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25 August 2011

Listed Company Relations
New Zealand Exchange Limited
Level 9
2 Hunter Street
Wellington



Dear Listed Company Relations

For Announcement to the market

MACQUARIE NEW ZEALAND FORTRESS NOTES – SALE OF PORTFOLIO

Macquarie Fortress Investments Limited (as trustee for the Macquarie New Zealand Fortress Notes Trust) (**MFIL**) confirms that the portfolio of senior secured loans to which Macquarie New Zealand Fortress Notes (NZX ticker FTNFA) are exposed has been sold. The sale proceeds will be utilised to repay the remaining balance of the debt facility put in place in April 2008 and the remaining cash balance will be distributed to noteholders as a return of capital at which point the notes will be cancelled.

The portfolio was sold over 5 business days following MFIL's request for a suspension of trading in Fortress Notes on 18 August 2011. Based on the average sale price achieved and the estimated costs of winding up the Fortress structure, MFIL estimates that cash of around 45 cents per Note will be distributed to noteholders. This result is near the most recently announced net asset value.

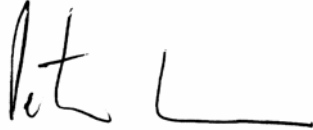
At the present time, MFIL expects that this payment will occur, and the notes will be cancelled, in no sooner than 60 days to allow sufficient time for all loan sale transactions to settle and to complete relevant regulatory and legal requirements.

The decision to sell the portfolio was taken by MFIL after considering a range of issues including factors such as, the current uncertainty in global financial markets, the average price at which loans were trading as well as the expected legal maturity of the loans in the portfolio. This analysis suggested that on a risk adjusted basis and given the time value of money, the sale of the portfolio and repayment of Fortress Notes would be in the best interests of noteholders, especially having regard to the uncertain global economic outlook.

As it receives further information, MFIL will provide further updates on when it expects noteholders will be paid and the final price noteholders can expect to receive.

Yours sincerely

Macquarie Fortress Investments Limited

A handwritten signature in black ink, appearing to read 'Peter Lucas', with a long horizontal line extending to the right.

Peter Lucas
Director

Background Information

Macquarie Fortress

Macquarie Fortress Notes were issued and quoted on the Australian Securities Exchange on three occasions between May 2005 and April 2006. Macquarie New Zealand Fortress Notes were issued and quoted on the New Zealand Debt Exchange in May 2005. Units were first issued in the unlisted Macquarie Fortress Fund in June 2004.

In April 2008, as a consequence of the decline in Senior Loan prices resulting from the global financial crisis, the leverage facility was refinanced to remove market value covenants that existed in the old facility. The terms of the new facility also required that all cashflows from the portfolio of Senior Loans were used to repay debt rather than pay distributions to investors. Prior to distributions being suspended, Macquarie New Zealand Fortress Notes paid 29.5 cents per Note in distributions to noteholders.

Macquarie Fortress Product Structure

In the various Fortress investment products the proceeds subscribed by investors were leveraged to acquire a portfolio of US Senior Loans with an objective to pay distributions to investors on a quarterly basis. Senior Loans are syndicated loans made to corporate borrowers primarily used to finance capital acquisition programmes, mergers and acquisitions, stock repurchases and internal growth. There is an active secondary market in Senior Loans. These loans generally hold the most senior position in a borrower's capital structure and are typically secured by a first-ranking security interest in the borrower's assets.