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**ASX RELEASE**



**Macquarie Atlas Roads**

**Chairmen's AGM Opening Address**

**Mr Jeffrey Conyers, Chairman, Macquarie Atlas Roads International Limited**

**Mr David Walsh, Chairman, Macquarie Atlas Roads Limited**

2013 was another positive year for Macquarie Atlas Roads, which first listed in 2010. In 2013 MQA commenced payment of dividends to its shareholders, with a total of 5.7 cents per share paid to investors during 2013, and I am pleased to note that last week we paid a further dividend of 5.0 cents per share for the first half of 2014. Also, in July 2013, MQA's market capitalisation reached A\$1 billion for the first time – and today MQA has a market capitalisation of A\$1.4 billion.

In December 2013, after 18 months of negotiations with the M6 Toll lender group, we concluded the refinancing of the debt facilities at the holding company for M6 Toll. The debt has been reorganised with a new maturity date of 1 June 2020. MQA remains the owner of the M6 Toll but is not expected to receive any further equity distributions from the asset. MQA will however receive an annual fee of £750,000 (which at today's exchange rate equates to roughly A\$1.3 million) for continuing to own and manage the asset.

Additionally, the MQA Boards were pleased to be notified by Macquarie in February of this year that Macquarie has determined to reduce the base management fee rates payable by MQA. Macquarie informed us that this was decided following the progress made over the last four years in restructuring and repositioning of MQA's portfolio. The fee reduction represented a decrease of 25 basis points on market capitalisations under A\$3 billion. This is effective for the 2014 calendar year and subsequent years until further notice. The new base fee rates that apply are 1.75% per annum of market capitalisations up to \$1 billion and 1% per annum of market capitalisations over \$1 billion.

Adding this fee reduction to the annual fee received from the M6 Toll, MQA's corporate cash flows are expected to benefit by approximately A\$5 million per annum at MQA's current market capitalisation.

MQA's business continues to perform well with positive revenue growth during 2013. On a proportionately consolidated basis, revenue increased by 0.9% and EBITDA increased by 3.5%. This is reflective of slightly improving economic conditions in Europe and the US.

APRR is MQA's key asset. Distributions received from APRR underpin the dividends MQA is able to make to shareholders. It is therefore particularly encouraging to see APRR record an improved performance in 2013 compared to 2012, when weak economic conditions prevailed. This positive trend has continued in early 2014.

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None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

Other developments at APRR include agreement of new management contracts which will improve future revenue through higher tolls in return for additional capital expenditure. The current low interest rate environment also provides opportunity for interest reductions as APRR's existing debt matures.

In the coming year, MQA's directors and management team will continue to focus on maximising revenue and improving operational efficiencies, to deliver growth in both dividends and value to shareholders.

Our portfolio is well positioned to benefit from any future improvements in underlying economic conditions in France and the United States.

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