Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

Presentation to Investors and Analysts
18 November 2008

Nicholas Moore, Managing Director and Chief Executive Officer
Greg Ward, Chief Financial Officer

Disclaimer

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Agenda

1. Overview and outlook – Nicholas Moore

2. Result analysis and financial management – Greg Ward

Appendices – Additional information:

A. Funding
B. Capital
C. Operating group results
D. Specialist funds
E. Glossary

Unless otherwise specified all information is for the half year ended 30 September 2008 and increases are on the prior corresponding period.

1. OVERVIEW AND OUTLOOK

Nicholas Moore –
Chief Executive Officer

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

About Macquarie

- Global provider of banking, financial, advisory, investment and funds management services
- Main business focus is providing products and services to clients
- Listed on Australian Securities Exchange (ASX:MQG)
- Regulated by APRA, Australian banking regulator, as non-operating holding company of a licensed Australian bank
- Assets under management $A239 billion
- Founded in 1969, currently operates in more than 60 office locations in 27 countries and employs more than 13,800 people

Unprecedented global market turmoil

- **Extraordinary financial markets during the period:**
  - Crisis of confidence has continued and sharply intensified since mid-September
  - Systemic falls in global liquidity led to stress and failure of major financial institutions
  - Significant volatility and market declines
- **Coordinated global regulatory intervention to restore confidence including:**
  - Government capital injections into banks (US and Europe)
  - Government guarantees of bank deposits and wholesale funding in Australia and overseas
  - Coordinated monetary policy easing
- **Australian banking system, while affected, remains sound and has benefited from strong regulatory framework**
- **Macquarie has remained profitable and well funded during this period**

Sound result in unprecedented global markets
Profit of $A604m

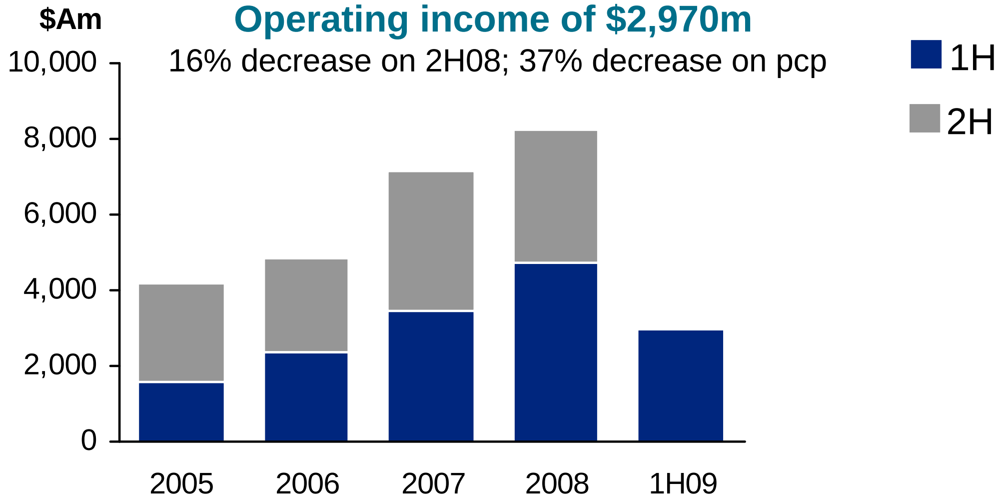
- **Sound profit of $A604m**
- **Profit achieved after substantial write-downs** (refer slide 12):
  - Write-downs stem from sharply deteriorating markets and in part, long-term investor alignment
  - Underlying assets are generally performing in line with expectations and generating increasing cashflows
- **Strong capital position:**
  - >40% above minimum regulatory requirement (refer slide 59)
- **Strong funding position, long & short term:**
  - Well matched balance sheet (refer slide 30)
  - Cash and liquid assets exceed short-term wholesale funding (refer slide 53)
- **Conservative gearing:**
  - Lower than major Australian and international banks (refer slide 58)
- **Continuing to adapt business to changing markets**

Sound result in unprecedented global markets

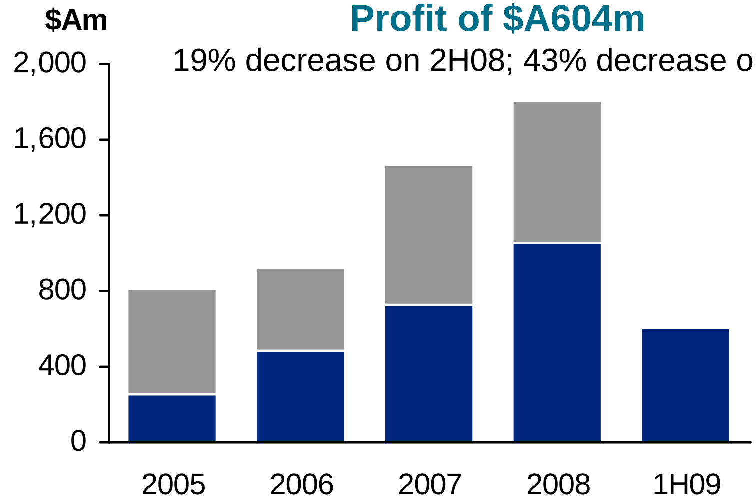
- **Interim dividend of $A1.45 per share (80% franked)**, in line with pcp
- **ROE of 13.9% p.a.**
- **Employment expenses down 48%** driven by significantly lower profit share reflecting shareholder alignment (refer slide 49)
  - Compensation ratio 40.1%, down from 47.9% in pcp

Financial Performance
Half year ended 30 September 2008

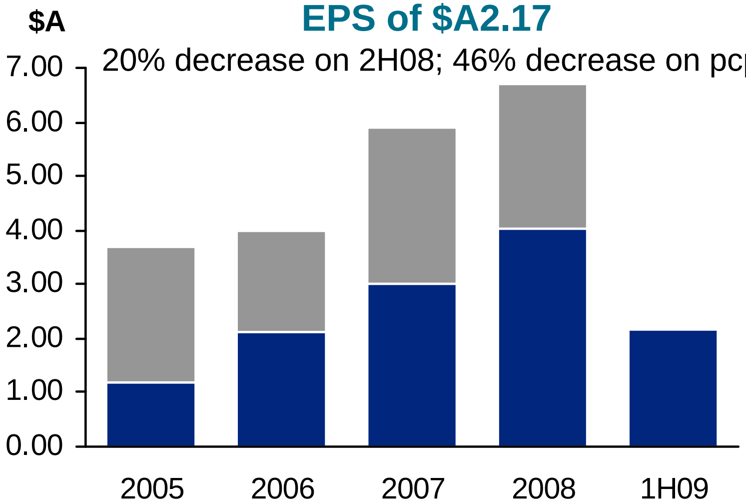
Operating income of $2,970m
16% decrease on 2H08; 37% decrease on pcp



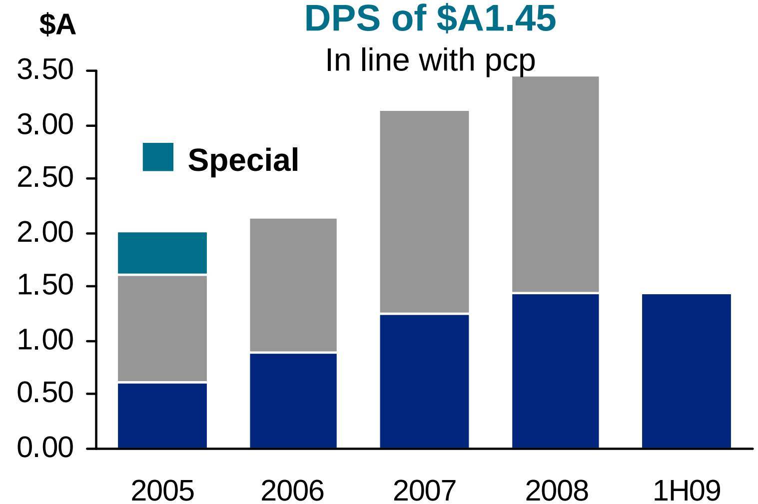
Profit of $A604m
19% decrease on 2H08; 43% decrease on pcp



EPS of $A2.17
20% decrease on 2H08; 46% decrease on pcp

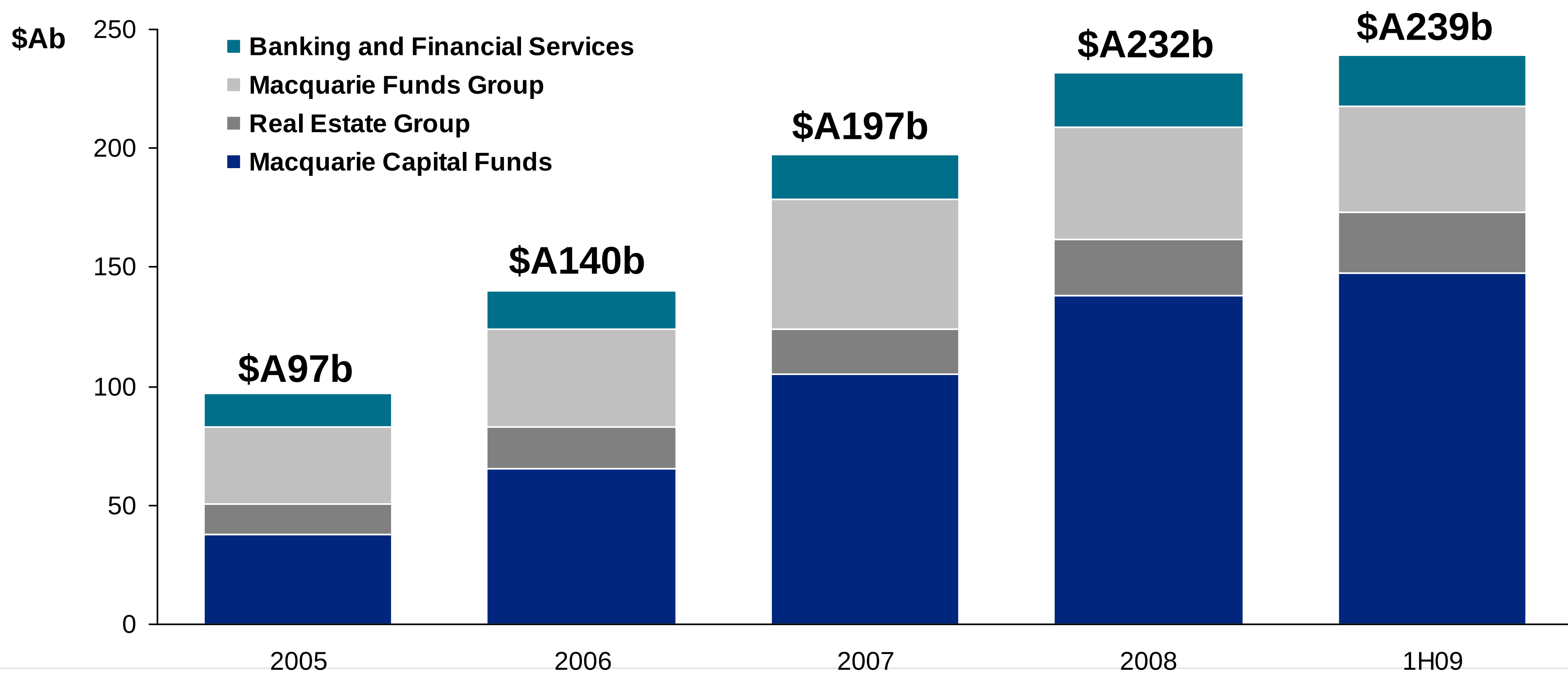


DPS of $A1.45
In line with pcp



Assets under management of $A239 billion
Up 3% since March 2008

- Recent movement in $A exchange rate had a positive effect while impact of declining equity values was negative
- New equity raisings affected by financial market disruption, particularly during September quarter. $A3.8b raised from investors during 1H09 (refer slide 94)



Sound profit despite one-off costs and provisions

- Conservative policy. Where provisions taken on listed funds, have been written down to market value at 30 September 2008
- Gross one-off costs and provisions $A1,143m (NPAT impact $A395m, refer slide 12) partly mitigated by profit share and tax
- Key points:
  - Accounting provisions reflecting market prices, although underlying assets continue to perform in line with expectations
  - No change to co-investment strategy – aligning interests between Macquarie and investors
  - Remain profitable with significant surplus capital and strong funding position

Extreme market conditions resulted in one-off costs and provisions of $A1,143m

	$Am
One-off costs relating to Mortgages Italy exit	
Loss on loan portfolio and write off of capitalised acquisition costs	197
Closure / redundancies costs (included in operating expenses)	13
Loan impairment provisions	16
	226
Write down of funds management assets and other co- investments	
Listed Macquarie-managed funds:	
— MCG	102
— MMG	82
— MCW	20
— MIC	41
— MOF	11
— MIIF	48
Real estate equity investments	37
US portfolios of ABS held as available for sale	48
Resources equity investments	32
Other equity co-investments investments (including Japan Airports, Spirit Finance)	263
	684
Loan impairment provisions	
Real estate loans	69
Other loan provisions including collective provision	76
	145
Impairments recognised on trading asset positions	
Other equity investments carried at fair value through P&L, including BrisConnections	67
CLO/CDO exposures held in trading portfolio	21
	88
Total	**1,143**
NPAT Impact	**395**

Asset impairment methodology

- Impairment consideration required by Accounting Standards at each reporting date when triggered by significant changes in market, economic or legal environment

Asset	Impairment Methodology
Co-investment in specialist funds & other equity investments	▪ **Listed investments:** Significant or prolonged decline in market value below carrying value is a trigger for impairment review. Associates written down to market price at balance date unless strong evidence of underlying asset value from recent comparable asset sales. ▪ **Unlisted investments:** Where underperformance is evident, underlying asset cash flows / valuation are reviewed. Write-down recognised unless strong evidence of underlying asset value from recent comparable asset sales.
Mortgages	▪ Loans in arrears individually assessed for impairment: — Aust: arrears[1] = 0.9%, most loans are fully mortgage insured — US: arrears[1] = 2.1%, majority of loans where LVR > 80% are mortgage insured — Canada: most loans are fully insured with underlying government support ▪ Collective provision maintained on total loan portfolio
Collateralised Debt & Loan Obligations, Asset Backed Securities	▪ Assessed individually for impairment based on holding the securities to maturity: — Asset Backed Securities (backed by pools of sub-prime and mid-prime mortgages): carrying value $US158m (64% of par value) — CDO/CLO's: carrying value $US196m (75% of par value) — No defaults to date

1. Arrears based on 90+ days past due at 30 September 2008

Infrastructure asset values demonstrating resilience

Date	Asset	Proportionate EV	Transaction Metrics
Oct 08	Brisbane Airport (12.4% interest)	$A490m	18.9x (historic) EV/EBITDA
Sep 08	London City Airport (50% interest)	£468m	25.5x (historic) EV/EBITDA
Sep 08	Chicago Midway Airport	$US2.5b	>28x (historic, normalised) EV/EBITDA
Sep 08	Belfast City Airport	£133m	24x (historic) EV/EBITDA
Sep 08	Lusoponte[1] (30.6% interest)	€208m	9.2% IRR
May / Sep 08	Pennsylvania Turnpike[2]	$US12.8b	10-11% estimated IRR

Carrying value of major funds reasonable when compared with recent transaction metrics

	Macquarie Airports		12.3x (historic) EV/EBITDA[3] based on MQG equity carrying value
	Macquarie Infrastructure Group		12.1% estimated IRR based on MQG equity carrying value

1. Sale remains subject to government and lenders' consent
2. Subsequently removed from sale
3. Excluding Copenhagen Airports net specific gains

Assets continue to perform well

- Macquarie Capital Funds' ten largest businesses[1] have experienced consistent improvement in operating performance
- Less than 4%[2] of the debt of all Macquarie Capital Funds' managed businesses requires refinancing in the next 12 months with 98%[6] of committed debt facilities held at the business level on a non-recourse basis[2]

		Acquisition date	1 year EBITDA Growth[3]	2 year EBITDA CAGR[3]	3 year EBITDA CAGR[3]
Thames Water	Utility (UK)	Dec 06	5%	10%	n/a
APRR	Toll road (France)	Feb 06	7%	10%	n/a
Arqiva[4]	Communications (UK)	Jan 05	9%	3%	n/a
Sydney Airport	Airport (Australia)	Jun 02	9%	10%	9%
407 ETR	Toll road (Canada)	Apr 02	15%	13%	13%
Airwave	Communications (UK)	Apr 07	23%	n/a	n/a
European Directories	Directories (Europe)	Jul 05	11%	5%	n/a
M6 Toll	Toll road (UK)	Sep 00	2%	14%	16%
Wales & West	Utility (UK)	Jun 05	98%[5]	19%[6]	n/a
Brussels Airport	Airport (Belgium)	Dec 04	11%	12%	13%

1 Based on proportionate Enterprise Value as at 30 June 2008, based on Macquarie-managed interest
2 As at 30 September 2008
3 Compound annual growth in EBITDA up to the year ending 30 June 2008. Figures based on management accounts and/or audited financial statements where available.
4 Arqiva acquired National Grid Wireless in April 2007. 1 year EBITDA growth figure has been restated to reflect the growth in the combined business from the year ending 30 June 2007 to the year ending 30 June 2008. 2 year EBITDA CAGR figure provided for Arqiva only
5 Large growth due to regulatory price increase in 2007
6 Compound annual growth in EBITDA for 2 year period ending 31 March 2008

Unlevered asset yields attractive relative to bonds and provide increasing cashflows

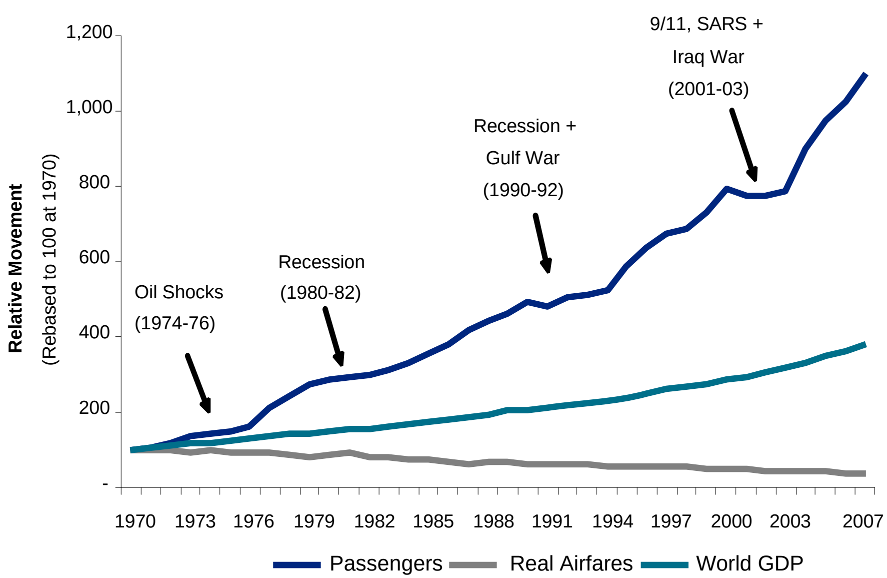
	Unlevered Asset yield (EBITDA / Adjusted EV)[1,2,3,4,5,6]	Nominal Bond[7] rates as at 30 September 2008	Real Bond[7] rates as at 30 September 2008	EBITDA growth rate for the 12 months to 30 June 2008 on pcp	EBITDA growth rate for the 3 months to 30 September 2008 on pcp
MIG	5.2%	4.1%	2.0%	8.3%	3.1%
407 ETR	3.8%	3.8%	2.3%	14.5%	6.6%
APRR	9.3%	4.0%	2.1%	7.6%	n/a[9]
MAp	8.1%	4.8%	2.1%	9.0%	7.1%
Sydney Airport	7.1%	5.4%	2.1%	8.5%	9.4%
Brussels Airport	10.3%	4.0%	2.1%	10.9%	5.2%
Copenhagen Airport	8.9%	4.3%	2.0%	8.3%	5.0%
Thames Water	10.9%	4.4%	1.3%	4.7%	5.6%
Real Estate					
MCW	8.0%	4.5%	2.1%	2.8%[8]	n/a[9]
MOF	8.1%	4.3%	2.2%	4.5%[8]	n/a[9]

1. Adjusted Enterprise Value (EV) for MIG and MAp based on proportionately consolidated net debt plus equity based on the relevant funds directors valuation, pro rata adjusted to MQG carrying value for MIG ($2.70 per security) and MAp ($2.55 per security), all as at 30 June 2008. 2. Adjusted EV for specific assets based on total net debt plus equity based on relevant funds directors valuation, pro rata adjusted to MQG carrying value for MIG ($2.70 per security) assets and MAp ($2.55 per security) assets all as at 30 June 2008, except Thames Water where no adjustment to the funds directors valuation has been made. APRR adjusted EV includes MIG's share of Eiffarie net debt 3. Unlevered adjusted enterprise value for MOF and MCW based on proportionately consolidated net debt plus equity based on MQG carrying value for MOF ($0.78 per unit) and MCW ($0.95 per unit) all at 30 September 2008 4. EBITDA (earnings before interest tax depreciation and amortisation) from assets for MIG and MAp for the 12 months to 30 June 2008 based on proportionate consolidation (MAp – Sydney, Brussels and Copenhagen only) as detailed in the published Management Information Report 5. EBITDA based on distributable earnings for MOF and MCW for FY08 eliminating non-cash items including unrealised gains and losses on property valuations and derivatives and deferred tax liabilities, straight lining of rentals, amortisation of tenant incentives, impairment of goodwill and profit on sale of investment properties. Interest expense adjustment on a look through basis. 6.EBITDA for the specific assets for the 12 months to 30 June 2008. 7. Nominal bond rates based on 10 year government bonds and stated on a proportionate basis for MIG, MAP, MCW and MOF. Real bond rates based on Government inflation linked bond yields (US & GBP 10 year, AUD & CAD 15 year, Euro France 9 year, Euro Germany 9 year used as a proxy for Denmark) and stated on a proportionate basis for MIG, MAp, MCW and MOF. Source: Datastream and Bloomberg. 8. NOI growth based on same store basis excluding properties under development 9.Quarterly EBITDA figures not disclosed.

Resilient operating performance

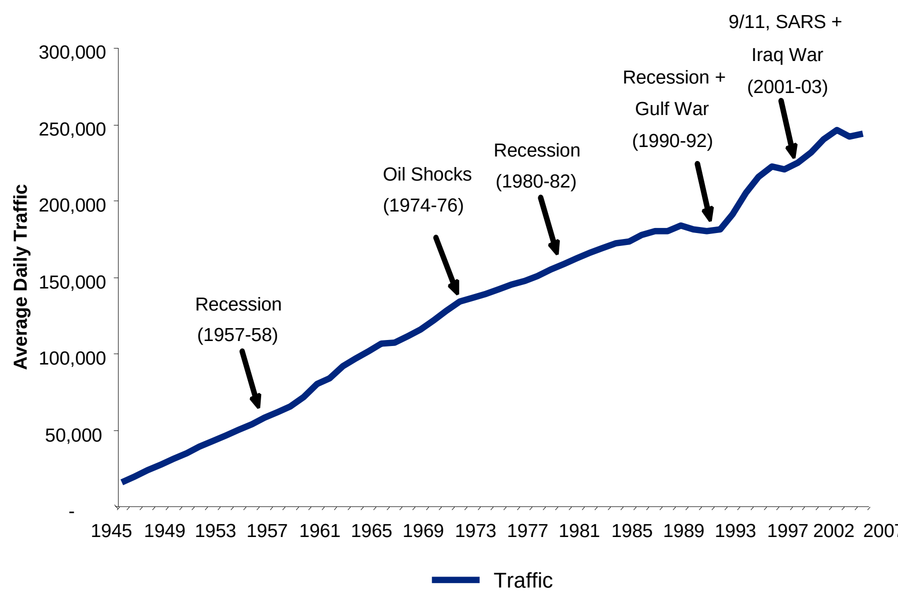
Infrastructure has demonstrated resilience to economic and political shocks

Passengers, GDP and Airfares



Sources: International Civil Aviation Organization, Air Transport Association and IMF

Sydney Harbour Bridge and Tunnel Average Daily Traffic

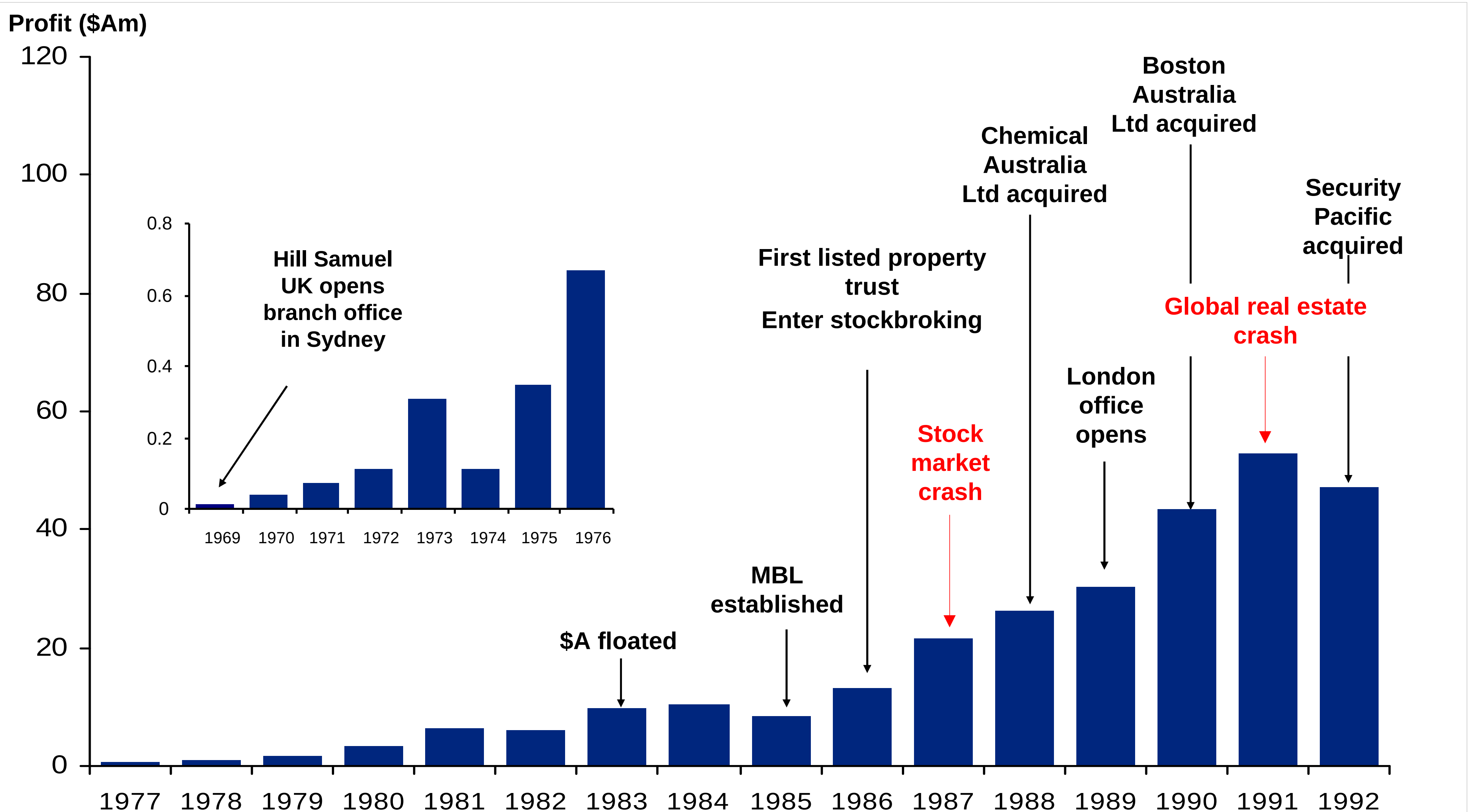


Sources: NSW Roads & Traffic Authority, NSW Government

Macquarie model

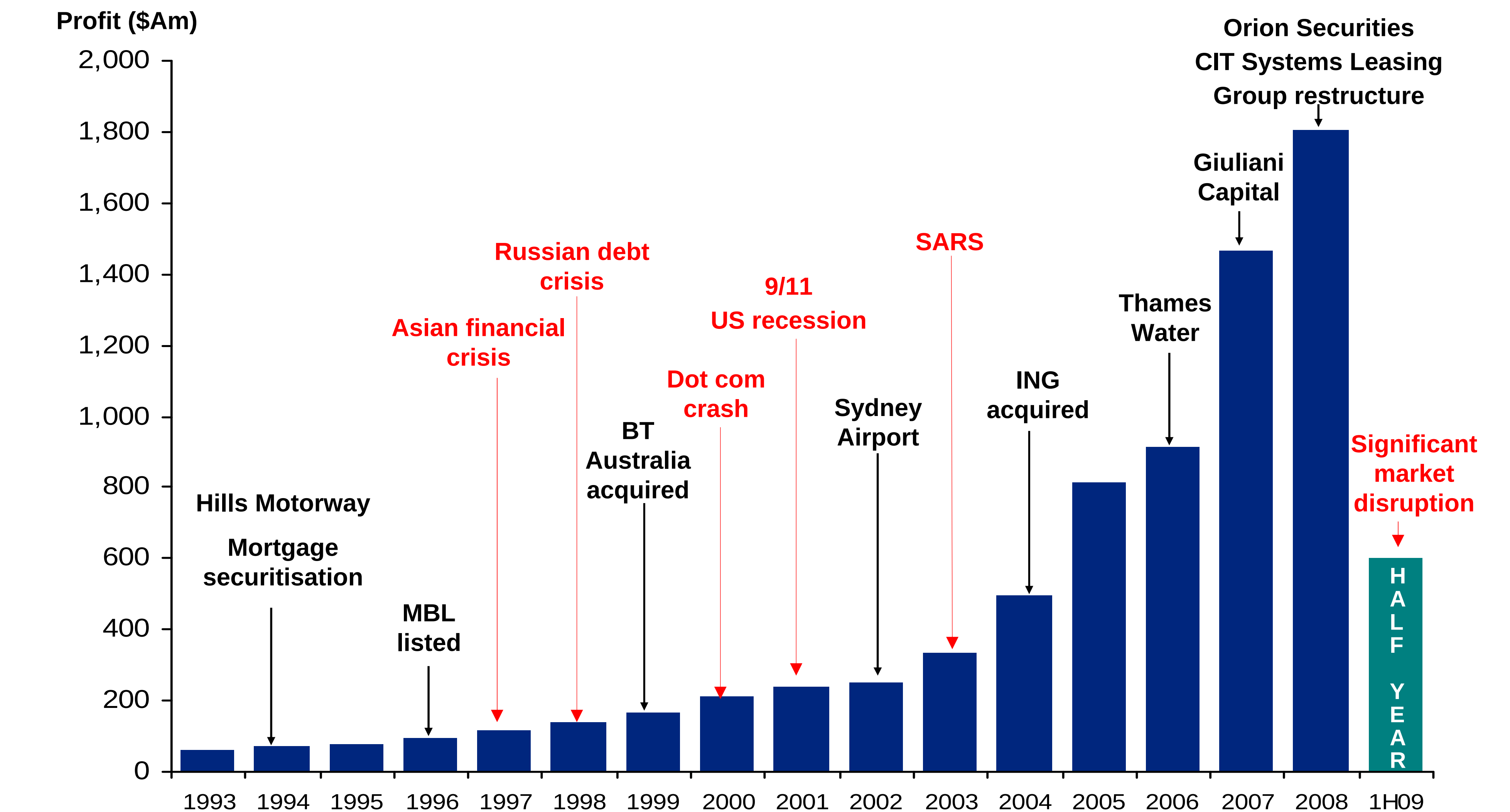
- **Managing for the long term**
  - **Client driven business**
    - Main business focus is providing products and services to clients
    - Trading businesses focussed on client transactions
    - Minimal proprietary trading
  - **Alignment of interests with shareholders, investors, staff**
    - Alignment through co-investment by Macquarie Group and staff
    - Performance driven remuneration
  - **Conservative approach to risk management**
    - Conservative capital and funding profiles
  - **Incremental growth & evolution**
    - Significant portion of profit comes from businesses that did not exist 5 years ago
  - **Diversified by business and geography**
  - **An ability to anticipate and adapt to change**

History of sustained growth through the cycle



Years ended 31 March

History of sustained growth through the cycle



Years ended 31 March

Active across the business
Macquarie model - wholesale

Cash Equities
Macquarie Securities

Australia:
- No. 1 market share in Australian cash equities[2]
- Turnover: $A167b[1] versus $A189b in prior half

Asia:
- No 2 Greenwich ranking Europe investors – Asian Equities
- No 3 Greenwich ranking US investors – Asian Equities
- Turnover: $A203b[1] versus $204b in prior half

Other regions:
- Growing presence in Canada, South Africa, US and Europe

Underwriting
Macquarie Capital

- Australian equity and equity-linked deals $A2.4b[1] vs $A3.0b in prior half
- Growing Asian presence:
  - Ranked No. 1 for Hong Kong IPOs; No. 2 for Asia Pacific IPOs; No. 3 for Asia ex-Japan IPOs[3]
  - $US5.8b IPOs in Hong Kong and Shanghai of China Railway Construction Corp[4]
  - $US1.5b IPO of China South Locomotive and Rolling Stock Corp[5]

Advisory
Macquarie Capital

- 164 transactions $A83b[1] vs 155 transactions $108b in prior half
- Major advisory transactions include:
  - BAA debt refinance
  - BUPA / MBF merger
  - Dyno Nobel defence on acquisition by Incitec Pivot
  - Senoko Power acquisition for Marubeni – led consortium
  - Acquisition of Waste Industries by MIP
  - AED Oil Joint Venture with Sinopec Group

Funds Management
Mac Cap Funds
Macquarie Funds Group

Mac Cap Funds:
- Major Funds achieved closes during period:
  - MEIF 3
  - MIP 2
  - MSSITS
- Raising new equity: Macquarie State Bank of India Infrastructure Fund
- Close of MGPA Fund III with $A5.2b to invest in Asia and Europe

Macquarie Funds Group:
- Merger of three businesses to combine managed funds and structured products distribution teams; total AUM of $A45b

Balance Sheet
Treasury & Commodities
Macquarie Capital
Macquarie Securities

Treasury & Commodities:
- Energy Markets now T&C's 3rd largest contributor, contributed only 5% in FY05
- Foreign Exchange: turnover of $A4.9 trillion[1] vs $A5.0 trillion in prior half
- Commodities OTC transactions – 133,000 transactions[1] vs 105,000 transactions in prior half (includes agriculture, power, gas & energy)
- Futures transactions – 9.1m transactions[1] vs 11.7m in prior half

Macquarie Capital:
- Recent equity commitments include Express Energy Services Inc, Rossignol, Central Queensland Mining Services and announcement of preferred bidder status for Port Mann/Highway 1[6] (Vancouver) and Irish Schools & Offices PPP

Macquarie Securities:
- No 1 market share in listed warrants in Australia, Singapore and Korea[7]
- Listed warrants turnover:
  - Asia: $A20.2b[1] versus $A35.7b in prior half
  - Australia: $A1.8b[1] versus $A2.3b in prior half

1. Half year to 30 Sept 2008. 2. Combined retail and institutional, financial year to date. 3. YTD (Source: Bloomberg). 4. H-share joint global coordinator, bookrunner and sponsor.
5. Joint global coordinator, joint bookrunner and joint lead manager. 6. A Macquarie-led consortium has been announced preferred bidder for right to design, build, operate, maintain and finance the Port Mann /Highway under a 40 yr concession. 7. At 30 Sept 2008.
8.Turnover = traded volume x premium

Active across the business
Macquarie model - retail

Banking and Financial Services

Private Wealth	Intermediary	Funds Management	Balance Sheet
▪ Australia's largest full service stock broking network ▪ ASX turnover (retail) of $A14.0b[1] vs $A17.2b in prior half ▪ Client numbers approximately 260,000 ▪ Adviser numbers continue to grow – currently approx 430	▪ Client numbers approximately 590,000 ▪ Extensive suite of administration solutions to assist adviser productivity (eg. COIN, Outplan, Olicc) ▪ Macquarie Wrap Solutions at $A21b ▪ Continued growth of Macquarie Life Insurance - rated No. 1 provider by Life Risk writers after only 2 years in market [2]	▪ Macquarie Cash Management Trust at $A16.1b ▪ Macquarie Pastoral Fund, over $A600m committed to date ▪ Macquarie Professional Series ▪ Macquarie Private Portfolio Mgt	▪ Total retail deposits up 42 per cent from March 2008: - Term Deposits (retail and business) - Cash XL - Macquarie Super and Pension Manager Cash Account - Macquarie Relationship Banking at call deposits ▪ Total retail client lending facilities for more than 140,000 clients ▪ 16,500 credit card facilities

1. Half year to 30 Sept 2008. 2. WH Taylor – Intermediary study 2008

Adapting – growth initiatives
Wholesale

Cash Equities
Macquarie Securities

- Reviewing several acquisition opportunities as competitors exit non-core activities
- Merged equities business providing more comprehensive client offering
- Continued build-out of US & European cash equities businesses
- Continued growth in Canada and South Africa
- Continued growth in market share of Asian cash equities business

Underwriting
Macquarie Capital

- Continued expansion into Asia, Middle East, North America and Europe

Advisory
Macquarie Capital

- Reviewing several acquisition opportunities as competitors exit non-core activities
- Large increase in activity expected in infrastructure globally as governments seek to stimulate economies
- Continued expansion into Asia, Middle East, North America and Europe – new offices in Stockholm, Mexico City and Dubai
- Co-sponsor of new US municipal and infrastructure bond insurer
- Most real estate businesses to integrate with Macquarie Capital

Funds Management
Mac Cap Funds
Macquarie Funds Group

Mac Cap Funds

- The largest and most successful global infrastructure asset management team
- Targeted new funds in emerging markets (e.g. India, Russia, China) and other unlisted funds
- Raising new distressed credit fund in US

Macquarie Funds Group:

- Newly formed group to provide comprehensive client offering
- Acquisition of remaining portions of US boutique funds - Four Corners and Globalis
- Launching second Clean Technology Fund following success of first fund

Balance Sheet
Treasury & Commodities
Macquarie Capital
Macquarie Securities

- Unprecedented opportunity for high return assets

Treasury & Commodities

- Reviewing several acquisition opportunities as competitors exit non-core activities
- Wet freight derivative services to shipping and freight industry
- Carbon trading initiatives
- Structured credit trading
- Expansion of US Futures business
- Growth of US/UK energy businesses

Macquarie Securities

- New team providing equity products to Middle East clients
- Expansion of derivatives business into India
- Expansion of arbitrage trading business globally

Adapting – growth initiatives
Retail

Banking and Financial Services

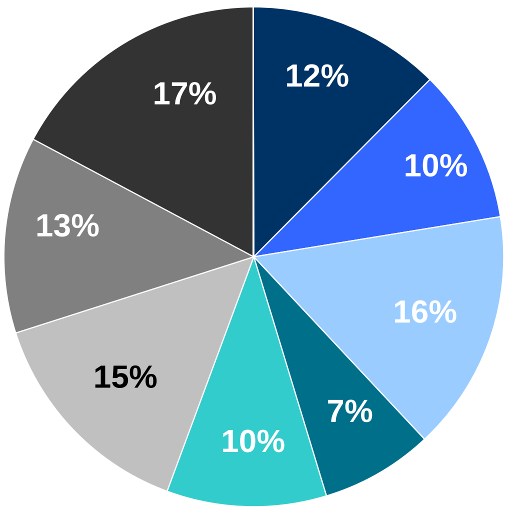
Private Wealth	Intermediary	Funds Management	Balance Sheet
▪ Growth in Asia – HK and Singapore private wealth offices opened ▪ Development of Religare JV in India ▪ Further development of direct Wealth Management and Banking model ▪ Increased distribution of integrated banking and wealth management solutions ▪ Strategic acquisitions ▪ Overall distribution capability continuing to increase	▪ Develop opportunities for Wrap in the UK ▪ New innovative insurance products for high net worth ▪ Delivering innovative payments/cards solutions using new technology ▪ Further expansion of suite of solutions for Self Managed Super Funds	▪ Continue to acquire agricultural properties for Macquarie Pastoral Fund in line with business diversification of investments ▪ Further Institutional client opportunities for Professional Series Managers **Macquarie Funds Group** ▪ Building Asian retail distribution for MFG manufactured products ▪ Evaluating a number of offshore acquisition opportunities	▪ New deposit and cash products ▪ Newly launched Cash Management Account (from 28 Nov) ▪ Further expansion of direct banking opportunities will bring additional on-balance sheet deposits

Adapting – balance sheet initiatives

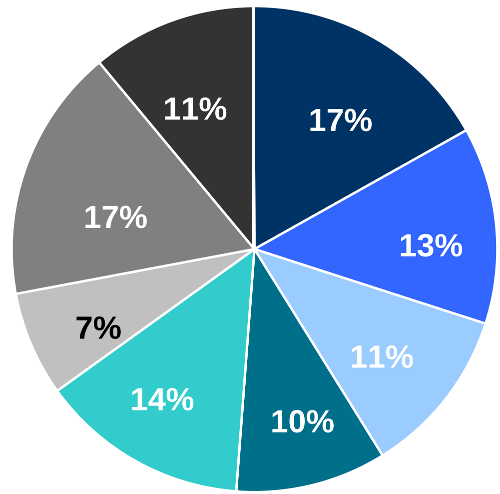
- Exiting or winding back least profitable and competitive businesses impacted by higher funding costs
- Initiatives already announced:
  - March 2008: wind-back of Australian mortgages
  - September 2008: announced intention to sell Investment Lending business
  - October 2008: announced sale of Italian mortgages portfolio & some Asian real estate assets
- A range of initiatives underway across other businesses – expect completion of most by 31 March 2009
- Expected financial impacts:
  - Funded asset reduction of approximately $A15b
  - Minimal initial impact on profitability
  - Providing scope for future more profitable investments over the medium-term

Diversified income
Operating income by source

Operating income of $A4,012m (excluding loan provisions and impairment write-downs)



Operating income of $A2,970m (including loan provisions and impairment write-downs)



- Lending, leasing and margin related income
- Commodities, resources and foreign exchange
- Asset and equity investments
- Third party M&A and advisory income
- Institutional and retail cash equities
- Equity derivatives
- Specialist funds (includes base and performance fees, M&A advisory and underwriting and asset sales)
- Securities funds management and administration

Diversified by region

International income[1] 49% of total

Total staff over 13,800; international staff 43% of total

EUROPE, MIDDLE EAST & AFRICA[3]

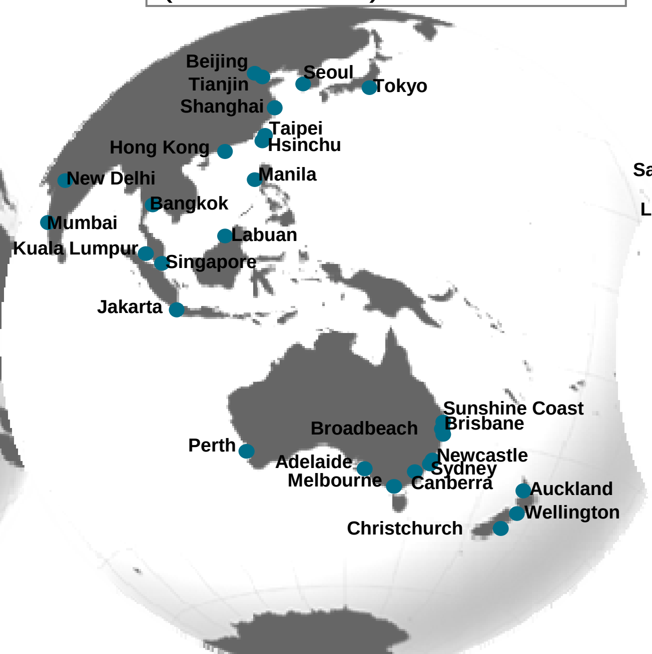
Income: $A563m
(22% of total)

ASIA PACIFIC

Income: $A483m
(19% of total)

AMERICAS

Income: $A210m
(8% of total)



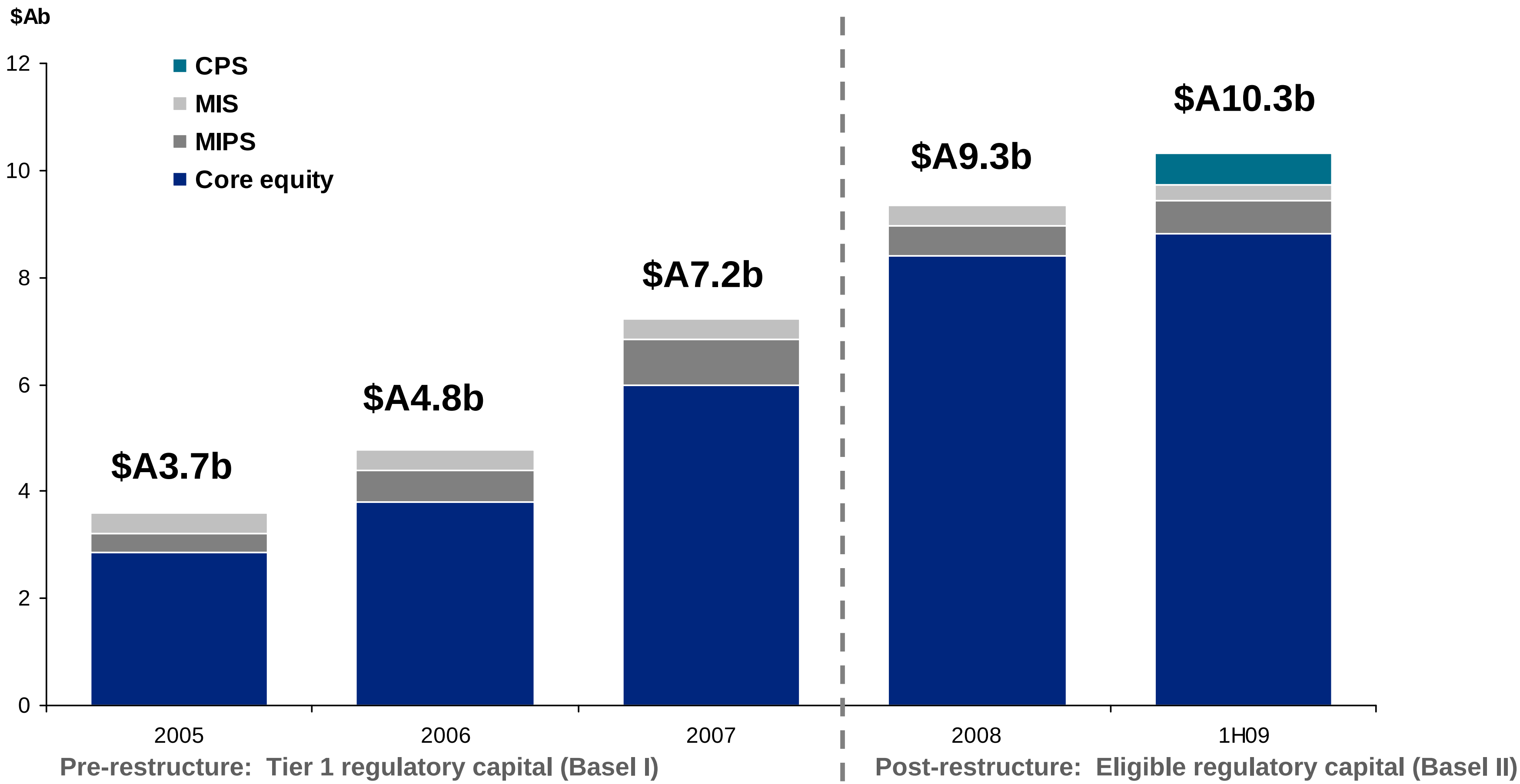
AUSTRALIA

Income: $A1,324m
(51% of total)

1. Income for half year to 30 September 2008. Income in each region excludes earnings on capital and other corporate items. 2. Staff numbers at 30 September 2008. 3.Excludes staff in Macquarie First South joint venture 4. Mexico office due to open December 2008. 5. Stockholm office opened October 2008. 6.Staff seconded to joint venturer not included in official headcount (Moscow: Macquarie Renaissance, Savannah: Medallist)

Consistently strong capital base

- Well capitalised – surplus over minimum regulatory requirements of $A3.3b
- Raised capital in 2006 and 2007 ahead of market turmoil

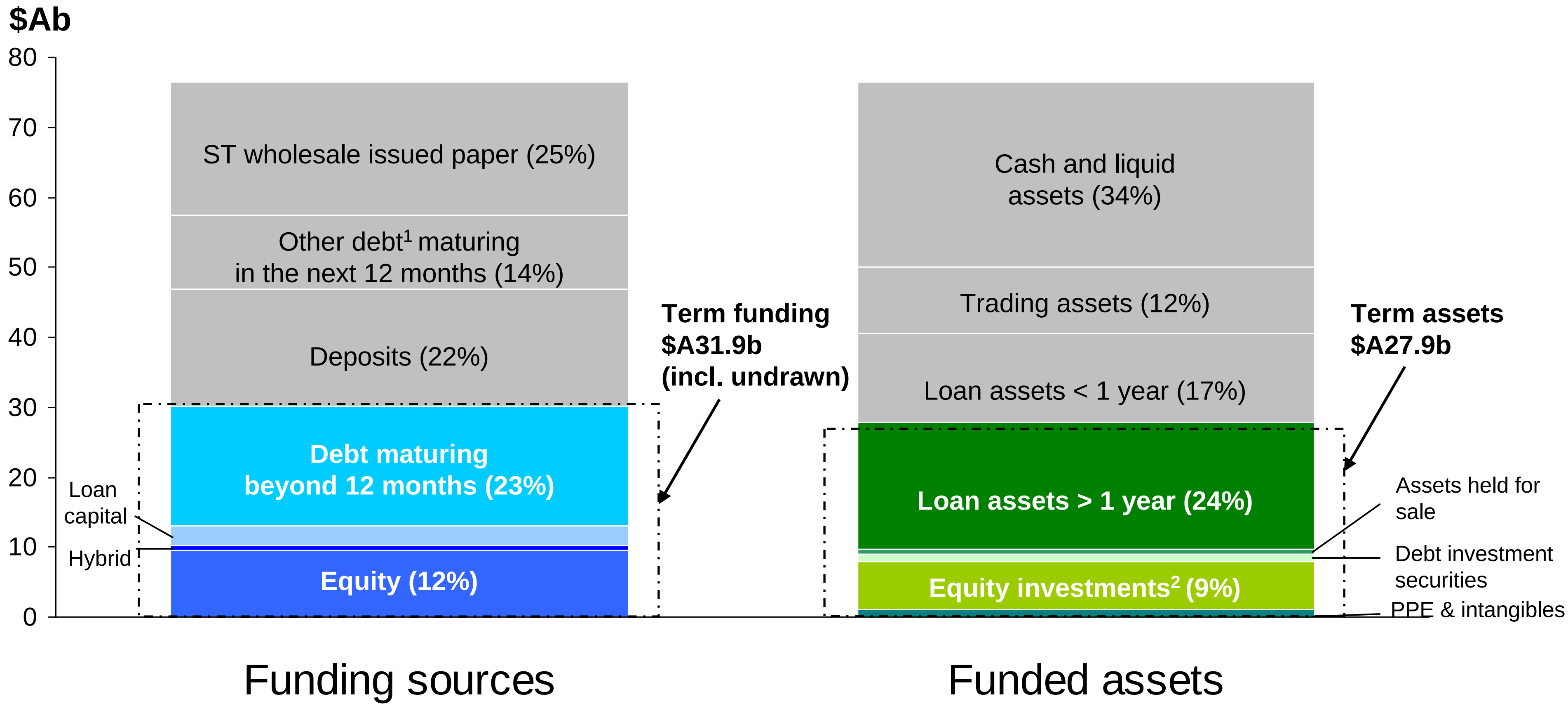


Strong funding and balance sheet position

- **Cash and liquid assets** of $A26.3b exceed short-term wholesale issued paper of $A18.9b
- **Well matched balance sheet** (refer slide 30)
- **Conservative gearing** (refer slides 57-58)
- **Increased deposits** from $A13.2b at 31 March 2008 to $A16.7b at 30 September 2008
- **Term funding raised** since 31 March 2008 of $A7.8b
- **Balance sheet initiatives underway** to reduce funded assets which have been affected by higher cost of funding. Anticipate minimal impact to Group profitability
- **Capital of $A10.3b**, which is $A3.3b in excess of the Group's minimum capital requirement

Well matched balance sheet
30 September 2008

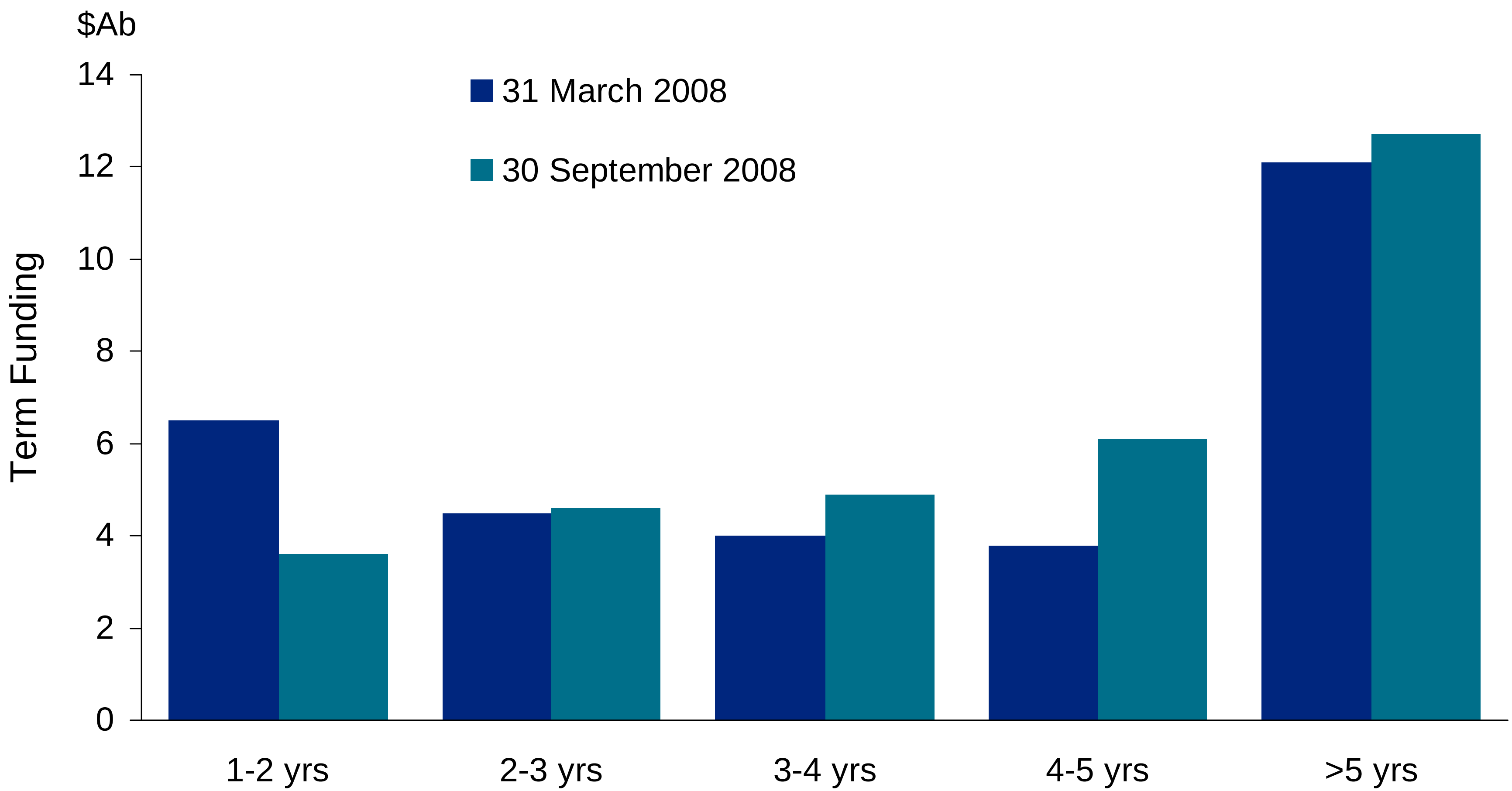
- Term funding maturing beyond 1 year exceeds term assets.
- In addition, Macquarie has access to $A1.7b of term credit and warehouse facilities which remain available and undrawn



1. Includes Structured Notes, Secured Funding, Bonds, Other Bank Loans maturing within the next 12 months and Net Trade Creditors
2. This represents the Group's co-investment in specialist funds and equity investments. (Refer to slide 45-47)

Improved term funding profile

- Excluding equity, the weighted average term to maturity increased from 3.5 years at 31 March 2008 to 3.6 years at 30 September 2008



Outlook – operating groups

Refer to Appendix C for further detail

- **Macquarie Capital:**
  - Reasonable pipeline, though challenging markets reducing the number of successful transactions and increasing time to completion
    (see Appendix C for mandates awarded post 30 Sept 08)
  - Expect growth in medium term but short-term conditions remain challenging
  - Mac Cap Fund assets performing in line with expectations
  - Expect FY09 to be well down on pcp

- **Macquarie Securities:**
  - October turmoil has resulted in substantially lower volumes across the business
  - Expect conditions in global equity markets to remain challenging during remainder of FY09
  - Expect 2H09 and FY09 to be down on pcp

- **Treasury and Commodities:**
  - Expect FY09 result to be slightly down on strong pcp, subject to market conditions globally
  - Expect continued volatility to benefit most businesses

Outlook – operating groups

Refer to Appendix C for further detail

- **Banking and Financial Services:**
  - Expect 2H09 to be up on 1H09
  - Expect FY09 result to be down on pcp
- **Macquarie Funds Group:**
  - Expect market conditions for second half to remain volatile
  - Expect investors to remain cautious
  - Expect lower base fees in FY09 due to lower AUM
  - Expect FY09 to be well down on pcp which included Macquarie IMM realisation
- **Real Estate:**
  - Exceptionally challenging environment
  - Macquarie Goodman Asia sale completed October 2008
  - Macquarie Prime REIT conditional sale transacted October 2008
  - Most REG activities to become part of Macquarie Capital from 1 January 2009

Outlook

- Conditions have continued to deteriorate since our last update (AGM, July 08) and significantly from mid-September
- We continue to maintain a cautious stance with a conservative approach to funding and capital
- Unprecedented market conditions make short-term forecasting extremely difficult
- Currently expect 2H09 result to be broadly in line with 1H09 but final result will be subject to a number of significant swing factors:
  - We expect continuing challenging market conditions, albeit not as bad as those in the immediate aftermath of Lehman's insolvency
  - Completion rate of transactions
  - Asset realisations
  - Asset prices
(Guidance assumes write-downs on listed funds to current market prices (approx. $A400m gross, $A130m NPAT) and no write-backs)
- Our operating groups are well placed over the medium-term
- We remain
  - Profitable
  - Well funded
  - Well capitalised
  - Conservatively geared

2. RESULT ANALYSIS AND FINANCIAL MANAGEMENT

Greg Ward –
Chief Financial Officer

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

Key drivers of half

- Unprecedented global market disruption over the course of the half
- Most operating group results lower than record results achieved in exceptional pcp
- Reasonable corporate finance and advisory deal flow
- Record volumes in foreign exchange, good volumes in commodity related businesses
- Good first quarter contribution from seasonal European equities related business
- Good contribution from base fees; performance fees up on pcp
- Significant profit share provision decline on pcp reflecting lower NPAT and ROE
- Conservative levels of capital and liquidity
- Increased funding costs
- Significant write downs:
  - Write-downs of funds management assets and other co-investment holdings ($A684m)
  - Italian mortgages portfolio sold post balance date, fully provided ($A197m)
  - Loan impairment provisions ($A145m)
  - Impairments recognised on trading asset positions ($A88m)

Income Statement

	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am	*Sep 2007 Movement*	Key drivers
Net interest income	520	294	523	*(1)%*	▪ Loan product rates increased to offset funding cost increase
Fee & commission income	2,155	2,167	2,478	*(13%)*	▪ Good M&A deal flow; EUM down 5%; brokerage in line
Trading income	722	992	843	*(14%)*	▪ Market conditions impacting equities volumes; good FX & commodity volumes
Asset & equity investment income	479	415	844	*(43%)*	▪ Asset sales down on pcp
Other income	136	155	65	*109%*	▪ Good operating lease income contribution
Write downs / provisions	(829)	(485)	(43)	*n/a*	▪ Refer slide 12
Mortgages Italy[1]	(213)	-	-	*n/a*	▪ Impairment charge for loss on sale of portfolio in Oct 08
Total operating income	**2,970**	**3,538**	**4,710**	*(37%)*	
Total operating expenses	(2,243)	(2,706)	(3,337)	*(33%)*	▪ Lower profit share
Net profit before tax and minorities	**727**	**832**	**1,373**	*(47%)*	
Income tax expense	(79)	(44)	(273)	*(71%)*	
Minority interests	(44)	(45)	(40)	*10%*	
Net profit after tax	**604**	**743**	**1,060**	*(43%)*	
Expense to income ratio	75.5%	76.5%	70.8%		
Compensation ratio	40.1%	45.8%	47.9%		

1. Includes $A16m of loan impairment provisions. Excludes $A13m of restructuring and redundancy costs included in operating expenses.

Net profit contribution by operating group

	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am	*Sep 2007 Movement*
Macquarie Capital	896	819	1,559	*(43%)*
Macquarie Securities	443	512	705	*(37%)*
Treasury & Commodities	317	342	282	*12%*
Banking & Financial Services[1] (excluding Mortgages Italy)	109	103	153	*(29%)*
Macquarie Funds	35	98	209	*(83%)*
Real Estate	(63)	94	125	*(150%)*
Profit contribution[2] (excluding Mortgages Italy and write downs on co-investments)	**1,737**	**1,968**	**3,033**	*(43%)*
Mortgages Italy[3]	(272)	(10)	(6)	*n/a*
Write downs on co-investments	(684)	(386)	(34)	*n/a*
Net profit contribution by operating group[2]	**781**	**1,572**	**2,993**	*(74%)*
Corporate[4]	(177)	(829)	(1,933)	*(91%)*
Net profit after tax	**604**	**743**	**1,060**	*(43%)*

1. Banking and Financial Services result shown excluding contribution from Mortgages Italy business for each half year period.
2. The profit contribution by 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.
3. Contribution from Mortgages Italy business for each half year period. September 2008 includes loss on sale of portfolio and capitalised acquisition costs $A197m, restructuring and redundancy costs of $A13m, loan provisions of $A16m, operating losses of $A10m and associated internal tax effect of $A36m which is eliminated on consolidation in the Group's statutory P&L.
4. Includes Group Treasury, Head Office and central support functions. Costs within Corporate include unallocated Head Office costs, employment related costs, earnings on capital, non-trading derivative volatility, income tax expense and amounts attributable to minority interests. Write downs on co-investments in the Corporate segment are reflected in "Write downs on co-investments" above.

Macquarie Capital
Result

Refer to Appendix C for further detail

	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am
Net interest income / (expense)[1]	(120)	(111)	(77)
Funds management income:			
– base fees	243	250	257
– performance fees	210	185	122
M&A, advisory and underwriting income	567	538	850
Other fee income	33	(18)	54
Asset and equity investment income	328	230	563
Operating lease income	85	67	34
Internal revenue[2]	145	157	177
Other income / (expense)	(47)	1	2
Write downs / provisions	(28)	(14)	(13)
Total income	**1,416**	**1,285**	**1,969**
Total expenses	(520)	(466)	(410)
Profit contribution[3] (before write downs on co-investments)	**896**	**819**	**1,559**
Write downs on co-investments	(548)	(78)	(1)
Net profit contribution[3]	**348**	**741**	**1,558**
EUM ($Ab)	53	55	56
AUM ($Ab)	148	138	126
Staff numbers	3,203	2,939	2,413

- Significant contribution despite extremely challenging market conditions. Well down on record pcp
- Base fees down 5% on pcp
  - EUM $A53b – 5% down on pcp reflecting recent listed market declines
  - $A2.8b in new capital raisings by Macquarie and its managed funds and consortia
- Performance fees: MAG, DUET, managed assets
- Significant advisory deals completed: BrisConnections IPO, BAA debt refinance, BUPA/MBF merger, Dyno Nobel acquisition by Incitec Pivot
- Asset sales: Longview oil & gas assets, Red Bee Media, wind farms, positions in Dyno Nobel and Boart Longyear
- Write downs / provisions during the half included:
  - MCG, MIIF, MIC, MMG and other co-investments (Japan Airports, Spirit Finance): ($A476m)
  - US portfolios of ABS held as available for sale: ($A48m)
  - BrisConnections holding: ($A27m)[4]
  - Other equity investments: ($A24m)
  - Loans and receivables: ($A28m)

1 Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group’s statutory P&L.
2 Internal revenue allocations are eliminated on consolidation in the Group’s statutory P&L.
3 Management accounting profit before unallocated corporate costs, profit share and income tax.
4 BrisConnections is reported as Other Financial Assets at Fair Value Through P&L. The write down is treated as trading income in the statutory P&L, which is included in “Other income / expense” in the table above.

Macquarie Securities Group
Result

Refer to Appendix C for further detail

	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am
Net interest income / (expense)[1]	52	(214)	24
Brokerage and commission income	407	446	421
Other fee income	65	114	65
Equity products income	414	525	553
Internal revenue[2]	9	185	35
Other income	6	6	7
Total income	**953**	**1,062**	**1,105**
Brokerage & commission expenses	(146)	(223)	(137)
Other expenses	(364)	(327)	(263)
Total expenses	(510)	(550)	(400)
Profit contribution[3]	**443**	**512**	**705**
Staff numbers	1,777	1,596	1,319

- Result down in weaker equity markets
- Brokerage, commission and other fee income – slightly down on strong pcp:
  - Secondary market revenues 5% down on pcp
  - Good contribution to brokerage revenue from Canada (acquired Dec 2007)
  - Good growth in South African business
  - US and European build out continues ahead of plan
  - Australian business maintained No. 1 market share position[4]
- Equity products income – 25% down on pcp:
  - Lower demand for equity linked products and volatile market conditions impacted hedging efficiency
  - Lower listed product volumes across all markets, however market shares remain strong
  - Asian access product volumes lower
  - European equity finance volumes down on pcp

1 Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L.
2 Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L.
3 Management accounting profit before unallocated corporate costs, profit share and income tax.
4 Institutional and retail market share financial year to date.

Treasury and Commodities Group
Result

Refer to Appendix C for further detail

	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am
Net interest income / (expense)[1]	(26)	(80)	(4)
Fee and commission income	67	98	62
Commodities trading income	178	263	130
FX trading income	175	156	102
Interest rate trading income	20	23	70
Asset sales	50	24	-
Other asset and equity investment income	43	72	34
Internal revenue[2]	37	51	44
Other income	8	11	5
Write downs / provisions	(12)	(65)	33
Total income	**540**	**553**	**476**
Total expenses	(223)	(211)	(194)
Profit contribution[3] (before write downs on co-investments)	**317**	**342**	**282**
Write downs on co-investments	(32)	(21)	(1)
Net profit contribution[3]	**285**	**321**	**281**
Staff numbers	677	611	590

- Good contribution with commodity and foreign exchange markets volatility key driver of result
- Commodities trading result driven by market volatility and good volumes with:
  - growth of coal related products
  - solid contributions from energy OTC products, US natural gas and US electricity businesses
- FX trading result driven by volatile currency markets and increased customer demand
- Interest rate trading positive contribution in difficult market conditions offset by CLO/CDO portfolio write down of ($A21m)[4]
- Positive contribution from sale of oil and gas interests
- Provisions during the half include:
  - Resources equity co-investments: ($A32m)
  - Net loan provisions: ($A12m)

1 Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L.
2 Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L.
3 Management accounting profit before unallocated corporate costs, profit share and income tax.
4 The CLO/CDO portfolio is reported as Trading Assets. The write down is treated as trading income in the Group's statutory P&L, which is included in "Interest rate trading income" in the table above.

Banking and Financial Services Group Result

Refer to Appendix C for further detail

	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am
Net interest income[1]	196	158	166
Funds management income	120	129	118
Brokerage and commissions	118	122	134
Platform and other administration fee income	73	76	68
Banking, lending and securitisation fee income	33	26	30
Internal revenue[2]	8	7	-
Other income	30	58	60
Write downs / provisions	(35)	(18)	(4)
Total income	**543**	**558**	**572**
Total expenses	(434)	(455)	(419)
Profit contribution[3] (excl. Mortgages Italy and write downs on co-investments)	**109**	**103**	**153**
Mortgages Italy[4]	(272)	(10)	(6)
Write downs on co-investments	(11)	(3)	-
Net profit contribution[3]	**(174)**	**90**	**147**
AUM[5] ($Ab)	21	23	24
FUM / FUA[6] ($Ab)	106	114	121
Staff numbers	2,779	3,058	2,689

- Retail deposits up 42% from March 2008
- CMT down 9% from Mar 2008 to $A16.1b - client numbers up by more than 10,000
- Macquarie Full Service Broking remains No. 1 full service retail stockbroker[7] in Australia. Adviser numbers continue to grow – currently approx 430
- Challenging credit and equity markets impacting volumes and margins
- Investment lending book down 12% from Mar 2008
- Wrap FUA down 7% from Mar 2008 at $A21.0b
  - Good inflows offset by negative market movements
  - Total client numbers up by 4%
- Provisions during the half included:
  - BrisConnections holding: ($A20m)[8]
  - Other equity co-investments: ($A11m)
- Italian mortgages: loss on sale, closure costs and operating loss total impact of $A272m
- Total expenses in line with headcount movements

1 Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L.
2 Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L.
3 Management accounting profit before unallocated corporate costs, profit share and income tax.
4 Includes internal tax effect of $A36m that is eliminated on consolidation in the Group's statutory P&L.
5 The Macquarie CMT, reported in AUM above, is a BFS marketed product that is managed by MFG.
6 Funds under management / advice/ administration ("FUM / FUA") includes AUM, funds on BFS platforms (eg. Wrap FUA), total loan & deposit portfolios, client CHESS holdings and funds under advice (eg. Macquarie Private Bank).
7 Based on market share and trading volumes.
8 BrisConnections is reported as Other Financial Assets at Fair Value Through P&L. The write down is treated as trading income in the Group's statutory P&L, which is included in "Other income" above.

Macquarie Funds Group
Result

Refer to Appendix C for further detail

	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am
Net interest income[1]	32	35	35
Funds management income:			
– base fees	66	78	80
– performance fees	8	25	20
Fee and commission income	71	44	67
Asset and equity investment income	3	(6)	111
Internal revenue[2]	1	11	31
Other income	-	27	20
Write downs / provisions	-	-	(2)
Total income	**181**	**214**	**362**
Brokerage & commission expenses	(45)	(30)	(57)
Other expenses	(101)	(86)	(96)
Total expenses	(146)	(116)	(153)
Profit contribution[3]	**35**	**98**	**209**
AUM[4] ($Ab)	45	47	56
Staff numbers	572	496	395

- Result impacted by challenging market conditions - well down on strong pcp which included profit on sale of Macquarie-IMM (59% down on pcp excluding IMM)
- Reduction in AUM due to redemptions from Asian retail investors and decreasing equity values impacting base management fees
- Substantially lower contribution from seed investments and performance fee products due to adverse affects of market volatility
- Fee income generally stronger in first half with current period impacted by inclusion of German distribution business
- Increased funding costs impacted interest margin on retail loan books

1 Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L.
2 Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L.
3 Management accounting profit before unallocated corporate costs, profit share and income tax.
4 AUM does not include the Macquarie CMT ($16.1b at 30 Sep 2008) which is a product marketed by BFS and managed by MFG.

Real Estate Group
Result

Refer to Appendix C for further detail

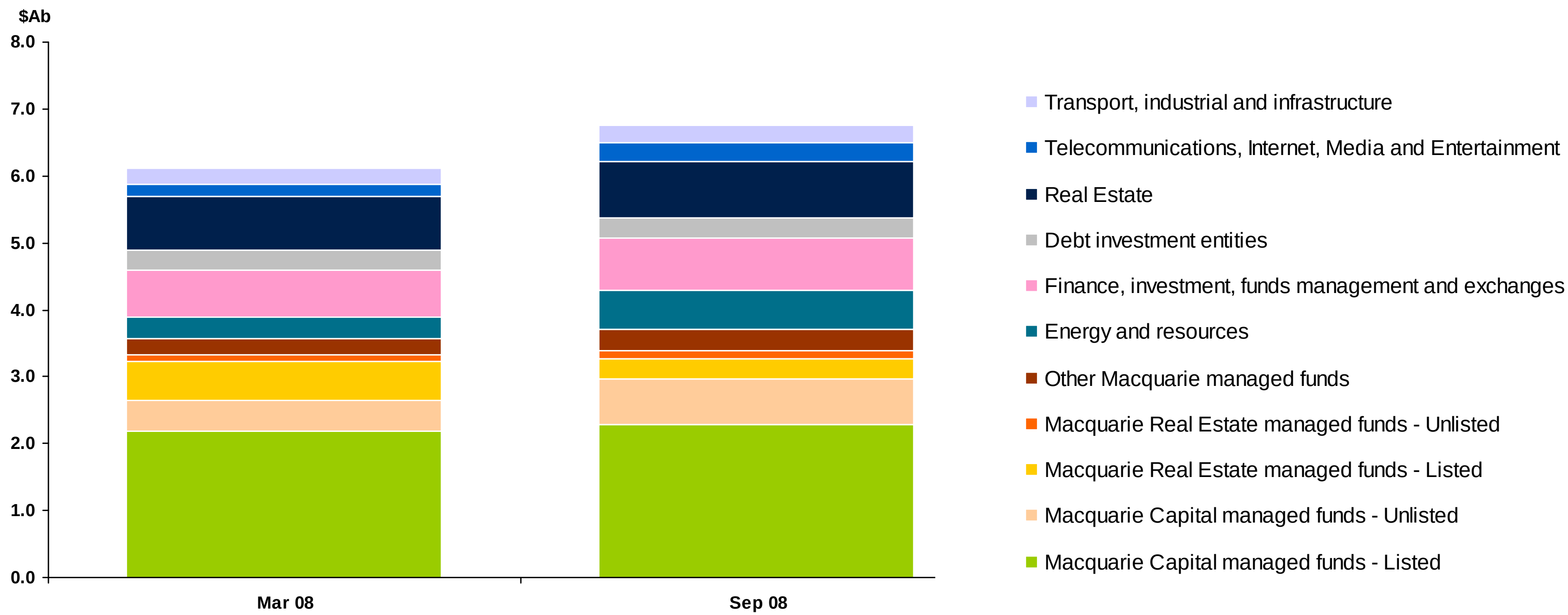
	Sep 2008 $Am	Mar 2008 $Am	Sep 2007 $Am
Net interest income / (expense)[1]	(31)	4	(1)
Funds management:			
– base fees	25	26	22
– performance fees	1	5	26
Advisory fee income	20	11	21
Other fee income	15	23	26
Asset and equity investment income	48	103	125
Internal revenue[2]	18	12	6
Other income	8	17	12
Write downs / provisions	(69)	(1)	(13)
Total income	**35**	**200**	**224**
Total expenses	(98)	(106)	(99)
Profit contribution[3] (before write downs on co-investments)	**(63)**	**94**	**125**
Write down on co-investments	(69)	(299)	(1)
Net profit contribution[3]	**(132)**	**(205)**	**124**
AUM ($b)	26	24	19
Staff numbers	606	605	527

- Difficult market conditions have resulted in further write downs / provisions including:
  - MCW,MOF: ($A31m)
  - Real estate equity investments ($A37m)
  - Real estate loans ($A69m)
- Increased funding costs associated with our real estate co-investment holdings resulted in higher interest expense; loan portfolio reduction of 14% on pcp to $A1.2b resulted in lower interest income
- MGPA Fund III closed with $US5.2b to invest in Asia and Europe, generating capital raising fees for Macquarie.
- Decrease in other fee income due to significantly reduced transaction activity across all real estate markets.
- Assets and equity investment income down due to lower level of asset realisations (pcp included sale of Macquarie ProLogis Trust Management).

1 Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group’s statutory P&L.
2 Internal revenue allocations are eliminated on consolidation in the Group’s statutory P&L. m
3 Management accounting profit before unallocated corporate costs, profit share and income tax.

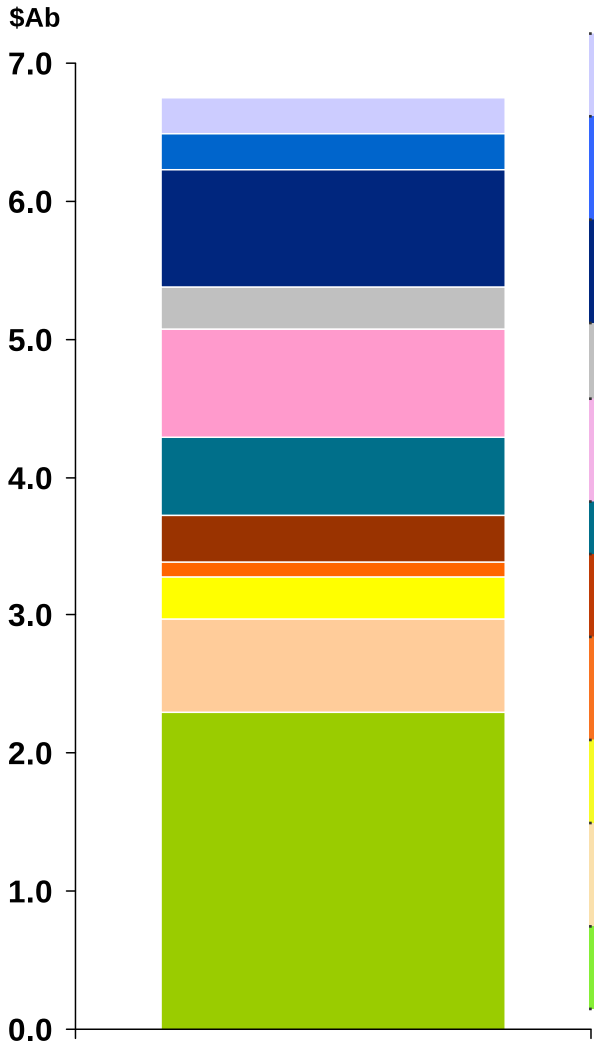
Investments of $A6.7b

- Substantial co-investments held in Macquarie-managed funds and listed fund managers: $A3.8b at 30 September 2008
  - Listed funds and listed fund managers: $A2.7b
  - Unlisted funds: $A1.1b
- $A2.9b of other investments, no material concerns with carrying value
- Increase since March 2008 due to a number of strategic acquisitions and increased holdings in Macquarie-managed funds including MIG, net of write-downs



Equity investments shown here include those investments that are not currently classified as Held for Sale. Equity investments include 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.

Investments of $A6.7b



Transport, industrial and infrastructure	Includes investment in Japan Airport. Underlying operating businesses operating well. Some impairment charges taken
Telecommunications, Internet, Media and Entertainment	Includes investment in European Directories. Underlying operating businesses performing well
Real Estate	Represents property and JV investments/loans. Includes investments in Spirit Finance and Macquarie Goodman Asia. Some impairment charges taken at 30 September as appropriate. Macquarie Goodman Asia sale to Goodman Group post 30 September
Debt investment entities	Largely relates to holding in Diversified CMBS Investments Inc. Underlying investments are commercial mortgage-backed securities that are highly rated, some impairment recognised.
Finance, investment, funds management and exchanges	Significant investments include Macquarie AirFinance (GATX), Macquarie Goodman Japan Limited (J-Rep) and MGPA. Includes investments in exchange seats – ASX, Korea, Tokyo, Chicago. Underlying businesses operating well. Investment in J-REP represents net asset value
Energy and resources	Impairment charges recognised at 30 September. No material concern with carrying value
Other Macquarie managed funds	Mainly includes investments that hedge employee liabilities – no exposure to MQG
Macquarie Real Estate managed funds - Unlisted	Minimal holdings, no material concern with carrying value. See table on next page
Macquarie Real Estate managed funds - Listed	Underlying assets performing well. However, given significant price falls, significant impairment provisions recognised at 30 September
Macquarie Capital managed funds - Unlisted	Includes investments in MAIP, MEIF funds, MIP funds. Underlying businesses performing well.
Macquarie Capital managed funds - Listed	See table on next page

Equity investments shown here include those investments that are not currently classified as Held for Sale. Equity investments include 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.

Positions in listed co-investment funds / fund managers at 30 September 2008

	Book value $Am	Market value $Am	Unrealised gain/(loss) $Am	
DUET Group (DUE)	27	22	(5)	
Macquarie Airports (MAp)	893	960	67	
Macquarie Communications Infrastructure Group (MCG)	242	242	-	
Macquarie Infrastructure Company (NYSE listed)	53	53	-	
Macquarie Infrastructure Group (MIG)[1]	854	733	(121)	Supported by recent asset sales
Macquarie International Infrastructure Fund (SGX listed)	42	42	-	
Macquarie Korea Infrastructure Fund (KRX listed)	59	71	12	
Macquarie Media Group	126	126	-	
Total Macquarie Capital	**2,296**	**2,249**	**(47)**	
Macquarie CountryWide (MCW)	138	138	-	
Macquarie Office Trust (MOF)	108	108	-	
Macquarie Leisure Trust (MLE)	19	19	-	
Macquarie DDR Trust (MDT)	7	5	(2)	
Macquarie Central Office CR-REIT (KRX listed)	36	32	(4)	
J-REP Co Ltd (TSE listed real estate funds manager)	112	43	(69)	Represents net asset value; GMG have indicated interest
Total Real Estate	**420**	**345**	**(75)**	
Total	**2,716**	**2,594**	**(122)**	

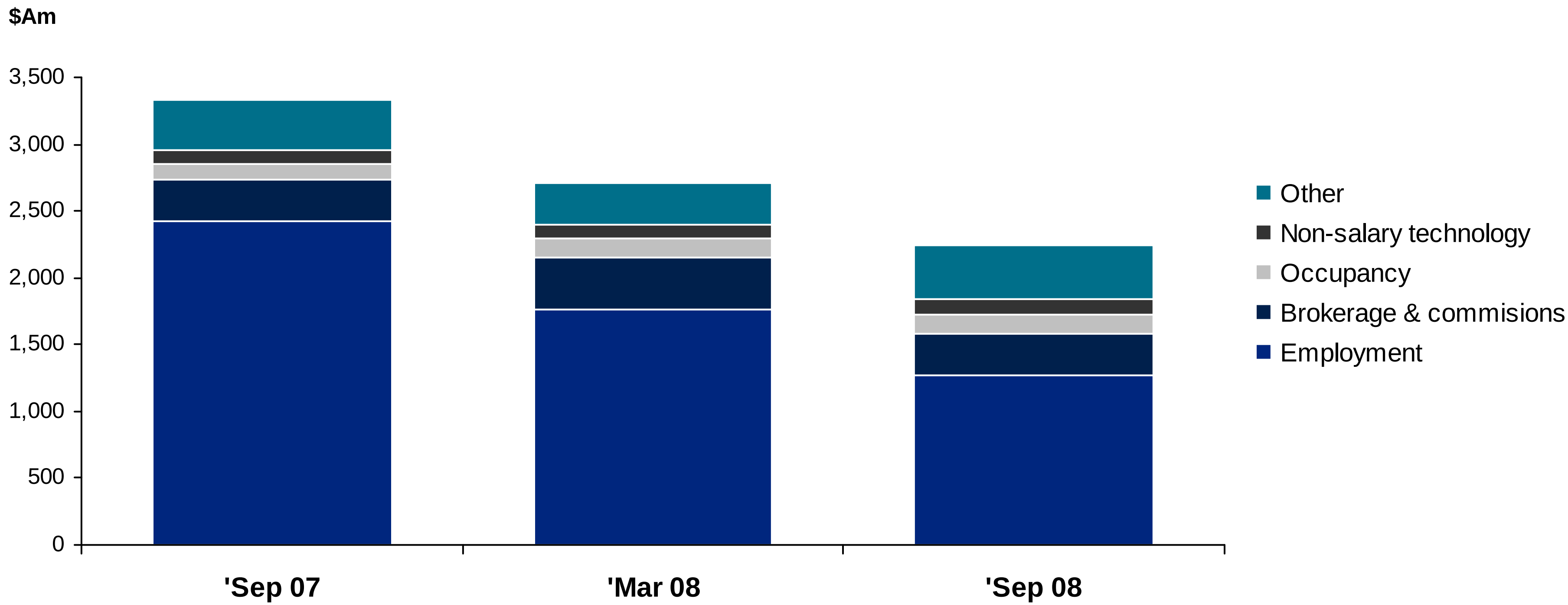
Diverse well secured loan asset portfolio

Loan category	Sep 2008 $Ab	
Mortgages		Secured by residential mortgages and supported by mortgage insurance
- Australia	1.8	— Aust: arrears[1] = 0.9%, most loans are fully mortgage insured
- US	1.2	— US: arrears[1] = 2.1%, majority of loans where LVR > 80% are mortgage insured
- Canada	3.7	— Canada: most loans are fully insured with underlying government support
- Italy	1.9	— Italy portfolio sold in October 2008
Margin loans	2.9	Loans provided with conservative LVR set on individual listed equity security; full recourse to listed equity securities
Structured investment loans	6.0	Retail loans to invest in various investment funds. Secured by investments with value protected by capital guarantees at maturity
Banking loans	3.4	Includes relationship managed loan portfolio ($1.4b), loans secured by real estate property ($1.4b) and consumer lending portfolios ($0.6b). All secured largely by real estate, some working capital advances.
Real estate loans	1.5	Loans secured against real estate assets, subject to regular independent valuations
Debt markets warehouses	1.2	Fully secured loans with contractual maturity no greater than 12 months. Secured by residential mortgages, car loans and other receivables
Commodity loans	1.7	Loans primarily to the resources sector that are secured by the underlying assets. Secured by gold, base metals and oil resources and supported by price hedging
Leasing business	3.6	Secured by underlying leased assets (motor vehicles and specialised equipment), diversified portfolio by geography and security asset class.
Other lending	2.0	Diversified secured lending, subject to regular recoverability review. Secured by diverse range of corporate assets and other securities
Total loan assets[2]	**30.9**	

1. Arrears based on 90+ days past due at 30 September 2008
2. Per the funded balance sheet (refer slide 53), net of specific & collective provisions of $A0.4b

Expenses

- Expenses down 33% on pcp driven by significantly lower profit share (employment expenses down 48%)
- Headcount growth slowed significantly over the period
- Expense to income ratio 75.5% (March 2008: 76.5%; Sep 2007: 70.8%)
- Compensation ratio 40.1% (March 2008: 45.8%; Sep 2007: 47.9%)



Taxation

	Sep 08 %	Mar 08 %	Sep 07 %
Corporate tax rate	**30.0**	**30.0**	**30.0**
Rate differential on offshore income	(17.3)	(19.9)	(11.0)
Non-deductible distribution paid/provided on MIS	0.8	0.7	0.4
Non-deductible options expense	2.8	2.5	1.4
Other	(4.7)	(7.7)	(0.3)
Effective tax rate	**11.6**	**5.6**	**20.5**

- Permanent differences have been relatively stable, however lower income due to write-offs in current period has reduced the effective tax rate compared with pcp

FINANCIAL MANAGEMENT

Greg Ward –
Chief Financial Officer

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

Funded balance sheet reconciliation

- The Group's statutory balance sheet is prepared based on generally accepted accounting principles which do not represent actual funding requirements

- A funded balance sheet reconciliation has been prepared to reconcile the reported assets of the consolidated Group to the assets that require funding

	30 Sep 2008 $Ab
Total assets per Statutory Balance Sheet	**167.4**
Deductions:	
Self funded trading assets	(28.3)
Derivative revaluation accounting gross ups	(21.9)
Life investment contracts and segregated assets	(7.6)
Broker settlement balances	(6.3)
Working capital assets	(4.6)
Less non-recourse assets:	
Securitised assets and non-recourse warehouses	(22.3)
Total assets per Funded Balance Sheet	**76.4**

- Refer to Appendix A for further details on these reconciling items

Funded balance sheet
30 September 2008

	31 Mar 2008 $Ab	30 Sept 2008 $Ab
Funding sources		
Wholesale issued paper:		
Negotiable certificates of deposit	12.2	11.6
Commercial paper	7.6	7.3
Net trade creditors	0.9	0.7
Structured notes	6.0	6.1
Secured funding	8.2	8.6
Bonds	8.1	5.2
Other bank loans	0.3	0.6
Senior credit facility[1]	4.9	6.6
Deposits	13.2	16.7
Loan capital[2]	2.3	2.7
Equity and hybrid[3]	10.0	10.3
Total funding sources	**73.7**	**76.4**
Funded assets		
Cash and liquid assets	20.8	26.3
Net trading assets	12.2	9.5
Loan assets < 1 year	12.5	12.7
Loan assets > 1 year	17.6	18.2
Assets held for sale	0.8	0.8
Debt investment securities	2.6	1.1
Co-investment in specialist funds and equity investments	6.3	6.8
Property, plant & equipment and intangibles	0.9	1.0
Total funded assets	**73.7**	**76.4**

$A27.9b

- Well diversified funding sources
- Cash and liquid assets exceed short-term wholesale issued paper
- Liquid assets are almost entirely repo eligible with central banks or very short dated
- Funded assets, excluding cash and liquid assets, reduced by $A2.8b since 31 March 2008
- Deposits increased by $A3.5b to $A16.7b since 31 March 2008
- MBL deposits and wholesale funding eligible for Australian government guarantee

1. The Senior Credit Facility is a $A9b facility of which $A2.4b remains undrawn
2. This includes Convertible Preference Securities
3. Equity includes ordinary capital and Macquarie Income Securities ($A0.4b). Hybrids include the Macquarie Income Preferred Securities of $A0.8b

Government guarantee

- On 12 October 2008, the Prime Minister announced a Government guarantee of the deposits and wholesale funding of Australian ADIs
- From 28 November 2008, deposits over $A1 million and wholesale funding will only be guaranteed if a fee is paid by the ADI to the Government
- MBL will make available the Government guarantees on all retail deposits until further notice
- MBL will offer both Government guaranteed and non-guaranteed products to our wholesale investor base

Balance Sheet Initiatives

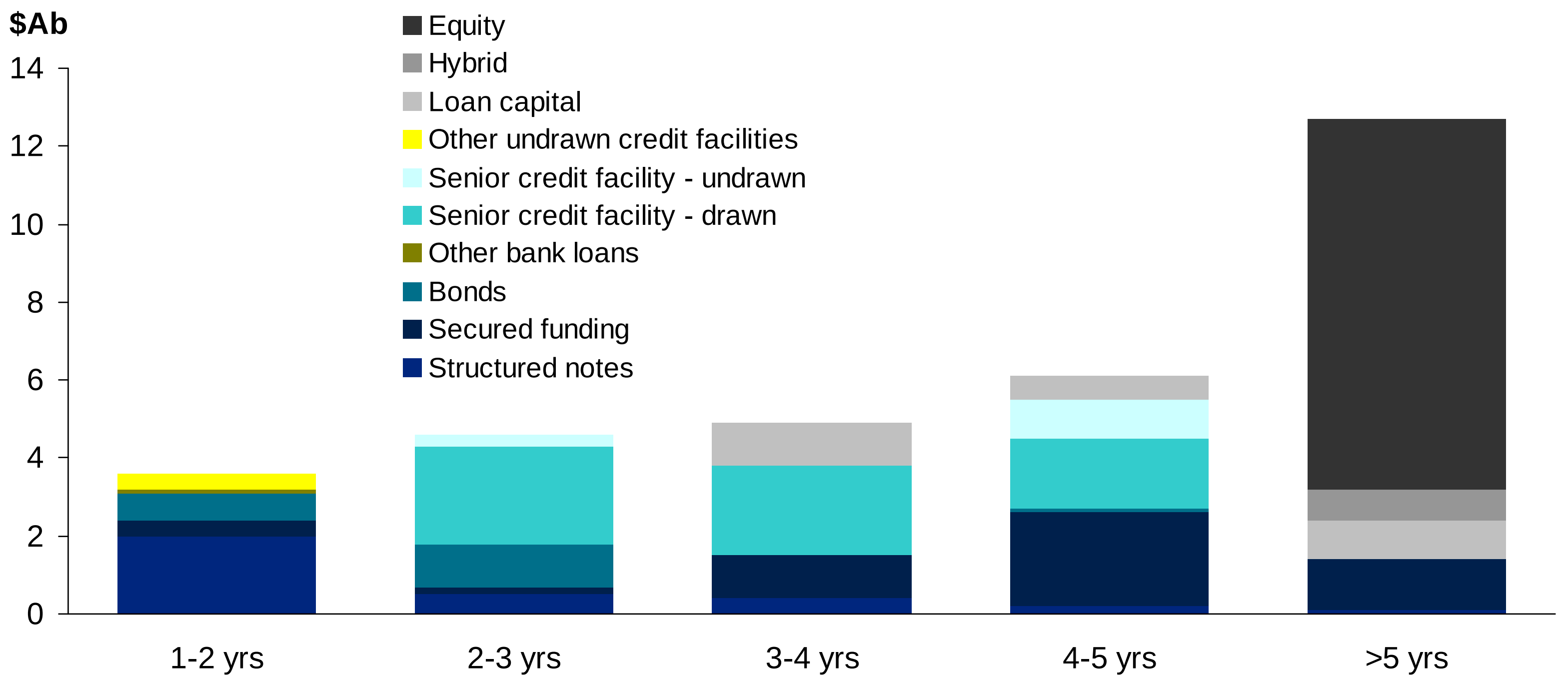
- Good progress has been made on key initiatives totalling $A15b vs funded balance sheet (excluding cash) of $A50.1b at 30 Sept 2008
- $A4.0b of initiatives completed during Oct 2008. Sale of Italian mortgages and Real Estate investments, $A0.2b of warehousing leased assets and $A1.4b reduction in MSG trading assets.

Funded asset	Initiatives currently well advanced or completed	Pre 30 Sep	Post 30 Sep[1]	Total
Italian mortgages	▪ 31 Oct 08 completed sale of Italian Mortgage portfolio.	-	2.0	**2.0**
Margin Lending	▪ 26 Sep 08 announced intention to sell margin lending business. This sale process is ongoing	-	2.9	**2.9**
Warehousing of leasing businesses	▪ Established warehouse for a large proportion of the auto lease books, and in the process of warehousing equipment finance book.	-	1.1	**1.1**
MSG trading assets	▪ Selective reduction in low margin businesses that are more funding intensive	2.7	2.3	**5.0**
Mortgage warehousing	▪ External warehousing of Australian and Canadian mortgages.	0.9	-	**0.9**
Real Estate investments	▪ Sell down of various real estate investments: - Hong Kong assets of Macquarie Goodman Asia JV - 26% interest in Macquarie Prime REIT and 50% interest in the holding company of the REIT's manager and property manager.	-	0.4	**0.4**
Other initiatives	▪ Includes a number of initiatives across all business groups	0.3	2.4	**2.7**
Reduction in funding requirement		**3.9**	**11.1**	**15.0**

1. Book value as at 30 September 2008

Term funding profile

- Term funding (including undrawn facilities[1]) maturing beyond 1 year of $A31.9b exceeds term assets of $A27.9b
- Excluding equity, the weighted average term to maturity increased from 3.5 years at 31 March 2008 to 3.6 years at 30 September 2008



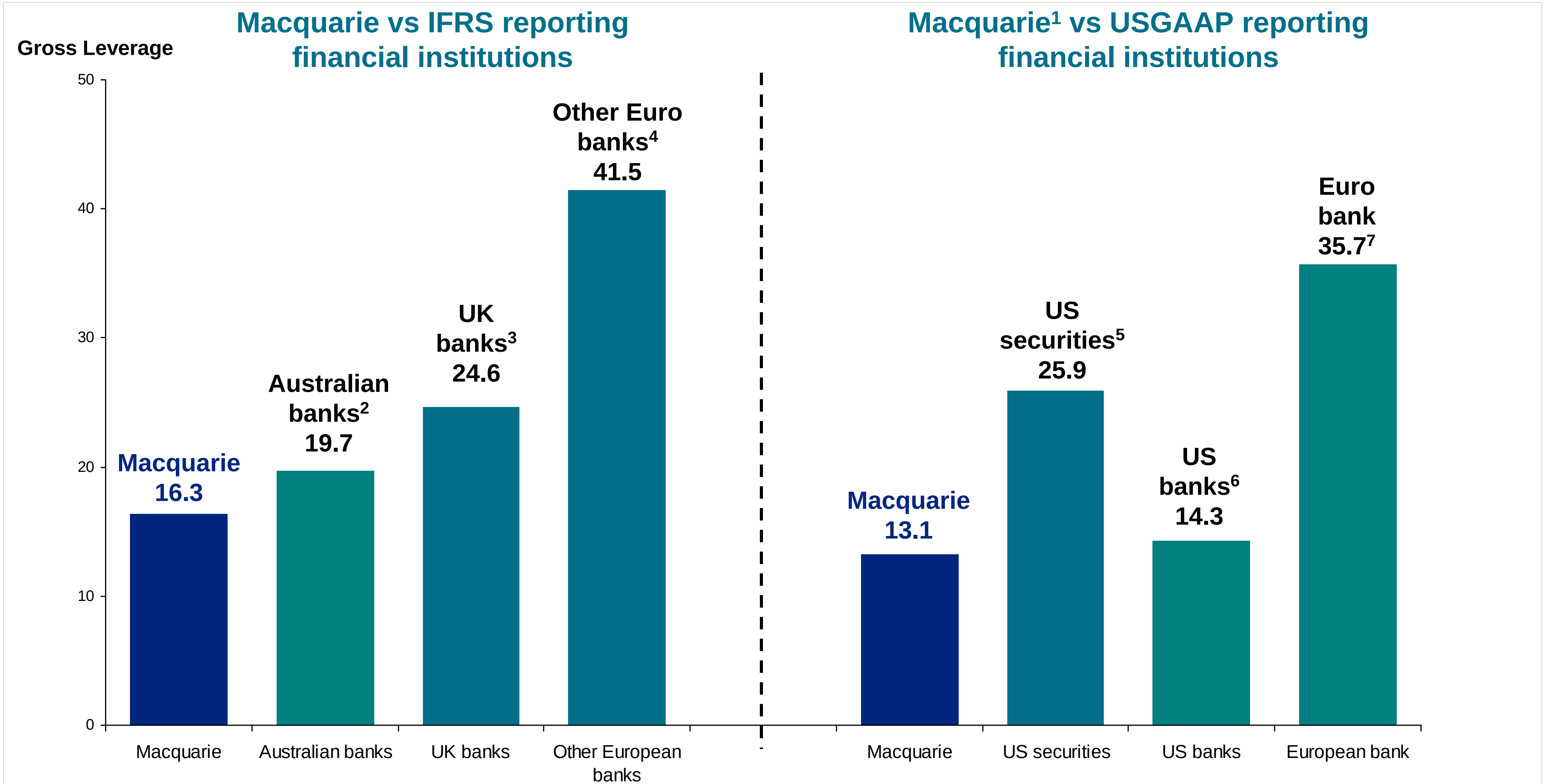
At 30 September 2008. 1. Undrawn term facilities for the Group include $A1.3b undrawn on the Senior Credit Facility and $A0.4b on undrawn warehouse facilities

Balance sheet leverage ratio

As at 30 September 2008	Equity $Ab	Assets $Ab	Leverage Ratio
Based on IFRS Statutory Balance Sheet	10.3	167.4	16.3 x
Adjustments for comparability with US entities:			
SPEs [1]	-	(22.2)	
Derivatives [2]	-	(10.2)	
Adjusted[3] US GAAP Balance Sheet	**10.3**	**135.0**	**13.1 x**

1. Qualifying Special Purpose Entities under FAS 140 are specifically exempted from consolidation under FIN46(R)
2. The fair values of multiple derivative contracts executed with the same counterparty under a master netting arrangement are offset under FIN 39.
3. Adjusted for significant US GAAP differences

Macquarie is conservatively geared



Analysis includes major domestic and international banking and securities firms.

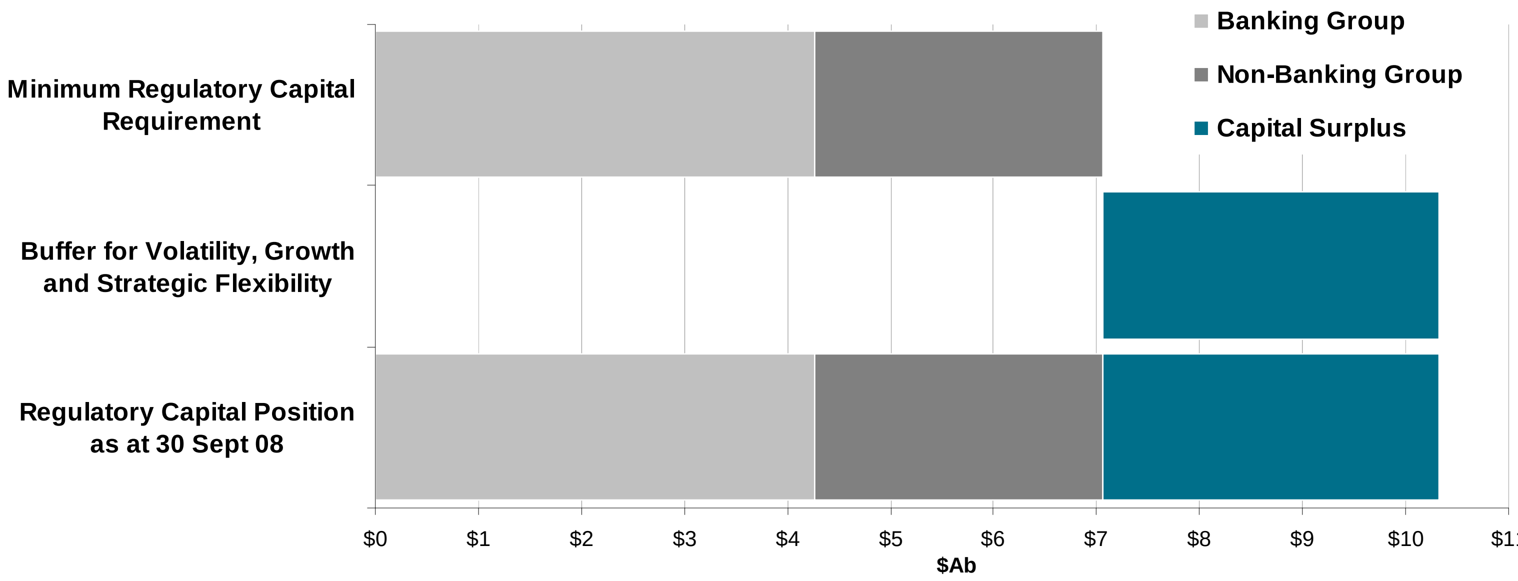
1. This represents Macquarie's leverage adjusted for the main differences between IFRS and USGAAP. Refer to previous slide for further details of these adjustments.

Gross Leverage = Most recently Reported Assets / Reported Shareholders' Funds. Leverage ratios are based on latest publicly available financial information as at 14 November 2008

2. Australian banks: ANZ, CBA, NAB, WBC. 3. UK banks: Barclays, HSBC, RBS, Standard Chartered. 4. Other European banks: Deutsche Bank, Dresdner, SocGen, UBS. 5. US Securities: Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley. 6. US banks: Bank of America, Citigroup, JPMorgan, Wachovia, Wells Fargo. 7. Credit Suisse

Regulatory capital position

Macquarie Group Limited – Regulatory Capital Position (30 Sept 2008)



- $A3.3b buffer of capital in excess of the Group's minimum capital requirements
- MBL capital ratios: Tier 1 11.0%, Total Capital 15.2%
- Refer Appendix B for detail

Changes in capital position since March 2008

Group (MGL)

- Capital surplus has remained stable
- Capital growth was approximately $A1.2b
  - $A0.6b CPS issue
  - $A0.6b through current year P&L and increased share capital (DRP and options)
- Offset by increased capital requirement
  - Lower AUD
  - Increased fund holdings (e.g. MIG) and Macquarie Capital principal deals
  - Increased underwriting during period
  - Increased MBL capital deductions

Banking Group (MBL)

- Tier 1 ratio has decreased from 12.4% as at 31 March 2008 to 11.0% as at 30 September 2008
- Much of the change due to internal restructures that don't materially affect group capital position
  - Transfer of leasing assets to Bank
  - Macquarie Funds Group restructure
- Increase in net deferred tax assets

Summary

- Notwithstanding difficult market conditions, Macquarie remains:
  - Profitable
  - Well funded
  - Well capitalised
  - Conservatively geared
- Further initiatives continue to reduce balance sheet

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

Presentation to Investors and Analysts
18 November 2008

Nicholas Moore, Managing Director and Chief Executive Officer
Greg Ward, Chief Financial Officer

APPENDIX A
Additional information – Funding

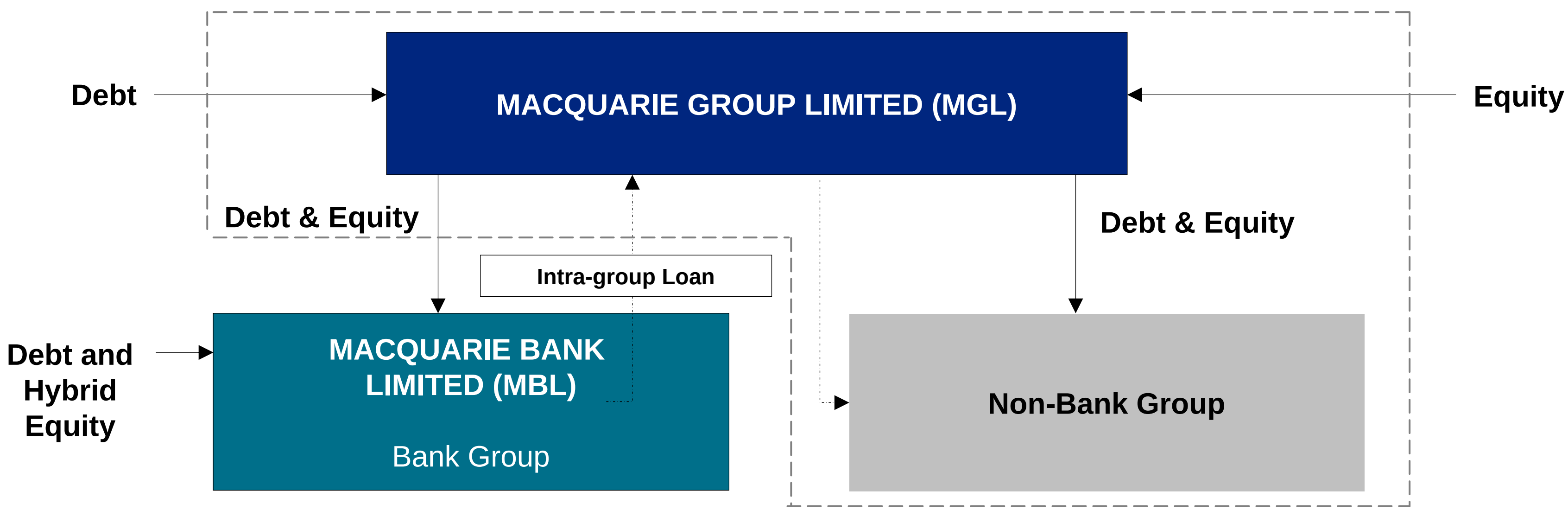
Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

Group Funding Structure

- MGL and MBL are the Group's two primary external funding vehicles which have separate and distinct funding, capital and liquidity management arrangements
- MBL provides funding to the Bank Group and intra-group funding to MGL
- MGL provides funding predominantly to the Non-Bank Group

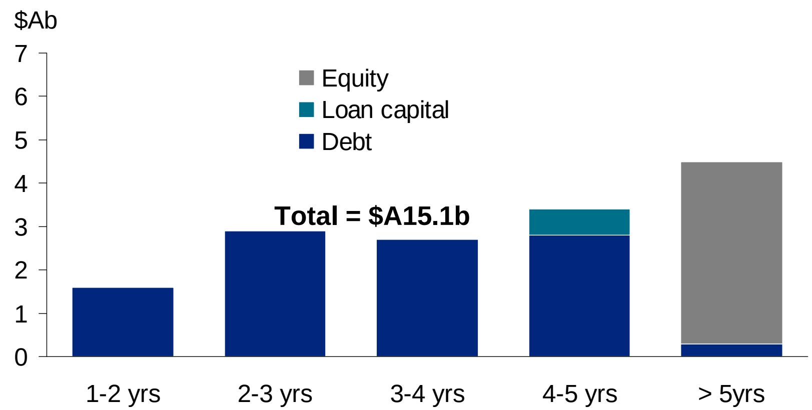


Funding for the Non-Bank Group
30 September 2008

	31 Mar 2008 $Ab	30 Sept 2008 $Ab
Funding sources		
MBL intra-group loan to MGL	8.8	6.3
Net trade creditors	0.7	0.5
Structured notes	-	0.1
Secured funding	1.1	1.5
Other bank loans	0.3	0.2
Deposits	0.2	0.2
Senior credit facility	4.9	6.6
Loan capital[1]	-	0.6
Equity	3.6	4.2
Total funding sources	**19.6**	**20.2**
Funded assets		
Cash and liquid assets	2.1	4.3
Non Banking Group deposit with MBL	5.8	6.2
Net trading assets	0.7	-
Loan assets < 1 year	1.0	1.0
Loan assets > 1 year	3.8	2.3
Assets held for sale	0.8	0.4
Debt investment securities	0.8	0.6
Co-investment in specialist funds and equity investments	3.9	4.6
Property, plant & equipment and intangibles	0.7	0.8
Total funded assets	**19.6**	**20.2**

- Non-Banking Group is predominantly term funded
- Term funding beyond 1 year (excluding equity) has a weighted average term to maturity of 3.1 years
- Non-Bank Group generates the majority of Macquarie Group's net profit
- MBL intra-group loan, which expires in December 2009, continues to be repaid in line with amortisation schedule.

Term funding (drawn and undrawn[2]) maturing beyond 1 year (including equity)



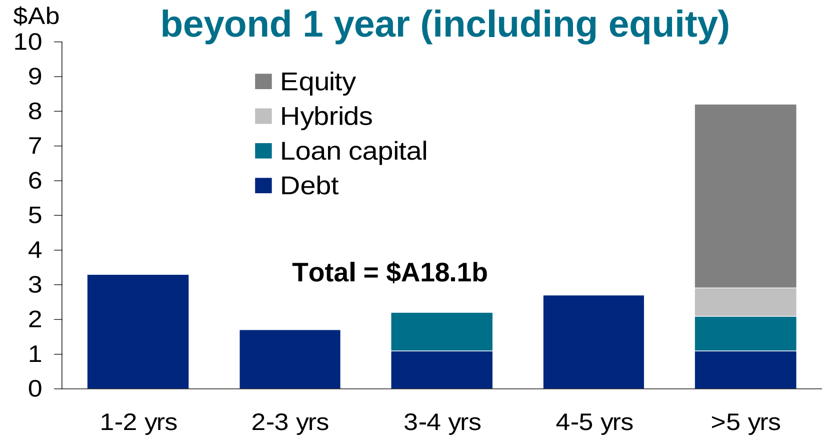
1. This includes Convertible Preference Securities
2. Undrawn term facilities for the Non-Bank include $A1.3b undrawn on the Senior Credit Facility

Funding for the Bank Group
30 September 2008

	31 Mar 2008 $Ab	30 Sept 2008 $Ab
Funding sources		
Negotiable certificates of deposit	12.2	11.6
Commercial paper	7.6	7.3
Net trade creditors	0.2	0.2
Structured notes	6.0	6.0
Secured funding	7.1	7.1
Bonds	8.1	5.2
Other bank loans	-	0.4
Deposits	13.0	16.5
Loan capital	2.3	2.1
Equity and hybrid[1]	6.4	6.1
Total funding sources	**62.9**	**62.5**
Funded assets		
Cash and liquid assets	18.7	22.0
Trading assets	11.4	9.5
Loan assets < 1 year	11.5	11.7
Loan assets > 1 year	13.8	15.9
Assets held for sale	-	0.4
Debt investment securities	1.9	0.5
MBL intra-group loan to MGL	8.8	6.3
Non-Banking Group deposit with MBL	(5.8)	(6.2)
Co-investment in specialist funds and equity investments	2.4	2.2
Property, plant & equipment and intangibles	0.2	0.2
Total funded assets	**62.9**	**62.5**

- Diversity of funding sources in the Bank Group
- Term funding beyond 1 year (excluding equity) has a weighted average term to maturity of 3.8 years
- Balance sheet initiatives underway to provide funding capacity for the Bank Group
- Macquarie Bank Limited is an authorised deposit-taking institution, and therefore eligible for the deposit and wholesale guarantees provided by the Australian Government.

Term funding (drawn and undrawn[2]) maturing beyond 1 year (including equity)



1. Equity includes ordinary capital and Macquarie Income Securities ($A0.4b). Hybrids include the Macquarie Income Preferred Securities of $A0.8 billion
2. Undrawn term facilities for the Bank include $A0.4b on undrawn warehouse facilities

Explanation of Funded Balance Sheet Reconciling Items

- **Self funded trading assets:** There are a number of entries on the balance sheet that arise from the normal course of trading activity we conduct on behalf of our clients. They typically represent both sides of a transaction. The entries off-set each other as both the bought and sold positions are recorded separately. Where these entries are matched, they do not require funding.
- **Derivative re-valuation accounting gross ups:** Macquarie's derivative activities are client driven with client positions hedged by off-setting positions. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding.
- **Life investment contracts and other segregated assets:** These represent the assets and liabilities that are recognised where we have products such as investment-linked policy contracts. The policy (contract) liability will be matched by assets held to the same amount and hence do not require funding.
- **Broker settlement balances:** At any particular time our broking business will have outstanding trades to settle with other brokers. These amounts (payables) can be offset in terms of funding by amounts that we are owed at the same time by brokers on other trades (receivables).
- **Short term working capital assets:** As with the broker settlement balances above, Macquarie through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a 'net balance' that requires funding rather than the gross balance.
- **Securitised assets and non-recourse warehouses:** Some lending assets (mortgages and leasing) are commonly sold down into external securitisation entities or transferred to external funding warehouses. As a consequence they are non-recourse to Macquarie and are funded by the third parties rather than Macquarie.

APPENDIX B
Additional information – Capital

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

Macquarie Group regulatory capital
Surplus calculation

	$Am	
Banking Group Gross Tier 1 Capital	5,908	
Non-Banking Group Eligible Capital	4,415	
Group Eligible Capital	**10,323**	(a)
Capital requirement - Banking Group:		
Risk-weighted assets (excluding exposure to Non-Bank)	37,874	
Internal minimum Tier 1 ratio (Bank)	7%	
Capital required to cover risk-weighted assets	2,651	
Capital required to cover Tier 1 deductions	1,612	
Banking Group capital requirement	**4,263**	
Non-Banking Group capital requirement	**2,801**	
Group Capital requirement	**7,064**	(b)
Group regulatory capital surplus	**3,259**	(a)-(b)

Macquarie Group regulatory capital
Banking Group contribution

	Risk weighted assets $Am	Deductions $Am	Capital Requirement $Am
Credit Risk			
On Balance Sheet	19,876		1,391
Off Balance Sheet	8,242		577
Credit Risk subtotal	**28,118**		**1,968**
Market Risk	2,291		160
Operational Risk	6,720		470
Other	745	1,612	1,664
Contribution to Group capital requirement	**37,874**	**1,612**	**4,263**
MBL intra-group loan to MGL	1,293[1]		
Banking Group standalone risk-weighted assets	**39,167**		

1. Intra-group loan eliminated for calculation of Group capital requirement.

Macquarie Group regulatory capital
Non-Banking Group framework

- APRA has specified a regulatory capital framework for MGL
- A dollar capital surplus is produced; no capital ratio calculation is specified
- APRA has approved Macquarie's Economic Capital Adequacy Model (ECAM) for use in calculating the regulatory capital requirement of the Non-Banking Group
- Any significant changes to the ECAM must be approved by the MGL Board and notified to APRA within 14 days
- The ECAM is based on similar principles and models as the Basel II regulatory capital framework for Banks, with both calculating capital at a one year 99.9% confidence level:

Risk[1]	Basel II	ECAM
Credit	Capital requirement determined by Basel II formula, with some parameters specified by the regulator (e.g. loss given default)	Capital requirement determined by Basel II formula, but with internal estimates of some parameters.
Equity	Simple risk-weight approach or deductions. Tier 1 capital requirement between 24% and 50% of face value[2].	Extension of Basel II credit model to cover equity exposures. Capital requirement between 32% and 86% of face value; average 43%.
Market	3 times 10 day 99% Value at Risk (VaR) plus a specific risk charge.	Scenario-based approach. Greater capital requirement than under regulatory regime.
Operational	Basel II Advanced Measurement Approach	Basel II Advanced Measurement Approach

1 The ECAM also covers interest rate risk in the banking book, liquidity risk, and risk on assets held as part of business operations, e.g. fixed assets, goodwill, intangible assets, capitalised expenses and certain minority stakes in associated companies or stakes in joint ventures.
2 Assuming an 8% Tier 1 ratio, the 300% and 400% risk weightings for equity exposures under Basel II equate to a capital requirement of 24% or 32%. Any deductions required for equity exposures are 50/50 Tier 1 and Tier 2, hence a 50% Tier 1 capital requirement.

Macquarie Group regulatory capital
Non-Banking Group contribution

	Assets $Ab	Capital Requirement $Am	Equivalent Risk Weight %
Funded assets			
Cash and liquid securities	4.3	41	12%
Loan assets[1]	3.3	224	85%
Assets held for sale	0.4	161	503%
Debt investment securities	0.6	21	44%
Co-investment in specialist funds and equity investments (listed)	2.6	895	430%
Co-investment in specialist funds and equity investments (unlisted)	2.0	914	571%
Property, plant & equipment and intangibles[2]	0.8	205	320%
Non-Banking Group deposits with MBL	6.2	-	
Total Funded Assets	**20.2**	**2,461**	
Self-funded and non-recourse assets			
Self funded trading assets	1.6		
Broker settlement balances	4.1		
Derivative revaluation accounting gross-ups	0.1		
Working capital assets	3.6		
Total self-funded and non-recourse assets	**9.4**		
TOTAL NON-BANKING GROUP ASSETS	**29.6**		
Off balance sheet exposures, operational, market & other risk and diversification offset[3]		340	
NON-BANKING GROUP CAPITAL REQUIREMENT		**2,801**	

1. Includes leases
2. Intangibles relating to the acquisition of Orion Financial Inc are supported 100% by exchangeable shares. These exchangeable shares have not been included in eligible regulatory capital.
3. Capital associated with self-funded assets (eg. market risk capital for trading positions) has been included here.

APPENDIX C

Additional information –
Operating group results in detail

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

Results
Macquarie Capital

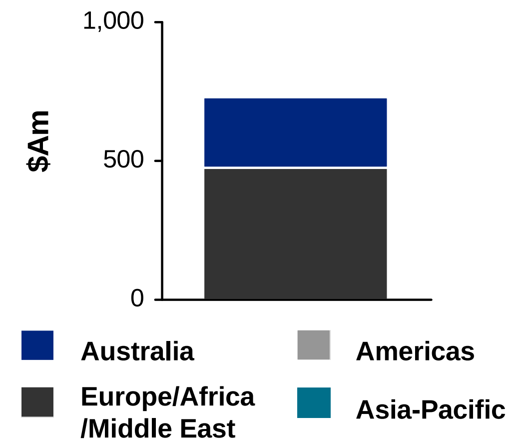
- Internal restructure – Macquarie Capital no longer includes Macquarie Capital Securities and retail arm of Macquarie Capital Products. Will include former Real Estate Group (excl. Real Estate Structured Finance) and exclude Macquarie Capital Finance for the balance of FY09[1]
- Significant contribution to result despite extremely challenging market conditions

Key drivers of half:

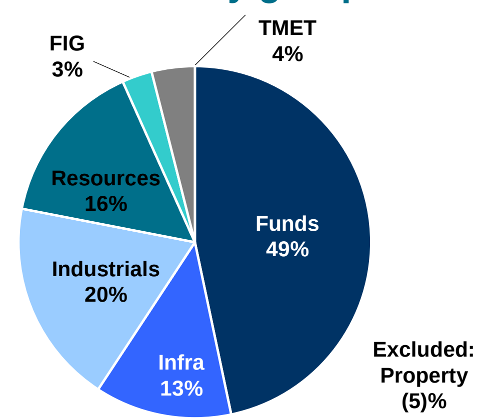
Macquarie Capital Advisers

- Result well down on record pcp although still advised on 164 transactions valued at approximately $A83 billion
- Diverse income from industry groups with strong contributions from Infrastructure, Industrials and Resources
- Equity under management 5% down on pcp to $A53b – unlisted EUM increased 35%; listed EUM decreased 40% reflecting recent listed market declines and MCAG take-private
- Write downs on co-investments in listed infrastructure funds (MCG, MIIF, MIC and MMG and other equity investments) (refer slide 12)
- $A2.8b in new capital raisings by managed funds and consortia including:
  - Macquarie Infrastructure Partners II (North America), Macquarie European Infrastructure Fund III (Europe), Macquarie Special Situations Fund, ADCB Macquarie Infrastructure Fund (Middle East)
- $A2.3b equity invested by Macquarie Capital managed funds and consortia
- Assets under management increased by 7% since March 2008 to $A149b[2]

Income by region



Mac Cap Advisers income by industry group



1 Real Estate Group merger effective 1 January 2009; Macquarie Capital Finance demerger effective 1 October 2008
2 Includes $A1.9b held directly by Macquarie and managed by Macquarie Capital Funds

Results
Macquarie Capital

Macquarie Capital Finance

- Result up on pcp
- Total assets increased 5% from $A7.3b at 31 March 2008 to $A7.6b at 30 September 2008 (net funded assets of $A3.6b)
- Separated from Macquarie Capital in September 2008 to form Corporate & Asset Finance (within Macquarie Bank Limited)

Current operating environment

- Global financial markets extremely challenging
- Credit market turmoil continues to limit financing for transactions; although finance still available for quality assets
- Lower ECM volumes globally
- M&A activity has fallen globally but reasonable activity across the resources and infrastructure sectors
- Large number of advisory mandates awarded post 30 September 2008, including:
  - Financial adviser to Origin on the successful defence of a hostile bid from BG Group and subsequent 50% sale of its Coal Seam Gas interests to ConocoPhillips
  - Financial adviser to Borealis on the acquisition of Teranet Income Fund
  - Financial adviser to a Macquarie consortium on the acquisition of Rossignol Group from Quicksilver
  - Financial adviser to the purchasers of a stake in the Manila North Tollway

Current operating environment (contd.)

- Arranger and Joint Lead Manager to the PaperlinX entitlement offer
- Buy side Adviser to Hyde Park Acquisition Corp on the acquisition of Essex Crane Rental Corp.
- Joint lead Manager on Goodman Group placement
- Acted as Joint Lead Manager for FKP on a $28m strategic placement to Stocklands

Outlook

- Reasonable pipeline, though challenging markets reducing the number of successful transactions and increasing time to completion
- Expect growth in medium term but short-term conditions remain challenging
- Expect FY09 to be well down on pcp

Results
Macquarie Securities Group

- Internal restructure – Merger between Equity Markets Group (excluding Funds Products) and Macquarie Capital Securities Division of Macquarie Capital formed new group
- Combined client base offered full range of equities products

Key drivers of half:

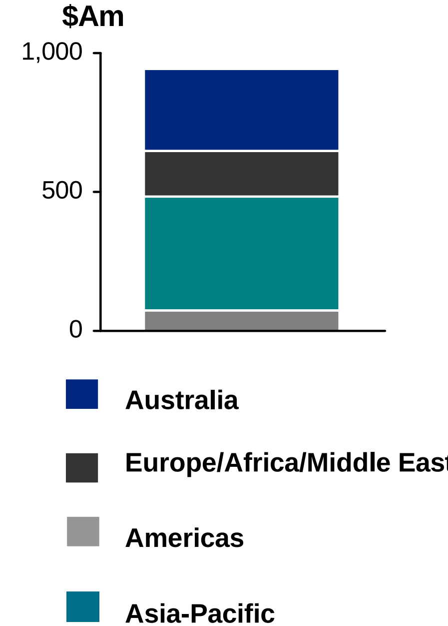
Cash (formerly Macquarie Securities Division within Mac Capital)

- Overall result 27% down on strong pcp
- Lower equity market volumes saw a decline in secondary market revenues, though growth in commissions in South Africa and Canada
- US and European build out continues ahead of plan
- Australian business maintained No. 1 market share position[1] while market shares in all other markets continue to grow
- ECM revenues, including from the recently acquired Canadian business, in line with pcp

Delta 1 (formerly Global Equity Finance)

- Result 30% down on pcp
- Asian access product volumes lower primarily as a result of reduced client demand for synthetic products
- Arbitrage trading result in line with pcp benefitting from increased volatility in global equity markets
- European equity finance volumes lower than pcp

Income by region



1 Institutional and retail market share financial year to date

Results
Macquarie Securities Group

Derivatives (formerly Equity Products)

- Result 59% down on pcp primarily due to lower demand for equity-linked products and volatile market conditions which impacted hedging efficiency
- Structured product volumes across Asia, Australia and the Americas down on pcp
- Listed product volumes across all markets down on pcp however market share remains strong

Current operating environment:

- Market conditions more challenging and equity volumes lower than prior year

Outlook:

- October turmoil has resulted in substantially lower volumes across the business
- Expect conditions in global equity markets to remain challenging during remainder of FY09
- Expect 2H09 and FY09 to be down on pcp

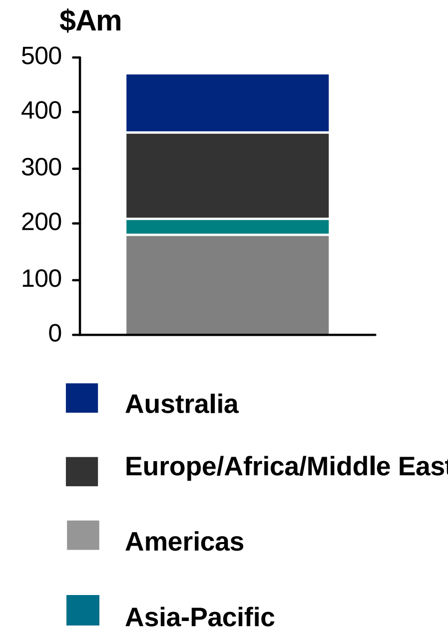
Results
Treasury and Commodities Group

- All divisions operating profitably

Key drivers of half :

- **Metals & Energy Capital** – strong contribution from oil and gas mezzanine facility and metals financing but down on strong pcp due to provisions on some equity investments
- **Foreign Exchange** – Record half. Well up on pcp due to increased customer activity in more volatile markets
- **Energy Markets** – very substantially up on pcp due to volatility, continued growth of coal business and solid contribution from US gas and electricity businesses
- **Agricultural Commodities & Investor Products** – good result but well down on strong pcp which was derived during unusually favourable markets across the board
- **Futures** – slightly down on pcp
- **Debt Markets** – positive contribution in very difficult markets. Substantially down on pcp

Income by region



Results
Treasury and Commodities Group

Current operating environment:

- High levels of volatility across all markets
- General market turmoil presenting business opportunities

Outlook:

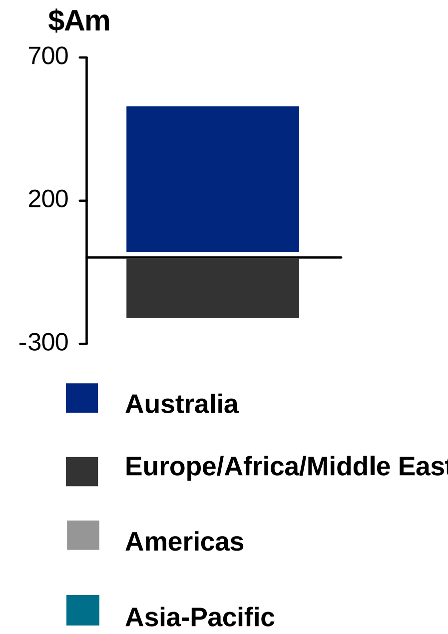
- Expect FY09 result to be slightly down on the strong prior year result, subject to market conditions globally
- Expect continued volatility to benefit most businesses
- Depressed equity valuations should present investment opportunities for Metals and Energy Capital
- Market turmoil and the collapse of high profile competitors may present expansion opportunities across businesses such as Energy Markets, Agriculture & Investor Products and Futures
- Expect volatility to continue across most markets as well as rationalisation of competitors and counterparties

Results
Banking and Financial Services Group

Key drivers of half:

- Strong growth in deposits; up 42% from March 2008 and launched new cash internet product, Cash XL
- Down on pcp due to loss on sale of the Italian mortgages portfolio, write downs of some investments and closure costs of consumer lending business
- Result impacted by challenging credit and equity markets
- CMT down 9% from March 2008 to $A16.1b – clients numbers up by more than 10,000
- Wrap FUA down 7% from March 2008 to $A21.0b due to negative market movements – total client numbers up 4%
- Macquarie Life risk insurance premiums increased 118% on pcp. Macquarie Life rated No. 1 provider by Life Risk writers after only two years in market[2]
- Macquarie Private Wealth remains No. 1 full service retail stockbroker based on market share and trading volumes. Adviser numbers continue to grow (approx 430)
- Macquarie Professional Series' Walter Scott Global Equity Fund won S&P Best International Equity Fund award for second consecutive year [1]
- Macquarie Pastoral Fund acquired five additional properties since March 2008. FUM up 77% from March 2008
- Strategic focus on increasing distribution of integrated banking and wealth management solutions

Income by region



1. Standard & Poor's Fund Manager of the Year Awards 2008. 2. WH Taylor – Intermediary study 2008

Results
Banking and Financial Services Group

Current operating environment:

- Equity markets remain volatile
- Continued demand for cash products but highly competitive market
- Reduced investor confidence resulting in some client outflows

Outlook:

- Announced intention to sell the Investment Lending business in Australia
- Will continue organic growth of adviser numbers and look for acquisition opportunities
- Will continue to invest in offshore opportunities where we can offer differentiated wealth management solutions
- Expect 2H09 to be up on 1H09
- Expect FY09 to be down on pcp

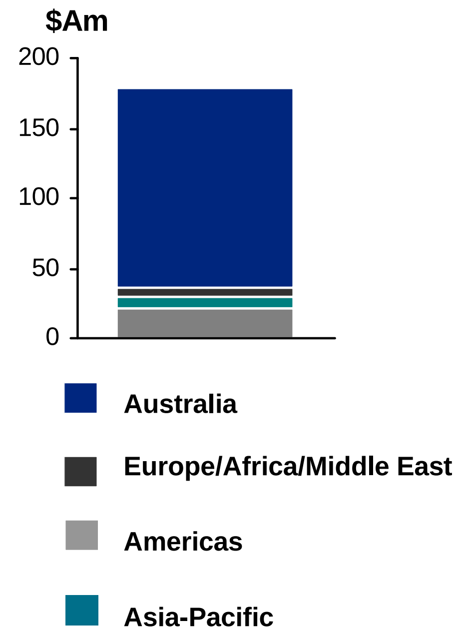
Results
Macquarie Funds Group

- Internal restructure – Merger of Funds Management Group, EMG's Funds Products Division and Macquarie Capital Products Division formed new group

Key drivers of half :

- Contribution substantially down on strong pcp which included Macquarie IMM realisation (59% down on pcp excluding realisation)
- AUM dropped due to market movements and redemptions from Asian retail investors – base management fee revenue impacted
- Substantially lower performance fees and results for seed investments affected by adverse market conditions
- Retail loan books on structured investments increased on pcp and continue to generate loan margin income

Income by region



Results
Macquarie Funds Group

Current operating environment:

- Current market conditions generally difficult. Liquidity has dropped sharply, volatility has increased to record levels
- High levels of volatility across asset classes have negatively impacted performance of many of the absolute return and long only funds
- Global hedge fund investors are experiencing redemptions and this will continue to have some flow-on effect to funds
- Increase in redemption levels from Asian retail investors as concerns about global markets increase

Outlook:

- Expect market conditions for second half to remain volatile, expect investors to remain cautious
- In the medium term, expect continued movement to cash and bonds across the industry (retail and institutional) which will continue to affect MFG's assets under management
- In Australian and European retail markets for closed end structured investments, new raisings are likely to be lower than pcp
- Strong suite of emerging products should enable MFG to capitalise on investment once markets stabilise
- Expect lower base fees in FY09 due to lower AUM
- Expect FY09 to be well down on pcp which included Macquarie IMM realisation

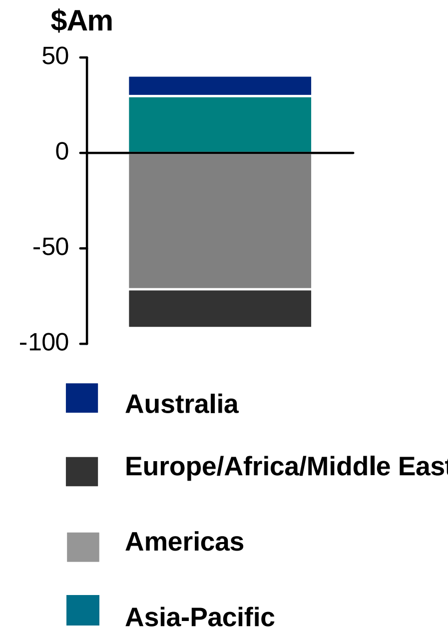
Results
Real Estate Group

- Internal restructure – Most Real Estate Group activities to become part of Macquarie Capital from 1 January 2009

Key drivers of half :

- Loss for the period due to provisions, predominantly against assets with US residential development market exposure and listed REIT investments (refer slide 12)
- Assets under Management (incl assoc) increased 12% to $A36.2b from $A32.3b
- MGPA Fund III closed with $US5.2b to invest in Asia and Europe
- Listed REIT prices affected by global REIT declines, but operating performance of assets remains sound. Capital values are softening due to the credit crisis
- Strategic actions to strengthen REIT balance sheets including selective asset sales, refinancings and capital management initiatives

Income by region



Results
Real Estate Group

Current operating environment:

- Continued exceptionally challenging environment with credit crisis significantly impacting real estate markets globally
- Asset price reductions seen in most markets, with reduced transaction levels

Outlook:

- Continued credit market dislocation makes short to medium term outlook for the real estate sector particularly challenging, however opportunities are being identified
- Strong presence in Asia and expect transaction activity to continue
- Substantial equity in unlisted funds available for investment
- Underlying assets in listed REITs performing satisfactorily
- Macquarie Goodman Asia sale completed October 2008
- Macquarie Prime REIT conditional sale transacted October 2008
- Most REG activities to become part of Macquarie Capital from 1 January 2009

APPENDIX D
Additional information – Specialist funds

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

Specialist funds – key facts

- **Income[1] from specialist funds**
  - Contribution from management agreements and transactions with Macquarie Capital and Real Estate funds or managed asset agreements approximately 21% of total MQG operating income:
    - Approx 16% of operating income derived from base and performance fees from Macquarie Capital and Real Estate funds and managed asset agreements
    - Approx 4% of operating income derived from advisory and underwriting fees paid by Macquarie Capital and Real Estate funds
    - Approx 1% of operating income derived from sale of assets from MQG to Macquarie Capital and Real Estate funds
  - Impairment charges on Macquarie Capital and Real Estate funds amounted to 10% of total MQG operating income during the half

- **Asset management**
  - Over 1,000 Macquarie Capital and Real Estate staff focused on delivering sustained operational performance of assets and fund management
  - Majority of assets performing in line with expectations
  - General policy to be long-term owners of assets
    - Currently 118 businesses managed by Macquarie Capital Funds across 26 countries
    - Currently 700 assets managed by Macquarie Real Estate Funds across 20 countries

1 Half year ended 30 September 2008. Excludes income from distributions and equity accounted income

Specialist funds – key facts

- **Debt maturity profile**
  - Business and fund debt is non-recourse to Macquarie
    - **Macquarie Capital Funds:**
      - Less than 4% of the debt of Macquarie Capital Funds' managed businesses requires refinancing in the next 12 months[1]
    - **Real Estate Funds:**
      - Less than 19% of the debt of Macquarie listed REITs' managed assets requires refinancing in the next 12 months[1]

1. From 30 September 2008

Specialist funds – key facts

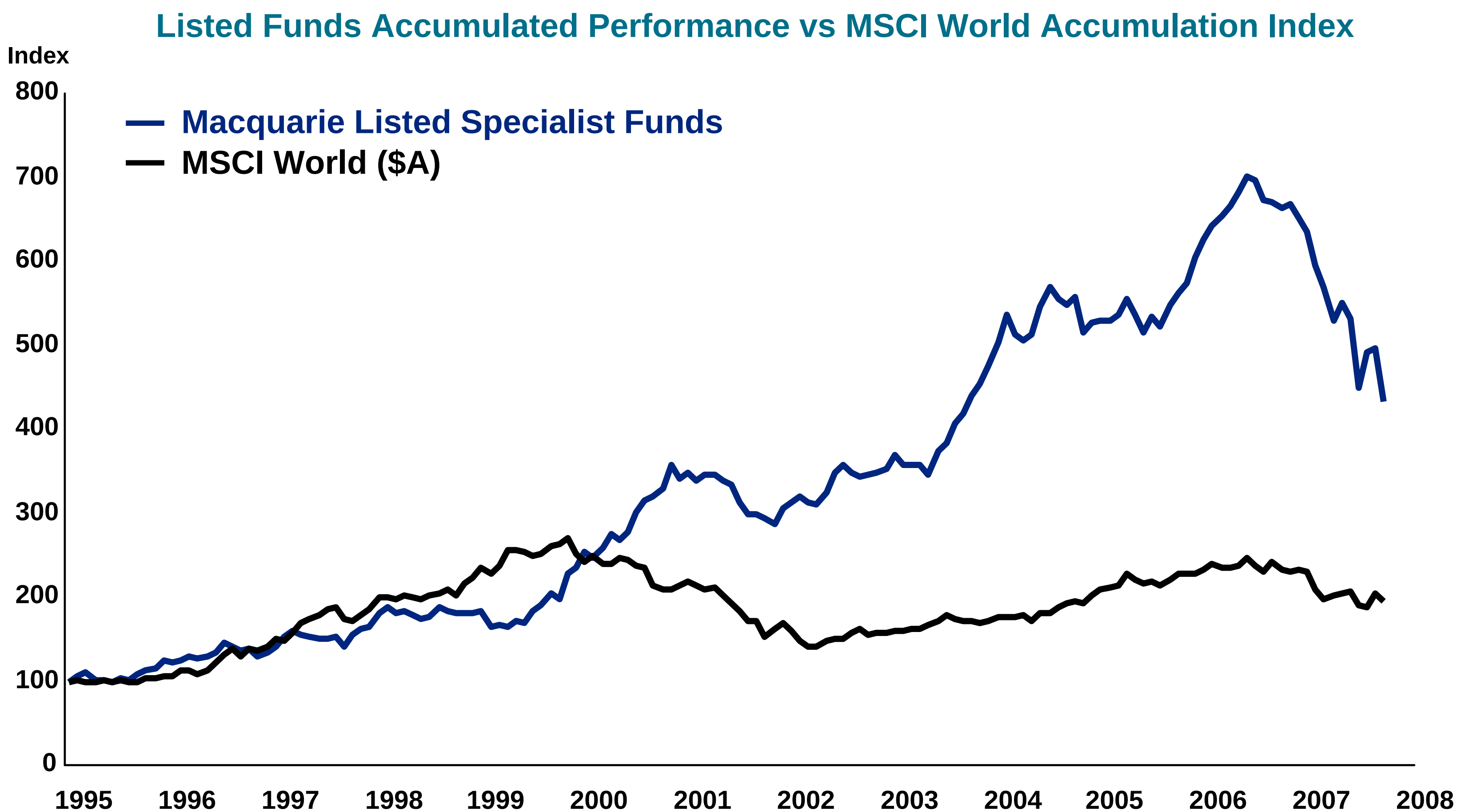
- **Alignment of interests between manager and fund**
  - Significant Macquarie and staff investment in funds
  - Performance fee only payable where fund performance exceeds a benchmark (stock market indices or agreed rate of return)

Specialist funds – key facts

- **Track Record**
  - Macquarie Capital Funds has generated a compound annual return of 11%[1] for investors since inception
  - $A21b[2] has been returned to investors through distributions, returns of capital and security buy backs
    - Distributions are funded by:
      - Cashflows from business operating performance
      - Cashflows from capital management as a result of improved operating performance – maintaining robust and appropriate debt levels at the businesses
- **Strategic realisations**
  - Majority of funds: general policy to be long-term owners of assets
    - Currently 118 businesses managed by Macquarie Capital Funds
    - 15 businesses have been realised/sold to third parties
  - 22% annualised return delivered by strategic realisations of 15 businesses to third parties, being approximately 2.3 times[3] the equity invested for the funds and a weighted average realisation premium to directors' valuation of 39%[3]

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 businesses) for Macquarie Capital Funds since inception to 30 September 2008 (listed funds as at 30 September 2008, unlisted funds and managed businesses as at 30 June 2008) post fees paid. 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 businesses). Past performance is not indicative of future results.
2. Includes distributions paid by one Macquarie Capital managed fund to another where cross holdings exist
3. In September 2008 MIG announced an agreement to sell its interest in Lusoponte. This sale is subject to government and lender's consent. Figures reflect impact of Lusoponte sale as per MIG announcement. Returns on realised businesses exclude fund level fees. Past performance is not indicative of future results.

Macquarie's listed specialist fund performance



Stocks currently included are Macquarie Airports, Macquarie Communications Infrastructure Group, Macquarie Infrastructure Group, Macquarie CountryWide Trust, Macquarie Leisure Trust Group, Macquarie Office Trust, Macquarie DDR Trust, DUET Group, Macquarie Media Group, Macquarie Power and Infrastructure Income Fund, Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Macquarie Infrastructure Company, Macquarie International Infrastructure Fund, Macquarie Global Infrastructure Total Return Fund, Macquarie Korea Infrastructure Fund, Macquarie Central Office Corporate Restructuring REIT and Macquarie MEAG Prime REIT.

As at 30 September 2008, indexed at 31 December 1995

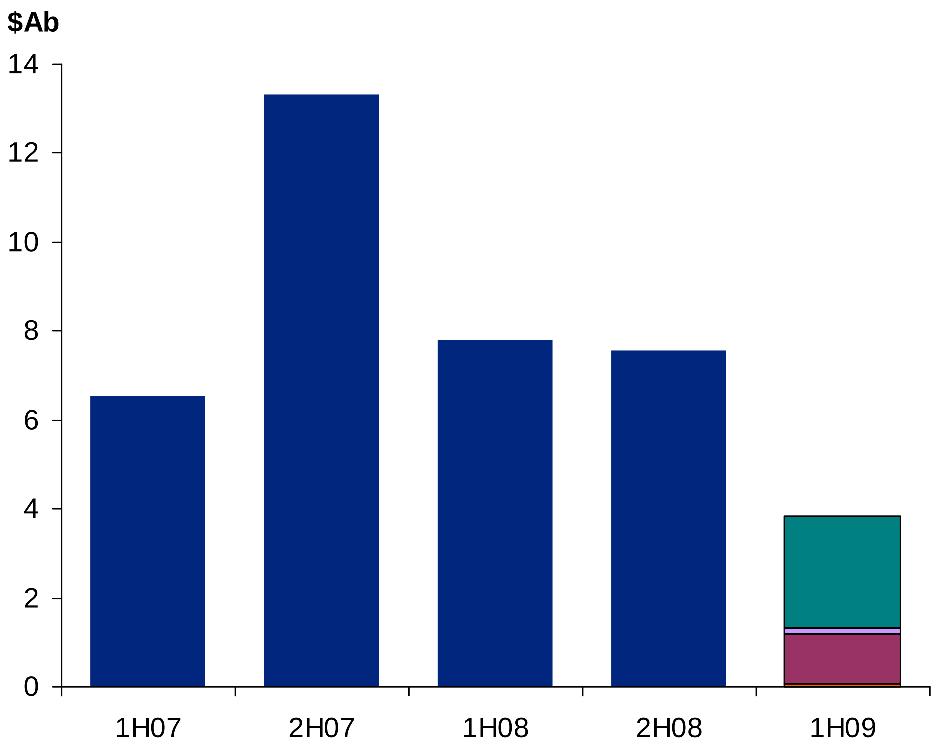
Specialist funds – key facts

- **Robust governance framework**
  - Each listed vehicle has its own Board with a majority of directors independent of Macquarie
    - MIG, MAp and MCG recently announced that security holders will have the right to nominate and vote on the appointment of all directors. Macquarie employees will not be eligible for nomination. Macquarie intends to abstain from voting its principal investment in relation to the appointment of directors, and financing decisions that require security holder approval such as security issuances or buybacks
  - 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 arm's 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
  - Macquarie has provided extensive disclosure on its fund management arrangements to investors through fund corporate governance statements and constitutions which are published on the listed funds' websites. Fund annual reports and offer documents have included key terms of advisory / management agreements.
    - On 22 October 2008 MIG, MAp, MCG, DUET and MMG published the management agreements for the stapled company/ies in their structures. The publication of the agreements follow new guidelines set out by the Australian Stock Exchange in September 2008.

MacCap & Real Estate fund raisings

$A3.8b raised over the 6 months to 30 Sep 2008

- 79% from international investors and 95% into unlisted funds or syndicates
- Lower raisings in 2Q09 as result of volatility in global markets



Funds	Raising[1] ($Ab)
Unlisted Macquarie Capital Funds	2.51
Listed Macquarie Capital Funds	0.14
Unlisted Real Estate Funds	1.12
Listed Real Estate Funds	0.06
1H09 TOTAL	**$A3.8b**

1 Funds raised by Macquarie and joint venture fund manager partners from 1 April 2008 to 30 Sep 2008, including equity raised via DRP. Includes committed, uncalled capital. Specialist fund raisings no longer include former EMG and MacCap Products funds as these have now been incorporated into the Macquarie Funds Group. Prior periods have been restated.

Key points on infrastructure

Infrastructure businesses have many attractive characteristics

ESSENTIAL SERVICES

- Daily usage, high volume
- Large customer base – households, businesses, passengers, drivers
- Low risk of technological obsolescence
- Community focus

HIGH BARRIERS TO ENTRY

- Long life, high value physical assets
- Significant capital requirements for competitor development
- Long term contracts / concessions
- Planning and approval requirements

PREDICTABLE CASHFLOWS

- Concession arrangements
- Long term contracts
- Captive market
- Pricing power, inelastic demand
- Generally low on-going capex
- Low operating costs
- Prices and revenues often set by regulation
- Operating track record and history

CONSISTENT GROWTH

- Long term growth correlated with GDP
- Inflation linked

Macro factors

- Large need for infrastructure in both developing and developed markets
  - Global investment needs for new infrastructure of $US370b p.a.*
  - Global investment needs for maintenance of infrastructure of $US480b p.a.*
- Shortage of public sector funding options
  - Economic slowdowns put more pressure on public sector finances
- Large infrastructure projects often seen as way to stimulate growth
  - Recent Australian Government announcement to accelerate implementation of infrastructure spending to 2009
  - Sen. Barack Obama has called for immediate spending of $US25b on improving the infrastructure (of the United States)
  - Governor of Pennsylvania (US), Ed Rendall, recently stated “We can’t wait … Congress and the President elect must undertake major investment in our infrastructure”
- Infrastructure assets typically require significant funding making them difficult for one investor to own outright
  - Infrastructure funds allow investors to gain access & diversification

* Source: World Bank

Initiatives in developing countries

India

- Strong economic growth expected to continue next 5 to 10 years
- Clear government initiatives to develop infrastructure
  - Over $US500b to be invested over next 5 years[1]
- $US2b fund being launched, pending regulatory approval
  - Significant capital already raised
  - Fund managed by JV, Macquarie, State Bank of India (majority owned by Central Government of India) and International Finance Corporation (member of the World Bank Group)

Russia & CIS Region

- Robust economic expansion since 1999
- Minimal infrastructure investment
- Growing demand for improved infrastructure
- Infrastructure investment requirements estimated at US$1 trillion over next 10 years[2]
- Macquarie initiative – Joint venture agreement with Renaissance Capital to develop infrastructure advisory and fund management opportunities in Russia and other CIS countries

1 Source: Planning Commission of the Government of India
2 Source: Former acting First Deputy Prime Minister, Sergei Ivanov, September 2007

Key points on real estate

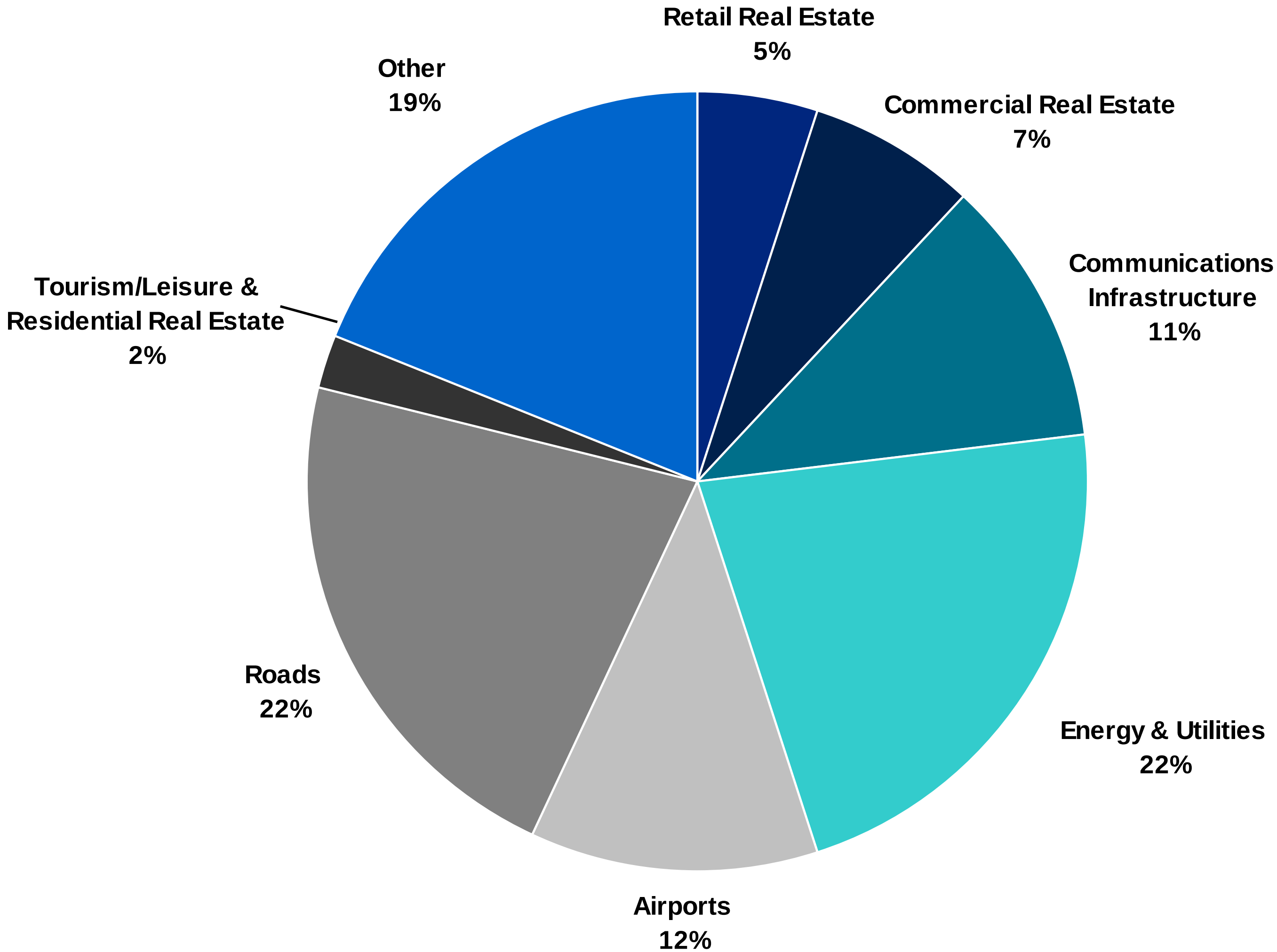
Markets

- Real Estate markets extremely difficult globally, particularly listed REIT markets
- Expected softening of asset capitalisation rates – but limited examples of public transactions to support changes to asset valuations

Macquarie managed REITS

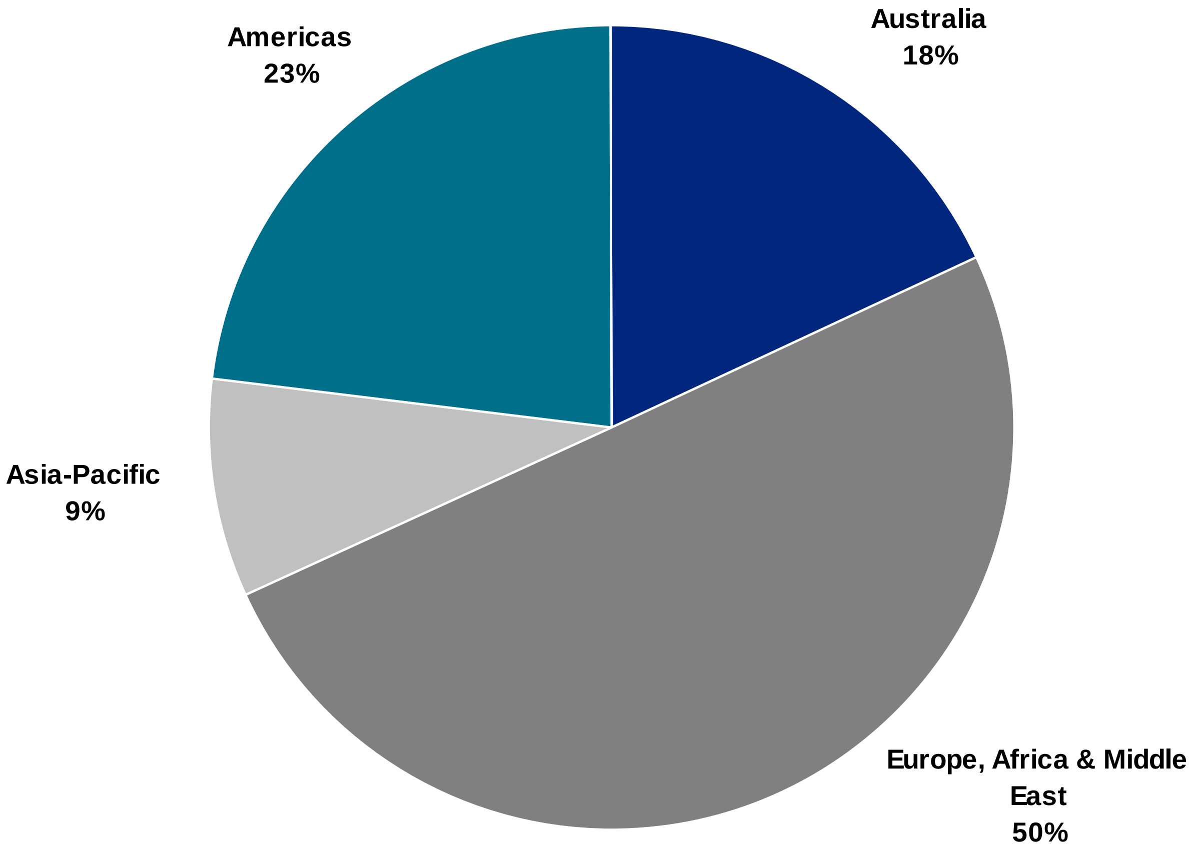
- Macquarie manages a simple REIT model, with earnings driven by underlying rental income streams, with limited exposure to development or other business income
- Underlying portfolios performing solidly, with high occupancy rates and strong covenants
- Grocery anchored (MCW) and convenience retail (MDT) expected to be impacted less by weaker global conditions than discretionary retail sectors
- We have undertaken many initiatives to date to strengthen the balance sheets of the Trusts and continue with :
  - Selective asset sales
  - Refinancings and covenant renegotiations
  - Capital management
- Notwithstanding this, write-offs reflect reduction in market value of Macquarie’s equity investments

A broad range of Assets under Management



Total Macquarie Capital and Real Estate assets under management by sector at 30 September 2008

Over 80% of assets located outside Australia



Comprises of Macquarie Capital and Real Estate assets under management at 30 September 2008

Managing important assets across the globe

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

UK
- M6 Toll
- Bristol Airport
- Wales & West Utilities
- Thames Water
- Combined Landfill Projects Envirogas
- Energy Power Resources
- Arqiva[1]
- Airwave
- Red Bee Media
- Condor Group (ferry services)
- Moto (motorway services)
- National Car Parks
- East London Bus Group
- Steam Packet (ferry services)
- Wightlink (ferry services)
- MGPA

Austria
- Herold (directories)

Belgium
- Brussels Airport
- MGPA

Denmark
- Copenhagen Airports
- De Gule Sider (directories)

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

Germany
- Warnow Tunnel
- MGPA
- Macquarie Office
- Macquarie CountryWide
- GWE (heat & power)
- Techem A.G

Italy
- Macquarie Office
- MGPA

Greece
- MGPA

Poland
- DCT Gdansk (container terminal)
- MGPA
- Macquarie CountryWide
- pkt.pl (directories)

Netherlands
- De Telefoonggids (directories)
- Gouden Gids (directories)
- MGPA

Finland
- Fonecta (directories)

Czech Republic
- Mediatel (directories)

Slovakia
- Mediatel (directories)

Portugal
- Lusoponte[2]

Spain
- Itevelesa (vehicle inspection)
- Asset Energia Solar
- Solpex Energia Solar

Sweden
- EPR Sweden (wind farm)
- Arlanda Express
- Lokaldelen (directories)

Switzerland
- MGPA

Canada
- Edmonton Ring Road
- Highway 407 ETR
- A-25
- Sea to Sky
- AltaLink
- Cardinal (power station)
- Whitecourt (biomass facility)
- Chapais (biomass facility)
- Erie Shores Wind Farm
- Hydro Power Business
- Halterm Limited (port)
- Fraser Surrey Docks
- Leisureworld
- New World Gaming

Africa
- N3 Toll Concessions
- Bakwena Platinum Corridor Conncessionaire
- Trans African Concessions
- Neotel
- Kelvin Power Station
- Kilimanjaro Airport Development Company

USA
- South Bay Expressway
- Dulles Greenway
- Indiana Toll Road
- Skyway
- AIR-serv (tyre inflation)
- Icon Parking
- Hanjin Container Terminals
- Harley Marine Services
- Petermann (school buses)
- Smarte Carte
- Penn Terminals
- Sentinent (private aviation)
- Airport Parking Business
- Airport Services (fixed base operations)
- Waste Industries
- American Consolidated Media
- Bulk Liquid Storage Terminal Business
- Express Energy
- Global Tower Partners
- Macquarie DDR
- Macquarie CountryWide
- Macquarie Office
- Macquarie Leisure
- Aquarion Company
- Puget Energy[3]
- District Energy
- Duquesne Light
- Gas Production and Distribution Business

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

China
- Changshu Xinghua Port
- First China Property Group
- MWREF
- MP REIT[4]
- MGPA
- Hua Nan Expressway

Taiwan
- Taiwan Broadband Communications
- Miaoli Windpower[5]
- Hanjin Pacific Corporation (Kaohsiung)

Japan
- Toyo Tires Turnpike
- Ibukiyama Driveway
- Macquarie Office
- MP REIT[4]
- Macquarie Direct Property Fund
- MGPA
- Macquarie Goodman Japan
- Hanjin Pacific Corporation (Tokyo, Osaka)

Singapore
- MP REIT[4]
- MGPA
- Macquarie Direct Property Fund

Hong Kong
- MGPA
- Macquarie Goodman Asia[6]

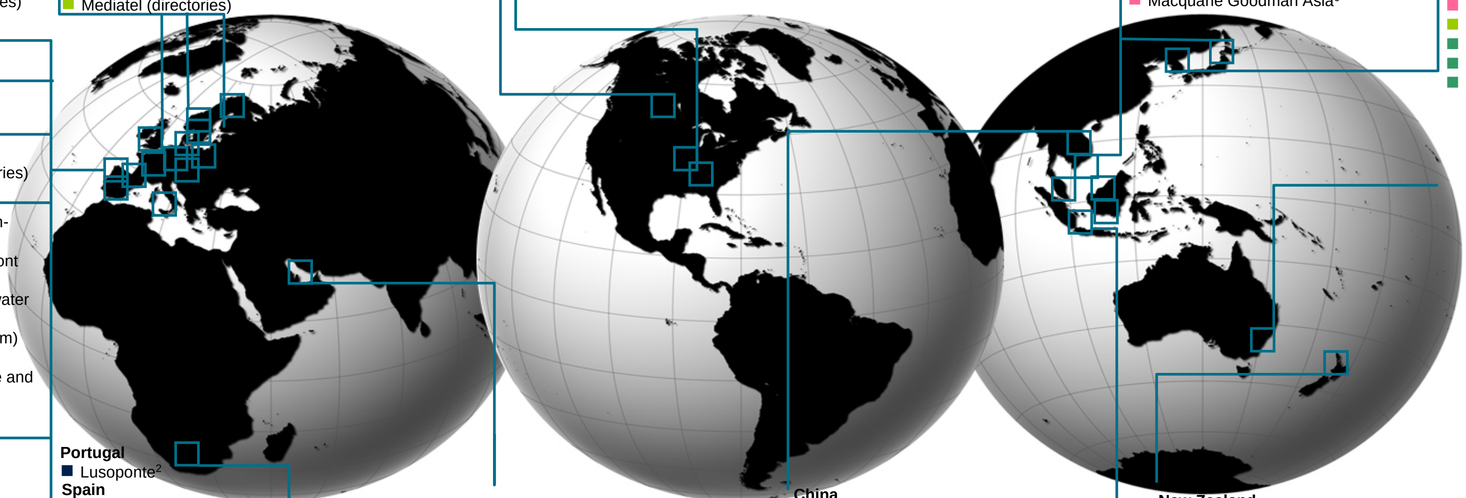
New Zealand
- Metlifecare
- Private Lifecare
- Retirement Care New Zealand
- Macquarie CountryWide
- Macquarie Leisure

Malaysia
- MGPA

Thailand
- MGPA

South Korea
- Baekyang Tunnel
- Cheonan-Nonsan Expressway
- Incheon International Airport Expressway
- Gwangju 2nd Beltway Section 1 & 3-1
- Machang Bridge
- Soojungsan Tunnel
- Daegu 4th Beltway East
- Incheon Grand Bridge
- Seoul Chuncheon Expressway
- Woomyunsan Tunnel
- Yongin-Seoul Expressway
- Seosuwon-Osan-Pyungtaek Expressway
- SK E&S Gas Distribution
- West Sea Power/West Sea Water
- Macquarie NPS REIT
- MCO CR-REIT
- C&M (cable tv)
- Hanjin Pacific Corporation (ports)
- Busan New Port Phase 2-3
- Seoul Subway Line 9, Section 1

Australia
- Dampier to Bunbury Natural Gas Pipeline
- Multinet Gas Holdings
- United Energy Distribution
- AlintaGas Networks
- Broadcast Australia
- Transtoll
- Sydney Airport
- Hobart International Airport
- Westlink M7
- Eastlink
- Retirement Villages Group
- Macquarie Southern Cross Media
- Regis Group (aged care)
- Macquarie Office
- Macquarie CountryWide
- Macquarie Leisure
- MREEF
- Macquarie Direct Property Fund
- St Hilliers Property



Real Estate | Airports | Communications | Energy & Utilities | Roads | Transport services | Other

As at 30 September 2008. In some cases, Macquarie or a Macquarie-managed fund has partial interest in an asset. [1] Arqiva acquired 100% of National Grid Wireless in April 2007. [2] In September 2008, MIG announced an agreement to sell its interest. The sale is subject to government and lenders' consent. Financial completion is expected by the end of 2008. [4] On 28 October 2008, Macquarie entered into a sale and purchase agreement to sell its 26% interest in Macquarie Prime REIT and its 50% interest in Prime REIT Management Holdings. [5] Formerly infraVest Wind. [6] On 28 October 2008, Macquarie announced it has sold its interests in the Hong Kong platform of Macquarie Goodman Asia to joint venture partner Goodman Group.

APPENDIX E
Glossary

Macquarie Group Limited

Result Announcement for the half year ended 30 September 2008

18 November 2008 – Presentation to Investors and Analysts

Glossary

$US/USD	US Dollar
1H	First Half
1H09	Half year ended 30 September 2008
2H	Second Half
2H08	Half year ended 31 March 2008
2H09	Half year ended 31 March 2009
ABS	Asset Backed Securities
ADCB	Abu Dhabi Commercial Bank
AGM	Annual General Meeting
APRA	Australian Prudential Regulatory Authority
ASX	Australian Securities Exchange
AUD/$A	Australian Dollar
AUM	Assets Under Management
CAGR	Compound Annual Growth Rate
CDO	Collatoralised Debt Obligation
CLO	Collatoralised Loan Obligation
CMT	Cash Management Trust
cps	Cents Per Share
DPS	Dividend Per Share
DRP	Dividend Reinvestment Plan

DUET/DUE	Diversified Utility and Energy Trusts
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
EMG	Equity Markets Group
EPS	Earnings Per Share
EUM	Equity Under Management
FUA	Funds Under Administration
FUM	Funds Under Management
FX	Foreign Exchange
FY	Full Year
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
JV	Joint Venture
KRX	Korea Exchange
LVR	Loan to Value Ratio
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAG	Macquarie Airports Group

Glossary

MAP/MAp	Macquarie Airports
MBL	Macquarie Bank Limited
MCG	Macquarie Communications Infrastructure Group
MCW	Macquarie CountryWide Trust
MDT	Macquarie DDR Trust
MEIF	Macquarie European Infrastructure Fund
MGL	Macquarie Group Limited
MIC	Macquarie Infrastructure Company
MIG	Macquarie Infrastructure Group
MIIF	Macquarie International Infrastructure Group
MIP	Macquarie Infrastructure Partners
MIPS	Macquarie Income Preferred Securities
MIS	Macquarie Income Securities
MLE	Macquarie Leisure Trust Group
MMG	Macquarie Media Group
MOF	Macquarie Office Trust
MQG	Macquarie Group Limited (ASX listed)
NPAT	Net Profit After Tax
NYSE	New York Stock Exchange

OTC	Over the Counter
P&L	Profit and Loss
p.a.	Per Annum
pcp	Prior Corresponding Period
REG	Real Estate Group
REIT	Real Estate Investment Trust
S&P	Standard & Poor's
SGX	Singapore Exchange
SPE	Special Purpose Entities
TMET	Telecommunications, Media, Entertainment and Technology
TSE	Tokyo Stock Exchange
UK	United Kingdom
US	United States of America