

Macquarie response to re-release of 2006 RiskMetrics Report

The Report released by RiskMetrics titled 'Infrastructure Funds: Managing, Financing and Accounting, In Whose Interests?' was originally released in July 2006. Significantly all of the financial information contained in the report relating to Macquarie funds is FY2006 and the issues it raises have been comprehensively addressed by Macquarie.

Relevant and up-to-date facts regarding Macquarie-managed funds are:

- Strong performance delivered to investors
 - Macquarie Capital Funds have delivered a compound annual return to investors of over 17%¹ per annum since inception 13 years ago
- Strong alignment of interest with security holders in Macquarie funds
 - Macquarie is a significant investor in Macquarie Capital Funds with total investment in Macquarie Capital Funds of over A\$3.1bn²
 - base and performance fee structure in line with market and fully disclosed to investors
 - Macquarie remuneration driven by sustained market performance, not acquisition activity
- Strong governance
 - Independence criteria for independent directors, reviewed annually
 - Independent directors are required by law and contractually to prefer the interests of security holders to those of Macquarie
- Strong disclosure
 - Considerable statutory and voluntary disclosures to assist in analysis of performance and cash and debt positions of Macquarie funds
 - Introduction of detailed voluntary management information reports, for all Australian listed funds, addressing key metrics including distribution coverage from operating cash flows, debt levels and operating performance of assets
- Strong investment discipline
 - Evident in the returns detailed above
 - Detailed financial analysis and due diligence completed prior to asset acquisitions
 - Funds acquire assets that are expected to be value accretive (IRR/distribution accretive)
 - Since inception MIG has reviewed over 125 deal proposals of which it has invested in 31
 - Since inception MCG has reviewed over 60 deal proposals of which it has invested in four

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 Jan 2008 (listed funds as at 31 Jan 2008, unlisted funds as at 30 June 2007) calculated on an Australian dollar 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 Investment in listed funds at market value and unlisted funds at committed capital as at 31 Dec 2007.