



FOR IMMEDIATE RELEASE:

**MACQUARIE GROUP ACQUIRES CERVUS FINANCIAL
Company Plans to Challenge Competitors for Mortgage Business**

TORONTO, July 10, 2006 – Australian financial services leader Macquarie Group (“Macquarie”), today announced it has acquired Canadian-based Cervus Financial Corp. (“Cervus”), one of Canada’s most dynamic mortgage lenders. The newly capitalized company plans an aggressive push into Canada’s \$660 billion CAD growing residential mortgage market by rewarding mortgage brokers and offering no haggle rates to borrowers.

Cervus is a financial services company, established in 2004, that offers residential mortgages through a network of professional mortgage brokers who focus on building long-term relationships with borrowers. Brokers have access to Cervus preferred rates that are consistently lower than bank posted rates, that they in turn pass on to borrowers without the need to negotiate. Cervus compensates brokers with a unique trailer fee model that pays out a higher rate than its competitors over the term of the mortgage and it also rewards renewals on mortgages to encourage a long-term approach to service.

“We’re extremely pleased to have the support of Macquarie, an industry leader and the innovator of the same long-term broker model in Australia that we pioneered in Canada. We firmly believe that this approach to mortgage lending provides borrowers with the best rate over the term of their mortgage, while encouraging the broker to build a long-term relationship with his or her client,” said Grant MacKenzie, Chief Executive Officer, Cervus Financial.

“We will be able to build on the existing capabilities of both parties to provide customers with a range of first class financial products and services. Macquarie’s distribution skills and success in developing third-party and broker relationships is an excellent strategic fit with Cervus,” added MacKenzie.

Since 2004, Cervus Financial operated as a publicly traded company on the Toronto Stock Exchange and in June 2006 filed for creditor protection during which negotiations with Macquarie were finalized. As part of the deal, Macquarie, through a wholly-owned subsidiary, has acquired 100 per cent of Cervus Financial Corp for \$12.5 million CAD. In the short-term Cervus will continue to operate as Cervus. Current Cervus staff will become Macquarie employees.

Macquarie Executive Director and Global Head of Mortgages, Frank Ganis said, “The acquisition of Cervus is part of Macquarie’s global strategy of selectively entering markets where there is a genuine opportunity to add real value.”

“We believe Cervus is a solid company, which has recently experienced a deficiency in working capital. Macquarie is committed to providing the necessary capital to drive this business forward and is a committed long-term participant in the Canadian market,” he said

In addition to being a leading mortgage provider in Australia, Macquarie also provides innovative home loan products in the United States (through Macquarie Mortgages USA Inc.) and Italy (through Macquarie Bank Italia).



Macquarie Executive Director, Mike Barrett, was previously head of the Macquarie's Australian mortgage business and will be relocating to Toronto as Head of Macquarie Mortgages North America. Barrett has 18 years experience in the Australian mortgage industry, and under his stewardship Macquarie's loan book in Australia has grown to \$20 billion AUD.

Barrett, said, "This is an excellent opportunity for Macquarie to continue to grow its international mortgages business. The Canadian mortgage market is a rapidly expanding and is a competitive market that has grown every year for the past 15 years."

According to a 2005 report published by the Canadian Institute of Mortgage Brokers and Lenders (CIMBL), the Canadian mortgage market has grown on average of 6.4% per year for the past 15 years, with an average growth rate to 9.4% over the last two years. CIMBL expects a growth of 10% this year, with the residential market ballooning to \$725 billion CAD. Approximately 25% of Canadians used a mortgage broker when purchasing a home, up from 14% two years ago; the rate is higher in British Columbia and Alberta. Mortgage brokers shop around on behalf of consumers for the best rates.

About Macquarie

The Macquarie group (Macquarie) is a diversified international provider of specialist financial and investment banking services around the world. Headquartered in Sydney, Australia, the Macquarie group comprises Macquarie Bank Limited (MBL), the leading Australian investment bank and its subsidiaries and affiliates worldwide. Macquarie listed on the Australian Stock Exchange in 1996, and Macquarie now employs 8,200 people in 24 countries.

Since 1992 Macquarie has reported successive years of record profits and consistent growth. Macquarie's approach is driven by a deliberate focus on areas of business where our particular skills and expertise deliver a real advantage for clients. As a result Macquarie has established leading positions in a diverse range of market segments and regions internationally. Technical expertise, strong risk management and an enterprising approach underlie all activities.

Macquarie is a top 20 Australian Stock Exchange listed company with a market capitalization of \$15 billion AUD as at March 31, 2006.

Macquarie Mortgages operates in Australia, the United States and Italy and specializes in the manufacture, distribution, funding and securitization of mortgage solutions.

About Cervus

Cervus Financial Corp is a Canadian financial services company that was created as an industry initiative with input from leading mortgage broker companies. Cervus is focused on funding and servicing insured conventional and high ratio residential mortgages originated through mortgage brokers.

Cervus has led an industry initiative by introducing its unique compensation and customer retention models to Canadian brokers. Cervus is recognized as the innovator of Canadian trailer fees, the compensation model allows the broker to benefit from an upfront fee, ongoing monthly trailer fees and renewal fees. Cervus is also known to be a strong supporter of the broker, demonstrated through the distinctive "Cervus customer retention model", where the borrower is the client of the mortgage broker.



Cervus does not compete with the broker for clients like other financial institutions do. This aspect of the Cervus initiative encourages brokers to build long-term relationships and a book of business, similar to other broker driven industries.

Cervus is now a proud member of the Macquarie group of companies. Cervus is currently licensed under Ontario, Quebec, British Columbia and Alberta mortgage broker/lender legislation and is seeking similar regulatory approvals in other Canadian Provinces as required. The company's head office is located in Toronto, with additional offices in Vancouver, Calgary and in Montreal. For more information, visit the company's website at: www.cervus.com .

-30-

Media information:

Anita Boudreau
Boudreau & Associates

Tel: 416 588 0552

Jodi Cassidy
Cervus Financial

Tel: 416 861 1315 ext. 266

Kathryn Bonnefin
Macquarie Group

Tel: 212 231 1739