



Macquarie Group Limited

Operational Briefing

Presentation to Investors and Analysts



6 February 2008



Disclaimer

This material has been prepared for professional investors.

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



Macquarie Group Limited

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6 February 2008 – Presentation to Investors and Analysts



AGENDA

9.40 – 10.00	Management update – David Clarke, Allan Moss & Nicholas Moore
10.00 – 10.30	Update since the interim result – Allan Moss
10.30 – 11.00	Macquarie Capital – Nicholas Moore
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11.00 – 11.15	Morning tea
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11.15 – 11.30	Financial management update – Greg Ward
11.30 – 11.45	Real Estate Group – Stephen Girdis
11:45 – 12:00	Equity Markets Group – Kim Burke
12.00 – 12.15	Risk Management – Nick Minogue



Update since the
interim result

Allan Moss —
Managing Director and
Chief Executive Officer

Macquarie Group Limited

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Key points



- Subject to market conditions:
 - Expect 2H08 result to be at least in line with 2H07 result of \$A733m
 - If achieved, result for FY08 will be at least \$A1.8b, 23% up on prior year
- Macquarie remains:
 - Very profitable
 - Well capitalised, and
 - Well funded
- Continued strong market shares
- Continued good volumes in most businesses
- Geographic diversity
- Conditions remain challenging in credit markets. Effects have flowed through to equity markets, in particular, REITs (listed real estate trusts)



Key points (contd.)

- No unusual trading exposures
- No unusual concerns with credit quality
- Funding costs have increased (detail in Financial Management presentation)
- Commitment to strategic alignment with investors through investments in Macquarie-managed funds
 - Total market value* of positions in listed specialist funds and listed fund managers \$A403m above book value
 - However, market value* of most positions in listed real estate funds currently below book value (detail in Real Estate Group presentation)
- Dividend policy unchanged: 50-60% target annual payout ratio
- Remain well placed for growth in the medium term
- Identifying opportunities currently
- Taking strategic growth initiatives
- Authorised by FSA to conduct banking activities in the UK and Europe - effective 4 February 2008



Comments on Macquarie's third quarter (to 31 Dec 2007)

- 3Q08 (to 31 Dec 2007) result was 13% up on pcg and marginally up on 2Q08
- All Groups reported a profit for the quarter
- No unusual trading write-downs
- Potential provision on investments in real estate funds to be assessed as part of year-end reporting process
- Overall activity remained reasonable during the quarter despite mixed market conditions
 - Reasonable M&A volumes in Asia and Australia
 - Good ECM volumes in Australia, Asia and Canada
 - Continued high broking volumes in Australia and Asia, despite weaker indices
 - Continued good retail broking volumes
 - Good volumes across treasury and commodity businesses
 - Some decline in interest in equity derivatives in Australia and Asia in December
 - Increased funding costs (detail in Financial Management presentation)
 - Infrastructure and real estate refinancings completed on reasonable terms

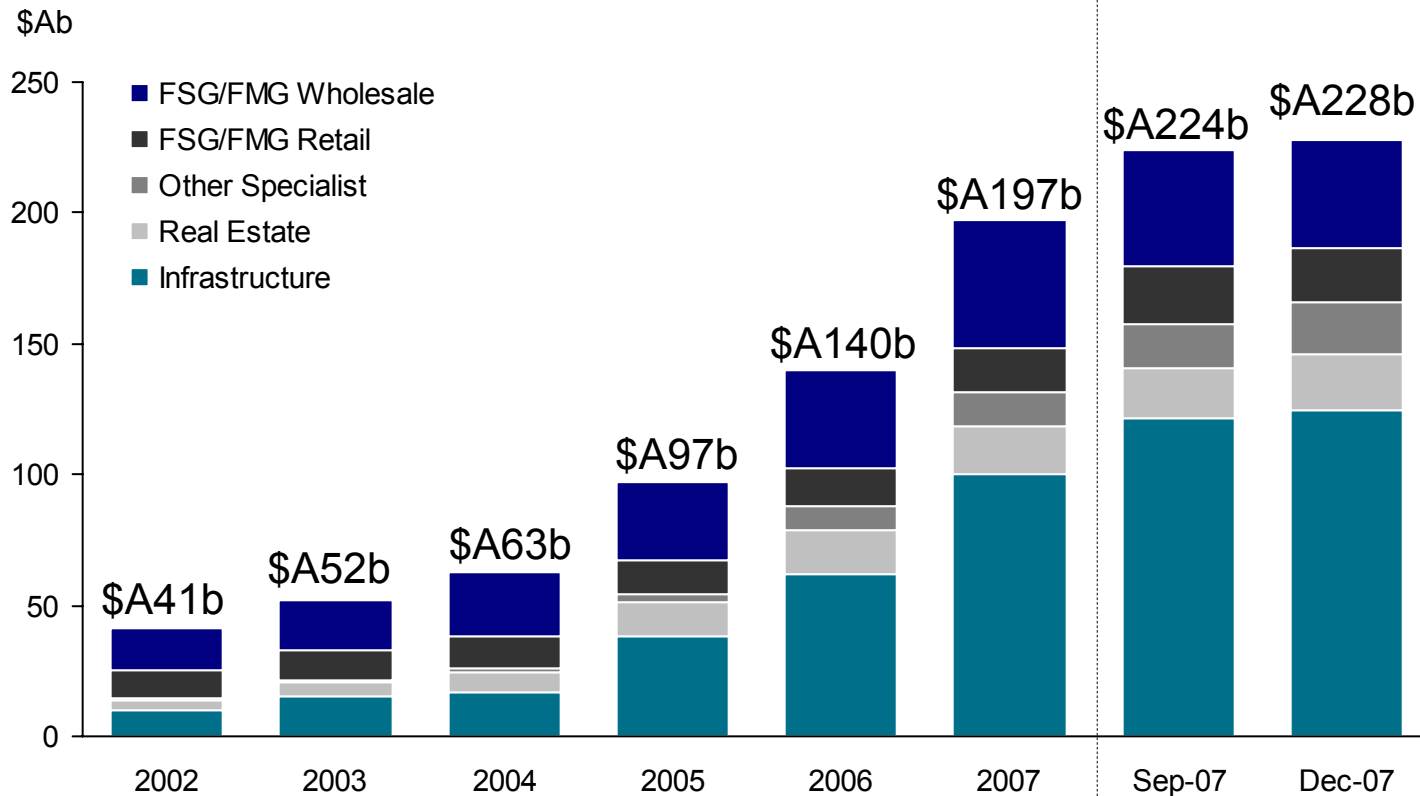


Comments on Macquarie's third quarter (contd.) (to 31 Dec 2007)

- Assets under management up 2% to \$A228b (from \$A224b at Sep 2007)
- Continued strong specialist fund raisings – \$A5b raised during the quarter, predominantly for unlisted international funds
- No significant asset realisations
- MBL received accreditation from APRA to adopt advanced approaches under Basel II
- Continued investment in staff – Now over 12,400, approx 5000 outside Australia
- As previously advised, restructure completed on schedule. \$A9b of new term funding raised via senior credit facility



Assets under management \$A228 billion



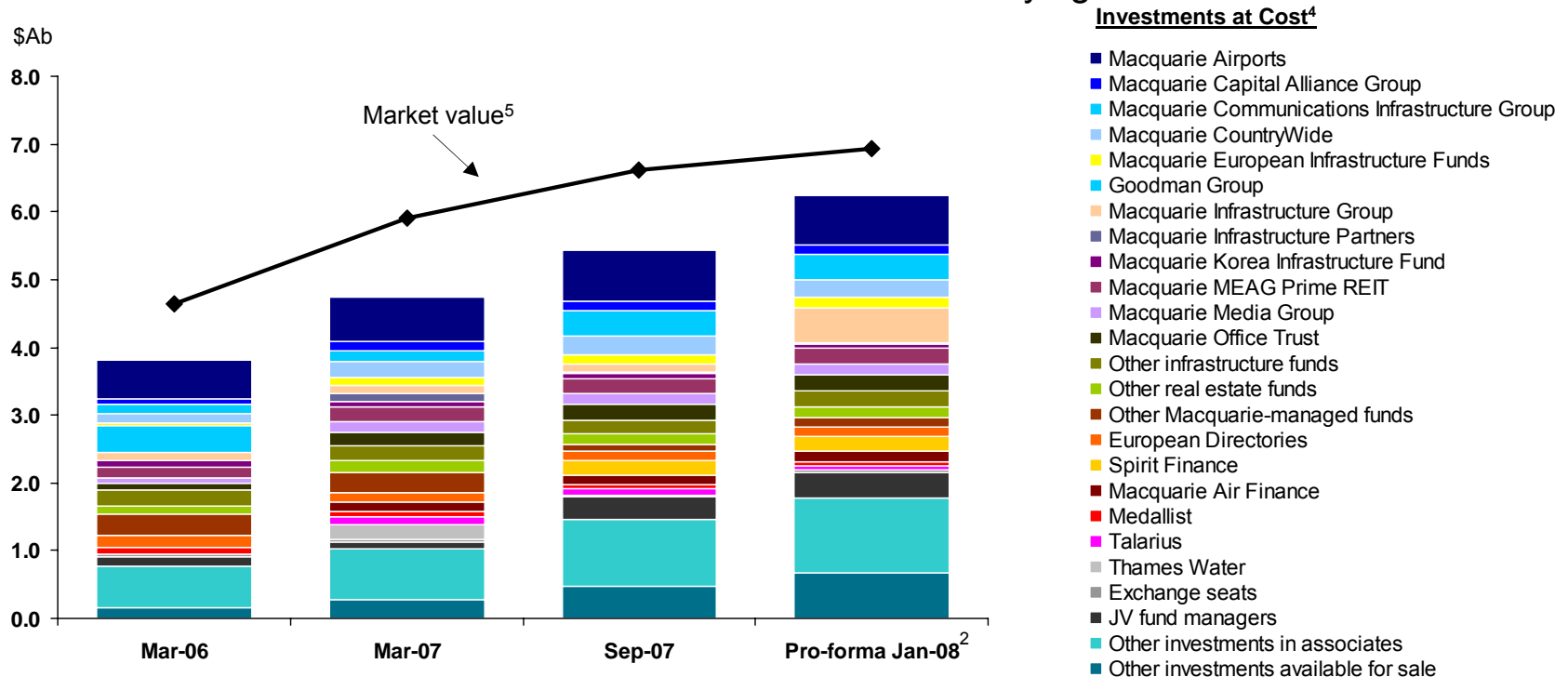
Refer to glossary for calculation of AUM. Sale of Macquarie-IMM Investment Management and Macquarie ProLogis Management since March 2007 reduced AUM by over \$A5b. Strengthening of \$A versus major currencies has impacted growth.



Equity investments¹

Alignment of interests with investors

- Substantial investments held in Macquarie-managed funds and listed fund managers: \$A3.6b at 31 Jan 2008²
 - Listed funds and listed fund managers: \$3.0b – net unrealised gains of approx \$403m³
 - Unlisted funds: \$0.6b – no material concerns with carrying value
- Other investments: \$2.7b – no material concerns with carrying value



1. Equity investments reported here include those investments that are not currently classified as Held for Sale. It includes investments in Macquarie-managed funds and other investments held for strategic reasons. Some investments will become classified as Held for Sale when it is highly probable that the asset will be sold in the subsequent 12 months.

2. Pro-forma Jan 08: For listed Macquarie-managed specialist funds and listed fund managers, cost and market value are at 31 Jan 08. For all other investments, cost and market value are at 31 Dec 07.

3. Based on market value at 31 January 2008.

4. Cost represents the cost to Macquarie plus equity accounted profits/losses of associates. It excludes the fair value adjustments for investments classified as Available for sale.

5. Market value is calculated as the carrying value for unlisted investments, and the market value of listed investments.



Positions in listed specialist funds and listed fund managers

	Investments at cost ¹ (\$Am) @ 31/01/08	Market value (\$Am) @ 31/01/08	Unrealised gain/(loss) (\$Am) @31/01/08
Macquarie Airports (MAp)	708	1,123	415
Macquarie Capital Alliance Group (MCQ)	135	136	1
Macquarie Communications Infrastructure Group (MCG)	337	425	88
Macquarie Infrastructure Company (NYSE listed)	89	117	28
Macquarie Infrastructure Group (MIG)	462	490	28
Macquarie International Infrastructure Fund (SGX listed)	77	74	(3)
Macquarie Korea Infrastructure Fund (KRX listed)	67	99	32
Macquarie Media Group	150	166	16
Total Infrastructure	2,025	2,630	605
Macquarie CountryWide (MCW)	257	192	(65)
Macquarie Office Trust (MOF)	221	153	(68)
Macquarie Leisure Trust (MLE)	17	34	17
Macquarie DDR Trust (MDT)	16	11	(5)
Macquarie Central Office CR-REIT (KRX listed)	21	28	7
Macquarie MEAG Prime REIT (SGX listed)	228	206	(22)
J-REP Co Ltd (TSE listed real estate funds manager)	169	103	(66)
Total Real Estate	929	727	(202)
Total	2,954	3,357	403

1. Cost represents the cost to Macquarie plus equity accounted profits/losses of associates. It excludes the fair value adjustments for investments classified as Available for sale.



Accounting for investments in funds

- Investments in Macquarie-managed funds are equity accounted
- Unrealised market gains are not brought to account
- Impairment assessed at each reporting date
 - Carrying value compared with the present value of future expected cash flows
 - Impairment can be triggered by:
 - significant changes in market, economic or legal environment
 - significant or prolonged decline in market value below carrying value
 - Impairment write-downs, if any, recognised in P&L
- NPAT impact of any impairment write-down is reduced by profit share and income tax
 - If all current unrealised losses on listed specialist funds and listed fund managers are recognised in P&L (approx. \$A230m), impact on NPAT would be approx. \$A70m

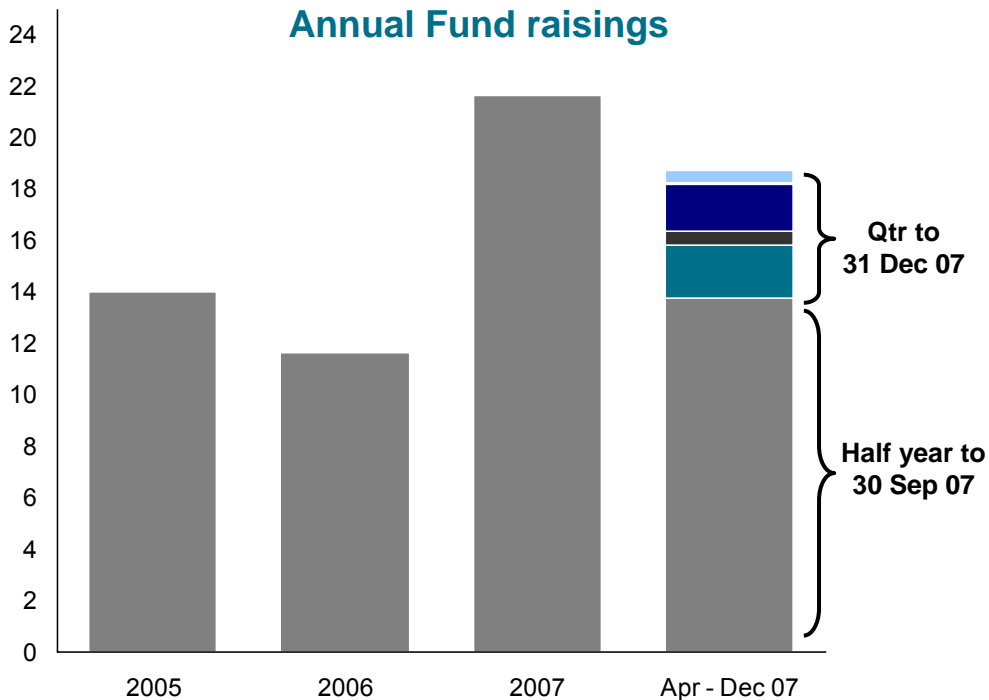


Specialist fund raisings – strong support from international investors

- \$A5b raised over 3 months to 31 Dec 2007
- 62% from international investors and 99% into unlisted funds or syndicates
 - MacCap Funds: \$A6b available for investment
 - Real Estate Funds: \$A4.6b available for investment

\$Ab

Annual Fund raisings



Fund	3Q08 Raising (\$Ab)
Unlisted Infrastructure	0.48
Listed Infrastructure	0.04
Unlisted Real Estate	1.82
Listed Real Estate	0.02
EMG funds	0.57
Other*	2.05
3Q08 TOTAL	\$A5.0b

Funds raised by Macquarie and joint venture fund manager partners, including equity raised via DRP. Included committed, uncalled capital.

* Includes MGOP, RVG and Macquarie Capital Products specialist funds.



Brief update on global market conditions

- Credit markets
 - Investor sentiment still weak
 - International short term funding markets have improved in some areas
 - Australian short term markets continue to function normally
 - Global term funding markets, including the securitisation market, remain very challenging
 - Most funding at significantly higher cost than pre-August 2007
- Equity markets
 - As foreshadowed at November result announcement, equity markets are being impacted. This has especially affected listed real estate funds
 - Volumes remain relatively strong in Asia and Australia



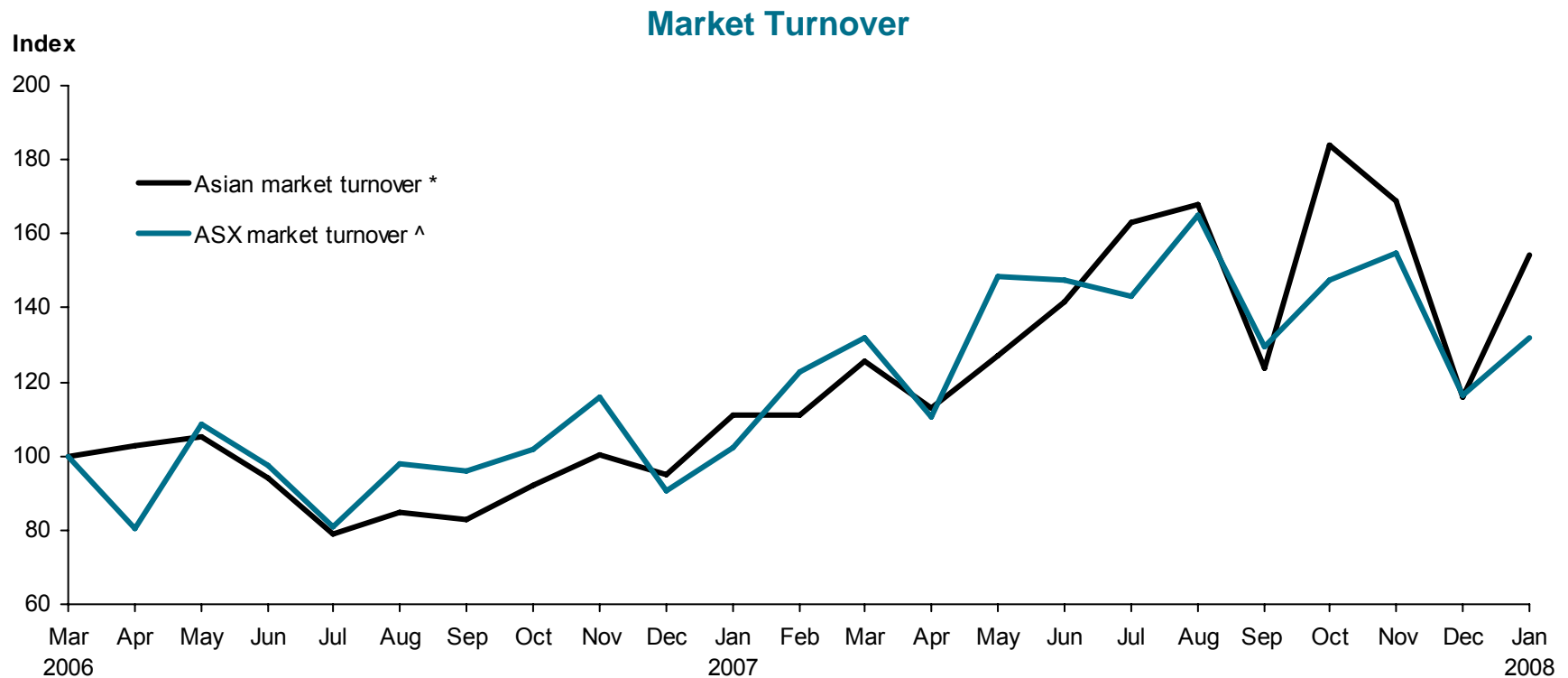
Brief update on global market conditions

- Investment banking industry transaction flow
 - Uncertainty in credit markets impacting global deal flow
 - Asia remains relatively good, Australia reasonable, US and Europe quieter
- Global real estate
 - Credit squeeze has accelerated a repricing of risk in a number of markets
 - Refinancing risks in some markets
 - Sharp decline in almost all global listed real estate markets, Hong Kong an exception. Many now priced well below reported net asset values
 - Asset price reductions in some markets, more evidence in UK than US.
No evidence of lower prices in Australia. Evidence of continued increases in Asia
 - Continued demand from institutional investors for quality real estate investments
- Continuing competitive environment for staff



High broking volatility and volumes

- High equity market volumes in key regions continued in October and November
- December volumes down - however well up on pcip
- Strong volumes in January



* Index in USD. Represents the total market turnover for the following locations: Hong Kong, Korea, Taiwan, Japan, Thailand, Singapore, Malaysia, Philippines, Indonesia and India.

Source: Market exchanges.

^ Index in AUD. Source: IRESS.



No unusual trading exposures

- Main business focus is making returns by providing services to clients rather than by principal trading
- No material exposures not already known to investors
- No problem trading exposures
- No material problem credit exposures
- No exposure to Structured Investment Vehicles (SIVs)
- No subprime lending
- Longstanding policy of granting very few standbys and warehouses
- No problems with debt underwritings
- No underwriting of leveraged loans
- Very little underwriting of corporate loans
- Modest credit exposures to the hedge fund industry
- Well funded – cash and liquid securities currently over 3 times normal liquidity levels
- Debt investment portfolio:
 - Modest holdings of AAA and AA rated CLOs and CDOs (\$US300m approx) which are not backed by subprime
 - Modest holdings of AAA and AA rated asset-backed securities (\$US230m approx) which are backed, or partially backed, by pools of subprime and midprime US mortgages
 - Modest holdings of credit wrapped securities (\$A130m approx). These securities were issued by investment grade Australian corporate issuers, and payment on those securities has been guaranteed by various monoline insurers that are rated AAA or AA
 - No defaults and do not expect significant losses on these securities



Update by operating group

Macquarie Capital

- Reasonable M&A volumes and pipeline in Australia and Asia
- Good ECM volumes in Australia, Asia and Canada. Reasonable pipeline over the next 12 months despite short-term impact of equity market volatility
- Continuing high broking volumes in Australia and Asia
- MacCap Funds:
 - Continued strong fund raisings
 - Assets performing well
 - Investing in quality assets (AUM up 23% from April 07)
 - Refinancings continue to be completed on reasonable terms
- Expect 2H08 to be:
 - Well down on strong 1H08 which benefited substantially from asset realisations
 - Down on 2H07 also due to lower asset realisations
- Expect FY08 to be up on pcp



Update by operating group

Treasury and Commodities

- Benefiting from ongoing volatility
- Increased volumes across most businesses
- Expect 2H08 to be:
 - Broadly in line with very good 1H08
 - Broadly in line with 2H07 which included oil and gas realisation
- Expect FY08 to be broadly in line with pcp which had very strong results across all businesses and included significant oil and gas realisation

Equity Markets

- Decline in product issuance volumes in Asia and Australia due to volatile market conditions
- Expect 2H08 to be:
 - Substantially down on very strong 1H08, partly reflecting seasonality
 - Broadly in line with 2H07
- Expect FY08 to be substantially up on pcp



Update by operating group

Real Estate

- Current conditions in global REIT markets are challenging
- Assets in managed funds operating soundly with high occupancy and strong lease profile
- Well placed to take advantage of opportunities that current markets may present
- Expect 2H08 to be:
 - Down on 1H08 due to timing of transactions and lower asset realisations
 - Well down on 2H07 due to lower asset realisations
 - Potential provision on investments in real estate funds to be assessed as part of year end reporting process
- Before any potential provisions on real estate fund investments, expect FY08 to be broadly in line with pcp excluding Goodman Group realisation in pcp



Update by operating group

Financial Services

- Recent equity market volatility has had an impact on FUM/FUA but inflows remain strong
- Continuing good retail broking volumes although down from highs of 1H08
- Expect 2H08 to be:
 - Down on very strong 1H08 which included higher broking volumes
 - Marginally up on 2H07
- Expect FY08 to be well up on pcg
- Financial Services Group and Banking and Securitisation Group currently in the process of merging to enhance services to retail clients

Funds Management

- Strong relative performance has continued in equities
- Credit funds performed well relative to peers
- Some outflows in global REIT funds in line with industry
- Expect 2H08 to be:
 - Up on 1H08 excluding Macquarie-IMM Investment Management realisation
 - Down on 2H07 which benefited from a higher level of performance fees
- Expect FY08 to be very substantially up on pcg (broadly in line with pcg excluding Macquarie-IMM realisation)



Update by operating group

Banking and Securitisation

- Investment lending and relationship banking businesses continue to perform well
- Mortgages business:
 - Good credit quality
 - Limited access to securitisation market
 - Increased funding costs
 - As previously advised, less than 1% of Macquarie Group profits in FY07
- Expect 2H08 to be:
 - Down on 1H08
 - Substantially down on 2H07 due to increased cost of funding and sale of child care business in pcp
- Expect FY08 to be down on pcp due to lower contribution from mortgages businesses



Some initiatives since the interim result (13 Nov 2007)

Asia

- Good growth in **M&A** and **ECM** businesses with strong activity levels during 3Q08
- **PTC Financial Services** – agreement to acquire 20% of Indian energy investment company
- **Macquarie Global Property Advisors (MGPA)** – biggest foreign investor in Singapore's property market in 2007 with \$S4.3b of purchases
- **C&M** - Korean cable television business – Macquarie Korea Opportunities Fund-led consortium's agreement to acquire 95% for KRW2.58 trillion (approx. \$A3.07b)*
- **Busan New Port Terminal** – Macquarie Korea Infrastructure Fund's KRW260b (approx. A\$308m) commitment to greenfield port project in major regional logistic hub Busan
- **Hua Nan Expressway** – Macquarie International Infrastructure Fund's RMB4.0b (approx \$A602m) acquisition of 81% interest in toll road in Guangzhou, China
- **New Fund Pipeline**
 - Macquarie India Infrastructure Opportunities Fund

* Subject to regulatory approval



Some initiatives since the interim result (13 Nov 2007)

The Americas

- **CIT Systems Leasing** – acquisition of equipment leasing business. Integration of 180 staff, operating as Macquarie Equipment Finance
- **Orion Securities Inc** – integration of Canadian team of 130, operating as Macquarie Capital Markets Canada
- **Waste Industries** – investor group (including MIP) \$US544m acquisition of a regional, non-hazardous solid waste company in North Carolina*
- **American Consolidated Media's** (100% owned by Macquarie Media Group) \$US160m acquisition of additional local community newspaper businesses in Maryland and Ohio
- **Macquarie Capital Securities** – Expansion of institutional US equities sales trading and research business. Coverage of 27 stocks initiated to date. 13 staff, 8 dedicated to research.
- **Equity Capital Markets** – commenced building capability in the region. Completed first secondary capital markets offering out of Canada - largest secondary offer in Canadian history at \$C1.6b, third largest mining secondary offer globally
- **New Fund Pipeline**
 - Macquarie Infrastructure Partners (MIP) II (North America)
 - Macquarie Global Opportunities Partners (Private Equity)



Some initiatives since the interim result (13 Nov 2007)

Europe and Middle East

- **Techem** – MEIF II's €1.4b acquisition of listed German sub-metering company
- **European Gaming (Talarius)** – sale of holding (50%) to Tattersalls
- **Macquarie Capital Securities** – Expansion of institutional European equities sales trading and research business. Coverage of 8 stocks initiated to date. 10 staff, 7 dedicated to research
- **New Fund Pipeline:**
 - Macquarie European Infrastructure Fund III
 - ADCB Macquarie Infrastructure Fund (Middle East)
 - Macquarie Special Situations Fund
 - Macquarie Renaissance Infrastructure Fund (Russia)



Some initiatives since the interim result (13 Nov 2007)

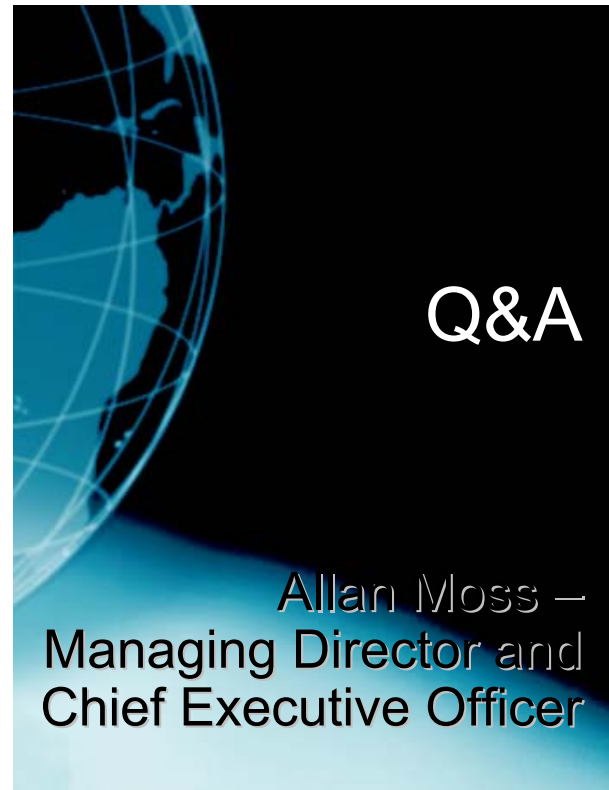
Australia

- No. 1 calendar '07 announced and completed deals by volume; No. 2 completed deals by value (Thomson)
- No. 2 calendar '07 ASX broker market share¹(ASX)
- No. 2 calendar '07 equity and equity related underwriting (Thomson)
- No. 1 calendar '07 domestic debt securitisation (Thomson)
- **Macquarie Wrap Solutions:** \$A24.9b at 31 December 2007; **Cash Management Trust:** \$A17.2b
- **MIG** – completion of up to \$A1b on-market share buy-back
- **Hobart Airport** – Macquarie-led consortium's \$A350m acquisition of Tasmania's major airport



Current year outlook

- Subject to market conditions:
 - As previously advised, expect 2H08 result to be at least in line with 2H07 result of \$A733m, but down on very strong first half because of change in market conditions and lower level of asset sales
 - If achieved, result for FY08 will be at least \$A1.8b, 23% up on prior year
- These comments take into account any potential provision for investments in listed real estate funds
- Remain well placed due to:
 - Diversification by geography, business and product
 - Committed quality staff
 - Well funded
 - Strong capital base providing ability to capture strategic initiatives



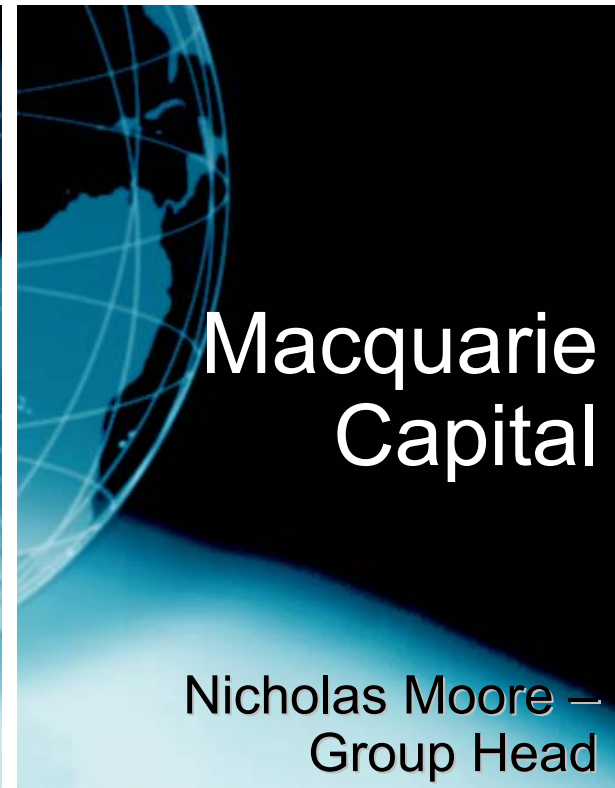
Q&A

**Allan Moss –
Managing Director and
Chief Executive Officer**

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**Macquarie
Capital**

**Nicholas Moore –
Group Head**

Macquarie Group Limited

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Our structure

MACQUARIE CAPITAL

Nicholas Moore

**PRINCIPAL INVESTMENTS
& PRUDENTIAL
MANAGEMENT**

Stephen Allen

**MACQUARIE
CAPITAL ADVISERS**

Michael Carapiet
John Roberts

**MACQUARIE CAPITAL
SECURITIES**

Roy Laidlaw

RESEARCH

David Rickards

**MACQUARIE CAPITAL
PRODUCTS**

Michael Price
Oliver Yates

**MACQUARIE CAPITAL
FINANCE**

Garry Farrell

Staff*

40

2,010

934

270

361

More than 3,600 staff in 53 offices across 25 countries

* As at 31 Dec 2007. Includes all permanent staff



Global activities



- 53 offices (48 outside Australia)
- 5 new offices since 1 April 2007

EUROPE & MIDDLE EAST

661 staff



AFRICA

31 staff

ASIA

1,009 staff



NORTH AMERICA

699 staff



AUSTRALIA

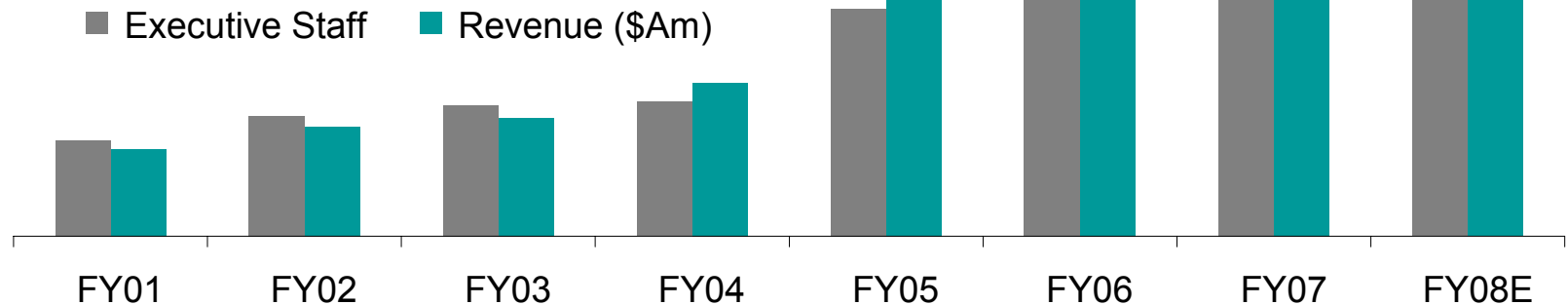
1,215 staff



Seven years of growth

Executive staff

- Compound growth in staff of 25% over 7 years to FY08E
- 570 new executives hired in FY08 YTD
- 186 graduates in FY08
- 164 admissions into INSEAD Masters



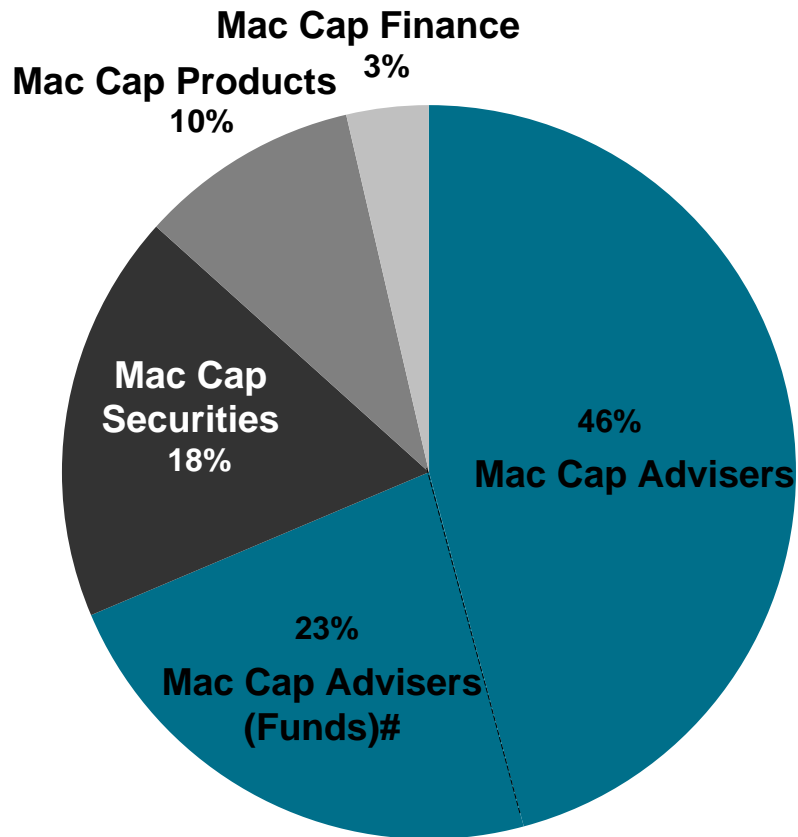
Macquarie Capital Income

- Estimated 2008 revenue 7.5x 2001 revenue
- Estimated 2008 net income 10x 2001 net income
- Compound annual growth in net income of 38% over 7 years to FY08E

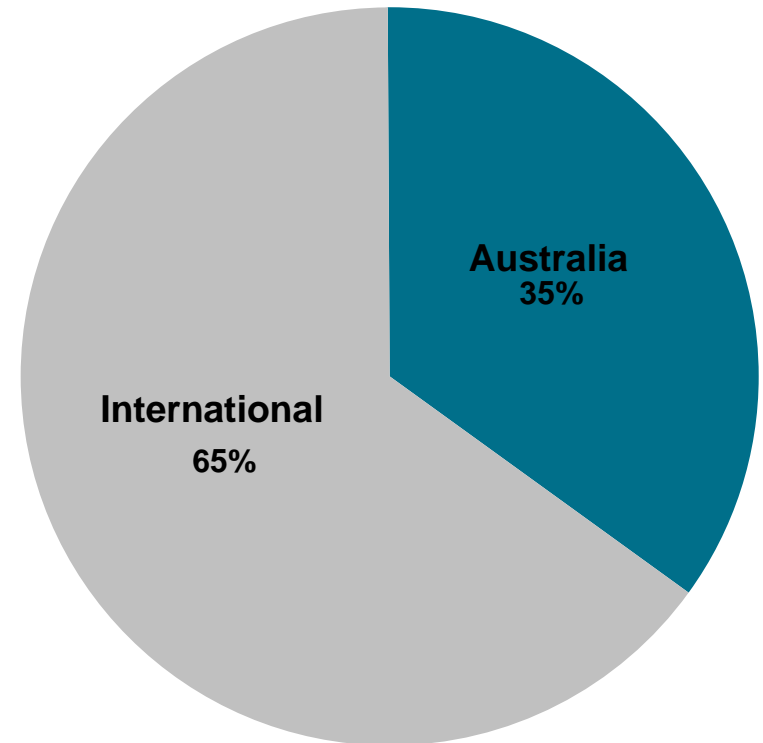


Income diversity

FY08 Estimated Mac Cap Net Income* by Division



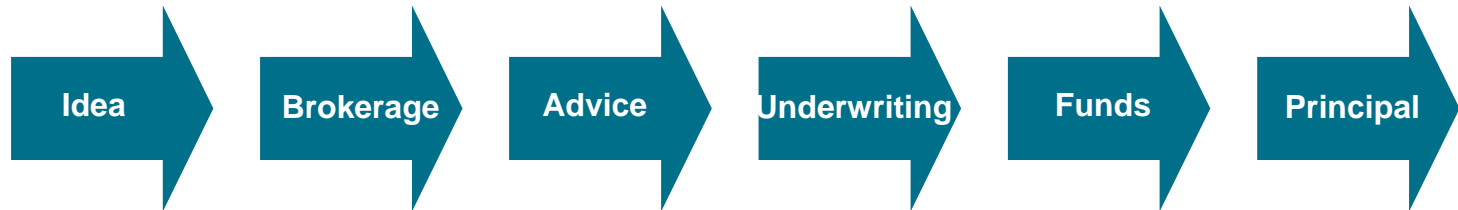
FY08 Estimated Mac Cap Net Income* by Region



* Estimate for Financial Year ended 31 March 2008, management accounts net income pre-tax, pre-profit share
Comprises Fund management fees only. All advisory fees relating to Funds are included in Mac Cap Advisers.



Leveraging opportunities



Infrastructure	AIIF, DUET, GIFs, KIEF, MIG, MAp, MCG, MKIF, MKOF, MEAP, MEIF, MEIF 2, MIP, MIIF, MIC, MPT, SAIF	Aquarion, Puget Energy, Peterborough Hospital, Hobart Airport
TMET	MCG / MMG	Gateway Casinos, Red Bee Media, Taiwan Broadcast, Omni Plastics
Resources	Opportunity	Boart Longyear, Cheetah Oil & Gas, Longview Oil & Gas
Property	Real Estate Group	
Financial Institutions	MCAG / MGOP	ATM Solutions
Industrials	MCAG / MGOP / RVG	Senior Living, Aircraft Maintenance, Icon Parking, Moto Roadside Services, Spirit Finance



Our model

A unique complete service provider

Broker

**Financial
Adviser**

Underwriter

**Fund & Asset
Manager**

Principal

Governance Separation

Macquarie Capital Advisers

- Advisory (third party and fund)
- Asset sourcing
- Over 1,200 executives (500+ infra specialists) worldwide with deal origination and execution skills and experience

Macquarie Capital Funds

- Funds focus
- Quality asset acquisitions
- Active asset management
- Investment evaluation
- 600+ staff worldwide
- Equity under management ~\$A56b

Investors benefit

- **17.3%*** compound annual return since inception

Strong alignment of interests

- Fund shareholdings by Macquarie
- Performance fee incentive
- Mac Cap Advisers / Funds ED remuneration arrangements

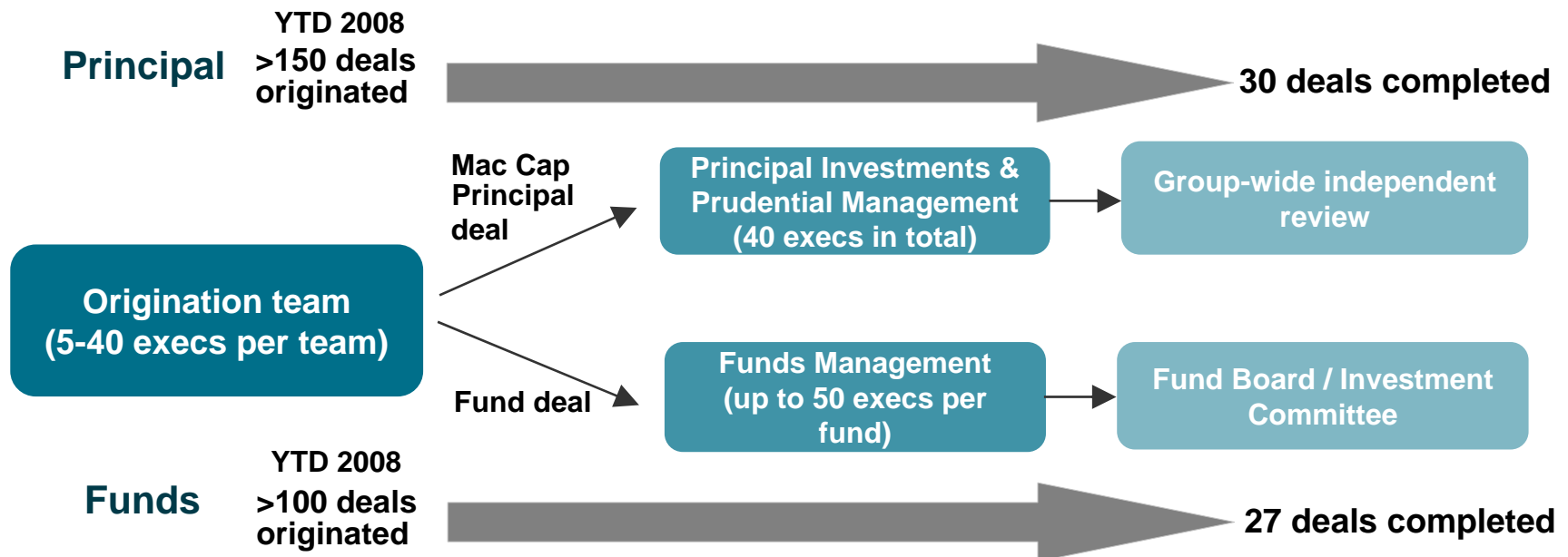
* Annualised return based on all capital raised, distributions paid and valuations (market capitalisation for listed funds and net asset value for unlisted funds) for Macquarie Capital Funds since inception to 31 January 2008 (listed funds as at 31 January 2008, unlisted funds as at 30 June 2007). Calculated on an AUD basis, with cash flows converted at fixed exchange rates (based on the date of listing for listed funds, first close date for unlisted funds, and financial close date for managed assets).



Risk management

“Ownership”: Risk is everyone’s responsibility

- Central Principal Investments & Prudential Management unit within Macquarie Capital reviews transactions (in addition to centralised Group-wide risk review)
- Fund management teams and Independent Directors / Investment Committees review transactions undertaken by Macquarie-managed funds





Investing in staff



Management commitment

- Continue to hire: expect to hire 186 graduates over the course of FY08
- Staff engagement is critical management task
- Mac Cap Professional Development Programme (grads and lateral induction)
- Mac Cap / AGSM Leadership and Management Programme (senior management)
- Macquarie / INSEAD Master of Finance (Investment Banking) degree
 - World first
 - One of the world's leading business schools
 - Tailored programme:
 - Finance, Accounting, Leadership, Strategy & Management
 - Residencies across four continents



Global environment

Asia

- Continued growth in Asian M&A volumes
 - Outward investment from North Asia particularly strong
- Credit crisis has impacted Asian debt markets through the operations of US and European banks
 - Less debt available
 - Infrastructure / PPP markets still open but wider credit spreads
- Strong ECM volumes in 2007
 - Strong pipeline for 2008 across India, Indonesia and China
 - Current market downturn may delay some deals coming to market

Europe & North America

- M&A activity in Europe and North America depressed
 - Equity still available
 - However, less debt available, especially for large deals
 - Still obtainable for quality assets eg. Thames, Southern Water and Techem
 - Equity market correction may lead to more attractive pricing
- European ECM market has barely re-opened post Christmas
 - IPO market is slow; many deals have been delayed



Global environment

Australasia

- M&A – Strong corporate balance sheets and resources boom continue to drive takeover activity
- Financing support available for good assets and relationship clients
 - Bilateral and club loan market active for corporates, infrastructure assets and small to mid-sized buyouts
 - Large buy-out market closed but mid-sized buy-out market open
- Recent market volatility expected to impact ECM volumes negatively in the short term
 - As the market settles, strong demand expected to continue – particularly for larger, quality deals
 - Demand likely to be split between sectors – good demand expected in resources



New businesses



Orion Securities

- What we acquired:
 - 130 executives in 3 offices
 - Canadian corporate advisory (including ECM), equity research, sales and trading platform
 - Expanded our industry / sector coverage
- Securities business integrating well with existing Macquarie business
- Continues to trade profitably



New businesses



Giuliani Capital Advisors

- What we acquired:
 - 100 executives in 6 offices
 - expertise in restructuring advisory
 - expanded our industry expertise in corporate advisory (industrials, financial services)
- Integrating well with existing Macquarie Capital Advisers North America business
- Expanding our global advisory footprint
- Restructuring advisory seeing increasing levels of activity in a weakened credit market



Macquarie Capital Advisers

- Expect deal volume to exceed the record FY07 \$A160b worth of deals
- Still a reasonable pipeline of M&A opportunities despite market uncertainty
- Offshore offices now provide the majority of division revenue, and continue to grow their contribution
 - Acquisition of stake in Al Habtoor, Dubai by Leighton Holdings – advisory
 - Joint Bookrunner and Joint Placing Agent for Beijing Enterprises on its \$A553m accelerated bookbuild offering and top-up placement
 - Acquisition of MMI Holdings, Singapore by Kohlberg Kravis Roberts – advisory
 - National Grid Wireless acquisition by Arqiva (majority owned by MCIG) – advisory
 - Global Tower Partners acquisition by MIP/MCIG led consortium – advisory
- Continued strong performance from the Australian advisory business
 - Increased equity issuance: leading equity capital markets positions – No.2 Australia ECM (\$A7.5b)*
 - Strong Australian M&A deal flow – No.2 completed by value (\$US55.4b) and No. 1 by number of deals (64)*



Macquarie Capital balance sheet

- Since 1 April 2007, Macquarie Capital has sold \$A2b* worth of investments to a combination of third party investors, Macquarie-managed funds and listed market sales
- The current balance sheet reflects continued strong acquisition activity throughout FY08

Asset	Book Value/Committed Amount^ \$Am	Market value# A\$m
Equity/trading positions		
■ Held for less than 6 months	1,601	N/A
■ Held for 6-12 months	516	N/A
■ Held for more than 12 months	570	N/A
Investments in Macquarie-managed funds	2,475	3,080
Total	5,162	N/A

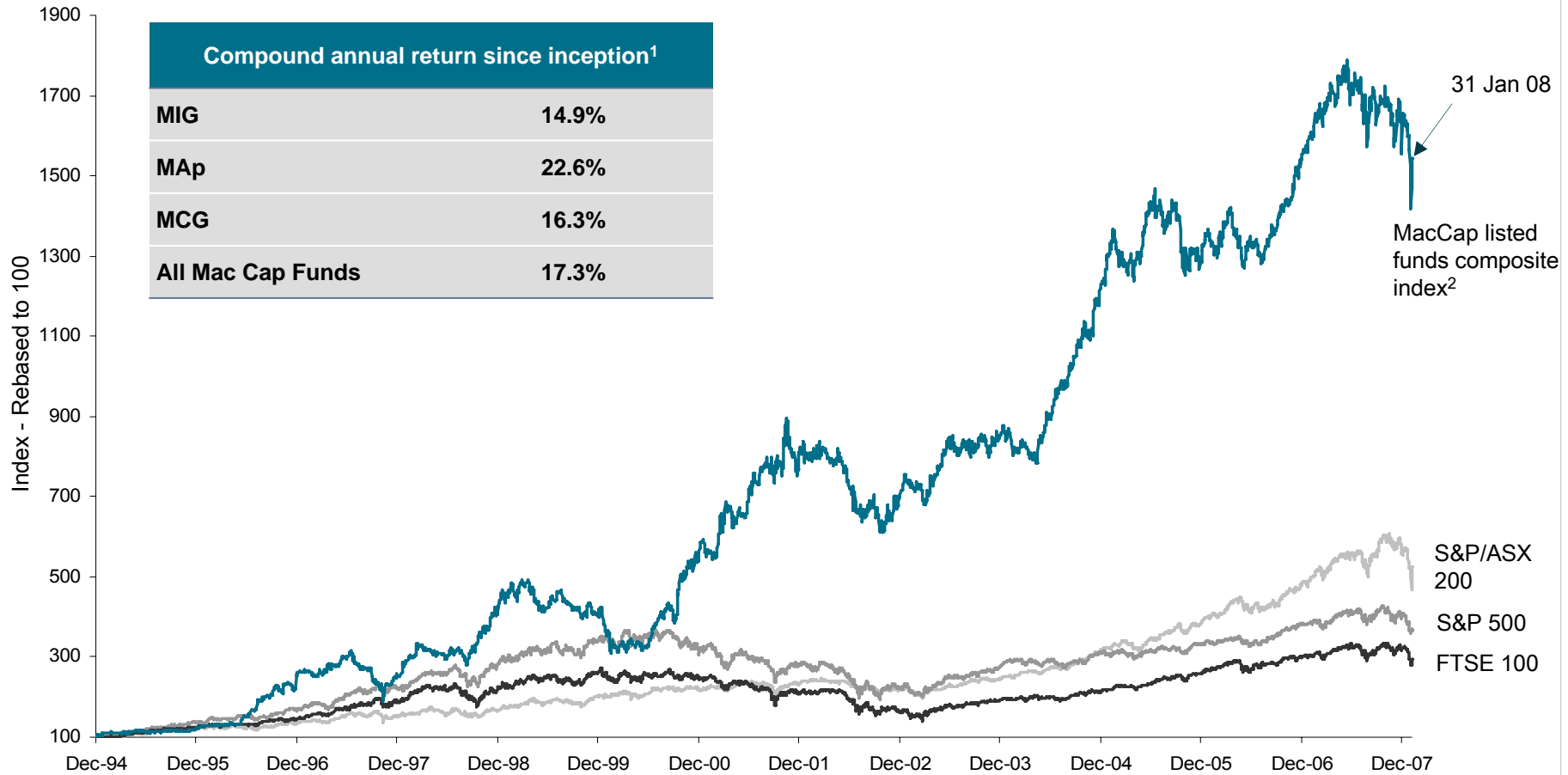
* Based on original amount committed.

^ As at 31 January 2008, includes both funded and unfunded commitments. Represents cost plus equity accounting and fair value adjustments taken through the P&L.

Market value as at 31 January 2008, includes unfunded commitments. Unlisted funds are included at book value.



Long term performance of Mac Cap Funds



1 Annualised return based on all capital raised, distributions paid and valuations (market capitalisation for listed funds and net asset value for unlisted funds) for Macquarie Capital Funds since inception to 31 January 2008 (listed funds as at 31 January 2008, unlisted funds as at 30 June 2007). Calculated on an AUD basis, with cash flows converted at fixed exchange rates (based on the date of listing for listed funds, first close date for unlisted funds, and financial close date for managed assets).

2 Indices are re-based to 100. All indices used are accumulation indices. Source: IRESS, Internal Macquarie Capital research. Macquarie Capital listed funds composite index assumes reinvestment of all distributions on the ex-distribution date and no further participation in subsequent capital raisings.



Underlying assets continue to perform well

Delivering earnings and distribution growth for investors

Fund ¹	Distribution (cents per security)				CAGR	Assets proportionate EBITDA compared to prior corresponding period ⁵
	2004	2005	2006	2007		
MIG	7.5	7.5 ²	21	20	39%	21.3%
MAp	12	20	25	26 ³	29%	9.0%
MCG	23	29	39	42	22%	6.7%
MMG			14.5	45.5	25% ⁴	6.7%

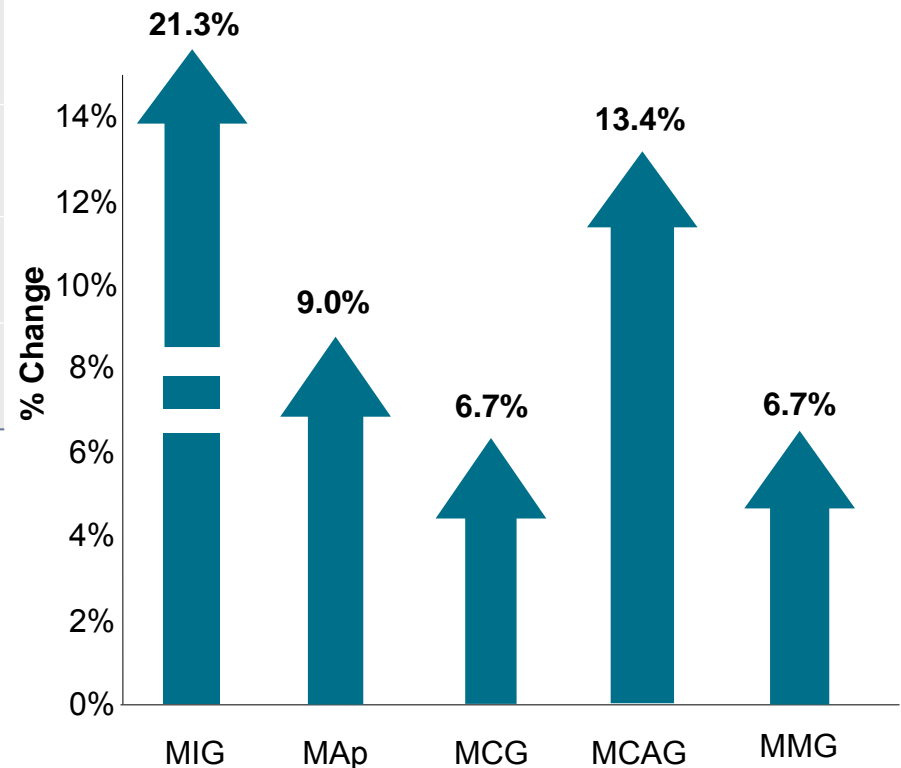
1 Excludes MCAG as this fund does not pay a regular yield

2 Excludes special distribution of 70 cents as a result of the sale of MIG's 40% interest in Cintra

3 Excludes special distribution of 5 cents

4 Distribution for FY 2006 relates to a seven month period. CAGR calculated using an annualised FY 2006 distribution and adjusted for the second installment of \$2 per security payable in November 2006.

5 Calculated for the twelve months ended 30 June 2007 for MIG, MCG, MCAG, and MMG. Calculated for the six months ended 30 June 2007 for MAp. For each fund, the calculation assumes that the portfolio held by each fund as at 30 June 2007 (or as a weighted average over the period ended 30 June 2007 for MAp, MCG, MCAG and MMG) was held over the prior corresponding period by applying the percentage ownership of each asset in the current period to the prior period's results. MAp results exclude Rome & Birmingham airports which were subsequently sold. Additionally, the current period's foreign exchange rates are applied to the previous period's results in order to exclude the effect of changes in the exchange rates. Excludes one-off transactions at the asset level.

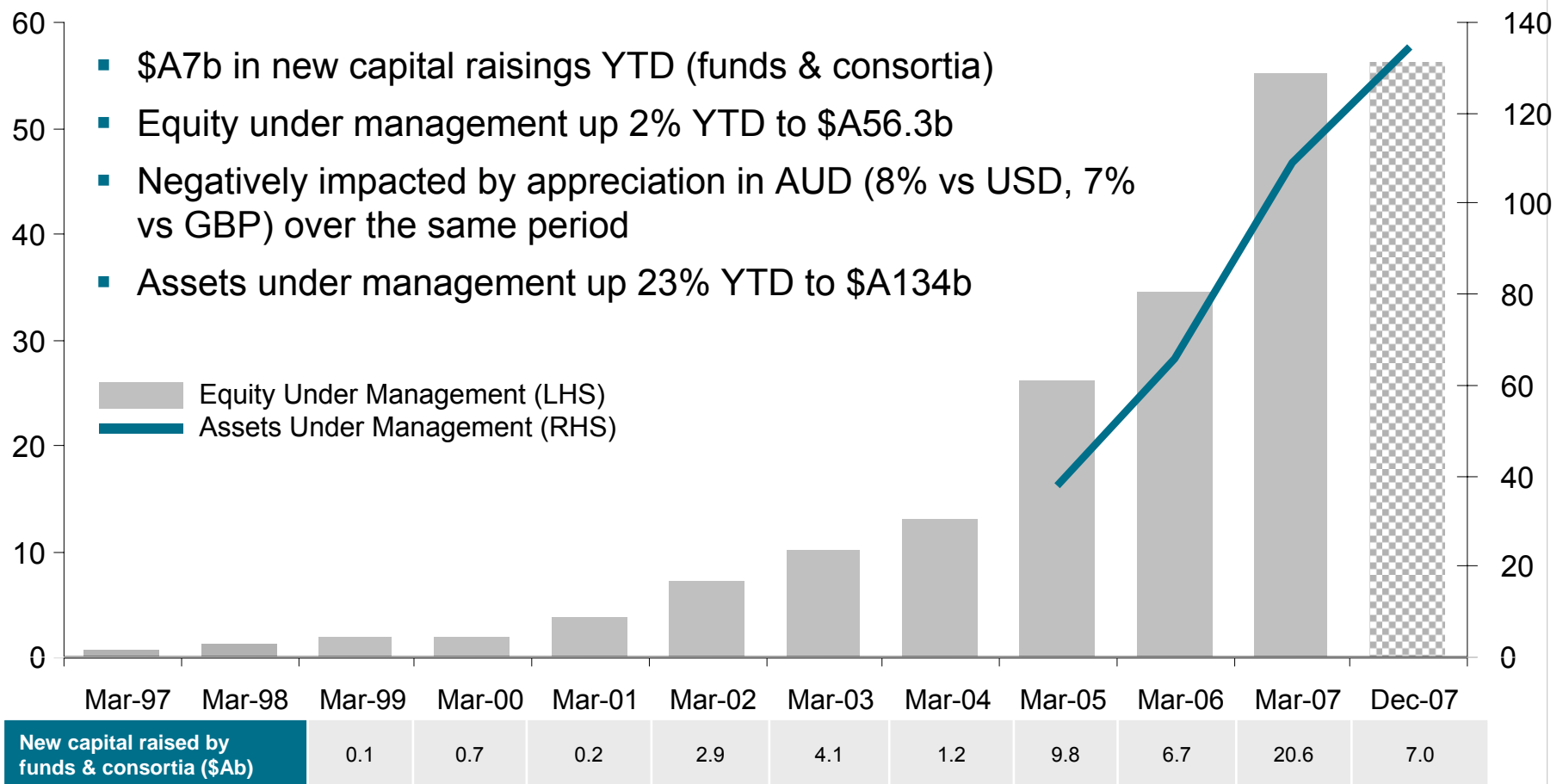




Growth in funds under management

EUM \$Ab

AUM \$Ab



All historical figures are at 31 March of the specified year. YTD references are from 1 April 2007 to 31 December 2007.

EUM: Listed funds - market capitalisation plus fully underwritten or committed future capital raisings. Unlisted funds - committed capital less any called capital which has subsequently been returned to investors. Invested capital for other Macquarie managed assets. For jointly managed funds the amount is representative of Macquarie's economic ownership of the JV manager.

Adjustments have been made where Macquarie-managed funds have invested in other Macquarie-managed funds.

AUM: Calculated as proportionate enterprise value (proportionate net debt and equity value). FX rates as at each 31 March & 31 December 2007.



Fund Raising Pipeline

New fund pipeline

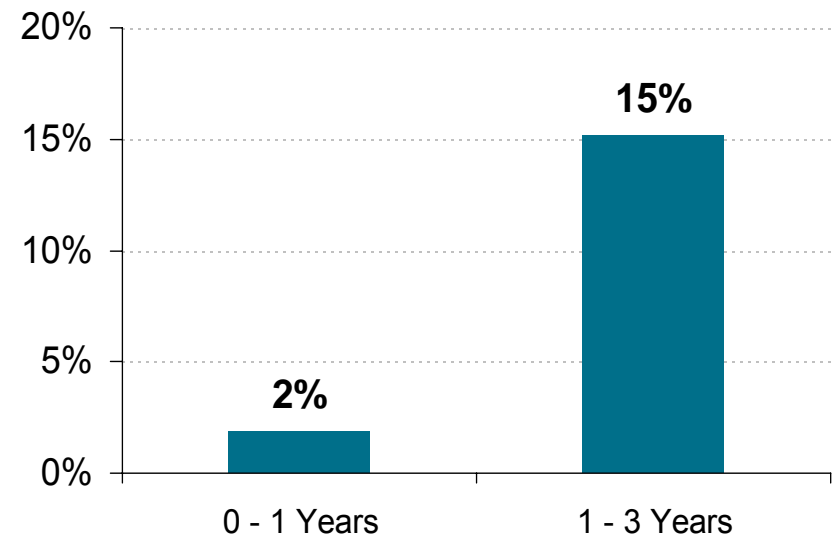
- Macquarie European Infrastructure Fund III
- Macquarie Infrastructure Partners II (*North America*)
- Macquarie Global Opportunities Partners (*Private Equity*)
- ADCB Macquarie Infrastructure Fund (*Middle East*)
- Macquarie Special Situations Fund
- Macquarie India Infrastructure Opportunities Fund
- Macquarie Renaissance Infrastructure Fund (*Russia*)



Debt maturity profile

- Less than 2% of the debt of Mac Cap Funds* managed assets requires refinancing in the next 12 months*
- Debt still available on good terms for quality assets
 - £900 million bonds issued by Thames Water in August
 - \$C1.2 billion of senior and subordinated bonds issued by 407ETR since October

Asset Debt scheduled for refinancing





Macquarie Capital Securities

- Australia
 - Continues to operate as a highly profitable business with solid market share
 - Volumes well up on prior corresponding period
- Asia
 - Continues to grow through increased volumes and market share
- South Africa
 - Commissions well up on pcp
- Alternative Strategies Division (ASD)
 - Internal joint venture with Equity Markets Group commenced 1 April 2007
 - Continuing strong growth since inception, including experienced staff hires
 - Phase one of technology platform build-out well advanced
- New Business
 - Canada – acquisition of resources focussed independent dealer with M&A advisory, ECM, research, sales and trading capability (130 people)
 - US/UK – establishment of equities sales and research business



Macquarie Capital Products

- Successful raising of reFleXion in December 2007
- New infrastructure equities funds established in Asia and Europe
- Closed a new German closed-end fund
- Acquired aircraft leasing assets in the US
- Continue to pursue opportunities in the renewables/climate change space
- Continue to increase volumes in the retail space and expand the retail funds business
- Build hedge funds for institutional distribution
 - Infrastructure securities
 - Basic materials and energy
 - Emerging markets



Macquarie Capital Finance

- Total managed and funded assets exceed \$A7b in December 2007
- Acquired CIT Systems Leasing
 - One of the largest independent lessors of equipment in North America
 - Approximately \$US750m of lease assets
- Innovative customer solutions
 - Sale and leaseback for Qimonda AG's DRAM fabrication plant in Richmond, Virginia
 - Purchase and break-up of AMD's fabrication plant in Dresden, Germany
- Capital efficiency
 - Smart 1, 2 and 3, Macquarie Leasing's AUD and Euro note securitisation programs, raised more than \$A3.4b
 - Partially funded CIT Systems Leasing acquisition through \$A300m Asset-backed Commercial Paper (ABCP) issue in January 2008
- International / extended product offerings
 - Technology services joint venture in Japan with NEC is underway



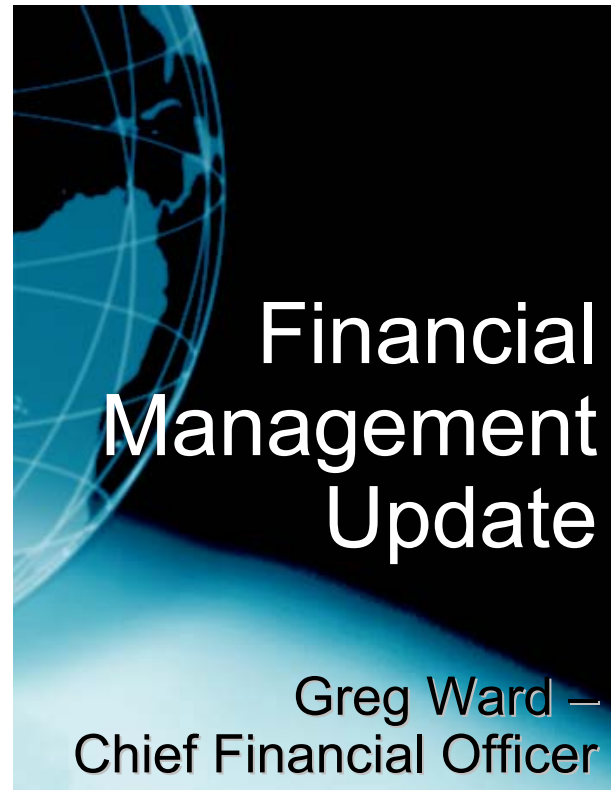
Q&A

Nicholas Moore
Group Head

Macquarie Group Limited

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Financial Management Update

Greg Ward –
Chief Financial Officer

Macquarie Group Limited

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Corporate restructure

- Restructure successfully implemented
 - Objectives of restructure have been achieved
- Macquarie Group well funded
 - Syndicated loan facility successfully closed in November 2007: 46 banks have participated in the syndicate; facility upsized from \$A8b to \$A9b
- Group ratings affirmed November 2007, MBL placed on positive outlook by Moody's
- Two Annual Reports to be lodged with the ASX
 - MQG – will be the focus at future result announcements
 - MBL – remains a listed entity (Macquarie Income Securities)
 - Prior year comparative information for both groups is MBL consolidated



Macquarie Bank International Limited

UK Bank

- Authorised to conduct banking activities in the UK and Europe effective 4 February 2008
- Reflects growing presence overseas and provides flexibility for future international growth
- Macquarie Bank International (MBI) licensed for a wide range of permissions including deposit taking and lending activities, dealing as principal and agent in most products and acting as fund manager
- To begin with, MBI will be largely comprised of trading businesses
- Subsidiary of Macquarie Bank Limited with initial capital base of £200m
- Approximately 100 banking group staff will be authorised to operate from MBI
- Macquarie Bank Limited will also continue to operate through MBL London branch



Capital

■ Overall capital position

- Remain well positioned to capitalise on potential opportunities in the current environment
- Capacity for a MQG hybrid issue of circa \$A750m, no current requirement
- Do not anticipate a need for an ordinary equity raising in calendar 2008

■ Strong regulatory capital growth over a number of years

- up 26% since March 2007
- up 15% excluding Placement and Share Purchase Plan in 2007

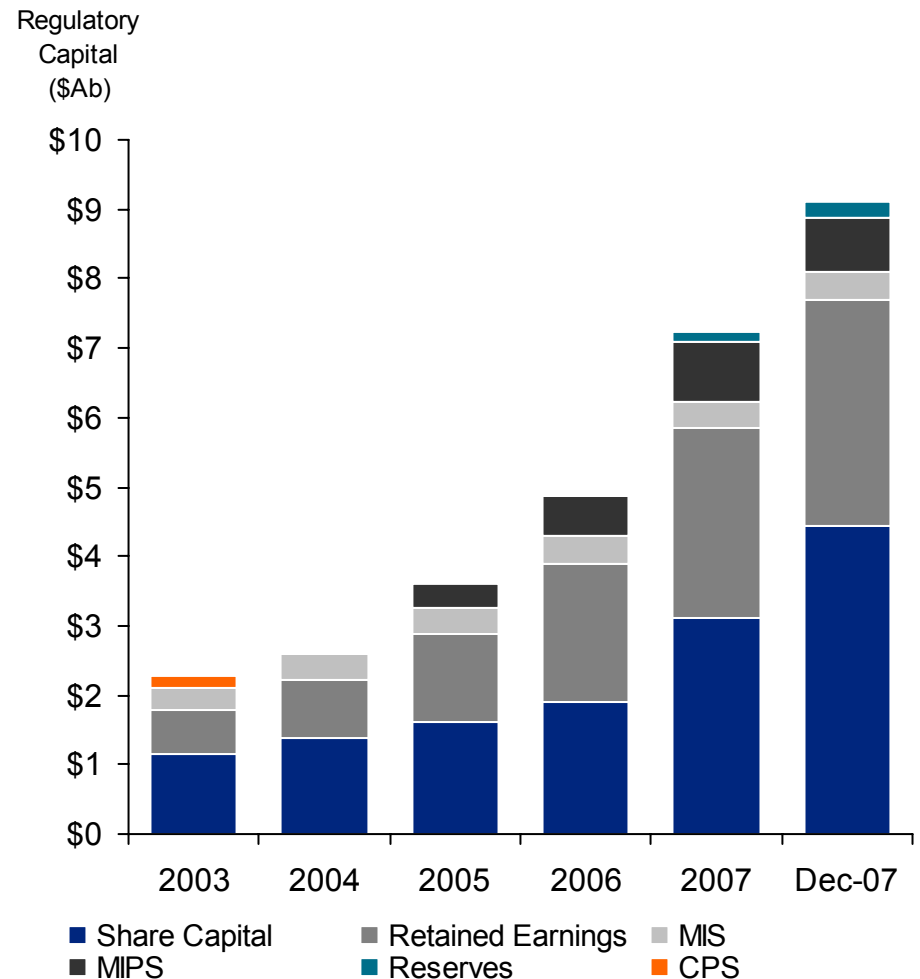


Chart shows eligible Tier 1 Capital base for periods to March 2007 (prior to the restructure). December 2007 shows the eligible Level 3 capital base (post restructure).



Regulatory capital

- Macquarie Group regulatory capital requirements
 - Internal minimum regulatory capital requirements ('Level 3 MCR') calculated as the sum of the dollar value of:
 - MBL's minimum Tier 1 capital requirement, based on a percentage of RWAs plus Tier 1 deductions (using prevailing APRA ADI Prudential Standards); and
 - The Non-ADI Group capital requirement, using Macquarie's Economic Capital Adequacy Model
 - Adjusted for the capital impact of transactions internal to the Macquarie Group
- Basel II accreditation
 - MBL received accreditation from APRA to adopt the advanced approaches under Basel II – these standards have taken effect from 1 January 2008
 - As expected, Basel II has a marginally negative impact on MBL capital ratios*

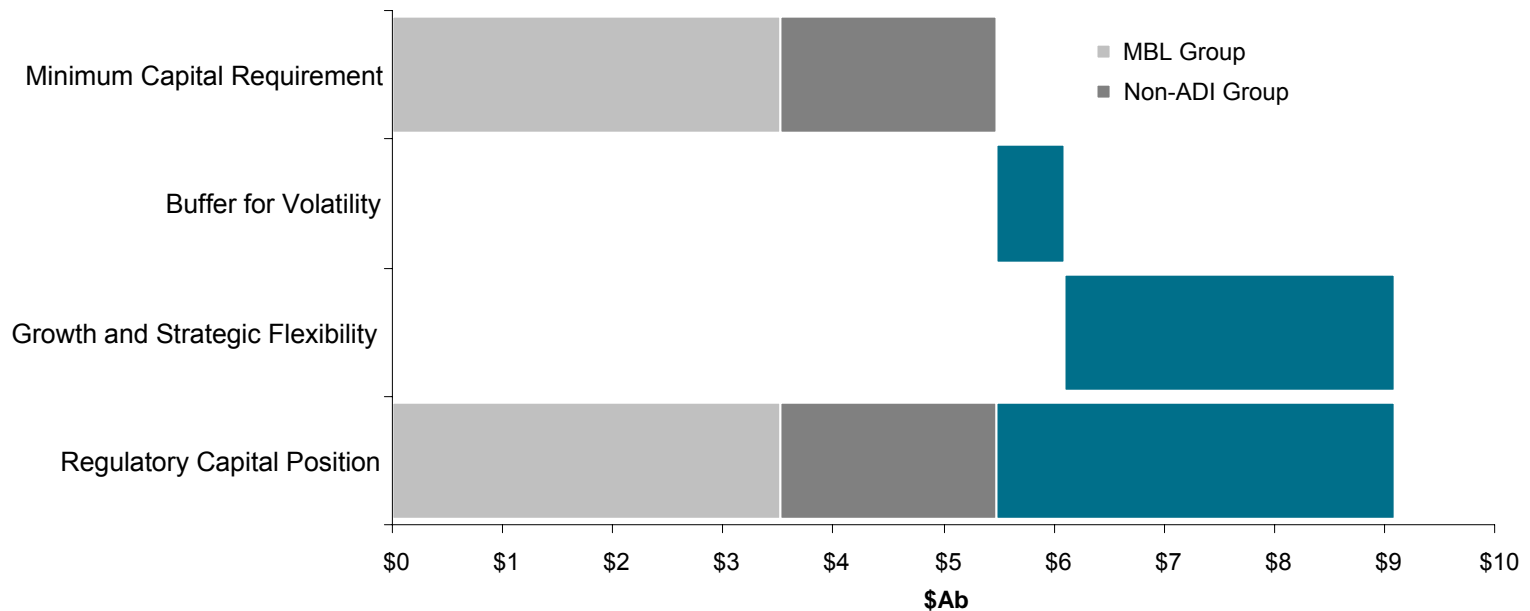
* Excludes impact of bridge facility with MQG which under Basel II is treated as a risk weighted asset for MBL under the Foundation Internal Ratings Based approach.



Regulatory capital position

- Macquarie remains well positioned to fund growth and to capitalise on suitable strategic opportunities in the current environment

Macquarie Group Limited – Regulatory Capital Position (31 December 2007)





Liquidity and funding

- Well funded
- Key principles:
 - Conservative approach
 - Diversity of funding sources is a key objective of the Group's liquidity approach including diversity by product, geography, tenor and currency
 - Concentration limits to ensure a good spread of maturing liabilities
 - Continue to operate normally for a period of 1 year with limited access to funding markets
- \$A9b MQG Senior Credit Facility improves our already well funded position
- Cash and liquid securities are currently over 3 times normal liquidity levels



Term funding programmes in place

- As noted MQG raised \$A9b in term funding via a Senior Credit Facility with an average credit spread across the facility of approx. 50 bps. This Facility, of which \$A5b remains undrawn includes;
 - \$A1.6b in Standby Facilities
 - \$A2.4b in Revolving Credit Facilities
 - \$A5.0b in Term Facilities
 - The Revolving and Term Facilities have maturities of 3 - 5 years
 - All Senior Credit Facilities have optional extension options and are multi currency
- In addition, both MQG and MBL have debt programmes in place to access the key capital markets in Europe, Asia and the US as opportunities arise
 - \$US10b MQG Debt Instrument Programme (Europe & Asia)
 - \$US10b MQG Rule 144A / Medium Term Note Programme (US)
 - \$US25b MBL Debt Instrument Programme (Europe & Asia)
 - \$US10b MBL Rule 144A / Medium Term Note Programme (US)
 - \$US10b MBL Commercial Paper Programme (Europe & US)



Recent funding market experience

Category	Funding source	Experience	Current approx. increased spread compared to pre-Aug 2007 levels (bps)
Franchise	Domestic Retail Deposits	<ul style="list-style-type: none"> Up 35% since Aug 2007 to \$A6.2b at Dec 2007 	0-20
Short term	Domestic Negotiable Certificates of Deposit	<ul style="list-style-type: none"> Up 64% since Aug 2007 to \$A12.4b at Dec 2007 Markets now operating normally post Dec 2007 	0-15
	Offshore Commercial Paper	<ul style="list-style-type: none"> Down 55% since Aug 2007 to \$A5.7b at Dec 2007 ECP market functioning relatively normally post Dec 2007; USCP harder but signs of improvement 	0-30
External asset backed finance	Asset refinancing including mortgages and margin loans	<ul style="list-style-type: none"> Generated approx \$A10b in liquidity through bond issues, repurchase agreements, increased warehouses 	20-100 (weighted average approx. 30 bps)
Longer term	Senior Credit Facility	<ul style="list-style-type: none"> \$A9b facility; weighted average overall credit spread of 50 bps 	10-20
	Capital markets issuance	<ul style="list-style-type: none"> No other significant term issues 	To be determined



Dividends



Previous MBL dividend policy will continue for MQG

- Target annual payout ratio of 50 - 60%
- Long term franking rate of at least 80% expected
 - expect 100% franking rate for the next two years
- DRP to continue



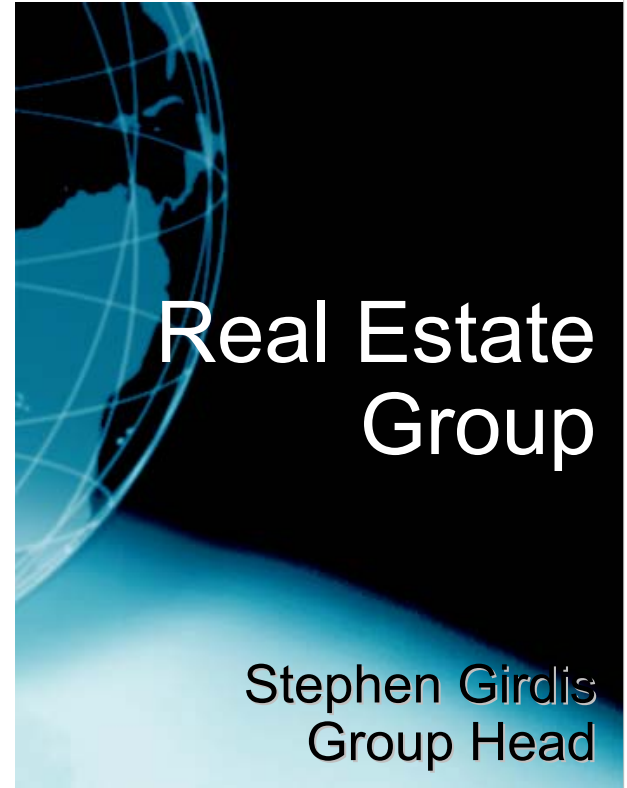
Q&A

**Greg Ward –
Chief Financial Officer**

Macquarie Group Limited

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Real Estate Group

Stephen Girdis
Group Head

Macquarie Group Limited

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Diversity of revenue and funding sources

- Real Estate Group Operates Through Two Divisions

Real Estate Capital – Fund and Principal Activity

Revenue Sources:

- New Fund Sponsor & Equity Raising Fees
- Fund / Property Management Fees
- Performance Fees
- Principal Returns from Co-investments, Warehoused assets and Developments
- Real Estate Services fees – Acquisition, Due Diligence, Leasing and Development Advisory fees

Funded mainly via third party equity in 30 Listed and Unlisted Wholesale/Retail REITs

Real Estate Structured Finance – Financing solutions for clients

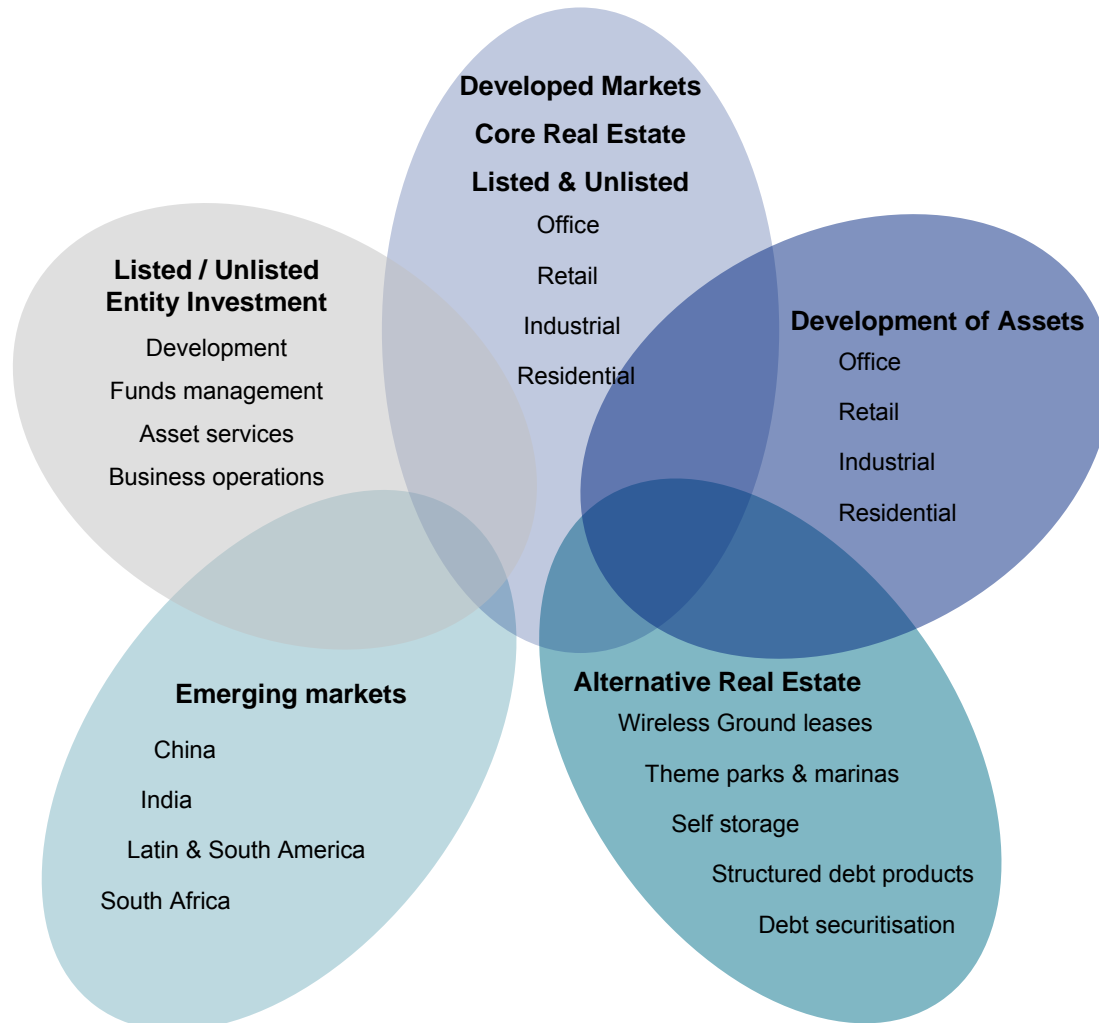
Revenue Sources:

- Margin Income
- Establishment Fees
- Risk Fees/Profit Share
- Debt Syndication

Funded mostly off Macquarie Group Limited's balance sheet



Multiple investment strategies



- Many niche strategies
- Flexibility in investing strategies:
 - In partnership or in-house
 - Investment in other investment management platforms
 - Investment in adjacent businesses



Large and rapidly growing platform of skills

- Approx 1,300 staff (MQG 570, Associates 730) in 31 locations within 15 countries
- Up 30% - 300 (MQG 100, Associates 200) from 31 March 2007

UK

- Macquarie Real Estate Capital
- Macquarie Real Estate Structured Finance
- Macquarie Global Property Advisors

Europe

- Macquarie Office Trust
- Macquarie CountryWide Trust
- Macquarie Global Property Advisors (offices in Germany, Luxembourg, France)

USA

- Macquarie Real Estate Capital
- Macquarie Real Estate Structured Finance
- Macquarie DDR Trust
- Macquarie CountryWide Trust
- Macquarie Office Trust
- Macquarie Leisure Trust Group
- Medallist Developments

China

- Macquarie Real Estate Capital
- Macquarie Global Property Advisors
- First China Property Group
- MWREF - shopping malls
- MMP REIT

South Korea

- MCO CR-REIT
- Macquarie NPS REIT
- Macquarie Global Property Advisors

Malaysia

- Macquarie Global Property Advisors

Japan

- Macquarie Real Estate Capital
- Macquarie Global Property Advisors
- Macquarie Goodman Asia via J-REP
- MMP REIT
- Macquarie Office Trust

Australia

- Macquarie Real Estate Capital
- Macquarie Real Estate Structured Finance
- Macquarie Direct Property syndicates
- MREEF Funds
- Macquarie CountryWide Trust
- Macquarie Office Trust
- Macquarie Leisure Trust Group
- Medallist Developments
- Urban Pacific Limited
- St Hilliers JV

South Africa

- Macquarie Real Estate Capital
- Medallist Developments

India

- Macquarie Real Estate Capital
- Milestone Communities

Singapore

- Macquarie Global Property Advisors
- MMP REIT
- Macquarie Direct Property Fund

Hong Kong

- Macquarie Real Estate Capital
- Macquarie Global Property Advisors
- Macquarie Goodman Asia

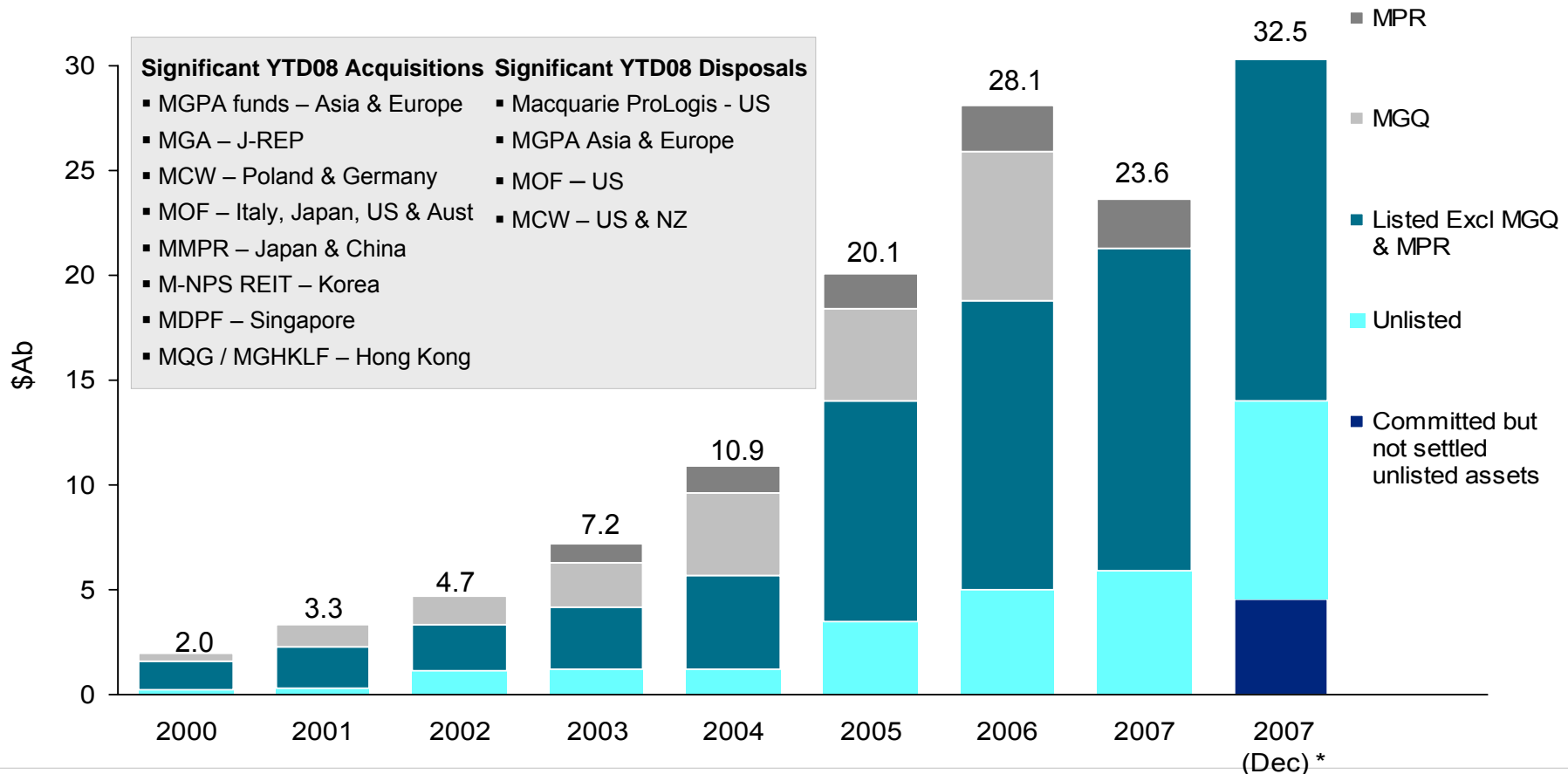
New Zealand

- Macquarie CountryWide Trust
- Macquarie Leisure Trust Group



Assets under management growing while realising value for investors

- Real Estate assets under management (incl associates) up 38% to A\$32.5b, after \$A7.8b of additions, \$A4.3b of assets committed but not settled and \$A3.2b of disposals
- Big shift to unlisted capital





Real estate markets update

- Investors to target higher growth markets
- Cost of capital has increased

Market	GDP 2008-2010	Comments	
China	9.8%	■ Strong growth, but very difficult to invest with volume. Low transparency	↑ Growth
India	9.0%		
Singapore	5.8%	■ Growth markets with high transparency. Listed REIT markets depressed.	
Hong Kong	5.3%		
Australia	3.3%	■ Solid market strong fundamentals to date, some leverage problems. REIT market affected. Office market exposed to sustained equity market decline.	Stable
Japan	2.0%	■ Market recovering to date but exposed to US recession and debt market contraction. High yield spreads.	↓ Opportunistic
Europe	1.8%		
US	2.4%	■ More highly impacted by credit issues. More mature markets, high transparency, strong fundamentals to date (excluding UK). Exposed to US recession. Listed REIT markets depressed.	
UK	2.5%		

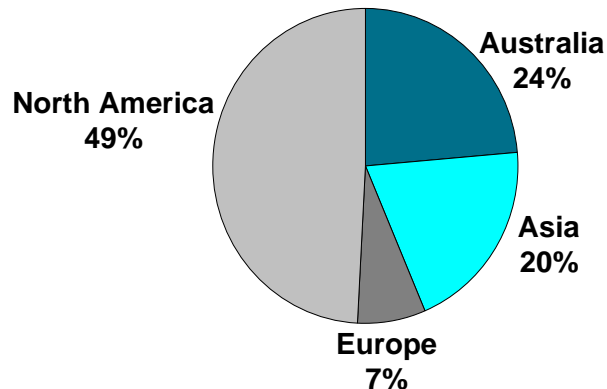


Funds - two thirds exposed to Asia/ Australia

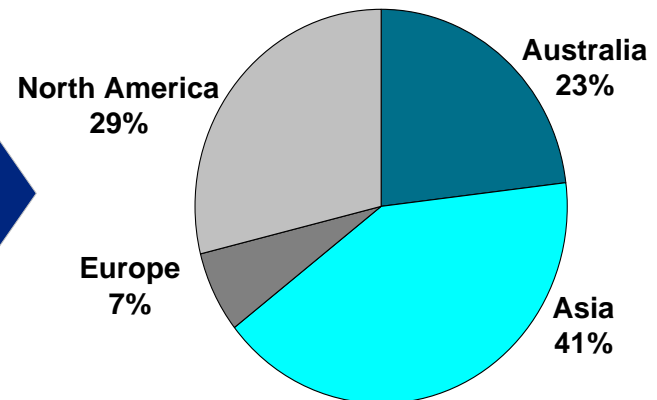
Big shift to Asia and away from US across the funds

Total Assets under Management*

December 2006 - A\$23.2 billion



December 2007 - A\$32.5 billion**



* Includes Assets managed by Macquarie and associates.

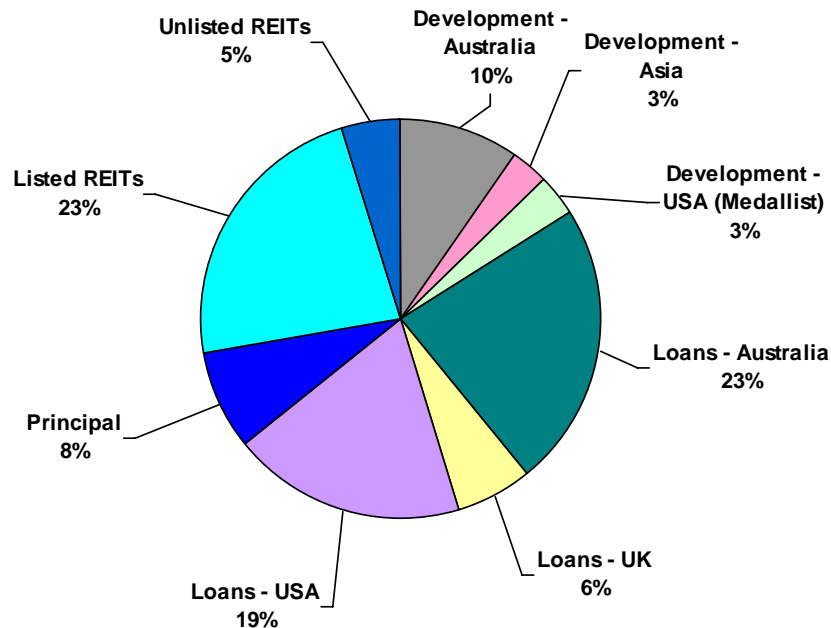
** Includes committed but not settled unlisted assets.



Diversified balance sheet

48% Loans, 23% Listed REITs, balance in diverse equity portfolio of unlisted funds, principal positions and development

Macquarie Real Estate's Balance Sheet Commitments December 2007 – A\$4.2 billion



Loans	48%
Listed REITs	23%
Development	16%
Principal	8%
Unlisted REITs	5%
	<hr/>
	100%



Real Estate Group - results overview

- Before any potential provisions on investments in real estate funds, expect FY08 to be in line with pcp (excluding Goodman Group realisation in pcp)
- Major second half contributions include:
 - Income recognised from establishing the Korean Macquarie NPS REIT - a single account mandate with the Korean National Pension Service, Korea's largest pension manager
 - Further profitable Japanese residential asset dispositions. Strategy for the Japan and Korean assets was to commit prior to construction completion, lease up and sell
 - Strong asset acquisition, disposal and capital raising activity by Macquarie Global Property Advisors
 - Development loan portfolio, including profitable sell down of 50% of Macquarie's interest in the Port Geographe major canal development in WA
 - Acquisition and disposal activity in assets under management has driven increased fund and asset related fee income



Real Estate Group – initiatives overview

Australia and Asia

- Macquarie Direct Property Fund – has had continued strong equity inflows and completed the acquisition of its first international direct asset – Singapore office
- Macquarie Global Property Advisors well positioned to capitalise on current market volatility with capacity in their funds to acquire in excess of \$US10b of assets. Will continue to raise new funds to meet opportunities they identify
- Macquarie and the Goodman Group jointly acquired two Hong Kong sites for \$HK640m, with aim to redevelop the properties and sell them to MGHKLF. MGHKLF acquired two industrial buildings for \$HK584m
- MREEF raised \$A139m in capital for funds 6 and 7 in the series
- Urban Pacific / AV Jennings awarded the Cheltenham race track project in Adelaide with end value of approx \$A700m
- Macquarie MEAG Prime REIT – implemented the first REIT unit buy back programme in Singapore to take advantage of dislocation between physical asset pricing and listed market valuation



Real Estate Group – initiatives overview

Europe and US

- US CMBS team established to take advantage of current real estate debt market opportunities, including the establishment of a High Yield Debt Fund, and to expand capital market expertise
- Macquarie CountryWide Trust disposed \$US223m of assets in the US
- Expanded US and Europe investment banking and asset management teams, and installed a dedicated Real Estate Research function located in Europe

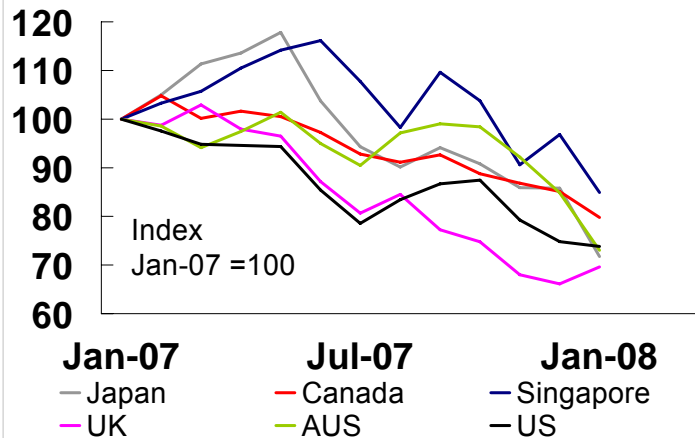
Emerging Markets

- Expanding the office in South Africa, funded first asset in Argentina and marketing a Peruvian institutional fund

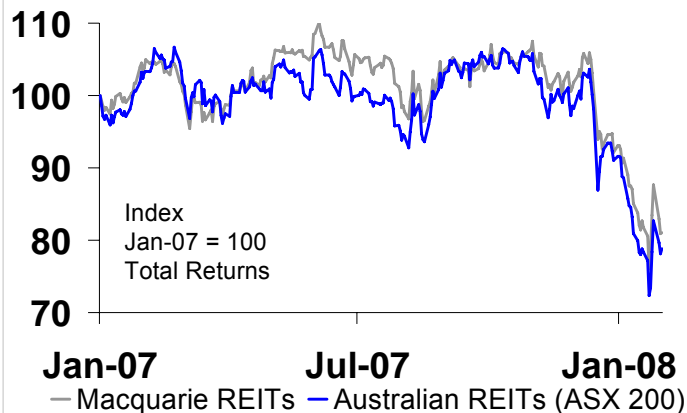


REIT markets update

Global REITs ex. HK following the US down



Macquarie REIT falls in line with Aust REITs



The decline in REIT pricing is global (ex-Hong Kong) and Macquarie REITs have been adversely impacted.

Macquarie's Australian Listed REITs

- MLE outperforming the wider REIT market, MOF and MCW performing broadly in line and MDT underperforming*
- **Average annual return since inception 12.5%**
- Active capital risk management strategy has spread debt maturities and diversified funding sources
- Geared in a range of 34% to 55%
- Weighted average term to maturity across all debt facilities greater than 2.4 years**
- No debt expiring before June 2008, approximately 10% before June 2009
- Quality underlying asset fundamentals
 - highly leased (MCW 97%, MOF 96% and MDT 98%)
 - long weighted average lease terms (range 6 to 7 years)
- US retail assets diversified geographically – predominantly across the stronger US markets
- REIT management focus on asset enhancement, non core asset disposals, and capital management



Real Estate Group's strategic listed REIT investments

Strategic investments in REITs managed by Macquarie and associates	Macquarie's ownership %	Investment @ Cost* 31/1/2008 \$Am	Market Value @ 31/1/2008 \$Am	Current Published NTA Value \$Am
MCW	10	257	192	271
MOF	7	221	153	212
MLE	5	17	34	23
MDT	2	16	11	19
MMPR	26	228	206	313
MCO CR REIT	20	21	28	20
J-REP**	26	169	103	100
Total		929	727	958

- As disclosed in the financial statements of Macquarie Group Limited, the Real Estate Group holds strategic stakes in its REITS. These are long term investments. The Group will be reviewing the need for provisions as part of year-end reporting.

*Cost represents the cost to Macquarie plus equity accounted profits/losses of associates. It excludes the fair value adjustments classified as Available For Sale. ** Indirect interest held through the 50/50 MGA joint venture with the Goodman Group



Looking Forward



Well positioned to take advantage of current opportunities globally over the medium term

- Continued investment in growing the range and size of specialised skills and investment strategies
- No significant credit issues
- Well positioned in solid markets in Asia and Australia
- Significant embedded revenue across the business over the medium term
- Past balance sheet asset realisations in strong pricing environments now providing the ability to redeploy equity
- Substantial unspent equity across the platforms (eg MGPA has capacity to acquire in excess of \$US10b of assets including leverage)
- Continued and growing relationships with many forms of institutional and retail capital globally
- Continued shift to unlisted equity raisings

Challenge of disappointing listed REIT price performance

- Listed REITs difficult to grow in the short term
- Continued focus on asset management, non core asset disposal and capital management



Q&A

Stephen Girdis
Group Head

Macquarie Group Limited

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Business overview

Equity Markets Group

Activities

- Equity Products - equity derivative products, sales and trading
- Fund Products - hedge fund management and related products
- Global equity finance - securities borrowing and lending
- Alternative strategies JV - services for hedge fund clients

Customer Segments

- Retail / high-net worth
- Inter-bank / corporate
- Hedge funds / asset managers

Staff

642

Major Locations

Sydney	Johannesburg	Tokyo
New York	Munich	Singapore
Seoul	London	Hong Kong

Income Contribution

15% (1H08)

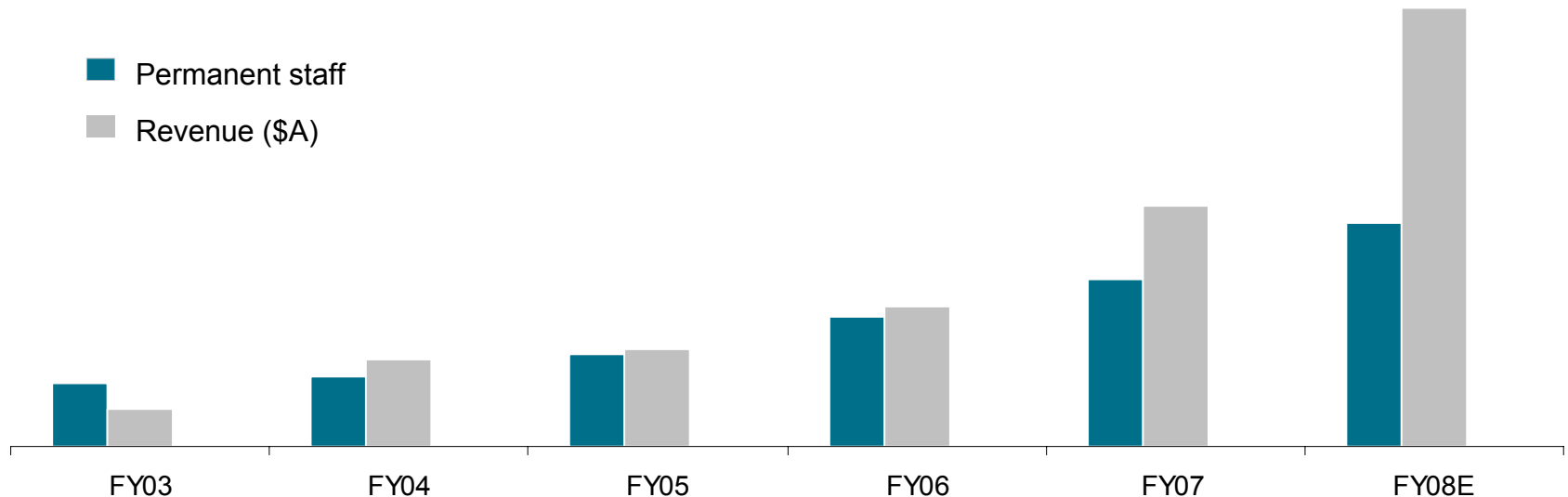


Operational highlights

All Divisions continuing to grow

Staff Numbers

Compound growth in staff of 23% over 6 years to FY08E



Equity Markets Revenue

Compound growth in revenue of 50% over 6 years to FY08E



Operational highlights

Equity Markets Group

- Generally much more challenging business environment in 2H08 compared with extremely favorable market conditions in 1H08
 - Impact of global debt crisis spreading to equity markets
 - Greater uncertainty and equity market volatility, lower demand for equities and equity products
- Nevertheless most businesses continuing to perform well

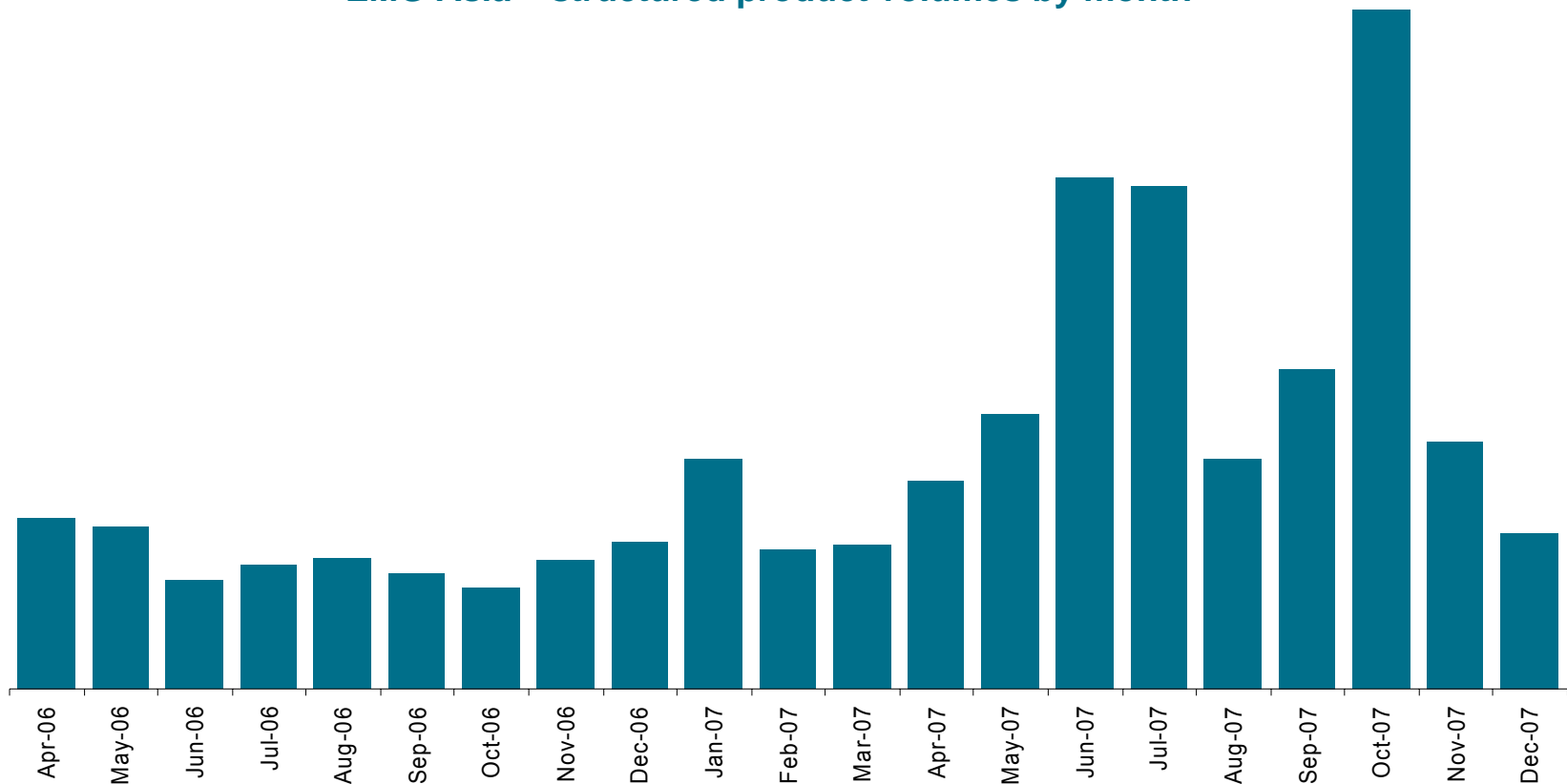


Equity Products Division

Asian structured products volumes are declining

- Equity Products maintaining strong market positions in listed and unlisted products in Australia and Asia

EMG Asia – structured product volumes by month

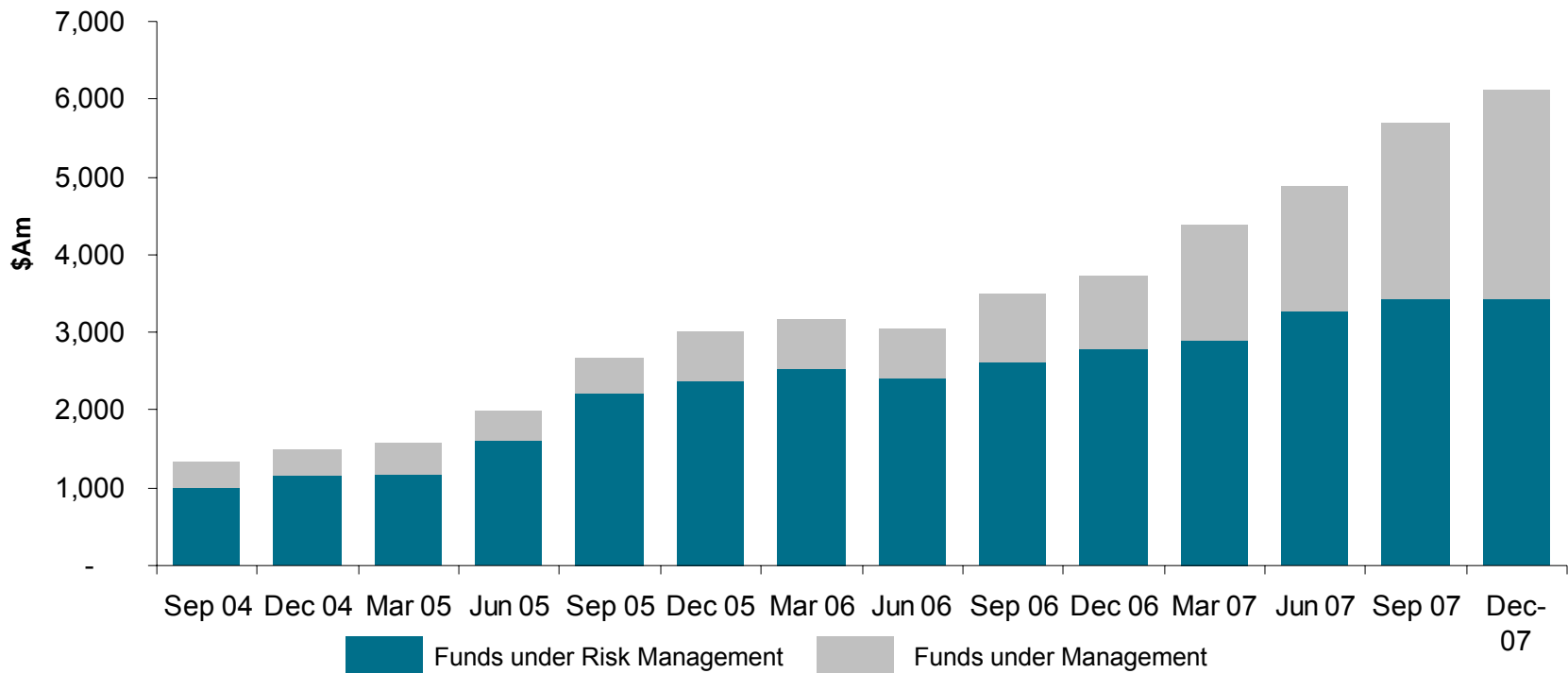




Fund Products Division

Strong growth in funds under management

- Funds under management increased 79% to \$A2.7b since 1 April 2007
- Funds under risk management increased 19% to \$A3.4b in same period
- Fund Products experiencing challenging market conditions in the second half, recent performance has been mixed



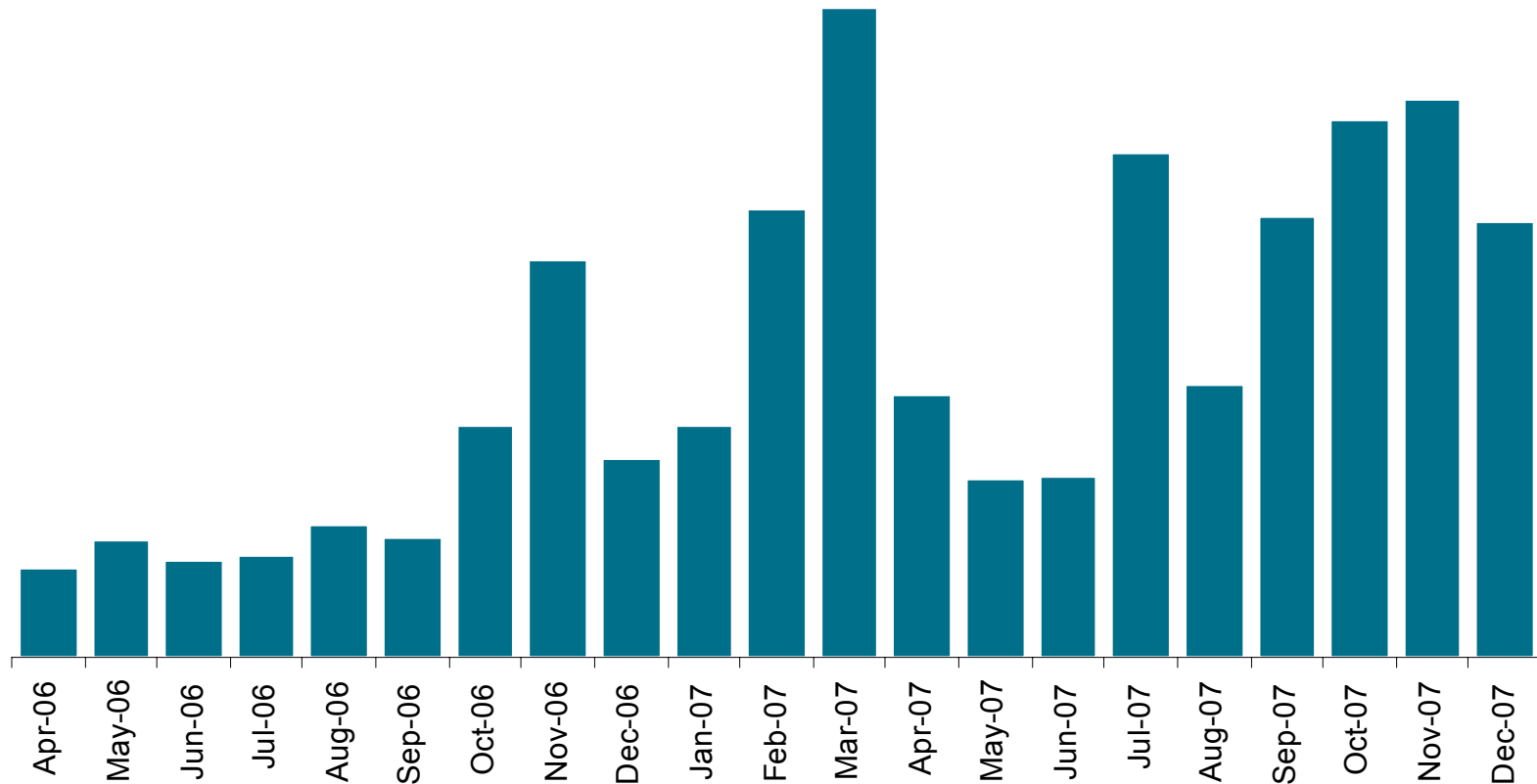


Global Equity Finance

Covering more markets and clients

- Global Equity Finance continuing to grow client base and lending volumes, particularly in USA and Europe

EMG – Securities borrowing and lending volumes by month



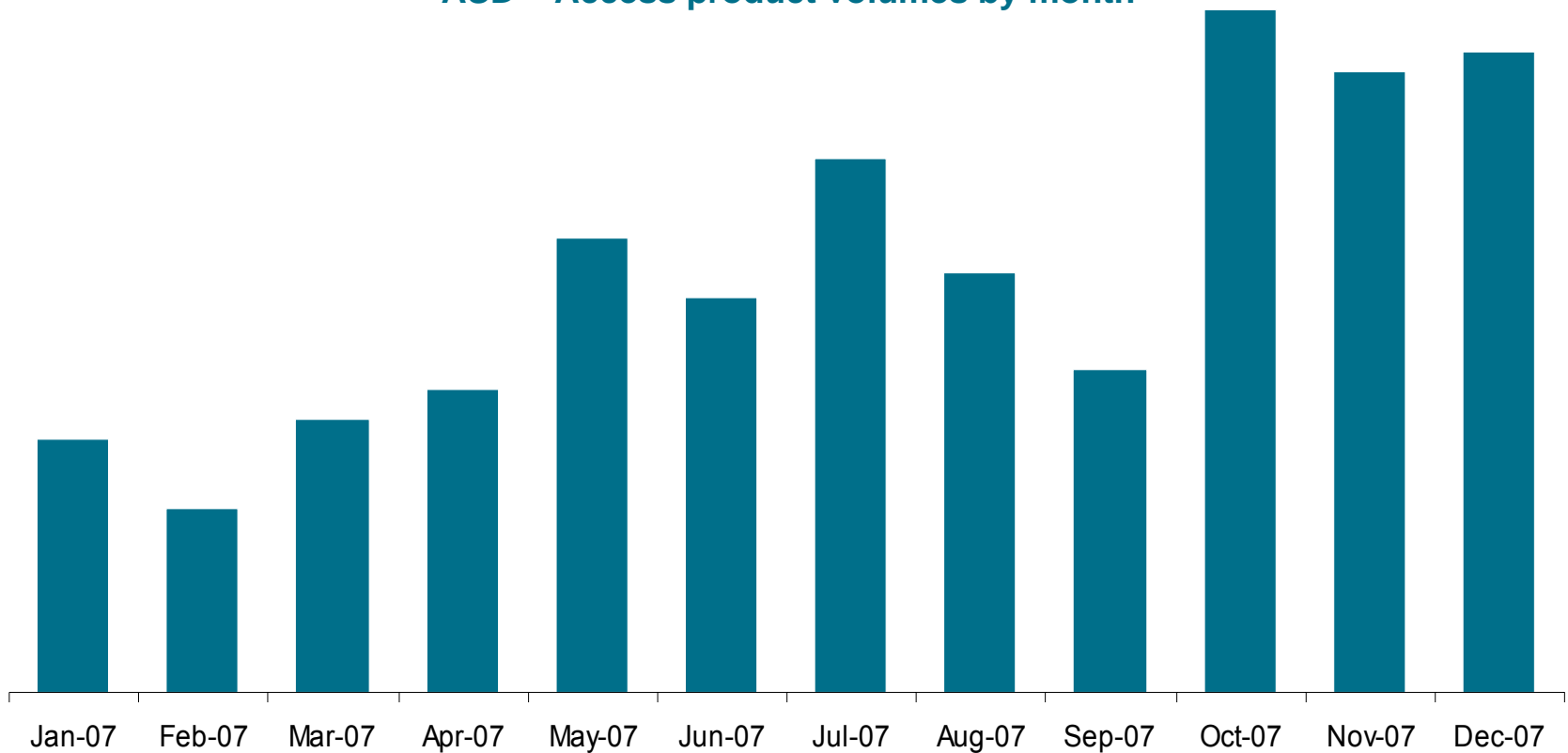


Alternative Strategies Division

Volumes continuing to grow

- Alternative Strategies JV continuing to broaden product and service offering, volumes increasing month on month

ASD – Access product volumes by month





Looking ahead

Market conditions continue to be challenging

Business Conditions

- Crisis of confidence in debt markets has spread to global equity markets and is likely impact the real economy
- Expecting a period of high equity market volatility followed by declining demand for equities and equity linked products
- Typically these conditions have provided less opportunity for EMG's core businesses
- This will be mitigated by a number of factors
 - Increased diversity of EMG businesses (YTD 25% of revenue is from asset management or commission income)
 - Hedge funds so far appear to have weathered the market conditions reasonably well
 - Predominantly Asian and Australian focus of EMG's business
 - Strong risk management culture and infrastructure – 35 risk management staff
- Against this, cost growth has been in-line with revenue growth



Looking ahead

Revenue diversity and a scalable platform

EMG Strategy

- Build scalable and robust platforms to deliver EMG's products and services to clients globally
- Significantly upgrade back office and IT infrastructure to improve client service, reduce operational risk and substantially reduce per-unit processing costs
- Consolidate support infrastructure across markets and businesses where possible
- Continued focus on new opportunities largely driven by individual Business Units - eg India, Eastern Europe

Equity Products

- Continuing to grow product range and market coverage
- Cross market and cross asset class products increasingly important
- Tailoring of product to market conditions, investor risk appetite
- Continuing development of online capability in Australia



Looking ahead

Revenue diversity and a scalable platform

Fund Products

- Increasingly Asian based product offering
- Continue to grow thematic long only retail funds in Asia
- Absolute return funds focusing on enhancing successful flagship offerings
- Leverage the strong performance of Asian Fund of Funds

Global Equity Finance

- Continuing to increase scale in the securities borrowing and lending business
- Continuing to grow capabilities in structured transactions

Alternative Strategies

- Significant investment in platform to accommodate greater transaction volumes, facilitate straight through processing and simplify risk reporting
- Extend market coverage to include emerging Europe, Latin America and South Africa



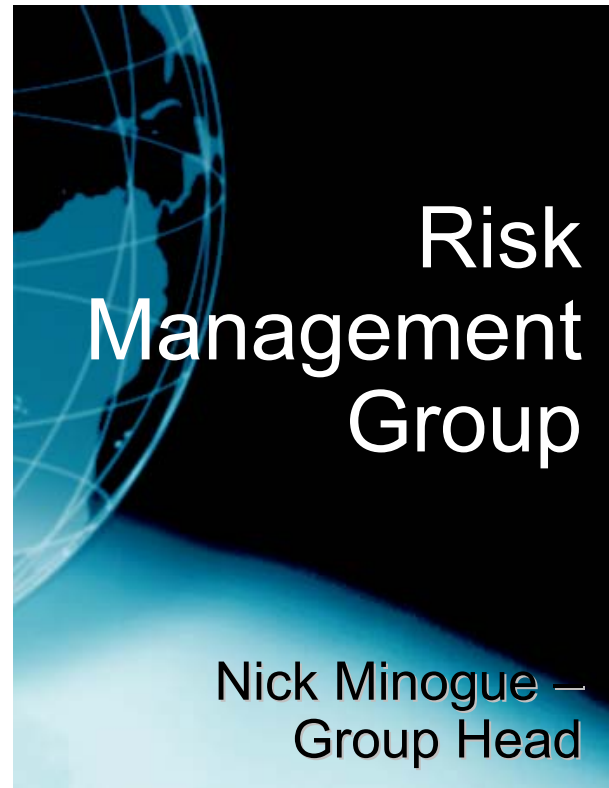
Q&A

Kim Burke –
Group Head

Macquarie Group Limited

Operational Briefing

6 February 2008 – Presentation to Investors and Analysts



Risk Management Group

Nick Minogue –
Group Head

Macquarie Group Limited

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Risk at Macquarie

- Long-standing, stable approach to risk over 30 years
- This approach is embedded in business unit management and business ownership of risk
- Seek a clear analysis of the risks before taking decisions, and apply a stress test approach in all risk types
- Stress testing means examining the consequences of worst case outcomes and gaining confidence they could be tolerated
- Determine aggregate risk appetite by assessing risk relative to earnings more than by reference to capital
- Institutional infrastructure to support this is in Risk Management Group (RMG) and has been growing rapidly (312 staff), but the essence lies in Macquarie Group business management culture
- Approach unchanged in essentials by introduction of the holding company structure
- Additional approval mechanisms introduced to ensure proper process applied in Macquarie Bank Ltd and other regulated subsidiaries



Macquarie's management approach

Freedom within Boundaries

- Within Macquarie's risk framework the aim is to give business heads a high level of entrepreneurial freedom to develop and implement business unit strategy, new products and services, new market initiatives and domestic and international alliances
- Boundaries exist in relation to credit risk, market risk, funding risk, operational risk, regulatory compliance, IT standards and reputation risk
- These areas are tightly controlled because they have implications outside the business
- We call this 'Freedom within Boundaries'
- RMG covers these tightly controlled areas
- Prudential Management is a preoccupation of, and is the responsibility of, all businesses in the Macquarie Group
- Risk management is undertaken by all parts of Macquarie, not just in RMG



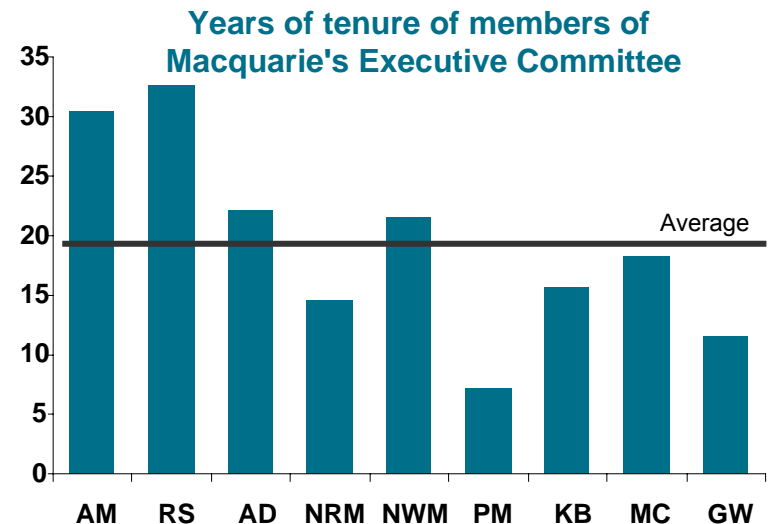
Risk Management Group (RMG)

- RMG is independent of all business groups, oversees the Group's prudential processes and reports to the Group Managing Director
- RMG has a responsibility to form an independent judgement on all material risk acceptance decisions on new limits, new investments, new businesses, new products, funds and significant contracts around the Group
- This approach has been more or less unchanged over the history of the Group
- It has not changed in consequence of recent developments such as formation of the holding company or adoption of Basel II
- RMG's role is to ensure that any potential unattractive outcomes have been identified and assessed realistically and that, if losses occur they can be managed, however unattractive
- In addition, RMG assesses the reputation risk which could arise from any failure in the above areas and any failure to meet the expectations of our clients, regulators or stakeholders
- RMG also assesses the aggregate risks to ensure they fit within the Group's economic capital model
- Internal Audit (reporting to both RMG and Board Audit and Compliance Committee) tests design of controls for new products before they are introduced



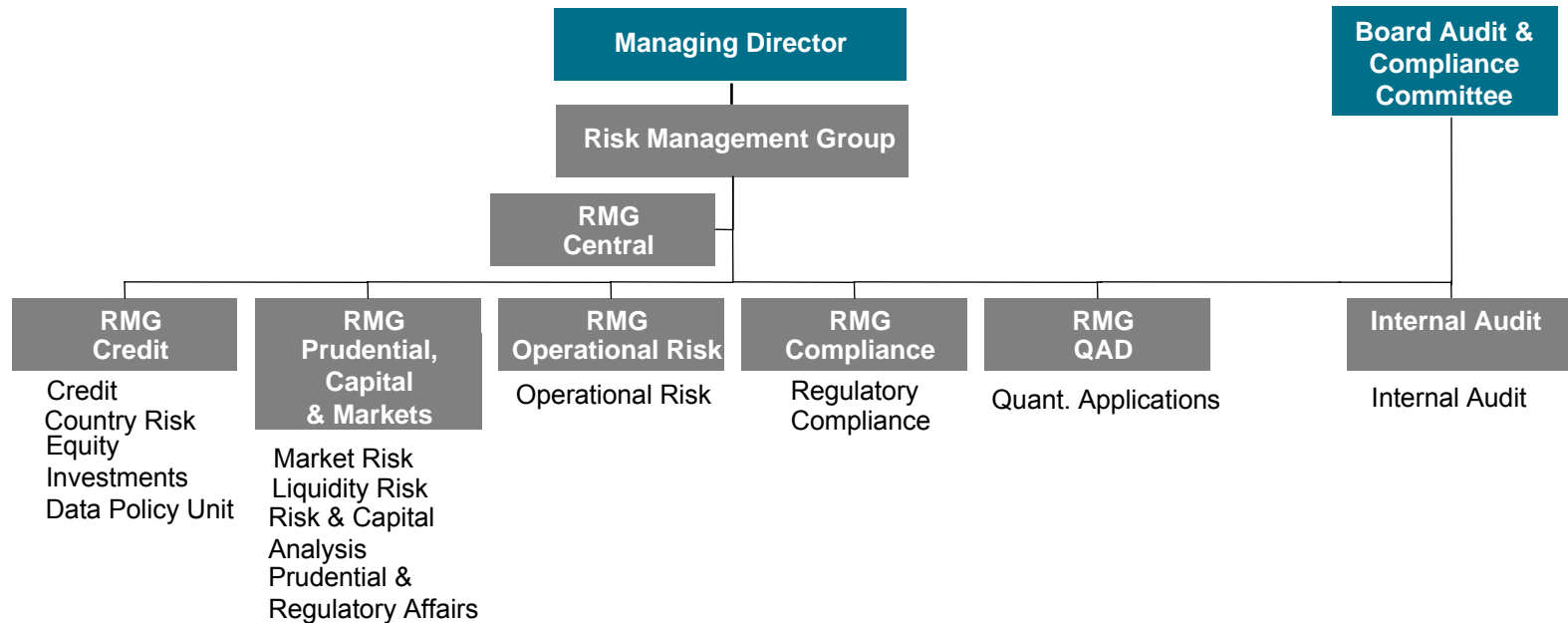
Risk culture at Macquarie

- We don't seek to predict when markets may turn down, but to manage the business constantly on the basis it could be tomorrow
- Risks assessed on a 'worst case' basis using earnings shock, rather than capital loss, as the yardstick
- All material risk acceptance decisions are independently assessed by RMG
- Risk is top priority for senior managers at Macquarie. This starts with the Managing Director
- Taking risk within limits is acceptable; anything outside limits, whether or not profitable, is a breach
- Senior management encouraged to take long term view. Remuneration regime has been little changed over 30 years. Includes deferral of significant portion of bonus which does not vest for ten years; vesting of options over five years
- Voluntary turnover among the Director Group (representing the 19% most senior staff) is currently around 7.5%
- 9 members of Executive Committee have average tenure at Macquarie of over 20 years





Risk Management Group staff



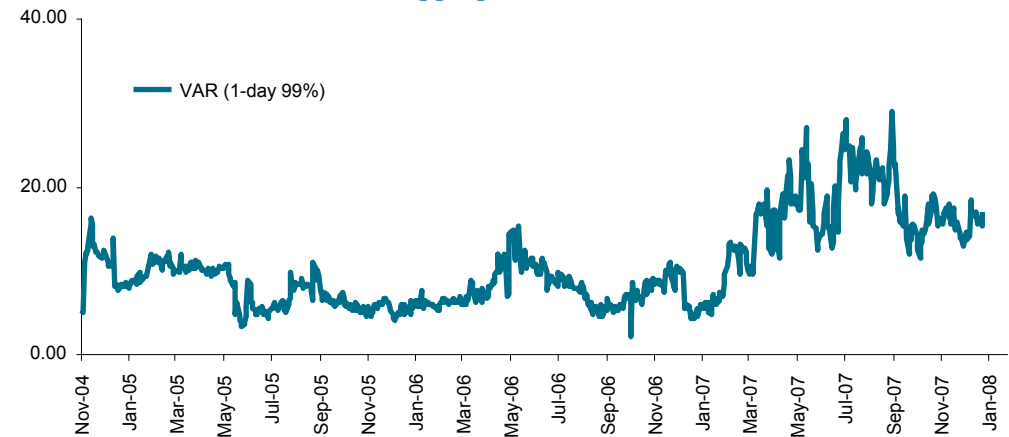
- Group wide perspective, servicing both MGL and MBL
- 312 staff - 202 in Australia, and 110 offshore in London, New York, Seoul, Hong Kong, Singapore, Toronto and Auckland
- Head of RMG is on the Executive Committee
- Extensive risk reporting to every Board meeting
- Outside RMG some 690 staff have a largely risk management role but operate within business groups



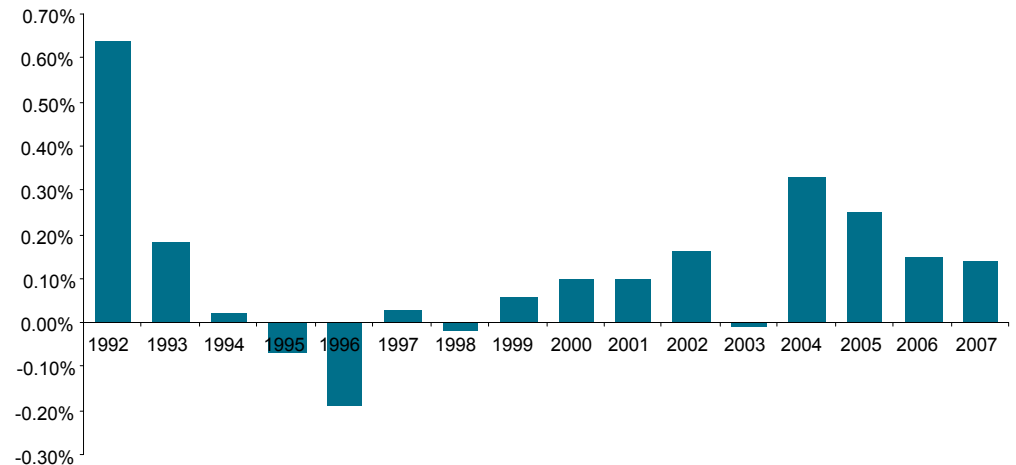
Market risk and credit risk

- Significant increase in market risk during 2007
- Increased risk due to increased volume and trading activity, particularly in Asian equities and physical commodities
- Credit losses maintained at low levels over the cycle

Aggregate Market Risk



Net provisions to total Loans, Advances and Leases



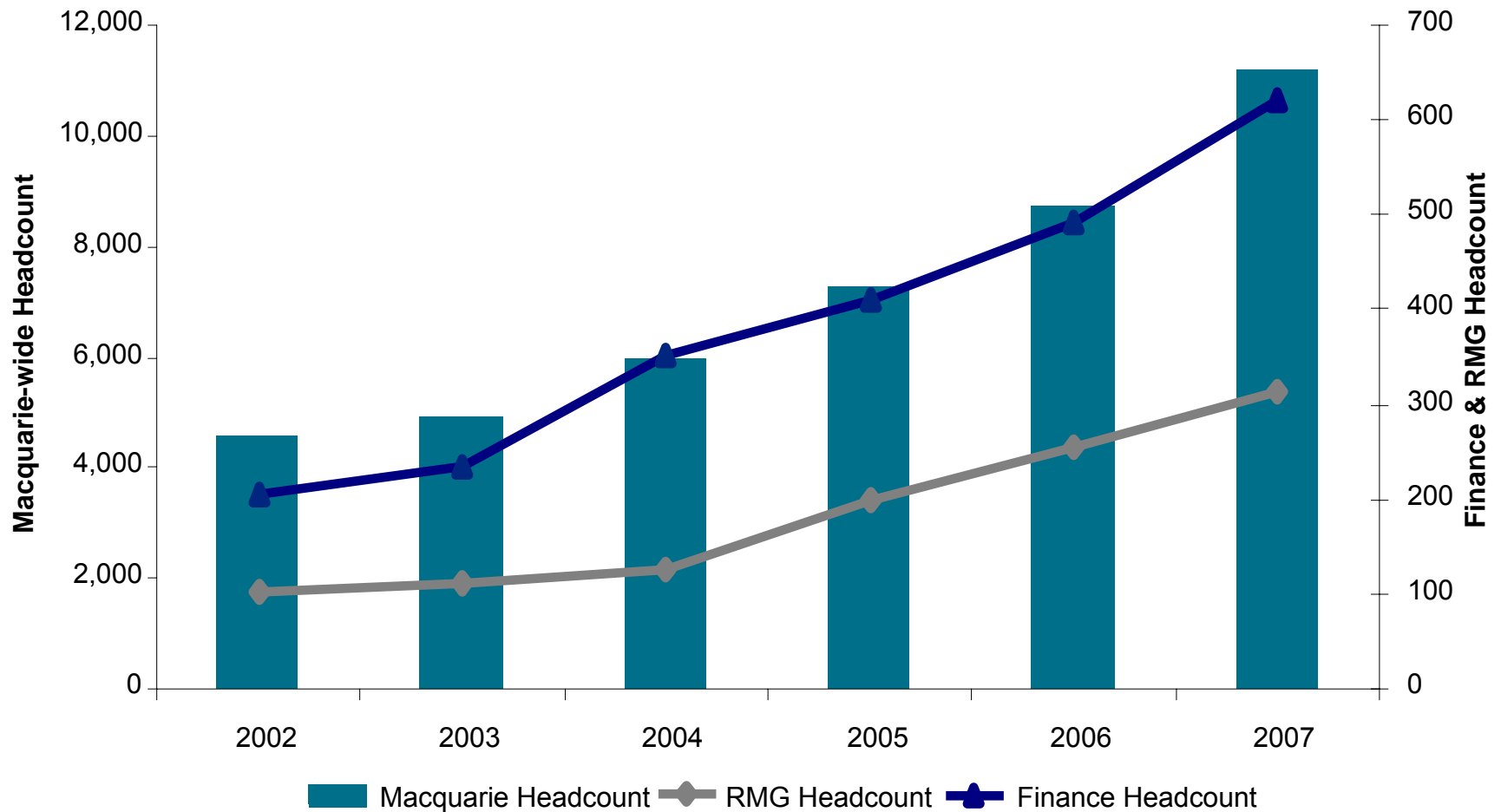


Managing risk and offshore expansion

- Experience of managing a growing business
 - Macquarie has been on a long term growth path
 - Managing growth is part of management's experience
 - Varying structures and methods in response to changes in scale is a familiar task
- Strategic risk management
 - Focus where special value can be added
 - Expansion by adjacency
 - Testing for the relevant competency, use of joint ventures
 - Business commitments usually start small
 - Largely organic growth, selective acquisitions
- Managing growth offshore
 - Compliance, Finance and Risk Management functions based offshore but report centrally to Head Office rather than local management
 - Internal Audit devotes more resources to offshore businesses
 - Frequent senior management visits offshore
 - Large numbers of senior, Macquarie Sydney experienced, staff offshore
 - Controls over payments largely centralised in Sydney



Growth of RMG resources





Basel II Regulatory Capital Impact

- Macquarie Bank has received accreditation from APRA for the Foundation Internal Ratings Based approach to credit risk and the Advanced Measurement Approach to operational risk
- Under Basel II the total credit risk regulatory capital requirement has materially declined
 - risk sensitive Internal Ratings Based approach to credit exposures results in a drop in risk weighted assets by approximately 30%
 - changed treatment of market related contracts results in a reduction in off balance sheet risk weighted assets of around 10%
- This benefit is largely offset by the increase in capital now required for equity risk, the new capital requirements for operational risk and a net increase in Tier 1 capital deductions
- Overall it is not anticipated that Basel II will cause a significant change in total regulatory capital requirements for Macquarie Bank
 - Any reductions in Macquarie Bank's regulatory capital requirements will be limited by the capital floors imposed by APRA for 2008 and 2009 of 10% of Basel I capital



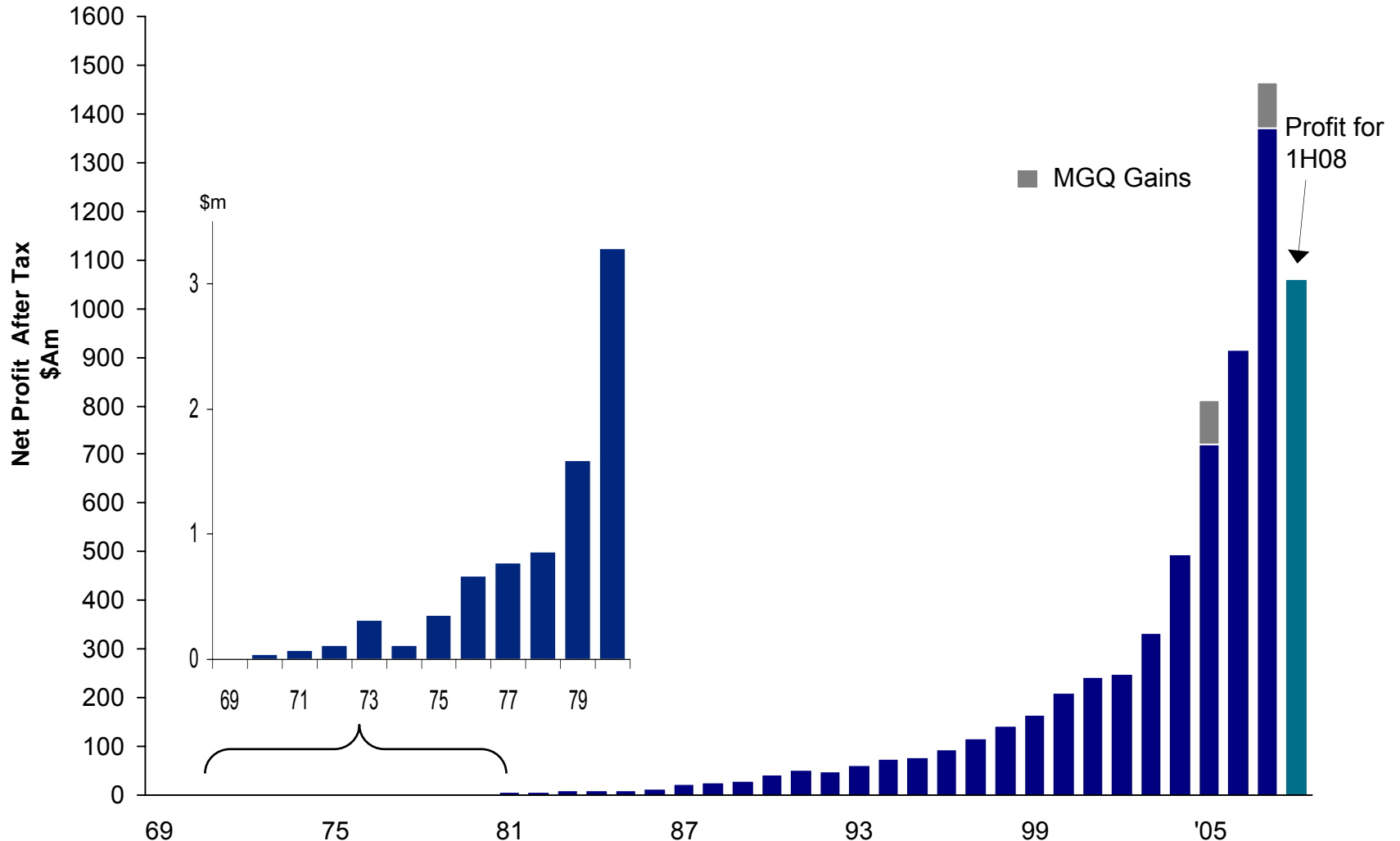
Macquarie's control framework

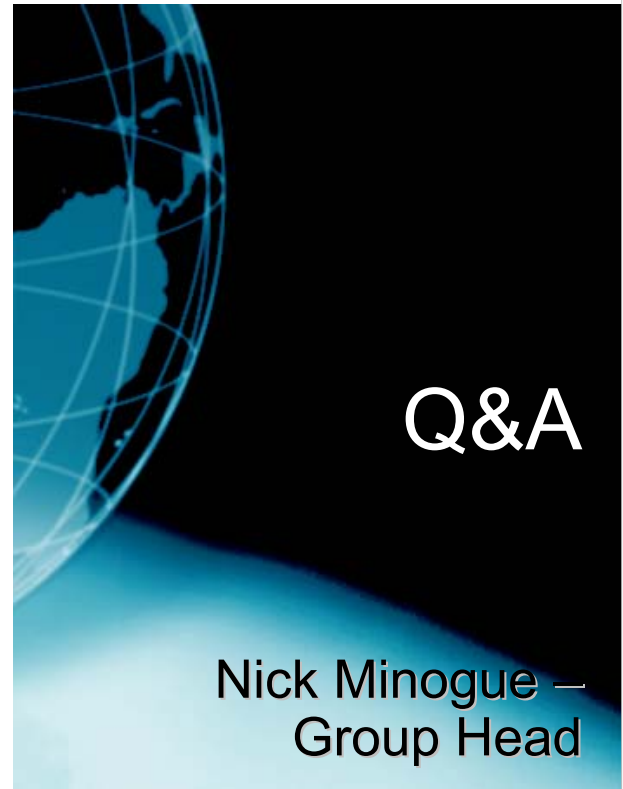
- Recent events have tested controls in banking institutions
- Markets have been more volatile in recent past, but not beyond historic levels and not beyond levels we plan for
- Few of Macquarie's stress tests have been exceeded. However, we have revised our assessment of correlations between markets as it has become clear that previously unconnected markets may move more closely together
- Trading risk management in Macquarie starts with senior management capability in trading businesses which is a long-standing core business for the Group
- Risk culture in Macquarie remains strong. Controls are well designed, well respected and regularly audited
- No system is infallible but we remain confident that our risk culture and multiple controls are well able to support our trading activity



Our success has been sustained

39 year history of profit





Q&A

**Nick Minogue —
Group Head**

Macquarie Group Limited

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Glossary



\$A	Australian Dollar
\$C	Canadian dollar
\$HK	Hong Kong dollar
\$US / USD	United States Dollar
£	United Kingdom Pound
€	Euro
1H08/1H2008	Half year ended 30 September 2007
1Q08	3 months ended June 2007
2H07/2H2007	Half year ended 31 March 2007
2H08/2H2008	Half year ending 31 March 2008
2Q08	3 months ended 30 Sept 2007
3Q08	3 months ending 31 Dec 07
ADCB	Abu Dhabi Commercial Bank
ADI	Authorised Deposit-taking Institution
AGSM	Australian Graduate School of Management
AIIF	African Infrastructure Investment Fund
AMA	Advanced Measurement Approaches
APRA	Australian Prudential Regulation Authority
ASD	Alternate Strategies Division
ASX	Australian Securities Exchange



Glossary



ATM	Automatic Teller Machine
AUD	Australian dollar
AUM	Assets Under Management. Calculated as the proportional ownership interest in the underlying assets of funds and mandated assets that Macquarie actively manages for the purpose of wealth creation, adjusted to exclude cross-holdings in funds and reflects proportional ownership interest of the fund manager
AVS	Available for sale
bps	basis points
CAGR	Compound Annual Growth Rate
CDO	Collateralised Debt Obligation
CLO	Collateralised Loan Obligation
CMBS	Commercial Mortgage Backed Security
CPS	Converting Preference Shares
DRP	Dividend Reinvestment Plan
DUE	Diversified Utilities and Energy Trusts
DUET	DUET Group
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECM	Equity Capital Markets
ECP	Euro Commercial Paper
ED	Executive Director
EMG	Equity Markets Group
EUM	Equity Under Management
FI	Financial Intermediaries



Glossary



FIRB	Foreign Investment review Board
FMG	Funds Management Group
FOF	Fund of Funds
FSA	Financial Services Authority UK
FSG	Financial Services Group
FUA	Funds Under Administration
FUM	Funds Under Management
FX	Foreign Exchange
FY	Full year
FY08	Full year ending 31 March 2008
GAIF	Goodman Australia Industrial Fund
GBP	Great Britain Pound
GDP	Gross Domestic Product
GIF II / GIF III	Global Infrastructure Fund II / III
HY	Half year
1H	First half
INSEAD	Institut Européen d'Administration des Affaires
IPO	Initial Public Offering
IRR	Internal Rate of Return



Glossary



IT	Information Technology
J-REP	Japanese logistics property company
JV	Joint Venture
KIEF	Kagiso Infrastructure Empowerment Fund
KRW	South Korean Won
KRX	Korea Stock Exchange
LHS	Left hand side
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAp	Macquarie Airports
MBI	Macquarie Bank International
MBL	Macquarie Bank Limited
MCAG	Macquarie Capital Alliance Group
MCG	Macquarie Communications Infrastructure Group
MCQ	Macquarie Capital Alliance Group
MCR	Minimum Regulatory Capital Requirements
MCW	Macquarie CountryWide Trust
MDPF	Macquarie Direct Property Fund
MDT	Macquarie DDR Trust
MEAP	Macquarie Essential Asset Partnership



Glossary



MEIF/MEIF II/MEIF III	Macquarie European Infrastructure Fund /Macquarie European Infrastructure Fund II/Macquarie European Infrastructure Fund III
MGA	Macquarie Goodman Asia
MGL	Macquarie Group Limited
MGOP	Macquarie Global Opportunities Partners
MGPA	Macquarie Global Property Advisers
MGQ	Macquarie Goodman Group
MIC	Macquarie Infrastructure Company
MIG	Macquarie Infrastructure Group
MIIF	Macquarie International Infrastructure Fund
MIP	Macquarie Infrastructure Partners
MIPS	Macquarie Income Preferred Securities
MIS	Macquarie Income Securities
MKIF	Macquarie Korea Infrastructure Fund
MKOF	Macquarie Korea Opportunities Fund
MLE	Macquarie Leisure Trust Group
MMG	Macquarie Media Group
MMPR / MMPR REIT	Macquarie MEAG Prime REIT
M-NPS REIT	Macquarie NPS REIT
MOF	Macquarie Office Trust
MPR	Macquarie Pro-Logis



Glossary



MPT	Macquarie Power & Infrastructure Income Fund
MQG	Macquarie Group Limited
MREEF	Macquarie Real Estate Equity Funds
MWREF	Wholesale Fund - Chinese retail assets
n/a	Not applicable
NOHC	Non-operating holding company
NPAT	Net Profit After Tax
NYSE	New York Stock Exchange
NZ	New Zealand
P&L	Profit and Loss
pcp	Prior corresponding period
PPP	Portfolio Partnerships Program
PV	Present Value
Q&A	Question and Answer
REG	Real Estate Group
REIT	Real Estate Investment Trust
RESF	Real Estate Structured Finance
RHS	Right hand side
RMG	Risk Management Group
RVG	Retirement Villages Group



Glossary



RWA	Risk-Weighted Assets
S&P	Standard and Poor's
SAIF	South Africa Infrastructure Fund
SGX	Singapore Exchange
SIV	Structured Investment Vehicle
TCG	Treasury and Commodities Group
TSE	Tokyo Stock Exchange
UK	United Kingdom
US	United States
USCP	US Commercial Paper
WA	Western Australia
YTD	Year to date