

ASX COMPANY ANNOUNCEMENT

5 December 2000

MIG ACQUIRES CONTROLLING INTEREST IN SYDNEY'S M4 TOLL ROAD

Macquarie Infrastructure Investment Management Limited (MIIML), as Responsible Entity and Macquarie European Infrastructure plc (MEI plc), today announced that Macquarie Infrastructure Group (MIG) has signed a binding legal agreement to acquire a 50.6% controlling interest in Statewide Roads Limited, the holder of the concession for the M4 toll road in Sydney. The agreement is subject only to the approval of the Roads and Traffic Authority of NSW and MIIML believes it will be able to satisfy the relevant requirements set out in the Concession Deed. Settlement is expected by the end of the year.

The M4 toll road is a part of the M4 Motorway, which runs from Strathfield in the inner west of Sydney to Penrith at the foot of the Blue Mountains.

The M4 purchase is forecast to generate a pre tax internal rate of return of 16.0%, after valuing franking credits at 100% of face value. If franking credits were valued at 50% of face value (as per current MIG policy) the forecast IRR is 11.6%, which compares favourably with the returns of MIG's other investments in both listed and unlisted toll roads. The purchase will provide MIG with ongoing cash flows and provide an increased level of imputation credits to be attached to distributions. The average cash return in the first five years is 12.0% per annum.

The acquisition cost for the controlling interest in Statewide Roads Limited will be \$153.3 million. This is a higher price than originally proposed when MIG held an exclusive agreement with the vendors last year. The change relates to a number of factors including: -

- The certainty of lower corporate tax rates in Australia in 2001 and 2002 now that the reductions have been legislated; and
- Statewide Roads Limited having increased cash and franking credits.

MIG will fund this latest acquisition via a combination of cash reserves and a draw down under existing short-term debt facilities. MIIML and MEI plc are considering a number of long term financing options including term debt, asset sales and equity. No rights issue is contemplated.

The M4 is a strategic acquisition for the MIG portfolio. It is more mature than MIG's other toll road assets, providing a balance to projects in the early stages of development, such as Midland Expressway in the UK and the Rostock toll tunnel in Germany. The acquisition will enhance the cash flows already resulting from MIG's investments in Hills Motorway and the M5 toll road. Future cash flows will continue to strengthen as traffic and revenue grows on the Eastern Distributor and Transurban.

This acquisition reinforces MIG's position as one of the largest owners of toll roads in the world with more than 1.1 million vehicles a day using toll roads in which MIG has a significant interest.

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