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ASX Release

MACQUARIE BANK TO ACQUIRE US AIRPORT SERVICES COMPANY



29 April 2004 - Macquarie Bank today announced it has entered into a sale and purchase agreement to acquire Executive Air Support for a total capital requirement including fees and costs of approximately US\$238 (A\$324) million. The sole business of Executive Air Support is Atlantic Aviation, an airport services company that owns and operates a network of ten Fixed Based Operations businesses (FBOs) in the United States.

Macquarie Bank will provide acquisition debt and equity for 100 per cent of the purchase price and is evaluating various long-term financing options in the banking and capital markets to refinance the acquisition debt. It is anticipated that approximately one half of the purchase price will be financed by acquisition debt. Completion of the acquisition is subject to various regulatory requirements, including approval from US airport authorities and is expected in three to six months.

An FBO is a business that has the right under a lease awarded by an airport to offer services to general aviation aircraft. Typical services that are offered by Atlantic Aviation's FBOs include refuelling, de-icing, hangar rental, corporate aircraft maintenance and catering at regional airports.

Consisting of facilities in ten different locations, Atlantic Aviation's FBO network holds long-term leases with airport authorities primarily in the north-east of the US; New Jersey, Pennsylvania (2), New York, Connecticut, Illinois, Texas and Louisiana (2). The most established of Atlantic Aviation's leases has been continuously held by the company since 1946, the most recent since 1995.

The locations of Atlantic Aviation's ten FBO facilities are particularly attractive given their proximity to major US business centres which display strong demand for non-commercial aviation services. (see figure below)

Chief Financial Officer for Macquarie Bank, Greg Ward, said Atlantic Aviation was a well-established business with strong existing management and a growth profile in line with the non-commercial aviation sector.

Mr Ward said the Bank will explore a range of future options for Atlantic Aviation, including the potential transfer to a Macquarie managed fund, company or partnership. He said that it was expected that Atlantic Aviation would be transferred from the Bank's balance sheet within 12 months.

The annualised impact on Macquarie's profit as a result of consolidating Atlantic Aviation, after taking account of depreciation, amortisation and funding costs, will be marginally negative. Mr Ward stated that the impact on Macquarie's capital position will be a reduction to the Tier 1 capital ratio of approximately 1 per cent.

For further information, please contact;

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FIGURE 1: Atlantic Aviation FBO Sites

