Macquarie Group Limited

Result Announcement for year ended 31 March 2008

Presentation to Investors and Analysts

20 May 2008

Allan Moss, Managing Director & Chief Executive Officer
Nicholas Moore, Managing Director and Chief Executive Officer designate
Greg Ward, Chief Financial Officer
Disclaimer

This material has been prepared for professional investors.

The firm preparing this report has not taken into account any customer’s particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations herein are not intended to represent recommendations of particular investments to particular customers. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, are subject to uncertainty and contingencies many of which are outside the control of Macquarie Group Limited (Macquarie).
AGENDA

1. Introduction – Richard Sheppard
2. Highlights of result – Allan Moss
3. Result analysis – Greg Ward
4. Operational review and Outlook – Nicholas Moore
5. Appendix I – Funding analysis
6. Appendix II – Key facts on specialist funds
7. Appendix III – Specialist funds case study
8. Glossary

Unless otherwise specified all information is for the year ended 31 March 2008 and increases are on the prior corresponding year.
2. HIGHLIGHTS OF RESULT

Allan Moss – Managing Director and Chief Executive Officer

Macquarie Group Limited
Result Announcement for year ended 31 March 2008
20 May 2008 – Presentation to Investors and Analysts
Profit of $A1.8 billion
Consistent with guidance: 23% increase on prior year

Throughout this report, periods prior to the 2005 financial year are reported under previous AGAAP, unless otherwise stated.
Operating Income of $A8.2 billion
15% increase on prior year
Earnings per share of $A6.71
13% increase on prior year

Basic EPS.
Dividend per share of $A3.45
10% increase on prior year

- 52% payout ratio on total dividends for year ended 31 March 2008, 100% franked
Assets under management of $A232 billion
18% increase on prior year

Note: Sale of Macquarie-IMM Investment Management and Macquarie ProLogis Management during year to 31 March 2008 reduced AUM by over $A6b
International income of $A4.3 billion
14% increase on prior year, Asia-Pacific up 71%

- 57% of operating income¹
- $US/$A exchange rate strengthened from $0.60 at 1 April 2003 to $0.91 at 31 March 2008

¹ Excludes earnings on capital
Capital growth
Return on equity: 23.7%

- Consistently grown capital ahead of business requirements to allow for future growth

$Ab

- New Capital*
- Macquarie Income Preferred Securities
- Macquarie Income Securities
- Ordinary shareholders equity

Excludes other minority interests. * New capital refers to the relevant year only and includes capital placements, share purchase plan, DRP and options exercises
- Macquarie remains
  - Very profitable
  - Well capitalised
  - Well funded
- No unusual trading exposures
- No unusual concerns with credit quality
- Reflects Macquarie’s strong commitment to risk management
- Despite market conditions, global business platform has never been stronger
Macquarie Group Limited
Result Announcement for year ended 31 March 2008
20 May 2008 – Presentation to Investors and Analysts

3. RESULT ANALYSIS

Greg Ward –
Chief Financial Officer
Key drivers of year

- Strong performance from equities related businesses in Asia, Australia and Europe, especially in 1H08
- Substantial investment banking deal flow – value of transactions $A200b
- Record volumes in foreign exchange and commodity related businesses
- Record performance fees
- Assets under management up 18% on prior year to $A232b
- Expanded capital base
- Asset realisations down
- Write-down of $A293m on holdings in listed real estate investments – impact on NPAT approximately $A90m
- Continued investment in staff (total now approximately 13,000, 40% international) and new businesses
- No significant trading or credit write-downs
Comments on the second half (6 months to 31 March 2008)

- In November 2007 we said:
  - “Expect 2H08 result to be at least in line with 2H07 result of $A733m, but down on very strong first half because:
    - Equity market conditions may not be as favourable
    - 1H08 benefited from asset sales which we do not expect to be repeated due to lower level of Held For Sale assets
    - Seasonal factors in some businesses”

- During 2H08:
  - Market conditions were tougher than in 1H08, particularly debt markets but also equity markets
  - Asia-Pacific held up well, however Europe and especially the US impacted by credit market deterioration
  - Income from asset sales was significantly lower than strong 1H08
  - Write-downs of holdings in listed real estate investments
  - Increased funding costs led to wind back of mortgages business
  - NOHC restructure completed
**Segment analysis**
Net profit contribution by operating group

- Early adoption of new segment accounting standard: AASB8
- Segments presented in line with reporting to management: net profit by operating group

<table>
<thead>
<tr>
<th></th>
<th>2008 $Am</th>
<th>2007 $Am</th>
<th>Contribution (%)</th>
<th>Movement</th>
<th>Key drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macquarie Capital</td>
<td>2,915</td>
<td>2,573</td>
<td>63%</td>
<td>13%</td>
<td>Strong growth in brokerage income in Asia; M&amp;A deal flow strong; record performance fees; staff up 37%</td>
</tr>
<tr>
<td>Equity Markets</td>
<td>732</td>
<td>417</td>
<td>16%</td>
<td>76%</td>
<td>Benefited from strong equity market conditions, particularly in Asia in 1H08</td>
</tr>
<tr>
<td>Treasury &amp; Commodities</td>
<td>645</td>
<td>635</td>
<td>14%</td>
<td>2%</td>
<td>Very good operating conditions for foreign exchange, energy and commodities markets; debt markets impacted by credit market disruption; oil &amp; gas realisation in 2007</td>
</tr>
<tr>
<td>Financial Services</td>
<td>187</td>
<td>141</td>
<td>4%</td>
<td>33%</td>
<td>Increased brokerage income; growth in CMT</td>
</tr>
<tr>
<td>Banking &amp; Securitisation</td>
<td>51</td>
<td>143</td>
<td>1%</td>
<td>(64%)</td>
<td>Mortgages impacted by increased funding costs; sale of childcare investment in 2007</td>
</tr>
<tr>
<td>Funds Management</td>
<td>177</td>
<td>59</td>
<td>4%</td>
<td>200%</td>
<td>Sale of investment in Macquarie-IMM</td>
</tr>
<tr>
<td>Real Estate</td>
<td>(81)</td>
<td>507</td>
<td>(2%)</td>
<td>(116%)</td>
<td>Write down on holdings in listed real estate investments; sale of investments in Goodman Group and UK office park assets in 2007</td>
</tr>
</tbody>
</table>

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total net profit</strong></td>
<td>4,626</td>
<td>4,475</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corporate</strong></td>
<td>(2,823)</td>
<td>(3,012)</td>
<td>(6%)</td>
<td></td>
<td>Increased capital resulted in higher earnings on capital, profit share expense broadly in line with prior year</td>
</tr>
<tr>
<td><strong>Net profit after tax</strong></td>
<td>1,803</td>
<td>1,463</td>
<td>23%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. The net profit of an operating group includes income from external customers and transactions with other operating groups, direct operating costs (e.g. salaries & wages, occupancy costs and other direct operating costs), internal management charges, and excludes certain corporate costs not recharged to operating businesses. The amounts are before income tax.

2. Includes Group Treasury, Head Office and central support functions. Costs within Corporate include unallocated Head Office costs, employment related costs, earnings on capital, derivative volatility, income tax expense and amounts attributable to minority interests.
Operating income
15% increase on prior year to $A8.2b
Diversity of operating income*

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends &amp; distributions</td>
<td>1.0%</td>
</tr>
<tr>
<td>Share of net profits of associates</td>
<td>1.9%</td>
</tr>
<tr>
<td>Net interest income</td>
<td>8.1%</td>
</tr>
<tr>
<td>Interest rate products</td>
<td>1.2%</td>
</tr>
<tr>
<td>Foreign exchange products</td>
<td>3.0%</td>
</tr>
<tr>
<td>Commodities products</td>
<td>4.5%</td>
</tr>
<tr>
<td>Equity derivatives products</td>
<td>13.4%</td>
</tr>
<tr>
<td>Other fee and commission income</td>
<td>2.3%</td>
</tr>
<tr>
<td>Funds under administration</td>
<td>1.7%</td>
</tr>
<tr>
<td>Banking, lending and securitisation</td>
<td>0.8%</td>
</tr>
<tr>
<td>Financial products and cross border leasing</td>
<td>1.6%</td>
</tr>
<tr>
<td>Other</td>
<td>2.6%</td>
</tr>
<tr>
<td>Brokerage and commissions – retail</td>
<td>3.3%</td>
</tr>
<tr>
<td>Brokerage and commissions – wholesale</td>
<td>11.1%</td>
</tr>
<tr>
<td>Mergers and acquisitions, advisory and underwriting</td>
<td>16.8%</td>
</tr>
<tr>
<td>Income from asset realisations</td>
<td>11.2%</td>
</tr>
<tr>
<td>Performance fees</td>
<td>4.4%</td>
</tr>
<tr>
<td>Base funds management fees, other funds</td>
<td>3.8%</td>
</tr>
<tr>
<td>Base funds management fees, specialist funds</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

* Operating income for the year ended 31 March 2008. Excludes net impairment charges.
Fee and commission income
31% increase on prior year to $A4.6b

- Approximately 20% of total Group operating income from specialist funds or managed asset agreements
  - Approx 10.8% of operating income derived from base and performance fees from Macquarie Capital Funds, Real Estate funds and managed asset agreements
  - Approx 5.3% of operating income derived from advisory and underwriting fees paid by Macquarie Capital Funds and Real Estate funds
  - Approx 4.2% of operating income derived from sale of assets from MQG to Macquarie Capital Funds and Real Estate funds
- Significant performance fees from MAG, MIC, DUET, MDIF
- New funds include MEIF III, MIP II, Retirement Villages Group, MGOP, ADCB-Macquarie Infrastructure Fund, Macquarie NPS REIT
- Growth offset by:
  - Macquarie-IMM sale ($A5.4b of AUM) and MPR acquisition by ProLogis ($A1.1b of AUM)
  - Lower FSG/FMG AUM due to decline in equity indices
  - Strengthening AUD reducing value of AUM denominated in foreign currencies
- Strong demand for unlisted international funds continues, significant capital raised from investors during the year
- $22.4b raised over the 12 months to 31 March 2008
- 75% from international investors and 85% into unlisted funds or syndicates

Funds raised by Macquarie and joint venture fund manager partners from 1 April 2007 to 31 Mar 2008, including equity raised via DRP. Includes committed, uncalled capital.
- Globally there has been an increase in volumes traded
  - Average volumes in markets in which we operate significantly up on prior year

- 2H08 characterised by increased volatility

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* Index in USD. Represents the total market turnover for the following locations: Hong Kong, Korea, Taiwan, Japan, Thailand, Singapore, Malaysia, Philippines, Indonesia and India.
Source: Market exchanges. ^ Index in AUD. Source: IRESS.
Net trading income
49% increase on prior year to $A1.9b

<table>
<thead>
<tr>
<th></th>
<th>Mar 08 $Am</th>
<th>Mar 07 $Am</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Trading Income</strong> <em>(as reported)</em></td>
<td>1,835</td>
<td>1,047</td>
</tr>
<tr>
<td>Revaluation of derivatives instruments¹</td>
<td>(28)</td>
<td>61</td>
</tr>
<tr>
<td>Accounting for swaps²</td>
<td>116</td>
<td>184</td>
</tr>
<tr>
<td><strong>Adjusted Net Trading Income</strong></td>
<td>1,923</td>
<td>1,292</td>
</tr>
</tbody>
</table>

- Highly favourable equities market conditions in 1H, especially in Asia
- Increased demand and strong market conditions benefiting commodities and FX products
- Debt markets activity substantially down on strong 1H

¹. Represents the net income or expense from the revaluation of derivatives that are economically hedging an exposure but do not qualify as a hedge for reporting purposes. The main impact relates to derivatives used to hedge the MIPS instrument. This item is reported separately in this presentation so as not to distort the trading income derived from other products.

². The cash flows on swaps that are used to hedge interest rate risk are classified as trading income for the purposes of statutory reporting. For the purpose of this presentation, the net impact of these swaps is removed from trading income and adjusted against net interest income to show the true net margin earned on interest bearing balances.
Net interest income
29% increase on prior year to $A701m

<table>
<thead>
<tr>
<th></th>
<th>Mar 08 $Am</th>
<th>Mar 07 $Am</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income (as reported)</td>
<td>817</td>
<td>728</td>
</tr>
<tr>
<td>Accounting for swaps*</td>
<td>(116)</td>
<td>(184)</td>
</tr>
<tr>
<td>Adjusted Net Interest Income*</td>
<td>701</td>
<td>544</td>
</tr>
</tbody>
</table>

- Average loan volumes (ex-Mortgages) up 37% since March 2007
  - 2H average volumes up only 4% over 1H
- Mortgage origination in Aust substantially reduced; ceased in US
- Declining margins primarily due to increased funding costs

* The cash flows on swaps that are used to hedge interest rate risk are classified as trading income for the purposes of statutory reporting. For the purpose of this presentation, the net impact of these swaps is removed from trading income and adjusted against net interest income to show the true net margin earned on interest bearing balances.
## Income from asset & equity investment realisations and other transactions

<table>
<thead>
<tr>
<th></th>
<th>Mar 08 $Am</th>
<th>Mar 07 $Am</th>
<th>Mar 06 $Am</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset &amp; equity investment realisations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on disposal of assets and equity investments</td>
<td>1,040</td>
<td>1,098</td>
<td>306</td>
</tr>
<tr>
<td>Gains on Goodman Group</td>
<td>-</td>
<td>302</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends, distributions and equity accounting income</td>
<td>247</td>
<td>326</td>
<td>214</td>
</tr>
<tr>
<td>Net income from businesses held for sale</td>
<td>(28)</td>
<td>41</td>
<td>(18)</td>
</tr>
<tr>
<td>Write down of holdings in listed real estate investments</td>
<td>(293)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>(15)</td>
<td>99</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>951</td>
<td>1,866</td>
<td>522</td>
</tr>
</tbody>
</table>

- Contribution from asset realisations strongest in 1H08 (1H: $A714m; 2H $A326m)
- Equity accounted income reduced
  - Lower operating results of associates
  - Realisation of investments in associates including Macquarie ProLogis Management and Goodman Group
- Write-down of holdings in listed real estate investments of $A293m
Substantial investments held in Macquarie-managed funds and listed fund managers: $A3.6b at 31 Mar 2008
- Listed funds and listed fund managers: $A3.0b – net unrealised gains of approx $A281m
- Unlisted funds: $A0.6b – no material concerns with carrying value

Other investments: $A2.7b – net unrealised gains of approx $A197m, no material concerns with carrying value

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1. Equity investments reported here include those investments that are not currently classified as Held for Sale. It includes investments in Macquarie-managed funds and other investments held for strategic reasons. Some investments will become classified as Held for Sale when it is highly probable that the asset will be sold in the subsequent 12 months.
2. Based on market value at 16 May 2008 for Macquarie managed funds and listed fund managers. Market value calculated as carrying value for unlisted investments, and market value of listed investments.
3. Cost represents the cost to Macquarie plus equity accounted profits/losses of associates. It excludes the fair value adjustments for investments classified as Available for Sale.
### Positions in listed specialist funds and listed fund managers

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Book value @ 31 March 2008</th>
<th>Market value @ 16 May 2008</th>
<th>Unrealised gain/(loss) @ 16 May 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macquarie Airports (MAp)</td>
<td>930</td>
<td>930</td>
<td>1,106</td>
</tr>
<tr>
<td>Macquarie Capital Alliance Group (MCQ)</td>
<td>141</td>
<td>141</td>
<td>95</td>
</tr>
<tr>
<td>Macquarie Communications Infrastructure Group (MCG)</td>
<td>279</td>
<td>279</td>
<td>360</td>
</tr>
<tr>
<td>Macquarie Infrastructure Company (NYSE listed)</td>
<td>82</td>
<td>82</td>
<td>103</td>
</tr>
<tr>
<td>Macquarie Infrastructure Group (MIG)</td>
<td>581</td>
<td>581</td>
<td>618</td>
</tr>
<tr>
<td>Macquarie International Infrastructure Fund (SGX listed)</td>
<td>82</td>
<td>82</td>
<td>73</td>
</tr>
<tr>
<td>Macquarie Korea Infrastructure Fund (KRX listed)</td>
<td>62</td>
<td>62</td>
<td>78</td>
</tr>
<tr>
<td>Macquarie Media Group</td>
<td>155</td>
<td>155</td>
<td>166</td>
</tr>
<tr>
<td><strong>Total Infrastructure</strong></td>
<td><strong>2,312</strong></td>
<td><strong>2,312</strong></td>
<td><strong>2,599</strong></td>
</tr>
<tr>
<td>Macquarie CountryWide (MCW)</td>
<td>270</td>
<td>(113)</td>
<td>157</td>
</tr>
<tr>
<td>Macquarie Office Trust (MOF)</td>
<td>225</td>
<td>(99)</td>
<td>126</td>
</tr>
<tr>
<td>Macquarie Leisure Trust (MLE)</td>
<td>23</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Macquarie DDR Trust (MDT)</td>
<td>16</td>
<td>(9)</td>
<td>7</td>
</tr>
<tr>
<td>Macquarie Central Office CR-REIT (KRX listed)</td>
<td>27</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Macquarie MEAG Prime REIT (SGX listed)</td>
<td>239</td>
<td>-</td>
<td>239</td>
</tr>
<tr>
<td>J-REP Co Ltd (TSE listed real estate funds manager)</td>
<td>175</td>
<td>(72)</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total Real Estate</strong></td>
<td><strong>975</strong></td>
<td><strong>(293)</strong></td>
<td><strong>682</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,287</strong></td>
<td><strong>(293)</strong></td>
<td><strong>2,994</strong></td>
</tr>
</tbody>
</table>

*Excludes investments held under the DPS arrangements.*

Except for the investment in J-REP, the write-downs of investments brought the book value into line with the market value at 31 March 2008. The investment in J-REP was written down to the value of net tangible assets at 31 March 2008.
$752m of Held for Sale assets at 31 March 2008 include:
- New World Gaming Partners (Gateway Casinos)
- Express Offshore Transport
- Taurus Aerospace Group LLC
- Hobart International Airport

Over $A1b of assets sold since March 2007, all at satisfactory prices, include:
- Boart Longyear
- ATM Solutions
- Icon Parking
- Taiwan Broadband Communications
- Red Bee Media
Operating expenses and headcount

- Expense/income ratio 73.3% – broadly in line with prior year
- Headcount up 31% on prior year to approximately 13,000 staff, including:
  - Giuliani Capital Advisors +100 staff
  - CIT Systems Leasing +180 staff
  - Orion Financial +130 staff
<table>
<thead>
<tr>
<th></th>
<th>Mar 08 %</th>
<th>Mar 07 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate tax rate</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Rate differential on offshore income</td>
<td>(14.3)</td>
<td>(10.6)</td>
</tr>
<tr>
<td>Non-deductible distribution paid/provided on MIS</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Non-deductible options expense</td>
<td>1.7</td>
<td>1.4</td>
</tr>
<tr>
<td>Other</td>
<td>(2.9)</td>
<td>(0.8)</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td><strong>15.0</strong></td>
<td><strong>20.5</strong></td>
</tr>
</tbody>
</table>

- Increase in offshore activities, especially in Asia-Pacific region
- Offshore capital gains (eg. Macquarie-IMM)
- Well funded

- Liquid assets of $A18.3b for the Group, increased to a level which is approximately 3 times the level at 31 March 2007

- Since August 2007, significant term funding of $A17b has been raised and deposits have increased 30% to $A13.2b from $A10.2b

- Access to public bond markets has been challenging since August 2007

- Some signs of improvement, however, if not sustained over medium term, and other existing avenues of term funding mentioned above become unavailable, may need to consider a reduction in term assets
- MGL and MBL are the Group’s two primary external funding vehicles which have separate and distinct funding, capital and liquidity management arrangements.

- MGL provides funding predominantly to the Non-Banking Group.

- MBL provides funding to the Banking Group as well as a transitional bridging loan to MGL as part of the Group’s restructure.
  - The bridging loan is an unsecured amortising two-year committed facility. At 31 March 2008, $A8.8b was outstanding.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets per Statutory Balance Sheet</td>
<td>167.2</td>
</tr>
<tr>
<td>Less accounting gross-ups and non-recourse funded assets:</td>
<td></td>
</tr>
<tr>
<td>Self funded trading assets</td>
<td>(28.9)</td>
</tr>
<tr>
<td>Securitised assets and non-recourse warehouses</td>
<td>(25.2)</td>
</tr>
<tr>
<td>Derivative revaluation gross-ups</td>
<td>(18.6)</td>
</tr>
<tr>
<td>Life investment contracts and other segregated assets</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Broker settlement balances</td>
<td>(5.8)</td>
</tr>
<tr>
<td>Other</td>
<td>(7.6)</td>
</tr>
<tr>
<td><strong>Total funding requirement</strong></td>
<td><strong>72.8</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking Group</td>
<td>53.9</td>
</tr>
<tr>
<td>Non Banking Group</td>
<td>18.9</td>
</tr>
<tr>
<td><strong>Total funding requirement</strong></td>
<td><strong>72.8</strong></td>
</tr>
</tbody>
</table>
Balance sheet composition $Ab

Funding sources
Issued paper (NCDs, commercial paper and other issued paper) 25.8
Secured funding 8.2
Other bank loans 0.3
Bonds 8.1
Senior credit facility 9.0
Deposits 13.2
Subordinated debt 2.3
Hybrid 0.8
Equity 9.2
Undrawn Senior credit facility (4.1)
Total funding sources 72.8

Assets
Cash and liquid assets 20.8
Net trading assets 11.3
Loan assets – less than one year 13.4
Assets held for sale 0.8
Other investment securities 2.6
Loan assets – greater than one year 17.6
Investment in Macquarie managed funds and equity investments 6.3
Total funded assets 72.8

Diversity of funding sources ($Ab)

Equity, $A9.2
Hybrid, $A0.8
Deposits, $A13.2
Negotiable certificates of deposit, $A12.2
Commercial paper, $A7.6
Other issued paper, $A6.0
Other bank loans, $A0.3
Subordinated debt, $A2.3
Secured funding, $A8.2
Bonds, $A8.1
Undrawn Senior credit facility, $A4.1
Total (including undrawn) = $A76.9b

Term funding (drawn and undrawn) maturing beyond 1 year (including equity)

Total = $A30.9b

A$27.3b

1 Includes undrawn component of the Senior credit facility of A$4.1 billion.
Refer to Appendix I for separate funding analysis of the Banking and Non Banking Groups.
<table>
<thead>
<tr>
<th>Funding source</th>
<th>Category</th>
<th>Initiative</th>
<th>Current approx. increased spread compared to pre-Aug 2007 levels (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>Deposits</td>
<td>Up $A3.0b (30%) since Aug 2007 to $A13.2b at Mar 2008</td>
<td>0-20</td>
</tr>
<tr>
<td>Issued paper</td>
<td>Domestic Negotiable Certificates of Deposit (NCD)</td>
<td>Short term issues up $A2.4b (32%) since Aug 2007 to $A10.0b at Mar 2008</td>
<td>0-15</td>
</tr>
<tr>
<td>Issued paper</td>
<td>Offshore Commercial Paper</td>
<td>ECP down $A3.9b (42%) since Aug 2007 to $A5.3b at Mar 2008</td>
<td>0-30</td>
</tr>
<tr>
<td>Issued paper</td>
<td>Offshore Commercial Paper</td>
<td>USCP down $A1.6b (46%) since Aug 2007 to $A1.9b at Mar 2008</td>
<td>0-30</td>
</tr>
<tr>
<td>Secured finance</td>
<td>Asset refinancing including mortgages and margin loans</td>
<td>Approx $A10.9b in asset secured or non recourse financing since Aug 2007 through securitisations, bond issues, repurchase agreements, increased warehouses</td>
<td>20-100 (weighted average approx. 30 bps)</td>
</tr>
<tr>
<td>Senior credit facility</td>
<td>Senior credit facility</td>
<td>$A9.0b facility; weighted average overall credit spread of 50 bps</td>
<td>10-20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Successful early extension of most of the $A1.6b Standby Facility</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- $A1b extended to May 2009</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- $A225m converted to a 3 year term facility with a credit margin of 140 bps</td>
<td>100-110</td>
</tr>
<tr>
<td>Issued paper and bonds</td>
<td>Capital markets issuance and long-term NCD</td>
<td>$A4.6b raised with maturities 12 months or longer since Aug 2007 mainly in private placements</td>
<td>0-100</td>
</tr>
</tbody>
</table>
Both MGL and MBL have debt programmes in place to access the key capital markets in Australia, Europe, Asia and the US as opportunities arise:

- MGL Debt Instrument Programme (Australia, Europe & Asia)
- MGL Rule 144A/Medium Term Note Programme (US)
- MBL Debt Instrument Programme (Australia, Europe & Asia)
- MBL Rule 144A/Medium Term Note Programme (US)
- MBL Commercial Paper Programme (Europe & US)
MBL accredited by APRA for advanced approaches under Basel II for credit risk (Foundation Internal Ratings Based) and operational risk (Advanced Measurement Approach)

At 31 March 2008, buffer of approximately $A3b of capital in excess of Group’s minimum capital requirements
4. OPERATIONAL REVIEW AND OUTLOOK

Nicholas Moore – Managing Director and Chief Executive Officer designate

Macquarie Group Limited
Result Announcement for year ended 31 March 2008
20 May 2008 – Presentation to Investors and Analysts
Group growth driven by:
- Previous business investment
- Diversification by product and geography
- Continued strong demand for Macquarie products

Good contribution from most operating groups. Exceptions:
- Real Estate Group contribution impacted by write-down on holdings in listed real estate investments
- Mortgages business operating result affected by effective closure of mortgage securitisation markets

No material trading provisions or material credit write-downs

Continuing to grow staff and focus on longer term prospects
Main business focus is making returns by providing services to clients rather than by principal trading

- No problem trading exposures
- No material problem credit exposures
- No exposure to Structured Investment Vehicles (SIVs)
- No subprime lending
- Longstanding policy of granting very few standbys and warehouses
- No problems with debt underwritings
- Only modest holdings of highly rated debt instruments partially backed by US subprime mortgages
- No underwriting of leveraged loans
- Very little underwriting of corporate loans
- Modest credit exposures to the hedge fund industry
- No material exposures not already known to investors
- Well funded, with liquid assets of over A$18b
Geographically diverse sources of income

Note: Income in each region excludes earnings on capital and other corporate items.

Australia: 2007 included significant income from a number of asset realisations, including Goodman Group.

Asia-Pacific: market conditions held up well in 2008, and the region also benefited from the realisation of the investment in Macquarie-IMM.

Europe: 2007 was a strong year for corporate finance activity and included income from a number of asset realisations.

Americas: 2007 included income from significant oil and gas in realisation; 2008 impacted by credit disruption and write-downs on investment in listed real estate trusts with US assets.
- Good result despite mixed market conditions
- All divisions up on last year
- Strong contribution from Asia Pacific
- International operations contributed 67% of net income
- Continued to invest in staff with more than 4,000 staff in 52 locations across 25 countries

1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Macquarie Capital Advisers – 44% of Macquarie profit\(^1\)

- Advised on over 300 transactions worth around $A200b, approximately 25% above record FY07 volumes
- Diverse income base across geographies and industries
  - International offices contributed 65% of income
  - In FY08 the Industrials industry advisory group contributed relatively more than Infrastructure advisory

---

1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Macquarie Capital Advisers (cont…)

- Managed funds have generated a compound annual return of 16%\(^2\) for investors since inception
- $A11b in new capital raisings by funds and consortia during FY08\(^3\)
- Assets under management up 28% to $A140b since 31 March 2007
  - New assets acquired across a range of sectors, including: energy, waste, airports, airport services, tollroads, ports, communications infrastructure, utilities, media
- Six new funds established during FY08
  - ADCB Macquarie Infrastructure Fund *(Middle East)*
  - Asia Resources Fund
  - Macquarie European Infrastructure Fund III
  - Macquarie Global Opportunities Partners *(private equity)*
  - Macquarie Infrastructure Partners II *(North America)*
  - Retirement Villages Group *(Australia & New Zealand)*
- Post balance date
  - JV agreement with Renaissance Capital to develop infrastructure advisory and fund management opportunities in Russia and other CIS countries
  - MOU with State Bank of India in relation to establishment and management of Indian Infrastructure Fund with International Finance Corporation
- Establishment of Macquarie Special Situations Fund

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1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
2 Annualised return based on all capital raised, distributions paid and valuations (market capitalisation for listed funds and net asset value for unlisted funds and managed assets) for Macquarie Capital Funds since inception to 31 March 2008 (listed funds as at 31 March 2008; unlisted funds and managed assets as at 31 December 2007). Calculated on an AUD basis; with cashflows converted at fixed exchange rates (based on the date of listing for listed funds; first close date for unlisted funds, and financial close date for managed assets).
3 Includes 100% of capital raised by jointly managed funds
Macquarie Capital
63% of Macquarie profit\(^1\), 13% up on prior year

- **Macquarie Capital Securities (institutional cash equities) – 12% of Macquarie profit\(^1\)**
  - Excellent overall result: 36% up on prior year, driven by increased volumes
  - Asia: 48% up on prior year - now contributes 61% to total Mac Cap Securities income
  - Australia: 7% up on prior year, continued growth in secondary market revenues
  - Successful establishment of local equities businesses in the United States and Europe
  - Continued strong commissions income derived by South African business
  - Successful establishment of Alternative Strategies Division (internal Joint Venture with Equity Markets Group) – very strong volume growth
  - Orion Securities acquisition – record secondary market revenues and very strong ECM revenues also achieved

- **Macquarie Capital Products – 5% of Macquarie profit\(^1\)**
  - Underlying result up 17% on prior year
  - Increased issuance of retail products in Australia
  - Launched new closed-end funds in Germany, Switzerland and Austria
  - Total assets under management increased 3% to $A9.1b from $A8.9b at 31 March 2007 (includes assets managed by associates)

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1. Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
- Macquarie Capital Finance – 2% of Macquarie profit\(^1\)
  - Result up 3% on pcp
  - Total assets have increased 34% to $A7.3b from $A5.4b at 31 March 2007 (net funded assets of $A3.7b)
  - Acquired CIT Systems Leasing
    - Approximately $US750m of leased assets

Current operating environment
- Challenging market for global investment banks
- Lower ECM volumes globally although reasonable volumes in Asian markets
- M&A activity has fallen globally although strong outward investment from Asia and continued M&A activity in Australia and global resources
- Debt markets turmoil continues to limit financing for large deals; although finance still available for quality assets

Outlook
- Expect growth in the medium term, however short-term market conditions may be challenging
- Reasonable advisory and principal transaction pipeline
- Significant new fund raising pipeline

\(^1\) Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Equity Markets Group
16% of Macquarie profit\(^1\), 76% up on prior year

- 2H08 well down on 1H08 due to reduced transaction volumes resulting from the flow through of credit market disruption to equity markets and some seasonal factors

- **Equity Products Division**
  - Asia – very substantially up on prior year due to highly favourable market conditions in first half.
  - Australia – down on prior year due to more difficult trading conditions and increased investment in operational infrastructure
  - US/Europe/ Latin America/ Africa – down on prior year

- **Fund Products Division**
  - Very substantially up on prior year
  - Funds under management – up 163% to $A3.2b
  - Funds under risk management\(^2\) up 7% $A3.1b

- **Global Equity Finance Division** - Slightly up on prior year on increased structured product volumes

- **Alternative Strategies Division** - JV with Macquarie Capital Securities to offer equity derivatives, market access and financing to hedge fund clients. Excellent first year contribution.

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\(^1\) Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax

\(^2\) Funds of external managers over which MQ provides hedging or risk management services
Current operating environment:

- Market conditions are generally more challenging than the highly favourable conditions in 1H08
- Volumes are down for listed products in Australia and Asia

Outlook:

- Expect market conditions in global equity markets to be more challenging during the 2009 financial year
Treasury & Commodities Group
14% of Macquarie profit¹, slightly up on prior year

- Metals & Energy Capital, Agriculture & Investor Products and Foreign Exchange the leading contributors:
  - Metals & Energy Capital – well down on strong prior year which included oil and gas realisation. Continued growth in oil and gas financing business and strong trading and project finance results
  - Agricultural Commodities & Investor Products – very substantially up on prior year benefiting from increased demand and strong market conditions. Commodity derivatives alliance formed with Nomura in Japan, in conjunction with Energy Markets Division
  - Foreign Exchange – substantially up on prior year benefiting from increased market volatility

- Satisfactory results across other divisions
  - Futures – well up on prior year with continued growth both domestically and internationally
  - Debt Markets – profitable but down on prior year, reasonable result in difficult market conditions. Only modest holdings of highly rated debt instruments
  - Energy Markets – very substantially up on prior year, continued expansion of the US power business
  - Treasury – now part of Group-wide Services

¹ Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Current operating environment:

- Benefiting from increased volatility across most markets
- Satisfactory volumes across the business, particularly strong volumes in commodities and foreign exchange

Outlook:

- Expect strong activity levels to continue across the business
- Deal pipeline remains strong
- Will continue selective global expansion
- Debt capital markets continue to be challenging

1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Net loss of $A81m for the year due to $A293m write-down on holdings in listed real estate investments

Significant contribution from sale of Macquarie ProLogis Trust, disposal of Japanese residential portfolio, Korean office assets and Port Geographe (Western Australia) canal development

Assets under Management (incl assoc) increased 37% to $A32.3b from $A23.6b at 31 March 2007

— New assets in Singapore, Japan, Germany and Poland

Continued focus on unlisted equity raisings:

— over $A5b raised this year, majority by MGPA
— Establishment of Korean REIT with Korean National Pension Service

Continued profitable contribution from lending activities in Australia, US and UK

1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax.
Current operating environment:

- Sharp decline in almost all global listed real estate markets - many REITs priced well below reported NAVs
- Asset price reductions likely in most markets
- Investors waiting for evidence of financial and real estate market stabilisation

Outlook:

- Anticipate a return to profitability in FY09
- Underlying assets in listed REITs performing satisfactorily, strategies being implemented to reduce gearing
- Substantial equity in unlisted funds available for investment

1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Retail broking income significantly up on prior year despite lower volumes in 2H08

- Total assets under Advice/Administration/Management up 15% to $A80.9b from $A70.5b at 31 March 2007
  - CMT up 25% to $A17.6b; Wrap slightly down to $A22.5b due to negative market movements; Superannuation portfolio up 20% to $A24.5b

- Banking and Financial Services Group - merger of Financial Services Group and Banking & Securitisation Group, will provide better client service and facilitate growth

- International business expansion:
  - Signed JV agreement with Indian wealth manager Religare
  - Launched Asian private wealth business based in Singapore

- Macquarie Global Investments Division established to develop and source products for retail and wholesale investors globally

- Strategic acquisition of interests in retail foreign exchange provider, para-planning service, financial planning business and retail broker (Tolhurst)

- Ranked No 1 for service in Wealth Insights/ASSIRT Service Level Awards

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1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax

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Current operating environment:

- Retail broking volumes have declined from very high levels reached during 2007
- Challenging markets, investors expected to remain cautious about equities in the short-term
- Increased demand for cash and fixed income products
- Increased compliance costs due to Anti-Money Laundering Legislation

Outlook:

- Expect retail broking volumes to remain volatile and a reduction in new issue activity
- Expect continued strong demand for cash, fixed income and wrap products
- Continued strong superannuation inflows expected, although lower than 2007
- Merged Banking and Financial Services Group will provide enhancement to product range and services and achieve cost economies

1 Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Banking and Securitisation Group
1% of Macquarie profit\(^1\), substantially down on prior year

- Substantially down due to negative contribution from mortgages business
- Increased contributions from Relationship Banking and Investment Lending
- Mortgage origination in Australia substantially reduced and ceased in US. Canada continues to be supported by government-backed securitisation program
  - Credit quality remains high across all mortgage books, default rates low and no exposure to subprime loans

**Current operating environment:**
- Increased cost of funding associated with global credit conditions
- Mortgage securitisation markets effectively closed, except Canada
- Reduced demand for investment lending products

**Outlook:**
- Expect Relationship Banking to continue to perform well with strong growth in term deposits
- Australian mortgages book expected to decline with significantly reduced new business

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\(^1\) Percentage contribution based on management accounts before unallocated corporate costs, profit share and income tax
Very substantially up on prior year due to:
- Sale of Macquarie-IMM Investment Management joint venture in Korea (slightly down on prior year excluding IMM sale)
- Good performance fees from equities funds – top quartile rankings

Assets under management down 9% to $A57.4b from $A63.4b at 31 March 2007, mostly due to the sale of Macquarie-IMM and significant redemptions from global property and currency mandates

Awarded Morningstar Fund Manager of the Year for both fixed interest and domestic equities small caps (Australia) for second consecutive year

**Current operating environment / Outlook:**

- Market conditions remain challenging due to investor concerns around issues in credit markets
- Some signs that institutional investors are returning to the market, especially in fixed income and equity funds
- Will continue to investigate opportunities for small-scale acquisitions
Global market conditions

- **Credit markets**
  - Investor sentiment continues to improve albeit with caution
  - More normal access to short term funding markets returning
  - International credit market activity increasing but still well below historical levels and limited securitisation market activity
  - Funding costs remain at significantly higher levels than pre-August 2007

- **Equity markets**
  - Cash equity volumes have dropped off from very high levels of mid 2007 but remain reasonable
  - Lower equity derivative volumes in Australia and Asia as a result of general market uncertainty and reduced demand for equities
- **Investment banking**
  - Challenging market for global investment banks
  - Lower ECM volumes globally although reasonable volumes in Asian markets
  - M&A activity has fallen globally although strong outward investment from Asia and continued M&A activity in Australia and global resources
  - Debt markets turmoil continues to limit financing for large deals; although finance still available for quality assets

- **Global real estate**
  - Sharp decline in almost all global listed real estate markets. Some recovery in REIT prices since mid-March but many still priced well below reported NAVs
  - Physical real estate market uncertainty largely related to credit and financial markets uncertainty, generally low levels of new construction
  - Asset price reductions likely in most markets, particularly secondary assets, but low transaction volumes recently
  - Investors waiting for evidence of financial and real estate market stabilisation
Market conditions make short-term forecasting more difficult than usual

The current state of financial markets means that it will be challenging to repeat last year’s record performance, but this may be achievable

However, over the medium term we continue to be well placed due to:

- Effective risk management
- Good businesses, committed quality staff
- Strength, diversification and global reach of our businesses
- Benefits of ongoing organic growth initiatives
- Continued strong global investor demand for quality assets
- Strong capital base
- No problem trading exposures and no material problem credit exposures

Opportunities for acquisitions in current environment due to our strong capital position

No change to longstanding Group strategy
Funding for the Banking Group

Balance sheet composition

<table>
<thead>
<tr>
<th>Funding sources</th>
<th>$Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued paper (NCDs, commercial paper and other issued paper)</td>
<td>25.8</td>
</tr>
<tr>
<td>Secured funding</td>
<td>7.1</td>
</tr>
<tr>
<td>Bonds</td>
<td>8.1</td>
</tr>
<tr>
<td>Deposits</td>
<td>13.0</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>2.3</td>
</tr>
<tr>
<td>Hybrid</td>
<td>0.8</td>
</tr>
<tr>
<td>Equity</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Total funding sources</strong></td>
<td><strong>62.7</strong></td>
</tr>
</tbody>
</table>

**Assets**

<table>
<thead>
<tr>
<th></th>
<th>$Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and liquid assets</td>
<td>18.7</td>
</tr>
<tr>
<td>Net trading assets</td>
<td>10.5</td>
</tr>
<tr>
<td>Loan assets – less than one year</td>
<td>12.4</td>
</tr>
<tr>
<td>Other investment securities</td>
<td>1.9</td>
</tr>
<tr>
<td>Loan assets – greater than one year</td>
<td>13.8</td>
</tr>
<tr>
<td>MBL Bridging loan to MGL</td>
<td>8.8</td>
</tr>
<tr>
<td>Non Banking Group deposit with MBL</td>
<td>(5.8)</td>
</tr>
<tr>
<td>Investment in Macquarie managed funds and equity investments</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total funded assets</strong></td>
<td><strong>62.7</strong></td>
</tr>
</tbody>
</table>

Diversity of funding sources ($Ab)

- Secured funding, $A2.3
- Bonds, $A8.1
- Equity, $A5.6
- Deposits, $A13.0
- Other issued paper, $A6.0
- Commercial paper, $A7.6
- Hybrid, $A0.8
- Negotiable certificates of deposit, $A12.2

Total = $A62.7b

Term funding maturing beyond 1 year (including equity)

- Equity
- Hybrids
- Subordinated debt
- Debt

Total = $A18.6b

1 Includes funding required for the $A8.8 billion Bridging loan from MBL to the Non-Banking Group.
Balance sheet composition $Ab

<table>
<thead>
<tr>
<th>Funding sources</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured funding</td>
<td>1.1</td>
</tr>
<tr>
<td>Other bank loans</td>
<td>0.3</td>
</tr>
<tr>
<td>Deposits</td>
<td>0.2</td>
</tr>
<tr>
<td>MBL Bridging loan to MGL</td>
<td>8.8</td>
</tr>
<tr>
<td>Senior credit facility</td>
<td>9.0</td>
</tr>
<tr>
<td>Equity</td>
<td>3.6</td>
</tr>
<tr>
<td>Undrawn Senior credit facility</td>
<td>(4.1)</td>
</tr>
<tr>
<td><strong>Total funding sources</strong></td>
<td><strong>18.9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
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<td>Cash and liquid assets</td>
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<td>Non Banking Group deposit with MBL</td>
<td>5.8</td>
</tr>
<tr>
<td>Net trading assets</td>
<td>0.7</td>
</tr>
<tr>
<td>Loan assets – less than one year</td>
<td>1.0</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>0.8</td>
</tr>
<tr>
<td>Other investment securities</td>
<td>0.8</td>
</tr>
<tr>
<td>Loan assets – greater than one year</td>
<td>3.8</td>
</tr>
<tr>
<td>Investment in Macquarie managed funds and equity investments</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total funded assets</strong></td>
<td><strong>18.9</strong></td>
</tr>
</tbody>
</table>

Diversity of funding sources ($Ab)

- Secured funding, $A1.1
- Other bank loans, $A0.3
- Deposits, $A0.2
- Equity, $A3.6
- MBL Bridging loan, $A8.8
- Undrawn Senior credit facility, $A4.1
- Total (including undrawn) = $A23.0b

Term funding (drawn and undrawn) maturing beyond 1 year¹ (including equity)

- Debt
- Equity
- Total = $A16.1b

¹ Includes undrawn component of the Senior credit facility of A$4.1 billion.
6. APPENDIX II

Key facts on specialist funds

Macquarie Group Limited
Result Announcement for year ended 31 March 2008
20 May 2008 – Presentation to Investors and Analysts
Track record
— Macquarie Capital Funds have generated a compound annual return of 16\%\(^1\) for investors since inception
— Macquarie’s listed Real Estate Investment Trusts (REITs) have generated a compound annual return of over 10\%\(^2\) for investors since inception

Investment discipline
— Many more investments reviewed and rejected than acquired

Income\(^3\) from specialist funds
— Approximately 20\% of total Group operating income from specialist funds or managed asset agreements
— Approx 10.8\% of operating income derived from base and performance fees from Macquarie Capital Funds, Real Estate funds and managed asset agreements
— Approx 5.3\% of operating income derived from advisory and underwriting fees paid by Macquarie Capital Funds and Real Estate funds
— Approx 4.2\% of operating income derived from sale of assets from MQG to Macquarie Capital Funds and Real Estate funds

Sale of assets
— Majority of funds: general policy to be long-term owners of assets
— Asset prices on material sales to third parties have in all cases equalled or exceeded directors’ valuations

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\(^1\) Annualised return based on all capital raised, distributions paid and valuations (market capitalisation for listed funds and net asset value for unlisted funds and managed assets) for Macquarie Capital Funds since inception to 31 March 2008 (listed funds as at 31 March 2008, unlisted funds and managed assets as at 31 December 2007). Calculated on an AUD basis, with cashflows converted at fixed exchange rates (based on the date of listing for listed funds, first close date for unlisted funds, and financial close date for managed assets).

\(^2\) Annualised return based on all capital raised, distributions paid and valuations (market capitalisation) since inception to 31 March 2008. Calculated on an AUD basis, with cashflows converted at fixed exchange rates (based on the date of listing).

\(^3\) Year ended 31 March 2008
Specialist funds – key facts

**Gearing**
- Macquarie Capital Funds:
  - Predominantly essential or privileged assets with highly predictable, long term revenue streams
  - Appropriately geared: 56%\(^1\) average gearing across assets managed by funds
  - Macquarie funds often invest alongside independent third party investors in infrastructure assets
  - Asset debt provided by international syndicates of leading lenders after extensive due diligence
- Real Estate Funds:
  - Assets have quality underlying fundamentals, are highly leased, with long weighted average lease terms
  - Approximately 50%\(^2\) average gearing across assets managed by funds
  - Listed REIT management focus is on asset enhancement, non-core asset disposals and capital management

**Debt maturity profile**
- Asset and fund debt is non-recourse to Macquarie
  - Macquarie Capital Funds:
    - Less than 2%\(^3\) of the debt of Macquarie Capital Funds’ managed assets requires refinancing in the next 12 months
  - Real Estate Funds:
    - Less than 10%\(^3\) of the debt of Macquarie listed REITs’ managed assets requires refinancing/amortisation in the next 12 months

---

1. Macquarie Capital Funds average gearing = Proportionate Debt / (Proportionate Debt + Proportionate Equity), where: Proportionate Debt (or Equity) is the proportion of net debt (or equity) in the assets based on the percentage ownership of the Funds’ managed investment in that asset; Proportionate Equity is based on the valuation as at 31 December 2007; or cost if acquired subsequently.
2. Macquarie Real Estate Funds average gearing = Debt to Total Assets
3. As at 31 March 2008
* Specialist funds – key facts

- **Robust governance framework**
  - Each listed vehicle has its own Board with a majority of directors independent of Macquarie
  - Each listed vehicle has its own Managing Director and/or Chief Executive Officer
  - Staff dedicated to each fund serving interests of fund securityholders and Boards of funds
  - Strict ‘Chinese Walls’ separation between the specialist funds management businesses and other parts of Macquarie
  - Related party transactions are undertaken on arms length terms
  - Fees are subject to third party expert review or are benchmarked to market
  - Only independent directors, or in the case of some unlisted funds, investor representatives, make decisions about related party transactions

- **Alignment of interests between manager and fund**
  - Significant Macquarie and staff investment in funds
    - Macquarie Capital Funds: Total Macquarie and staff investment in the funds over $3.7b
    - Real Estate Funds: Total Macquarie and staff investment in the funds approximately $800m
  - Performance fee only payable where fund performance exceeds a benchmark (stock market indices or agreed rate of return)
7. APPENDIX III

Specialist funds case study

Macquarie Group Limited
Result Announcement for year ended 31 March 2008
20 May 2008 – Presentation to Investors and Analysts
Managing important assets across the globe

Strong investor support: $A70b raised over past 4 years

Macquarie Capital Funds: over 110 assets; Real Estate Funds: over 700 assets

As at 31 March 2008. In some cases, Macquarie or a Macquarie-managed fund has partial interest in an asset. *Subject to financial and customary closing arrangements **MEIF Renewables also located in France and Sweden ***Hanjin container terminals also located in Korea, Taiwan and Japan. #European Directories also located in Sweden, Finland, Austria, Czech Republic, Slovakia, Denmark & France.
Macquarie’s operational expertise adding value

- Acquired December 2006 by a consortium led by Macquarie’s unlisted European infrastructure funds

<table>
<thead>
<tr>
<th>Improved Supply</th>
<th>2006(^1)</th>
<th>2008(^2)</th>
<th>Improvement since acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure (£ million p.a.)</td>
<td>554</td>
<td>&gt; 990</td>
<td>↑ 78% ✓</td>
</tr>
<tr>
<td>Security of Supply (index - out of 100)</td>
<td>22</td>
<td>&gt; 80</td>
<td>↑ 263% ✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduced Leakage</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leakage (megalitres per day)</td>
<td>862</td>
<td>&lt; 755</td>
<td>↓ (12%) ✓</td>
</tr>
<tr>
<td>Sewage works failing environmental standards (no.)</td>
<td>18</td>
<td>nil(^3)</td>
<td>↓ (100%) ✓</td>
</tr>
<tr>
<td>Mains bursts (no. per 1000 km)</td>
<td>479</td>
<td>&lt; 370</td>
<td>↓ (22%) ✓</td>
</tr>
<tr>
<td>Sewer collapses (no.)</td>
<td>898</td>
<td>&lt; 535</td>
<td>↓ (40%) ✓</td>
</tr>
</tbody>
</table>

- For the six months ended 30 September 2007\(^4\):
  - Pre-tax profits increased by 49.8% on the prior corresponding period
  - On track to meet full year leakage targets for the second year since acquisition

---

"I am glad that the company has met its leakage target and feel that this is representative of the positive changes achieved under the new management."

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$C$</td>
<td>Canadian dollar</td>
</tr>
<tr>
<td>$US/USD$</td>
<td>US Dollar</td>
</tr>
<tr>
<td>1H</td>
<td>First half</td>
</tr>
<tr>
<td>1H07</td>
<td>Half year ended 30 September 2006</td>
</tr>
<tr>
<td>1H08</td>
<td>Half year ended 30 September 2007</td>
</tr>
<tr>
<td>2H</td>
<td>Second half</td>
</tr>
<tr>
<td>2H07</td>
<td>Half year ended 31 March 2007</td>
</tr>
<tr>
<td>2H08</td>
<td>Half year ended 31 March 2008</td>
</tr>
<tr>
<td>ADCB</td>
<td>Abu Dhabi Commercial Bank</td>
</tr>
<tr>
<td>AGAAP</td>
<td>Australian Generally Accepted Accounting Principles</td>
</tr>
<tr>
<td>AMA</td>
<td>Advanced Measurement Approach</td>
</tr>
<tr>
<td>APRA</td>
<td>Australian Prudential Regulatory Authority</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Stock Exchange</td>
</tr>
<tr>
<td>AUD/$A</td>
<td>Australian dollar</td>
</tr>
<tr>
<td>AUM</td>
<td>Assets Under Management</td>
</tr>
<tr>
<td>bps</td>
<td>basis points</td>
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<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<td>CMT</td>
<td>Cash Management Trust</td>
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<tr>
<td>cps</td>
<td>cents per share</td>
</tr>
<tr>
<td>DRP</td>
<td>Dividend reinvestment plan</td>
</tr>
<tr>
<td>DUET/DUE</td>
<td>Diversified Utility and Energy Trusts</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>--------------</td>
<td>--------------------------------------------------</td>
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<tr>
<td>ECM</td>
<td>Equity Capital Markets</td>
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<tr>
<td>ECP</td>
<td>European Commercial Paper</td>
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<tr>
<td>EMG</td>
<td>Equity Markets Group</td>
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<tr>
<td>EPS</td>
<td>Earnings Per Share</td>
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<td>FIG</td>
<td>Financial Institutions Group</td>
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<td>Foreign Investment Review Board</td>
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<td>FMG</td>
<td>Funds Management Group</td>
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<td>FSG</td>
<td>Financial Services Group</td>
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<tr>
<td>FX</td>
<td>Foreign Exchange</td>
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<td>FY</td>
<td>Full Year</td>
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<tr>
<td>HFS</td>
<td>Held for sale</td>
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<td>JV</td>
<td>Joint Venture</td>
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<td>Korea Exchange</td>
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<td>LHS</td>
<td>Left hand side</td>
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<tr>
<td>M&amp;A</td>
<td>Mergers and Acquisitions</td>
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<td>MacCap</td>
<td>Macquarie Capital</td>
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<tr>
<td>MAG</td>
<td>Macquarie Airports Group</td>
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<td>MAP/MAp</td>
<td>Macquarie Airports</td>
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<td>MBL</td>
<td>Macquarie Bank Limited</td>
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<tr>
<td>MCG</td>
<td>Macquarie Communications Infrastructure Group</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>--------------</td>
<td>--------------------------------------------------</td>
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<tr>
<td>MCW</td>
<td>Macquarie CountryWide Trust</td>
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<td>MCQ</td>
<td>Macquarie Capital Alliance Group</td>
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<tr>
<td>MDIF</td>
<td>Macquarie Diversified Infrastructure Fund</td>
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<tr>
<td>MDT</td>
<td>Macquarie DDR Trust</td>
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<tr>
<td>MEIF</td>
<td>Macquarie European Infrastructure Fund</td>
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<tr>
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<td>Macquarie Group Limited</td>
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<td>MIC</td>
<td>Macquarie Infrastructure Company Trust</td>
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<td>Macquarie Infrastructure Group</td>
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<td>Macquarie Infrastructure Partners</td>
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<td>MIPS</td>
<td>Macquarie Income Preferred Securities</td>
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<td>Macquarie Leisure Trust Group</td>
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<td>MMPR</td>
<td>Macquarie MEAG Prime REIT</td>
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<tr>
<td>MOF</td>
<td>Macquarie Office Trust</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>MPR</td>
<td>Macquarie ProLogis Trust</td>
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<tr>
<td>MPT</td>
<td>Macquarie Power Income Fund</td>
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<tr>
<td>MQG</td>
<td>Macquarie Group Limited (ASX listed)</td>
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<tr>
<td>NAV</td>
<td>Net Asset Value</td>
</tr>
<tr>
<td>NCD</td>
<td>Negotiable Certificates of Deposits</td>
</tr>
<tr>
<td>NOHC</td>
<td>Non Operating Holding Company</td>
</tr>
<tr>
<td>NYSE</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>p.a.</td>
<td>per annum</td>
</tr>
<tr>
<td>pcp</td>
<td>prior corresponding period</td>
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<td>REIT</td>
<td>Real Estate Investment Trust</td>
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<tr>
<td>RHS</td>
<td>Right hand side</td>
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<tr>
<td>SGX</td>
<td>Singapore Exchange</td>
</tr>
<tr>
<td>SIV</td>
<td>Structured Investment Vehicle</td>
</tr>
<tr>
<td>TMET</td>
<td>Telecommunications, media, entertainment and technology</td>
</tr>
<tr>
<td>TSE</td>
<td>Tokyo Stock Exchange</td>
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<tr>
<td>UK</td>
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<td>United States of America</td>
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<td>United States Corporate Paper</td>
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