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ASX COMPANY ANNOUNCEMENT

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INFRASTRUCTURE TRUST OF AUSTRALIA GROUP

Macquarie Infrastructure Investment Management Limited (MIIML), the Manager of the Infrastructure Trust of Australia Group (the ITA Group), today announced that the ITA Group has reached agreement with Anglo-Norwegian engineering and construction company Kvaerner ASA to purchase two Kvaerner subsidiaries that specialise in the development and management of infrastructure assets.

The subsidiaries, Kvaerner Corporate Development Limited (KCD) and Kvaerner Investments Limited (KI) will be purchased by Macquarie European Infrastructure Limited, a wholly owned UK subsidiary of the ITA Group.

At completion, a payment of approximately £76 million (A\$178.1 million) will be made to Kvaerner. KCD and KI hold some non-European assets which will, as part of the transaction, be taken over by Australian listed company Pacific Energy Limited (PEL), a Kvaerner associate of which Kvaerner holds 24%.

The total consideration for the transaction is approximately £90 million (approximately A\$212.1 million) including transaction costs. The transaction is expected to be completed within three months.

The Kvaerner businesses hold interests in 24 projects of which seven are of specific interest to the ITA Group. Four of these seven assets are toll roads. Approximately 88% of the purchase price relates to the four toll roads.

Approximately 32 staff involved with the development and management of those seven assets will transfer with the purchase.

Of the seven assets of specific interest to ITA, six are in the UK and the other is in Portugal. The assets are: -

- a 50% holding in the A\$800 million Yorkshire Link “shadow” toll road in the UK which began operations in February 1999;
- a management contract in respect of the A\$475 million Dartford River toll crossings in London, the last of which opened in 1988;

- a 24.8% holding in the A\$1,300 million Tagus River toll bridges in Lisbon, Portugal, the newest of which opened in 1998;
- a 50% holding in the A\$1,700 million Midlands Expressway toll road in the UK which is expected to achieve financial close next year;
- a 50% holding in a concession company undertaking a A\$260 million redevelopment of the Queen Elizabeth Hospital in Greenwich, London under the UK Government's Private Finance Initiative (PFI) accommodation program;
- a 26.7% holding in a concession company which has been nominated to undertake a A\$1,000 million refurbishment of the Ministry of Defence buildings in Whitehall, also under the PFI accommodation program; and
- a 50% economic interest in a A\$100 million waste to energy incinerator under construction in Baldovie, Scotland.

In addition to the above assets, the ITA Group has retained a 10.24% share holding in a technologically advanced flat-rolled steel facility under construction in the USA. The intention is to dispose of this asset at the appropriate time.

As part of the overall transaction, the ITA Group will, subject to unit holder approval, issue ITA units to PEL as a result of their acquiring and assuming obligations in respect of the 16 assets held by KCD and KI which the ITA Group does not wish to retain. If unit holders do not approve the issue of these units, then PEL will be paid cash in lieu. The value of the units to be issued to PEL is £8 million (approximately A\$18.8 million). This amount is included in the total consideration paid for the transaction. On completion of the acquisition, we understand that PEL has agreed to buy-back Kvaerner's entire shareholding in PEL.

The ITA Group currently has sufficient cash (A\$170 million) and facilities to complete this transaction. However, given other future commitments, the ITA Group will look to raise additional capital in the near term, details of which will be announced shortly.

The purchase is forecast to achieve a 12.5% post Australian tax internal rate of return for the ITA Group. It will provide the ITA Group with further risk amelioration through geographic diversification. The transaction will also significantly increase the ITA Group's ability to increase its cash distributions over time. In the meantime, the ITA Group expects to at least maintain distributions at 10 cents per unit in the current financial year.

Name Change

Coinciding with the decision to purchase these assets, the Board of MIIML has decided to change the name of the listed vehicle from the ITA Group to Macquarie Infrastructure Group (MIG). The change of name accommodates the international nature of the assets held by the vehicle. It also more clearly indicates that the vehicle is managed by a subsidiary of Macquarie Bank. The change of name will take effect once formalities have been completed in the next few weeks.

The new ASX Code for Macquarie Infrastructure Group will be MIG.

A presentation dealing with the above transaction can be found on the ITA group web site at www.macquarie.com.au/ita/

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