



MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED

# Special General Meeting

20 May 2010



# Important Notices

## Disclaimer

Macquarie International Infrastructure Fund Limited (MIIF) is a Bermudian registered mutual fund company listed on the Singapore Exchange Securities Trading Limited. Macquarie Infrastructure Management (Asia) Pty Limited (MIMAL) (AFSL 284 621) is the manager of MIIF. MIMAL is a wholly owned subsidiary of Macquarie Capital Group Limited (MacCap).

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or provide assurance in respect of the obligations of these entities.

This presentation has been prepared based on available information. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, neither MacCap, MBL, MIIF, MIMAL, their directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of MacCap, MBL, MIIF, MIMAL or their directors, employees or agents.

In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in the information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Each recipient of the information should make its own independent assessment of the information and take its own independent professional advice in relation to the information and any action taken on the basis of the information.

This presentation is based on information generally available to the public and does not contain any material, non-public information.

## General Securities Warning

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MIIF, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling, securities or other instruments in MIIF. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of MIIF. Past performance is not a reliable indication of future performance.



## **MIIF Board members**

---

Heng Chiang Meng (Meeting Chairman)	Independent Director (Present)
Lee Suet Fern	Independent Director (Present)
Michael Hamer	Independent Director (Present)
John Roberts	Macquarie Executive (Apology)
Robert Mulderig	Independent Director (Apology)



## **Management of MIMAL, MIIF's Manager**

---

John Stuart	Chief Executive Officer (Present)
Bodie ter Kuile	Chief Financial Officer (Present)



## **Independent Financial Adviser**

---

Vishal Sharma	Executive Director (Present)
---------------	------------------------------

## Presenter

- |   |                             |                  |
|---|-----------------------------|------------------|
| 1 | Meeting Chairman's Address  | Heng Chiang Meng |
| 2 | MIMAL CEO's Address         | John Stuart      |
| 3 | Questions from shareholders |                  |
| 4 | Formal proceedings          | Heng Chiang Meng |
| 5 | Refreshments                |                  |



# MIMAL CEO's Address John Stuart



# Proposed Divestment Introduction

- MIIF proposes to dispose of its 8.7% in Arqiva for £116.5 million (S\$243.3 million) in the following manner:
  - 4.2% interest to MEIF II for £55.5 million
  - 2.5% interest to MFIT for £34.0 million
  - 2.0% interest to IFM for £26.9 million
- MEIF II and MFIT are interested persons for the purposes of Chapter 9 of the SGX Listing Manual
  - managed and advised by Associates of MIMAL
- IFM is not related to any member of the Macquarie Group

## Portfolio Strategy

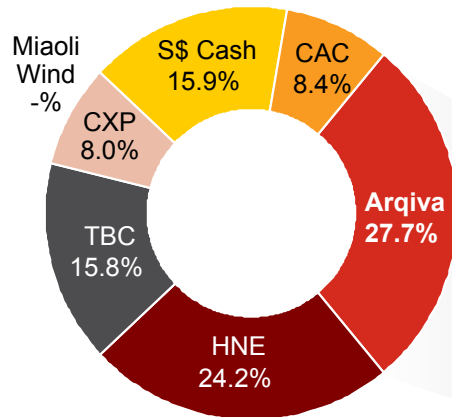


- MIIF's strategy when acquiring infrastructure businesses is to:
  - Acquire a substantial interest to exert influence over the businesses; or
  - Invest in minority positions if:
    - there are sufficient minority protections in place; or
    - MIIF's partners in the investment have similar objectives
    - Since 2006 MIIF has stated an aim to focus on Asia
- Prior to the acquisition of MCG in July 2009 by CPPIB, Macquarie managed funds held an 82% interest in Arqiva
  - Following the transaction, Macquarie managed funds now hold a 34% interest
- A minority interest limits MIIF's ability to actively manage Arqiva and influence management decisions
- The proposed divestment is consistent with the execution of an Asian focused strategy

## Realisation of Underlying Value

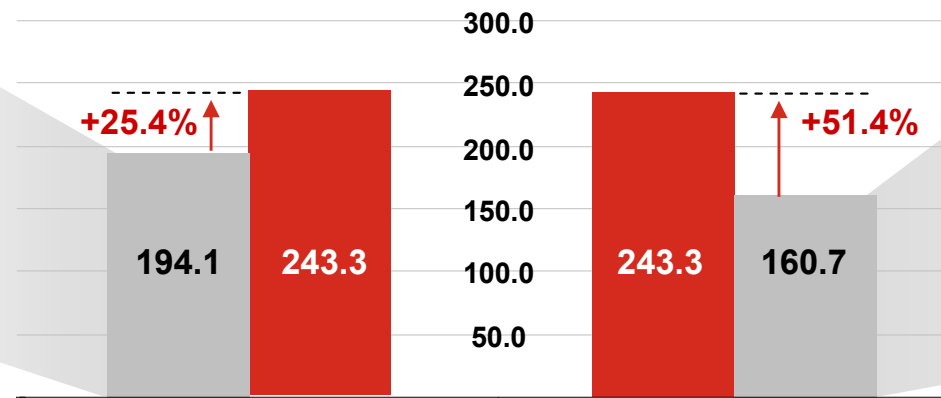
- MIIF continues to address its share price underperformance and is exploring a range of options to restore and enhance value, such as the disposal of certain businesses
- The sale price represents a 25.4% premium to the value implied by MIIF's pre-announcement share price

Market valued at S\$0.54



Premium Calculation A<sup>(1)</sup>

S\$ million

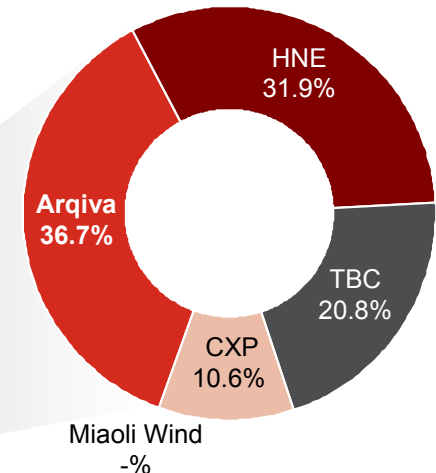


Premium Calculation A<sup>(1)</sup>

Premium Calculation B<sup>(2)</sup>

■ Sale Price    ■ Valuation implied by share price

Market valued at S\$0.34



Premium Calculation B<sup>(2)</sup>

Note: (1) Premium of 25.4% over the value of Arqiva of S\$0.15 per share implied by MIIF's share price of S\$0.54 as at 23 March 2010. The implied value of Arqiva was S\$194.1 million based on 27.7% of MIIF's investment portfolio as at 31 December 2009

(2) Premium of 51.4% over the value of Arqiva of S\$0.12 per share implied by MIIF's share price of S\$0.54, less:

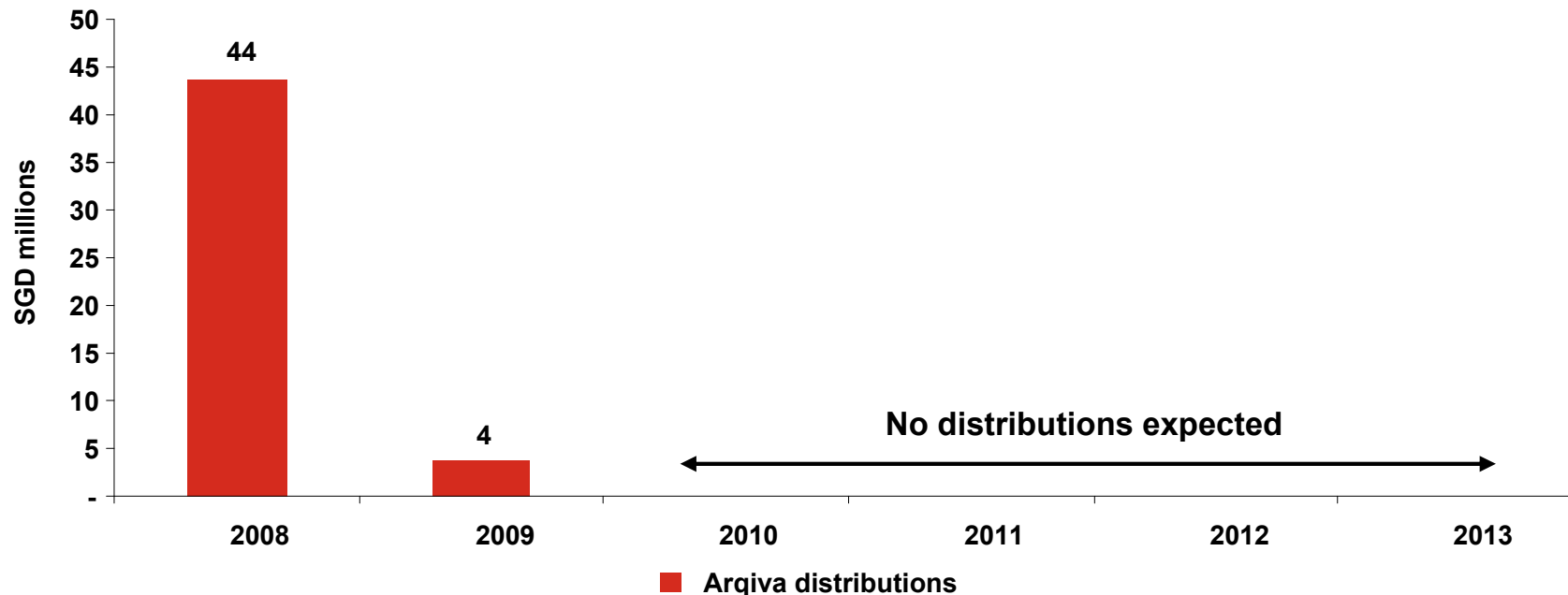
— S\$0.13 per share for cash balance as at 31 December 2009

— S\$0.07 per share for CAC sale proceeds

The implied value of Arqiva was S\$160.7 million based on 36.7% of MIIF's investment portfolio as at 31 December 2009 (excluding CAC and S\$ cash)

## Limited Distributions

- Arqiva has not paid any distributions to its shareholders since February 2009
- MIIF anticipates that no distributions will be paid by Arqiva until a refinancing of the existing debt facilities (due 2014) is completed
- This has had a significant negative impact on the size of dividend declared by MIIF
- MIIF believes the lower dividend has contributed to the underperformance of its share price



## Speed and Certainty of Sale

- The sale to existing shareholders requires less time and would be more certain than a sale to a third party for the following reasons:
  - MIIF believes that gearing at Arqiva is somewhat high and that distributions will be withheld till existing debt is refinanced;
  - Existing shareholders can transact more quickly as they are already familiar with Arqiva's operations;
  - Third parties will not get an Arqiva board seat and cannot veto reserved matters;
  - Pre-emptive rights exist, creating uncertainty for a third party purchaser; and
  - Existing shareholders may have strategic reasons, such as increasing their Arqiva board representation

## The Manager: Ensures full compliance with rigorous process



### Macquarie Fund Policy

- Only independent directors make decisions about transactions which involve Macquarie and its affiliates as counterparties
- Macquarie directors do not vote on related party matters
- Conducted on arm's length terms

### KPMG Corporate Finance (KPMG)

- Independent financial advisor (pursuant to SGX listing rules)
- Of the view that the proposed divestment is on normal commercial terms and is not prejudicial to the interests of MIIF and its minority shareholders

### SGX-ST

- Review of Circular to Shareholders
- Compliance with Listing Rules & Regulations

### Pursuant to SGX listing rules

- For related party transactions >5% of NTA



# Conclusion

- In line with MIIF's increasing focus on Asia and consistent with its objective to realise value for MIIF shareholders, MIIF's Board agreed to dispose of Arqiva
- As the transaction involves two Macquarie related parties, only the Independent Directors of MIIF have reviewed the proposal and recommend that shareholders vote in favour of the resolution
- KPMG has determined that the proposed transaction is on normal commercial terms and is not prejudicial to the interests of MIIF and its minority shareholders
- MIIF will receive cash of S\$238.5 million (post transaction costs) or 18 cents per share<sup>(1)</sup>
  - Expected cash balance of S\$466.5 million or 36 cents per share by end of May 2010
  - MIIF is well positioned to capitalise on opportunities to invest in attractive Asian infrastructure businesses
  - If no opportunities are identified, MIIF will look to return cash to shareholders

Note: (1) MIIF has hedged the sale proceeds of £116.5 million at a rate of £1.00 : S\$2.0892



# Questions



# Formal Proceedings



# Resolution And Proxies Received

## Ordinary Resolution

- The proposed disposal of MIIF's 8.7% interest in Arqiva
  - Please refer to the Notice of Special General Meeting for the full text of the resolution

## Proxies Received

	Number of Shares		
	For	Against	Discretion
Resolution	169,266,262	1,411,035	1,996,317



Close



MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED

# Special General Meeting

20 May 2010