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ASX RELEASE

**MACQUARIE AIRPORTS
REVISED PROPOSAL TO FUND THE INTERNALISATION OF MANAGEMENT**

Macquarie Airports (MAp) has reached agreement with Macquarie Capital (Macquarie) to revise the proposal to internalise the management of MAp, announced on 24 July 2009.

MAp will still implement the internalisation by acquiring the responsible entity for the two Australian trusts which form part of the MAp stapled security and by ending the advisory agreement with Macquarie Airports Limited, the third component of the MAp structure. However, rather than issuing 150 million new MAp stapled securities to Macquarie, at an issue price of A\$2.30 (equivalent to A\$345 million), MAp will make a cash payment of A\$345 million to Macquarie.

To fund the payment MAp intends to launch a 1 for 11 non-renounceable pro-rata entitlement offer to eligible MAp stapled security holders at A\$2.30 per stapled security. It is intended that eligible MAp security holders will have the opportunity to participate in any shortfall pro-rata to their security holdings. The offer is not underwritten however Macquarie has indicated its willingness to subscribe for up to a maximum of 150 million securities. Macquarie will not receive any compensation for managing the entitlement offer.

Mr Trevor Gerber, chairman of the Independent Board Committee of Macquarie Airports Management Limited, said, "Since announcing the original proposal on 24 July we have had feedback from many of our security holders. There is support for the internalisation. Security holders also indicated a desire to have the opportunity to participate in a capital raising rather than Macquarie having the sole right to take up all 150 million securities. The

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revised proposal provides this opportunity whilst also ensuring that MAp remains in a strong financial position with a flexible balance sheet.”

“We have undertaken further negotiations with Macquarie and we are confident that the revised proposal is in the best interests of MAp security holders.”

Macquarie’s co-operation is essential to internalisation

The Independent Directors¹ consider that Macquarie’s co-operation is essential in the transition to the preferred internal management model. Without it, MAp may not have the benefit of the MAp management team with its accumulated knowledge and experience.

Importantly, MAp needs the co-operation of Macquarie and its managed funds to avoid triggering change of control and pre-emptive rights clauses in debt facilities and shareholder arrangements, in particular, the Brussels and Copenhagen airports’ debt facilities.

The participation of 46 banks in facilities totalling A\$4.6 billion highlights the challenges involved in potentially refinancing these facilities in current difficult debt markets. The costs of renegotiation could be substantial.

Internalisation payment considerations

The payment to Macquarie of A\$345 million was reviewed by the Independent Directors against a number of valuation benchmarks and has been determined to be reasonable:

EPS

- The impact on proportionate earnings per stapled security is broadly neutral in the first year and, the Independent Directors believe, positive in future years.

NPV

- The net present value of the incremental earnings from the elimination of management fees is in excess of A\$345 million.
- If performance fees are allowed for, the net present value of incremental earnings is even higher.

Multiples

- The payment equates to a pre-tax earnings multiple of 10.7x.
- Including illustrative performance fees of \$20 million per annum, the multiple drops further to 6.6x.

Other considerations

- The magnitude of potential performance fees payable to Macquarie has been taken into consideration.
- Other transactions have been considered, although there are very few, if any, transactions that are directly comparable.

Internalisation benefits

If the internalisation is approved then:

- MAp will become a standalone entity and will acquire management rights from Macquarie.
- The management team, its knowledge and expertise will become part of MAp.
- Kerrie Mather will remain as CEO, will be directly employed by MAp and will be appointed a director.

There are a number of benefits that the Independent Directors believe will accrue to MAp as a result of the internalisation. These can be summarised as follows:

- Management fees will be eliminated and this is expected to significantly reduce MAp's overall cost base and to increase earnings. The elimination of fees is also expected to reduce the volatility of MAp's earnings.
- As a standalone entity, MAp will be better positioned to implement its future direction and strategy on its own terms.
- The accountability of employees will be better aligned since they will be solely focussed on MAp and its strategies and will be remunerated directly by MAp.
- Investor concerns regarding an externalised management model will be addressed. MAp should have the potential to attract a wider range of investors who were previously unable or unwilling to invest in the externally managed model.

The internalisation is not expected to impact the 2009 full year distribution guidance of A\$0.21 per stapled security. This guidance is subject to external shocks to the aviation industry and material changes to forecast assumptions.

An Explanatory Memorandum and Independent Expert's Report on the proposal will be despatched to security holders in due course and security holders will be invited to vote on

the terms of the internalisation at a Special General Meeting expected to be held in late September or early October 2009.

In conclusion Mr Gerber stated, “The Independent Directors are confident that the revised proposal is in the best interests of MAp security holders. We unanimously recommend that security holders vote in favour of the proposal.”

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¹ The independence of directors is determined and assessed annually in accordance with the requirements of the Macquarie Group Managed Funds policy definition adopted by MAp and included on MAp’s website www.macquarie.com/map.