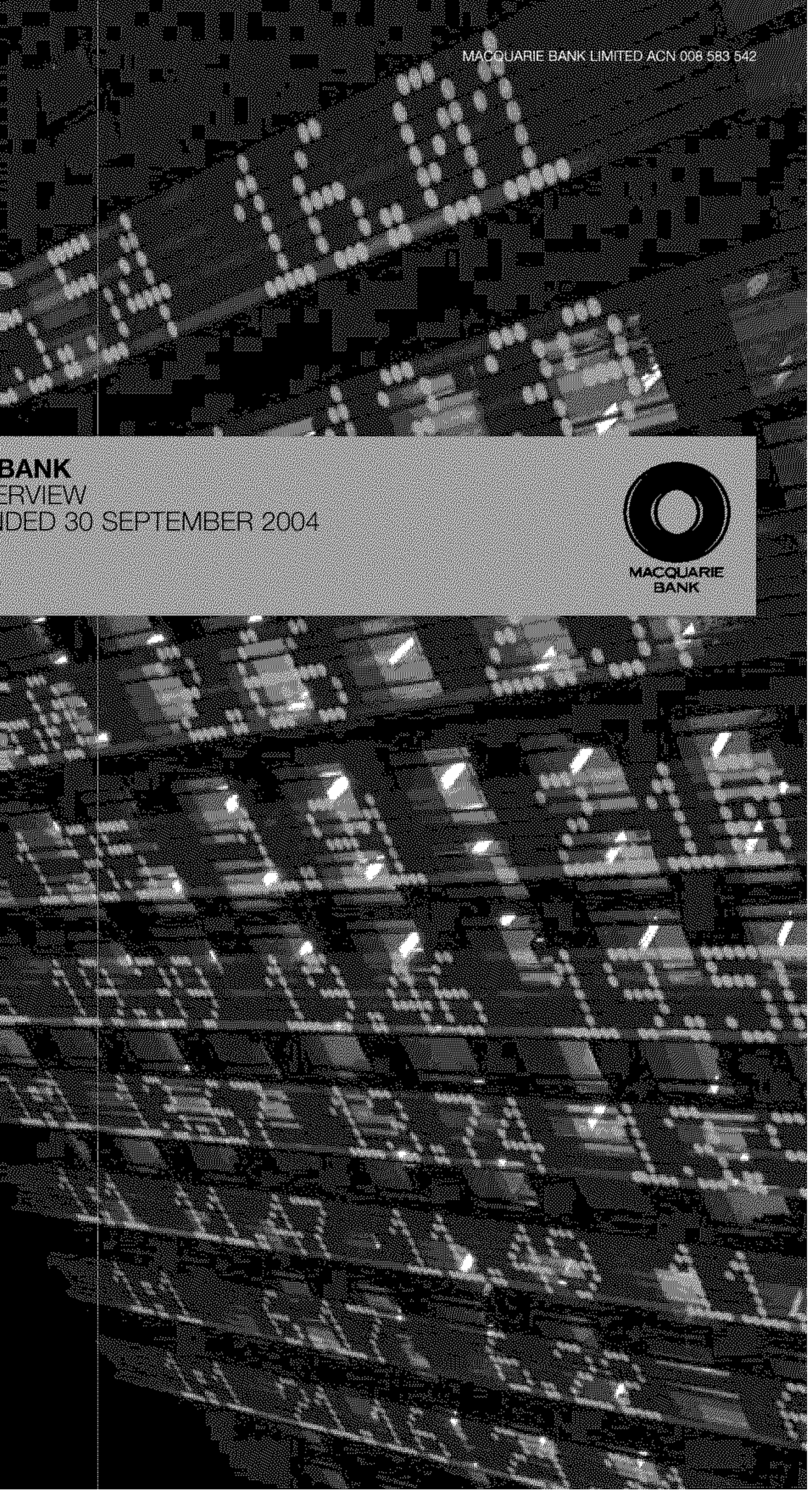
MACQUARIE BANK LIMITED ACN 008 583 542



MACQUARIE BANK
INVESTOR OVERVIEW
HALF YEAR ENDED 30 SEPTEMBER 2004

MACQUARIE BANK

All financial information is for the half year ended 30 September 2004 unless otherwise stated. Macquarie Bank's financial year end is 31 March (half year 30 September).

Contents

Key Contacts

Macquarie Bank
Macquarie Bank Limited
No. 1 Martin Place
Sydney NSW 2000
Australia
Tel: 612 8232 3333
Fax: 612 8232 7780

Website: www.macquarie.com.au

Share Register
Computershare Investor Services Pty Limited
GPO Box 7045
Sydney NSW 1118
Australia
Email: sydney.services@computershare.com.au

Tel (local): 1300 855 080
Tel (international): 613 6915 5970

www.computershare.com.au

Investor Relations
Level 15
No. 1 Martin Place
Sydney NSW 2000
Australia

Email: macquarie.shareholders@macquarie.com

Tel (international): 612 8232 5006

Please notify Investor Relations via email if you wish your name to be added to an email distribution list to receive presentations, annual reviews and other disclosures.

Further investor information on Macquarie Bank can be found on the Bank's website at:

www.macquarie.com.au/shareholdercentre

Additional information
Macquarie Bank Group (referred to as Macquarie or the Bank) hosts analyst briefing sessions on its interim and full-year results in November and May respectively. These sessions provide information on the financial results and an operational overview for the period under review.

In addition, as part of the Bank's commitment to broaden its investor base, management presents at various investment conferences and conducts investor visits throughout the year. All material presentations and other disclosures are lodged with the Australian Stock Exchange (ASX) and are available on the Bank's website.

This document should be read in conjunction with the latest Interim Update, Annual Review, Financial Report and Result Announcement which are available on the Bank's website or by contacting Investor Relations.

Financial Highlights

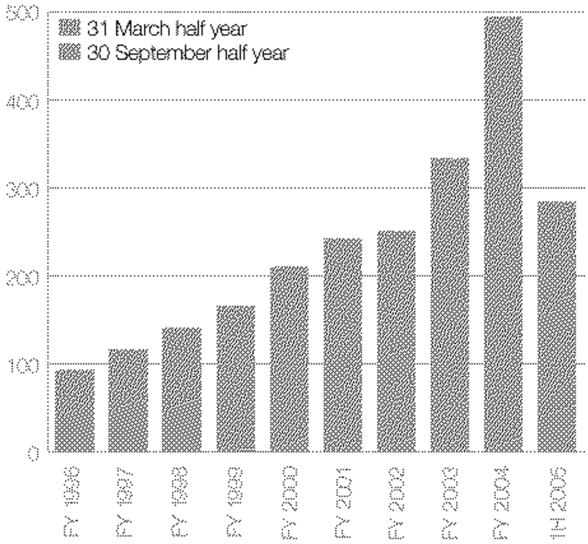
	Half year to 30 Sep 2004	Half year to 31 Mar 2004	Half year to 30 Sep 2003
Profit after income tax attributable to ordinary equity holders ($A million)	284	252	242
Return on average ordinary shareholders' funds (% per annum)	22.6	21.4	23.2
Basic earnings per ordinary share (A cents)	130.6	116.8	116.2
Total assets ($A billion)	42.1	43.8	36.8
Tier 1 capital ratio (%)	12.6	16.2	18.5

Consolidated Group Profit

	Half year to 30 Sep 2004 ($A million)	Half year to 31 Mar 2004 ($A million)	Half year to 30 Sep 2003 ($A million)
Total operating income[1]	1,408	1,289	1,176
Total operating expenses[1]	(1,003)	(940)	(840)
Profit from ordinary activities before income tax	405	349	336
Income tax expense	(105)	(83)	(78)
Profit from ordinary activities after income tax	300	266	258
Outside equity interest			
Macquarie Income Preferred Securities[2]	(1)	–	–
Other equity holders	(1)	–	(3)
Distributions paid or provided on Macquarie Income Securities[3]	(14)	(14)	(13)
Profit after income tax attributable to ordinary equity holders	**284**	**252**	**242**

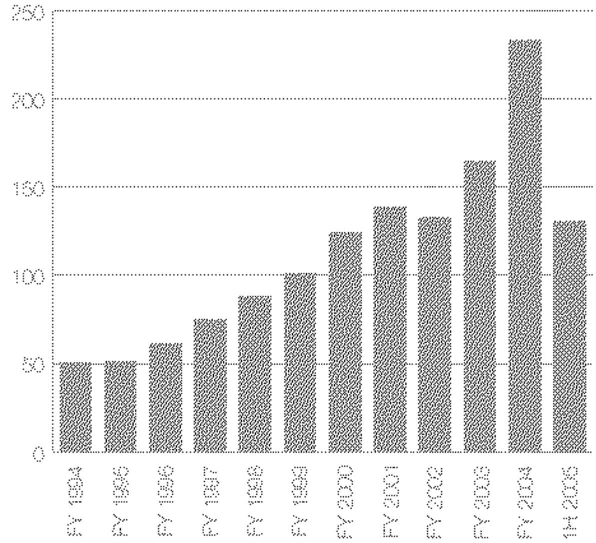
[1] Statutory income and expenses. Not adjusted for businesses held for resale.
[2] Macquarie Income Preferred Securities distribution provision (see page 22 for further information)
[3] Macquarie Income Securities distribution (see page 22 for further information)

Reported net profit after tax attributable to ordinary equity holders
($A million)



Net profit attributable to ordinary equity holders for the six months to 30 September 2004 increased 17 per cent on the prior corresponding period.

Basic earnings per share (EPS) performance
(A cents)



EPS for the six months to 30 September 2004 increased 12 per cent on the prior corresponding period.

Macquarie is a diversified international provider of financial and investment banking services. In Australia, Macquarie is a full-service investment bank providing financial market trading and advisory products and services. In the Asia-Pacific region, Macquarie provides a broad range of investment banking services, while in the Americas and Europe the Bank focuses on selected business areas where its expertise provides special value to clients.

Macquarie has reported successive years of record profits and consistent growth since 1992. Macquarie's approach is characterised by a commitment to the chosen markets in which it operates and a clear focus on achieving outstanding results. Technical expertise, strong risk management and an enterprising approach underlie all activities.

Macquarie's headquarters are in Sydney, Australia and it operates in specific markets across Asia, North America, South America, the United Kingdom, Europe and Africa.

Organisation structure

Macquarie's business activities are organised into six principal operating Groups. The concentric nature of the organisation chart shown opposite represents the non-hierarchical nature of Macquarie and the role of central risk management. A network of support areas provides the infrastructure and services that enable the Groups to operate. Further information on each of the Groups is detailed in later sections.

Management approach

Macquarie's strength lies in its unique structure and management approach, which provides businesses with a balance between operating freedom and controls on risk limits and observance of professional standards. Macquarie's management approach fosters an entrepreneurial spirit among staff. Strong prudential management is fundamental to this approach. The focus of central management is on risks to the Bank arising from market and industry forces and issues of medium and long term significance. While businesses have significant operating freedom, all activities are encompassed by a robust, independent risk management framework.

Other elements of Macquarie's philosophy that are important are:

- Encouraging high ethical and professional standards
- Commitment to clients, through good and bad
- Commitment to growth
- Recruiting, retaining and motivating quality staff
- Aligning rewards to staff with those of shareholders
- Strong reporting including financial reporting and risk reporting

History

Macquarie Bank evolved from Hill Samuel Australia Limited, which was established in 1969 as a subsidiary of the UK merchant bank Hill Samuel & Co. In 1985 a banking licence was granted and operations began under the name Macquarie Bank. In 1996 Macquarie Bank's fully paid ordinary shares were quoted on the ASX.

Risk management approach

Risk is an inherent part of Macquarie's businesses. Management of that risk is therefore critical to continuing profitability. Strong, independent, prudential management has been a key to Macquarie's success over many years. Where risk is assumed, it is within a calculated and controlled framework. The main risks faced by Macquarie are market risk, credit risk, liquidity risk, operational risk and legal compliance and documentation risk. Responsibility for these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Division to ensure appropriate assessment and management of these risks within the Bank.

The principles followed by Macquarie in risk management are:

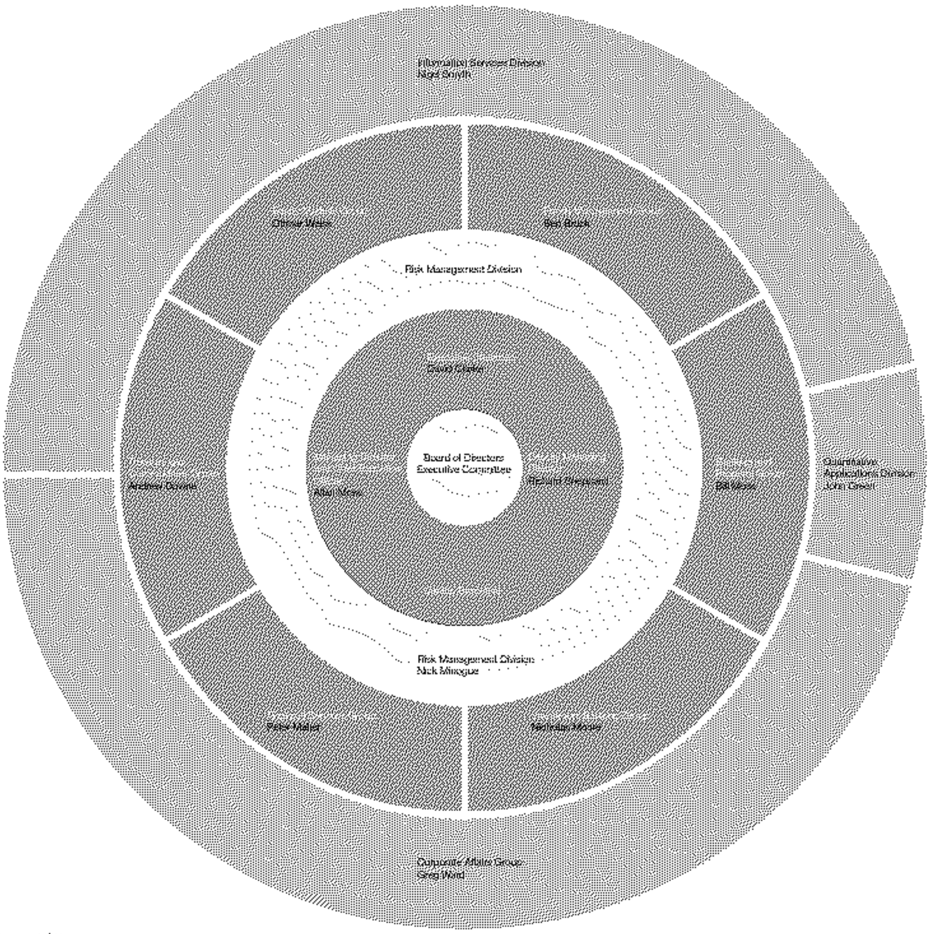
- Independence – Risk Management Division is independent of the operating areas, reporting directly to the Managing Director and the Board. Risk Management Division authority is required for risk acceptance decisions.
- Centralised prudential management – Risk Management Division's responsibility covers the whole Bank. Therefore it can assess risks from a Bank-wide perspective and ensure a consistent approach across all operating areas.
- Approval of all new business activities – Operating areas cannot undertake new businesses or activities, offer new products, or enter new markets, without first consulting Risk Management Division.
- Continual assessment – Risk Management Division continually reviews risks to account for changes in market circumstances and Macquarie's operating areas.

– Frequent monitoring – Centralised systems exist to allow Risk Management Division to monitor credit and market risks daily. Risk Management Division staff liaise closely with operating and support divisions.

Staff remuneration
The philosophy underlying the Bank's remuneration policy is to align the interests of staff with those of shareholders. Since its inception, Macquarie has had a profit sharing scheme for staff. Profit share is paid out of a bonus pool determined by a formula that is a function of both after-tax profit and earnings in excess of the cost of capital. As a result, remuneration is geared to performance and aligned to shareholders' interests.

The remuneration of senior executives is heavily weighted towards this performance component, so there is a strong incentive to maximise the Bank's net profit and return on ordinary equity. Further, for the Bank's Executive Directors, 30 per cent of their annual profit share (within certain limits) is subject to restrictions including vesting arrangements for up to ten years to encourage long term commitment to the Bank. Amounts vested but subject to restriction arrangements are only received six months after retiring as an Executive Director if certain disqualifying events have not occurred.

Senior staff are also eligible to participate in the Bank's Employee Option Plan. Options vest as to one-third of each tranche after two, three and four years respectively, and in the case of Executive Directors may only be exercised if predetermined performance hurdles in relation to the Bank's average return on ordinary shareholders' funds are met.



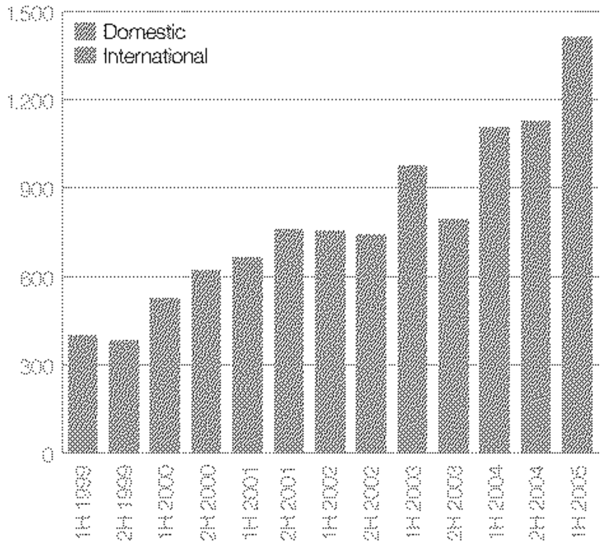
Note: the Macquarie Direct Investment Division now forms part of the Investment Banking Group.

International activities

In Australia, Macquarie is a full service investment bank. Internationally, Macquarie's strategy is to expand selectively, seeking only to enter markets where its particular skills and expertise deliver a real advantage for clients. This approach allows the flexibility to enter new markets as opportunities arise and the ability to respond to the special requirements of individual markets in the region and around the world. As a result, Macquarie has established leading positions in a diverse range of international markets.

In July 2004, Macquarie successfully completed the acquisition of ING's Asian cash equity sales, sales trading, facilitation trading, execution, research and equity capital markets businesses. The business is now known as Macquarie Securities Asia. There is a particular focus on developing the Equity Capital Markets presence so that it will complement the existing businesses. Macquarie is now positioned to provide a broader range of investment banking services across the Asia Pacific Region.

Domestic and international income
(Total operating income (excluding earnings on capital))
($A million)



Strategic alliances

In a number of international markets, Macquarie has established an alliance with a leading local provider, enabling Macquarie to combine its technical expertise and specialist skills with the market presence of a local player.

Strategic alliances include:

Canada

- Scotia Capital Inc – Investment Banking Group
  Sharing of research and collaboration on specific projects.

Chile

- Celta – Treasury & Commodities
  Agency agreement for marketing to Chilean metals clients.

China

- First China Property Group Limited – Banking and Property Group
  50/50 joint venture with Schroders Asian Properties L.P. to undertake residential property development, funds management, project and investment consulting activities in Shanghai.
- Tianjin Macquarie Property Development Management Company Limited – Banking and Property Group
  Undertakes foreign investment funds into residential housing developments.
- Macquarie Securitisation Shanghai Co Ltd (MSS) – Banking and Property Group
  Trades as "Home Loan Highway" and provides loan introduction, processing and related services.

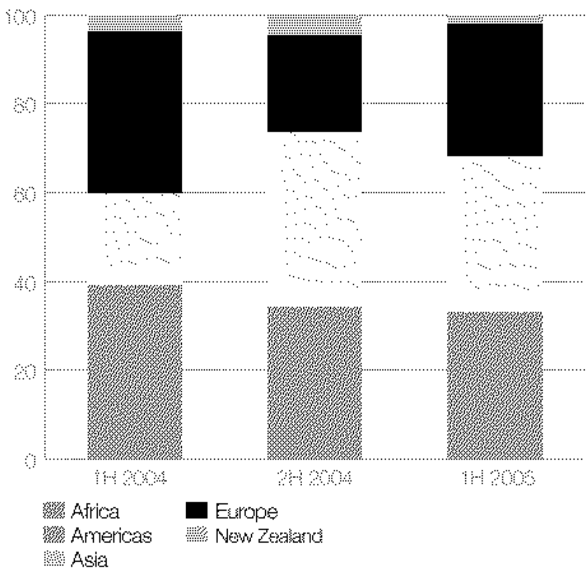
Japan

- Mizuho Securities – Equity Markets Group
  Full range of equity derivatives activities.
- Mizuho Securities – Investment Banking Group
  Sharing of research and collaboration on specific projects.
- Development Bank of Japan – Investment Banking Group
  Infrastructure funds management, specifically the management of the Japan Infrastructure Group.
- Matsui Securities – Treasury & Commodities Group
  Foreign Exchange Division provides 24-hour product and pricing to Matsui's retail customer base.

Korea

- IMM Asset Management – Funds Management Group
  Funds management for wholesale and retail investors.
- Shinhan Financial Group Co. Ltd – Investment Banking Group
  Financial advisory, project finance advisory, infrastructure management and specialised funds.
- Kookmin Bank – Treasury and Commodities Group
  Treasury derivatives expertise and technology.
- Woori Bank – Equity Markets Group
  Full range of equity derivatives activities.

International operating income by region (excluding earnings on capital)
(%)



Malaysia

– AmMerchant Bank Berhad – Funds Management Group
Funds management for wholesale and retail investors.

South Africa

– Nedbank Limited – Equity Markets Group
Full range of equity derivatives activities.
– Old Mutual Asset Managers – Investment Banking Group
Infrastructure funds management, including the management of the South Africa Infrastructure Fund and African Infrastructure Investment Fund.
– ABSA Bank (Corporate and Merchant Banking) – Treasury and Commodities Group
Debt origination, securitisation, asset-backed commercial paper programs.
– Nedcor Securities – Investment Banking Group
Sharing of research and collaboration on specific projects.

UK

– The Royal Bank of Scotland – Treasury and Commodities Group
Commodity derivatives expertise and technology.
– Macquarie Global Property Advisors – Banking and Property Group
A joint venture investment advisory company focused on private equity real estate opportunities in Europe and Asia.

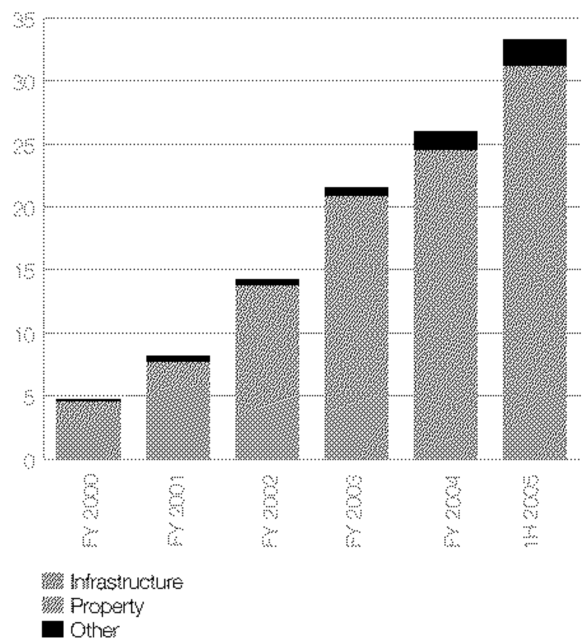
US

– Medallist Developments – Banking and Property Group
Golf course-based residential property development joint venture with Greg Norman's Great White Shark Enterprises.
– Macquarie Capital Partners LLC – Banking and Property Group
A global real estate investment banking partnership.
– Macquarie ProLogis Management – Banking and Property Group
A joint venture between Macquarie and ProLogis to manage the ASX-listed Macquarie ProLogis Trust, which invests in industrial property in the US.
– Macquarie CountryWide – Regency LLC – Banking and Property Group
A joint venture between Macquarie CountryWide Trust and Regency Centers for the management of, and investment in US neighbourhood shopping centre assets.
– Macquarie DDR Management – Banking and Property Group
A joint venture between Macquarie and Developers Diversified Realty Corporation to manage the ASX-listed Macquarie DDR Trust, which invests in US community retail shopping centre assets.
– Bear Stearns – Investment Banking Group
Sharing of research and collaboration on specific projects.

Specialist funds

Macquarie has established a leading position in specific asset class investor funds (specialist

Growth in specialist funds by sector (Assets under management)
($A billion)



funds). Specialist assets under management total $A33.2 billion. Specialist funds activities are spread across a number of operating Groups and span sectors including infrastructure (toll roads, airports, communications infrastructure, energy utility assets and other asset classes), sector-specific property assets (retail, office, industrial, commercial, global opportunity development) and development capital.

Macquarie's specialist funds management model has been a key growth driver and has been exported to international markets. Macquarie believes its experience and expertise in these particular areas give it a competitive advantage in acquiring and managing assets, thereby delivering superior returns to shareholders. Specialist funds are managed by the relevant Group that has the expertise in the assets in which the funds invest.

Listed funds include:

- Macquarie Airports (MAP)
- Macquarie Central Office CR-REIT (MCO CR-REIT)
- Macquarie Communications Infrastructure Group (MCG)
- Macquarie CountryWide Trust (MCW)
- Macquarie DDR Trust (MDT) (Jointly managed with Developers Diversified Realty Corporation)
- Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund (MFD)
- Macquarie Infrastructure Group (MIG)
- Macquarie Goodman Industrial Trust (MGI)[1]
- Macquarie Leisure Trust Group (MLE)
- Macquarie Office Trust (MOF)[2]
- Macquarie Power Income Fund (MPT)
- Macquarie ProLogis Trust (MPR) (Jointly managed with ProLogis)
- Southern Cross FLIERS Trust (SCF)
- Diversified Utility and Energy Trusts (DUE) (Jointly managed with AMP Capital Investors Ltd)

These funds are described in more detail in the sections that follow and in the Appendix.

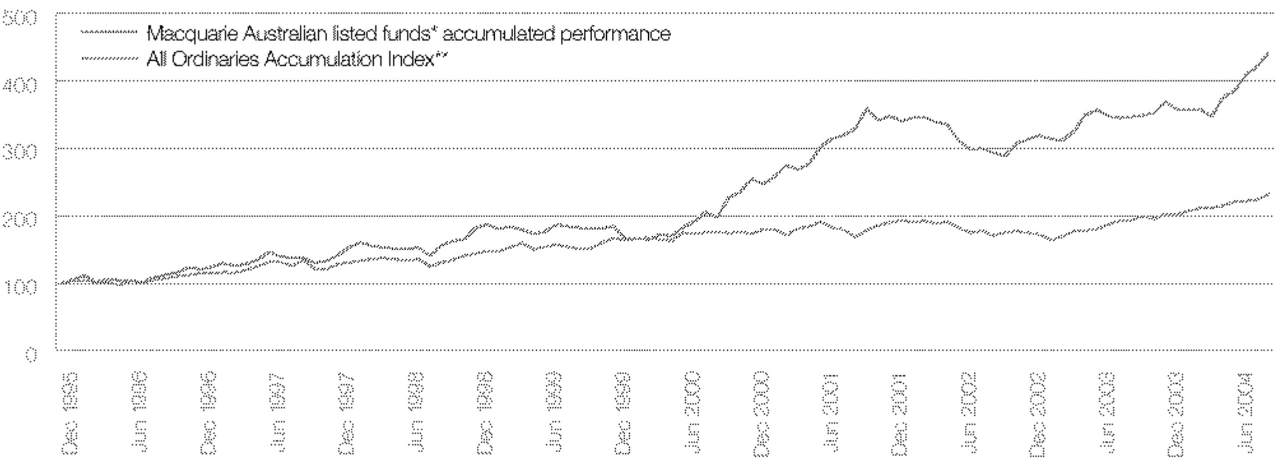
Performance of specialist funds

The chart below shows the aggregate accumulated performance of Macquarie's Australian listed funds (it does not include Macquarie Bank) since December 1995, when the first of the funds listed on ASX, benchmarked against the S&P/ASX500 accumulation index. The funds are weighted by the stock's market capitalisation and rebalanced monthly or whenever a new stock is listed. Dividends are assumed to be reinvested into the individual stock (not the index as a whole) on the ex-dividend date.

[1] In October 2004, MGI and Macquarie Goodman Management (MGM) announced an intention to merge. The merger is subject to unitholder approval.
[2] MOF has a 100 per cent interest in the Macquarie Park Street Trust (MOFPA) that has listed securities on issue in the market.

Macquarie family of Australian listed funds accumulated performance versus the All Ordinaries Accumulation Index (to 30 September 2004)

(Index)



* Comprises the accumulated performance of Macquarie Airports, Macquarie Communications Infrastructure Group, Macquarie Infrastructure Group, Macquarie CountryWide Trust, Macquarie Goodman Industrial Trust, Macquarie Leisure Trust, Macquarie Office Trust, Macquarie ProLogis Trust, Southern Cross Fliers, Macquarie DDR Trust.

** S&P/ASX 500 from 31/3/2000, All Ordinaries prior to this (indexed to 100 on 31 December 1995).

The Group specialises in wholesale structuring, underwriting, corporate advisory, infrastructure and specialised funds management, equipment financing, institutional stockbroking and equities research.

Investment Banking Group

Corporate Finance

Macquarie provides advisory and capital raising services to corporate and government clients involved in public mergers and acquisitions (M&A), private treaty acquisitions and divestments, fund raising and corporate restructuring. Activities are aligned into industry groups, reflecting key areas of expertise in infrastructure, resources, telecommunications, media, entertainment and technology (TMeT), property, industrials and financial institutions.

Macquarie has consistently achieved the highest number of top three rankings for completed M&A deals by value over the last decade and was named No.1 M&A adviser for announced and completed deals by value and No.1 Equity Capital Markets house in Australia by value as at 30 September 2004 by Thomson Financial.

Project Finance International ranked Macquarie No.1 Project Finance adviser for Asia Pacific and Americas, and No. 2 globally for mandates completed in 2003.

The Group manages a range of specialist funds primarily across infrastructure sectors including toll roads, airports, utilities and communications infrastructure.

The growth in specialist funds continues to be an important part of the Group's strategy.

The Group's ability to source and acquire unique assets, in particular infrastructure assets, has allowed it to develop a number of specialist funds globally. The infrastructure funds have provided investors with good returns since establishment, achieving a compound annual return of 19.9%* for all capital raised.

The Group manages major listed specialist funds (refer to table over for details) including:

- Macquarie Infrastructure Group (MIG) – invests in toll roads in OECD countries
- Macquarie Airports (MAP) – invests in international airports
- Macquarie Communications Infrastructure Group (MCG) – invests in communications infrastructure
- Southern Cross FLIERS Trust (SCF) – fund holding subordinated debt in Sydney Airport
- Macquarie/First Trust Global Infrastructure/Utilities Dividend and Income Fund (MFD) – a US closed end fund focusing primarily on listed infrastructure stocks
- Macquarie Power Income Fund (MPT) – a listed Canadian fund focusing on power generation assets in North America
- Diversified Utility and Energy Trusts (DUE) – an energy utility fund, jointly managed by AMP Capital Investors Ltd and Macquarie

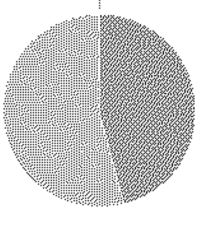
Major unlisted entities managed by the Group include:

- Macquarie Essential Assets Partnership – invests primarily in regulated and utility assets in North America. Investments include

*Based on all capital raised, distributions paid, valuations (market capitalisation for listed funds and net asset value for unlisted funds) for the Group's funds from 10 December 1996 to 30 September 2004.

Half year to 30 September 2004

Contribution to profit 46%
(based on internal management accounts before tax and profit share)



Full year to 31 March 2004 44%
Half year to 30 September 2003 58%

Contribution HY 2005

Corporate Finance (including Infrastructure and Specialised Funds)	25%
Financial Products	8%
Other Investment Banking (including Macquarie Securities and Macquarie Capital)	13%
Total Investment Banking Group	46%

Altalink (Canada) and the Michigan Electric Transmission Company LLC (USA)

- Macquarie Global Infrastructure Funds I and II – invests in a variety of smaller infrastructure investments globally
- The South Africa Infrastructure Fund and African Infrastructure Investment Fund – jointly managed with Old Mutual Asset Managers of South Africa. Both funds target equity investments in sub-Saharan Africa
- Macquarie Airports Group – stakes in Bristol, Birmingham, Sydney and Rome airports
- Korean Road Infrastructure Fund – jointly managed with Shinhan Bank, invests predominantly in South Korean toll roads and tunnels. Investments include the Kwangju Second Beltway, Daegu-Busan Expressway, Baekyung Tunnel and Machang Bridge
- Macquarie European Infrastructure Fund – invests in European infrastructure assets. Initial investments include South East Water in the UK, Arlanda Express in Sweden, and the Wales and the West gas distribution network in the UK (subject to financial and customary closing arrangements)
- Japan Infrastructure Group – established as a joint venture between Macquarie Bank and Development Bank of Japan with a mandate to invest in Japanese infrastructure assets. Its initial investment was the acquisition of the Hakone Turnpike, a toll road south-west of Tokyo

Financial Products

Macquarie advises on and participates in corporate and project financing transactions where there is a wide range of structuring, tax and accounting issues. The Division uses its technical skills to provide a key competitive advantage in these transactions. The Division also manufactures and distributes a number of retail financial products including the Fusion and Fortress Funds, Australian Forestry product, infrastructure bonds and closed end loan funds in the US.

Leasing and Asset Financing

At 30 September 2004, the Division's portfolio of loans and leases exceeded $A3.8 billion across a range of different industries in select international markets. Macquarie provides finance, leasing, trading, sourcing and remarketing services in industries where it has specialist skills and experience. These industries include information technology, electronics manufacturing, motor vehicles, plant and equipment, telecommunications, aviation engines, water infrastructure, transportation, vendor financing, utility meters and modular structures such as carparks.

Macquarie Securities

Macquarie Securities is an Asia Pacific cash equity business, operating globally with 127 equity research analysts and 128 sales and sales trading staff covering over 700 stocks.

In July 2004, Macquarie successfully completed the acquisition of ING's Asian cash equities businesses, now known as Macquarie Securities Asia. This is a significant initiative which provides Macquarie with critical mass in the region covering cash equity sales, sales trading, facilitation trading, execution, research and equity capital markets businesses.

Staff	1,675
Activities	The Investment Banking Group brings together the Bank's wholesale structuring, underwriting, corporate advisory, infrastructure and specialised funds, specialised equipment financing, institutional stockbroking and equities research capabilities.
Locations	Australia, Austria, Canada, China, Germany, Hong Kong, Indonesia, Ireland, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Africa, South Korea, Taiwan, Thailand, UK, US.

Listed entity	Key asset stakes	Market capitalisation*
Macquarie Infrastructure Group (MIG – ASX listed)	25 roads across six countries including Highway 407 in Toronto, SR125 South in San Diego, M6 Toll in the UK, and stakes in major private toll roads in Sydney	$A7.24 billion
Macquarie Airports (MAP – ASX listed)	Stakes in Bristol, Birmingham, Sydney and Rome airports	$A3.17 billion
Macquarie Communications Infrastructure Group (MCG – ASX listed)	100% of Broadcast Australia	$A802 million
Southern Cross FLIERS Trust (SCF – ASX listed)	Reset preference shares issued by Southern Cross Holdings	$A681 million
Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund (MFD – NYSE listed)	Investments to include listed infrastructure and utilities companies in selected developed countries globally	$A238 million
Macquarie Power Income Fund (MPT – TSX listed)	100% of Cardinal Power (Canada)	$A239 million
Diversified Utility and Energy Trusts (DUET – ASX listed) (jointly managed with AMP Capital Investors Ltd)	Stakes in three gas and electricity distribution networks in Australia	$A622 million

*At 30 September 2004. For further information see Appendix.

The Group trades in a broad range of financial markets including commodities, futures, debt and foreign exchange markets.

Treasury and Commodities Group

Metals and Mining
The Metals and Mining Division provides financing and structured hedging facilities for metals and oil and gas producers. The Division is a 24-hour trading and price-maker to the professional market for base and precious metals and is a principal provider of liquidity in the Asian time zone. The Division is an associate broker clearing member of the London Metal Exchange, a full member of the London Bullion Market Association and an active participant in the London market.

Foreign Exchange
The Foreign Exchange Division provides 24-hour interbank price-making services in Australian Dollar spot, forwards and options and interbank pricing in Yen and Euro during the Sydney time zone. The Division provides services across all of these major products and tailor made products to Australian corporates and institutions. It also maintains an active Internet currency trading platform servicing the Japanese retail trading market.

Energy Markets
The Energy Markets Division operating in London, Sydney and New York provides risk management and financing solutions to a broad customer base across the energy sector. Customers include producers, refiners, airlines and shipping companies. Global energy products traded include crude oil, fuel oil, heating oil, gasoline, distillates (gas oil and jet fuel), naphtha and North American natural gas.

Debt Markets
The Debt Markets Division arranges and places debt for clients and provides secondary market liquidity in government, corporate, global and asset-backed securities. The Division also provides risk management solutions and products to investors and borrowers via structured securities and derivative based products relating to credit and interest rate risk. The Division is a market leader in Australia in the securitisation of mortgages, equipment and motor vehicle securities. A key focus of this Division is the development of new and more effective securitisation techniques to provide funding, capital and risk management solutions to its clients.

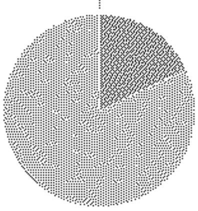
Agricultural Commodities
The Agricultural Commodities Division provides finance, tailored risk management and selected physical commodity solutions to a global client base across the agricultural industry. The Division operates internationally providing services covering commodities such as wheat, cotton, soy complex, sugar, cocoa and coffee and also offering commodity index products.

Futures
The Futures Division provides a full range of broking and clearing services for Australian and international exchange traded financial derivatives markets. The Division is a leading provider of these services in the Australian market. It makes extensive use of technology to provide clients with flexible solutions and also has electronic trading platforms to allow clients direct access to markets.

Treasury
The Treasury Division is responsible for the funding, liquidity and interest rate risk management of the Bank and is an active participant in domestic and international funding markets. The Division maintains the Bank's relationships with international rating agencies.

Economic Research
Economic Research is the Bank's central source of economic and financial trend analysis that services clients and businesses within Macquarie. The Division regularly provides tailored research and advice addressing the specific needs of a broad range of institutional and retail clients.

Half year to 30 September 2004
Contribution to profit 18%
(based on internal management accounts before tax and profit share)



Full year to 31 March 2004 17%
Half year to 30 September 2003 19%

Staff	385
Activities	Activities include trading in a broad range of financial markets including commodities, futures, debt and foreign exchange markets. The Group's focus is on selective geographic expansion and continued product innovation in its chosen markets. Consolidation of existing businesses continues along with a focus on increasing customer flows.
Locations	Australia, Brazil, Hong Kong, South Africa, South Korea, UK, US.

Activities include property finance, property funds management, property investment banking, services to the golf and leisure industries, morgages and securitisation, business banking and margin lending.

Banking and Property Group

Macquarie Property
Macquarie Property encompasses a diverse number of business lines in Australia with growing niche operations internationally. Macquarie Property's major components are Property Finance, Property Investment Banking, Property Investment Management and Property Investment Management – North America.

Property Finance
Macquarie is a leading provider of structured debt, mezzanine and equity funding for property development projects. It has funded the development of more than 10,000 residential dwellings over the past 20 years as well as numerous commercial and industrial projects. Macquarie has established its property finance business in Seattle and Los Angeles in the US to provide similar development finance solutions using its Australian market experience.

Property Investment Banking
Property Investment Banking (PIB) is a market leader in Australia in wholesale investment management, capital raising, debt/transaction structuring, major project financing, property development and asset disposals. PIB also owns and manages the award-winning residential real estate regenerator and developer Urban Pacific, which has over 7,000 residential lots under development in Victoria, Queensland, South Australia and Western Australia.

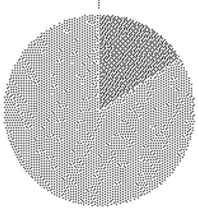
PIB has been active in Asian markets since 1994. The Macquarie Central Office CR-REIT in Korea was listed in 2004. Macquarie is also senior adviser to the $US300 million Schroder Asian Properties L.P. fund and through its associate, First China Property Group, is involved in residential property development in China.

Macquarie's interest in Macquarie Global Property Advisors (MGPA) was established in July 2004. MGPA is a joint venture investment advisory company focused on private equity real estate investment in Europe and Asia. MGPA advises Lend Lease Global Properties SICAF and Lend Lease Asia Properties SICAF (Global Fund 1) which is invested in a diverse range of properties across Europe and Asia with assets under management of more than $US1.6 billion.

Property Investment Management Australasia and Property Investment Management – North America
Property Investment Management is responsible for the sponsorship, creation and ongoing management of high performance property investment products. Including associates, Macquarie is the second largest listed property funds manager in Australia with assets under management in Australia, North America and New Zealand.

Property Investment Management –North America (PIM NA) focuses on creating and managing funds management investment

Half year to 30 September 2004
Contribution to profit 16%
(based on internal management accounts before tax and profit share)



Full year to 31 March 2004 13%
Half year to 30 September 2003 11%

opportunities in North America. The Division includes Macquarie Capital Partners, Macquarie's global real estate investment banking joint venture which conducts specialist wholesale equity-raising activities and advisory services in both North America and Europe.

With the Macquarie Office Trust's takeover of the $A1.3 billion Principal America Office Trust in September 2004, PIM-NA with its joint venture partners now manages over $US4 billion in North American assets.

Mortgages and Securitisation
Macquarie's Australian mortgage business specialises in wholesale mortgage funding through securitisation and is the largest Australian issuer of mortgage backed securities. Distribution is via a diversified network which includes Macquarie's retail business, Macquarie Mortgages, and strategic partnerships with Australia's largest mortgage brokers and originators.

Macquarie's US mortgage business is currently licensed to provide residential mortgage lending across 21 states with a further nine states targeted.

Margin Lending
Macquarie provides a range of margin lending and protected lending products throughout Australia and New Zealand. The business distributes through a broad range of financial planners, advisers, and brokers.

Banking
Banking specialises in providing innovative banking services to successful professional firms and businesses within the small to medium enterprise (SME) market. Specific target industries include real estate, accounting, financial planning, insurance broking, pharmacy, veterinary, strata management and law.

The business provides a full range of business banking services including cashflow lending for businesses, wealth creation strategies for business owners, succession planning, funding for business insurance premiums and specialised deposit services.

Golf and Leisure
Macquarie Golf and Leisure offers a specialised range of products and services to support the increasingly important leisure market. Since 1997 Macquarie has been involved in the development of residential lifestyle communities through Medallist Developments – a joint venture with Greg Norman's Great White Shark Enterprises. Dreamworld and d'Albora Marinas are managed through the Macquarie Leisure Trust Group. Macquarie's leisure interests also include industry advisory services, finance and funds management.

Macquarie Community Partnerships
The strategy of this business is to undertake property-based public-private partnerships with state and local governments.

Staff	1,007
Activities	Activities include property finance, property funds management, property investment banking, services to the golf and leisure industries, mortgages and securitisation, banking services for businesses and professionals and margin lending. Over $A16 billion in property fund assets is managed by the Group and its associates. The Group's focus is to continue to take advantage of geographic expansion in specialist property funds, finance and mortgage securitisation.
Locations	Australia, China, Hong Kong, South Korea, UK, US, Japan, Malaysia.

Banking and Property Group continued

Listed entity	Key asset stakes	Market capitalisation*
Macquarie Goodman Industrial Trust** (MGI – ASX listed)	127 properties, including business parks, industrial estates, office parks and warehouse/distribution centres	$A2.93 billion
Macquarie Office Trust (MOF – ASX listed)	25 office properties across Australia and the US	$A1.16 billion
Macquarie CountryWide Trust (MCW – ASX listed)	Retail properties anchored by national grocery retailers – 125 assets across Australia, NZ and the US	$A1.22 billion
Macquarie ProLogis Trust (MPR – ASX listed)	101 industrial and distribution properties in the US and Mexico	$A793 million
Macquarie DDR Trust (MDT – ASX listed)	22 community shopping centres in the US	$A808 million
Macquarie Leisure Trust Group (MLE – ASX listed)	10 assets across entertainment, leisure and recreation industries	$A210 million
Macquarie Central Office Corporate Restructuring REIT (KSE listed)	The "Kukdong Building", CBD office building in Seoul, South Korea	$A99 million

* At 30 September 2004. For further information see Appendix

** In October 2004, Macquarie Goodman Industrial Trust and Macquarie Goodman Management Limited announced an intention to merge. The merger is subject to unitholder approval

The Group utilises its risk management skills to originate equity-based financial solutions and products for retail and wholesale clients.

Equity Markets Group

Australia
Macquarie remains the leading issuer of equity warrants on the ASX. The business also offers a range of innovative unlisted equity-based products to retail, corporate and institutional investors as well as being a principal trader in listed securities.

Brazil
Macquarie primarily issues equity structured products to Brazilian pension funds and other institutional and retail investors. This business is in its third year of operation. Recently, Macquarie agreed in principle to form an equity derivatives business alliance with Banco do Brasil.

Hong Kong
Macquarie is the leading issuer of warrants over Hong Kong stocks and is a leading exchange-traded-option market maker. Macquarie has also successfully introduced a number of innovative listed and unlisted products to the Hong Kong market, with the sale of these structured products proving very successful. The scope of this business is presently being broadened to encompass Asia more generally.

Japan
In Japan, Macquarie has an alliance with Mizuho Securities. This business focuses predominantly on product issuance and structured deal activities, leveraging Mizuho's extensive customer base.

South Korea
The Group has entered into a Korean equity derivatives business alliance with Woori Bank, one of Korea's largest banking and financial groups. This business issues structured equity products and has quickly established itself as a leading local market participant.

South Africa
Macquarie has an equity derivatives venture with Nedbank Limited, one of the leading commercial banks in South Africa. This business focuses predominantly on South African trading, product issuance and structured deal activities.

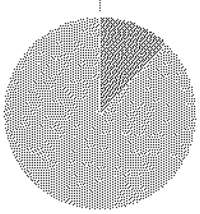
International Structuring
This business focuses on structured equity solutions across all the markets that Equity Markets Group operates in and has staff in Sydney, London and Munich.

International Trading Desk
Operating 24 hours a day out of Sydney, this desk is responsible for management of the Group's international market risk. In conjunction with the Asian sales team, a major new Group initiative has been to focus on sourcing US and European risk for Asian customers.

Hedge Funds
The Group's hedge fund business offers clients a range of products encompassing single strategy funds management, fund of hedge fund offerings, and capital protection over these.

The range of hedge fund investment styles includes: Absolute Return strategies – single strategy funds that aim to consistently deliver positive returns in both rising and falling markets; Specialist strategies – single strategy funds that use specialised trading and hedging techniques to maximise returns and manage risks; Fund of Fund strategies – provide exposure to a number of trading and investment strategies traditionally available only in the wholesale hedge fund market.

Half year to 30 September 2004
Contribution to profit 12%
(based on internal management accounts before tax and profit share)



Full year to 31 March 2004 14%
Half year to 30 September 2003 8%

Staff	248
Activities	Equity Markets Group undertakes the Bank's risk arbitrage and market-making activities in equity derivatives. It utilises its risk management skills to originate equity-based financial solutions and products for retail and wholesale clients and operates the Bank's equity finance and hedge fund operations.
Locations	Australia, Brazil, Germany, Hong Kong, Japan, Singapore, South Korea, South Africa, UK.

The Group is the primary relationship manager for the Bank's retail client base in Australia and New Zealand.

Financial Services Group

The Group consists of two key Australian-based divisions, Macquarie Adviser Services and Macquarie Financial Services, which together service around 590,000 clients. In addition, FSG International operates in New Zealand.

Macquarie Adviser Services (MAS)

MAS manages relationships with external financial intermediaries and provides sales service and product management of in-house and external products including retail superannuation. This includes the $A10 billion Macquarie Cash Management Trust, the leading cash trust in the Australian market, and the Macquarie Wrap administration service which has $A12.2 billion in funds under administration. In 2003 Macquarie Wrap Solutions was a market leader with $A2.8 billion in inflows and this growth has continued in 2004.

In both the 2003 and 2004 ASSIRT Service Level Survey of more than 700 financial planners, Macquarie Adviser Services was ranked first in the "Best Master Trust/Wrap Provider" and "Best Fund Manager" categories. In addition, Macquarie was awarded Superannuation Manager of the Year in 2004 by Investorweb Research for the third consecutive year.

Macquarie Financial Services (MFS)

MFS maintains direct relationships with approximately 210,000 clients. Services include:

- full-service stockbroking and investment planning
- online stockbroking
- strategic financial planning
- executive wealth management
- private banking
- private portfolio management
- retail treasury and commodities service

MFS's stockbroking business is one of Australia's leading full service stockbrokers and during 2003 and 2004 the division grew its adviser base as well as its client numbers. MFS has significantly expanded its client offerings with Macquarie Executive Wealth Management now providing 20 major corporations with tailored wealth management services while clients can now access international share trading through 24 exchanges globally.

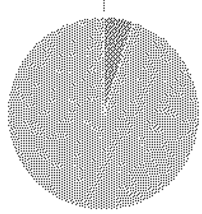
FSG International

The business currently operates solely in New Zealand providing personal financial services including full-service stockbroking, the manufacturing and distribution of financial planning products and the provision of Macquarie product to external financial planners.

Half year to 30 September 2004

Contribution to profit 5%

(based on internal management accounts before tax and profit share)



Full year to 31 March 2004 5%

Half year to 30 September 2003 4%

Staff	1,050
Activities	The Financial Services Group is the primary relationship manager for the Bank's retail client base in Australia and New Zealand. Services include the distribution of the Cash Management Trust, wrap and superannuation administration platforms, relationship management for 15,000 independent financial advisers throughout Australia, as well as stockbroking, private banking and wealth management. The Group is now benefiting from the three years of strategic investments in 2000 – 2003 and is positioned to increase its profit contribution in the longer term.
Locations	Australia, New Zealand.

The Group provides securities funds management services to institutional and retail clients in Australia and in selected international markets.

Funds Management Group

Macquarie Funds Management is one of Australia's largest fund managers, providing a full range of funds management services to institutional and retail clients in Australia and in selected international markets, including Hong Kong, Malaysia and Korea.

Macquarie Funds Management is a full-service manager, offering funds in all major asset classes. In each asset class, it offers a range of investment styles across the risk spectrum and pricing structures.

Macquarie Funds Management is noted for its client focus, disciplined investment process and product innovation, including:

Enhanced Indexing – available in all major asset classes, providing a solution for investors seeking above index returns for little incremental risk.

True Indexing™ – a unique offer from Macquarie gives clients exact index returns for no fund management fees.

Fund of fund investing – gives access to diversified portfolios in asset classes such as private equity, global bonds and global small companies.

Asia

Macquarie is active in funds management in Malaysia, via a joint venture initiated in 1996 with the AmMerchant Bank Berhad. As at September 2004, the joint venture was Malaysia's largest institutional asset manager by assets under management. The joint venture offers retail unit trusts and institutional pooled and separately managed funds in Malaysian equities, cash, fixed interest and diversified investments.

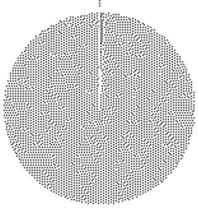
In South Korea, Macquarie – IMM Investment Management, a joint venture with IMM Asset Management, offers pooled and separately managed funds for institutional and retail clients in local equities, fixed interest and diversified investments.

For Hong Kong investors, Macquarie Funds Management offers enhanced equities, providing risk-controlled exposure to Hong Kong equity markets.

Half year to 30 September 2004

Contribution to profit 1%

(based on internal management accounts before tax and profit share)



Full year to 31 March 2004 1%

Half year to 30 September 2003 1%

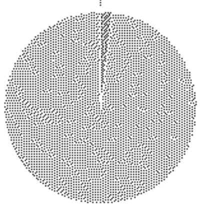
Staff	159
Activities	The Group is the primary manufacturer of Macquarie managed funds. It manages funds across the full spectrum of asset classes with $A40.8 billion in assets under management at 30 September 2004. The Group markets its products in Australia and internationally, and partners in a number of joint ventures in Asia.
Locations	Australia, Hong Kong, South Korea, Malaysia.

Macquarie Direct Investment

Macquarie Bank has been active in direct investment since 1982. During that time the business has transformed from investing using the Bank's own funds to raising and investing funds on behalf of institutional and retail investors. As at 30 September 2004, Macquarie Direct Investment had invested over $A395 million in a total of 44 businesses.

Going forward, the Direct Investment business will be part of the Investment Banking Group.

Half year to 30 September 2004
Contribution to profit 2%
(based on internal management accounts before tax and profit share)



Full year to 31 March 2004 6%
Half year to 30 September 2003 (1)%

Summary since listing

	Years ended 31 March									First half
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Financial performance ($A million)										
Total income from ordinary activities[1]	435	530	665	815	1,186	1,472	1,600	1,890	2,465	1,408
Total expenses from ordinary activities[1]	336	392	498	597	885	1,147	1,245	1,430	1,780	1,003
Profit from ordinary activities before income tax	99	138	167	218	301	325	355	460	685	405
Income tax expense	6	21	26	53	79	53	76	96	161	105
Profit from ordinary activities	93	117	141	165	222	272	279	364	524	300
Macquarie Income Preferred Securities	–	–	–	–	–	–	–	–	–	1
Outside equity interest	–	–	–	–	–	(1)	–	3	3	1
Macquarie Income Securities distributions	–	–	–	–	12	31	29	28	27	14
Profit from ordinary activities after income tax attributable to ordinary equity holders	93	117	141	165	210	242	250	333	494	284
Financial position ($A million)										
Total assets	5,174	6,142	7,929	9,456	23,389	27,848	30,234	32,462	43,771	42,114
Total liabilities	4,746	5,642	7,348	8,805	22,154	26,510	27,817	29,877	40,938	38,172
Net assets	428	500	581	651	1,235	1,338	2,417	2,585	2,833	3,942
Risk weighted assets	4,030	4,686	4,967	4,987	8,511	9,860	10,651	10,030	13,361	16,390
Total loan assets	2,688	2,682	3,158	4,002	6,518	7,785	9,209	9,839	10,777	12,110
Impaired assets (net of provisions)	57	46	12	44	23	31	49	16	61	28
Share information										
Cash dividends per share (A cents per share)										
Interim	–	18	21	30	34	41	41	41	52	61
Final	34.7[2]	25	30	38	52	52	52	52	70	n/a
Special	–	–	–	–	–	–	–	50	–	n/a
Total	34.7[2]	43	51	68	86	93	93	143	122	61
Basic earnings per share (A cents per share)	61.0[2]	74.9	88.1	101.3	124.3	138.9	132.8	164.8	233.0	130.6
Share price at end of period ($A)	5.78[2]	8.50	14.35	19.10	26.40	27.63	33.26	24.70	35.80	36.32
Ordinary share capital (million shares)[3]	138.7	151.4	157.6	161.1	171.2	175.9	198.5	204.5	215.9	219.8
Market capitalisation at end of period (fully paid ordinary shares) ($A million)	832[4]	1,287	2,262	3,077	4,520	4,860	6,602	5,051	7,729	7,983
Ratios (%)										
Return on average ordinary shareholders' funds	23.1	25.2	26.1	26.8	28.1	27.1	18.7	18.0	22.3	22.6
Payout ratio (excluding special dividend)	61.0	60.5	57.9	67.2	70.0	67.5	73.6	56.8	53.2	47.2
Tier 1 ratio	11.8	12.9	11.7	13.0	14.5	12.9	17.8	19.0	16.2	12.6
Capital adequacy ratio	15.4	13.2	16.4	17.3	18.4	16.0	19.4	21.4	19.9	20.1
Impaired assets as % of loan assets	2.3	1.7	0.4	1.1	0.3	0.4	0.5	0.2	0.6	0.2
Net loan losses as % of loan assets	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.0	0.3	0.2
Assets under management ($A billion)										
Listed	0.6	1.1	1.6	3.0	4.2	6.9	11.8	18.0	21.5	27.6
Unlisted										
Retail	5.6	7.2	9.0	9.8	9.6	10.6	11.7	12.4	13.4	14.3
Wholesale	7.6	8.6	10.8	10.0	12.5	13.4	17.8	21.9	27.7	32.5
Total assets under management	13.8	16.9	21.4	22.8	26.3	30.9	41.3	52.3	62.6	74.4
Staff numbers[5]	1,732	1,965	2,474	3,119	4,070	4,467	4,726	4,839	5,716	6,075

[1] Statutory income and expenses. Not adjusted for businesses held for resale.
[2] Adjusted for June 1996 bonus issue.
[3] Number of fully paid ordinary shares at end of period, excluding options and partly paid shares.
[4] Based on unadjusted share price of $6.00.
[5] Includes both permanent staff (full time, part time and fixed terms) and contractors (including consultants and secondees)

Shareholder base

The Bank's ordinary shares were quoted on the Australian Stock Exchange on 29 July 1996. The Bank now has a broad shareholder base with the majority of shares held by Australian investment institutions. On 30 September 2004 there were approximately 45,000 ordinary shareholders. Staff held approximately four per cent of fully paid issued capital and all of the employee options.

Macquarie's market capitalisation at 30 September 2004 was $A8.0 billion.

Ordinary dividends

The Bank targets a payout ratio for full-year ordinary dividends in the range of 50 per cent to 60 per cent of net earnings, and it is expected that dividends in the near term will be at least 80 per cent franked. All the dividends in the table below are franked to 90 per cent.

	Half year to Sep 04	Half year to Mar 04	Half year to Sep 03
Ordinary dividend (A cents per share)	61	70	52

The Bank also provides ordinary shareholders with access to a Dividend Reinvestment Plan (DRP). The DRP provides investors with the choice of applying dividends from their ordinary shares to acquire new fully paid shares rather than receiving cash. No brokerage is incurred.

Macquarie Income Securities (MIS) ASX Code MBLHB

The MIS were issued in 1999 with a face value of $A100 each. There are four million MIS on issue which pay interest quarterly in arrears at the rate determined quarterly by adding 1.7 per cent per annum to the 90-day bank bill reference rate. The MIS are perpetual in nature. Please refer to the MIS prospectus for detailed terms and conditions which are available at www.macquarie.com.au/shareholdercentre.

Macquarie Income Preferred Securities (MIPS)

MIPS are Tier 1 eligible hybrid securities issued by a special purpose partnership controlled by entities within the Macquarie Bank Group. MIPS were issued in September 2004 with a face value of £50,000 each.

There are 7,000 securities on issue which pay a distribution semi-annually in arrears at the rate of 6.177 per cent per annum and are perpetual in nature. MIPS are quoted on the Luxembourg Stock Exchange. Distributions are subject to certain conditions. For detailed terms and conditions refer to the Preferred Security Offering Circular which is available at www.macquarie.com.au/shareholdercentre.

Index Participation ASX Code MBL

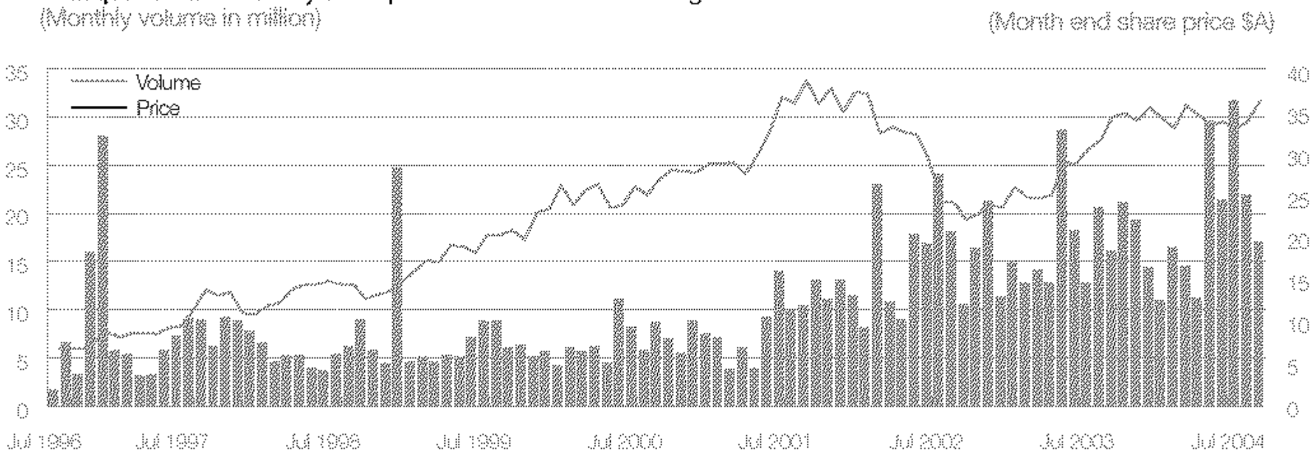
Macquarie Bank's fully paid ordinary shares are included in the following stock exchange indices:

- All Ordinaries Index
- S&P/ASX 50, 100, 200 and 300
- FT International Australia
- MSCI Australia
- Dow Jones World Index.

Ratings
at 30 September 2004

	Short term	Long term
Fitch Ratings	F1	A+
Moody's Investors Service	P1	A2
Standard & Poor's	A1	A

Macquarie Bank monthly share price and volume since listing



Data current to 30 September 2004

Shareholder calendar 2004/05

2004	Event
30 September	First half financial year end
15 October	MIS interest payment
16 November	Half-year result announcement
22 November	Ordinary shares trade ex-dividend
26 November	Record date for ordinary interim dividend
17 December	Payment of ordinary interim dividend

2005	Event
15 January	MIS interest payment
31 March	Full year financial year end
15 April	MIS interest payment
17 May	Full-year result announcement
23 May	Ordinary shares trade ex-dividend
27 May	Record date for ordinary final dividend
1 July	Payment of ordinary final dividend
15 July	MIS interest payment
28 July	2005 Annual General Meeting
30 September	First half financial year end
15 October	MIS interest payment
15 November	Half-year result announcement
21 November	Ordinary shares trade ex-dividend
25 November	Record date for ordinary interim dividend
16 December	Payment of ordinary interim dividend

Directory

Senior Management		Year joined
Executive Chairman	David Clarke	1971
Managing Director and Chief Executive Officer	Allan Moss	1977
Deputy Managing Director	Richard Sheppard	1975
Investment Banking Group Head	Nicholas Moore	1986
Treasury and Commodities Group Head	Andrew Downe	1985
Banking and Property Group Head	Bill Moss	1984
Equity Markets Group Head	Ottmar Weiss	1986
Financial Services Group Head	Peter Maher	2000
Funds Management Group Head	Ben Bruck	1989
Chief Financial Officer and Corporate Affairs Group Head	Greg Ward	1996
Risk Management Division Head	Nick Minogue	1993
Information Services Division Head	Nigel Smyth	1999
Deputy Chairman and Investment Banking Group Executive Director	Mark Johnson	1987

Analysts

The following analysts produce reports on Macquarie Bank and can be contacted directly for further information*:

Company	Analyst	Contact number	Email
ABN Amro	Jonathan Reoch	612 8259 5838	jonathan.reoch@au.abnamro.com
Aegis	Peter Rae	612 8296 1151	peter.rae@aer.com.au
CSFB	Nick Selvaratnam	612 8205 4105	nick.selvaratnam@csfb.com
Capital Partners	Gerald Stack	612 8274 5901	gstack@capitalpartners.com.au
Citigroup	Mike Macrow	613 8643 9766	mike.macrow@citigroup.com
Deutsche Bank	Ross Brown	612 9258 2619	ross.brown@db.com
Goldman Sachs JB Were	James Freeman	613 9679 1078	james.freeman@gsjbw.com
JP Morgan	Brian Johnson	612 9220 1605	brian.d.johnson@jpmorgan.com
Morgan Stanley	Hugh Maxwell-Davis	613 9256 8932	hughmaxwell-davis@morganstanley.com
UBS	Jeff Emmanuel	612 9324 3862	jeff.emmanuel@ubs.com
Wilson HTM	Andrew Hills	612 8247 6670	andrew.hills@wilsonhtm.com.au

*At 30 September 2004

Appendix – Assets under management

Fund	Ownership of management company (%)[1]	Listing Date
Specialist funds		
Infrastructure		
Diversified Utility and Energy Trusts (DUET)	50	Aug 04
Macquarie Airports[4]	100	Apr 02
Macquarie Communications Infrastructure Group	100	Aug 02
Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund[5]	100	Mar 04
Macquarie Infrastructure Group	100	Dec 96
Macquarie Power Income Fund	100	Apr 04
Southern Cross FLIERS	100	Aug 02
Hills Motorway[6]	100	Dec 94
Horizon Energy Investment Trust[7]	100	Jan 00
Total Listed Infrastructure		
Global Infrastructure Funds (A-D)	100	Unlisted
Korean Road Infrastructure Fund	50	Unlisted
Macquarie Airports Group[4]	100	Unlisted
Macquarie Essential Assets Partnership	100	Unlisted
Macquarie European Infrastructure Fund	100	Unlisted
Other Unlisted Infrastructure Funds		
Total Unlisted Infrastructure		
Total Infrastructure		
Property		
Macquarie CountryWide Trust	100	Nov 95
Macquarie DDR Trust	50	Nov 03
Macquarie Goodman Industrial Trust	40	Jan 94
Macquarie Leisure Trust Group	100	Jul 98
Macquarie Office Trust	100	Nov 93
Macquarie ProLogis Trust	50	Jun 02
Macquarie Central Office Corporate Restructuring REIT	100	Jan 04
Total Listed Property		
Total Unlisted Property		
Total Property		
Other		
Total Specialist		
Funds management and financial services		
Macquarie Funds Management	100	
AmInvestment Services Bhd / AMInvestment Management Sdn Bhd	30	
Macquarie-IMM Investment Management Co. Ltd	65	
Other		
Total Funds Management and Financial Services		
Total Assets Under Management		

[1] Ownership of the management company represents Macquarie's direct and indirect interest in the fund manager or where more appropriate, its entitlement to profit of the manager. Where Macquarie's ownership of the fund manager is less than 100%, the assets under management, shown in the table reflect Macquarie's proportional ownership of the fund manager. For example, where Macquarie owns 50% of the fund manager, the assets under management shown above will be equivalent to 50% of the total assets of the fund.

[2] MBL Group holding shows the percentage of Macquarie's equity investment in the fund.

[3] Assets under management are the closing consolidated total assets of the fund, adjusted for cross holdings between Macquarie managed funds. Where the fund is listed, the assets under management are the total assets as per the latest publicly released financial statements of the fund, adjusted for any publicly announced acquisitions/divestments since the fund's reporting date.

[4] Since May 2004, Macquarie Airports Group (MAG) has been consolidated into Macquarie Airports (MAp) with MAp having a controlling interest (61.6%) in MAG.

[5] Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund is advised by First Trust Advisors LP and is sub-advised by Macquarie Infrastructure Fund Adviser, LLC (MIFA) and Four Corners Capital Management LLC (Four Corners). MIFA and Four Corners are both members of the Macquarie Group.

[6] Funds management rights of Hills Motorway Trust were sold in July 2004.

[7] Horizon Energy Investment Group sold its only investment (a 25% interest in Loy Yang Power) on 8 April 2004, and was delisted on 29 April 2004.

ASX Code	MBL Group holding 30 September 2004 (%)[2]	Assets under management as at[3] Sep 04 ($Am)	Mar 04 ($Am)	Sep 03 ($Am)
DUE	5	1,653	–	–
MAP	9	3,608	2,026	1,648
MCG	31	997	990	1,005
Listed on NYSE [MFD]	–	304	233	–
MIG	<1	11,451	10,401	10,365
Listed on TSX [MPT]	–	255	–	–
SCF	–	611	611	610
HLY	–	–	963	959
HRZ	–	–	32	38
		18,879	**15,256**	**14,625**
	–	304	254	270
	5	337	203	41
	–	–	1,025	860
	7	131	71	28
	12	257	–	–
		290	255	237
		1,319	**1,808**	**1,436**
		20,198	**17,064**	**16,061**
MCW	8	1,638	1,380	1,295
MDT	–	861	506	–
MGI	–	1,682	1,553	1,372
MLE	10	221	191	175
MOF	5	3,325	1,896	1,605
MPR	–	760	568	687
Listed on KSE [MCO CR-REIT]	22	191	183	–
		8,678	**6,277**	**5,134**
		2,291	**1,137**	**1,203**
		10,969	**7,414**	**6,337**
		2,071	1,521	785
		33,238	**25,999**	**23,183**
		36,945	32,770	29,883
		610	540	549
		3,181	2,187	2,013
		438	1,093	1,088
		41,174	**36,590**	**33,533**
		74,412	**62,589**	**56,716**

Selected funds – Base and performance fee basis

Fund	Base fees %	Basis	Payable	Performance fees Criteria
Macquarie CountryWide Trust (MCW)	0.45% pa	Of total assets of the Trust up to A$700 million	Six monthly with quarterly payment on account	Trust performance measured every six months compared with benchmark performance
	0.40% pa	Of total assets of the Trust over A$700 million		
Macquarie Leisure Trust (MLE)	0.25% pa	Of total assets of the Trust	N/A	Amount available for distribution to unitholders
Macquarie Office Trust (MOF)	0.45% pa	Of total assets of the Trust up to $A1 billion	Six monthly with quarterly payment on account	Trust performance measured every six months compared with benchmark performance
	0.40% pa	Of total assets of the Trust over $A1 billion		
Macquarie Goodman Industrial Trust (MGI)	0.50% pa	Of total assets of the Trust up to $A700 million	Monthly	Trust performance measured every six months compared with benchmark performance
	0.45% pa	Of total assets of the Trust over $A700 million		

Benchmark	Value of fee	Scrip/cash	Period	Other conditions
Retail Property Trust accumulation index	5% of total increase in unitholder value from outperformance 15% of increased unitholder value above 2% pa outperformance	Paid by issue of units in the Trust Issue price of units based on the 10 day weighted average price of units sold on the ASX from the ex-distribution date	Six months	Payment of total fees is subject to an 80 basis points ceiling per year (except where the Trust has outperformed its sector peers continuously over a three-year period). Any fees earned which exceed this limit are deferred until later periods (irrespective of future out/ underperformance). Any underperformance in prior periods must be earned back before a performance fee becomes due.
N/A	3.5% of the distributable amount for the distribution period (before deduction of the management fee and incentive fee).		Six months	N/A
Office Property Trust accumulation index	5% of total increase in unitholder value from outperformance 15% of increased unitholder value above 2% pa outperformance	Paid by issue of units in the Trust Issue price of units based on the 10 day weighted average price of units sold on the ASX from the ex-distribution date	Six months	Payment of total fees is subject to an 80 basis points ceiling per year (except where the Trust has outperformed its sector peers continuously over a three-year period). Any fees earned which exceed this limit are deferred until a later period underperformance. Any underperformance in prior periods must be earned back before a performance fee becomes due.
S&P/ASX 200 Property accumulation index (has recently transitioned from Industrial Property index)	5% of total increase in unitholder value from outperformance 15% of increased unitholder value above 2% pa outperformance	Generally paid by issue of units in the Trust Issue price of units based on the 10 day weighted average price of units sold on the ASX from the ex-distribution date Default provision for the payment of the fee in cash	Six months	Any underperformance in prior periods must be earned back before a performance fee becomes due. A ceiling on the amount of fees which can become payable in any one year (consistent with the arrangements in place for the other Macquarie listed property trusts) is currently under consideration and will be submitted to unitholders for their consideration this calendar year. Payment of the fee in cash.

Selected funds – Base and performance fee basis continued

Fund	Base fees %	Basis	Payable	Performance fees Criteria
Macquarie ProLogis Trust (MPR)	0.45% pa	Total assets of the Trust Indirect proportionate interest in fair market value of the properties in the US partnership and any other Trust assets	Six monthly with quarterly payment on account	Trust performance measured every six months compared with benchmark performance
Macquarie DDR Trust (MDT)	0.45% pa	Total assets of the Trust Indirect proportionate interest in fair market value of the properties in the US partnership and any other Trust assets	Six monthly with quarterly payment on account	Trust performance measured every six months compared with benchmark performance
Macquarie Park Street Trust (MORPA)	0.45% pa 0.40% pa	Of total assets of the Trust up to $A1 billion Of total assets of the Trust over $A1 billion As the total assets of the Trust's parent, MOF, exceeds $A1 billion, the base fee determined by the Trust is calculated at 0.40% per annum on its own assets	Six monthly with quarterly payment on account	N/A

Benchmark	Value of fee	Scrip/cash	Period	Other conditions
S&P/ASX 200 Property accumulation index	5% of total increase in unitholder value from outperformance 15% of increased unitholder value above 2% pa outperformance	Paid by issue of units in the Trust and/or performance shares in the US REIT and Mexico REIT (or in cash in certain circumstances) Issue price of units based on the 10 day weighted average price of units sold on the ASX from the ex-distribution date	Six months	Payment of total fees is subject to an 80 basis points ceiling per year (except where the Trust has outperformed its sector peers continuously over a three-year period). Any fees earned which exceed this limit are deferred until later periods. Any underperformance in prior periods must be earned back before a performance fee becomes due.
S&P/ASX 200 Property accumulation index	5% of total increase in unitholder value from outperformance 15% of increased unitholder value above 2% pa outperformance	Paid by issue of Trust units and/or shares in US REIT (REIT Performance Shares), (or in cash in certain circumstances) Issue price of units based on the 10 day weighted average price of units sold on the ASX from the ex-distribution date	Six months	Payment of total fees is subject to an 80 basis points ceiling per year. Any fees earned which exceed this limit are deferred until later periods (except where the Trust has outperformed its sector peers continuously over a three-year period). Any underperformance in prior periods must be earned back before a performance fee becomes due.
N/A	N/A	N/A	N/A	N/A

Selected funds – Base and performance fee basis continued

Fund	Base fees %	Basis	Payable	Performance fees Criteria
Macquarie Airports (MAP)	1.50% pa	Of the first $A500 million of the Net Investment Value (NIV)[1]	Quarterly in arrears by issue of securities (at $2 per security) until the volume weighted average price during the last 15 days of the quarter exceeds $2. Option to take in cash or scrip thereafter	Outperformance of the benchmark
	1.25% pa	Of the next $A500 million of NIV		
	1.00% pa	In excess of $A1 billion of NIV		
Macquarie Communications Infrastructure Group (MCG)	1.50% pa	Of the first $A500 million of NIV	Quarterly in arrears in cash	Outperformance of the benchmark
	1.25% pa	Of the next $A500 million of NIV		
	1.00% pa	In excess of $A1 billion of NIV		
Macquarie Infrastructure Group (MIG)	1.25% pa	Of the first $A3 billion of net market value	Quarterly in arrears in cash	Outperformance of the benchmark
	1.00% pa	In excess of $A3 billion at the end of cash quarter of net market value		

[1] NIV for any quarter equals: average market capitalisation over the last 15 trading days of the quarter; plus amount of any external borrowings at the end of the quarter; plus amount of any firm commitments to make further investments at the end of the quarter; less cash balances at the end of the quarter.

Benchmark	Value of fee	Scrip/cash	Period	Other conditions
MSCI World Transportation Infrastructure index	20% of the return above the benchmark return	At the discretion of MAP's independent directors	Six monthly in arrears	Amounts invested in MAG are deducted from NIV to ensure no doubling up on base fees between MAP and MAG. Performance fees waived to the extent that MAP investors who participated in the IPO and also subsequent capital raisings have not received returns above the MSCI World Transportation Infrastructure index. If the return is less than the benchmark in any period, the amount of the deficit is carried forward.
S&P/ASX 200 Industrials accumulation index	20% of outperformance	Scrip, subject to six months notice of any variation	Six monthly in arrears	If the return is less than the benchmark in any period, the amount of the deficit is carried forward.
S&P/ASX 300 Industrials accumulation index	15% of outperformance	Either in scrip or in cash at the discretion of MIG's independent directors acting in the interests of MIG's investors	Annually, payable in three equal annual instalments	Second and third instalments are payable subject to MIG's continued outperformance of the benchmark. If the return is less than the benchmark in any period, the amount of the deficit is carried forward.

Selected funds – Base and performance fee basis continued

Fund	Base fees %	Basis	Payable	Performance fees Criteria
Macquarie/First Trust Global Infrastructure/Utilities Dividend Fund (MFD)	0.60% pa of the Fund's total assets comprising the core component under $US250 million or 0.65% pa over $US250 million plus supplemental fee of 0.60% pa of total assets attributable to the core unlisted portion if total assets are invested in core unlisted instruments (up to 25% of core component)	N/A	Quarterly in arrears	N/A
Macquarie Power Income Fund (MPT)	$C675,000 pa CPI adjusted plus negotiable increment for further assets acquisitions	N/A	Monthly in arrears	Distributable cash per unit exceeds forecasts
Southern Cross FLIERS Trust (SCF)	$A400,000 pa CPI adjusted	N/A	Quarterly in arrears in cash	N/A

Benchmark	Value of fee	Scrip/cash	Period	Other conditions
N/A	N/A	N/A	N/A	N/A
2004 forecast contained in Prospectus	25% excess distributable cash	Cash	Annual	N/A
N/A	N/A	N/A	N/A	N/A

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