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## FORM ADV PART 2A: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Macquarie Infrastructure and Real Assets Inc. If you have any questions about the contents of this brochure, please contact us at +1 212 231 1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Macquarie Infrastructure and Real Assets Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Referring to Macquarie Infrastructure and Real Assets Inc. as a registered investment adviser does not imply a certain level of skill or training of its officers.

## Item 2: Material Changes

This brochure contains the following material changes relevant to Macquarie Infrastructure and Real Assets Inc. ("the Registrant") since the completion of its last annual Form ADV Part 2, provided to clients in December 2010:

- Change of Chief Compliance Officer from William Dermody to James Blake.

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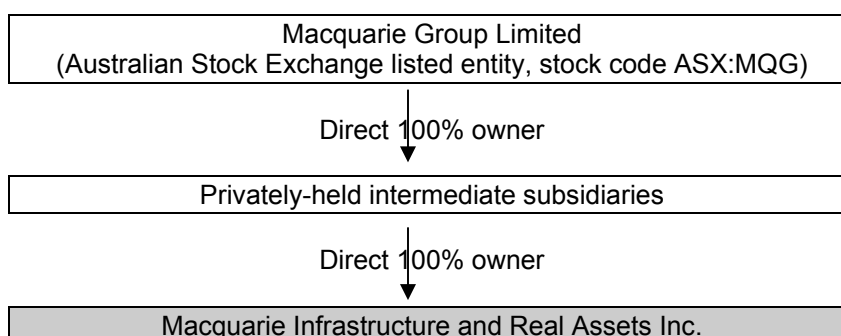
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## Item 4: Advisory Business

### A. Advisory Firm

Macquarie Infrastructure and Real Assets Inc. (the “Registrant”), the registered investment adviser, is a Delaware corporation. It was incorporated in May 2007 and has been registered since March 2008.

The registrant is ultimately owned by Macquarie Group Limited (“MGL”), the ultimate parent of the Macquarie Group, a multi-national financial services company, via the following holding structure:



### B. Advisory Services Provided

The Registrant provides non-discretionary investment supervisory services to clients (“Co-Investment Clients”) with respect to the ownership and operation of companies in infrastructure and other industries, including those clients co-investing alongside the Macquarie Group or investment funds managed by affiliates of the Registrant (“Funds”). The Registrant also provides non-discretionary investment supervisory services to affiliated investment advisors (“Advisor Clients”). The Registrant’s investment advisory services consist of providing day-to-day managerial and administrative services to its clients, including investigating, analyzing, structuring and negotiating potential investments for Advisor Clients, monitoring the performance of portfolio companies for Advisor Clients and Co-Investment Clients, and advising Advisor Clients and Co-Investment Clients regarding disposition opportunities.

The Registrant will advise clients primarily investing in operating or holding companies in the infrastructure and other industries, including other investment entities that invest in operating companies such as partnerships or limited liability companies (“Portfolio Investments”). Equity-related securities may include preferred stock, warrants, convertible debt, partnership or similar interests in operating companies or holding companies, options and other derivative type securities. While not its principal focus, the Registrant may from time-to-time advise clients on investments in (a) cash instruments or short-term debt instruments, prior to a client’s investment, reinvestment or distribution of proceeds or (b) real estate-related securities.

### **C. Tailored Advisory Services**

Advisory services are tailored to the specific needs of both Advisor Clients and Co-Investment Clients. These arrangements, and any relevant restrictions, are outlined in individual advisory agreements (for Co-Investment Clients) or Portfolio Management Advisory and Administrative Services agreements (for Advisor Clients) entered into between the Registrant and each client.

### **D. Wrap Fee Programs**

The Registrant does not participate in wrap fee programs.

### **E. Assets Under Management**

The Registrant provides continuous and regular supervisory and management services to a portfolio of client assets. The amount of assets under management ("AUM") as at 30 September 2011 is:

	AUM US\$
Discretionary:	\$0.00
Non-Discretionary:	\$2,593,700,000
Total:	\$2,593,700,000

## **Item 5: Fees and Compensation**

### **A. Compensation**

The Registrant charges Co-Investment Clients fees that can be determined as a percentage of cash flow generated by an investment and/or a percentage of profits (generally up to 20% of profit), if any, the Co-Investment Client realizes from investments in excess of a specified hurdle rate. The Registrant may also charge Co-Investment Clients asset based management fees that can be determined as a percentage of net asset value or a percentage mark-up of costs incurred by the Registrant.

The fees charged by the Registrant to Advisor Clients vary. These fees are typically calculated as a percentage mark-up of costs incurred by the Registrant, charged quarterly, however, in some cases, an Advisor Client may instead pay (i) a percentage (generally 20%) of the increase in the net asset value of the investment in excess of a specified hurdle rate, (ii) asset based management fees determined as a fixed amount increased quarterly based on changes to the USA Consumer Prices Index or (iii) asset based management fees determined as a percentage of gross asset value, and transaction based fees determined as a percentage of gross asset value.

The Registrant's fees are separately negotiated with each client. The Registrant's fees are paid pursuant to advisory agreements between the Registrant and its Co-Investment Clients and pursuant to Portfolio Management Advisory and Administrative Services agreements with Advisor Clients.

### ***B. Payment of Fees***

Advisor Clients are billed by the Registrant for fees incurred. These fees are generally charged quarterly, though the billing frequency may vary as governed by each client's individual Portfolio Management Advisory and Administrative Services agreements with the Registrant.

Co-Investment Clients are charged fees at such time as any profits from their investments in excess of a specified hurdle rate are realized. To date, no fees have been billed by or paid to the Registrant from Co-Investment Clients.

### ***C. Other Fees***

No additional fees are paid to the Registrant by clients in connection with advisory services provided. In certain cases however, Co-Investment Clients may pay fees to an affiliate of the Registrant for advisory services rendered and due diligence provided with respect to their investments.

### ***D. Payment of Fees in Advance***

Clients are not permitted to pay fees in advance of advisory services being provided.

### ***E. Compensation for Sale of Securities or Other Investment Products***

Neither the Registrant nor any of its supervised persons receives any compensation for the sale of securities or other investment products. All forms of compensation are outlined in Item 5.A.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Refer to Item 5: Fees and Compensation

## **Item 7: Types of Clients**

The Registrant generally provides investment advisory services to the following types of clients :

- Pension and profit sharing plans
- Corporations/business entities

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### ***A. Methods of Analysis and Investment Strategies***

The Registrant assists its clients to achieve or, in the case of Advisor Clients, to assist Advisor Clients in helping their clients achieve, attractive financial returns by focusing on value creation opportunities in targeted infrastructure and other sectors by using senior management's knowledge, experience and network of relationships within infrastructure and other industries.

The Registrant believes that rigorous due diligence is critical to assessing and assisting its clients with investment opportunities. The Registrant's diligence process typically includes conducting meetings with an operating company's management and analyzing the operating company itself. The analysis generally includes an analysis of the company's historical

performance and a review of the company's actual performance versus budget. The Registrant will assist its clients to develop financial models for proposed investments based on projected financial results. However, its clients are ultimately responsible for deciding whether to pursue investments. Client's investments are expected to vary with respect to size, type of security, and use of leverage. The Registrant may assist its Co-Investment Clients to partner with other institutional investors, strategic investors or other similar investors. Additional involvement may include regular consultations with management, participating in corporate governance, assisting with the development of business and strategic plans, and identifying and recruiting top level management.

Additional sources of information employed by the registrant in assessing investment opportunities for its clients include: financial newspapers and magazines, research materials, corporate rating services, annual reports, prospectuses and filings with the SEC and company press releases.

### ***B. & C. Risk of Loss***

The Registrant will advise clients primarily investing in operating or holding companies in the infrastructure and other industries whose principal place of business is located in North America. These investments will be subject to the risks incidental to the ownership and operation of infrastructure projects, including risks associated with the general economic climate, geographic or market concentration, the clients' ability to manage the investment, government regulations, and fluctuations in interest rates.

In addition, general economic conditions in North America, as well as conditions of domestic and international financial markets, may adversely affect operations. In particular, because of the long lead-time between the inception of a project and its completion, a well-conceived project may, as a result of changes in investor sentiment, the financial markets, economic or other conditions prior to its completion, become an economically unattractive investment.

#### ***Environmental Risks***

The operations of Portfolio Investments are subject to numerous statutes, rules and regulations relating to environmental protection. There is the possibility of existing or future environmental contamination, including soil and groundwater contamination, as a result of the spillage of hazardous materials or other pollutants.

Under various environmental statutes, rules and regulations of the appropriate jurisdiction, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties.

Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person.



Any liability of Portfolio Investments resulting from non-compliance or other claims relating to environmental matters could have a material adverse effect on the value such Portfolio Investments.

*Toll Rates Risk*

Users of the toll roads, bridges, tunnels and subways operated by Portfolio Investments may react negatively to any adjustments to the applicable toll rates, or public pressure may cause relevant government authorities to challenge the toll rates. Motorists may react adversely to toll rates, for example, by avoiding tolls or refusing to pay tolls, resulting in lower traffic volumes and reduced toll revenues. In addition, adverse public opinion, or lobbying efforts by specific interest groups, could result in governmental pressure on Portfolio Investments to reduce their toll rates, or to forego planned rate increases. The Registrant cannot guarantee that government bodies with which Portfolio Investments have concession agreements will not try to exempt certain vehicle types or classes of users from tolls or negotiate lower toll rates. If public pressure or government action forces Portfolio Investments to restrict their toll rate increases or reduce their toll rates, and they are not able to secure adequate compensation to restore the economic balance of the relevant concession agreement, financial condition and results of operations could be materially and adversely affected.

Funds may invest in Portfolio Investments that derive substantially all of their revenues from collecting tolls from vehicles using such roads, tunnels or bridges. The toll rates that are applicable to such roads, tunnels or bridges are set forth in the respective concession agreements entered into by the relevant company and the relevant government body. In the future, the relevant government bodies may seek to limit such Portfolio Investments' ability to increase, or may seek to reduce, toll rates outside the scope of the respective concession agreements, as a result of factors such as general economic conditions, negative consumer perceptions of increases in toll rates, the prevailing rate of inflation, traffic volume and public sentiment about prevailing toll rates.

*Unforeseen Events Risk*

The use of the infrastructure assets may be interrupted or otherwise affected by a variety of events outside the Registrant's control, including serious traffic accidents, natural disasters (such as fire, floods, earthquakes and typhoons), man-made disasters (including terrorism), defective design and construction, slope failure, bridge and tunnel collapse, road subsidence, toll rates, fuel prices, environmental legislation or regulation, general economic conditions, labor disputes and other unforeseen circumstances and incidents. Certain of these events have affected toll roads, bridges, tunnels and other infrastructure assets in the past, and if the use of the infrastructure assets operated by Portfolio Investments is interrupted in whole or in part for any period as a result of any such events, the revenues of such Portfolio Investments could be reduced, the costs of maintenance or restoration may increase, and the overall public confidence in such infrastructure assets could be reduced. There can be no assurance that such Portfolio Investments' insurance would cover liabilities resulting from claims relating to the design, construction, maintenance or operation of the toll roads, bridges, tunnels or other infrastructure assets, lost toll revenues or increased expenses resulting from such damage.

*Sovereign Risk*

The concessions of certain Portfolio Investments are granted by government bodies and are subject to special risks, including the risk that the relevant government bodies will exercise sovereign rights and take actions contrary to the Portfolio Investment's rights under the relevant

concession agreement. There can be no assurance that the relevant government bodies will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of such Portfolio Investments.

*Competition Risk and Alternative Infrastructure Assets*

Funds may invest in Portfolio Investments that construct or maintain and operate infrastructure assets in a competitive environment. Funds will compete with other consortia and companies for infrastructure investments. These competitors, which include large construction and engineering groups and financial investors, may have significant financial resources and may be able to present bids with competitive terms. As a result of such competition, Funds may have difficulty in making certain infrastructure investments, or, alternatively, Funds may be required to make investments on economic terms less favorable than anticipated. If Funds fails to make new Portfolio Investments or makes Portfolio Investments under less favorable terms, Funds' financial condition and results of operations could be materially and adversely affected.

Furthermore, once infrastructure assets of Portfolio Investments become operational, they will face competition from other infrastructure assets in the vicinity of the assets they operate, the presence of which depends in part on government plans and policies. For example, an increase in the number and convenience of alternative routes and competition from other modes of transportation could reduce traffic on toll roads operated by Portfolio Investments thus materially and adversely affecting clients' performance. Such competition may materially and adversely affect Funds' business, financial conditions and results of operations.

*Construction Risk*

To the extent that Funds invests in new projects, there is a risk that such projects will not be completed within budget, within the agreed timeframe or to the agreed specification. This risk may be mitigated by provisions in the construction contract for payment of liquidated damages by the construction contractor. However, Funds may be exposed to any losses not covered by such provisions or to the financial failure of the contractor.

*Demand and Usage Risk*

Although Funds will target assets with low demand, usage and throughput risk, residual demand, usage and throughput risk can affect the performance of Portfolio Investments. To the extent that the Registrant's assumptions regarding the demand, usage and throughput of assets prove incorrect, returns to Funds could be adversely affected.

*Operational Risk*

The long-term profitability of the assets in which Funds invest will be dependent upon the efficient operation and maintenance of such assets. Inefficient operations and maintenance may reduce returns to Fund investors.

*Inflation Risk*

Depending on the inflation assumptions relating to anticipated cash flows from a Portfolio Investment, as well as the manner in which asset revenue is determined with respect to such Portfolio Investment, returns from a Portfolio Investment may vary from those projected by the Registrant as a result of changes in the rate of inflation.

*Valuation Risk*

Co-Investment Clients will rely upon the Registrant for valuation of their assets. The Registrant may engage qualified valuation professionals to assist in this determination, but it is not required to do so. Given the nature of the proposed Portfolio Investments, valuation may be difficult. There may be a relative scarcity of market comparables on which to base the value of Co-Investment Clients' assets.

*Leverage Risk*

Funds may invest in Portfolio Investments the capital structure of which may have significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments may also involve a high degree of risk. Although the Registrant will seek to use leverage in a manner it believes is appropriate under the circumstances, the leveraged capital structure of such Portfolio Investments will increase the exposure of such Portfolio Investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of Portfolio Investments and may impair such Portfolio Investments' ability to finance their future operations and capital needs and result in restrictive financial and operating covenants, including those that may prevent distributions to Funds. These restrictive financial covenants may limit such Portfolio Investments' flexibility to respond to changing business and economic conditions. If a Portfolio Investment is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or make regular dividend payments, the value of Funds' investment in such Portfolio Investment could be significantly reduced or even eliminated. Moreover, Funds may invest in securities that are not protected by financial covenants or limitations on additional indebtedness.

*Illiquid Investment Risk*

Although Funds' investments may generate current income, the return of capital and the realization of gains, if any, from a Portfolio Investment generally will most likely occur only upon the partial or complete disposition of such Portfolio Investment. While a Portfolio Investment may be sold at any time, it is generally expected that the disposition of most of the Portfolio Investments will not occur for a number of years after such investments are made. Since investments in infrastructure assets are generally not liquid, it is unlikely that there will be a public market for the securities held by Funds at the time of their acquisition.

*Currency Risk*

Clients' businesses will be subject to risks typical of an international business including, but not limited to, differing tax structures, and general foreign exchange rate volatility. To the extent the income and assets of a Portfolio Investment are denominated in local currencies, if the U.S. dollar appreciates relative to these currencies, including as a result of the devaluation of the non-U.S. currency, the U.S. dollar value of these investments is likely to be adversely affected. In addition, the ability to convert freely between the U.S. dollar and the local currencies may be restricted or limited from time to time, and there may be significant transaction costs associated with conversions between currencies. Finally, in certain jurisdictions, exchange rates and currency conversion may be controlled directly or indirectly by governments or other regulatory bodies. Entering into hedging transactions to mitigate the effects of currency and exchange rate risk may be impractical and expensive.

*Portfolio Investment Management Risk*

With respect to management at the Portfolio Investment level, many Portfolio Investments may rely on the services of a limited number of key individuals, the loss of any one of whom could

significantly adversely affect the Portfolio Investment's performance. Although the Registrant expects to monitor the management of each Portfolio Investment, the management of each Portfolio Investment will have day-to-day responsibility with respect to the business of such Portfolio Investment.

*Disposition of Private Investments Risk*

Many Funds' investments will involve private securities. In connection with the disposition of an investment in private securities, Funds may be required to make representations about the business and financial affairs of the Portfolio Investment typical of those made in connection with the sale of a business. Funds also may be required to indemnify the purchasers of such investment to the extent that any such representations are found to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations that must be satisfied by the Funds' investors to the extent of distributions made to such Fund investors or any unfunded Commitments.

*Control Position Risk*

Funds may obtain a majority ownership position or otherwise seek board representation and requisite shareholder rights that allow them to have input in decisions that potentially affect the operating value of each investment. As a result, Funds could, in some circumstances, be deemed to have control or be exercising influence over management and the strategic direction of Portfolio Investments in which it invests. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations generally may be ignored. The exercise of control over a Portfolio Investment could expose the assets of Funds to claims by such Portfolio Investment, its security holders and its creditors. While the General Partner intends to manage the Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Funds may also make minority equity investments in Portfolio Investments where they may have limited influence. Such Portfolio Investments may have economic or business interests or goals that are inconsistent with those of Funds and Funds may not be in a position to limit or otherwise protect the value of their investment in such Portfolio Investments. Funds' control over the investment policies of such Portfolio Investments may also be limited. This could result in Funds' investments being frozen in minority positions that incur substantial losses.

*Regulatory and Legal Risks*

Many, if not all, of Funds' Portfolio Investments will be in entities that are subject to substantial regulation by governmental agencies. In addition, their operations may often rely on governmental licenses, concessions, leases or contracts that are generally very complex and may result in disputes over interpretation or enforceability. If any Portfolio Investments fail to comply with these regulations or contractual obligations, they could be subject to monetary penalties or they may lose their rights to operate the underlying infrastructure assets, or both. Where their ability to operate an infrastructure asset is subject to a concession or lease from the government, the concession or lease may restrict their ability to operate the asset in a way that maximizes cash flows and profitability. The lease or concession may also contain clauses more favorable to the government counterparty than a typical commercial contract. For instance, the lease or concession may enable the government to terminate the lease or concession in certain circumstances (such as default by the Portfolio Investment) without requiring it to pay adequate compensation. In addition, government counterparties also may have the discretion to change

or increase regulation of the operations of the Portfolio Investments or to implement laws, regulations or policies affecting their operations, separate from any contractual rights that the government counterparties may have. Governments have considerable discretion in implementing regulations and policies that could impact these Portfolio Investments, and may be influenced by political considerations and make decisions that adversely affect these companies and their operations.

Further, Funds' ability to acquire Portfolio Investments will often require consent of numerous government regulators. Increased regulation restricting the ownership or management of U.S. assets, particularly infrastructure assets, by non-U.S. persons, given the non-U.S. ultimate ownership of the Manager, may limit Funds' ability to pursue acquisitions.

The foregoing discussion of certain risk factors attempts to identify the material risks related to the Portfolio Investment but does not purport to be an exhaustive list or a complete explanation of all of the risks involved in an investment in the Portfolio Investments.

## **Item 9: Disciplinary Information**

### ***A. Criminal or Civil Action***

There are no such actions with respect to the Registrant or any of its management persons.

### ***B. Administrative Proceedings before a Regulatory Agency***

There are no such proceedings with respect to the Registrant or any of its management persons.

### ***C. Proceedings before a Self-Regulatory Agency***

There are no such proceedings with respect to the Registrant or any of its management persons.

## **Item 10: Other Financial Industry Activity and Affiliations**

### ***A. & B. Other Registrations***

Neither the Registrant nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, a futures commission merchant, a commodity pool operator a commodity trading advisor, or a registered representative or associated person of the foregoing entities.

### ***C. Affiliations***

#### **Broker-dealer**

In the regular course of business, Macquarie Capital (USA) Inc. and Macquarie Capital Markets North America Ltd., affiliated broker-dealers, assist the Registrant in advising on the sourcing, funding and executing private transactions in the U.S. From time-to-time, the Registrant may also use affiliated entities in foreign jurisdictions for similar purposes as follows: (i) Canada – Macquarie Infrastructure and Real Assets (Sales) Canada Ltd., (ii) Japan – Macquarie Capital

Securities (Japan) Limited, (iii) the European Union and the UK – Macquarie Infrastructure and Real Assets (Europe) Ltd., (iv) Switzerland – Macquarie Bank Limited, (v) Hong Kong and Singapore – Macquarie Capital Securities Limited, (vi) Korea – Macquarie Securities Korea Limited, and (vii) Australia – Macquarie Capital (Australia) Limited.

Other investment adviser

Certain clients of the Registrant invest in and co-invest alongside funds managed by Advisor Clients as set forth in the Registrant's ADV Part I, including, without limitation, Macquarie Infrastructure Partners Inc. ("MIP Inc."), Macquarie International Advisory Services Pty Ltd., Macquarie Specialised Asset Management 2 Limited and Macquarie Canadian Infrastructure Management Limited. Certain employees of the Registrant are seconded to MIP Inc. to assist MIP Inc., also a registered investment adviser, with investment supervisory services that it provides to its clients

Banking or thrift institution

The Funds may borrow from Macquarie Bank Limited ("MBL"), an Australian bank affiliated with the Registrant.

Refer to Item 11 B., C. & D: Potential Conflicts of Interest, for a description of material conflicts potentially created by these relationships and how such conflicts are addressed by the Registrant.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

All officers, directors and employees of the Registrant are subject to the provisions contained in the Registrant's Code of Ethics ("Code"), which includes a Personal Trading Policy, Gift Policy and Code of Conduct Policy. The Code outlines the Registrant's policies and procedures regarding standards of conduct, personal investment transactions, and handling of material, non-public information.

The Code contains several restrictions and procedures designed to eliminate conflicts of interest surrounding personal investment transactions including: (i) quarterly reporting of non-exempt personal securities transactions which were transacted during the quarter; (ii) filing of initial and annual holdings reports; (iii) a prohibition against personally acquiring securities in an initial public offering without prior approval; (iv) a prohibition against purchasing securities of a private placement without prior approval; (v) a prohibition against supervised persons purchasing or selling any security on a day during which there is a "buy" or a "sell" order from a client for that security until such order is executed or withdrawn; (vi) a prohibition against supervised persons purchasing or selling a security within seven days before or after that security is bought or sold by a client; and (vii) a prohibition against supervised persons profiting from the purchase and sale, or sale and purchase, of the same (or equivalent) securities within 14 days.

If an employee possesses non-public price-sensitive information about or affecting a financial product, or the issuer of any financial product, that employee is prohibited from buying or selling

such financial product, or advising or procuring any other person to buy or sell such financial product.

A copy of the Code will be provided to any client or prospective client upon request.

***B., C. & D. Potential Conflicts of Interest***

The Registrant is a wholly-owned subsidiary of Macquarie Group Limited ("MGL"), the ultimate parent of the Macquarie Group, a multi-national financial services company. The Macquarie Group engages in a broad spectrum of activities including securities underwriting, sales and trading, lending, merchant banking, financial advisory services, investment research, asset management and other activities. In the ordinary course of business, the Macquarie Group engages in activities where interests of the Macquarie Group and third parties may conflict.

***Investment by the Registrant, Macquarie Investment Vehicles and Macquarie Group Clients***

Under certain circumstances, the Registrant's clients may be offered an opportunity to make an investment in connection with a transaction in which the Macquarie Group, a Macquarie Group client or a specialized investment vehicle managed by the Macquarie Group ("Macquarie-managed Investment Vehicle") is expected to or seeks to participate, or in a company in which the Macquarie Group, a Macquarie Group client or a Macquarie-managed Investment Vehicle already holds an investment. To the extent the Registrant exercises any discretion in these transactions, conflicts of interest may exist between the Registrant's clients' interests and the interests of such co-investors in managing these investments and approving significant corporate matters.

In certain instances, the Registrant's clients may make an equity or other subordinated investment in a Portfolio Investment that has issued or is issuing a senior mezzanine or debt security to the Macquarie Group, a Macquarie Group client or a Macquarie-managed Investment Vehicle. For example, a Macquarie-managed Investment Vehicle may make a mezzanine investment or a loan to a Portfolio Investment in which the Registrant's clients have an equity investment. In negotiating the terms and conditions of any such mezzanine investment or loan or in addressing any subsequent amendments, such Macquarie-managed Investment Vehicle will have interests that will conflict with those of the Registrant's clients.

If a Portfolio Investment in which the Registrant's clients and the Macquarie Group, a Macquarie Group client or a Macquarie-managed Investment Vehicle hold different classes of securities encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of the issuer in which it will be paid in full, whereas an equity holder would prefer a reorganization that could create value for the equity holders.

Co-investment arrangements typically include pre-emption and tag-along and drag-along rights in favor of other members of the Macquarie Group or Macquarie-managed Investment Vehicles, including rights which are triggered on removal of the Macquarie Group companies as manager or advisor or if the manager or advisor ceases to be part of the Macquarie Group. Where such arrangements are put in place they are approved by the client or by the Investor Advisory Committee ("IAC") (as defined below), independent directors or similar independent governing

body of the Fund. In addition, contract counterparts such as lenders may impose similar conditions of ongoing involvement by the Macquarie Group and its removal may have adverse consequences such as an acceleration of loan repayments

### ***Conflicts with Portfolio Companies***

Officers and employees of the Macquarie Group may serve as directors of certain Portfolio Investments and, in that capacity, will be required to make decisions that consider the best interests of such Portfolio Investments and their shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a Portfolio Investment, actions that may be in the best interest of the Portfolio Investment may not be in the best interests of the Funds or Co-Investment Clients. Accordingly, in these situations, there will be conflicts of interests between such individual's duties as an officer or employee of the Macquarie Group and such individual's duties as a director of the Portfolio Investment.

### ***Principal Transactions and Brokerage***

The Macquarie Group or a Macquarie-managed Investment Vehicle may sell securities or other financial instruments to or buy them from a Fund or Co-Investment Client, or act as a counterparty in foreign exchange, financing, swap and derivative transactions ("Principal Transactions"). To the extent that the Registrant exercises any discretion on behalf of the Registrant's clients in these transactions, the consent of the client, or of the IAC, independent directors or similar governing body of the relevant Fund would be required. An IAC is a committee comprised of representatives of a fund's non-Macquarie Group investors organized to make certain decisions on behalf of the investors in accordance with procedures specified in each fund's constituent documents. The Registrant or an affiliate of the Registrant may engage in swap, derivative and foreign exchange transactions solely for hedging purposes that are not classified as Principal Transactions and therefore are subject to categorical pre-approvals if certain conditions are met.

The Co-Investment Clients may execute securities transactions with a broker-dealer affiliated with the Registrant if the manager of the Fund alongside which the client invests determines that the use of such broker-dealer is in the best interest of the Fund

### ***Allocation of Investment Opportunities***

MGL and members of the Macquarie Group will offer investment opportunities to other members of the Macquarie Group, including the Registrant and external clients, that fall within the investment objective of the Funds, and/or other Macquarie-managed Investment Vehicles. Such allocations typically will take into account the investment return, geographic scope, investment strategies, investment size and such other factors as MGL or such member of the Macquarie Group may reasonably deem relevant. None of MGL or the other members of the Macquarie Group outside the MIRA division are obligated to offer or share any investment opportunity with the Registrant, its clients or a Fund and none of the Registrant, its clients or a Fund will have any priority in respect of investment opportunities provided or created by Macquarie. Certain Macquarie-managed Investment Vehicles have priority over the Registrant's clients with respect to acquisition opportunities that are made available to the MIRA division.



### ***Advisory Activities***

In the regular course of business, affiliates of the Registrant may be engaged to act, or may seek to act, as a financial advisor to third parties in connection with the sale or purchase of securities or businesses meeting the clients' investment objectives. If a client of the Registrant acted as a buyer notwithstanding the retention of an affiliate of the Registrant by any other party to the transaction, certain conflicts of interest would be inherent in the situation, including those involved in negotiating a purchase price.

The Macquarie Group may provide services to the Registrant's clients in connection with: (i) equity and/or debt financings; (ii) the acquisition, disposition or sale of Portfolio Companies or assets or businesses held by Portfolio Companies; (iii) securities underwritings; and/or (iv) other financial advisory services, including hedging and swap arrangements. The Macquarie Group typically receives arms-length fees for such services. To the extent that an affiliate of the Registrant exercises discretion in the engagement of any member of the Macquarie Group on behalf of a client, the procedures of the Registrant and its affiliates require that such transactions be approved by the client, or by the independent directors or similar independent governing body of Funds. Pre-approvals may be obtained on a case-by-case basis or categorically for certain types of services, provided they are within an approved fee range.

### ***Other Activities***

Members of the Registrant's team will devote such time to the Registrant's clients as the Registrant, in its sole discretion, deems necessary to carry out the Registrant's responsibilities with respect to its clients. A number of members of the Registrant's team may spend a significant portion of their time on matters unrelated to the Registrant's clients, including as officers or employees of affiliates of the Registrant and as described above. As a result of the foregoing, conflicts of interests may arise in allocating the time of the members of the Registrant's team.

Officers, employees and affiliates of the Registrant may invest, directly or indirectly, and in some cases have invested, in certain Funds and Portfolio Companies

### ***Resolution of Conflicts***

To the extent that affiliates of the Registrant exercise discretion on behalf of the Registrant's clients in these transactions, any conflicts of interest that arise between the Registrant's clients, on the one hand, and the Macquarie Group, any existing or future Macquarie-managed Investment Vehicle or any of the Macquarie Group's clients, on the other hand, (i) will be resolved as set forth in the limited partnership agreements of any Fund, the Related Party Transactions Policy of the Registrant and/or the corresponding policies of a Macquarie affiliate, or (ii) if not addressed by such agreements or procedures, will be discussed and resolved on a case-by-case basis by the relevant parties. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict.

Pursuant to the partnership agreements of the Funds, transactions whereby a Fund and Co-Investment Clients make an investment in which an investor in the Fund has a significant interest (as determined by the manager of the Fund) are generally subject to the approval of the Co-Investment Clients and of the members of the Fund's IAC, independent directors or similar governing body. Transactions whereby a Fund and Co-Investment Client make an investment in which the Registrant or one of its affiliates has a significant interest are subject to the

approval of the Co-Investment Clients and of the Fund's relevant governing body. Certain related party transactions entailing the provision of services do not require such approval, provided that they satisfy certain parameters.

The Related Party Transactions Policy of the Registrant further requires that each Principal Transaction be pre-approved by the IAC, independent directors or similar governing body of the relevant Fund or by its clients.

At the discretion of the manager of a Fund, the manager may in certain situations seek the approval of the IAC, independent directors or similar governing body using established guidelines with respect to potential conflict of interest situations. Any such approval by such body will be binding upon the Fund and its investors.

### ***Related Party Transaction Policy***

Related party transactions are required to be disclosed to and approved by investors, clients or their representatives pursuant to the limited partnership agreements of the funds or standing policies and procedures.

## **Item 12: Brokerage Practices**

In determining the brokers through whom, and commission rates and other transaction costs at which, securities transactions for the clients are to be executed, the Registrant's affiliates will seek to negotiate a combination of the most favorable commission and the best price obtainable on each transaction. In addition, brokers are selected primarily on the basis of their execution capability and trading expertise consistent with the effective execution of the transaction. If the broker is a member of the Macquarie Group, approval of the client, the Fund's IAC or other relevant governing body is required, except to the extent that the partnership or other governing agreements or charter documents of a Fund permit discretion over certain transactions if certain conditions are met.

No brokerage services have been sought (and hence no commissions paid for services rendered) in the past 12 months.

## **Item 13: Review of Accounts**

The Registrant provides non-discretionary asset management advice to clients with respect to the ownership and operations of companies in infrastructure and other industries, including those clients co-investing in infrastructure companies alongside members of the Macquarie Group.

### ***A & B. Account Review***

For Co-Investment Clients, the asset manager for the applicable Co-Investment Asset reviews and monitors the performance of the Co-Investment Asset and provides the Co-Investment Client with relevant asset performance information as agreed from time-to-time.

The Registrant also provides asset management advice to affiliated investment advisors ("Advisor Clients") related to infrastructure and other assets such Advisor Clients manage in U.S. jurisdictions.

### ***C. Client Reporting***

For Co-Investment Clients and Advisor Clients information is provided on request by such clients or as otherwise agreed with each client from time-to-time. This information can include cash flow models, asset valuation data and other information and documents requested by the Client. Additionally, Co-Investment Clients are provided with Board packs from the portfolio companies in which they invest, containing management, financial and other information pertinent to their interest.

## **Item 14: Client Referrals and Other Compensation**

### ***A. Other Compensation***

The Registrant does not receive any economic benefit from anyone who is not a client in relation to the provision of investment advisory services to its clients.

### ***B. Compensation for Client Referrals***

When seeking additional capital commitments to the Funds, the Registrant may engage the services of a third party (either an affiliate of the Registrant or an independent third party) to assist in the fund-raising efforts and refer clients to the Registrant. Payment for these referrals is generally limited to reimbursement of costs and expenses plus a pre-agreed markup. In limited circumstances, payment may be in the form of a commission based on the size of the commitments of the referred clients (typically 1%).

The Registrant may also retain third parties to refer Co-Investment Clients to the Registrant. Pursuant to written agreements, the Registrant may pay such third parties fees based on the size of the commitments of the referred Co-Investment Clients.

An affiliate of the Registrant, Macquarie Services, leverages the purchasing demand of the Macquarie Group and its portfolio businesses to negotiate agreements with unaffiliated vendors such as insurance companies, employee benefit companies and office supply companies. The terms of these agreements aim to provide better pricing and service levels than each portfolio business could typically obtain on its own. Management at the portfolio businesses evaluates each vendor offer based on its own merits relative to other options in the marketplace and makes its own decision as to whether to participate. When a company participates, Macquarie Services may, subject to certain conditions, be able to receive a commission or rebate from the vendor. Such rebates are typically calculated as a percentage of company spendings (typically 2% to 5%, depending on vendor, product and whether the company entering into the contract is a new or existing customer).

## **Item 15: Custody**

The Registrant does not currently maintain custody of any client assets.

## **Item 16: Investment Discretion**

The Registrant provides non-discretionary advice.

## **Item 17: Voting Client Securities**

In accordance with SEC requirements, the Registrant has adopted proxy voting policies and procedures contained in its Portfolio Management Policy (the "Policy") to address how the Registrant will vote proxies, if applicable, for its clients. The Policy seeks to ensure that, if applicable, the Registrant votes proxies (or similar instruments) in the best interest of its clients, including when there may be material conflicts of interest in voting proxies. In general the Registrant is not granted discretion to vote proxies for its clients and to date has not voted any such proxies. If the Registrant were ever to exercise discretion in voting proxies, the Registrant would vote solely in the best interest of the applicable client, consistent with the client's investment objective. Further, in such scenario, if the Registrant determines that it is not in the best interests of a client to vote or that it is not in the best interests to vote on a particular proxy, it will document its reasons for such determinations. In the event that the Registrant determines it has an actual or potential conflict of interest, it will document it and ensure that such conflict is appropriately avoided, managed and/or disclosed. If you would like a copy of the Registrant's complete Policy or, if applicable, information regarding how the Registrant voted proxies, please contact the Chief Compliance Officer and it will be provided to you at no charge.

## **Item 18: Financial Information**

### ***A. Balance Sheet***

The Registrant does not permit prepayment of fees. As such, it is not required to provide a balance sheet for the most recent fiscal year.

### ***B. Financial Conditions***

The Registrant does not have discretionary authority or custody of client funds or securities, nor does it permit prepayment of fees.

### ***C. Bankruptcy***

The Registrant has never been the subject of a bankruptcy petition.