

**Macquarie Fortress Investments Limited**  
ABN 66 113 113 214  
A Member of the Macquarie Group of Companies

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30 January 2008

Kim-Ly Nguyen  
Senior Companies Officer  
Australian Securities Exchange  
Level 6  
20 Bridge St  
SYDNEY NSW 2000



Dear Kim-Ly

For Announcement to the market

**MACQUARIE FORTRESS NOTES – NAV ANNOUNCEMENT AND IMPORTANT INVESTMENT UPDATE**

Macquarie Fortress Investments Limited (as trustee for the Macquarie Fortress Australia Notes Trust) (MFIL) wishes to advise that the net asset value (NAV) per Note as at 31 December 2007 was 68.2 cents. This NAV has not been audited.

There has been a further decrease in the market price of US Senior Secured Loans (Senior Loans) since December 2007 and as a result, MFIL estimates that the NAV as at 29 January 2008 was approximately 55 cents (including estimated accrued income). The actual NAV as at 31 January 2008 will be quantified and reported by the end of February 2008.

Since 22 January 2008, the Investment Manager (Four Corners Capital Management, LLC), has sold Senior Loans from the portfolio with a face value of US\$56 million using the proceeds to reduce debt. As a result of these sales, the portfolio has realised losses totalling US\$3.8 million which represents approximately 2.6% of the aggregate face value of Macquarie Fortress Notes (or 2.6 cents per Fortress Note). These losses are reflected in the estimated NAV of 55 cents as at 29 January 2008.

It should be noted that the portfolio has been in compliance with its borrowing covenants at all times and has not been subject to margin calls.

The remaining Senior Loans in the portfolio continue to generate their expected interest income. Consistent with previous practice, a decision regarding whether the interest payment on the Notes for the quarter ending 29 February 2008 will be paid to investors or retained in the portfolio will be made nearer to the payment date based on all the available information at that date.

Yours sincerely

**Macquarie Fortress Investments Limited**



**Peter Lucas**  
Director

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Macquarie Fortress Investments Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and Macquarie Fortress Investments Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Fortress Investments Limited.

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### Further Information Regarding the Leverage Facility

The leverage for Macquarie Fortress Notes is provided by a combination of AAA rated notes and a revolving credit facility provided by a US financial institution. The current AAA rated notes on issue mature in mid-April 2008 and will need to be either extended or alternative sources of financing secured to ensure Macquarie Fortress Notes are funded beyond April 2008. We are currently working on the financing arrangements for Macquarie Fortress Notes. We are examining potential sources of financing and will provide more information to investors as it becomes available.

### Further Information Concerning Macquarie Fortress

Macquarie Fortress is an investment product which represents less than 0.5% of assets under management by the Macquarie Group.

In the various Fortress investment products the proceeds subscribed by investors were leveraged to acquire a portfolio of Senior Loans with an objective to pay distributions to investors on a quarterly basis equal to the bank bill rate plus 4.5% per annum. Senior Loans are syndicated loans made to corporate borrowers primarily used to finance capital acquisition programmes, mergers and acquisitions, stock repurchases and internal growth. There is an active secondary market in Senior Loans. These loans generally hold the most senior position in a borrower's capital structure and are typically secured by a first-ranking security interest in the borrower's assets which may include assets such as cash, accounts receivable, inventory, property, plant and equipment, shares in subsidiaries, and intangible assets including trademarks, copyrights, patent rights and franchise value.

Macquarie Fortress Notes were issued and quoted on the Australian Securities Exchange on three occasions between May 2005 and April 2006. Macquarie New Zealand Fortress Notes were issued and quoted on the New Zealand Debt Exchange in May 2005. Units were first issued in the unlisted Macquarie Fortress Fund in June 2004.

As at 30 January 2008 there are 141.5 million notes quoted on the ASX with a face value of A\$1 each, 28.7 million notes quoted on the NZDX with a face value of NZ\$1 each, and 70 million units in the unlisted fund.