

Macquarie Fortress Notes

Interim Investment Update



31 August 2007

Macquarie Fortress Investments Limited (as trustee for the Macquarie Fortress Australia Notes Trust) (MFIL) gave guidance on 6 August that the Fortress Notes NAV was likely to be affected by price declines in the senior loan market during the month of July. MFIL now wishes to advise that the net asset value (NAV) per Note as at 31 July 2007 was 72.8 cents. This NAV has not been audited.

MFIL also confirms its previous advice that, assuming that the remaining senior loans in the portfolio continue to generate their expected interest income and there are no significant senior loan sales in the portfolio, the portfolio should generate sufficient cash after absorbing the losses realised to date to enable MFIL to continue to pay interest equal to its original return objective of BBSW plus 4.5% per annum.

MFIL estimates that the 31 August NAV will be approximately 1.3 cents lower than as at 31 July (including estimated accrued income). The actual 31 August NAV will be quantified and reported by the end of September 2007.

Further Information Regarding the Leverage Facility

The portfolio leverage is provided by a combination of AAA rated notes and a revolving credit facility provided by a US financial institution. The revolving facility is currently undrawn.

The current notes on issue mature in mid April 2008 although they may be repaid earlier if considered prudent as part of the ongoing process of managing the portfolio. The cost of the revolving facility is fixed at a set margin above LIBOR until mid March 2010.

Further Information Concerning Macquarie Fortress

The Macquarie Fortress Fund today announced payment of a distribution for the quarter ended 31 July 2007 consistent with its annual target yield of BBSW plus 4.5%. Macquarie Fortress Fund is an unlisted fund that accesses returns from a substantially similar portfolio of senior secured loans to Fortress Notes and is managed by the same manager.