



ASX/Media Release

INTERNALISATION OF MAp MANAGEMENT

SYDNEY, 24 July 2009 – Macquarie Group Limited (Macquarie) notes the announcement today by Macquarie Airports (MAp) that Macquarie and MAp have reached agreement to internalise the management of MAp (Internalisation) subject to MAp securityholder approval.

Macquarie notes that the Independent Directors of MAp have unanimously recommended that MAp securityholders vote in favour of the Internalisation, subject to the Independent Expert finding the transaction to be fair and reasonable. Macquarie and its associates will not be entitled to vote on the proposed Internalisation.

For internalising the management of MAp, Macquarie will receive 150 million new MAp securities, increasing Macquarie's principal holding in MAp from 21.0% to 27.3%.

Macquarie Chief Executive Officer and Managing Director Nicholas Moore said "MAp airports have consistently performed well. We believe significant upside remains in the value of MAp, with its outstanding portfolio of airport assets and strong management team.

We see MAp as an outstanding long-term investment and look forward to participating in this upside through our securityholding".

Key points

- The Internalisation is consistent with the strategy outlined in Macquarie's ASX release of 2 March 2009 on its Listed Specialist Funds of developing a range of initiatives to close the gap between valuation and security market price; and
- In total, listed specialist funds provide less than 5% of Macquarie's operating income before impairments. Therefore, the impact of the proposed Internalisation is not material from an ongoing operating income perspective

Impact on Macquarie

Based on 150 million securities at MAp's last 10-day VWAP¹ traded security price of \$A2.30 per security, the securities to be received are currently valued at \$A345 million. The final value of the proceeds to Macquarie will be determined based on MAp's security price on the day the proposed transaction becomes unconditional (i.e. the date of the MAp Special General Meeting to vote on the Internalisation).

Given Macquarie accounts for its holding in MAp using the equity accounting method, proceeds Macquarie receives from the Internalisation will be reduced by Macquarie's 27.3% share of the pre-tax expense that will be recorded by MAp as a result of this Internalisation i.e. the net impact of the proceeds Macquarie receives from this Internalisation will be a maximum of 72.7% of the final value of the proceeds².

The impact from the Internalisation on Macquarie's net profit after tax (NPAT) will be further impacted by profit share, tax, any future equity accounting income or losses Macquarie will record from its interest in MAp as well as any potential impairment charges associated with Macquarie's holding in MAp, in accordance with applicable Accounting Standards.

¹ Volume weighted average price

² This is based on the assumption that the final value of the proceeds to be received by Macquarie, which is based on the MAp security price on the date the proposed transaction becomes unconditional, is the same as the security price used to determine the MAp expense which is based on the 10-day VWAP to 23 July 2009.

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