



MACQUARIE

Macquarie Funds Group

Shemara Wikramanayake
Group Head

Macquarie Group Limited

Operational Briefing

8 February 2011 – Presentation to Investors and Analysts



Macquarie Funds Group at a glance

Macquarie Funds Group is now positioned as the largest Australian based asset manager and a top 40 asset manager globally

~\$A300b
AUM¹

21
Countries worldwide¹

~1,500
Staff¹

~20-25%
Contribution to Macquarie²

Macquarie Infrastructure and Real Assets

Direct asset management across:

Infrastructure
Real Estate
Private Equity

AUM: \$A95b^{1,3}

Macquarie Investment Management

Investment management across:

Fixed Income
Currencies and Commodities
Equities
Fund of Private Equity Funds

AUM: \$A202b¹

Macquarie Specialised Investment Solutions

Fund and equity based structured products including:

Protected Lending
Fund Linked Products
Lifetime Income Products

AUM: \$A2b^{1,4}

1. All numbers as at 31 Dec 10.
2. Macquarie Funds Group contribution to Macquarie's net profit after tax, excluding one-off items and corporate segment.
3. For presentation purposes, includes \$A4b of real estate assets which are managed centrally within Macquarie Funds Group, by Macquarie Bank Limited.
4. In addition to the \$A2b of AUM stated above, Macquarie Specialised Investment Solutions has ~\$A2b of other income generating assets.



Global presence

Macquarie Funds Group has ~1,500 staff across 21 countries

EUROPE, MIDDLE EAST AND AFRICA

Staff: ~160
Countries: 9

AMERICAS

Staff: ~680
Countries: 3

ASIA

Staff: ~110
Countries: 7



AUSTRALIA AND NEW ZEALAND

Staff: ~520
Countries: 2

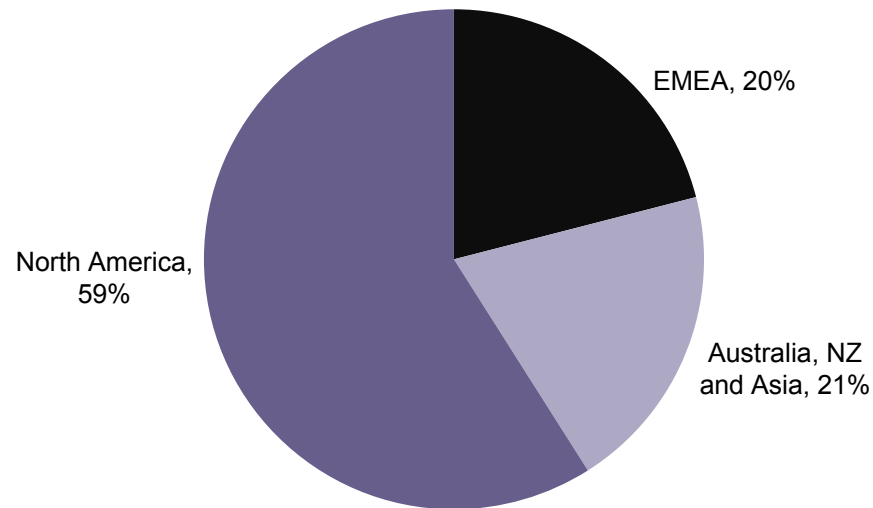


Competitive advantage

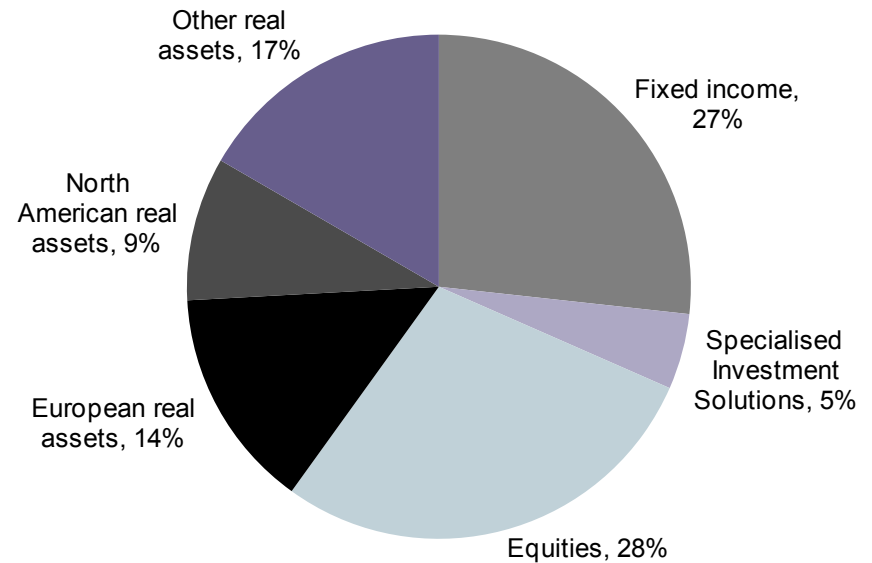
Income diversity

Macquarie Funds Group's income sources are diversified across regions and asset classes

Income diversity by geography¹



Income diversity by asset class¹



1. Income diversity estimates based on base fee and other fee and commission income (net of brokerage expense) by asset class and geography for YTD FY11.



Competitive advantage Culture

The best of an **institutional environment**

World class operational support

Strong risk management

**Global distribution effort concentrated
on focus products**

Capital for expansion

The best of a **boutique environment**

**Alpha-generating teams structured
like autonomous boutiques**

Entrepreneurial environment

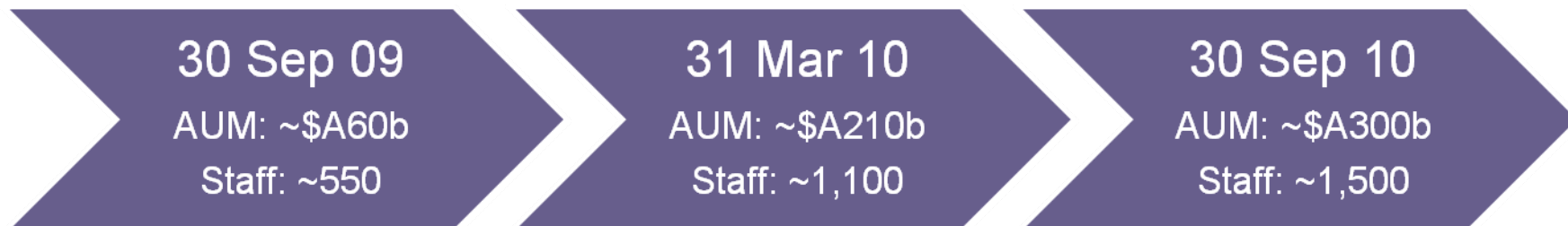
Ownership of strategy

Ownership of P&L



2010 was a transformational year

- Acquired Delaware Investments in Jan 10, tripling Macquarie Investment Management's AUM and earnings and delivering a strong US presence
- Consolidation with Macquarie Infrastructure and Real Assets in Oct 10 created a single global asset management platform within Macquarie
- Strong Macquarie Infrastructure and Real Assets performance since integration, with \$A2.0b of new equity commitments received since 1 Oct 10
- Macquarie Specialised Investment Solutions successfully launched new wholesale businesses





MACQUARIE

Rationale for consolidation

Consolidation of asset management businesses within Macquarie Funds Group provides a range of benefits

Product suite	<ul style="list-style-type: none">— Product offering of combined business highly complementary— Ability to deliver broader insights to investors from involvement across full range of asset classes and strategies
Distribution platform	<ul style="list-style-type: none">— Improved breadth and depth of global distribution capability— Enables a more coordinated approach to investors
Operational systems	<ul style="list-style-type: none">— Operational efficiencies have been derived from consolidation of businesses and streamlining of existing systems— Increased scale to support future systems investment

Consolidation was logical next step given Macquarie's long term commitment to asset management and intention for future growth



Macquarie Infrastructure and Real Assets

Overview

- Macquarie Infrastructure and Real Assets continues to be recognised as a leading global alternative asset manager specialising in:
 - Infrastructure and real estate funds
 - Customised accounts
- Established in 1996, Macquarie Infrastructure and Real Assets' team of experienced professionals manage 44 funds with \$A95b¹ of assets under management across 24 countries²
- Every day ~100 million people use essential services provided by Macquarie Infrastructure and Real Assets' portfolio of businesses and assets across the world
- Recognised as the largest global manager of Alternative Assets overall and largest manager of Infrastructure Assets globally by Towers Watson

1. For presentation purposes, includes \$A4b of real estate assets which are managed centrally within Macquarie Funds Group, by Macquarie Bank Limited. 2. As at 31 Dec 10.



Macquarie Infrastructure and Real Assets

Global presence

~100 portfolio businesses and ~120 properties

UK

- Bristol Airport
- Airwave
- Arqiva
- CLP Envirogas
- Energy Power Resources
- Thames Water
- Wales & West Utilities
- M6 Toll
- Condor Group (ferry services)
- Moto (motorway services)
- National Car Parks
- Wightlink (ferry services)
- Red Bee Media

Spain

- Asset Energia Solar
- Solplex Energia Solar
- Itevelesa (vehicle inspections)

Czech Republic

- Ceske Radiokomunikace

Poland

- DCT Gdansk (container terminal)

Sweden

- EPR Sweden (wind farm)
- Swedish District Heating
- Arlanda Express

Russia

- Brunswick Rail

Canada

- AltaLink
- Amherstburg Solar Park
- Cardinal (power station)
- Chapais (biomass facility)
- Clean Power Hydro
- Erie Shores Wind Farm
- Whitecourt (biomass facility)
- A-25
- Fraser Surrey Docks
- Halterm Limited (port)

Mexico

- Decarred (highways)

USA

- Chicago Skyway
- Dulles Greenway
- Indiana Toll Road
- AIR-serv (tyre inflation)
- Harley Marine Services
- Icon Parking
- Penn Terminals
- Petermann (school buses)
- Sentient (private aviation)
- Smarte Carte
- Airport Services (fixed base operations)
- Total Terminals International (Hanjin Pacific Corporation)

- Global Tower Partners
- Aquarion Company
- Puget Energy
- District Energy
- Duquesne Light
- The Gas Company
- Broadrock Renewables
- Bulk Liquid Storage Terminal Business
- Waste Industries

Japan

- Hanjin Pacific Corporation

South Korea

- West Sea Power / West Sea Water
- Baekyang Tunnel
- Cheonan-Nonsan Expressway
- Daegu 4th Beltway East
- Gwangju 2nd Beltway Section 1
- Gwangju 2nd Beltway Section 3-1
- Incheon Grand Bridge
- Incheon International Airport Expressway
- Machang Bridge
- Seoul Chuncheon Expressway
- Sojungsan Tunnel
- Woomyunsan Tunnel
- Yongin-Seoul Expressway
- Busan New Port Phase 2-3
- Hanjin Pacific Corporation (ports)
- Seoul Subway Line 9, Section 1
- C&M (cable tv)
- North East Chemical

Belgium

- Brussels Airport

Denmark

- Copenhagen Airports

France

- Compteurs Farnier (water metering)
- EPR France (wind farm)
- RES (wind farm)
- Trois Sources & Lomont Windfarms
- Autoroutes Paris-Rhin-Rhône
- Pisto SAS (oil storage and distribution)

Germany

- GWE (heat & power)
- Techem (submetering)
- Thyssengas
- Warnow Tunnel
- TanQuid (tank storage business)

South Africa

- Neotel
- Kelvin Power Station
- Bakwena Platinum Corridor
- N3 Toll Concessions
- Trans African Concessions

Nigeria

- Lekki Concession Company

United Arab Emirates

- Al Ain Industrial City
- Industrial City of Abu Dhabi
- ICAD Effluent Treatment Plant

India

- Viom Networks
- Adhunik Power and Natural Resources
- MB Power (Madhya Pradesh)

Puerto Rico

- Global Tower Partners

China

- MWREF
- Hua Nan Expressway
- Changshu Xinghua Port
- Star King (China) Food Group

Taiwan

- Miaoli Windpower
- Hanjin Pacific Corporation (Kaohsiung)
- Taiwan Broadband Communications

New Zealand

- Metlifecare
- Private Lifecare
- Retirement Care New Zealand

Australia

- Hobart International Airport
- Dampier to Bunbury Natural Gas Pipeline
- Multinet Gas Holdings Distribution
- WA Gas Networks
- 3P Learning
- Regis Group
- Retirement Villages Group
- MREEFs



Macquarie Infrastructure and Real Assets

Recent initiatives

Raising capital	<ul style="list-style-type: none">▪ Investor engagement model adopted as part of integration into Macquarie Funds Group is resonating well with investors▪ \$A2.0b of new commitments since 1 Oct 10▪ Announced first close of new Korean focused fund during Dec 10 qtr
Investing capital	<ul style="list-style-type: none">▪ Announced 13 investments by its managed funds in Dec 10 qtr, including a number of transformational investments in emerging markets, as well as in core markets▪ \$A2.0b of capital invested in Dec 10 qtr, with \$A4.3b of uninvested capital remaining at 31 Dec 10¹
Managing performance	<ul style="list-style-type: none">▪ Macquarie Infrastructure and Real Assets managed Thames Water and Wales and West Utilities won awards for operational expertise at Utility Industry Achievement Awards in Dec 10 qtr▪ Macquarie Essential Assets Partnership completed sale of its interests in the Sea-to-Sky Highway Improvement Project and the Edmonton Ring Road
Developing products	<ul style="list-style-type: none">▪ Macquarie Everbright Greater China Infrastructure Fund and Macquarie European Infrastructure Fund 4 are key funds scheduled for first closes in 2011

1. Represents Macquarie Infrastructure and Real Assets' available unspent capital for immediate investment as at 31 Dec 10.



Macquarie Investment Management Overview

- Macquarie Investment Management offers investment management across a number of sectors including:
 - Listed equities
 - Fixed income
 - Currencies
 - Listed infrastructure
 - Funds of private equity funds
 - Insurance asset management
- Macquarie Investment Management delivers a full service offering to both retail and institutional clients in the United States and Australia, with selective offerings in Europe and Asia
- Delaware, which was consolidated into Macquarie Investment Management in Jan 10, now accounts for over two thirds of Macquarie Investment Management's AUM and revenue



Macquarie Investment Management

Delaware Investments update

- Delaware acquired by Macquarie Funds Group in Jan 10
 - On acquisition close, Delaware had \$US135b of AUM and ~500 staff
- Delaware now part of Macquarie Investment Management business
 - No voluntary senior personnel losses since acquisition
 - Strong inflows post acquisition:
 - Ranked 20th for net flows in 9 months to Sep 10 for US Non-Proprietary Mutual Fund Families (from field of over 400)
 - Substantial number of >\$US100m mandate wins across 12 strategies
 - AUM now at highest point in Delaware's history
 - Patrick Coyne, CEO of Delaware, appointed head of Macquarie Investment Management North America



Macquarie Investment Management

Recent initiatives

Production	<ul style="list-style-type: none">▪ Several new strategies launched during the quarter, including Global Income Opportunities (which utilises Delaware and Macquarie-heritage fixed income investment capabilities) and Asian Infrastructure Securities▪ Strong fund performance continued, with top quartile performance over 3 years in a number of flagship funds▪ Focusing investment capabilities on scalable activities across the global platform
Distribution	<ul style="list-style-type: none">▪ Macquarie Investment Management saw net inflows of \$A2.3b over Dec 10 qtr, with mandates spanning fixed income and equity products▪ Ranked first of individual Australian managers by number of mandates won for the year to Sep 10¹
Operations	<ul style="list-style-type: none">▪ Ongoing review of operational processes delivering efficiency gains
Acquisitions	<ul style="list-style-type: none">▪ Announced acquisition of leading Austrian securities manager, INNOVEST Kapitalanlage AG

1. Rainmaker Mandate Chaser Report, as at 30 Sep 10.



Macquarie Specialised Investment Solutions

Overview and recent initiatives

- Macquarie Specialised Investment Solutions manufactures and distributes a range of fund and equity based structured products including:
 - Capital protected investments and associated lending arrangements
 - Fund linked products (including volatility and gap risk / leverage based solutions)
 - Lifetime income guarantees
 - Alternative funds (residential property and hedge funds)
- Macquarie Specialised Investment Solutions is recognised for product innovation, with a strong track record of delivering tailored solutions to the market in a timely fashion
- Successfully grew wholesale business in response to market conditions
 - Approximately \$A1b of fund linked products originated in YTD FY11
- Inflows into structured retail products increasing, with ~\$A400m raised in YTD FY11



Benefits of asset management business to Macquarie

Annuity income

- Annuity income stream provides diversification

Service based

- Client service based, rather than being a capital intensive business

Growth

- Global growth in savings underpins strong fundamentals for asset management

Scalability

- Asset management businesses have scalable systems and operating infrastructure



Macquarie Funds Group is well positioned to benefit from improving market conditions

- Focus is on organic growth of our asset base and driving operating and cost synergies across our businesses
- Diverse range of products and strong relative investment performance expected to drive continued AUM inflows
- Outlook for future acquisitions uncertain given increasing competition for quality platforms
- In the short-term, focus on executing organic growth strategies within each of the three Macquarie Funds Group divisions
- Longer term objective to capitalise on opportunities between the divisions in Macquarie Funds Group to further leverage our global platform



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