

Macquarie Communications Infrastructure Management Limited
ABN 29 066 047 738
AFS Licence No. 221936
A Member of the Macquarie Bank Group

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ASX Release



**Macquarie Communications Infrastructure Group
Recommended Offer To Security Holders**

- **CPPIB fully funded cash offer of A\$2.50 per MCG stapled security**
- **Unanimously recommended by Independent Directors to MCG stapled security holders**

Macquarie Communications Infrastructure Group (MCG) today announced that Canada Pension Plan Investment Board (CPPIB) has made formal cash offers to acquire MCG stapled securities for A\$2.50 per stapled security.

The A\$2.50 offer price values the equity of MCG at A\$1.37bn and implies an enterprise value at A\$ 7.3bn¹ and represents a 67% premium to the last closing price of MCG stapled securities, and a 134% premium to the three month average trading price.

Mr Malcolm Long, Chairman of the Independent Board Committee said today, "The Independent Directors of MCG are pleased to advise that they are unanimously recommending that security holders vote in favour of this offer by CPPIB, in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of MCG security holders.

"Our support for the Offer reflects its attractive premium to the recent trading price of MCG, that the Offer is fully cash funded and that it provides investors with certainty and an opportunity to crystallise value."

The MCG Offer (the Offer) is proposed to be implemented through inter-conditional Australian and Bermudan Schemes of Arrangement and an inter-conditional Trust Scheme (together the Scheme) and is subject to security holder approval. MCG has entered into a Scheme Implementation Agreement (SIA) with CPPIB in relation to the Offer.

If the Scheme is approved by MCG security holders, CPPIB will acquire MCG's manager, Macquarie Communications Infrastructure Management Limited² (MCIML), by way of a separate inter-conditional offer³ (the Ancillary Transaction) together with MCIML's entire holding of 18.3% of MCG stapled securities for A\$2.50 per stapled security.

¹ Enterprise Value of A\$7.3 billion = A\$2.50 per MCG stapled security plus proportionate asset net debt of A\$5,341.9 million, exchangeable bonds of A\$570.8 million and corporate net debt of A\$39.6 million. Proportionate asset net debt, exchangeable bonds and corporate net debt are as at 31 December 2008

² MCIML is the responsible entity and manager of the MCG group

³ The parties to the Offer may waive this as a condition to the Offer

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("MBL"). MBL provides a limited A\$1.75 million guarantee to the Australian Securities and Investments Commission in respect of Corporations Act obligations of MCIML as a responsible entity of managed investment schemes. MBL does not otherwise guarantee or provide assurance in respect of the obligations of MCIML or any other entity noted in this document.

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The Ancillary Transaction provides for an upfront amount of A\$56.5m to be paid to Macquarie for the acquisition of MCIML and certain intellectual property and a payment of approximately A\$4m per annum for up to 10 years for ongoing advisory services in respect of Arqiva and Airwave and transitional services.

One of Canada's largest institutional investors, CPPIB is a professional investment management organisation which invests the pension contributions of 17 million Canadians, and has C\$108.9 billion⁴ of assets under management. CPPIB is an experienced infrastructure investor with an outstanding track record of owning and developing key infrastructure assets worldwide safely and responsibly. CPPIB intends to fund the cash offer of A\$2.50 per stapled security, and other commitments associated with the Offer, from its existing cash resources.

In order to assess the offer from CPPIB appropriately, MCG formed an Independent Board Committee (IBC) comprising only the independent directors of MCG. The IBC has made all decisions and recommendations in relation to the Offer. Mr Gerry Moriarty, Chairman of MCG, was an Executive Director of the Macquarie Group until December 2008 and remains a consultant to Macquarie. Therefore, he is not a member of the IBC and is unable to make a recommendation with regard to the Offer.

Mr Malcolm Long, Chairman of the IBC went on to say, "As previously disclosed to the market the MCG Boards and management have implemented a range of timely initiatives seeking to restore value to MCG security holders.

"Despite these initiatives the MCG security price has continued to trade down. The MCG Boards therefore embarked on a review which explored several options to restore security holder value and de-leverage MCG, including divesting individual assets and additional capital management initiatives. It was through exploring all the options that an opportunity arose for CPPIB to submit a proposal to the Boards of MCG.

"The IBC consider CPPIB's fully financed cash offer to be attractive, especially when compared with the less certain and longer term alternatives that were explored. We are confident that the acquisition of MCG by CPPIB is a more certain means of providing increased value to security holders in the current climate.

"I reiterate that the Independent Directors unanimously recommend that security holders vote in favour of the Offer, in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of MCG security holders," Mr Long said.

Commenting on the Offer Mark Wiseman, Senior Vice President, Private Investments for the CPP Investment Board said, "This transaction enables us to acquire a diversified portfolio of outstanding communications infrastructure assets with leadership positions in their respective markets, stable cash flows and long-term growth potential. As a responsible shareholder and long-term investor, we look forward to working with the individual management teams to continue developing and growing their businesses."

Independent Experts and Independent Advisors

The Independent Directors have appointed Deloitte to prepare an Independent Expert's Report (IER) on the Offer to determine whether the Offer is in the best interests of security holders. In addition, Deloitte is undertaking a review of the Ancillary Transaction to determine whether the transactions are at arm's length and that they do not deliver a "collateral benefit" to Macquarie⁵. Both the reports will be included in the Scheme Booklet to be sent to security holders.

Grant Samuel has acted as independent financial advisor to the IBC in relation to any areas of potential conflict.

⁴ As at 31 December 2008

⁵ For the purposes of the Corporation Act as interpreted by the Takeovers Panel in its Guidance Note 21

Security Holder Approval

The Scheme requires approval by the requisite majority of security holders whose securities are the subject of the Scheme. The Australian and the Bermudan Schemes of Arrangement must be approved by more than 50% by number of MCG security holders voting, and at least 75% of votes cast by value. The Trust Scheme requires the approval of at least 75% of votes cast at the meeting to amend the MCIT⁶ constitution. If the requisite security holder approval is obtained for the Scheme and relevant court approval is obtained, the Scheme will be binding on all security holders.

No Macquarie Group entity will vote on the Scheme, except to the extent that a Macquarie Group entity holds stapled securities on behalf of third parties who are not excluded from voting and who provide explicit voting instruction in relation to the Scheme.

The Scheme Booklet, including Notices of Meeting, is expected to be sent to security holders in May 2009 and the Scheme meetings are expected to be held in late June 2009.

MCG security holders should consult their stockbroker, accountant or financial adviser if they are uncertain about the impact of the Offer on their particular investment objectives.

Scheme Implementation Agreement

A copy of the executed SIA accompanies this announcement. The SIA sets out the terms and conditions upon which MCG and CPPIB will now proceed to implement the proposed Scheme, and includes:

- an undertaking by MCG not to solicit, or participate in any discussions or negotiations in relation to any competing proposal, although this obligation will not prevent MCG from responding to an unsolicited superior proposal (as defined in the SIA)
- a break fee of approximately A\$13.66m, representing 1% of the equity value⁷ of MCG implied by the Offer, payable by MCG to CPPIB in certain circumstances (including where conditions are not satisfied or waived or if the Independent Directors change their recommendation in circumstances other than where the IER opines that the Australian and Bermudan Schemes of Arrangement are not in the best interest of security holders or that the Trust Scheme is not fair and reasonable)
- various conditions that must be satisfied or waived before the Scheme can be implemented⁸: These include:
 - Key customer approvals
 - UK regulatory approvals and Australian FIRB approval
 - All conditions of the Ancillary Transaction have been met other than the implementation of the Scheme
 - A MCG material adverse change or prescribed occurrence not having occurred
 - A tax ruling from the Australian Tax Office in relation to Broadcast Australia
- various undertakings, representations and warranties from MCG and CPPIB

The CPPIB offer is not conditional on financing.

The SIA may be terminated by the parties in a number of circumstances. It may be terminated by a party if there is material breach of the SIA by another party or if the Scheme does not become effective by 31 October 2009.

The Independent Directors may amend their unanimous recommendation in the event that the Independent Expert opines that the Offer is not in the best interests of the security holders or if the Boards of MCG receive an unsolicited superior proposal meeting certain

⁶ Macquarie Communications Infrastructure Trust

⁷ Equity value is the value determined by multiplying the number of MCG stapled securities on issue by the offer price

⁸ A full list of the conditions is set out in the attached SIA

requirements. In the latter circumstances, such amendment may trigger payment by MCG of the break fee to CPPIB.

Conference Call Details
Tuesday 31 March 2009
AST 3:00PM

Investors, analysts and media are invited to participate in a conference call to be hosted by IBC Chairman Malcolm Long and MCG CEO Scott Davies.

Please dial the number below and quote "MCG":

- from within Australia, 1800 157 000 (back-up # 02 8223 9380)
- from outside Australia, + 852 30021675

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