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4 July 2016

## ASX RELEASE



### Macquarie Atlas Roads

#### **Performance Fee Calculation for the 12 Months Ended 30 June 2016 and Base Fee Reduction effective 1 July 2016**

Macquarie Atlas Roads (MQA) advises that a performance fee was earned by MQA's manager/adviser, Macquarie Fund Advisers Pty Limited (MFA), for the 12 months ended 30 June 2016.

During this period, MQA outperformed the benchmark (S&P/ASX 300 Industrials Accumulation Index) by 63.2%. MQA chairmen, Nora Scheinkestel and Jeffrey Conyers commented: "The last 12 months saw strong performance and momentum of MQA's security price, with market capitalisation increasing 64.8% from A\$1.6 billion to A\$2.7 billion. Since listing, MQA has delivered total securityholder returns of 42.3% per annum."

The 2016 performance fee is A\$134.1 million, after offsetting the net underperformance carried forward from 2015<sup>1</sup>, and is payable in three equal annual instalments. The first instalment of the 2016 performance fee of A\$44.7 million is payable for the 12 months ended 30 June 2016.

Payment of the second and third performance fee instalments is subject to satisfaction of further performance hurdles, namely that the aggregate MQA return from 1 July 2015 is equal to or exceeds the aggregate benchmark return over the relevant future periods.

The third instalment of the 2014 performance fee of A\$19.4 million has also met the requisite performance criteria for the 12 months ended 30 June 2016.

#### **Subscription for MQA securities**

As permitted under the MQA management and advisory agreements, MFA and MQA's independent directors have agreed that aggregate performance fees of A\$64.1 million referred to above and payable at 30 June 2016 will be used to subscribe for new MQA securities.

The subscription price will be A\$5.068281, being the volume weighted average price of MQA securities traded over the last 10 trading days to 30 June 2016. Accordingly, a total of 12,645,164 MQA securities will be issued to MFA or its assignee.

<sup>1</sup> ASX release on 2 July 2015.

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## Management arrangements

After discussions between the MQA Boards and MFA, notification has been received from MFA of a revised base management fee arrangement, replacing fee waivers notified previously.

Commencing 1 July 2016 and for subsequent quarters until further notice from MFA, the base management fees payable by MQA will be reduced to a flat 1.00% per annum for all market capitalisations. Base management fees payable under the management and advisory agreements will be reduced by:

- 100bps per annum on market capitalisation up to A\$1.0 billion; plus
- 25bps per annum on market capitalisation between A\$1.0 billion and A\$3.0 billion.

Market capitalisation	Contract: Management and Advisory Agreements	Revised arrangement: base management fees
Up to A\$1.0bn	2.00%	<b>1.00%</b>
Between A\$1.0bn and A\$3.0bn	1.25%	<b>1.00%</b>
More than A\$3.0bn	1.00%	<b>1.00%</b>

At a market capitalisation of A\$2.7 billion, the fee reduction will result in savings of approximately A\$14.3 million per annum for MQA securityholders compared to the management and advisory agreements and of approximately A\$7.5 million compared to the amounts charged following the February 2014 fee waiver.

MFA has determined the fee reduction following the successful divestments of Indiana Toll Road and Chicago Skyway; leading to a more streamlined portfolio and a strengthened corporate balance sheet.

The MQA Boards welcome the fee reduction which represents a significant benefit to MQA securityholders, and look forward to continued strong alignment with MFA in seeking to continue to deliver long term value to securityholders.

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