaps will be set out in the Circular (as defined below).

3. ESTIMATED ACQUISITION COSTS

The current estimated total acquisition cost (the “Purchase Price”) of the Proposed Acquisition is approximately S\$165.6 million (which excludes the estimated fees and expenses to be borne by the Company in respect of the Equity Fund Raising (as defined below)).

The current estimated total acquisition cost of TSB is S\$101.0 million.

4. RATIONALE FOR THE NEW ACQUISITIONS

On the basis of the Manager’s recommendations, the Directors believe that the New Acquisitions will bring, *inter alia*, the following benefits to shareholders:

(a) Increased Dividends Per Share

On the basis of the Manager's recommendations, the Directors believe that shareholders will enjoy increased dividends per share ("**DPS**"). Assuming that the Proposed Acquisition is completed on 14 November 2005 and the acquisition of TSB is completed by 30 November 2005, and that the new shares under the Base EFR Amount of the Equity Fund Raising are allotted and issued at an issue price of S\$1.05 per share, which is the closing price of the shares on the SGX-ST on 12 October 2005, and the Company's borrowings are completely repaid:

- the Company's forecast DPS for the six months ending 31 December 2005 will be 3.10 cents, which is an increase of 3.3% over the revised forecast DPS of 3.00 cents based on the existing assets of the Company (the "**Existing Assets**") in the Company's current portfolio; and
- the Company's forecast DPS for the six months ending 30 June 2006 will be 3.95 cents which is an increase of 5.3% over the forecast DPS of 3.75 cents based on the Existing Assets in the Company's current portfolio.

(b) The New Acquisitions are in accordance with the Company's Investment Policy and Investment Strategy

The Company's investment policy is to invest in and acquire infrastructure assets that deliver a high and predictable level of return consisting of dividends in addition to the potential for capital growth. It seeks to achieve its objective through direct and indirect investments in infrastructure assets with the characteristics described below. It is the Company's intention to make long term investments in long term assets and the Company does not expect to actively trade the listed securities of its investments or to divest its direct assets in the near to medium term if at all.

The Company's primary strategic objective is to target investments in a broad range of infrastructure sectors to seek low risk assets that exhibit some or all of the following characteristics:

- the provision of essential services to the community;
- a strategic competitive advantage due to high barriers to entry;
- a dominant market position;
- sustainable and predictable cash flows over the long term;
- potential for long term capital growth;
- an experienced and capable operational management team;
- long term supply agreements or revenues that are governed by regulatory regimes; and
- the potential to increase returns to equity by optimising the capital structure.

In view of the characteristics and potential revenue growth that the Proposed Acquisition and TSB offer, the Directors believe that the New Acquisitions are in accordance with the Company's investment policy and investment strategy.

The New Acquisitions are also expected to be significant additions to the Company's current portfolio of Existing Assets.

(c) The New Acquisitions Offer the Competitive Strengths Exhibited By Infrastructure Assets

The Directors believe that, similar to the Existing Assets, the New Acquisitions enjoy several key competitive strengths exhibited by infrastructure assets including strategic competitive advantage, high barriers to entry, strong management track record and a high degree of government regulation.

Leisureworld

Leisureworld owns and operates 19 LTC facilities (“**LTC Facilities**”) (representing approximately 3,150 beds), two retirement homes (“**RHs**”) (representing approximately 85 beds) and an independent living facility (“**IL Facility**”) (representing approximately 50 beds), all located in Ontario, Canada. It is the third largest operator of LTC Facilities in Ontario, employing over 3,200 people.

Leisureworld is a social infrastructure asset and has features similar to high quality infrastructure assets. These include a stable revenue stream and predictable cash flow due to the funding provided by the Ontario Ministry of Health and Long Term Care, barriers to entry due to strict licensing requirements, the provision of essential services to the community and low demand variability.

Please refer to paragraph 5 of this Announcement for more information on Leisureworld.

TSB

TSB is an oil and chemicals tank storage business and the largest independent provider of oil storage services in Germany with an overall capacity of almost 3 million cubic metres. TSB consists of 10 tank storage sites strategically located close to major industry centres throughout Germany including the Rhine Ruhr industrial area, Munich, Berlin, Frankfurt and Hannover. TSB has a competitive advantage in most of its locations due to the quality of its facilities and economies of scale. It also exhibits stable and sustainable revenues, reflecting the essential nature of TSB’s oil and chemical storage and handling services that cannot be readily substituted as well as its solid track record of contract renewal (average length of existing relationships in excess of 20 years). As announced on 19 September 2005, the acquisition of TSB is expected to provide stable and sustainable cash flows, including an expected initial cash yield to the Company in 2006 in excess of 12 per cent.

(d) Higher Proportion of Unlisted Direct Investments

The New Acquisitions are expected to further increase the Company's proportion of assets held as unlisted direct investments (including Leisureworld). Based on the book value of the Existing Assets as at 30 June 2005, as well as draw downs in relation to Macquarie European Infrastructure Fund L.P. ("MEIF") (made subsequent to 30 June 2005¹), 43.6% of the Company's assets are held as unlisted direct investments. This is expected to increase to approximately 56.9% following the completion of the New Acquisitions².

The Directors expect that, following the completion of the New Acquisitions, the revenue contribution from assets held as unlisted direct investments to its revenue from assets held as direct investments (including Leisureworld):

- for the six months ending 31 December 2005 will increase to 63.1% from 56.6% based on the Existing Assets; and
- for the six months ending 30 June 2006 will increase to 63.1% from 47.9% based on the Existing Assets.

(e) Enhanced Sector and Geographical Diversification

The Existing Assets include interests in underlying assets that span a number of infrastructure sectors, such as communications infrastructure, airports and utilities which are located in Australia, Europe and the United States. As a consequence, the Company's current portfolio has a diversity of risk and

¹ Assuming 30 June 2005 exchange rates.

² Assuming 30 June 2005 exchange rates.

revenue profiles. This geographical diversification reduces the impact that fluctuating foreign exchange rates would otherwise have on the earnings and asset values of the Company.

The New Acquisitions will allow the Company to further diversify its asset portfolio sectorally and geographically. The Company will, following the New Acquisitions, own an asset in the LTC sector in Canada and a tank storage business in Germany.

The Company has and will enter into foreign currency hedging arrangements with respect to the expected dividends, distributions, interest, loan repayments and swap payments payable to it from the Existing Assets and the New Acquisitions in respect of the six months ending 31 December 2005 and the six months ending 30 June 2006 until the expected date(s) of receipt of such dividends, distributions, interest, loan repayments and swap payments and will finance the costs, if any, of such hedging arrangements from working capital. The Company may also consider foreign currency hedging arrangements where the Company makes commitments for investments or assets denominated in foreign currencies. Any such commitments will be hedged as close as possible to the time of making the commitment or raising the required capital.

5. INFORMATION ON LEISUREWORLD

LTC Facilities have a sustainable competitive advantage over other sectors in the Ontario seniors' housing industry as LTC Facilities generally provide a lower cost alternative for residents who require care services than IL Facilities, RHs and other types of supportive housing due to the higher level of government funding provided in respect of residents of LTC Facilities. In addition, LTC Facilities can provide services to their residents similar to some of those that are provided by complex continuing care ("**CCC**") hospitals, but at a lower cost to the government. As such, to the extent that patients who would otherwise be cared for in a CCC hospital can be treated in a LTC Facility, it is cost effective for the government to ensure that those patients are cared for in LTC Facilities.

The core component of Leisureworld's business is the ownership and operation of LTC Facilities in Ontario. The business also includes the ownership and operation of two RHs and one IL Facility. Leisureworld also owns a number of businesses which are ancillary to its core business of LTC Facilities management. Leisureworld owns Preferred Health Care Services Inc, an accredited provider of professional nursing and personal support services for both community-based home care and LTC Facilities. Other ancillary businesses of Leisureworld include Tealwood Developments Inc., a provider of laundry services to Leisureworld's LTC Facilities and Ontario Long Term Care Providers Inc., a provider of purchasing services to the Leisureworld LTC Facilities.

6. THE EQUITY FUND RAISING

The Company proposes to allot and issue such number of new shares (the "**Equity Fund Raising**") to raise a minimum of approximately S\$338.1 million (the "**Base EFR Amount**") (a) to finance the Purchase Price; (b) to repay an aggregate amount of approximately S\$37.1 million that was originally drawn to finance or refinance calls on the uncalled capital held by the Company in MEIF; (c) to fund the further investment in Novera Macquarie Renewable Energy Joint Venture Limited ("**NMRE**") of approximately S\$5.6 million to finance an acquisition by NMRE announced by the Company on 21 October 2005; (d) to pay for the costs and expenses of approximately S\$15.0 million for the raising of the Base EFR Amount; (e) to finance the acquisition of TSB of approximately S\$101.0 million; (f) to pay for establishment fees of approximately S\$3.8 million for new debt facilities and (g) the balance of approximately S\$10.0 million to be used for working capital.

The Company is also actively considering the acquisition of additional infrastructure assets that are not owned by the Macquarie Bank Group ("**Third Party Assets**") and expects to make a decision on such acquisitions prior to the commencement of the Equity Fund Raising. In such event, the Company proposes to raise an additional amount of up to approximately S\$161.9 million (the "**Additional EFR Amount**"), making a total of up to approximately S\$500.0 million to be raised under the Equity Fund Raising. In the event the Proposed Acquisition is not approved by the shareholders, the Company intends to raise an amount of up to approximately S\$328.2 million under the Equity Fund Raising.

The Additional EFR Amount raised under the Equity Fund Raising will be used by the Company to finance the acquisition of such Third Party Assets in respect of which an announcement of such acquisition will be made by the Company prior to the commencement of the Equity Fund Raising (the “**Additional Acquisitions**”).

The Company has appointed Macquarie Securities (Singapore) Pte Limited as the global co-ordinator (the “**Global Co-ordinator**”) for the Equity Fund Raising. The actual amount to be raised under the Equity Fund Raising will be finalised and agreed to by the Company and the Global Co-ordinator prior to the commencement of the Equity Fund Raising.

Approval in-principle has been obtained from the SGX-ST for the Equity Fund Raising and for the listing and quotation of the new shares to be allotted and issued for the purpose of the Equity Fund Raising on the Main Board of the SGX-ST. The SGX-ST’s approval in-principle is not an indication of the merits of the Company or its subsidiary, the Equity Fund Raising, the new shares to be allotted and issued under the Equity Fund Raising, the New Acquisitions and the Additional Acquisitions, if any.

7. PLACEMENT TO SUBSTANTIAL SHAREHOLDERS

In connection with the Equity Fund Raising, the Company has obtained a waiver from the SGX-ST from the requirement under Rule 812 of the Listing Manual to seek shareholders’ approval for the allotment and issue of new shares to The Capital Group Companies, Inc. and UBS AG (each of which is a substantial shareholder of the Company) where the new Shares proposed to be placed to such substantial shareholder (as part of the Equity Fund Raising) is no more than what would be required to maintain its proportionate shareholdings at its pre-placement level in percentage terms as at 12 October 2005.

The Company confirms that it is independent of each of The Capital Group Companies, Inc. and UBS AG.

8. GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Following the completion of the Equity Fund Raising, the share capital of the Company will be further enlarged. Accordingly, the Directors will be seeking, at the

SGM, an authority (the “**New Share Issue Mandate**”) to allot and issue new shares in the Company, subject to the limits prescribed by Rule 806(2) of the Listing Manual, calculated based on the enlarged share capital of the Company after the completion of the Equity Fund Raising. The New Share Issue Mandate will give the Company the flexibility to allot and issue shares more quickly, and to fund more future acquisitions more efficiently. The SGX-ST has granted the Company a waiver from Rule 806(3) of the Listing Manual which requires a share issue mandate to be calculated based on the issued share capital of the Company at the time of the passing of the share issue mandate, in connection with the New Share Issue Mandate to be adopted by the Company at the SGM.

9. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

KPMG Corporate Finance Pte Ltd has been appointed by the Company as the independent financial adviser (“**IFA**”) to advise the Company’s independent Directors as to whether the financial terms of the Proposed Acquisition are on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. The IFA’s opinion will be set out in the Circular. The recommendations of the Audit and Risk Committee of the Company comprising Mr Robert Andrew Mulderig, Mr Michael David Hamer and Mr Heng Chiang Meng, being the independent Directors, on the Proposed Acquisition will also be set out in the Circular.

10. TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS

As at the date of this Announcement, the total value of all interested person transactions entered into by the Company with entities that are subsidiaries of Macquarie Bank since the beginning of the current financial year is S\$419.4 million.

11. GENERAL

A circular (the “**Circular**”) containing further details of the New Acquisitions and the Equity Fund Raising, and convening the SGM for the purpose of seeking the approval of shareholders will be dispatched to shareholders in due course.

12. DOCUMENTS FOR INSPECTION

Copies of the total return swaps in relation to Leisureworld are available for inspection during normal business hours at Allen & Gledhill, One Marina Boulevard, #28-00, Singapore 018989, for a period of 3 months commencing from the date of this Announcement.

By Order of the Board

Gregory Osborne
Managing Director of MIMAL

on behalf of
Macquarie International Infrastructure Fund Limited

22 October 2005

For further information, please contact:

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