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ASX RELEASE

Macquarie Atlas Roads

Agreement to Internalise Management

Macquarie Atlas Roads (MQA) announced today that it has reached an agreement with Macquarie on the terms of the internalisation of MQA's management.

In November last year, the MQA Boards announced that they had decided to pursue an internalisation of MQA management. Earlier this year, the MQA Boards established independent board committees (IBCs) to agree the internalisation proposal (Proposal) with Macquarie.

The MQA Board Chairs Nora Scheinkestel and Jeff Conyers said: "We are pleased to put forward this Proposal to Securityholders. We appreciate the spirit of co-operation in which Macquarie has approached these discussions and believe that this outcome is beneficial and in the best interests of MQA Securityholders. We look forward to continuing this co-operative spirit as we work towards a smooth transition to internalise MQA's management."

The key terms of the Proposal are as follows:

- There will be no consideration paid to Macquarie for terminating the MQA management agreements.
- Macquarie will remain as the manager of MQA for a further 12 month period from this year's AGM on 15 May 2018. During this period, base management fees will be paid to Macquarie at the current rate of 0.85% of MQA's market value (excluding any shares issued after 30 June 2018).
- In the meantime, the MQA Boards will appoint a new chief executive who will in turn recruit a new management team and establish the necessary infrastructure, systems and processes in order for MQA to manage its own operations independently and separately from Macquarie.
- From the date of termination of the MQA management agreements Macquarie will provide specific transition services for approximately a further 6 months for a fee of \$750,000 per month.
- The terms of the existing MQA management agreements will apply to the payment of performance fees, on the basis that the MQA management agreements are treated for this purpose as being terminated on 1 July 2018. This means that:
 - a final performance fee will be calculated for the year ending 30 June 2018 and, if earned, will be paid in full at that time;
 - the third instalment of the 2016 performance fee and the second instalment of the 2017 performance fee will continue to be subject to their respective performance hurdles which, in accordance with the current agreement, will be tested on 30 June 2018; and
 - as a result of the termination of the MQA management agreements being no later than 15 May 2019, the third instalment of the 2017 performance fee will become payable without further performance testing.
- As a result of the termination of the MQA management agreements, Macquarie will start to receive fees for the ongoing management of MQA's interest in APRR from 16 May 2019 (see below).
- MQA will change its name to Atlas Arteria and its ASX ticker code to ALX.

Management Transition

James Hooke has chosen to stay with Macquarie so he will not remain as CEO once MQA has been internalised. The MQA Boards have commenced an international search for the position of a new Chief Executive and this search is well advanced.

It will be the role of the new Chief Executive to recruit a new management team and establish the necessary infrastructure, systems and processes in order for MQA to manage its own operations independently and separately from Macquarie.

Whilst the new team and infrastructure are being established, the existing MQA management team, led by James Hooke, will continue to run the business and Macquarie will continue to provide the full suite of services to MQA.

This division of responsibility will ensure continued focus on MQA's strategic objectives during the transition period.

APRR and MAF Group

Macquarie will continue to act as manager of MQA's interest in APRR through the MAF Group and will be entitled to receive fees for this service (on the terms previously disclosed to the market) from 16 May 2019.

The process to simplify this arrangement is complex and involves negotiation with a number of other parties. MQA will actively work with Macquarie and the other parties to see if mutually acceptable alternative arrangements can be achieved.

Independent Board Committees' Recommendation

The Independent Board Directors unanimously support the internalisation of MQA's management under this Proposal and recommend that securityholders **vote in favour** of the internalisation resolutions.

Independent Expert's Conclusion

The IBCs commissioned Grant Samuel to prepare an Independent Expert's Report with respect to the Proposal. Grant Samuel concluded the Proposal is "**fair and reasonable** to, and in the best interests of, Securityholders". The report will be distributed to Securityholders as an annexure to the Explanatory Memorandum.

Securityholder Vote

There is no statutory requirement for a Securityholder to vote on the termination of the existing Macquarie management agreement. Notwithstanding this, the IBCs have resolved that it is appropriate to put the Proposal to Securityholders at MQA's forthcoming AGM on 15 May 2018. Implementation of the Proposal is conditional on Securityholder approval at that meeting.

An Explanatory Memorandum outlining the Proposal and associated internalisation resolutions to be considered by Securityholders will be lodged with the ASX today and will be distributed by 13 April 2018.

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