



Macquarie NexGen Global Infrastructure Corporation Portfolio Review

Macquarie Capital Investment Management

June 2008



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Agenda

- Why Invest in Infrastructure
- Performance & Portfolio Review



Why Invest in Infrastructure



Characteristics of Infrastructure Assets

- **Low risk and volatility**
 - ✓ Basic, difficult to replace, essential services
 - ✓ Assets with a sustainable competitive advantage
 - ✓ Inelastic demand
 - ✓ Low sensitivity to management due to essential nature and high margins

- **Strong cash flow**
 - ✓ Sustainable competitive advantage provides pricing power
 - ✓ Low capex requirements once asset is operational

- **Long term returns**
 - ✓ Physical, difficult to replace, long life assets

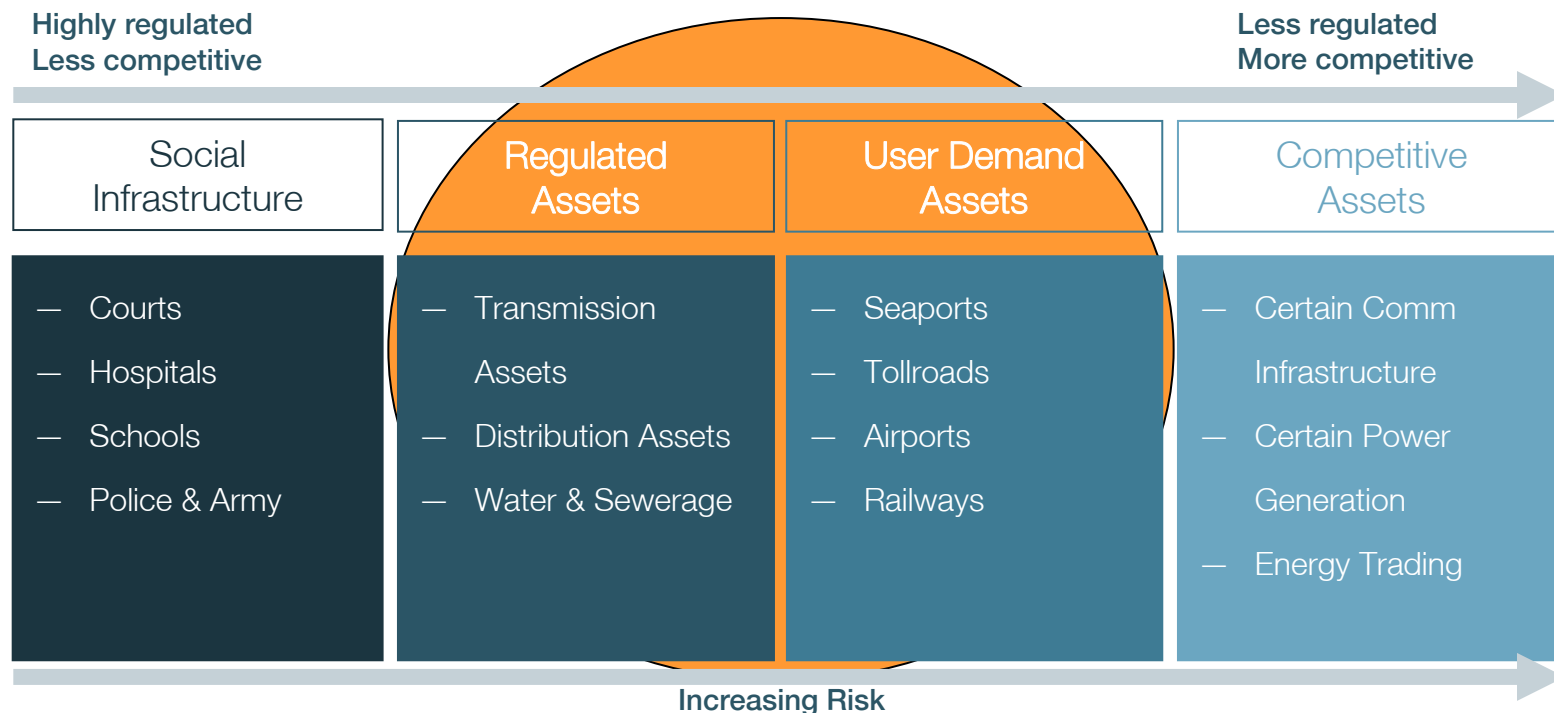
- **Inflation correlated**
 - ✓ Due to demand inelasticity and/or regulatory pricing regime

- **Growing opportunity**
 - ✓ Decreasing government expenditure on infrastructure in OECD countries
 - ✓ Increasing demand for infrastructure in developing countries



Infrastructure Sector Risk Profiles

- The infrastructure sector includes assets with differing risk profiles.
- The MCIM investment team* focuses on infrastructure assets that have risk profiles consistent with the portfolio's investment objectives.
- These assets tend to be focused on the “Regulated Assets” and “User Demand Assets” groups.



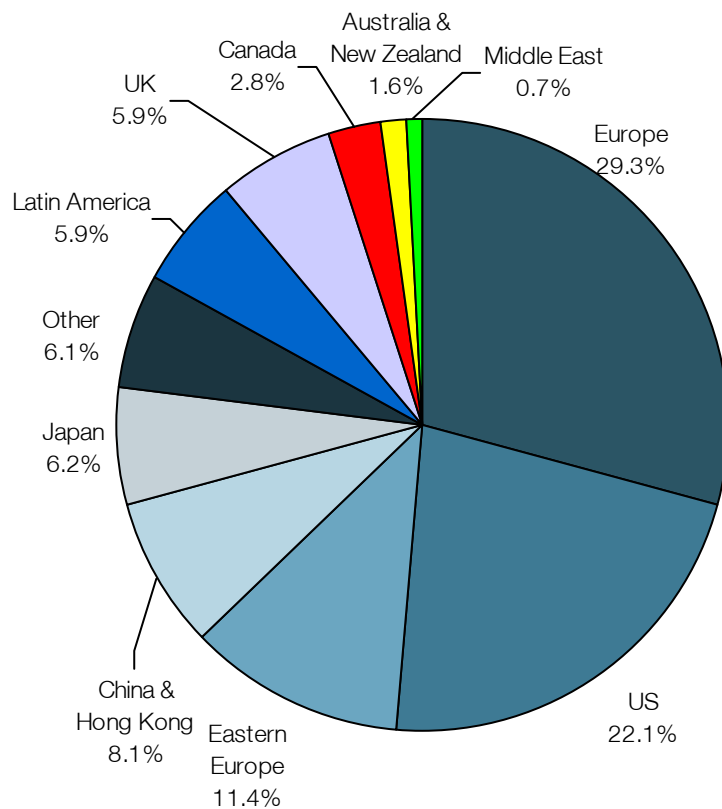
* Macquarie Capital Investment Management (MCIM) is part of the Macquarie Capital Products division of Macquarie Group Limited. MCIM operates through various entities globally, including the Manager, in Australia.



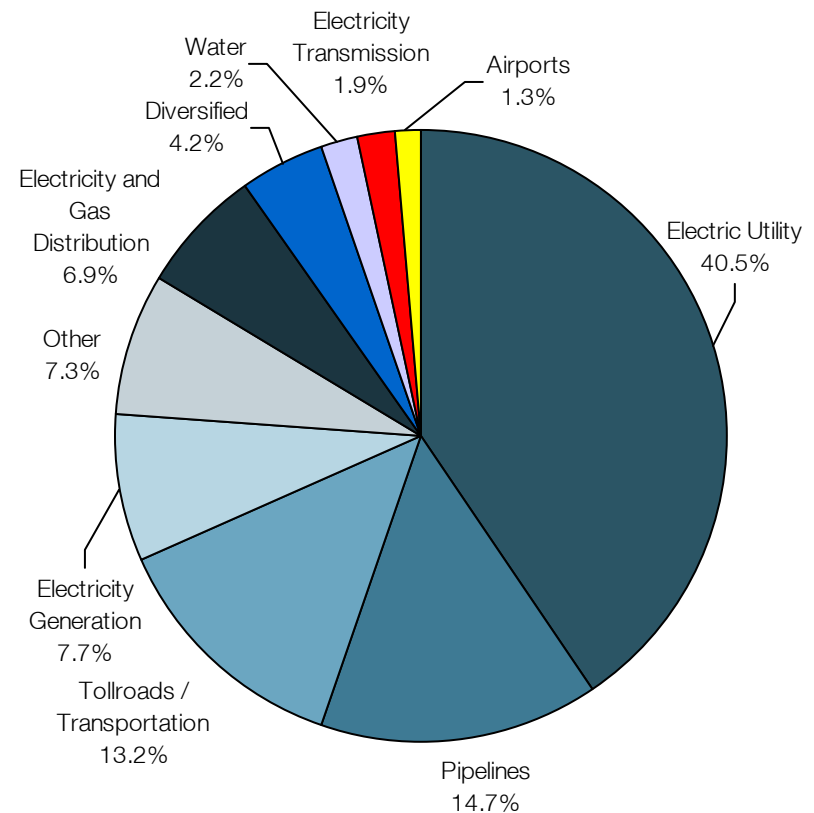
The Global Listed Infrastructure Universe:

Approximately 700 companies capitalized at over \$4.3 trillion*

Geographic Exposure*



Subsector Exposure*



* MCIM subsector classifications are based on % of universe of 701 infrastructure companies by market capitalization as of May 22, 2008. Totals may not equate to exactly 100% due to rounding. Sources: Macquarie, Bloomberg



Infrastructure works for long-term investors

Infrastructure provides many of the investment characteristics that investors are seeking

→ Long-term investors are generally seeking assets that provide the following characteristics:

- Stable returns
- Returns with a linkage to inflation (plus a risk premium)
- Lower volatility*
- Low correlation*
- Longer duration*
- Higher yield*
- Asset/liability matching

→ Long-term investors are also generally seeking diversification:

- Into infrastructure as an asset class
- Within the asset class: sector, geography and lifespan

→ Quality infrastructure assets should deliver all of these characteristics

* Compared to other asset classes.



Performance & Portfolio Review



Performance Summary as of May 31, 2008

→ The portfolio is managed on a “benchmark-unaware” basis.

	Value as of 5/31/08	Return YTD	Return since inception ³
NAV of Macquarie NexGen Global Infrastructure Corp. Share-Class A	C\$7.31	-2.5%	-14.4%
NAV of Macquarie NexGen Global Infrastructure Corp. Share-Class B	C\$7.94	-3.1%	-14.3%
Macquarie Global Infrastructure Index (MGII) ¹	12392.0	-2.0%	-2.1%
MSCI World Index ²	4739.5	-3.0%	-11.5%
Macquarie NexGen Global Infrastructure Corp. – TSX Listing	C\$6.99	0.0%	-23.4%

Source: MCIM, Bloomberg

- 1 The Macquarie Global Infrastructure Index Total Return (Total Return in USD converted to CAD by MCIM), based on stocks with an infrastructure/utilities bias, has been chosen by MCIMAL as a comparable to the Fund because it measures the accumulated returns of infrastructure securities worldwide.
- 2 MSCI World Equity Gross Total Return in USD converted to CAD by MCIM.
- 3 March 23, 2007



Key Themes

Inception through 31 May 2008

→ Credit market stress

- Central banks have taken major steps to ensure market liquidity and the stability of the financial system (e.g. Bear Stearns sale, expanded securities lending program and terms).
- Stocks with higher gearing / more sophisticated financial structures have typically underperformed.

→ Global growth slowdown

- Interest rates have been cut in some countries, particularly in the US.
- Stocks with exposure to economic growth have lagged. Infrastructure securities have not been immune.
- Many of the companies in the Fund are delivering robust fundamental performance, which is underpinned by their regulated or long-term contracted revenues, or strong strategic position.

→ Rising energy prices

- High energy prices have led to higher electricity prices, which have been responsible for strong performance from the competitive integrated utilities. The MGII is very heavily weighted (over 60%) to the competitive utilities, which the Fund does not focus on.

→ Significant currency moves

- The US dollar has been weak against all major currencies.
- The Canadian dollar has strengthened against the US dollar and been mixed against other major currencies.



Subsector Snapshot

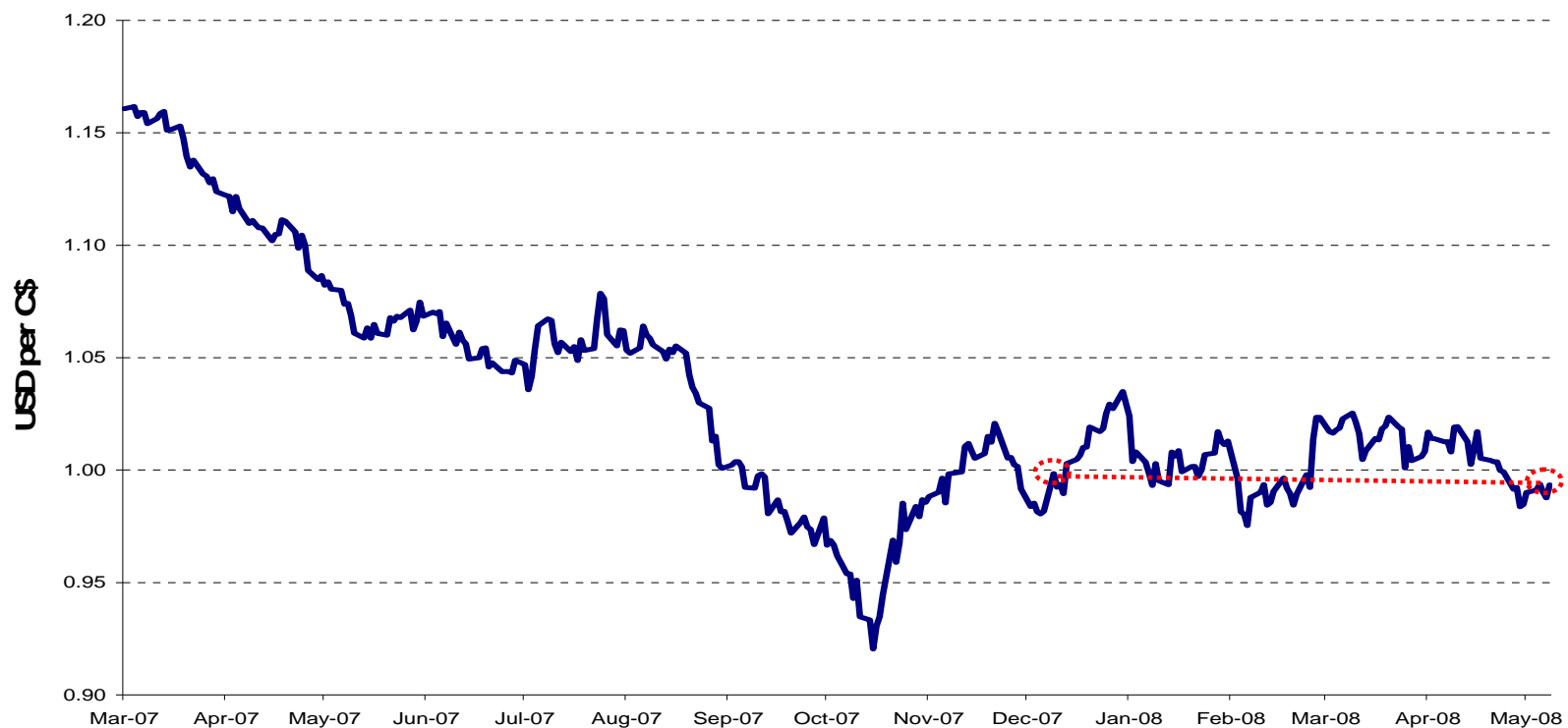
Subsector	Comment
→ Pipelines	Solid operational performance and many expansion opportunities Strong distribution growth (e.g. Kinder Morgan Energy Partners LP)
→ Tollroads	Revenue growth despite higher fuel prices (e.g. Cintra) Strong bidding for Pennsylvania Turnpike
→ Seaports	Strong container volume growth and expansion opportunities (e.g. Hamburger Hafen und Logistik, DP World)
→ Airports	Potential for slower passenger growth as airlines cut capacity in wake of higher fuel costs (e.g. Vienna Airport)
→ Electricity Generation	Very strong performance, benefiting from higher electricity prices due to higher oil and gas prices (e.g. E.ON)
→ Electricity & Gas Distribution	Stable performance from regulated businesses (e.g. SP AusNet)
→ Water	Stable performance from regulated businesses (e.g. Severn Trent)



Currency Performance

Inception to May 31, 2008

- The CAD/USD exchange rate has tracked sideways YTD. There have been three interest rate cuts (totalling 125 bps) by the Bank of Canada YTD, as well as four interest rate cuts (totalling 225 bps) by the US Federal Reserve YTD.
- The CAD has generally been weaker against other currencies YTD.
- FX exposure has contributed to performance.



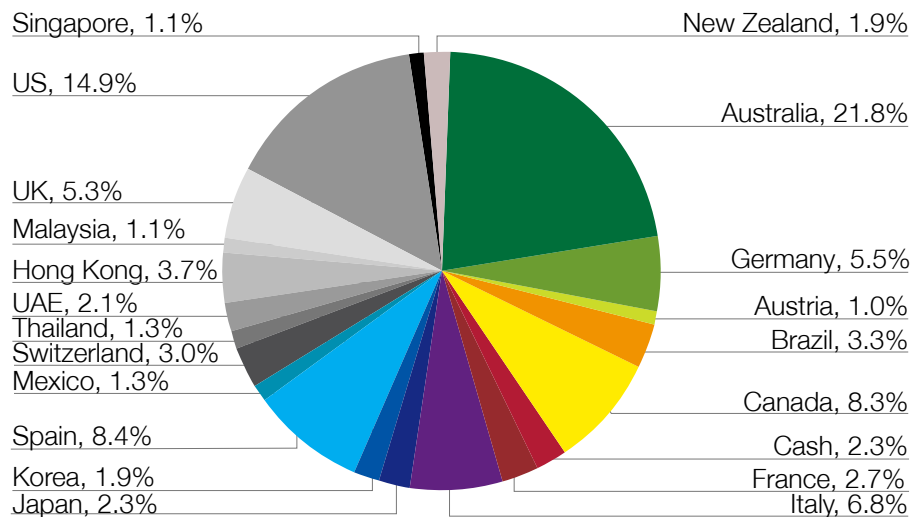
Source: Bloomberg and MCIMAL



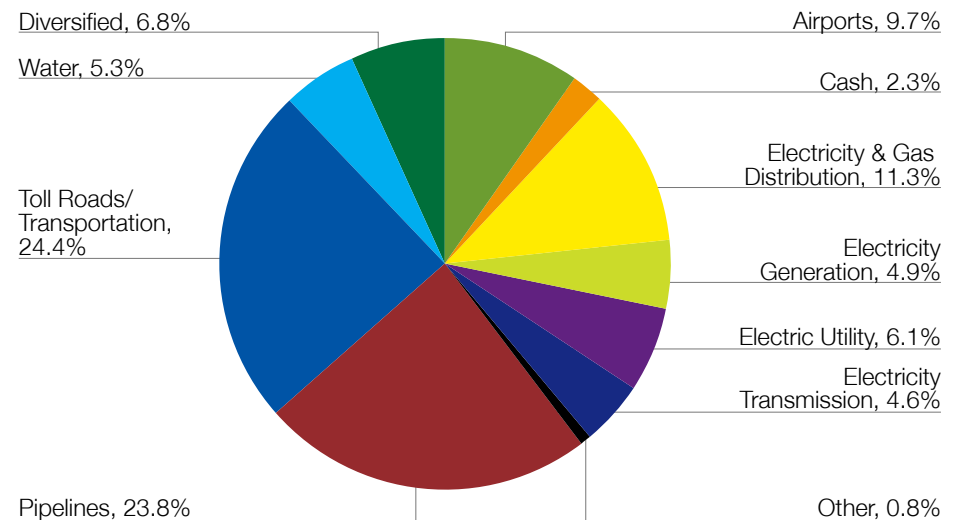
Country & Subsector Allocations as of May 31, 2008

- The portfolio was invested in 46 securities across 20 countries, with the largest allocations in Australia and United States.
- The portfolio was weighted towards Pipelines, Toll Roads/Transportation, and Electricity & Gas Distribution.

Country Allocation



Subsector* Allocation



* MCIM subsector classifications.
Totals may not equate to 100% due to rounding.



Infrastructure Near-Term Outlook

- Global equity and bond markets have been volatile due to fears of a US economic slowdown and credit market concerns.
- While the listed infrastructure sector may continue to be affected by broader market uncertainties, the underlying fundamentals are supportive.
- Credit market distress has had only minimal impact on the underlying fundamentals of the companies in which the portfolio has invested. Operational performance remains robust and broadly in line with expectations.
- The Fund's investment strategy remains unchanged - recent price weakness has provided selective opportunities to access quality stocks at attractive prices.
- Over time, the Manager expects the portfolio to exhibit lower volatility than the broad equity market due to the low beta, defensive characteristics of the companies in which it invests.
- The Manager will continue to focus on the securities of infrastructure companies that provide essential services, have strong strategic positions and are able to generate sustainable and growing cash flow streams to equity holders.
- Strong growth prospects for the sector continue to be driven by the ongoing requirements for infrastructure investment.



Infrastructure Medium-Term Outlook

- The Manager remains optimistic about the growth potential for the sector and the range of current and potential investment opportunities that the sector presents with:
 - Ongoing demand for infrastructure investment and increasing involvement of private sector;
 - Ongoing appetite of investment groups for infrastructure assets; and
 - Development of new infrastructure projects across a range of developed and emerging markets:
 - **United States:** Industry consolidation, transport infrastructure privatisations and new investments in gas/electricity transmission assets (e.g. Chicago Midway Airport, Pennsylvania Turnpike);
 - **Canada:** New infrastructure projects associated with oil sands developments in Alberta;
 - **UK/Europe:** Regulatory reform, industry restructuring, takeovers, and capital management initiatives; and
 - **Emerging Markets:** On-going growth in demand for basic infrastructure assets across a range of emerging markets, in particular China and India.