

Macquarie Fortress Investments Limited
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A Member of the Macquarie Group of Companies

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Kim-Ly Nguyen
Senior Companies Officer
Australian Securities Exchange
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Dear Kim-Ly

For Announcement to the market

MACQUARIE FORTRESS NOTES – IMPORTANT INVESTMENT UPDATE

There has been a further decrease in the market price of US Senior Secured Loans (Senior Loans) since the announcement made to the market on 30 January 2008 and as a result, Macquarie Fortress Investments Limited (as trustee for the Macquarie Fortress Australia Notes Trust) (MFIL) estimates that the NAV as at 4 February 2008 was approximately 48 cents (including estimated accrued income).

Since the announcement on 30 January 2008, the Investment Manager (Four Corners Capital Management, LLC), has sold Senior Loans from the portfolio with a face value of US\$85 million using the proceeds to reduce debt. As a result of these sales, the portfolio has realised losses totalling US\$8 million which represents approximately 5.4% of the aggregate face value of Macquarie Fortress Notes (or 5.4 cents per Fortress Note). These losses are reflected in the estimated NAV of 48 cents as at 4 February 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. However it is now likely that the interest payment for the quarter ending 29 February 2008 will be retained in the portfolio as a precaution against further deterioration in Senior Loan prices. With the existing leverage arrangements maturing in April 2008 and neither the cost nor the availability of any refinancing package being certain, MFIL is not able to provide any guidance on the potential interest payments for any quarter beyond that ending on 29 February 2008.

Yours sincerely

Macquarie Fortress Investments Limited

Peter Lucas
Director

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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 5 February 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.