

Macquarie Fortress Fund

Interim Investment Update



11 February 2008

There has been a further decrease in the market price of US Senior Secured Loans (Senior Loans) since the investment update provided on 5 February 2008 and as a result, Macquarie Financial Products Management Limited (as trustee for the Macquarie Fortress Fund) (MFPML) estimates that the NAV as at 8 February 2008 was approximately 38 cents per Macquarie Fortress Unit (Unit) (including estimated accrued income).

Since the update on 5 February 2008, the Investment Manager (Four Corners Capital Management, LLC), has sold Senior Loans from the portfolio with a face value of US\$69 million using the proceeds to reduce debt. As a result of these sales, the portfolio has realised losses of US\$10.7 million which represents approximately 17 cents per Unit. Cumulative realised losses as a result of the sales undertaken since July 2007 now represent US\$24 million (or 38 cents per Unit outstanding), however a portion of these realised losses have been borne by redeeming investors. If all remaining Senior Loans in the portfolio repay their principal at Par the NAV would increase to 68 cents per Unit (implying realised losses to date for remaining investors of approximately 32 cents per Unit).

The remaining portfolio comprises Senior Loans with a face value of US\$152.5 million and net debt outstanding that currently amounts to US\$110 million. The current market value of the portfolio, as determined by an independent pricing service is US\$134 million and this value has been used in calculating the estimated NAV. However, given current market conditions, the Investment Manager believes that a sale of the remaining portfolio would be unlikely to realise the current market value and also believes that a meaningful portion of the portfolio would not be able to be sold.

Further Information Concerning Macquarie Fortress

Macquarie Fortress is an investment product which represents less than 0.5% of assets under management by the Macquarie Group.

In the various Fortress investment products the proceeds subscribed by investors were leveraged to acquire a portfolio of Senior Loans with an objective to pay distributions to investors on a quarterly basis equal to the bank bill rate plus 4.5% per annum. 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 which may include assets such as cash, accounts receivable, inventory, property, plant and equipment, shares in subsidiaries, and intangible assets including trademarks, copyrights, patent rights and franchise value.

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.

As at the present date there are 141.5 million notes quoted on the ASX with a face value of A\$1 each, 28.7 million notes quoted on the NZDX with a face value of NZ\$1 each, and 70 million Units in the unlisted fund.