



MACQUARIE



# Operational Briefing

Presentation to  
Investors and Analysts

4 February 2016



# Disclaimer

The material in this presentation has been prepared by Macquarie Group Limited ABN 94 122 169 279 (“Macquarie”, “the Group”) and is general background information about Macquarie’s activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to Macquarie’s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Macquarie does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Macquarie’s control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is as at 31 December 2015.

# Agenda



- 
- |               |  |
|---------------|--|
| 10.05 – 10.10 | <b>Introduction</b> – Karen Khadi  |
| 10.10 – 10.30 | <b>Update since the interim result</b> – Nicholas Moore                                  |
| 10.30 – 11.00 | <b>Macquarie Asset Management</b> – Shemara Wikramanayake, Martin Stanley, Ben Bruck     |
| 11.00 – 11.40 | <b>Corporate Asset and Finance</b> – Garry Farrell, Ben Brazil, Jon Moodie, Stephen Cook |
| 11.40 – 12.00 | <b>Europe, Middle East and Africa</b> – David Fass                                       |
-



MACQUARIE

# 01

Introduction

Karen Khadi – Head of Investor Relations



MACQUARIE

02

Update since the interim result

Nicholas Moore – Managing Director and Chief Executive Officer

# About Macquarie

## Building for the long term



<b>Macquarie Asset Management</b>	<ul style="list-style-type: none"><li>• Top 50 global asset manager with \$A487.2b<sup>1</sup> of assets under management</li><li>• Provides clients with access to a diverse range of capabilities and products, including infrastructure and real asset management, securities investment management and tailored investment solutions over funds and listed equities</li></ul>
<b>Corporate and Asset Finance</b>	<ul style="list-style-type: none"><li>• Global provider of specialist finance and asset management solutions, with \$A39.7b<sup>1</sup> of loans and leases</li><li>• Global capability in corporate and real estate credit investing and lending</li><li>• Expertise in asset finance including aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment</li></ul>
<b>Banking and Financial Services</b>	<ul style="list-style-type: none"><li>• Macquarie's retail banking and financial services business</li><li>• Provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients</li></ul>
<b>Macquarie Securities Group</b>	<ul style="list-style-type: none"><li>• Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives and trading activities</li><li>• Full-service cash equities in Australia, Asia, South Africa and Canada with specialised offerings in US and Europe. Specialised derivatives and trading offerings in key locations globally</li><li>• Key specialities: Financial Institutions; Industrials; Infrastructure, Utilities and Renewables; Resources (mining and energy); Small-Mid Caps; and Telecommunications, Media, Entertainment and Technology (TMET)</li></ul>
<b>Macquarie Capital</b>	<ul style="list-style-type: none"><li>• Global corporate finance capability, including M&amp;A, debt and equity capital markets, and principal investments</li><li>• Key specialities in six industry groups: Financial Institutions; Industrials; Infrastructure, Utilities and Renewables; Real Estate; Resources (mining and energy); and TMET</li></ul>
<b>Commodities and Financial Markets</b>	<ul style="list-style-type: none"><li>• Provides clients with risk and capital solutions across physical and financial markets</li><li>• Diverse platform covering more than 25 market segments, with more than 140 products</li><li>• Expertise in providing clients with access to markets, financing, financial hedging, and physical execution</li><li>• Growing presence in commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight)</li></ul>

1. As at 31 Dec 15.



## 3Q16 Overview

- Satisfactory trading conditions in 3Q16 across the Group
- Macquarie's annuity-style businesses' (Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services) combined 3Q16 net profit contribution<sup>1</sup> up on pcp (3Q15) but down on prior period (2Q16) which benefited from strong performance fees in Macquarie Asset Management
- Macquarie's capital markets facing businesses' (Macquarie Securities, Macquarie Capital and Commodities and Financial Markets) combined 3Q16 net profit contribution<sup>1</sup> down on pcp, which benefited from fee income from the Freeport LNG transaction in CFM and Macquarie Capital, and up on prior period
  - Recent trading conditions reflect current market uncertainty

# 3Q16 Overview

## Annuity-style businesses



Operating Group	Market positions	Developments since 1H16
Macquarie Asset Management	<ul style="list-style-type: none"> <li>• Top 50 global asset manager, <b>Australia's largest global asset manager</b></li> <li>• Recognised as <b>world's largest manager of infrastructure</b> and third largest manager of pension fund assets invested in alternatives<sup>1</sup></li> <li>• Awarded <b>6 Lipper Awards in 2015</b><sup>2</sup></li> <li>• Mercer ranked Macquarie Alpha Opportunities as the top performing long-short Australian equities fund and Macquarie High Conviction as the third best performing long-only Australian equities fund for 2015</li> </ul>	<ul style="list-style-type: none"> <li>• <b>AUM \$A487.2b</b> at Dec 15 down 3% on Sep 15 predominately driven by unfavourable spot exchange rate movements partly offset by positive market movements</li> <li>• Macquarie Infrastructure and Real Assets: <ul style="list-style-type: none"> <li>– <b>Raised over \$A1.4b</b> in new equity, largely in Asian and Australian infrastructure</li> <li>– <b>Invested \$A1.2b</b> of equity including infrastructure in Singapore, Austria and India</li> <li>– <b>\$A8.8b of equity to deploy</b> at Dec 15</li> <li>– Divested management rights in African Infrastructure funds and Singapore listed APTT<sup>3</sup></li> </ul> </li> <li>• Macquarie Investment Management: <ul style="list-style-type: none"> <li>– <b>Awarded \$A3.2b</b> in new, funded institutional mandates across 4 strategies</li> <li>– Acquired Bennett Lawrence Management, LLC, a New York-based small and mid-cap growth team</li> <li>– Launched Asian Equities mutual fund to the US market</li> <li>– Asian Alpha and European Alpha Funds remain at capacity; launch of Global and Americas Alpha Funds planned for 2016</li> </ul> </li> <li>• Macquarie Specialised Investment Solutions: <ul style="list-style-type: none"> <li>– Continued to grow the Macquarie Infrastructure Debt Investment Solutions (MIDIS) business; total third party investor commitments on MIDIS over \$A3.7b; closed a number of investments bringing <b>total AUM to \$A2.6b</b></li> </ul> </li> </ul>
Corporate and Asset Finance	<ul style="list-style-type: none"> <li>• <b>Leading market participant in bespoke primary lending</b> across the US, EMEA and Australia; niche acquirer of loans and other credit assets in the secondary market</li> <li>• <b>One of the largest providers of motor vehicle finance in Australia</b></li> <li>• Top 10 global aircraft lessor</li> <li>• The largest deregulated traditional and smart meter provider in the UK with more than 7 million meters</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Asset and loan portfolio of \$A39.7b at Dec 15 up 23% on Sep 15</b></li> <li>• <b>Continued growth in the asset finance portfolio to \$A29.6b at Dec 15</b> up 39% on Sep 15, due to acquisitions which continue to transition, including AWAS Aviation Capital and the Esanda dealer finance portfolio</li> <li>• As at 31 Dec 15, settled on 74 of the 87 aircraft committed from AWAS Aviation Capital in FY15</li> <li>• In Oct 15, entered into an agreement to acquire the Esanda dealer finance portfolio from ANZ Banking Group for \$A8.2b comprising of retail and wholesale dealer finance on motor vehicles across Australia, of which \$A6.6b has been acquired to date</li> <li>• Strong securitisation activity of \$A1.7b during 3Q16</li> <li>• <b>Lending's funded loan portfolio of \$A10.1b<sup>4</sup> at Dec 15</b> down 8% on Sep 15 driven by higher net repayments and unfavourable spot exchange rate movements</li> <li>• Lending portfolio additions of \$A0.6b in 3Q16 comprised of \$A0.3b new primary financings across corporate and real estate, weighted towards bespoke originations, and \$A0.3b of corporate loans and similar assets acquired in the secondary market</li> </ul>
Banking and Financial Services	<ul style="list-style-type: none"> <li>• iSelect's Partner of the Year and Home Loans Partner of the Year 2015<sup>5</sup></li> <li>• Macquarie Wrap investment platforms 1st and 2nd in the Wealth Insights Platform Service Level Report 2015<sup>6</sup></li> <li>• No.1 in the Brokers on Non-Majors 2015 survey by Australian Broker for the 3rd consecutive year<sup>7</sup></li> <li>• <b>No.1 Cash and Term Deposits</b> in the Core Data SMSF Service Provider Awards 2015 for the 2nd consecutive year<sup>8</sup></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Australian mortgage portfolio \$A27.8b</b> at Dec 15 up 1% on Sep 15, representing approx. 1.9% of the Australian market</li> <li>• Macquarie platform <b>assets under administration \$A59.8b</b> at Dec 15 up 28% on Sep 15<sup>9</sup></li> <li>• <b>Total BFS deposits<sup>10</sup> of \$A39.5b</b> at Dec 15 up 2% on Sep 15</li> <li>• Average business banking deposit volumes at Dec 15 up 7% on Sep 15</li> <li>• Macquarie Life enforce risk premiums \$A246m at Dec 15 up 3% on Sep 15</li> <li>• Launched first Macquarie savings and transaction accounts, and new Macquarie Black credit card with premium rewards</li> <li>• In Feb 16, signed agreement to provide administration services and develop a new wrap offering for ANZ's wealth administration platform</li> </ul>

# 3Q16 Overview

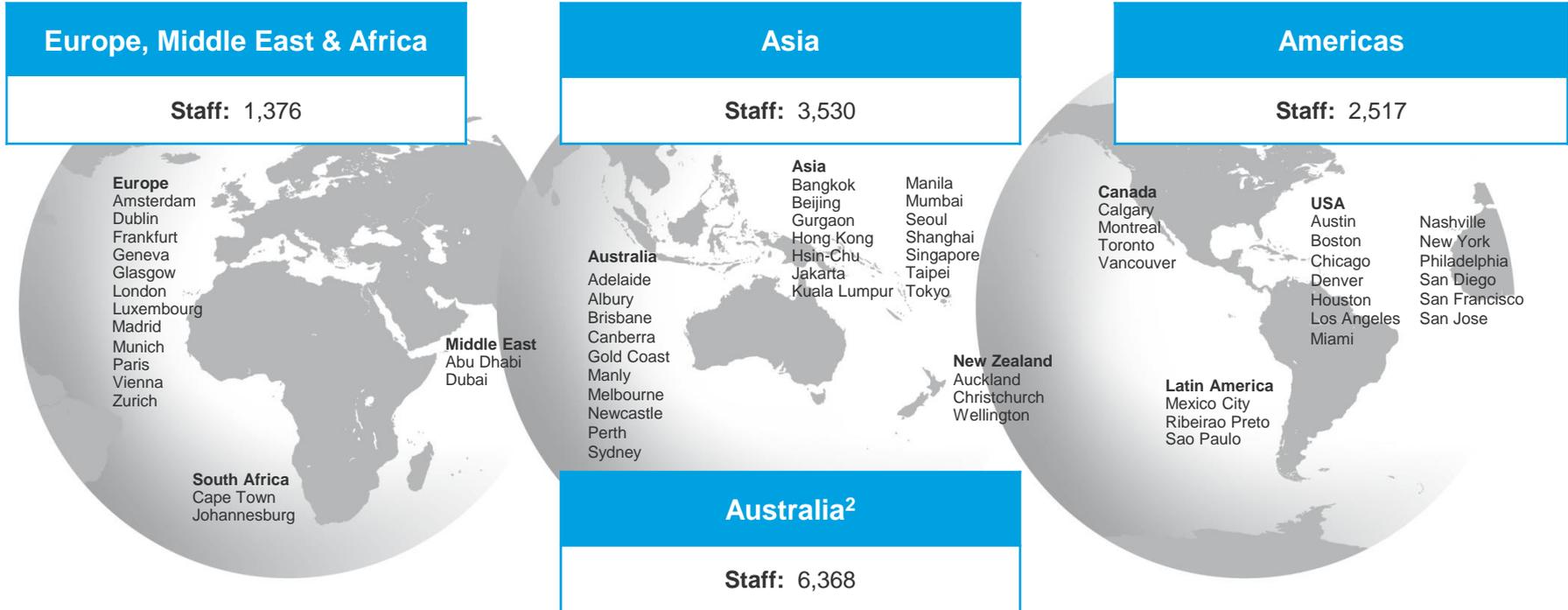
## Capital markets facing businesses



Operating Group	Market positions	Developments since 1H16
Macquarie Securities	<ul style="list-style-type: none"> <li>• <b>Maintained equal 1<sup>st</sup> overall in the 2015 Peter Lee Survey of Australian Investors</b>, including 1<sup>st</sup> for Research, equal 1<sup>st</sup> for Sales Trading &amp; Execution, 1<sup>st</sup> for Quality of Underwritings, 1<sup>st</sup> for Conferences and 1<sup>st</sup> for Listed Company Access</li> <li>• <b>No.2 in Australia for ECM deals<sup>1</sup></b>; market share of 20.1% in CY15 up from 16.2% in CY14<sup>2</sup></li> <li>• Winner of two awards at the Australasian Investor Relations Association, 2015 Best Practice Investor Relations Awards - Best Domestic or Offshore Equities Conference, and Best Overall Offshore Australian Equities Sales Presence</li> <li>• Ranked 3<sup>rd</sup> overall (up from 12<sup>th</sup>) in the Institutional Investor 2015 Rankings - All India Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Market activity across Asia-Pacific was subdued during 3Q16 as macroeconomic concerns focusing on China growth and the US Federal Reserve's decision to increase interest rates created a challenging environment for clients that resulted in lower client activity and reduced volumes</li> <li>• Completed the 100% acquisition of Macquarie First South joint venture in South Africa</li> </ul>
Macquarie Capital	<ul style="list-style-type: none"> <li>• <b>No.1 in Australia for announced and completed M&amp;A<sup>3</sup></b></li> <li>• <b>No.2 in Australia for ECM deals<sup>4</sup></b></li> <li>• Best IPO - Link Administration<sup>5</sup></li> <li>• Best Secondary Offering - National Australia Bank<sup>6</sup></li> <li>• Best FIG deal - Haitong Securities' \$US4.3b H-share private placement<sup>7</sup></li> <li>• No.1 European Project Finance Sponsor<sup>8</sup></li> <li>• No.3 in UK for completed Infrastructure M&amp;A<sup>9</sup></li> <li>• Americas Power Deal of the Year - Salem Harbor<sup>10</sup></li> <li>• No.8 US Buyouts by value and No.6 by count<sup>11</sup></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Completed 98 transactions valued at \$A43b</b> globally during the quarter</li> <li>• ANZ - sole bookrunner and underwriter for Origin Energy's \$A2.5b pro rata accelerated renounceable entitlement offer with retail rights trading, <b>one of the largest fully underwritten secondary raisings with a sole bookrunner and underwriter ever on ASX</b></li> <li>• Asia - successfully sold a 19.99% interest in Sino-Australian International Trust Co. Ltd to Chongqing Casin Limited Company</li> <li>• EMEA - reached financial close on the acquisition of a 25% stake in the Galloper Offshore Wind Farm Project in the United Kingdom</li> <li>• US - sole financial advisor to Kelso &amp; Company on its acquisition of a majority stake in Risk Strategies Company and lead left bookrunner and lead arranger on \$US300m of senior secured credit facilities to support the transaction</li> <li>• Recent market volatility currently impacting client sentiment</li> </ul>
Commodities and Financial Markets	<ul style="list-style-type: none"> <li>• Commodity Business Awards<sup>12</sup> winner: <ul style="list-style-type: none"> <li>– Commodity House of the Year 2015 for the 2<sup>nd</sup> consecutive year</li> <li>– Excellence in Agriculture &amp; Softs Markets for the 6<sup>th</sup> consecutive year</li> </ul> </li> <li>• <b>No. 4 US physical gas marketer in North America</b> - the highest ranked non-producer<sup>13</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Continued market volatility and falling oil prices led to <b>increased customer activity across the energy platform</b></li> <li>• Increased opportunities in Agriculture and Base Metals as market volatility continued</li> <li>• <b>Strong client flows in foreign exchange and interest rates markets</b> due to ongoing market volatility</li> <li>• Sharp sell-off in US credit markets resulted in a reduction in debt capital markets fees and secondary market client trading revenues</li> </ul>



# 13,791 staff in over 28 countries<sup>1</sup>

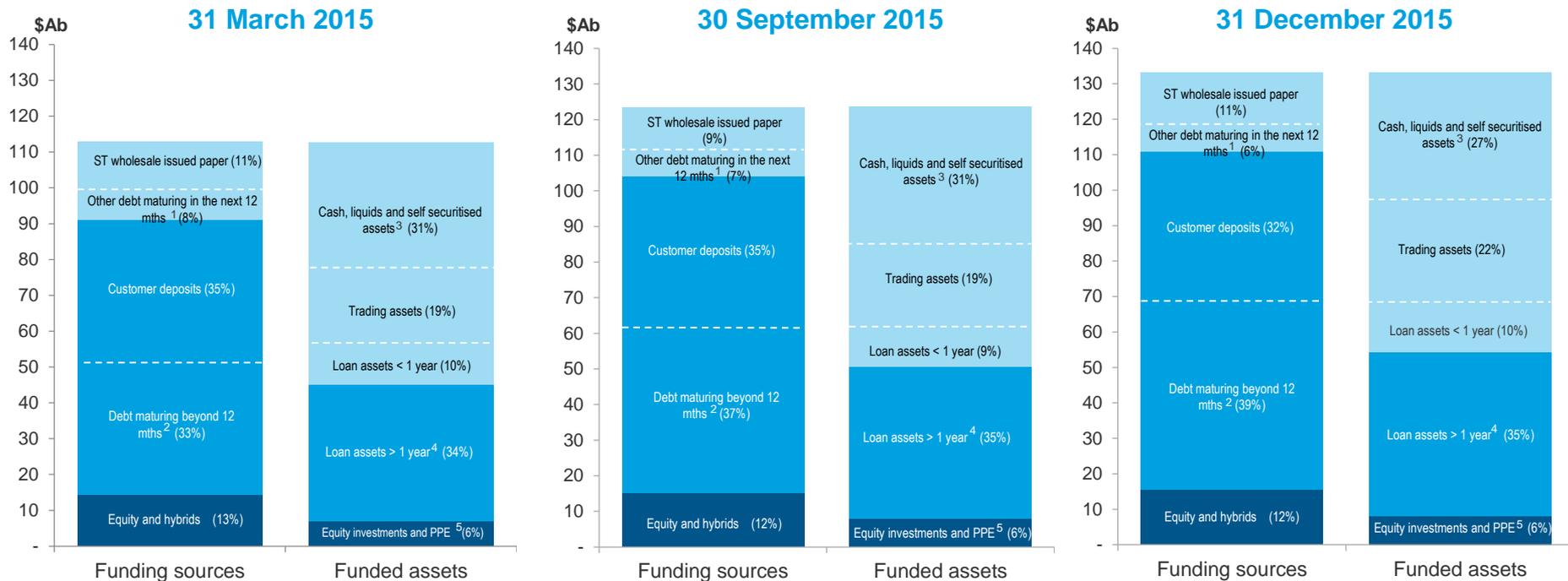


1. Staff numbers as at 31 Dec 15. 2. Includes New Zealand.



# Funded balance sheet remains strong

- Increase in funded assets during the quarter largely due to the continued transitioning of AWAS and Esanda portfolios

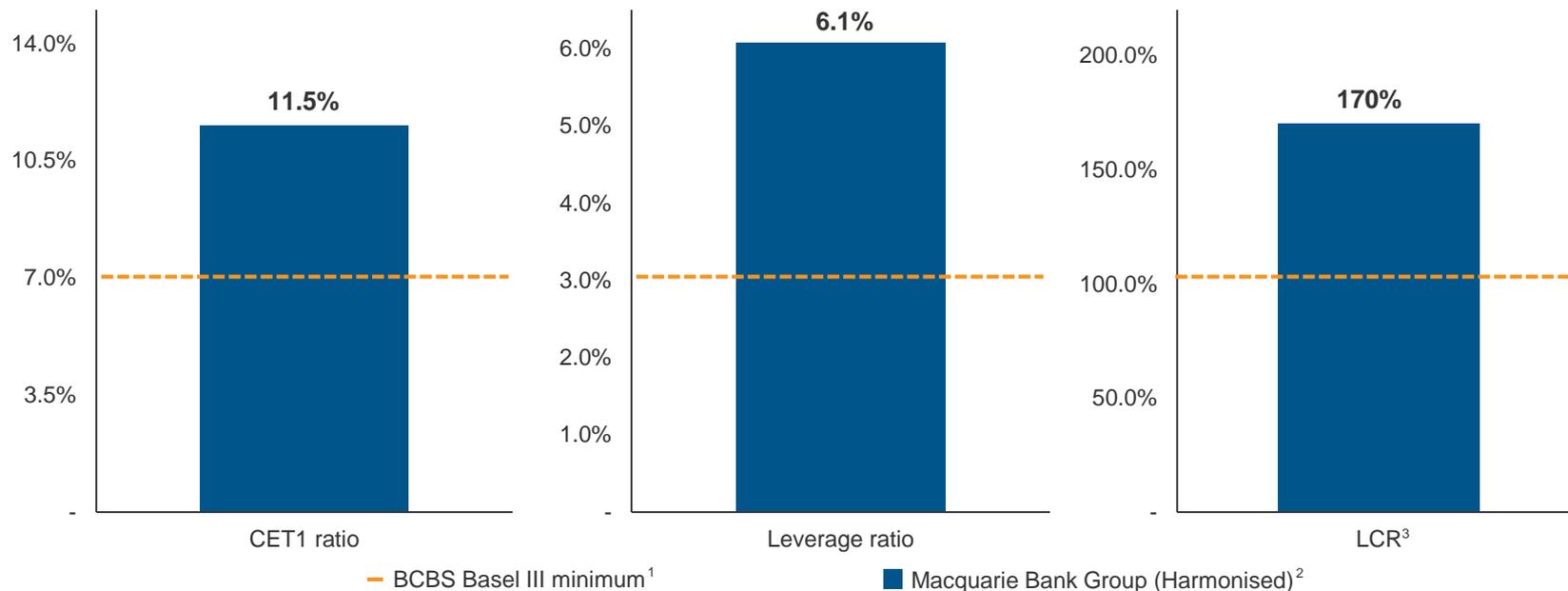


These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above. 1. 'Other debt maturing in the next 12 mths' includes Structured Notes, Secured Funding, Bonds, Other Loans and Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 mths' includes Loan Capital not maturing within next 12 months. 3. 'Cash, liquids and self securitised assets' includes self securitisation of repo eligible Australian mortgages originated by Macquarie. 4. 'Loan Assets > 1 yr' includes Debt Investment Securities and Operating Lease Assets. 5. 'Equity Investments and PPE' includes the Group's co-investments in Macquarie-managed funds and equity investments.

# Strong regulatory ratios



## Macquarie Bank Group (Dec 15) Harmonised ratios



1. Includes the capital conservation buffer in the minimum CET1 ratio requirement. Current BCBS proposed minimum leverage ratio is 3%, to be implemented from 1 Jan 18. Final calibration of the leverage ratio is due to be completed by 2017. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Average LCR for Dec 15 quarter includes Oct, Nov and Dec month-end observations.

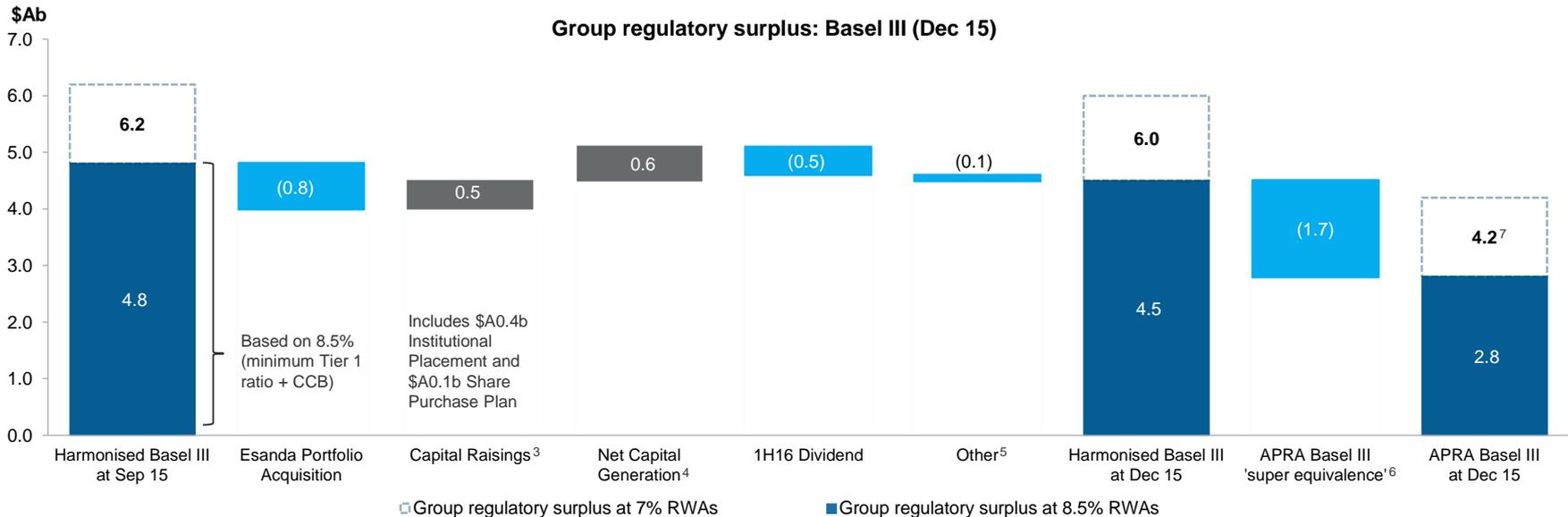


# Regulatory update

- Conglomerates
  - In Aug 14, APRA issued its final rules for Conglomerates with implementation timing yet to be announced. We continue to work through the application of the rules with APRA and our current assessment remains that Macquarie has sufficient capital to meet the minimum APRA capital requirements for Conglomerates
- Financial System Inquiry
  - The government released its response to the Financial System Inquiry on 20 Oct 15, agreeing with the majority of the recommendations and setting a timetable for their implementation. The government endorsed APRA to implement most of the resilience recommendations and so the final design of any policy changes has yet to be determined

# Basel III capital position

- APRA Basel III Group capital at Dec 15 of \$A17.3b, Group surplus of \$A2.8b<sup>1</sup>
- Bank Group APRA Basel III CET1 ratio: 9.9%; Tier 1 ratio: 11.0%; Leverage ratio: 5.2%
- Bank Group Harmonised Basel III CET1 ratio: 11.5%; Tier 1 ratio: 12.6%; Leverage ratio: 6.1%<sup>2</sup>



1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA Prudential Standard 110. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Includes redemption of Preferred Membership Interests offset by Macquarie Capital Notes 2 issuance. 4. Includes 3Q16 P&L and other movements in capital supply. 5. Includes business growth, the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements and other movements in capital requirements. 6. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions of equity investments (\$A0.6b); deconsolidated subsidiaries (\$A0.4b); DTAs and other impacts (\$A0.7b). 7. The APRA Basel III Group surplus is \$A4.2b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group.

# Short term outlook

- Summarised below are the outlook statements for each Operating Group
- FY16 results will vary with market conditions, particularly the capital markets facing businesses

Operating Group	Net profit contribution				
	FY08–FY15 historical range	FY08–FY15 average	FY15	FY16 outlook as announced on 30 October 2015 <sup>1</sup>	Update to FY16 outlook
<b>Macquarie Asset Management</b>	\$A0.3b – \$A1.4b	\$A0.8b	\$A1.4b	Up on FY15	No change
<b>Corporate and Asset Finance</b>	\$A0.1b – \$A1.1b <sup>2</sup>	\$A0.5b	\$A1.1b	Broadly in line with FY15	No change
<b>Banking and Financial Services</b>	\$A0.1b – \$A0.3b <sup>3,4</sup>	\$A0.2b <sup>4</sup>	\$A0.3b	Up on FY15	No change
<b>Macquarie Securities Group</b>	\$A(0.2)b – \$A1.2b	\$A0.3b	\$A0.1b	Up on FY15	No change
<b>Macquarie Capital</b>	\$A(0.1)b – \$A1.2b	\$A0.3b	\$A0.4b	Up on FY15	No change
<b>Commodities and Financial Markets</b>	\$A0.5b – \$A0.8b	\$A0.7b	\$A0.8b	Broadly in line with FY15	Down on FY15 – whilst YTD performance has been broadly in line with pcp, currently expect 4Q16 trading to be lower than 4Q15
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Compensation ratio to be consistent with historical levels</li> <li>• Based on present mix of income, currently expect FY16 tax rate to be broadly in line with 1H16</li> </ul>				No change

1. Result announcement for the half-year ended 30 Sep 15. 2. Range excludes FY09 provisions for loan losses of \$A135m related to Real Estate Structured Finance loans as this is a restructured business. 3. Range excludes FY09 loss on sale of Italian mortgages of \$A248m as this is a discontinued business. 4. During FY14, Group Treasury revised internal funding transfer pricing arrangements relating to BFS's deposit and lending activities. FY13 comparatives only have been restated to reflect the current methodology.



# Short term outlook

- While the impact of future market conditions makes forecasting difficult, Macquarie currently expects the FY16 combined net profit contribution<sup>1</sup> from operating groups to be up on FY15
- The FY16 tax rate is currently expected to be broadly in line with 1H16
- Given the earlier than expected recognition of additional performance fees in 1H16, the 2H16 result is expected to be lower than 1H16 but higher than the prior corresponding period (2H15), subject to the completion rate of transactions and the conduct of period end reviews
- Accordingly, Macquarie continues to expect the FY16 result to be up on FY15
- Our short term outlook remains subject to a range of challenges including:
  - Market conditions
  - The impact of foreign exchange
  - The cost of our continued conservative approach to funding and capital; and
  - Potential regulatory changes and tax uncertainties

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.



## Medium term

- Macquarie remains well positioned to deliver superior performance in the medium term
- Deep expertise in major markets
- Build on our strength in diversity and continue to adapt our portfolio mix to changing market conditions
  - Annuity-style income is provided by three significant businesses which are delivering superior returns following years of investment and recent acquisitions
    - Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services
  - Three capital markets facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
    - Macquarie Securities, Macquarie Capital and Commodities and Financial Markets
- Ongoing benefits of continued cost initiatives
- Strong and conservative balance sheet
  - Well matched funding profile with minimal reliance on short term wholesale funding
  - Surplus funding and capital available to support growth
- Proven risk management framework and culture

# Approximate business Basel III Capital & ROE

30 September 2015



Operating Group	APRA Basel III Capital <sup>1</sup> @ 8.5% (\$Ab)	Approx. 1H16 Return on Ordinary Equity <sup>2</sup>	Approx. 9-Year Average Return on Ordinary Equity <sup>2</sup>
<b>Annuity-style businesses</b>	<b>7.7</b>		
Macquarie Asset Management	1.6	30%	20% <sup>3</sup>
Corporate and Asset Finance	4.1		
Banking and Financial Services	2.0		
<b>Capital markets facing businesses</b>	<b>5.2</b>		
Macquarie Securities	0.5	13%	15% – 20%
Macquarie Capital	1.8		
Commodities and Financial Markets	2.9		
<b>Corporate and Other</b>	<b>0.9</b>		
Legacy Assets	0.2		
Corporate	0.7		
Total regulatory capital requirement @ 8.5%	13.8		
Comprising: Ordinary Equity	11.5		
Hybrid	2.3		
Add: Surplus Ordinary Equity	3.1		
<b>Total APRA Basel III capital supply</b>	<b>16.9</b>		

1. Business Group capital allocations are indicative and are based on allocations as at 30 Jun 15 adjusted for material movements over the Sep 15 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on Operating Group's net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements. 9-year average covers FY07 to FY15, inclusively. 3. CAF returns prior to FY11 excluded from 9-year average as not meaningful given the significant increase in scale of CAF's platform over this period.

# Medium term



MACQUARIE

<b>MAM</b>	<ul style="list-style-type: none"><li>• Annuity-style business that is diversified across regions, products, asset classes and investor types</li><li>• Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions</li><li>• Well positioned for organic growth with several strongly performing products and an efficient operating platform</li></ul>
<b>CAF</b>	<ul style="list-style-type: none"><li>• Leverage deep industry expertise to maximise growth potential in loan and lease portfolios</li><li>• Anticipate further asset acquisitions and realisations at attractive return levels</li><li>• Funding from asset securitisation throughout the cycle</li></ul>
<b>BFS</b>	<ul style="list-style-type: none"><li>• Strong growth opportunities through intermediary distribution, white labelling, platforms and client service</li><li>• Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments</li><li>• Modernising technology to improve client experience and support growth</li></ul>
<b>MSG</b>	<ul style="list-style-type: none"><li>• Highly leveraged to market conditions and investor confidence, particularly in the Asia-Pacific region</li><li>• Well positioned for recovery in Asian retail derivatives, cash equities and ECM</li><li>• Monetise existing strong research platform</li></ul>
<b>MacCap</b>	<ul style="list-style-type: none"><li>• Can expect to benefit from any improvement in M&amp;A and ECM market activity</li><li>• Continues to align the business offering to current opportunities and market conditions in each region</li></ul>
<b>CFM</b>	<ul style="list-style-type: none"><li>• Opportunities to grow commodities business, both organically and through acquisition</li><li>• Development of institutional coverage for specialised credit, rates and foreign exchange products</li><li>• Increase financing activities</li><li>• Growing the client base across all regions</li></ul>



MACQUARIE

03

Macquarie Asset Management  
Shemara Wikramanayake, Group Head  
Martin Stanley and Ben Bruck, Division Heads

# Overview of Macquarie Asset Management



## Macquarie Asset Management

### \$A487b AUM

Australia's largest global asset manager  
Broad range of capabilities and products

### Macquarie Infrastructure and Real Assets

A leading global alternative asset manager, specialising in direct infrastructure and other real assets

**\$A138b** AUM  
\$A68b EUM

### Macquarie Investment Management

A diversified securities manager, offering capabilities across listed equities, fixed income and listed alternatives

**\$A345b** AUM

### Macquarie Specialised Investment Solutions

A highly innovative, specialist team, with a strong track record in providing tailored investment solutions to clients

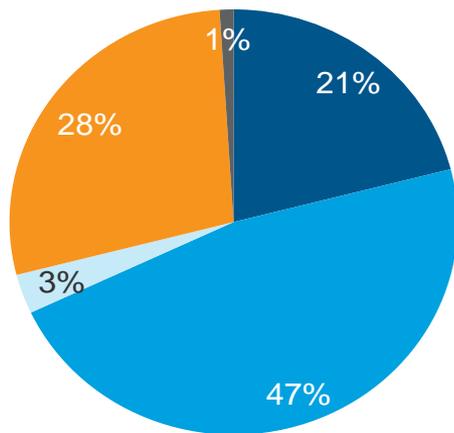
**\$A4b** AUM

# Highly diversified AUM and base fee revenue gives resilience

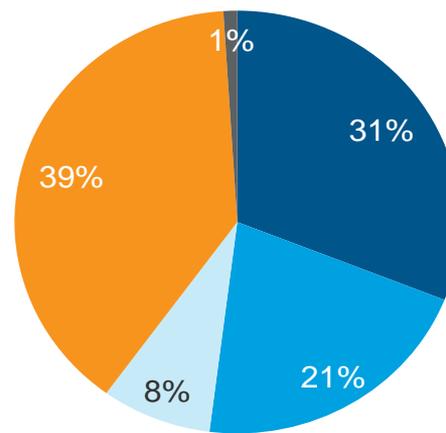


MACQUARIE

## AUM



## Base fee composition

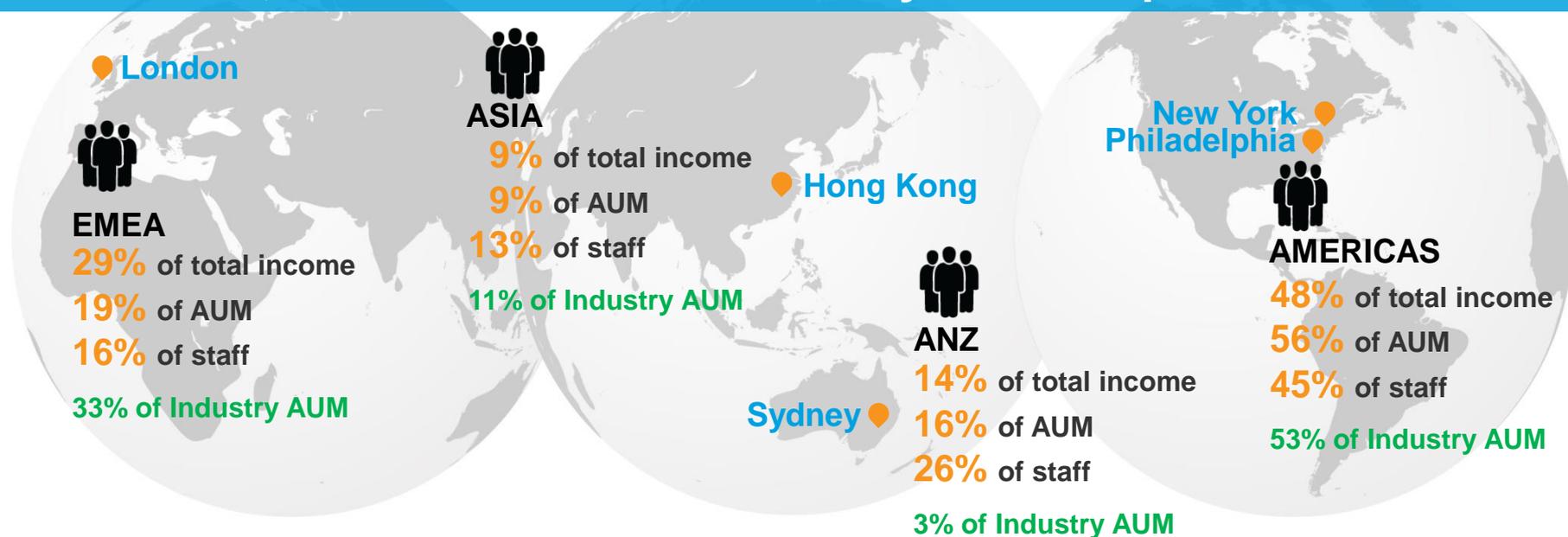


■ MIM Equities ■ MIM Fixed Income ■ MIM Alternatives & Multi-Asset ■ MIRA ■ MSIS

# Wide geographic spread and key hubs where our clients are located



1,400+ staff • 19 countries • 20+ years of experience<sup>1</sup>



# Macquarie's core principles are at the heart of our approach



**High quality, experienced team  
(Average tenure of MAM Executive Directors is  
15 years and senior management team is 22 years)**

## Opportunity

60+ teams identifying opportunities and driving growth in their areas of expertise, organised along 3 divisional lines



## Accountability

Distributed responsibility for results with an institutional support platform and risk management overlay

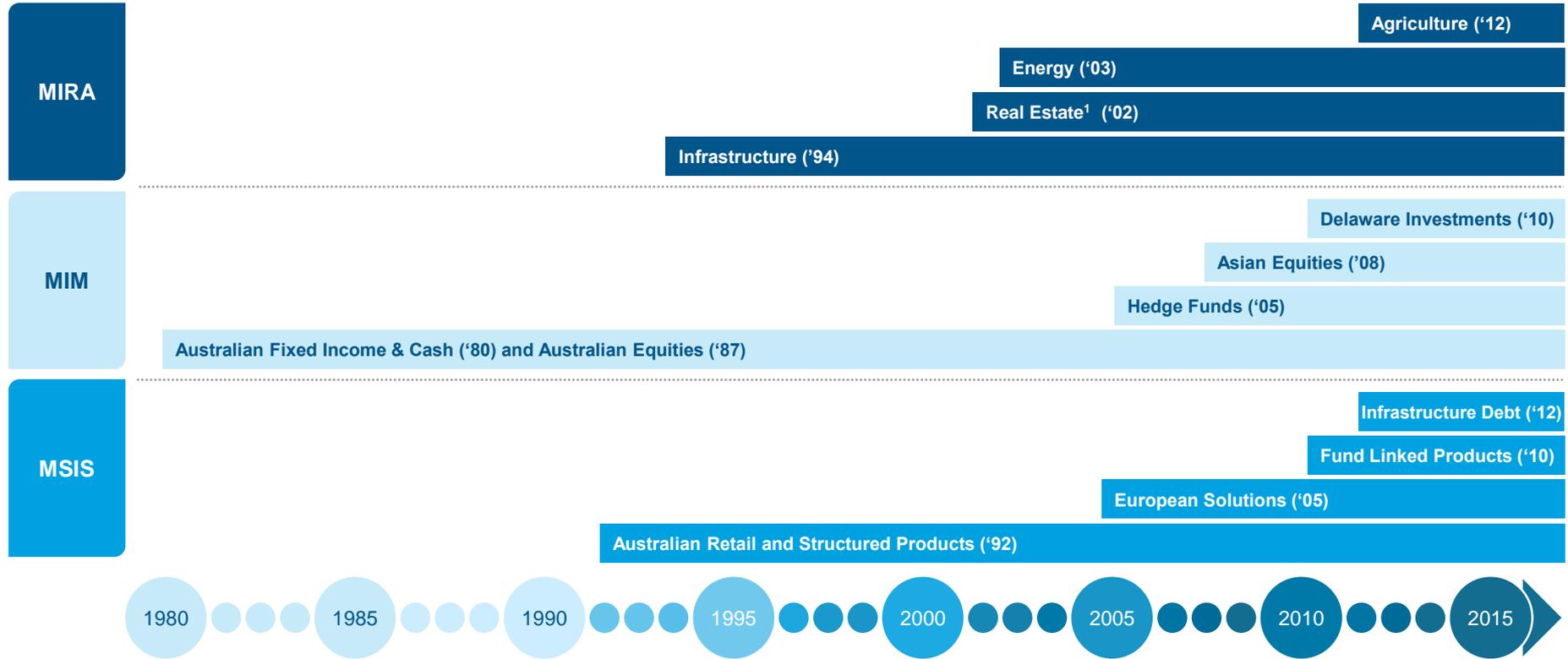


## Integrity

Commitment to our clients, communities and capital providers



# Track record of disciplined, adjacent growth



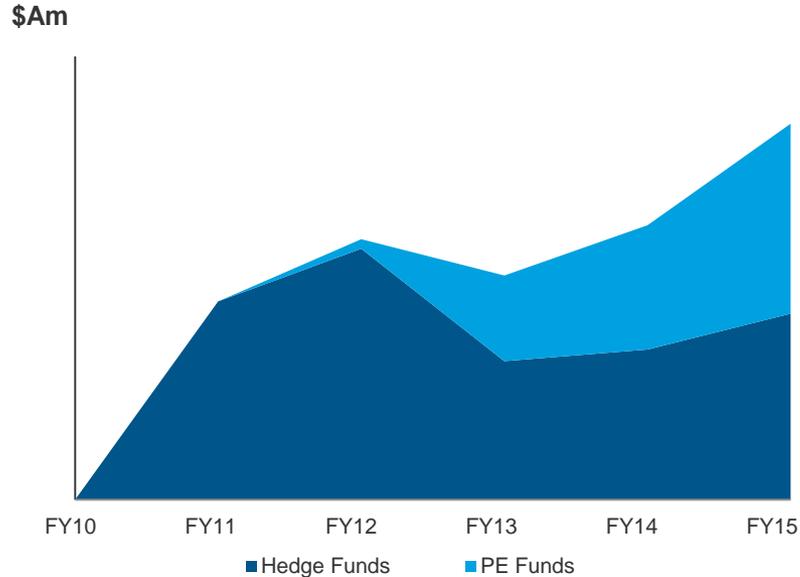
1. Excludes no longer managed listed vehicles.

# Examples of MSIS organic growth



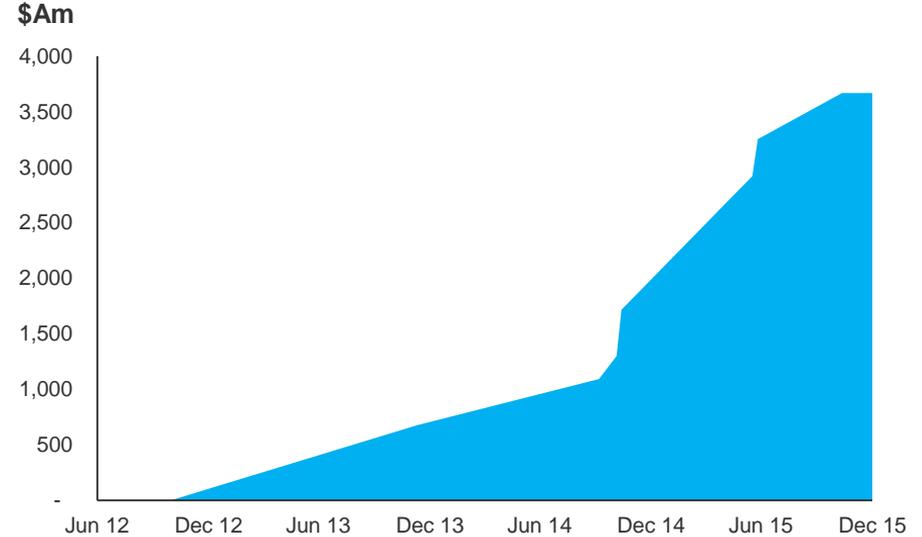
## Fund Linked Products (FLP)

FLP revenues by financial year

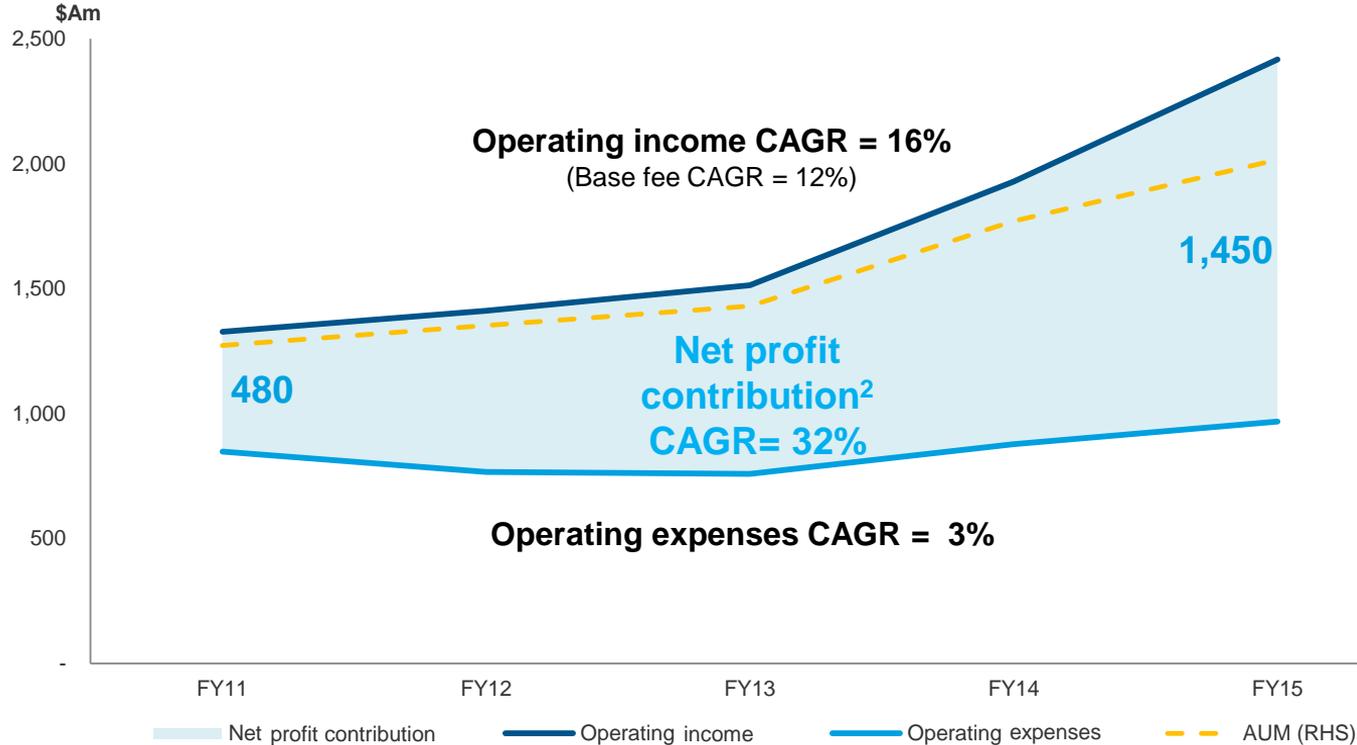


## Macquarie Infrastructure Debt Investment Solutions (MIDIS)

MIDIS commitments



# Strong, organic growth since formation across MAM



**\$Ab**

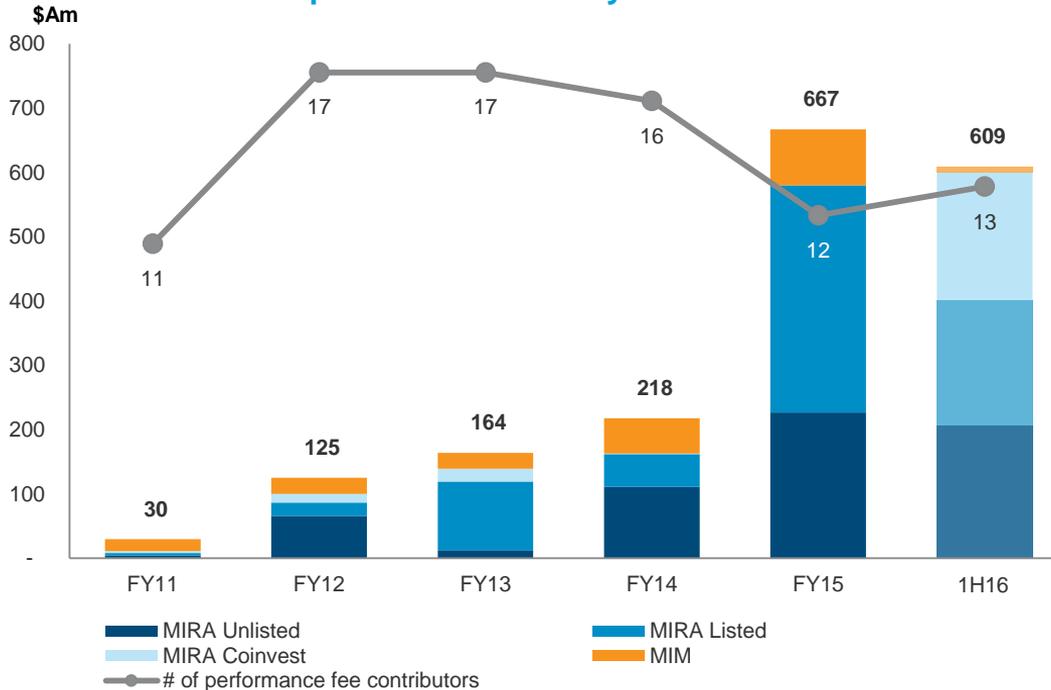
Indices	CAGR <sup>1</sup>
S&P 500	12%
ASX 200	4%
Hang Seng	3%

1. 1 Apr 11 to 31 Mar 15. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

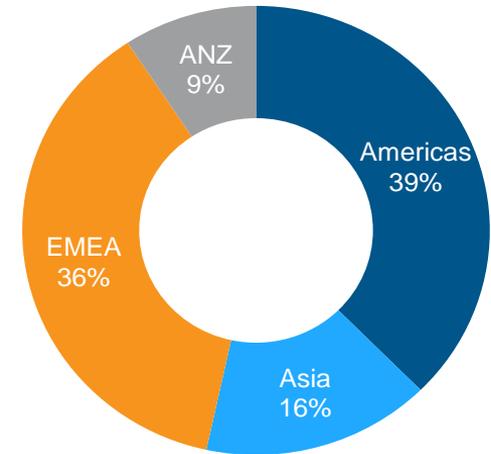
# Diversification in sources of performance fees



MAM performance fees by source since FY11



MAM performance fees by region since FY11

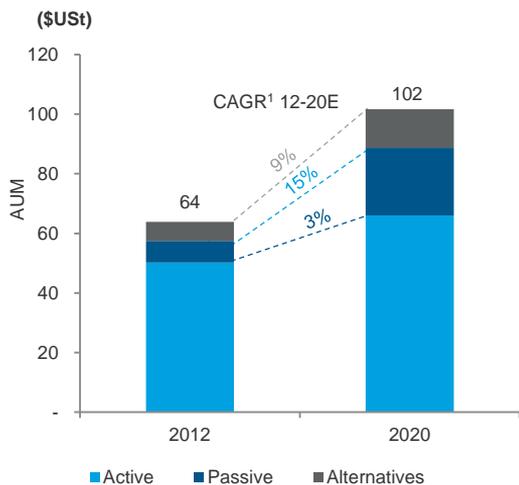


# Capability set is well positioned to continue to meet investor needs



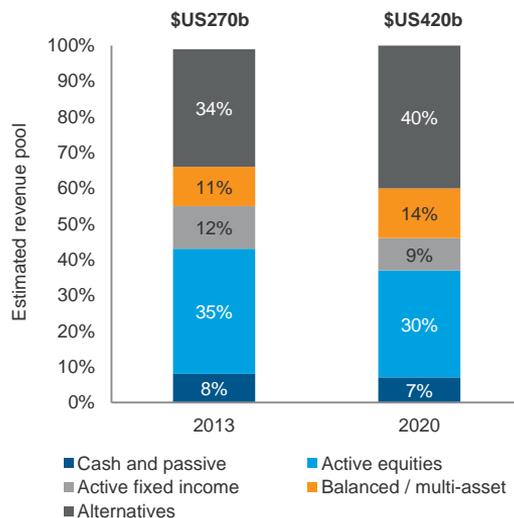
MACQUARIE

## Active management will continue to be core despite faster AUM growth in passive and alternatives



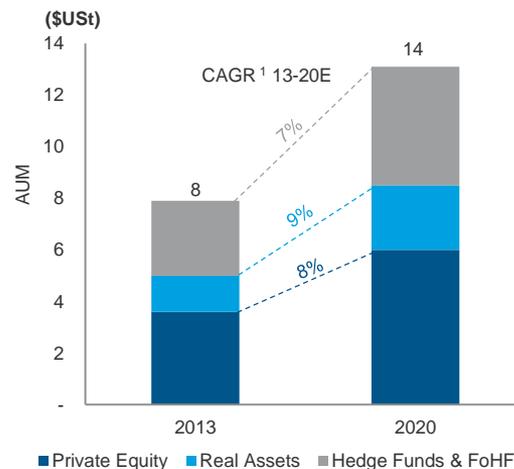
Source: PwC.

## Active management and alternatives will remain the largest contributors to global revenues



Source: McKinsey.

## Real Assets to be strongest area of growth in alternatives



Source: PwC.

1. Growth CAGRs as displayed above include net flows as well as market appreciation.

# Common drivers across the MAM divisions



Superior  
investment  
performance



Platform efficiency



Customer  
relationships



Developing  
relevant products

# Macquarie Infrastructure and Real Assets



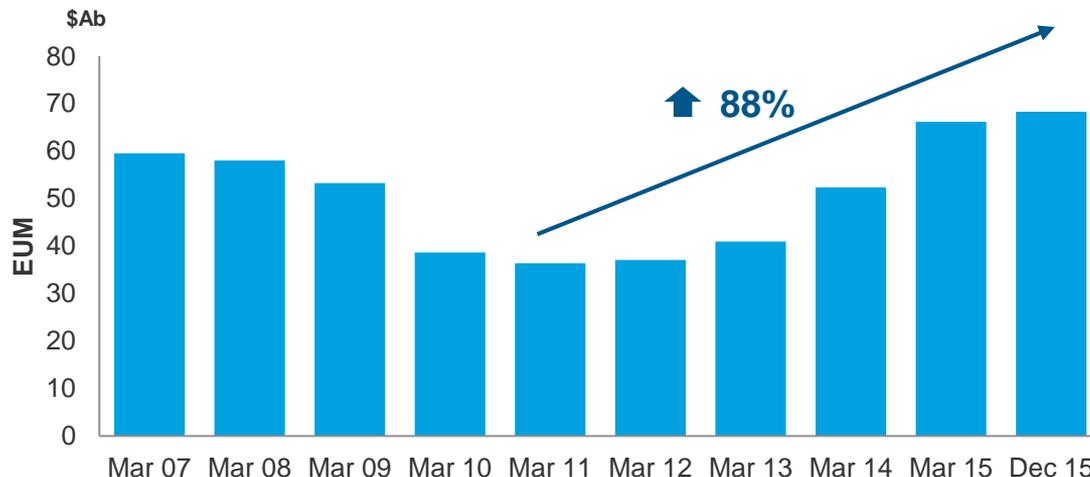
MACQUARIE

**21** Year track record

**No.1** Infrastructure manager globally<sup>1</sup>

**\$A68b** Equity Under Management<sup>2</sup>

Leading global real asset manager focused on creating **long-term value** for **our clients** through alternative investment solutions



# What we are known for

Having a long history of achieving lasting outcomes, through relevant and thoughtful solutions

## Culture, scale and reach

- Global scale, local knowledge, networks: ~480 staff in 17 countries
- Industry depth and experience: ~14 year average tenure for Executive Directors

## 21 year track record

- Experience through market cycles
- 18%<sup>1</sup> realised return across 50 infrastructure realisations; \$A68b<sup>2</sup> equity under management

## Disciplined dealflow

- Dynamic local teams sourcing often complex and proprietary deals
- ~80 unique investments deploying ~\$A22b<sup>3</sup> in the last five years, ~75% exclusive

## Operational expertise

- Responsible, long-term asset management philosophy
- Senior in-house industry experts, including former CEOs and COOs

## Customer centricity

- Products shaped by and for our clients, focused on long-term relationships
- Ability to support new products through use of Macquarie balance sheet

1. As at 31 Dec 15. Calculated as the gross annualised return across all infrastructure portfolio businesses realised to third parties. Excludes unrealised returns for infrastructure businesses no longer managed by MIRA funds due to fund level initiatives, such as the restructure or internalisation of management functions, and the sale of management rights. Cash flows are converted to AUD applying the spot FX rate as at the date of each fund's acquisition of the relevant portfolio business. Past performance is not indicative of future results. Returns on realised infrastructure businesses represent returns to the applicable fund. The figures or performance, as applicable, do not represent returns to underlying investors in the funds. Does not reflect management fees, performance fees, taxes and other expenses to be borne by investors in the applicable funds, which may be substantial. Includes both full and partial realisations. 2. As at 31 Dec 15. 3. Five years to 31 Dec 15.

# Our business model





# How we derive our net income

A simple formula which aims to deliver superior returns for our clients

Drivers

Basis

**Base fees**

- Capital raised
- Number of products
- Capital deployment

Typically

- Listed funds → 1-1.5% Market Capitalisation
- Unlisted funds → 1.25-1.75% EUM (Invested)
- Co-investments / Accounts → varies by client



**Expenses**

- Operating costs (headcount)

- Breadth of activity
- Geographical scale
- Regulation



**Performance fees**

- Asset outperformance
- Market conditions

Typically

- Listed funds' periodic returns vs. benchmark
- Unlisted funds' realised returns vs. hurdle
- Co-investment returns vs. hurdle



**Net investment returns**

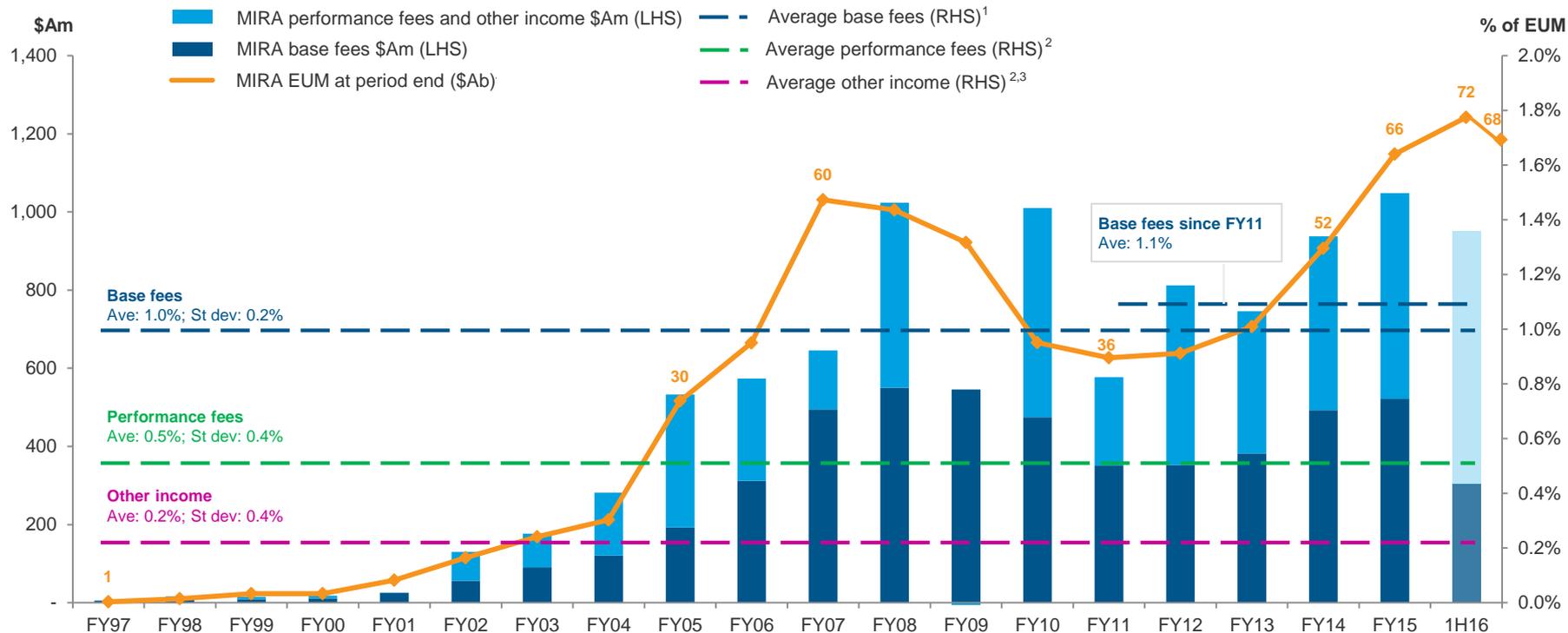
- Investment performance
- Market conditions
- Funding costs

- Investment size
- Over \$A2.5b committed to existing products and co-investments<sup>1</sup>

Our returns are aligned with our investors



# Our income includes more than base fees



1. Average base fees (%) calculated as: base fees per financial year / average EUM (Invested). 1H16 base fees annualised for purposes of average. 2. Average performance fees and other income (%) calculated as: performance fees and other income per financial year / period end EUM. 1H16 performance fees and other income not annualised for purposes of average. 3. Other income represents net operating income less base and performance fees for each financial year and includes other income relating to certain MIRA fund assets historically included in the Corporate segment. Base fees and performance fees for real estate funds included from FY05 onwards.

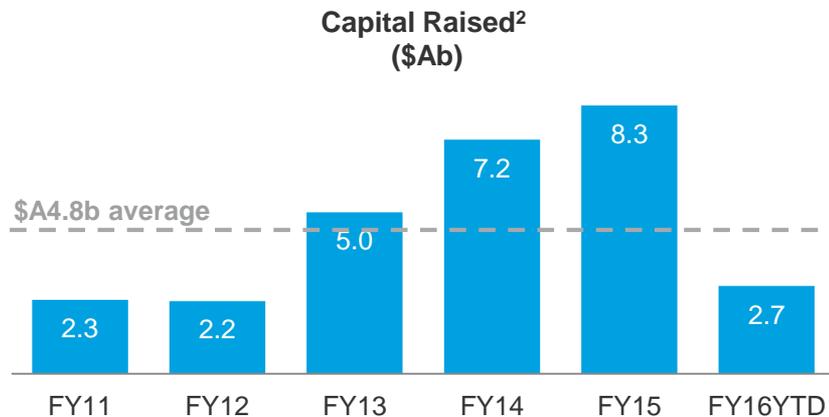


MACQUARIE

# Raising capital through the cycle

**~\$A30b** of new capital accumulated in last five years<sup>1</sup>

**~50%** of capital managed today was raised since FY10



## Delivered through:

- Follow-on infrastructure funds
- Asia expansion, including \$A3.9b for pan-Asia infrastructure
- Listed funds growth
- Development of non-infrastructure products

1. 1 Jan 11 to 31 Dec 15. 2. Equity capital raised from 1 Apr 10 to 31 Dec 15.

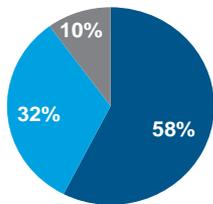




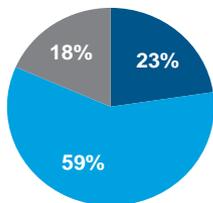
# Evolution of managed capital

Mar 07  
\$A60b

## Listed / Unlisted<sup>1</sup>

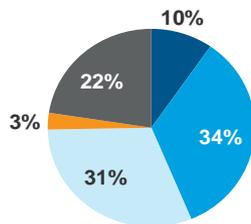
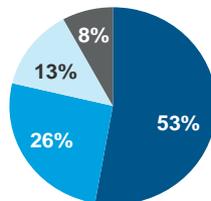


Dec 15  
\$A68b



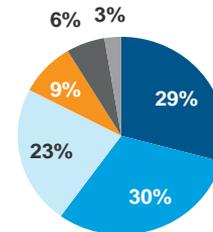
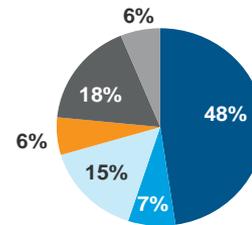
Listed Unlisted Co-investment and SMA

## Region<sup>2</sup>



ANZ EMEA North America  
Latin America Asia

## Sector<sup>3</sup>



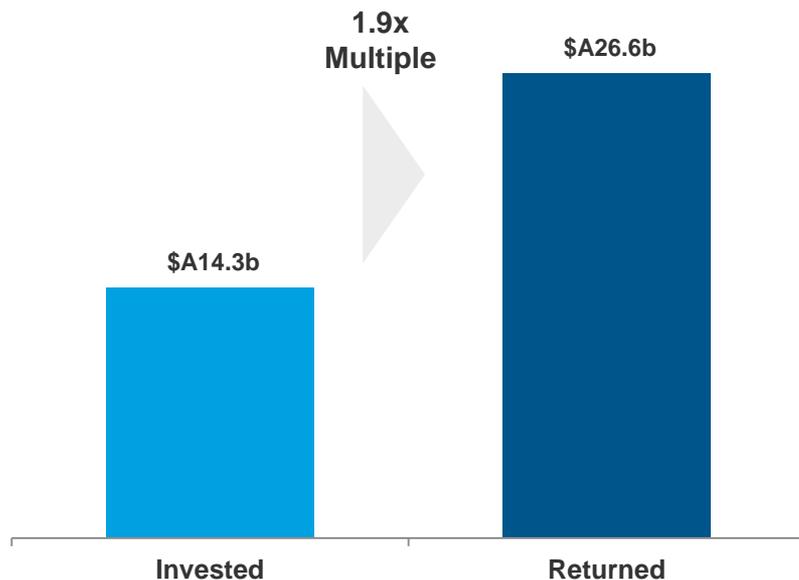
Transport Power & Energy Water  
Communications Real Estate Other

1. EUM split as at 31 Mar 07 and 31 Dec 15. 2. EUM split based on fund location as at 31 Mar 07 and 31 Dec 15. 3. AUM split for individual assets as at 31 Mar 07 and 31 Dec 15.

# Managing performance: consistent track record over the long-term



MACQUARIE



## Investing and managing since 1994

**50** Infrastructure realisations<sup>1</sup> **18%** realised asset IRR<sup>1</sup>

### Buying well, managing well, selling well

- **Acquisition:** market and industry insight supports proprietary deal flow and acquisition discipline
- **Active asset management:** framework centred on stakeholder engagement, and sustainable capital and operational strategy using industry expertise

1. As at 31 Dec 15. Calculated as the gross annualised return across all infrastructure portfolio businesses realised to third parties. Excludes unrealised returns for infrastructure businesses no longer managed by MIRA funds due to fund level initiatives, such as the restructure or internalisation of management functions, and the sale of management rights. Cash flows are converted to AUD applying the spot FX rate as at the date of each fund's acquisition of the relevant portfolio business. Past performance is not indicative of future results. Returns on realised infrastructure businesses represent returns to the applicable fund. The figures or performance, as applicable, do not represent returns to underlying investors in the funds. Does not reflect management fees, performance fees, taxes and other expenses to be borne by investors in the applicable funds, which may be substantial. Includes both full and partial realisations.

# Case Study: MEIF UK Renewables

A portfolio of UK renewable energy generation assets diversified across technologies

Acquired	2005-2007	Cost	£125m	IRR	18% <sup>1</sup>
Divested	2015	Proceeds	£377m	Multiple	3.0x

## Key Initiatives:

- Acquired underperforming platform and rolled up other assets to create a sizeable renewables player
- De-risked cashflows through long-term power purchase agreements
- Further investment in plant availability and reliability to support growth
- Exit well timed to optimise value



1. Calculated as the gross annualised return across all UK Renewables Consolidated portfolio businesses realised. Returns represent returns to the applicable fund and do not represent returns to underlying investors in the funds. Does not reflect management fees, performance fees, taxes and other expenses to be borne by investors in the applicable funds, which may be substantial.

# The platform is well positioned for continued growth

In-house expertise in place to grow into adjacencies, and expand existing sectors



Infrastructure



Energy



Real Estate



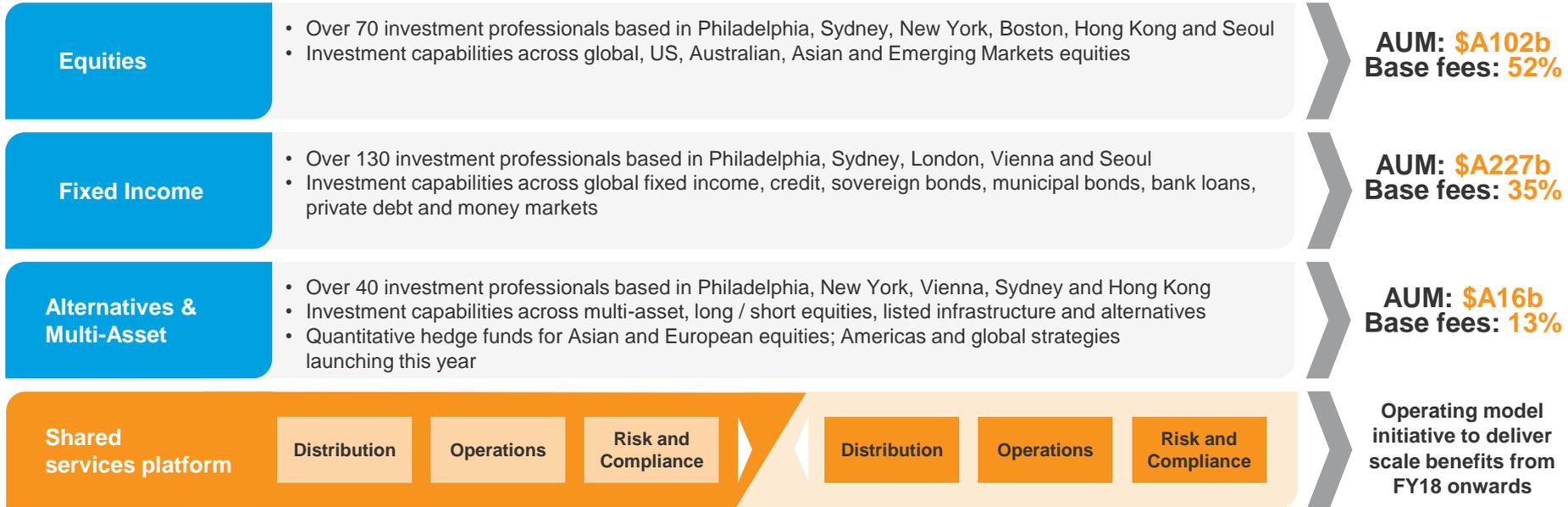
Agriculture

- Global platform, deep regional and sectoral expertise
- Operational leverage for new products and successor funds
- New ideas and innovation supported by Macquarie balance sheet
- \$A9b<sup>1</sup> of capital available to deploy across platform
- Senior staff with long tenure and strong alignment
- Significant brand recognition and investor support



# MIM is a global active asset manager

The growth of our multi-boutique platform is driven by investment performance, innovation and disciplined acquisition

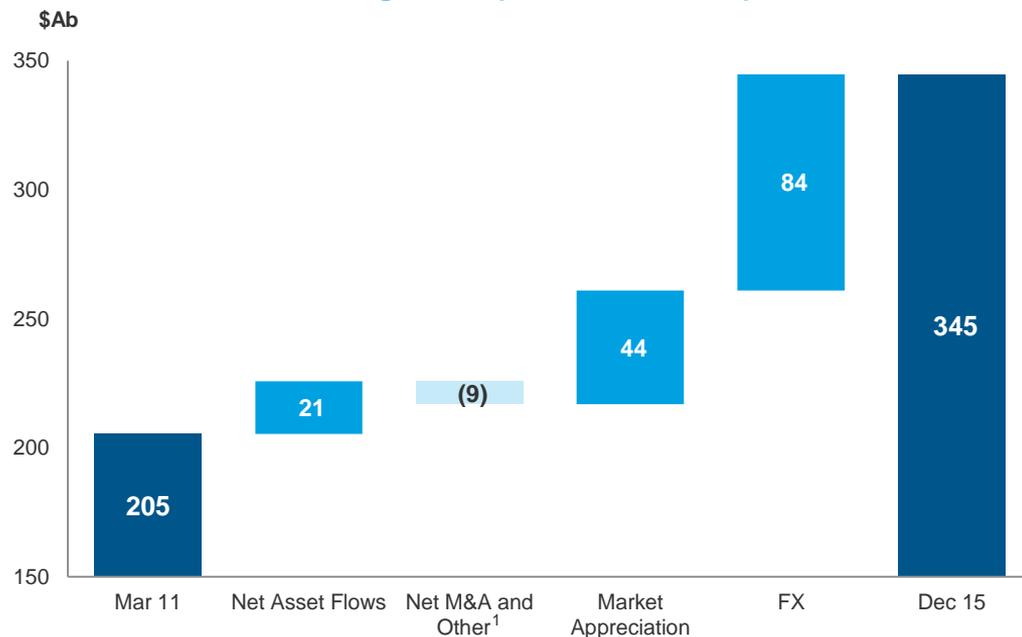


Strategic initiative to combine legacy Macquarie and Delaware operational platforms under way

# Historical net flows stronger than active manager peers



## AUM growth (Mar 11 – Dec 15)



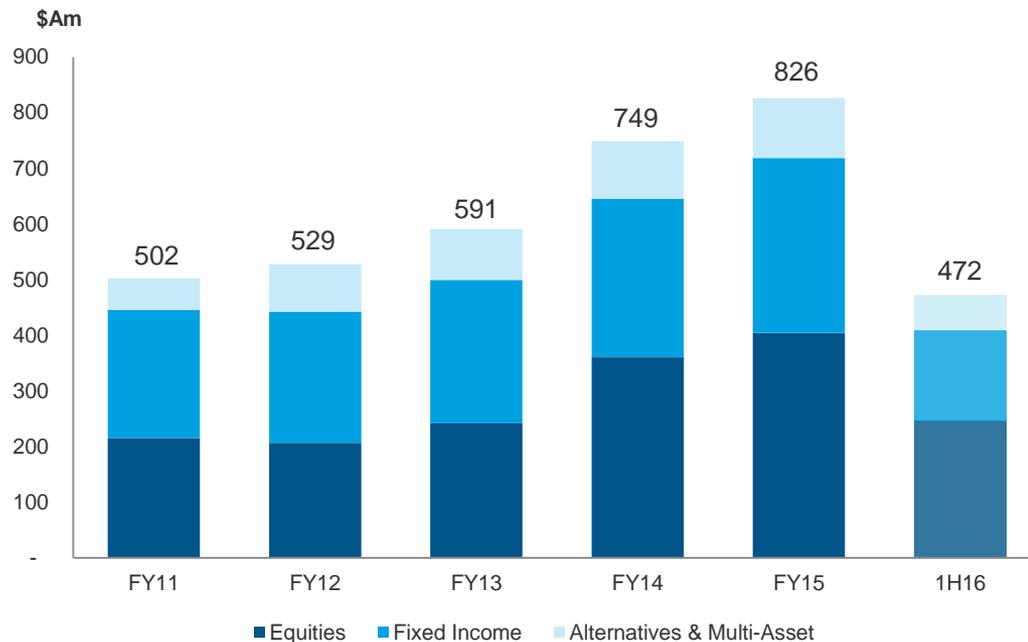
- Investment performance, adjacencies and global distribution footprint are key drivers of net flows
- MIM net flows of 1.9% consistent with industry net flows of 1.9% for calendar years 2011-2015, and favourable when compared with active net flows of 1.2% over the same period<sup>2</sup>
- Market appreciation has been a substantial driver of AUM growth due to exposure to equity markets
- FX also a significant driver given 81% of MIM assets not denominated in AUD

1. Net M&A and Other includes acquisitions (including asset movements within 24 months post-closing), dispositions and contractual insurance assets. Key acquisitions in the period include Delaware Investments (transaction closed in FY10; 10 months post-closing included in the period), INNOVEST Kapitalanlage AG (transaction closed in FY13; 23 months post-closing included in the period) and ING Investment Management Korea (transaction closed in FY14; 23 months post-closing included in the period). Key dispositions include Jackson Square Partners spin-off and private equity FOF business (both FY15). 2. Source: Casey Quirk / McLagan.

# Consistent base fee growth and diversification



Base Fees (FY11 – 1H16)

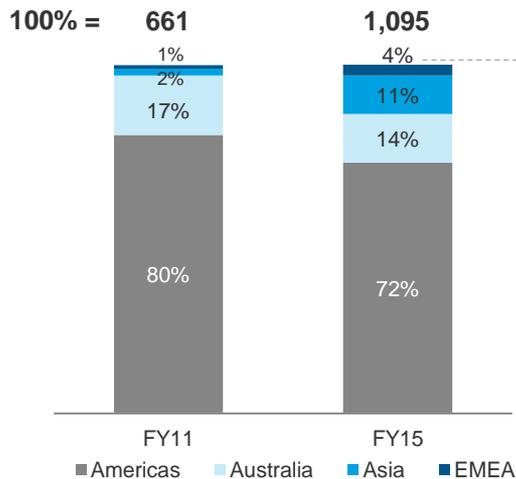


- Consistent growth in base fee revenue
- Slight increase in base fee margins over the period due to a shift toward higher-margin strategies
- Adjacencies and small acquisitions applied to further diversify revenue base

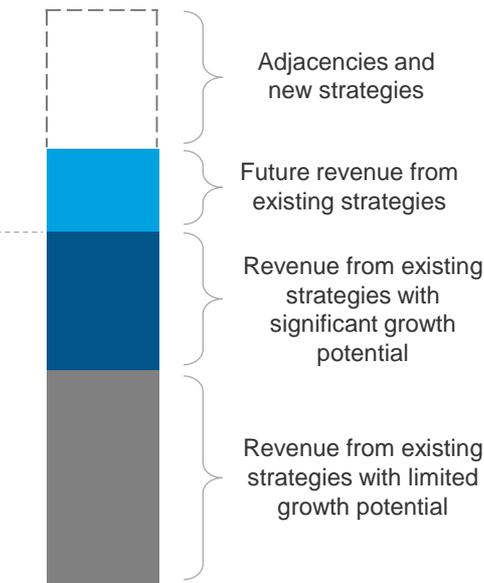
# A globalising client base, driven by performance and product expansion



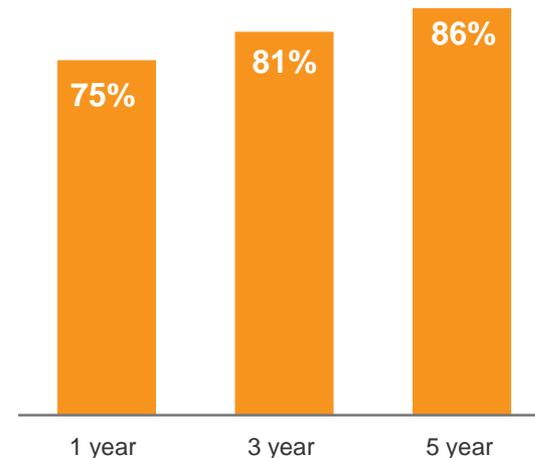
Operating income by region<sup>1</sup> (\$Am)



Five-year revenue growth potential



Investment outperformance vs. benchmark<sup>2</sup>  
(% of MIM strategies to 31 Dec 15)



1. Net operating income excluding earnings on capital and other corporate items. 2. Includes representative MIM global investment strategies. Total strategies per year: 1 year (73), 3 year (69), 5 year (63).

# Strategic focus



MACQUARIE

MIM is positioned to develop into a top-tier global active manager through four key strategies

## Investment excellence

Ongoing focus on performance

Ensure strong pipeline of investment talent

## Adjacency innovation

Apply investment processes to adjacent securities sets

Low risk and low cost

Long history of success

## Global operating model

Create a single global platform

Anticipate scale benefits from FY18 onwards

Expanded distribution coverage and consistent client experience

## Disciplined acquirer

Add new investment capabilities through small inorganic initiatives

Address key gaps whilst diversifying execution risk

Occasional platform acquisitions in disrupted or consolidating markets (eg, Delaware in FY10)



MACQUARIE

04

Corporate Asset and Finance

Garry Farrell and Ben Brazil, Group Co-Heads  
Jon Moodie and Stephen Cook, Division Heads



# Overview of Corporate and Asset Finance

## Corporate and Asset Finance

- Global provider of specialist finance and asset management solutions, with \$A39.7b<sup>1</sup> of loans and leases
- Global capability in corporate and real estate credit investing and lending
- Expertise in asset finance including aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment

### Asset Finance

Head: Garry Farrell

**\$A29.6b<sup>1</sup>**  
**Asset and Loan**  
**portfolio**

### Lending

Head: Ben Brazil

**\$A10.1b<sup>1</sup>**  
**Loan portfolio**

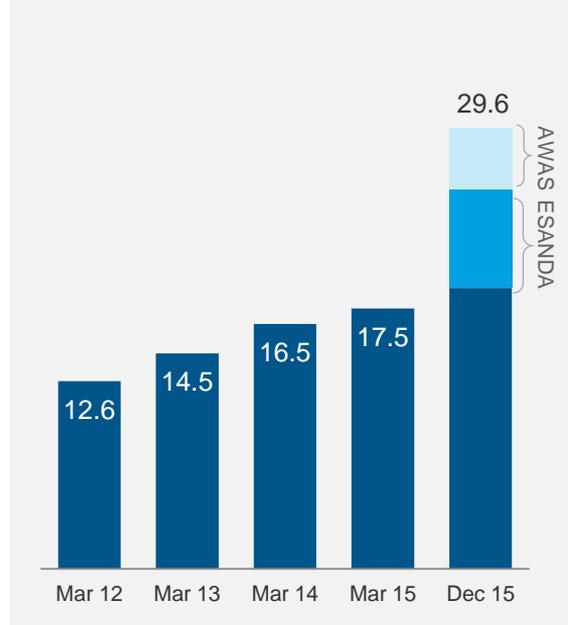
1. As at 31 Dec 15. CAF Lending portfolio includes Real Estate Structured Finance legacy run-off portfolio.

# Corporate and Asset Finance



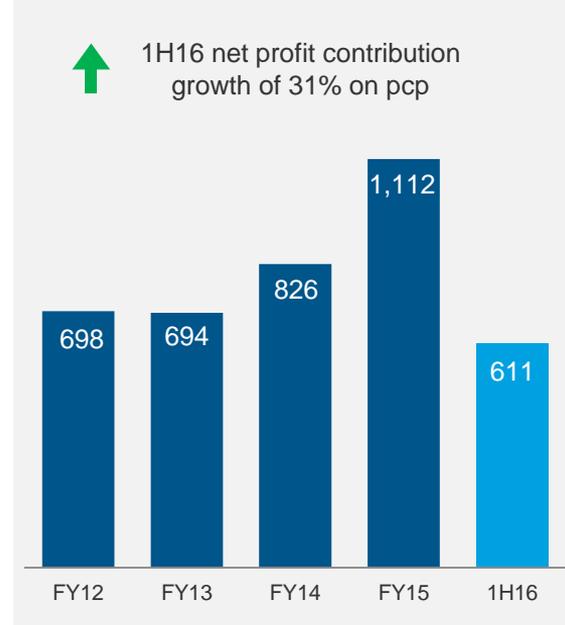
## Asset Finance

### Asset and loan portfolio (\$Ab)



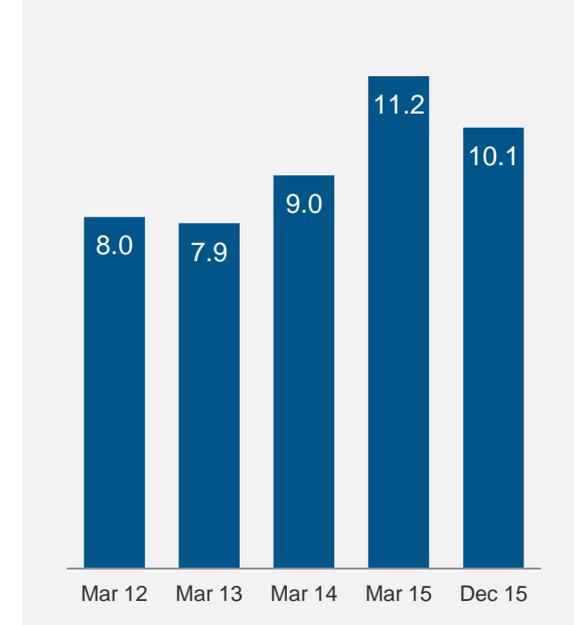
## CORPORATE AND ASSET FINANCE

### Net profit contribution<sup>1</sup> (\$Am)



## Lending

### Loan portfolio<sup>2</sup> (\$Ab)





MACQUARIE

04

Corporate Asset Finance

Garry Farrell, Group Co-Head

Jon Moodie and Stephen Cook, Division Heads

# CAF Asset Finance

A global provider of tailored finance and asset management solutions to clients across specialised assets through the cycles

\$A29.6b<sup>1</sup> loans and assets under finance

Asset finance expertise: aviation, rail, motor vehicles, technology, healthcare, energy and mining equipment

Portfolio diversified by geography, assets, industries, product types, exposures and clients

Incubates, develops and grows business platforms in selected jurisdictions

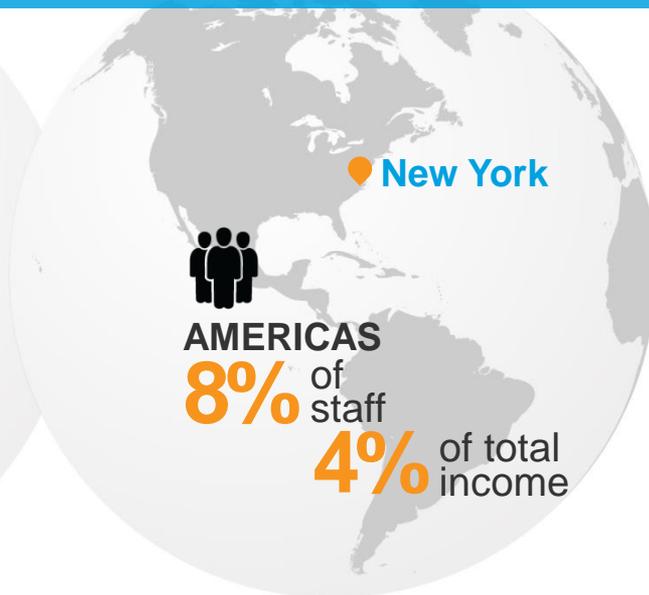
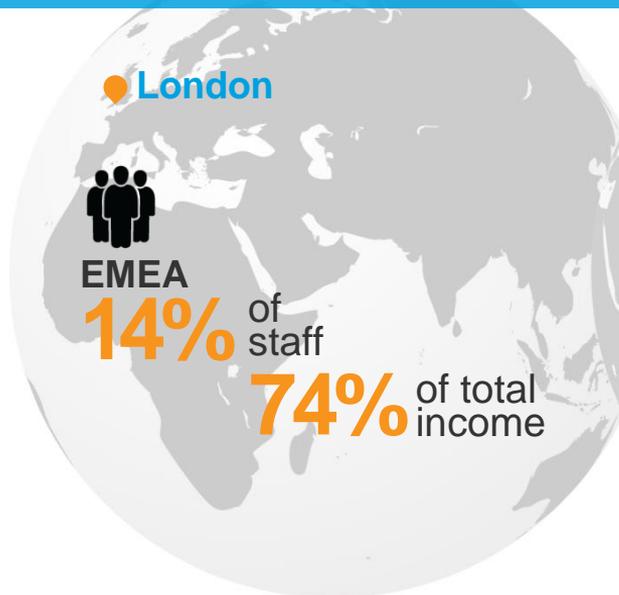




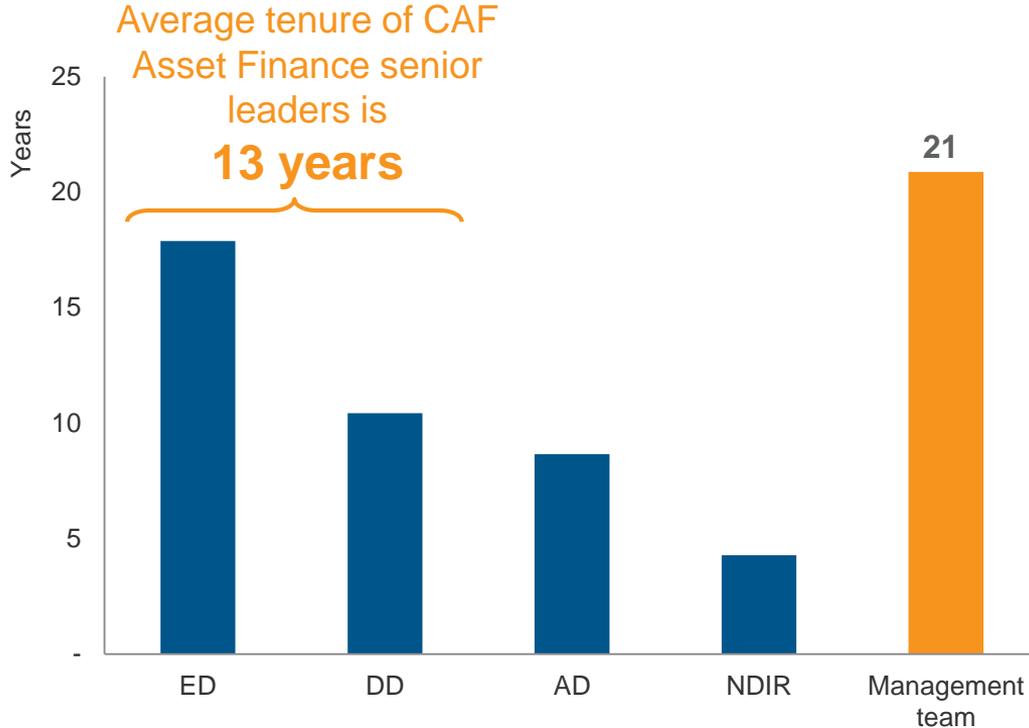
MACQUARIE

# Global presence in specialised assets

~900 staff • 17 countries • 20+ years of experience



# Experience and technical skills underpin performance and growth



## Specialist expertise across CAF Asset Finance

Long Macquarie tenure of leadership group

Expertise built up in key asset classes and jurisdictions

Strong risk management culture across all businesses

Recruitment of industry veterans when entering new markets

# Strategic focus



## Significant markets

Deep markets present niche opportunities for growth

Opportunities where large capital expenditure and increasing GDP exist

Building scalable platforms

Organic and selective acquisitive growth

## Stable earnings

Contract terms provide significant locked-in income on leases and loans

Focus on operational efficiency and active portfolio management

## Attractive assets

Specialised assets where significant industry expertise exists

Deep secondary markets enable residual value realisation

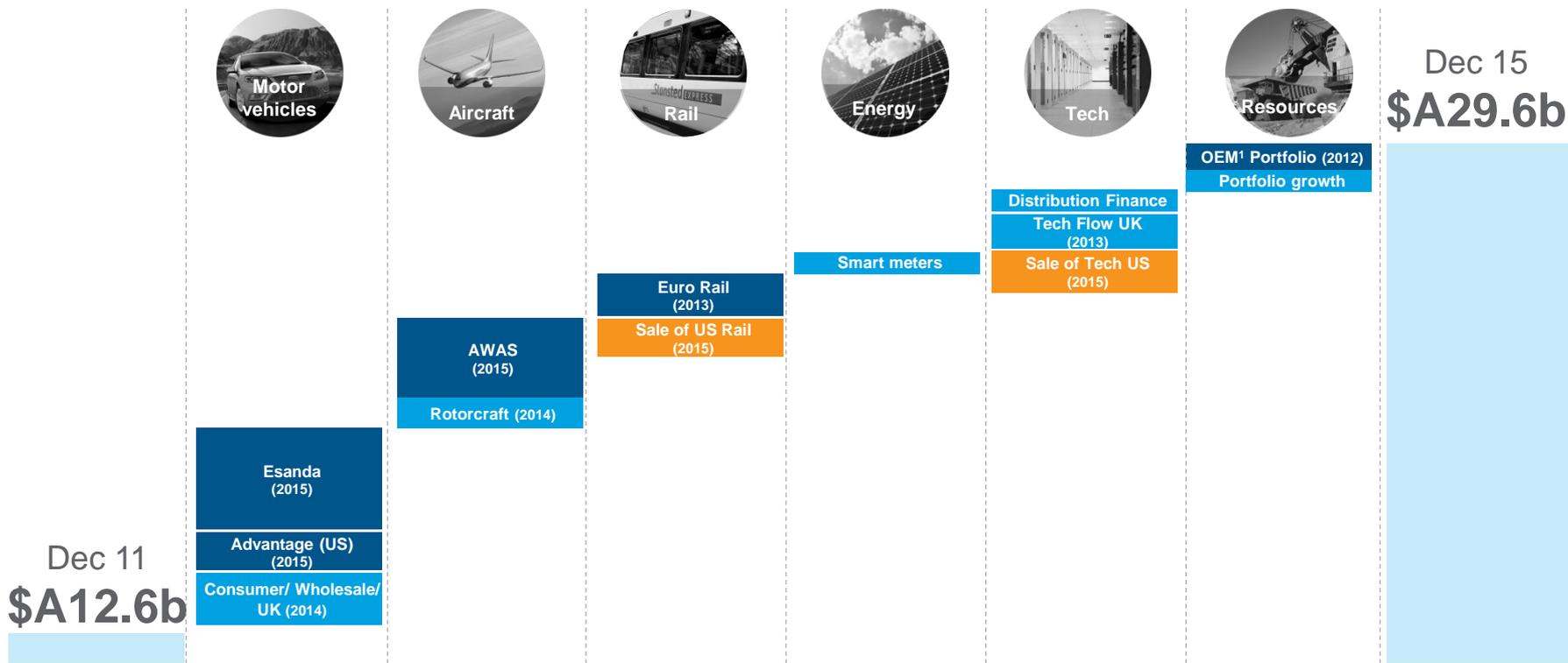
Ability to raise non-recourse funding through the cycle

## Appropriate return on capital

Relatively low cost-to-income ratio

Specialised service, expertise and long established client and partner relationships provide acceptable returns

# Strategic focus Business evolution



■ Disposals ■ Organic growth ■ Acquisitions

1. Original Equipment Manufacturer.

# Strategic focus

## Other businesses



### Energy Leasing



Commitments of over \$A1b for the roll out of smart meters in the UK



Funding renewable energy assets

Portfolio Dec 11

**\$A0.6b**

Portfolio Dec 15

**\$A0.9b**

### Technology



Ongoing opportunities in mobile telephony

Portfolio Dec 11

**\$A1.7b**

Portfolio Dec 15

**\$A1.7b**

### Resources



Continue to develop opportunities in adverse market conditions

Portfolio Dec 11

**\$A0.1b**

Portfolio Dec 15

**\$A0.5b**

# Strategic focus

## External funding

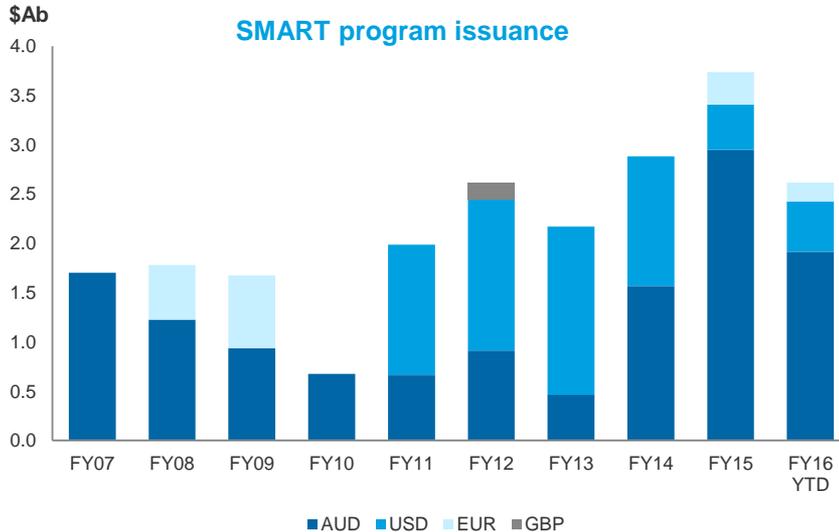


### SMART securitisation program

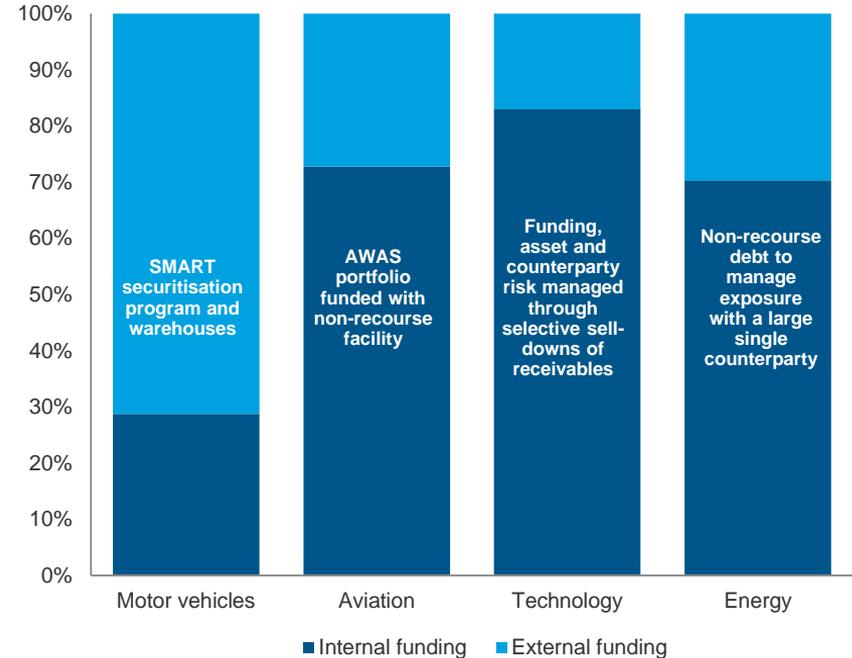
Continued access to securitisation market through the cycle

No.1 Australian auto and equipment ABS issuer

Total of \$A22b raised in 29 deals since 2007



### Broad use of external funding



# Strategic focus

## Consistently high-quality portfolio

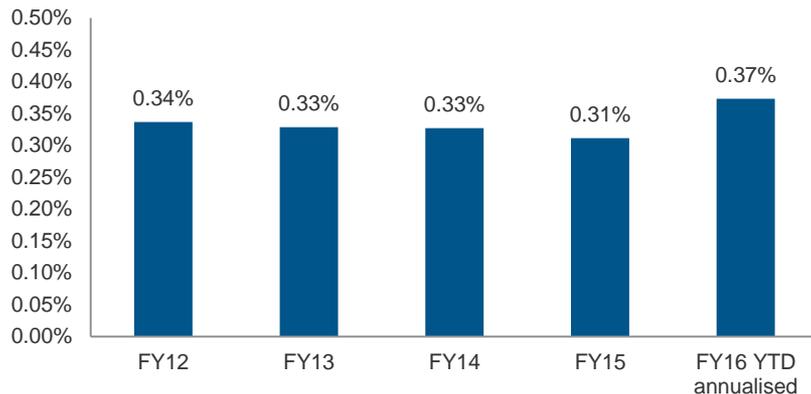


### Strong credit discipline

#### Low levels of credit losses

- Experienced executives and strong underwriting processes
- Strict and regular monitoring of clients leads to active portfolio management
- Conservative provisioning

#### Annualised credit losses as % of portfolio<sup>1</sup>

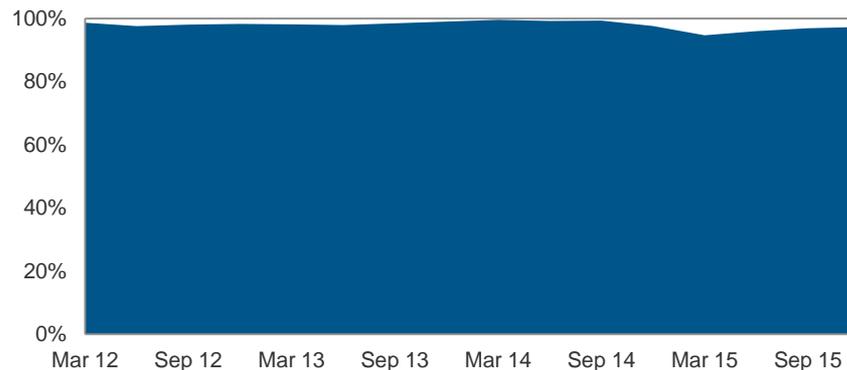


### Strong asset discipline

#### High levels of asset utilisation

- High utilisation rates across asset classes
- Close monitoring of portfolio, clients and pricing conditions
- Maximise residual value realisation via global sales channels, logistics management expertise and remarketing arrangements

#### Utilisation of transportation assets<sup>2</sup>



1. Includes Motor Vehicle (excluding Esanda portfolio), Technology and Resources portfolios as at 31 Dec 15. 2. Includes Aviation, Rotorcraft and Rail portfolios.

# Key risks



## Rigorous risk management framework and strong risk culture

### Credit

#### Risk

Non performance by consumer or commercial counterparties could result in credit losses

#### Mitigants

Strong credit risk framework, with active management/ oversight of a spread of exposures to sectors and individual counterparties, including sell-downs of concentrations

### Asset

#### Risk

Remarketing of ex-lease or repossessed assets realises less than written down book value

#### Mitigants

Conservative residual value policies, regular impairment reviews, strong remarketing expertise within and across markets and expertise to forecast demand-supply cycles

### Operational

#### Risk

Loss or damage to assets results in lower secondary realisations/ increased costs. Reliance on third party intermediaries and key suppliers

#### Mitigants

Robust operational processes, and independent operational risk oversight

### Compliance

#### Risk

Breach of regulations, or fraud by customers, employees or agents that could create significant costs to businesses

#### Mitigants

Multi-layered operational and compliance oversight, with hindsight reviews of approved transactions

### Interest rates

#### Risk

Mismatch between floating rate funding and fixed rate income causes profit squeeze in rising rate environment

#### Mitigants

Swap new originations on monthly (or less) basis and acquisitions at completion

# Transportation

Specialist financier of commercial aircraft, rail assets and rotorcraft



MACQUARIE

## Business and strategy

- Leading lessor of commercial aircraft worldwide with 217 aircraft on lease to 94 airlines in 50 countries<sup>1</sup>
- Continues to target a core portfolio of current generation narrowbody aircraft, predominately Airbus A320 and Boeing 737NG aircraft
- Opportunistic trading focussed on older and non-core assets as markets permit
- Portfolio of 979 rail assets across UK and Europe
- Portfolio of 23 helicopter assets servicing industrial end user contracts globally

Portfolio Dec 11  
**\$A4.1b**

Portfolio Dec 15  
**\$A9.8b**

## Market

- Aircraft yields remain satisfactory, with strong underlying passenger growth
- Longer term effect of new aircraft types an important strategic consideration
- Helicopter market impacted by oil price decline and weaker offshore oil and gas production
- UK rail passenger demand continues to grow. The UK Government is supporting further investment in rail transport which is providing financing opportunities for passenger rolling stock
- The supply and demand of European freight rolling stock is roughly in balance. GDP is a key driver of rail freight transportation and the Eurozone has experienced modest growth in 2015



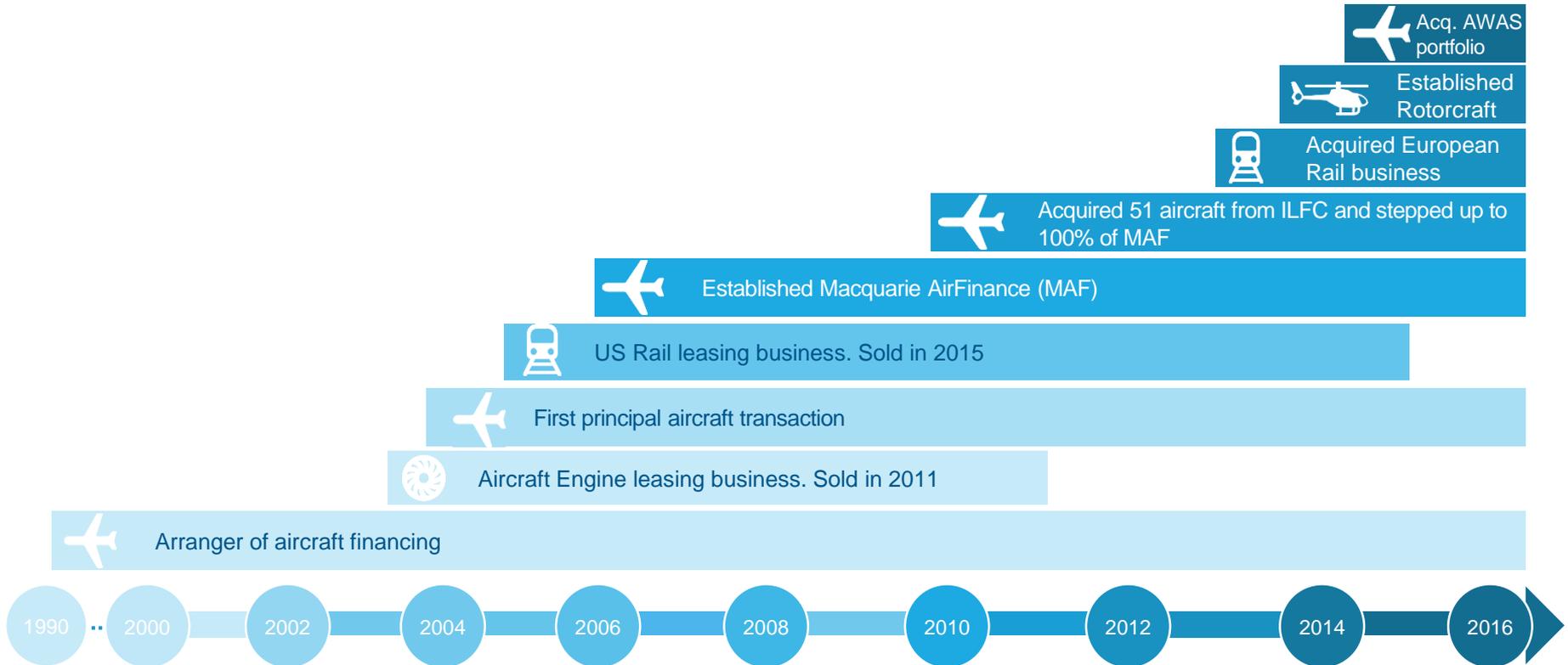
1. Includes remaining 13 AWAS aircraft to be acquired, expected by Mar 16. As at 31 Dec 15, Macquarie has 204 aircraft on lease to 88 airlines in 49 countries.

# Transportation

## Business evolution over 25 years



MACQUARIE



# Transportation

## AWAS portfolio acquisition

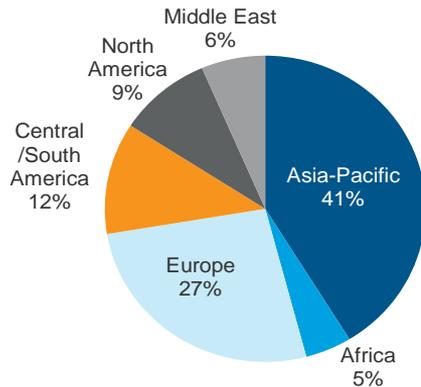


In Mar 15, Macquarie signed an agreement to purchase up to 90<sup>1</sup> aircraft from AWAS for \$US4b

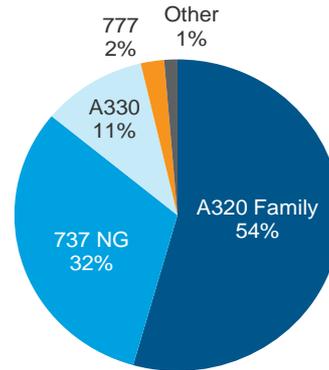
High quality portfolio of predominately young, narrowbody aircraft with long contracted leases attached providing significant annuity income while refreshing existing fleet

Portfolio currently funded with a three-year external non-recourse debt facility and internal Macquarie funding

### Combined Portfolio by Geography



### Combined portfolio by type



Portfolio metrics (as at 31 Dec 15) <sup>2</sup>	AWAS portfolio	Combined
Number of aircraft (including near term orders)	87	217
Average aircraft age (years)	2.8	6.1 ↓
Average remaining lease term (years)	5.7	4.8 ↑
Number of airlines	38	94 ↑
Jurisdictions of airlines	24	50 ↑

1. AWAS deal now expected to be up to 87 aircraft, down from 90 due to conditions precedent not met on 3 aircraft. 2. Assumes remaining 13 AWAS aircraft are completed as expected by Mar 16. Existing portfolio excludes the impact of any Bombardier CS300 purchases in the future.

# Motor Vehicles

Leading provider of auto finance in Australia



MACQUARIE

## Business and strategy

- A leading provider of auto finance in Australia
- Direct and indirect origination of auto leases/loans for SMEs and consumer clients
- Strong IT systems enable market-leading service levels and collections efficiency
- Diversification of funding and focus on costs
- Focus on distribution through multiple channels including digital initiatives
- Opportunistic purchases in Australia and internationally

## Market

- Competitive market with domestic banks, manufacturers' captives and other players
- Australian new auto sales consistently over 1m per annum
- Regulatory environment strengthening
- Interest rates at historical lows
- New fintech players entering



Portfolio Dec 11

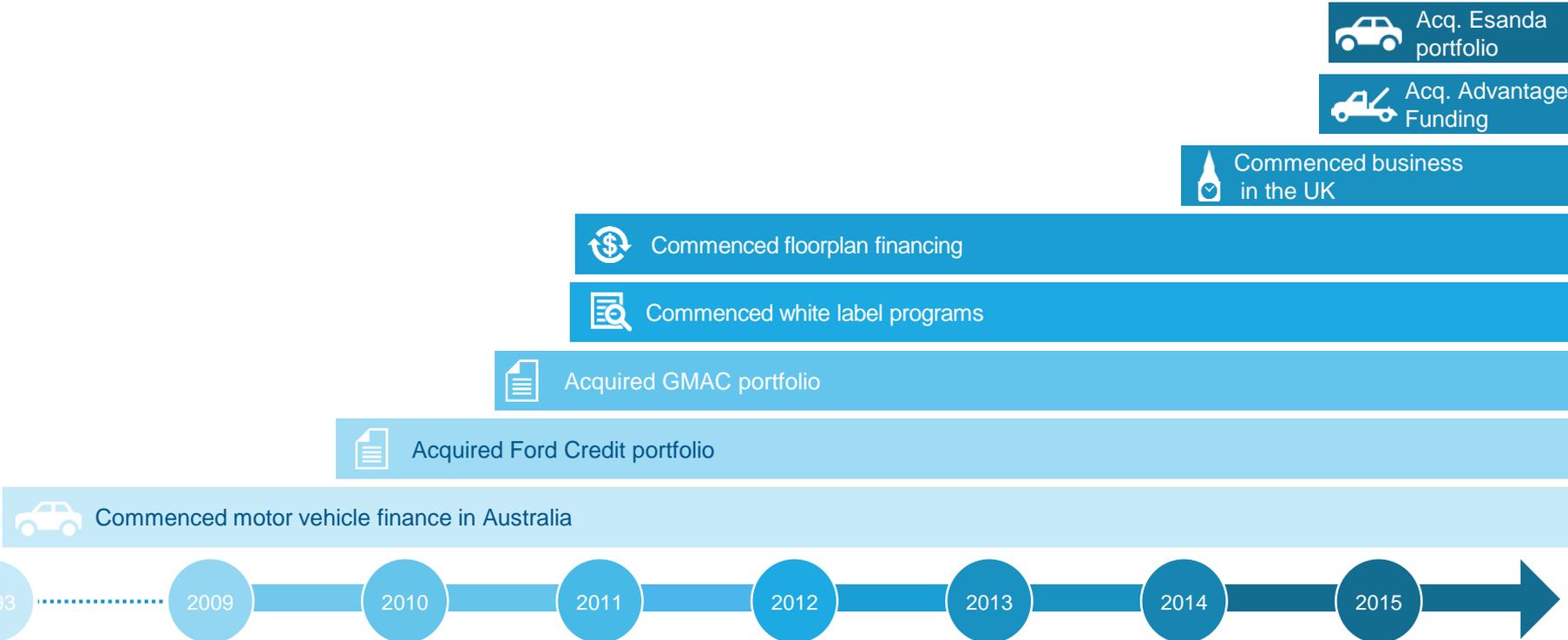
**\$A6.1b**

Portfolio Dec 15

**\$A16.7b**

# Motor Vehicles

Business evolution over 20+ years



# Motor Vehicles

## Esanda portfolio acquisition



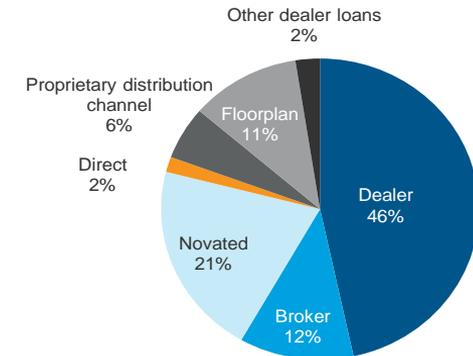
MACQUARIE

## Step-change in dealer and retail auto finance segments

- In Oct 15, Macquarie announced the acquisition of the Esanda dealer auto finance portfolio from ANZ Banking Group
- Funded through combination of existing funding sources, new capital raising and 3rd party sources
- Macquarie became a top 3 provider of auto finance to Australian consumers and car dealers
- Retail portfolio acquisition completed 2 Nov 15
- Incremental monthly retail volume of ~\$A200m
- Dealer facility novations commenced in Dec 15
- Anticipate completing novation process and retail portfolio migration in 1Q17
- Staffing and systems to support enlarged customer base

Portfolio metrics (as at 31 Dec 15) <sup>1</sup>	Esanda portfolio	Combined
Customers	310,600	625,000
Retail portfolio (\$Ab)	6.6	15.3
Financed dealerships	126	267
Floorplan portfolio (\$Ab)	1.3	1.9
Other dealer loans (\$Ab)	0.4	0.4

### Combined Portfolio by Channel<sup>2</sup>



1. Includes dealer facilities still subject to novation. 2. As at 31 Dec 15, by value.



MACQUARIE

# 04

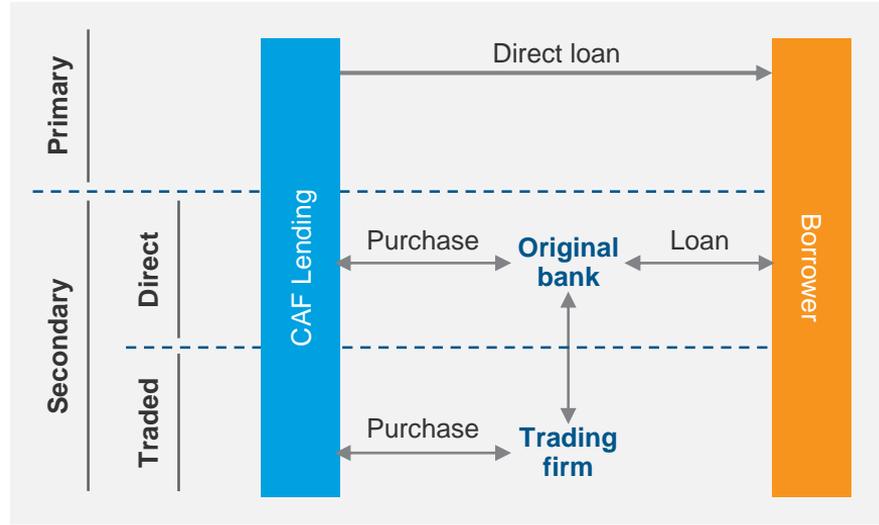
CAF Lending  
Ben Brazil, Group Co-Head



MACQUARIE

# Business description

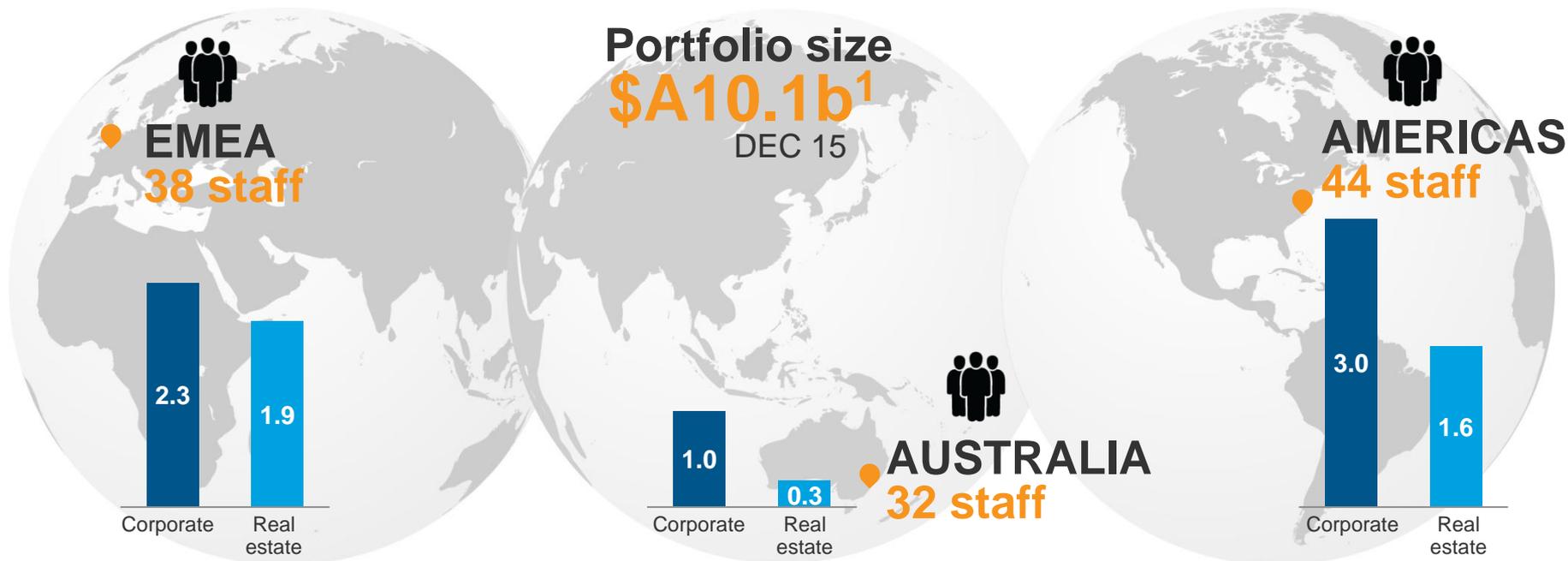
- Deployment of capital and funding, primarily into the credit space
- For 'direct' return for risk purposes with a hold to maturity horizon
- Flexible/diverse in relation to:
  - Origination source – primary/secondary, direct/intermediated, bespoke/flow
  - Geography (predominately Western Europe, North America, and Australasia)
  - Instrument – loans/bonds/mezzanine/other
  - Corporate/Real estate
  - Return level (required returns adjust for risk, subject to a minimum)
- Weighted towards bespoke situations underpinned/secured by high quality businesses and collateral



# Business positioning – geography



MACQUARIE

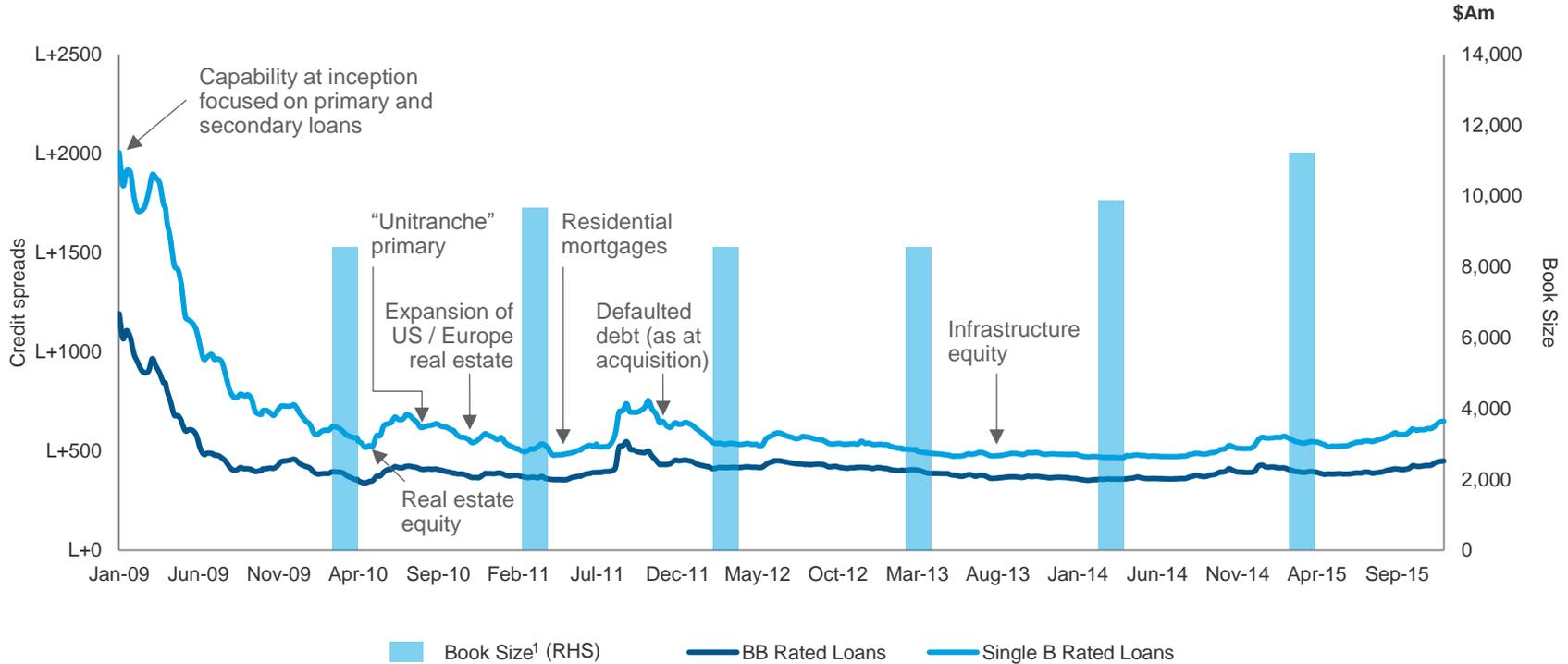


1. Funded loan portfolio shown which excludes current committed but unfunded balances, and includes Real Estate Structured Finance legacy run-off portfolio. Total committed (funded and unfunded) capital \$A11.1b.

# Evolution of business



MACQUARIE



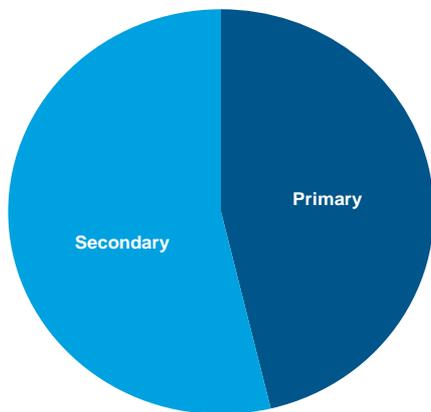
1. Book size is total committed (funded and unfunded) capital as at financial year end.



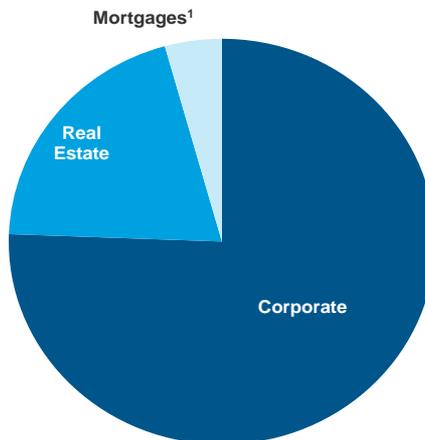
MACQUARIE

# Portfolio composition since inception

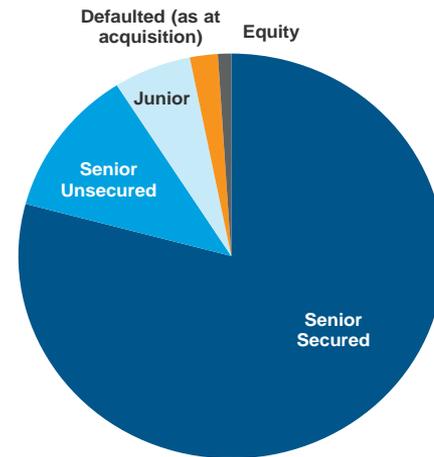
## Origination Channel



## Sector



## Facility type



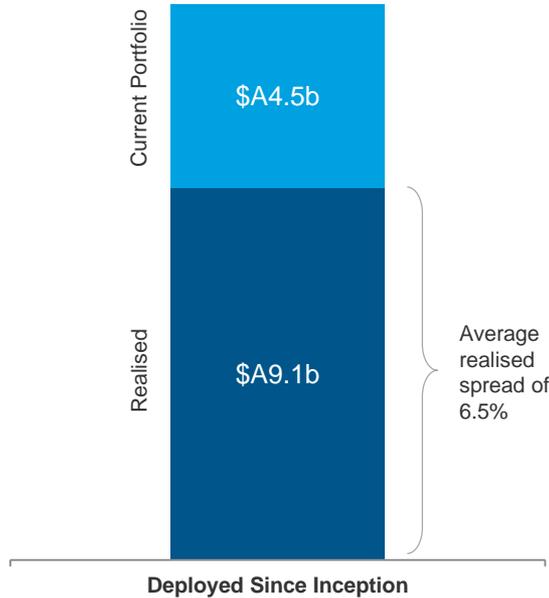
1. Includes residential mortgages and student loans. Comprising 558 individual exposures since Jan 09. Portfolio composition based on total committed capital (funded and unfunded) since inception.

# Primary senior



MACQUARIE

## Example Borrowers



Education



Airport Services



Hotels



Software



Healthcare



Cable Infrastructure



Healthcare

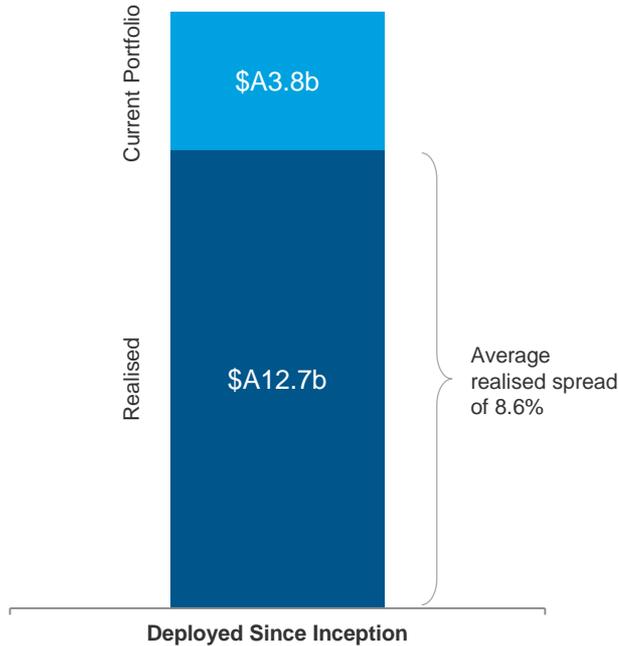


Chemicals Manufacturing



Rental Cars

# Secondary senior



## Example Borrowers



Industrial Cold Storage



Transport Infrastructure



Utilities



Motorway Services



Waste Management



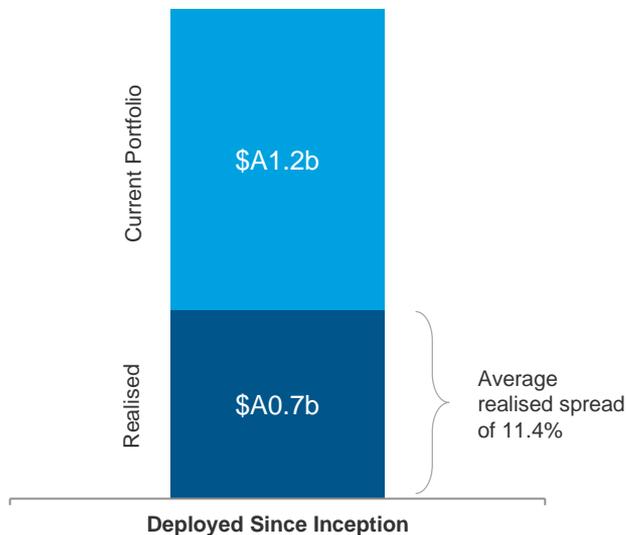
Motorway Services



Motorway Services



## Example Borrowers



TANK & RAST

Motorway Services



PEEL PORTS

Infrastructure



Bulk Liquids Terminal



Unified  
Housing Foundation

Multifamily Housing



DIRECT CHASSISLINK INC.

Marine Chassis Leasing

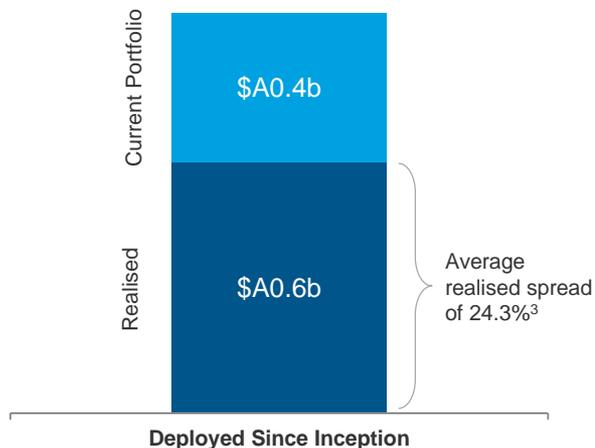


LANDMARK  
AVIATION

General Aviation FBO

# Equity / Equity-like<sup>1</sup>

1. Includes debt which was in default at acquisition



Infrastructure Sector			
Date	Region	Invested (\$Am) <sup>2</sup>	Realised
Dec 12, Sep 14	Australia	251	24% average realised spread <sup>3</sup>
Mar 14	US	168	
Aug 13, Jun 15	Europe	33	Unrealised
Jun 14 – Jun 15	Europe	15	
Jun 15	Europe	71	
Aug 15	US	176	

Real Estate Sector			
Date	Region	Invested (\$Am) <sup>2</sup>	Realised
May 10	US, Industrial	4	25% average realised spread
Oct 12	Australia, Apartments	90	
Jun 14	US, Office	28	
Mar 14	UK, Office	6	Unrealised
Sep 14 – Oct 15	US, Apartments	29	

1. Defaulted debt (at acquisition) is generally in substance a blend of credit and equity components and this is reflected in the regulatory capital treatment. In contrast, performing exposures are generally explicitly separated between equity and credit instruments. 2. The amount included for legal form equity investments is only the relevant equity instrument. CAF Lending may have additional credit exposures to the same asset/borrower which are not included in this table. For defaulted debt (at acquisition), the entire debt instrument has been included as an investment in this table. 3. Australia Infrastructure sector realisations reflect projected capital return and spread from recently committed asset sale.

Current portfolio shows currently funded balance (excludes committed but unfunded balances); Realised capital represents total committed capital returned since inception (funded and unfunded commitments). The realised spread represents the internal rate of return, incorporating interest payable, purchase discount, facility fees expressed as a spread to the relevant interbank floating interest rate.

# Case Studies



## Energetics UK

- Between 2013 and 2015, CAF Lending provided financing to, and ultimately acquired a controlling interest in Energetics, the UK “last mile” electricity and gas utility connections provider, at a combined valuation of £46m
- To date Energetics has completed 111,000 electricity and gas connections linking utility trunk lines to residential properties and 175MW of industrial and commercial connections
- It has an order book of 83,000 connections and continues to grow with 47,000 orders having been won in the last year



## Tank & Rast Germany

- In Jun 09 and Mar 11, CAF Lending acquired €143m of senior loans in Tank & Rast, the landlord of c. 90% of Germany’s motorway service stations (390 individual sites)
- Loans were acquired, in blocks, in the secondary market at a material discount to par
- In Dec 13, Tank & Rast refinanced all of its debt facilities, realising significant profit for CAF
- CAF Lending supported the re-financing as the largest senior lender and a cornerstone investor in the new PIK Notes
- Tank & Rast was recently acquired and the senior loans refinanced. CAF remains invested in the PIK notes which benefit from early repayment penalties





MACQUARIE

# Risk management and risk culture

- Risk, fully compensated by return, is our only business
- Conducted within the disciplines of a risk management framework and according to the limits of risk acceptance
  - Risk is “owned” and managed by the business, independent review by RMG

## Credit Risk

- The predominant risk borne by CAF Lending, present across all performing credit exposures
- Managed through
  - Intensive fundamental analysis and risk assessment, name by name;
  - Stress testing and concentration analysis at the portfolio level, with all positions sized to worst case outcomes; and
  - Ongoing monitoring of all positions and pro-active management (exits, covenant breaches etc)

## Equity Risk

- Present in equity and de-facto equity exposures

## Operational risk

- Particularly present in operationally complex investments, especially controlled assets and residential mortgages
- Managed through specific due diligence and management focus, engagement of specialist third party vendors, and comprehensive ongoing monitoring

# Risk management and risk culture



## Alignment and culture are the foundations of our risk management strategy

### Alignment

'In place' portfolio has inherent profits

Team/business is aligned with capital in both upside and downside scenarios

### Culture

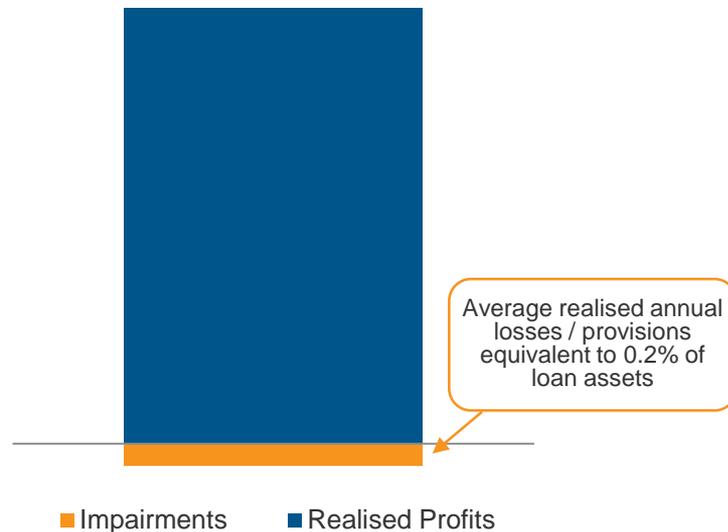
Senior team members average 8 years with Macquarie, 85% with business from its inception

Culture has been deeply embedded

## Respect for capital is our mantra

## Risk performance has been very sound

Profits and impairments since inception





MACQUARIE

05

Europe, Middle East and Africa  
David Fass, Regional Head

# Market conditions

## European environment

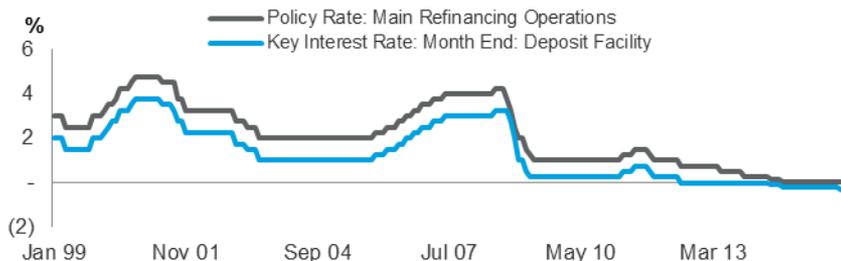


### Falling unemployment

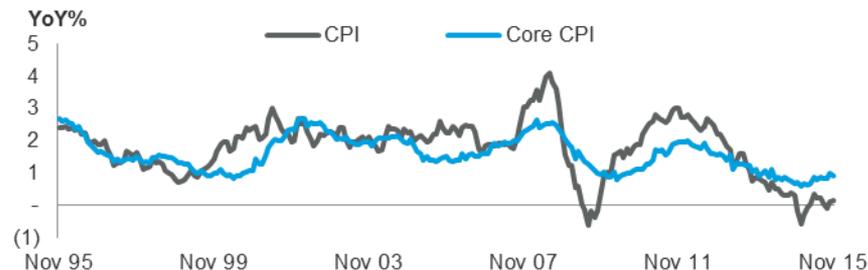
“ EU unemployment rate has now fallen to 9.3% - the lowest level for more than six years<sup>1</sup>.

The Spanish economy created 525,000 new jobs in 2015, bringing its unemployment rate to 20.9% – still high, but the lowest in Spain for almost half a decade.<sup>2</sup>”

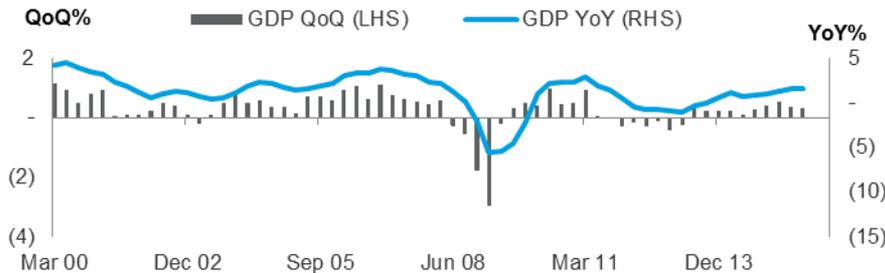
### Monetary policy is a strong tailwind



### Inflation is low



### Euro area growth above trend



1. A. Sentance, 'Europe is looking up – some good news to start 2016', The Telegraph (1 Jan 16). 2. T.Buck, 'Spanish unemployment falls to lowest level since 2011', Financial Times (28 Jan 16).

# Market conditions

## UK environment



MACQUARIE

## Growth is expected to continue

### The UK recovery is not far behind the US

Index (GDP), 2Q09=100



### Forecasters expect modest growth

YoY%



### Inflation is low

YoY%





MACQUARIE

# Macquarie in EMEA Overview

Collaborative business that draws on expertise  
in infrastructure, natural resources and Asia-Pacific insight

~1,370 staff • 11 countries • 16 locations

**CAF, CFM, MacCap,  
MAM, MSG**

all present in EMEA

**1H16**

**\$A1,262m<sup>1</sup>**

operating income



Pursuing an increase  
in Macquarie  
**brand recognition**

1. 1H16 net operating income excluding earnings on capital and other corporate items.

# Macquarie in EMEA

## Operating groups



### MAM

**Infrastructure** and real asset management, **Investment Management** and **Infrastructure debt**

**\$A3.7b** of third party investor commitments on Macquarie Specialised Investment Solutions (MSIS) infrastructure debt

MIRA manages **30** infrastructure assets across **13** European countries with AUM of **\$A77.2b**

Macquarie Investment Management (MIM) AUM of **\$A13.4b** in EMEA

### CAF

Provider of **specialist finance** and **asset management** solutions

**\$A15.5b** of loan and lease assets funded in EMEA

The **largest** deregulated traditional and smart meter provider in the UK

Well-established **lending, aircraft, rail, vehicle, energy, technology and resources** businesses

# Macquarie in EMEA

## Operating groups



### MSG

Institutional securities house covering **research, execution** and **equity capital markets**

Dedicated **international sales and trading** desks servicing EMEA clients trading Asia-Pacific

**250+ European** stocks under coverage

**500+** dealing clients

### MacCap

Leading with **Infrastructure** specialisation. Strong in **Germany**

**370 deals** since 2010 with a deal value of **\$A140b**

Providing both **advice** and **capital**

Development Capital **building** the future of **Europe**

### CFM

**Risk** and **capital** solutions across physical and financial markets

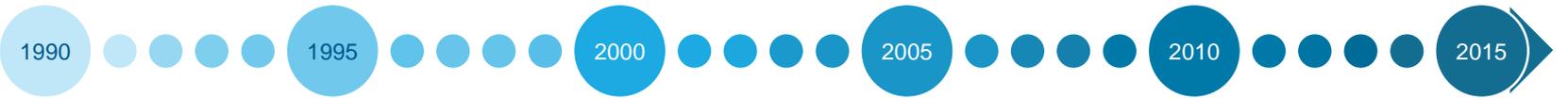
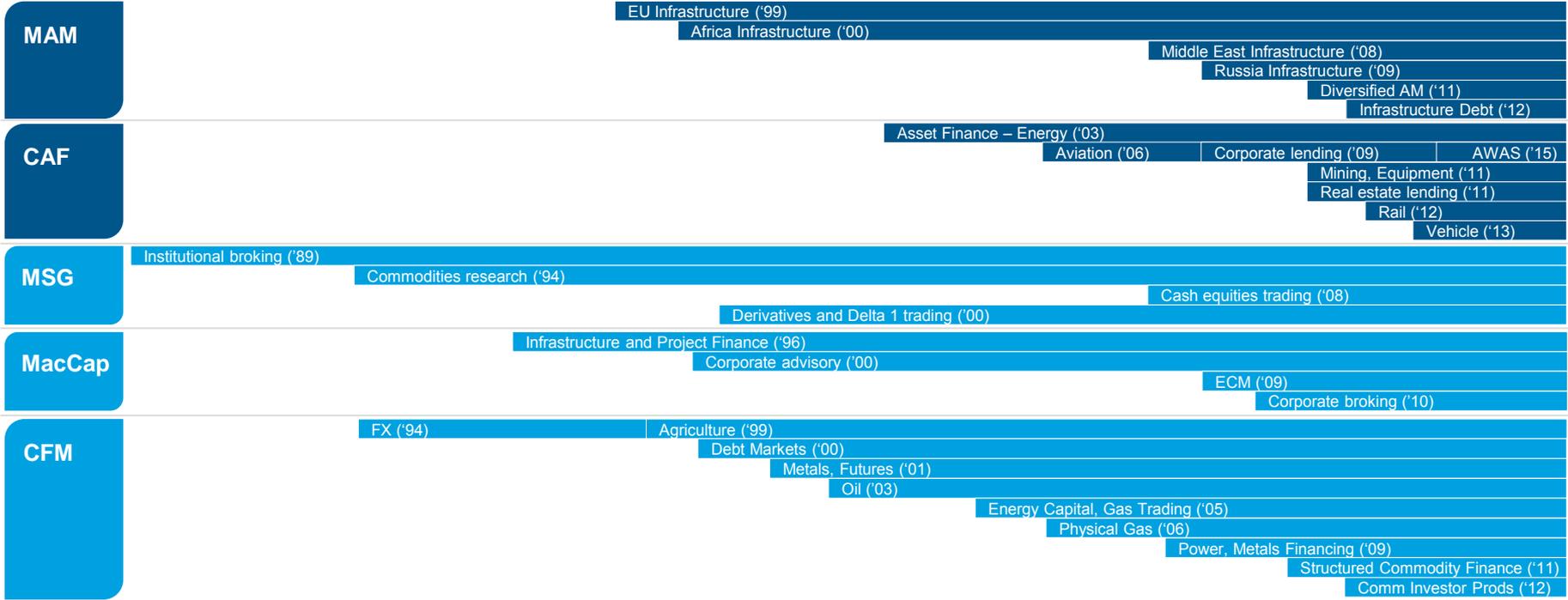
One of the largest risk management providers in the European **Gas** market

**No.1** Agriculture & Softs Markets for the 6th consecutive year<sup>1</sup>

**No.1** Australian bank for distributing European securitisations<sup>2</sup>

# Macquarie in EMEA

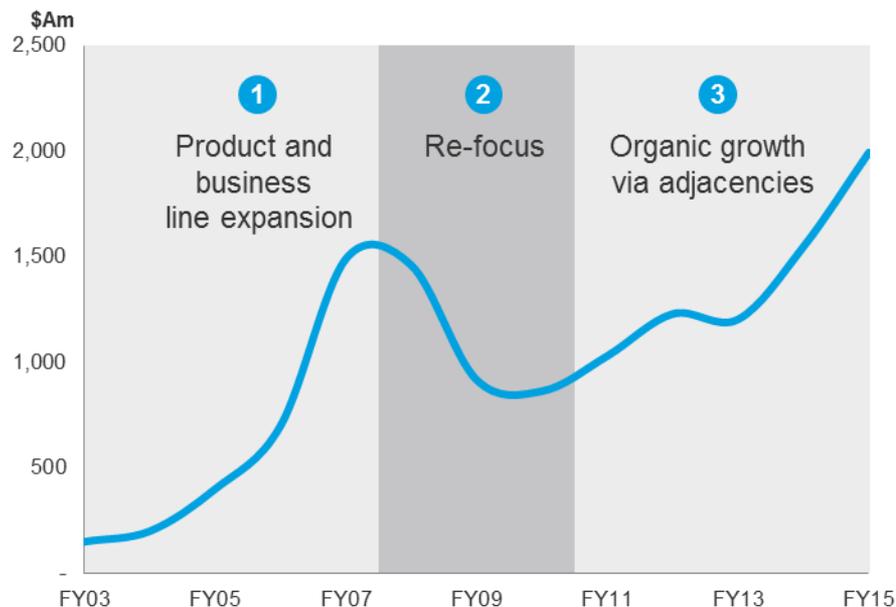
## Evolution through adjacent growth



# Macquarie in EMEA Performance

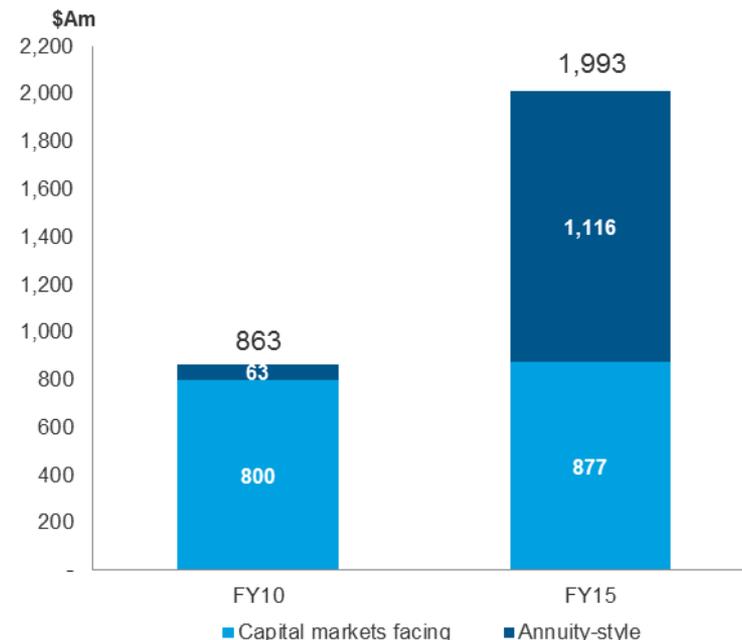


**The EMEA market has improved**  
– generating 24% of Group's operating income<sup>1</sup>  
**EMEA operating income**



**Diversity in the EMEA earnings stream**

**EMEA operating income**

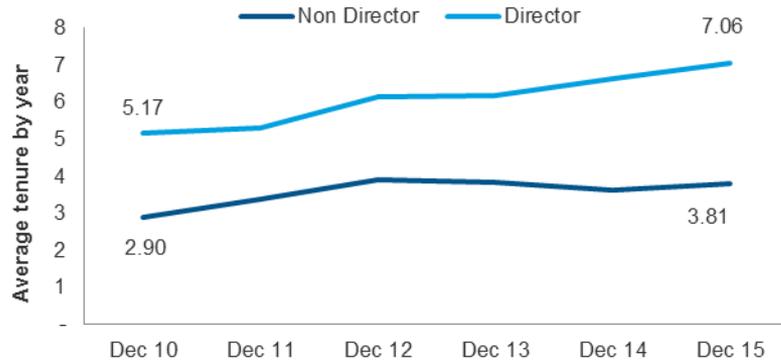


1. Represents net operating income excluding earnings on capital and other corporate items for EMEA for 1H16.

# Macquarie in EMEA People



## Experience underpins performance and growth



## Hiring talent from outside our sector



## Mix of staff has changed

	31 Dec 10	31 Dec 15
Staff	1,460	<b>1,376</b>
Local staff	86%	<b>92%</b>

## Externally recognised UK employer



# Macquarie in EMEA

## Regulatory focus on conduct and governance



### Increased regulatory focus on conduct and changing governance requirements

#### Senior Managers and Certification Regime

- Drives precise allocation of roles and responsibilities and personal accountability
- Requires formal certification of key roles and adherence to conduct rules
- Becoming effective from 7 Mar 16

#### Reclassification of FCA supervision

- Re-categorised from 'C2' to 'flexible portfolio' firm (Sep 15)
- Proactive supervision by the FCA
- Annual Strategy Meeting in May/Jun 16

### ... combined with continued market reform

#### EMIR

European Market Infrastructure Regulation (EMIR)

Oct 15

#### MAD II

Market Abuse Directive (MAD II)

Jan 17

Oct 15

Jul 16

#### REMIT

Regulation on wholesale Energy Markets Integrity and Transparency (REMIT)

#### MIFID II

Markets in Financial Instruments Directive (MIFID II)

# Macquarie in EMEA

## Market recognition



MACQUARIE

## Continued recognition from the market



# Macquarie in EMEA

## Well positioned over the medium term



### Specialist expertise

Utilise local, specialist expertise to capitalise on current and emerging trends



### One firm approach

Team aligned across operating groups and regions, promoting collaboration



### Unlocking Asian capital and connections

Facilitate capital flows from Asian investors to local projects



### Brand recognition

Increasing brand recognition and building on business knowledge among clients and candidates



### Resilient Portfolio

Diverse, agile product set is well-positioned to support clients and counterparties facing headwinds in their businesses



# Macquarie in EMEA

## Specialist expertise – Renewable Energy



Shaping new infrastructure asset classes with sector expertise and leadership in capital structure and sourcing

### Offshore Transmission Owner (OFTO)

- ✓ Macquarie participated from the first tender round of this new market
- ✓ **£1.1b**  
Capital raised for UK OFTO market since 2011
- ✓ **1,700MW**  
Transmitted from **five** offshore assets

### Baltic 2 Offshore Wind

- ✓ **€720m**  
Acquisition cost for 49.89% ownership
- ✓ **80**  
Wind turbine generators
- ✓ **288MW**  
Offshore wind farm in the Baltic Sea

2004



2015

# Macquarie in EMEA

## One firm approach – Mersey Gateway Bridge



The Mersey Gateway Bridge was recognised as a top 100 global infrastructure project by KPMG<sup>1</sup> and European Infrastructure Deal of the Year<sup>2</sup>



- Leveraged global networks
- Innovative greenfield financing solution
- Comprehensive funding process
- Macquarie committed £120m+

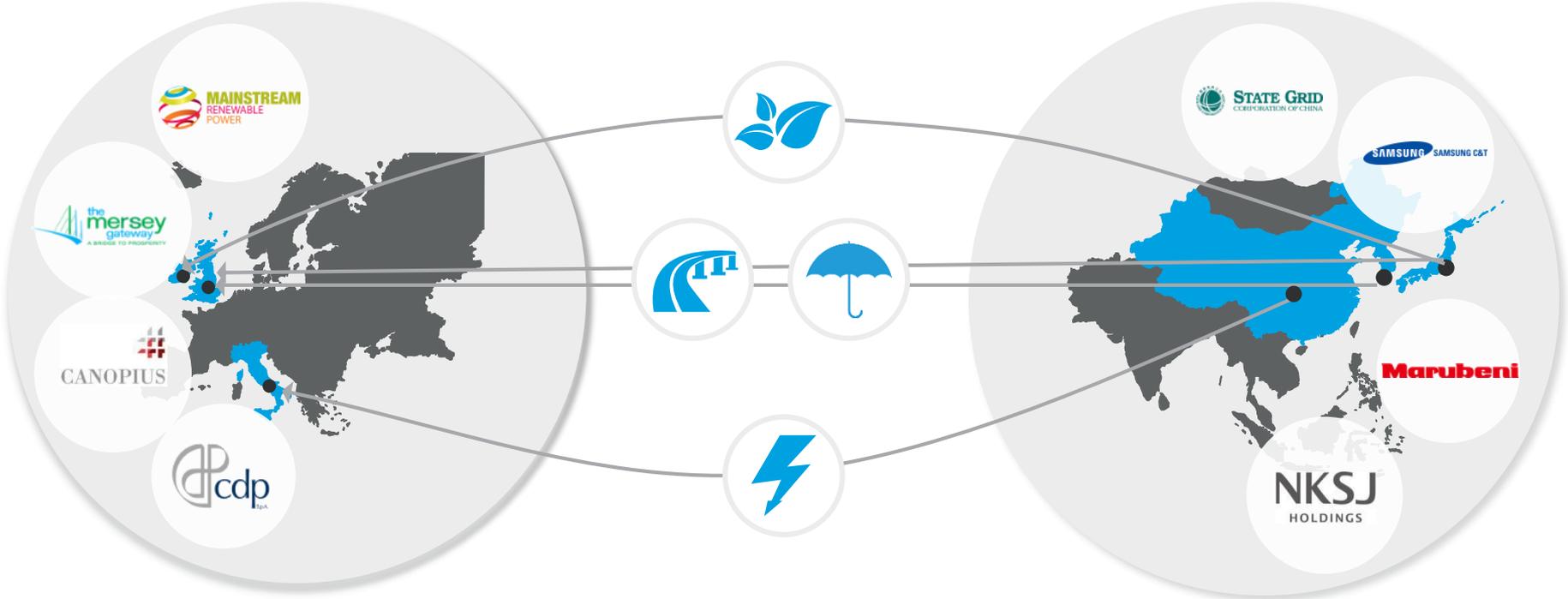
✓ <b>1000+</b> jobs during construction	✓ <b>10 minutes</b> average reduction in travel time
✓ <b>4,750</b> permanent new jobs	✓ <b>80% less traffic</b> using the Silver Jubilee Bridge
✓ <b>£50-100m p.a.</b> from the new jobs by 2030	

# Macquarie in EMEA

## Unlocking Asian capital and connections



MACQUARIE



# Macquarie in EMEA

## Brand recognition - focus on key clients



One firm client focus



**Clydesdale Bank**  
Demerger and IPO  
for LSE listing

**£396m**

2016

**Joint Global Co-ordinator and  
Joint Bookrunner**



**CapitalAppreciation**

Financial adviser and sole  
bookrunner on the first SPAC  
listing on the JSE Main Board

**ZAR 1b**

2015

**Sole Bookrunner**



SHAWBROOK 

IPO for LSE listing

**£725m**

2015

**Joint Bookrunner**



 **OMNIVETA**  
finance

Secured Debt Facility  
and Equity Funding

**DKK 40m**

2015

**Alternative Lender**





**Audley Capital**

Acquisition of Anglo Norte from  
Anglo American

**Up to \$US500m**

2015

**Exclusive financial adviser**



 **AMPCAPITAL**

Acquisition of a majority stake in  
Angel Trains from Arcus

**EV £3b**

2015

**Exclusive financial adviser**



 **paragon**

Nine securitisations

Total Notes placed:  
**£2.5b**

2011 - 2015

**Arranger and Bookrunner**



**BOMBARDIER**  virgin atlantic

 **SAMSUNG**  **Lufthansa**

**centrica**



# Macquarie in EMEA

## Well positioned for the future



Scale



Focus



Geography



Connectivity



MACQUARIE



# A

Glossary

# Glossary



MACQUARIE

<b>\$A / AUD</b>	Australian Dollar
<b>\$US / USD</b>	United States Dollar
<b>£</b>	British Pound
<b>€</b>	Euro
<b>1H16</b>	Half-Year ended 30 September 2015
<b>1Q17</b>	Quarter ended 30 June 2016
<b>2H15</b>	Half-Year ended 31 March 2015
<b>2Q09</b>	Quarter ended 30 September 2008
<b>2Q16</b>	Quarter ended 30 September 2015
<b>3Q15</b>	Quarter ended 31 December 2014
<b>3Q16</b>	Quarter ended 31 December 2015
<b>ABN</b>	Australian Business Number
<b>ABS</b>	Australian Bureau of Statistics
<b>Acq.</b>	Acquired
<b>AD</b>	Associate Director
<b>ANZ</b>	Australia and New Zealand
<b>Approx.</b>	Approximately

<b>APRA</b>	Australian Prudential Regulation Authority
<b>APTT</b>	Asian Pay Television Trust
<b>ASX</b>	Australian Stock Exchange
<b>AUM</b>	Assets Under Management
<b>Ave</b>	Average
<b>AVS</b>	Available For Sale
<b>b</b>	Billion
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>BFS</b>	Banking and Financial Services
<b>CAF</b>	Corporate and Asset Finance
<b>CAGR</b>	Compound Annual Growth Rate
<b>CCB</b>	Capital Conservation Buffer
<b>CEO</b>	Chief Executive Officer
<b>CET1</b>	Common Equity Tier 1
<b>CFM</b>	Commodities and Financial Markets
<b>Co.</b>	Company
<b>COO</b>	Chief Operating Officer

# Glossary



MACQUARIE

<b>CPI</b>	Consumer Price Index
<b>CY15</b>	Calendar Year ending 31 December 2015
<b>DCM</b>	Debt Capital Markets
<b>DD</b>	Divisional Director
<b>DKK</b>	Danish Krone
<b>DTA</b>	Deferred Tax Asset
<b>E</b>	Expected
<b>ECM</b>	Equity Capital Markets
<b>ED</b>	Executive Director
<b>EMEA</b>	Europe, Middle East and Africa
<b>EMIR</b>	European Market Infrastructure Regulation
<b>EPS</b>	Earnings Per Share
<b>EU</b>	European Union
<b>EUM</b>	Equity Under Management
<b>EV</b>	Estimated Value
<b>FCA</b>	Financial Conduct Authority
<b>FLP</b>	Fund Linked Products

<b>FUM</b>	Funds Under Management
<b>FX</b>	Foreign Exchange
<b>FY07</b>	Full Year ended 31 March 2007
<b>FY08</b>	Full Year ended 31 March 2008
<b>FY09</b>	Full Year ended 31 March 2009
<b>FY10</b>	Full Year ended 31 March 2010
<b>FY11</b>	Full Year ended 31 March 2011
<b>FY13</b>	Full Year ended 31 March 2013
<b>FY14</b>	Full Year ended 31 March 2014
<b>FY15</b>	Full Year ended 31 March 2015
<b>FY16</b>	Full Year ending 31 March 2016
<b>FY18</b>	Full Year ending 31 March 2018
<b>GDP</b>	Gross Domestic Product
<b>GMAC</b>	General Motors Acceptance Corporation
<b>ILFC</b>	International Lease Finance Corporation
<b>IMF</b>	International Monetary Fund
<b>IPO</b>	Initial Public Offering

# Glossary



MACQUARIE

<b>IT</b>	Information Technology
<b>kt</b>	kilotonne
<b>L +</b>	USD 3 month LIBOR plus
<b>LCR</b>	Liquidity Coverage Ratio
<b>LHS</b>	Left Hand Side
<b>LLC</b>	Limited liability company
<b>LNG</b>	Liquefied Natural Gas
<b>Ltd</b>	Limited
<b>m</b>	Million
<b>M&amp;A</b>	Mergers and Acquisitions
<b>MacCap</b>	Macquarie Capital
<b>MAD II</b>	Market Abuse Directive II
<b>MAF</b>	Macquarie AirFinance
<b>MAM</b>	Macquarie Asset Management
<b>MBL</b>	Macquarie Bank Limited
<b>MEIF</b>	Macquarie European Infrastructure Fund
<b>MGL / MQG</b>	Macquarie Group Limited

<b>MIC</b>	Macquarie Infrastructure Corporation
<b>MIDIS</b>	Macquarie Infrastructure Debt Investment Solutions
<b>MIFID II</b>	Markets in Financial Instruments Directive II
<b>MIIF</b>	Macquarie International Infrastructure Fund
<b>MIM</b>	Macquarie Investment Management
<b>MIRA</b>	Macquarie Infrastructure and Real Assets
<b>MSG</b>	Macquarie Securities Group
<b>MSIS</b>	Macquarie Specialised Investment Solutions
<b>Mths</b>	Months
<b>MW</b>	Megawatt
<b>MWp</b>	Megawatt Peak
<b>NDIR</b>	Non-Director
<b>NGLs</b>	Natural gas liquids
<b>No.</b>	Number
<b>NPAT</b>	Net Profit After Tax
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OFTO</b>	Offshore Transmission Owner

# Glossary



<b>P&amp;L</b>	Profit and Loss Statement
<b>p.a.</b>	Per annum
<b>PCP</b>	Prior Corresponding Period
<b>PPE</b>	Property, Plant and Equipment
<b>QoQ</b>	Quarter on Quarter
<b>REIT</b>	Real Estate Investment Trust
<b>REMIT</b>	Regulation on Energy Market Integrity and Transparency
<b>RHS</b>	Right Hand Side
<b>ROE</b>	Return on Equity
<b>RWA</b>	Risk Weighted Assets
<b>S&amp;P</b>	Standard & Poor's
<b>SME</b>	Small and Medium Enterprise
<b>St dev</b>	Standard deviation
<b>t</b>	Trillion
<b>TMET</b>	Telecommunications, Media, Entertainment and Technology
<b>UK</b>	United Kingdom
<b>US</b>	United States of America

<b>YoY</b>	Year on Year
<b>yr</b>	Year
<b>YTD</b>	Year To Date, for the period ending 31 Dec 15
<b>ZAR</b>	South African Rand



MACQUARIE



# Operational Briefing

Presentation to  
Investors and Analysts

4 February 2016