MACQUARIE

Macquarie Group Capital Notes 4

Prospectus for the issue of Macquarie Group Capital Notes 4 (MCN4) to raise $750 million with the ability to raise more or less.

Issuer
Macquarie Group Limited
ABN 94 122 169 279

Arranger and Joint Lead Manager
Macquarie Capital (Australia) Limited

Joint Lead Managers
ANZ Securities Limited
Citigroup Global Markets Australia Pty Limited
Commonwealth Bank of Australia
Evans Dixon Corporate Advisory Pty Limited
J.P. Morgan Securities Australia Limited
Morgans Financial Limited
National Australia Bank Limited
Westpac Institutional Bank

Co-Managers
Macquarie Equities Limited
Bell Potter Securities Limited
JBWere Limited
Ord Minett Limited

Important notices

About this Prospectus

This Prospectus relates to the offer by Macquarie Group Limited ABN 94 122 169 279 ("**MGL**") of Macquarie Group Capital Notes 4 ("**MCN4**") to raise $750 million with the ability to raise more or less (the "**Offer**").

This Prospectus is dated 5 March 2019 and a copy was lodged with the Australian Securities and Investments Commission ("**ASIC**") on that date pursuant to section 713(1) of the Corporations Act 2001 (Cth) ("**Corporations Act**") (as modified by the ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71). This is a replacement prospectus which replaces the Prospectus dated and lodged with ASIC on 25 February 2019 ("**Original Prospectus**"). This Prospectus expires 13 months after that date and no MCN4 will be issued on the basis of this Prospectus after that expiry date.

Neither ASIC nor ASX Limited ("**ASX**") take any responsibility for the contents of this Prospectus or for the merits of investing in MCN4.

Documents relevant to the Offer

In addition to this Prospectus, the following documents are relevant to the Offer and can be obtained from www.MCN4Offer.com.au:

- the MCN4 Terms (see Appendix A to this Prospectus);
- the Trust Deed (see section 6.1); and
- the MGL Constitution.

Status of MCN4

MCN4 are fully paid, unsecured, subordinated, non-cumulative, mandatorily convertible notes.

MCN4 are not deposit liabilities and are not protected accounts of Macquarie Bank Limited ABN 46 008 583 542 ("**MBL**") under the Banking Act 1959 (Cth) ("**Banking Act**") and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. MGL is not an authorised deposit-taking institution ("**ADI**") for the purposes of the Banking Act and its obligations do not represent deposits or other liabilities of MBL. The investment performance of MCN4 is not guaranteed by MGL, MBL or any other member of the Macquarie Group.

Claims in respect of MCN4 are subordinated in a winding up of MGL so as to rank after all creditors, equally with the holders of certain preference shares and other equal ranking instruments and ahead only of holders of Ordinary Shares. Further, if MGL is in financial difficulty some or all MCN4 may be required to be Exchanged into Ordinary Shares or Written-Off. If Exchange occurs, you would be in the position of a holder of Ordinary Shares and those shares may be worth significantly less than your investment in MCN4. If an MCN4 is Written-Off you lose all of your investment in the MCN4.

MCN4 are unsecured notes for the purposes of section 283BH of the Corporations Act.

MCN4 are issued by MGL under the MCN4 Terms and the Trust Deed and holders of MCN4 have no claim on MGL except as provided in the MCN4 Terms and the Trust Deed.

Key Risks

Investments in securities such as MCN4 are subject to risks which could affect their performance, including loss of investment and income. The market price of MCN4 or any particular rate of return is not guaranteed by MGL or any other member of the Macquarie Group.

Information about the key risks of investing in MCN4 is detailed in section 4.

No representations other than in this Prospectus

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by MGL.

Past performance information

The financial information provided in this Prospectus is for information purposes only and is not a forecast of performance to be expected in future periods. Past performance and trends should not be relied upon as being indicative of future performance and trends.

Financial statements and forward looking information

Section 3.7 sets out financial information in relation to MGL. The basis of preparation of that information is set out in section 3.7. All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

Any forward looking statements are subject to various risk factors that could cause actual circumstances or outcomes to differ materially from the circumstances or outcomes expressed, implied or anticipated in these statements. Forward looking statements should be read in conjunction with the risk factors as set out in section 4 and other information in this Prospectus.

No personal investment advice

The information provided in this Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read this Prospectus in full before deciding to invest in MCN4 and consider the risks that could affect the performance of MCN4. See in particular the risks set out in section 4.

ASX quotation

MCN4 will trade under ASX code MQGPD.

About the Trustee

The Trustee has not authorised or caused the issue of this Prospectus and has not been involved in the preparation of any part of this Prospectus.

The Trustee has not made any statement or purported to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than as specified in this Prospectus.

Applications and obtaining a Prospectus

For Applications for MCN4 pursuant to the Securityholder Offer, paper copies of this Prospectus and an Application Form can be obtained free of charge by calling the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, Sydney time) during the Offer Period. You must contact your Syndicate Broker for information on how to apply through the Broker Firm Offer.

This Prospectus can also be obtained electronically from www.MCN4Offer.com.au. If you access an electronic copy of this Prospectus, the following conditions apply:

- this Prospectus is only available to residents of Australia accessing and downloading, or printing, the electronic Prospectus in Australia;
- you must access and download the electronic Prospectus in full; and
- your Application will only be valid where you have completed an Application Form that was attached to, or accompanied, the electronic Prospectus. You may also apply by completing the online Application Form available at www.MCN4Offer.com.au. By lodging an Application, you declare that you were given access to the electronic Prospectus together with the Application Form.

No cooling-off rights

Investors should note that no cooling-off rights (whether by law or otherwise) apply to an Application for MCN4. This means, that in most circumstances, you cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

Restrictions on foreign jurisdictions

The distribution of this Prospectus and the offer or sale of MCN4 may be restricted by law in certain jurisdictions. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Persons who receive this Prospectus outside Australia must inform themselves about and observe all such restrictions. Nothing in this Prospectus is to be construed as authorising its distribution or the offer or sale of MCN4 in any jurisdiction other than Australia and New Zealand, and MGL does not accept any liability in that regard.

Furthermore, MCN4 may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

Foreign selling restrictions are outlined in section 6.9. In particular, MCN4 have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States or to, or for the account or benefit of, any U.S. person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) ("**U.S. Person**") except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Neither this Prospectus nor any Application Form or other materials relating to the Offer may be distributed in the United States.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in Appendix B "Glossary". A reference to a "clause" in this Prospectus is a reference to the corresponding clause in the MCN4 Terms unless otherwise stated.

A reference to "dollar" or "$" in this Prospectus is a reference to Australian currency. A reference to time in this Prospectus is a reference to Sydney, New South Wales, Australia time unless otherwise stated.

The Macquarie name and the Holey Dollar device are registered trade marks of MGL.

Providing personal information

You will be asked to provide personal information to MGL (directly or via its agents) if you apply for MCN4. Please read the privacy statement located at section 7.7 of this Prospectus. By submitting an Application Form, you consent to the matters outlined in that statement.

Enquiries

If you have any questions about MCN4 or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also email the Registrar at MCN4Offer@boardroomlimited.com.au or call the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.

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Guidance for investors

1. Read this Prospectus in full

If you are considering applying for MCN4 under the Offer, this Prospectus is important and should be read in its entirety before making an Application. In particular you should have regard to:

- "Investment Overview" in section 1 and "About MCN4" in section 2; and
- "Investment Risks" in section 4.

You should carefully consider the risks and other information regarding an investment in MCN4 and MGL in light of your investment objectives, financial situation and particular needs (including financial and taxation issues).

2. Speak to your professional adviser

MCN4 are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security. You should ensure that you understand the MCN4 Terms and risks of investing in MCN4 and consider whether it is an appropriate investment for your particular circumstances.

MGL recommends that you seek guidance from your licensed financial adviser or other professional adviser before deciding whether to invest. ASIC has published guidance on how to choose a licensed adviser on its MoneySmart website. You can read this guidance by searching for the term "choosing a financial adviser" at www.moneysmart.gov.au.

3. Consider ASIC guidance for retail investors

ASIC has published guidance on its MoneySmart website which may be relevant to your consideration of whether to invest in MCN4 – namely, information for retail investors who are considering investing in hybrid securities. You can find this guidance by searching "hybrid securities" at www.moneysmart.gov.au. ASIC's guidance includes a series of questions you should ask before you invest in hybrid securities, and a short quiz you can complete to check your understanding of how hybrids work, their features and the risks of investing in them.

4. Obtain further information about MGL and MCN4

MGL is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. MGL must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about MGL that a reasonable person would expect to have a material effect on the price or value of its securities, including MCN4. Copies of documents lodged with ASIC, which are publicly available, can be obtained from ASIC's website www.asic.gov.au (a fee may apply) and MGL's ASX announcements may be viewed at www.asx.com.au.

5. Enquiries

If you have any questions in relation to the Offer or an Application, please visit www.MCN4Offer.com.au, email the Registrar at MCN4Offer@boardroomlimited.com.au or call the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, Sydney time).

Key dates

Key dates for the Offer	Date
Record date for determining Eligible Securityholders (this is the date for determining eligibility for the Securityholder Offer)	Friday, 22 February 2019
Lodgement of the Original Prospectus with ASIC	Monday, 25 February 2019
Bookbuild period commences	Monday, 25 February 2019
Announcement of the Margin	Wednesday, 27 February 2019
Lodgement of this Prospectus with ASIC	Tuesday, 5 March 2019
Opening Date	Tuesday, 5 March 2019
Closing Date	Friday, 22 March 2019
Issue Date	Wednesday, 27 March 2019
MCN4 commence trading on ASX on a deferred settlement basis	Thursday, 28 March 2019
Holding Statements despatched by	Monday, 1 April 2019
MCN4 commence trading on ASX on a normal settlement basis	Tuesday, 2 April 2019

Key dates for MCN4	Date
First Distribution Payment Date[1]	11 June 2019*
Scheduled Optional Exchange Dates	10 September 2026, 10 March 2027 and 10 September 2027
Scheduled Mandatory Exchange Date	10 September 2029

* Due to the Business Day convention, the first Distribution Payment Date is deferred from 10 June 2019 to 11 June 2019.

Dates may change

These dates are indicative only and may change without notice.

MGL with the prior consent of the Joint Lead Managers may vary the timetable, including by extending any Closing Date, closing the Offer early without notice or accepting late Applications (whether generally or in particular cases) or withdrawing the Offer at any time before MCN4 are issued, in its discretion. You are strongly encouraged to apply online as soon as possible after the Opening Date to ensure that your Application and Application Payment are received by the Closing Date for the Securityholder Offer.

If you wish to submit your Application via a paper Application Form you must submit your Application Payment by cheque(s) and/or money order(s) so that it is received by the Registrar by the Closing Date for the Securityholder Offer. If you are returning your payment by post you should ensure sufficient time for delivery by postal service or else your Application may not be accepted. Online Application and payment using BPAY® is preferred to ensure the efficient and timely processing of Applications.

1. Subject to Payment Conditions, including MGL's absolute discretion to determine whether or not to pay Distributions.

1

Investment overview

This section provides a summary of information that is key to a decision whether to invest in MCN4.

Topic	Summary	Further information
1.1. Key features of the Offer		
1.1.1. What is the Offer?	• The Offer is for the issue of MCN4 to raise approximately $750 million, with the ability to raise more or less.	Section 2
1.1.2. Who is the Issuer?	• Macquarie Group Limited (ABN 94 122 169 279), a public company incorporated with limited liability in Australia.	Section 3

1.1.3. What are MCN4?	• MCN4 are:
	  ◦ **fully-paid** – the Issue Price ($100 per MCN4) must be paid to MGL before the MCN4 are issued;
	  ◦ **subordinated** – MCN4 are subordinated to claims of Senior Creditors in a Winding Up of MGL. They rank equally with Equal Ranking Obligations and rank ahead of Ordinary Shares;
	  ◦ **non-cumulative** – if a Distribution is not paid when scheduled, then that Distribution may never be paid and MCN4 Holders will have no rights to receive that Distribution in the future;
	  ◦ **unsecured** – MCN4 are not deposit liabilities and are not protected accounts of MBL or MGL and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. The investment performance of MCN4 is not guaranteed by MGL or any other member of the Macquarie Group;
	  ◦ **mandatorily convertible** – subject to certain conditions, MCN4 must be Exchanged into Ordinary Shares of MGL on 10 September 2029;
	  ◦ **perpetual** – if the conditions for Exchange are not met, MCN4 may remain on issue indefinitely; and
	  ◦ **automatically convertible** – in certain circumstances, including where a Non-Viability Event occurs, MCN4 must be immediately Exchanged into Ordinary Shares or, if that does not occur where a Non-Viability Event occurs, Written-Off.
	• The terms of the MCN4 are complex and derived from the detailed capital requirements which the Australian Prudential Regulation Authority ("**APRA**") applies to these instruments. MGL's ability to pay Distributions or to optionally Redeem or Resell MCN4 is dependent upon APRA either not objecting or giving prior written approval (as well as other conditions).
		Section 2

1.1.4. Will MCN4 be quoted on ASX?	• Yes, MCN4 will trade under ASX code MQGPD.	Section 7.6.3
1.1.5. What is the Issue Price?	• $100 per MCN4. This is the price you need to pay to apply for each MCN4 under this Prospectus.	Section 7.4
1.1.6. Who is the Trustee?	• MGL has appointed Sargon CT Pty Ltd (ACN 106 424 088) (formerly known as AET Corporate Trust Pty Limited) as Trustee for MCN4 Holders. The Trustee holds certain rights in relation to the MCN4 on trust for MCN4 Holders under the Trust Deed and all MCN4 Holders are bound by the terms of the Trust Deed. • The Trustee is obliged to take action to enforce the MCN4 Terms only if conditions in the Trust Deed are met, including that it is directed by MCN4 Holders, its liability is limited and it is indemnified to its satisfaction. • AET Corporate Trust Pty Limited (ACN 106 424 088) changed its name on 8 November 2018 to Sargon CT Pty Ltd (ACN 106 424 088). Sargon CT Pty Ltd is a fully owned subsidiary of Sargon Capital Pty Ltd (ACN 608 799 873). Sargon CT Pty Ltd continues to be registered under the Corporations Act and is taken to be registered in Victoria as from 23 September 2003. The change of the Trustee's name followed the sale by IOOF Holdings Ltd (ACN 100 103 722) of all of its shares in AET Corporate Trust Pty Limited to Sargon Capital Pty Ltd on 8 November 2018.	Section 6.1

1. Investment overview

Topic	Summary	Further information
1.1.7. Why is MGL issuing MCN4?	• As at the Issue Date, MCN4 will constitute eligible regulatory capital of Macquarie Group in a manner which satisfies APRA's regulatory capital requirements. The MCN4 and MGL's other regulatory capital instruments and equity capital provide a buffer which protects Senior Creditors against losses that may be incurred by the Macquarie Group. • The net proceeds of the Offer will be used for general corporate purposes.	Section 2.9
1.2. Key features of MCN4		
1.2.1. Do MCN4 have a maturity date?	• MCN4 are perpetual and do not have a fixed maturity date and, if MCN4 are not Exchanged, Redeemed or Written-Off, they could remain on issue indefinitely and the Issue Price may not be repaid. • MCN4 will Exchange into Ordinary Shares on 10 September 2029, subject to certain Exchange Conditions being satisfied, unless they are Exchanged, Redeemed or Written-Off earlier. • If the Exchange Conditions have not been satisfied on the above date then MCN4 will Exchange on the next Distribution Payment Date on which the Exchange Conditions are satisfied, unless they are Exchanged, Redeemed or Written-Off earlier.	Sections 2.2 to 2.8
1.2.2. What Distributions are payable?	• Distributions are scheduled to be paid quarterly in arrears commencing on 11 June 2019[1] until all MCN4 are Exchanged, Redeemed or Written-Off, subject to the Payment Conditions – see below. The Distribution Rate is based on the Reference Rate plus the Margin, adjusted for franking. The Margin is 4.15% which was determined under a Bookbuild. Distributions on MCN4 are discretionary, which means MGL can decide not to pay them. Distributions can also only be paid if certain Payment Conditions are met (including that MGL is able to pay Distributions without breaching APRA's capital adequacy requirements or becoming insolvent). • Distributions are non-cumulative, which means that if a Distribution is not paid on a Distribution Payment Date then MGL has no obligation to pay the Distribution at any later date. Failure to pay a Distribution is not an event of default. • Unless a Distribution is paid in full within 10 Business Days of the Distribution Payment Date, in most circumstances MGL is restricted from paying any dividends or returning capital on Ordinary Shares until the next Distribution Payment Date.	Section 2.1
1.2.3. Will Distributions be franked?	• Distributions on MCN4 are frankable. • Distributions are expected to be franked at the same rate as dividends on Ordinary Shares. MGL currently franks dividends on Ordinary Shares at 45%. The level of franking may vary over time and Distributions may be partially, fully or not franked. • A higher Franking Rate for a Distribution will result in a lower Distribution Rate and a lower cash Distribution, reflecting the value of the franking credit attached to the Distribution. • If Distributions are franked, the value and availability of franking credits to an MCN4 Holder will depend on that MCN4 Holder's particular circumstances. The availability of franking credits is not guaranteed. • **The Australian Labor Party has announced a proposal that certain individuals and superannuation funds will no longer be entitled to receive a refund of franking credits received to the extent that they exceed their tax payable. The proposal would apply from 1 July 2019. The proposal and the final form this takes remain contingent on the Australian Labor Party being elected into government and the proposal being enacted into law. If the proposal is implemented MCN4 Holders will not be entitled to any adjustment to the amount of any Distributions. The implementation of the proposal will also not give rise to a Tax Event and accordingly will not trigger an entitlement for MGL to Exchange, Resell or Redeem MCN4. Implementation of the proposed changes may adversely affect the returns you receive on your MCN4 and the market price and/or liquidity of MCN4 may also be adversely impacted.**	Sections 2.1.3, 2.1.4, 4.1.3, 4.1.7, 4.1.8, 4.1.22 and 5

1. Due to the Business Day convention, the first Distribution Payment Date is deferred from 10 June 2019 to 11 June 2019.

Topic	Summary	Further information

1.2.4. When will the Issue Price be repaid?	• MGL has no obligation to return the Issue Price on any fixed date, therefore capital invested by MCN4 Holders may never be returned.
	• Whether and when the capital invested by MCN4 Holders may be returned will depend on what happens to MCN4. What may happen to MCN4 is uncertain and depends on a number of factors, including whether:
	  ◦ the Exchange Conditions are satisfied in respect of a Relevant Mandatory Exchange Date;
	  ◦ a Non-Viability Event, Acquisition Event, Regulatory Event or Tax Event occurs;
	  ◦ MGL elects for an Optional Exchange, Redemption or Resale to occur; and
	  ◦ APRA approval is given when it is required under the MCN4 Terms.
	• MCN4 Holders will have no right to request that MGL Exchange, Redeem or Resell any MCN4.
	• If a Non-Viability Event occurs MCN4 will be Exchanged for Ordinary Shares or Written-Off if Exchange does not occur for any reason. If MCN4 are Written-Off, the relevant MCN4 Holders' rights will be terminated and they will not receive any return of capital invested.
		Sections 2.2 to 2.8

1.2.5. Will MCN4 be Redeemed?	• If APRA gives prior written approval, MGL has a right, but not an obligation, to Redeem all or some MCN4:
	  ◦ on 10 September 2026, 10 March 2027 or 10 September 2027; or
	  ◦ if a Tax Event or Regulatory Event occurs.
	• Redemption cannot occur unless MCN4 are replaced with securities forming part of Eligible Capital of the same or better quality from APRA's perspective or APRA is satisfied that MGL's capital position is sufficient after Redemption.
	• If MCN4 are Redeemed MCN4 Holders will receive $100 for each MCN4 Redeemed and, if the Payment Conditions are met, a Distribution for the period since the last Distribution Payment Date to the Redemption Date.
		Section 2.5

1.2.6. Will MCN4 be Resold?	• If APRA gives prior written approval, MGL has a right, but not an obligation, to Resell all or some MCN4 in the same limited circumstances as when Redemption may occur. • If a Resale occurs, the relevant MCN4 will be mandatorily sold to one or more nominated third parties. MCN4 Holders will receive a cash amount of $100 for each MCN4 Resold and, if the Payment Conditions are met, a Distribution for the period since the last Distribution Payment Date to the Resale Date.	Section 2.6

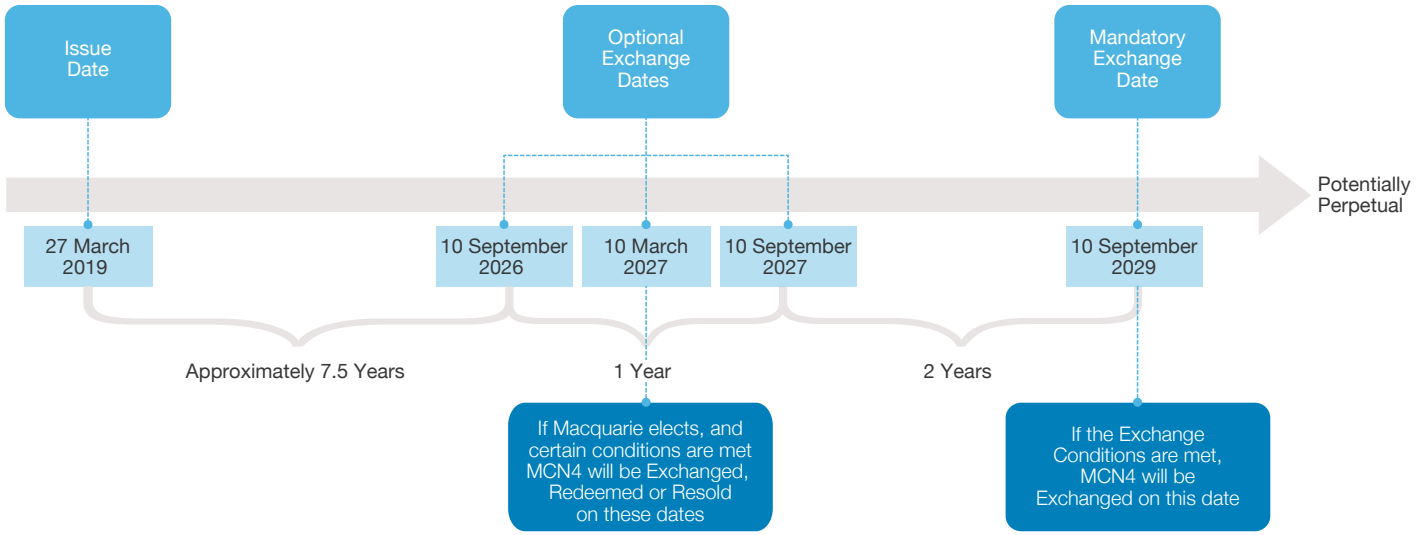
1. Investment overview

Topic	Summary	Further information
1.2.7. Will MCN4 be Exchanged for Ordinary Shares?	MCN4 may be Exchanged for Ordinary Shares in the following circumstances: • **Mandatory Exchange:** All MCN4 are scheduled to be Exchanged on 10 September 2029, unless the Exchange Conditions relevant to that date are not met (in which case, Exchange will be deferred until the first quarterly Distribution Payment Date where the Exchange Conditions relevant to that date are met). The Exchange Conditions (where applicable) are intended to ensure that MCN4 Holders will receive approximately $101 worth of Ordinary Shares per MCN4 on Exchange (based on the VWAP during the 20 ASX Trading Days before the Relevant Mandatory Exchange Date) and that the Ordinary Shares are capable of being sold on ASX. • **Exchange at MGL's option:** MGL may also choose to Exchange all or some MCN4 on 10 September 2026, 10 March 2027 or 10 September 2027 if there has been a Tax Event or Regulatory Event, provided certain conditions are met. • **Acquisition Event:** MGL will be required to Exchange all MCN4 for Ordinary Shares if an Acquisition Event occurs (broadly, a change of control of MGL by takeover bid, scheme of arrangement or otherwise), provided certain conditions are met. • **Non-Viability Event:** MGL will be required to immediately Exchange all or some MCN4 for Ordinary Shares (or, if Exchange has not occurred for any reason within 5 Business Days, Write-Off all or some MCN4) if a Non-Viability Event occurs. Exchange under these circumstances is not subject to any conditions.	Sections 2.3, 2.4, 2.7 and 2.8
1.2.8. What will MCN4 Holders receive on Exchange?	• If Exchange occurs as a result of Mandatory Exchange, or at MGL's option, MCN4 Holders will receive approximately $101 worth of Ordinary Shares per MCN4, but those shares may be worth more or less than $101 by the time they are issued. • If Exchange occurs as a result of an Acquisition Event, MCN4 Holders should receive approximately $101 worth of Ordinary Shares per MCN4, except in limited circumstances where the Directors determine that it is in the best interests of MCN4 Holders as a whole for Exchange to proceed, notwithstanding that MCN4 Holders will receive less than $101 worth of Ordinary Shares. Similarly to Mandatory Exchange or Exchange at MGL's option, those shares may be worth more or less than $101 by the time they are issued. • The number of Ordinary Shares to be received by each MCN4 Holder in respect of its aggregate holding of the MCN4 will also be rounded down to the nearest whole number. • See below for what MCN4 Holders receive on Exchange as a result of a Non-Viability Event.	Sections 2.3 and 2.4
1.2.9. What will MCN4 Holders receive on Exchange on a Non-Viability Event?	• MGL is required to immediately Exchange MCN4 into Ordinary Shares where a Non-Viability Event occurs. MCN4 Holders will not receive prior notice of the Exchange. • Broadly, a Non-Viability Event occurs if APRA has notified the Issuer in writing that (1) Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the Issuer would become non-viable or (2) APRA has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable. As at the date of this Prospectus, APRA has not provided guidance as to how it would determine non-viability. • Exchange on account of a Non-Viability Event is not subject to any conditions. As a result, MCN4 Holders may receive less, or significantly less, than the Issue Price per MCN4 and an MCN4 Holder may suffer loss as a consequence.	Section 2.7

Topic	Summary	Further information
1.2.10. What happens if Exchange following a Non-Viability Event does not occur?	• If, for any reason, MCN4 that are required to be Exchanged on account of a Non-Viability Trigger Event have not been Exchanged, within 5 Business Days of the Non-Viability Event, they will never be Exchanged and must be Written-Off. • If a Write-Off of an MCN4 occurs, the MCN4 Holder's rights under that MCN4 (including to payment of the Liquidation Amount and Distributions) are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and MCN4 Holders will suffer a total loss of their investment in that MCN4 as a consequence.	Section 2.7

1.2.11. Summary of certain events that may occur during the term of MCN4

The diagram and table below summarises certain events that may occur while MCN4 are on issue and what MCN4 Holders may receive if those events occur. If none of these events occur, MCN4 could remain on issue indefinitely and the Issue Price will not be repaid.



There are certain other events that could occur while MCN4 are on issue which may result in MCN4 being Exchanged, Redeemed, Resold or Written Off. These are summarised in the table on the next page.

1. Investment overview

Event[1]	When could this occur?	Consequences	Is APRA approval required?[2]	Do conditions apply?[3]	What value will an MCN4 Holder receive (per MCN4)?[4]	In what form will the value be provided to MCN4 Holders?	Further Information
Tax Event or Regulatory Event	At any time	Exchange all or some MCN4 for Ordinary Shares at MGL's option	No	Yes	Approximately $101[5]	Variable number of Ordinary Shares	Section 2.4
		Redemption or Resale of all or some MCN4 at MGL's option	Yes	Yes	$100	Cash	Sections 2.5 and 2.6
Acquisition Event	At any time	All MCN4 Exchanged for Ordinary Shares	No	Yes	Approximately $101[5] (except in limited circumstances[6])	Variable number of Ordinary Shares	Section 2.8
Non-Viability Event	At any time	All (or in some cases, some) MCN4 Exchanged for Ordinary Shares or Written-Off	No[7]	No	Depending on the market price of Ordinary Shares at the time, up to approximately $101[5] but maybe significantly less or zero	Variable number of Ordinary Shares If MCN4 are not Exchanged for Ordinary Shares MCN4 will be Written-Off and MCN4 Holders receive no value	Section 2.7
Optional Exchange Date	On 10 September 2026, 10 March 2027 or 10 September 2027	Exchange all or some MCN4 for Ordinary Shares at MGL's option	No	Yes	Approximately $101[5]	Variable number of Ordinary Shares	Section 2.4
		Redemption or Resale of all or some MCN4 at MGL's option	Yes	Yes	$100	Cash	Sections 2.5 and 2.6
Scheduled Mandatory Exchange Date[8]	10 September 2029	Exchange of all MCN4 for Ordinary Shares	No	Yes	Approximately $101[5]	Variable number of Ordinary Shares	Section 2.3

1. Please see the Glossary for full definitions.
2. MCN4 Holders should not expect that APRA's approval will be given for any Redemption or Resale.
3. The Exchange Conditions applicable to a Mandatory Exchange differ from those applicable to a Tax Event, Regulatory Event, Acquisition Event or an Optional Exchange. See sections 2.3, 2.4, 2.7 and 2.8.
4. If Exchange (other than on account of a Non-Viability Event), Redemption or Resale occurs on a day that is not a scheduled quarterly Distribution Payment Date, MCN4 Holders which are being Exchanged, Redeemed or Resold will also receive a Distribution in respect of those MCN4 for the period from the immediately preceding Distribution Payment Date to the date on which the Exchange, Redemption or Resale occurs (provided the Directors have decided to pay the Distribution and the other Payment Conditions are met).
5. The value of Ordinary Shares is determined over a period of ASX Trading Days immediately prior to Exchange (generally the period is 20 ASX Trading Days, with 5 ASX Trading Days for Non-Viability Exchange). At the time they are issued, the value of Ordinary Shares received on Exchange may be more or less than $101.
6. May be less if Directors determine that Exchange is in the best interests of MCN4 Holders as a whole, notwithstanding that MCN4 Holders will suffer loss, or that the Ordinary Shares may not be listed. See section 2.8.
7. Whilst APRA approval is not required for an Exchange due to a Non-Viability Event, APRA must determine that a Non-Viability Event has occurred.
8. MCN4 are perpetual and, if the Exchange Conditions are never met, Exchange may never occur and MCN4 may remain on issue indefinitely. Unless Redeemed, Exchanged or Written-Off earlier, MCN4 will be mandatorily Exchanged on 10 September 2029 provided the Exchange Conditions are met, or on the next Distribution Payment Date on which the Exchange Conditions are satisfied.

Topic	Summary	Further information
1.2.12. Ranking of MCN4 in a Winding Up of MGL	• In a Winding Up of MGL, MCN4 will rank ahead of Ordinary Shares, equally with Equal Ranking Obligations, but behind all Senior Creditors of MGL. The table below illustrates this ranking, if the MCN4 have not been Exchanged or Written Off. • However, any return on MCN4 may be adversely affected or reduced to zero if a Non-Viability Event occurs. If APRA determines that a Non-Viability Event occurs, some or all of the MCN4 are required to be Exchanged or, if that does not occur, Written-Off. Where an Exchange occurs, the MCN4 Holders will become holders of Ordinary Shares (ranking equally with other Ordinary Shares). If MCN4 are Written Off, the MCN4 Holders will have no claim at all on MGL (even though Ordinary Shares will still be on issue).	Section 2.10

Ranking		Illustrative examples
Higher	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors.
↕	Unsubordinated and unsecured debt	Unsubordinated and unsecured bonds and notes, trade and general creditors.
	Subordinated and unsecured debt	Subordinated and unsecured debt obligations.
	Preference shares and equal ranking securities	Equal Ranking Obligations and MCN4 (if a Non-Viability Event has not occurred). Where MCN4 are Exchanged for Ordinary Shares, MCN4 Holders have the claims of holders of Ordinary Shares. If, following a Non-Viability Event MCN4 are Written-Off, MCN4 Holders have no claim at all on MGL, and they are likely to be worse off than holders of Ordinary Shares.
Lower	Ordinary shares	Ordinary Shares.

- MGL is the non-operating holding company of the Macquarie Group and its assets are largely investments in and claims on entities in the Macquarie Group which may rank behind depositors and other creditors of those entities.
- If Exchange occurs, MCN4 Holders will become holders of Ordinary Shares and their claims in respect of those Ordinary Shares rank equally with other holders of Ordinary Shares. Those shares may be worth significantly less than the Issue Price of MCN4.

1.2.13. MCN4 are not guaranteed	• MCN4 are not guaranteed by any member of the Macquarie Group and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction, or by any other person. • MCN4 are not deposit liabilities or protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act.	Clause 1.2 of the MCN4 Terms
1.2.14. MCN4 are not secured	• MCN4 are not secured in any way against any asset of MGL or the Macquarie Group.	

1. Investment overview

Topic	Summary	Further information
1.3. What are the key risks of investing in MCN4?		
	There are risks associated with an investment in MCN4, many of which are outside the control of MGL. These risks include those in this section 1.3 and section 4 and other matters referred to in this Prospectus. Before applying for MCN4, you should consider whether MCN4 are a suitable investment for you. MCN4 are a complex investment and may be difficult to understand, even for experienced investors. A summary of the key risks associated with an investment in MGL and the Macquarie Group generally are described in section 4.2.	
1.3.1. Market Price and Liquidity of MCN4	• The market price of MCN4 may go up or down and there is no guarantee MCN4 will trade at or above their Issue Price. For example, the market price of MCN4 may decline if better rates of return are available on other securities. • The market price of MCN4 may also be significantly impacted by the market price for Ordinary Shares. • There may be no liquid market for MCN4. • MCN4 Holders who wish to sell their MCN4 may be unable to do so at a price acceptable to them, or at all.	Section 4.1.3
1.3.2. Market price and liquidity of Ordinary Shares	• If MCN4 are Exchanged into Ordinary Shares, the value of those Ordinary Shares is determined over a period of up to 20 ASX Trading Days immediately prior to Exchange. At the time they are issued, the price at which the Ordinary Shares received by MCN4 Holders can be sold may be more or less than the anticipated $101. • Additionally, in various circumstances the market price of Ordinary Shares may determine whether Exchange can occur. This will affect when Exchange occurs (and may mean that Exchange never occurs). • The market price for Ordinary Shares will vary due to many factors including the availability and rates of return on other securities, investor perceptions of the Macquarie Group's financial position and performance and general economic and market conditions. • The market for Ordinary Shares may be less liquid than other securities and may not be liquid at all, so that MCN4 Holders may be unable to sell the Ordinary Shares they may receive for an acceptable price, or at all.	Section 4.1.4
1.3.3. Distributions may not be paid	• MGL has absolute discretion to determine whether or not to pay Distributions. • Furthermore, a Distribution can only be paid if the Payment Conditions are met, including that MGL is able to pay the Distribution without MGL breaching APRA's capital adequacy requirements or becoming insolvent. This means that there is a risk that Distributions may not be paid. • Distributions are non-cumulative. Accordingly, if a Distribution is not paid for any reason, MCN4 Holders will have no rights to receive that Distribution in the future.	Section 4.1.5
1.3.4. Changes in Distribution Rate	• The Distribution Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Reference Rate. • A higher Franking Rate for a Distribution will result in a lower Distribution Rate and a lower cash Distribution, reflecting the value of the franking credit attached to the Distribution. • There is a risk that the Distribution Rate may become less attractive when compared to the rates of return available on comparable securities or investments.	Section 4.1.6

Topic	Summary	Further information
1.3.5. Level of franking	• The level of franking of Distributions on MCN4 is affected by the level of MGL's available franking credits and distributable profits. MGL's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which the Macquarie Group makes profits and pays tax and the amount of other frankable distributions. MGL's distributable profits may also be affected by a wide range of factors including its level of earnings and other distributions it makes. • The value and availability of franking credits to an MCN4 Holder will depend on that MCN4 Holder's particular circumstances. • The Australian Labor Party has announced a proposal that certain individuals and superannuation funds will no longer be entitled to receive a refund of franking credits received to the extent that they exceed their tax payable. The proposal would apply from 1 July 2019. The proposal and the final form this takes remain contingent on the Australian Labor Party being elected into government and the proposal being enacted into law. If the proposal is implemented MCN4 Holders will not be entitled to any adjustment to the amount of any Distributions. The implementation of the proposal will also not give rise to a Tax Event and accordingly will not trigger an entitlement for MGL to Exchange, Resell or Redeem MCN4. Implementation of the proposed changes may adversely affect the returns you receive on your MCN4 and the market price and/or liquidity of MCN4 may also be adversely impacted.	Sections 4.1.3, 4.1.7, 4.1.8 and 4.1.22
1.3.6. MCN4 are perpetual and may never be Exchanged, Redeemed or Resold	• MCN4 are a perpetual instrument but will Exchange for Ordinary Shares on 10 September 2029 if they are still on issue and the Exchange Conditions are satisfied. If the Exchange Conditions are not met on this date MCN4 will Exchange on the next subsequent Distribution Payment Date on which the Exchange Conditions are met. There is a risk that the Exchange will not occur on any of these dates and may never occur because these Exchange Conditions cannot be satisfied.	Section 4.1.11
1.3.7. MGL has rights for Exchange, Redemption or Resale at its election	• MGL may elect to Exchange, Redeem or arrange a Resale of all or some MCN4 in certain circumstances, subject to a number of conditions, including prior written approval from APRA when required under the MCN4 Terms. • Where required, APRA's approval is at the complete discretion of APRA and may or may not be granted. • The choice to elect the Exchange, Redemption or Resale of all or some MCN4 is entirely at MGL's discretion and MCN4 Holders have no right to either request or alter the timing of any Exchange, Redemption or Resale. • It is uncertain whether and when Exchange, Redemption or Resale may occur. The timing of any Exchange, Redemption or Resale may not suit MCN4 Holders.	Sections 4.1.10 and 4.1.13
1.3.8. Losses due to an Acquisition Event	• If an Acquisition Event occurs, and the Directors determine it is in the best interests of MCN4 Holders, Exchange may occur even though MCN4 Holders would receive less (and possibly significantly less) than $101 worth of Ordinary Shares or even though those Ordinary Shares are unlisted and MCN4 Holders may suffer a loss as a result.	Section 4.1.14
1.3.9. Losses due to a Non-Viability Event	• If Exchange occurs following a Non-Viability Event, MCN4 Holders may receive significantly less than $101 worth of Ordinary Shares per MCN4 and may receive unlisted Ordinary Shares. • If, for any reason, an MCN4 which is required to be Exchanged is not Exchanged within 5 Business Days of the Non-Viability Event then that MCN4 will be Written-Off (in which case the MCN4 Holders' rights under the relevant MCN4 will be immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date). In these circumstances, MCN4 Holders will suffer a total loss of their investment in that MCN4.	Sections 4.1.15 and 4.1.16

1. Investment overview

Topic	Summary	Further information
1.3.10. Restrictions on rights and ranking in a Winding Up of MGL	• MCN4 are not deposit liabilities or protected accounts of MBL or MGL or any other member of the Macquarie Group and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction or by any other person. The investment performance of MCN4 is not guaranteed by MGL, MBL or any other member of the Macquarie Group. • In the event of a Winding Up of MGL, MCN4 Holders will rank behind all Senior Creditors, equally with Equal Ranking Obligations and ahead of Ordinary Shares. Any return in a Winding Up of MGL may be adversely affected if a Non-Viability Event occurs. If this happens some or all MCN4 will be required to be Exchanged or, if Exchange has not occurred within 5 Business Days of the Non-Viability Event, Written-Off. If an MCN4 is Exchanged, the MCN4 Holder will become a holder of Ordinary Shares and those shares may be worth significantly less than their investment in MCN4. If an MCN4 is Written-Off, the MCN4 Holder will suffer a total loss of their investment in that MCN4. • If there is a shortfall of funds on a Winding Up of MGL, MCN4 Holders will lose some or all of their investment in that MCN4.	Sections 4.1.1 and 4.1.18

1.4. Comparison between MCN4 and other investments

MCN4 are different from other types of investments such as term deposits and ordinary shares. The table below compares the key features of MCN4 to some of the other types of investments. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to apply for MCN4. MGL strongly recommends that you seek professional advice, which takes into account your particular investment objectives and circumstances, from a licensed adviser.

Feature	Term deposit	BCN	MCN2 and MCN3	MCN4	Ordinary Shares
Issuer	Bank, credit union or building society (e.g. MBL)	MBL	MGL	MGL	MGL
Eligible for protection under the Australian government Financial Claims Scheme	Yes[1]	No	No	No	No
Term	One month to five years (usually)	Perpetual[2]	Perpetual[3]	Perpetual[4]	Perpetual
Distribution rate	Fixed (usually)	Floating, adjusted for franking	Floating, adjusted for franking	Floating, adjusted for franking[5]	Variable dividends
Distribution payment dates	End of term or per annum (usually)	Semi-annually	Semi-annually (in the case of MCN2); Quarterly (in the case of MCN3)	Quarterly	Semi-annually (usually)
Distributions are discretionary	No	Yes	Yes	Yes	Yes
Frankable distributions	No	Yes	Yes	Yes	Yes
Transferable	No	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX
Non-Viability provisions	No	Yes	Yes	Yes	Not applicable
Common Equity Tier 1 Trigger provisions	No	Yes	No	No	Not applicable

1. On or after 1 January 2013, the limit in relation to protected account(s) that an account holder has with a declared ADI as at a particular time is $250,000.
2. Unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the BCN. Subject to the satisfaction of certain conditions, BCN will be mandatorily exchanged into Ordinary Shares on 24 March 2023 or the next distribution payment date on which those conditions are satisfied.
3. Unless redeemed, exchanged or written-off earlier in accordance with the terms of the MCN2. Subject to the satisfaction of certain conditions, MCN2 will be mandatorily exchanged into Ordinary Shares on 18 March 2024 or the next distribution payment date on which those conditions are satisfied. Subject to the satisfaction of certain conditions, MCN3 will be mandatorily exchanged into Ordinary Shares on 15 December 2027 or the next distribution payment date on which those conditions are satisfied.
4. Unless redeemed, exchanged or written-off earlier. Subject to the satisfaction of certain conditions, the MCN4 will be mandatorily Exchanged on a Mandatory Exchange Date, as outlined in section 2.3 of this Prospectus.
5. The impact of franking is described in sections 2.1.3 and 2.1.4.

Topic	Summary	Further information
1.5. What is the Offer and how do I apply?		
1.5.1. How is the Offer structured and who can apply?	The Offer comprises: • an Institutional Offer to Institutional Investors; • a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers or New Zealand resident high net worth clients of Syndicate Brokers who are invited to apply under the Broker Firm Offer; and • a Securityholder Offer made to Eligible Securityholders. MCN4 may also be offered (as part of any Offer category) in certain permitted jurisdictions outside Australia where such Offer is made, and accepted, in accordance with the laws of such jurisdictions.	Section 7.4
1.5.2. Is the Offer underwritten?	No.	Section 6.2
1.5.3. When is the Offer Period?	• The Offer opens on 5 March 2019. • The Offer is expected to close on 22 March 2019.	Key dates and section 7.4
1.5.4. Is there a minimum Application size?	• Applications must be for a minimum of 50 MCN4 ($5,000).	Section 7.4.6
1.5.5. How can I apply?	• If you wish to participate under the Broker Firm Offer you must contact your Syndicate Broker for instructions on how to apply. • If you wish to participate under the Securityholder Offer you must complete an electronic or paper copy of the Application Form and pay the Application Payment either electronically (if you are applying online) by BPAY® or by cheque or money order (if you are applying via a paper Application Form). • See section 7 for further information on how to make an Application.	Section 7
1.5.6. How will MCN4 be allocated?	• Allocations to Syndicate Brokers and Institutional Investors were agreed by MGL and the Joint Lead Managers following completion of the Bookbuild. Allocations to individual Broker Firm Applicants will be determined by their Syndicate Broker. • Allocations for the Securityholder Offer will be determined by MGL. MGL has absolute discretion to determine the method and extent of the allocations. Allocations may be scaled back. If the Securityholder Offer is scaled back, Applicants will have all or some of their Application Payments (as applicable) refunded (without interest) as soon as practicable after the Issue Date. Any refunded Application Payments will be refunded by bank transfer (where possible) or alternatively by cheque despatched to the Applicant's address specified on the Application Form. • The allocation policy is described in section 7.5.	Section 7.5
1.5.7. Is there brokerage, commission or stamp duty payable?	• No brokerage, commission or stamp duty is payable on Applications for MCN4 provided that no person obtains, either alone or with associates, an interest of 90% or more in MGL. • MCN4 Holders may have to pay brokerage (and applicable GST) on any subsequent transfer of MCN4 on ASX after quotation or on any transfer of Ordinary Shares that may be quoted on an Exchange.	Section 7.4.3
1.5.8. What are the tax implications of investing in MCN4?	A general outline of the Australian taxation implications is included in the Australian taxation summary at section 5.1.	Section 5
1.5.9. Where can I find out more information about the Offer?	• If you have questions in relation to the Offer, please see www.MCN4Offer.com.au or email the Registrar at MCN4Offer@boardroomlimited.com.au or telephone the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International). • If you are a Broker Firm Applicant, you should contact your Syndicate Broker.	Section 7.9

2

About MCN4

This section provides additional information about MCN4. Where indicated, more detailed information is provided in other sections of this Prospectus. If you have any questions, you should seek advice from your financial adviser or other professional adviser. The full MCN4 Terms are contained in Appendix A. Rights and liabilities attaching to MCN4 may also arise under the Corporations Act, ASX Listing Rules and other applicable laws.

Topic	Summary	Further information

2.1. Distributions

MCN4 are expected to pay quarterly Distributions commencing on 11 June 2019[1] which are expected to be 45% franked initially, but may not be franked, or may be franked to a different level in the future. A Distribution will be paid subject to the Payment Conditions, including MGL's discretion.

The Distribution Rate is a floating rate (i.e. it will fluctuate), and is equal to the sum of the Reference Rate plus the Margin, adjusted for the Tax Rate and the Franking Rate.

Distributions are non-cumulative.

2.1.1. What are Distributions?	• Distributions on MCN4 are discretionary, non-cumulative floating rate payments. • Distributions are scheduled to be paid quarterly in arrears commencing on 11 June 2019[1], subject to the Payment Conditions – see below. • The Distribution Payment Dates are 10 March, 10 June, 10 September, 10 December each year. • Distributions are expected to be franked at the same rate as dividends on Ordinary Shares. MGL currently franks dividends on Ordinary Shares at 45%. The level of franking may vary over time and Distributions may be partially, fully or not franked.	Clause 2 of the MCN4 Terms

2.1.2. What are the Payment Conditions?	• Distributions may not always be paid. The payment of each Distribution will be made unless:
	  ◦ MGL, in its absolute discretion, determines that the Distribution is not payable to MCN4 Holders;
	  ◦ payment of the Distribution would result in MGL breaching APRA's capital adequacy requirements applicable to it;
	  ◦ payment of the Distribution would result in MGL becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
	  ◦ APRA objects to the payment of the Distribution.
	These conditions are referred to in this Prospectus as the "**Payment Conditions**".
	• Failure to pay a Distribution when scheduled will not constitute an event of default and MCN4 Holders have no claim or entitlement in respect of non-payment or any right to receive that Distribution at any later time. However, the Dividend Restriction may apply in this scenario – see section 2.1.9.
		Clause 2 of the MCN4 Terms

2.1.3. How will the Distribution Rate be calculated?	• The Distribution Rate is calculated using the following formula:
	Distribution Rate = (Reference Rate + Margin) x Franking Adjustment Factor
	where:
	  ◦ **Reference Rate** means, the Reference Rate on the first day of that Distribution Period – see section 2.1.5;
	  ◦ **Margin** is 4.15% and was set by way of Bookbuild and was announced to the market on 27 February 2019.
	  ◦ **Franking Adjustment Factor =** $\frac{(1-T)}{1-[T \times (1-F)]}$
	where:
	  ◦ T is the Tax Rate; and
	  ◦ F is the Franking Rate
		Clause 2.1 of the MCN4 Terms

1. Due to the Business Day convention, the first Distribution Payment Date is deferred from 10 June 2019 to 11 June 2019.

2. About MCN4

Topic	Summary	Further information
2.1.3. How will the Distribution Rate be calculated? (continued)	• Due to the effect of the Franking Adjustment Factor, the Distribution Rate will be lower if franking applies to a Distribution. • For example, assuming the Reference Rate for the first Distribution Period is 1.8706% per annum, the Margin is 4.15% per annum and using the Macquarie Group's current franking rate of 45%, then the Distribution Rate for that Distribution Period would be calculated as follows:	Clause 2.1 of the MCN4 Terms

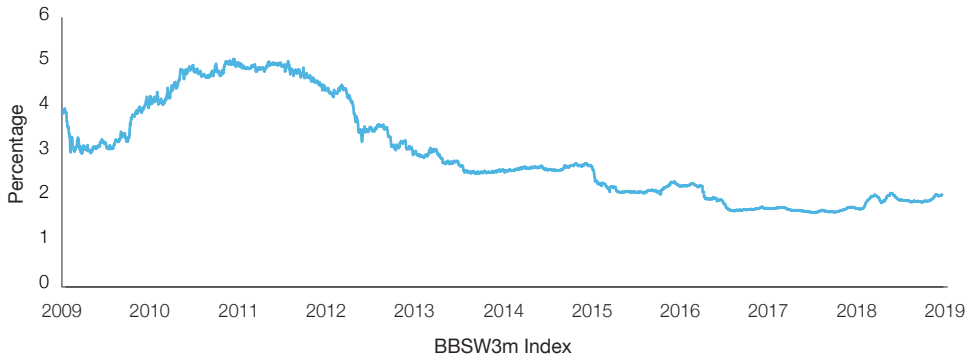
		Partially franked Distribution
(1)	Reference Rate	1.8706%
(2)	Margin	4.15%
(3)	= (1) + (2)	6.0206%
(4)	Tax Rate	30%
(5)	Franking Rate	45%
(6)	Franking Adjustment Factor (per formula above)	83.8323%
(7)	Distribution Rate = (3) x (6)	5.0472%

2.1.4. What is the impact of Franking credits?	• Distributions are expected to be franked at the same rate as Ordinary Shares. MGL currently franks dividends on Ordinary Shares at 45%. The level of franking may vary over time and Distributions may be partially, fully or not franked. • MGL's ability to frank dividends on Ordinary Shares and Distributions on MCN4 is affected by its level of available franking credits and distributable profits. MGL's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which the Macquarie Group makes profits and pays tax, the applicable Australian corporate tax rate and the amount of other frankable distributions. MGL's distributable profits may also be impacted by a wide range of factors, including its level of earnings and other distributions it makes. See section 4.1.7. • A higher Franking Rate for a Distribution will result in a lower Distribution Rate and a lower cash Distribution, reflecting the value of the franking credit attached to the Distribution. • MCN4 Holders should be aware that the potential value of any franking credit does not accrue at the same time as the receipt of any cash Distribution. MCN4 Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each MCN4 Holder and the tax rules that apply at the time of each distribution. • The laws relating to the availability of franking may change. The Australian Labor Party has announced a proposal that certain individuals and superannuation funds will no longer be entitled to receive a refund of franking credits received to the extent that they exceed their tax payable. The proposal would apply from 1 July 2019. The proposal and the final form this takes remain contingent on the Australian Labor Party being elected into government and the proposal being enacted into law. If the proposal is implemented MCN4 Holders will not be entitled to any adjustment to the amount of any Distributions. The implementation of the proposal will also not give rise to a Tax Event and accordingly will not trigger an entitlement for MGL to Exchange, Resell or Redeem MCN4. Implementation of the proposed changes may adversely affect the returns you receive on your MCN4 and the market price and/or liquidity of MCN4 may also be adversely impacted. • MCN4 Holders should refer to the Australian taxation summary in section 5.1 and seek professional advice in relation to their tax position.	Sections 4.1.3, 4.1.7, 4.1.8, 4.1.22 and 5

Topic	Summary	Further information
2.1.4. What is the impact of Franking credits? (continued)	• If the Distribution is fully or partially franked, the franking credits attached to a Distribution (expressed as a percentage of the Issue Price) will be equal to: $\frac{\text{Distribution Rate x Tax Rate x Franking Rate}}{\text{(1–Tax Rate)}}$ • The amount of franking credits attached to a Distribution will be notified to MCN4 Holders in Distribution notices shortly after a Distribution is paid. Taking the example in section 2.1.3, the amount of franking credits (expressed as a percentage) would be calculated as:	Sections 4.1.3, 4.1.7, 4.1.8, 4.1.22 and 5

	Partially franked Distribution
Distribution Rate	5.0472%
Tax Rate	30%
Franking Rate	45%
Franking credit rate (per formula above)	0.9734%

2.1.5. What is the Reference Rate?	• The Reference Rate means, for a Distribution Period, the rate designated "BBSW" in respect of prime bank eligible securities having a tenor closest to the Distribution Period which rate ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am on the first day of that Distribution Period. • The rate is administered by ASX and is published on various information services (e.g. Thomson Reuters page BBSW). • The rate changes to reflect supply and demand in the cash and currency markets and provides a reference for the pricing, rate setting and valuation of Australian dollar financial securities. • The graph below illustrates the movement in the Reference Rate over the last 10 years. The rate on 1 March 2019 was 1.8706% per annum. • If MGL determines that BBSW has been affected by a "Reference Rate Disruption Event", MGL may select an alternative reference rate that it considers appropriate and make other related changes to the Terms (subject, in each case, to APRA's prior written approval). • Broadly, a "Reference Rate Disruption Event" occurs where BBSW is not published by the usual time, there is an obvious error in the rate, or BBSW has been discontinued or has ceased to be generally accepted in the Australian market for securities such as MCN4. MGL is required to act in good faith and in a commercially reasonable manner in selecting an alternative reference rate, and may consult with sources that it considers appropriate, but may otherwise exercise its discretion.	Clause 2.1 of the MCN4 Terms



• The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Reference Rate. The actual Reference Rate for the first and subsequent Distribution Periods may be higher or lower than the rates in the above graph.

2. About MCN4

Topic	Summary	Further information
2.1.6. How will the Distribution be calculated for each Distribution Payment Date?	• Distributions scheduled to be paid on each Distribution Payment Date on each MCN4 will be calculated using the following formula: $\frac{\$100 \times \text{Distribution Rate} \times N}{365}$ where: • **Distribution Rate** means the rate (expressed as a percentage per annum) calculated as set out in section 2.1.3; and • **N** means the number of days in the Distribution Period. • As an example, if the Distribution Rate was 5.0472% per annum then the Distribution on each MCN4 for the Distribution Period (if the Distribution Period was a quarterly period of 91 days) would be calculated as follows: Distribution Rate: 5.0472% Multiplied by the Issue Price: x $100 Multiplied by the number of days in the Distribution Period: x 91 Divided by 365: ÷ 365 Indicative Distribution payment for the quarterly Distribution Period per MCN4: $1.2583 • The first Distribution Period commences on the Issue Date and ends on 10 June 2019 and, accordingly, the number of days included in that Distribution Period is expected to be 75 days. Using a Distribution Rate of 5.0472% (reflecting a Reference Rate of 1.8706% and otherwise the same inputs as above), an indicative first Distribution payment would be $1.0371. • The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution payable for the first or any subsequent Distribution Period. Actual Distributions may be higher or lower than this example.	Clause 2.1 of the MCN4 Terms
2.1.7. When are the Distribution Payment Dates?	• Distributions are payable (subject to the Payment Conditions, including the discretion of MGL) quarterly in arrears commencing on 11 June 2019[2]. • The Distribution Payment Dates are 10 March, 10 June, 10 September and 10 December each year. • If MCN4 are Redeemed, Resold or Exchanged (other than on account of a Non-Viability Event) the Redemption Date, Resale Date or Exchange Date will also be a Distribution Payment Date. • If any of these dates is not a Business Day, the Distribution Payment Date will be the next day which is a Business Day.	Clauses 2.1, 2.2 and 2.3 of the MCN4 Terms

2. Due to the Business Day convention, the first Distribution Payment Date is deferred from 10 June 2019 to 11 June 2019.

Topic	Summary	Further information

2.1.8. How will Distributions be paid?	• Distributions will be paid in Australian dollars. MGL will only pay Distributions to Australian resident investors directly into an Australian dollar account held with a financial institution.
	• MGL will not pay Distributions on MCN4 to Australian resident investors by cheque.
	• If you are allotted any MCN4, when you are sent your Holding Statement you will also be sent instructions on how to provide details of your Australian dollar account held with a financial institution.
	• If you are an Australian resident and do not provide these account details to the Registrar, or if any Distribution paid to you is unsuccessful, then you will be sent a notice advising you of the amount of the Distribution and the funds will be held in a bank account as a non-interest bearing deposit until the first to occur of the following:
	  ◦ you provide valid account details to the Registrar;
	  ◦ the MCN4 Holder or any legal personal representative of the MCN4 Holder claims the amount;
	  ◦ the Issuer is entitled to refuse any claim in respect of the amount on the ground that payment has not been made within 5 years from the date on which it first became due, in which case the Issuer may treat the amount as its own; or
	  ◦ the Issuer is entitled or obliged to deal with the amount in accordance with the legislation relating to unclaimed moneys.
	• Investors who are not Australian residents may receive Distributions by cheque.
	• MGL reserves the right to vary the way in which any Distribution is paid in accordance with the MCN4 Terms (provided that a Distribution must always be paid in cash).
		Clause 11 of the MCN4 Terms

2.1.9. What is the Dividend Restriction and when will it apply?	• If for any reason a Distribution has not been paid on a Distribution Payment Date, unless it is paid within 10 Business Days of that date, MGL must not:
	  ◦ determine, declare or pay a dividend on any Ordinary Shares; or
	  ◦ undertake any Buy-Back or Capital Reduction,
	  from the Distribution Payment Date until and including the next Distribution Payment Date, subject to certain exceptions, without the approval of a Special Resolution of the MCN4 Holders.
	• The MCN4 Terms contain no events of default and accordingly, failure to pay a Distribution when scheduled will not constitute an event of default.
		Clauses 2.4, 2.5, 10.1 and 18.2 of the MCN4 Terms

2.2. Term		
2.2.1. Do MCN4 have a maturity date?	• MCN4 are perpetual and do not have a fixed maturity date. If they are not Exchanged, Redeemed or Written-Off in accordance with the MCN4 Terms they could remain on issue indefinitely.	
	Exchange If still on issue, MCN4 will Exchange into Ordinary Shares on 10 September 2029 if the Exchange Conditions are satisfied in respect of that date. If the Exchange Conditions are not satisfied in respect of that date MCN4 will Exchange on the next subsequent Distribution Payment Date on which the Exchange Conditions are satisfied.	Section 2.3

	• Subject to certain restrictions, MGL may elect to Exchange some or all MCN4:
	  ◦ on a Scheduled Optional Exchange Date; or
	  ◦ after the occurrence of a Tax Event or Regulatory Event,
	  (together, "**Optional Exchange Dates**").
		Section 2.4

2. About MCN4

Topic	Summary	Further information
2.2.1. Do MCN4 have a maturity date? (continued)	• MGL must also Exchange all MCN4 following an Acquisition Event except in certain circumstances. If Exchange occurs following these events, MCN4 Holders would generally[3] receive Ordinary Shares worth approximately $101 (determined on the basis of the Exchange calculations described in section 2.3.4 below) although by the time of Exchange the market value of the Ordinary Shares received may be more or less than $101 when they are issued or at any time after that.	Section 2.8

	• MGL must Exchange some or all (depending on the circumstances) MCN4 for Ordinary Shares on the occurrence of a Non-Viability Event:
	  ◦ This Exchange is not subject to the Exchange Conditions.
	  ◦ If, for any reason, this Exchange does not occur within 5 Business Days of the Non-Viability Event, then the relevant MCN4 will be Written-Off. That MCN4 Holder will suffer a total loss of their investment and will not receive any compensation.
		Section 2.7

	Resale • On an Optional Exchange Date, subject to APRA's prior written approval, MGL may instead elect to arrange for a Resale of all or some MCN4. If Resale occurs, MCN4 Holders will receive the Issue Price ($100) for each MCN4 they hold.	Section 2.6
	Redemption • On an Optional Exchange Date, subject to APRA's prior written approval, MGL may instead elect to Redeem all or some MCN4. If Redemption occurs, MCN4 Holders will receive the Issue Price ($100) for each MCN4 they hold.	Section 2.5
	There are conditions on MGL's ability to Redeem or Resell MCN4 for cash. Importantly, MGL may only elect to Redeem or Resell MCN4 with APRA's prior written approval. MCN4 Holders should not expect that APRA's approval, if requested, will be given.	

2.3. Mandatory Exchange

MGL must Exchange MCN4 into Ordinary Shares on 10 September 2029 (if the MCN4 have not been Redeemed, Exchanged or Written-Off beforehand) provided that certain Exchange Conditions are satisfied.

The conditions to Mandatory Exchange and the associated Exchange calculations (described in this section) are designed to ensure that if Exchange occurs MCN4 Holders will receive approximately $101 worth of Ordinary Shares for each MCN4 held, and that the Ordinary Shares they receive following the Exchange are capable of being sold on ASX.

2.3.1. What happens on Scheduled Mandatory Exchange?	If MCN4 have not already been Redeemed, Resold, Exchanged or Written-Off, MCN4 Holders will receive Ordinary Shares on Exchange of MCN4 on 10 September 2029, the "**Scheduled Mandatory Exchange Date**", unless the Exchange Conditions are not satisfied. Upon Exchange on the Mandatory Exchange Date, MCN4 Holders will receive approximately $101 worth of Ordinary Shares per MCN4 based on VWAP calculated over the 20 ASX Trading Days immediately preceding the Exchange Date and a 1% discount on Exchange. This VWAP will most likely differ from the Ordinary Share price on or after the Scheduled Mandatory Exchange Date. This means that the value of Ordinary Shares received may be more or less than $101 when they are issued, or at any time after that. As a result of any Exchange of MCN4 for Ordinary Shares, MCN4 Holders will become holders of Ordinary Shares, which will rank equally with existing Ordinary Shares from the date of issue. The value of any holding of Ordinary Shares may fluctuate from time to time.	Clauses 3 and 9 of the MCN4 Terms

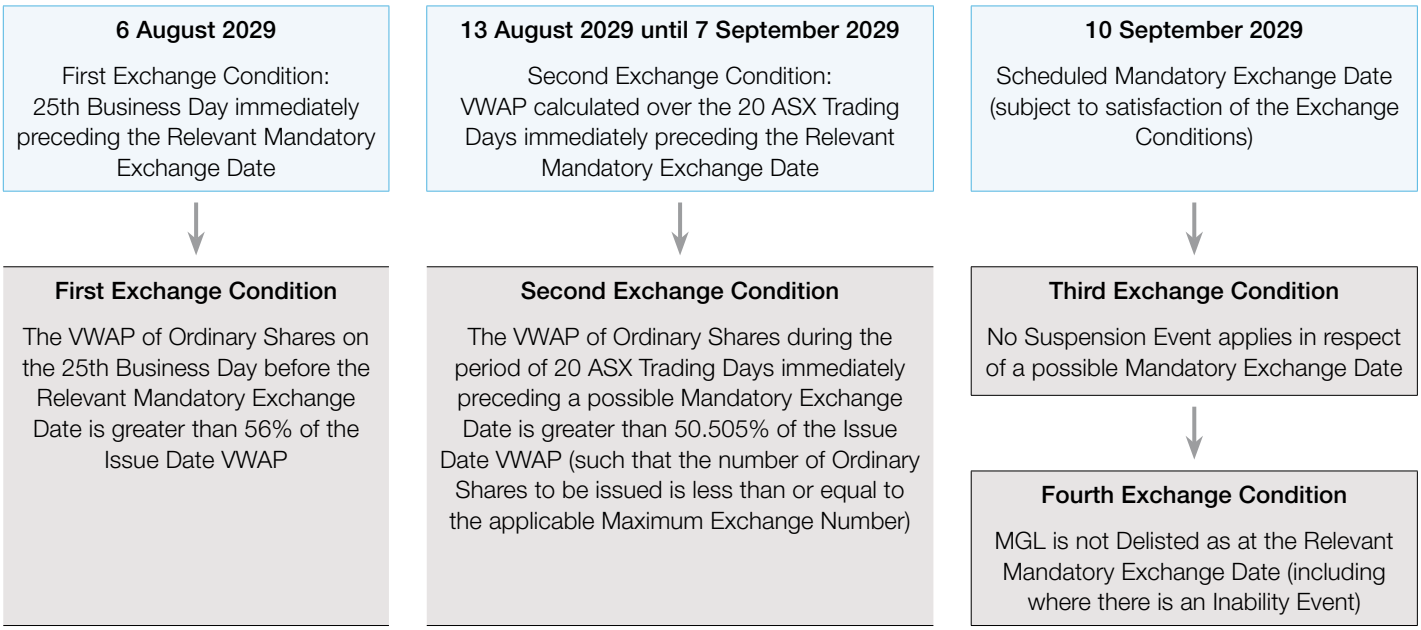
3. As with other types of Exchange (other than Exchange on account of a Non-Viability Event), there are conditions to Exchange on an Acquisition Event which ensure that an MCN4 Holder will receive approximately $101 worth of Ordinary Shares for each MCN4 they hold and the Ordinary Shares received are capable of being sold on the ASX. However, these conditions do not apply if the Directors determine that the Exchange is in any event in the best interests of MCN4 Holders as a whole.

Topic	Summary	Further information
2.3.2. What happens if the Exchange Conditions are not met on the Scheduled Mandatory Exchange Date (10 September 2029)?	• If still on issue, the MCN4 will be Exchanged on the Scheduled Mandatory Exchange Date, provided that the Exchange Conditions are satisfied on this date. • If any of the Exchange Conditions are not satisfied on this date, then the Exchange will be deferred until the next quarterly Distribution Payment Date, each a "**Deferred Mandatory Exchange Date**", where all of the Exchange Conditions are satisfied. This means that if the Exchange Conditions are never satisfied MCN4 may never be Exchanged. • The Scheduled Mandatory Exchange Date and each Deferred Mandatory Exchange Date are referred to as "**Relevant Mandatory Exchange Dates**". • Distributions will continue to be paid (subject to the Payment Conditions) until Exchange occurs.	Clause 3.2 of the MCN4 Terms and section 2.3.3

2.3.3. What are the Exchange Conditions?	• In summary, the Exchange Conditions are as follows:
	  • **First Exchange Condition:** the Daily VWAP on the 25th Business Day immediately preceding the Relevant Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;
	  • **Second Exchange Condition:** the VWAP during the 20 ASX Trading Days immediately preceding the Relevant Mandatory Exchange Date is such that the number of Ordinary Shares to be issued would be less than or equal to the applicable Maximum Exchange Number;
	  • **Third Exchange Condition:** no Suspension Event applies in respect of the Relevant Mandatory Exchange Date (broadly, a Suspension Event occurs where Ordinary Shares have been suspended from trading for the 5 preceding Business Days); and
	  • **Fourth Exchange Condition:** MGL is not Delisted as at the Relevant Mandatory Exchange Date (broadly, MGL will be Delisted where Ordinary Shares cease to be listed on ASX or where an Inability Event (as described in section 2.7.6) subsists).
	• Exchange on a Mandatory Exchange Date cannot occur unless all four Exchange Conditions are satisfied.
	• The First Exchange Condition and Second Exchange Condition are intended to ensure MCN4 Holders will not receive less than $101 worth of Ordinary Shares per MCN4 on Exchange (based on the VWAP during the 20 ASX Trading Days before the Mandatory Exchange Date).
	• The Third Exchange Condition and Fourth Exchange Condition are intended to provide protection to MCN4 Holders by making Exchange conditional on MCN4 Holders receiving Ordinary Shares which are capable of being sold on ASX.
	• The following diagram sets out the timeframes that are relevant for testing whether Exchange will occur, using the Scheduled Mandatory Exchange Date (10 September 2029). These dates are indicative only and may change.
		Clause 3.3 of the MCN4 Terms

2. About MCN4

Topic	Summary	Further information



Note: The dates in the diagram above assume that trading of Ordinary Shares takes place on **6 August 2029** and each of the Business Days between **6 August 2029** and **7 September 2029**, which may not be the case due to public holidays or if trading in Ordinary Shares is suspended during the period leading up to the possible Mandatory Exchange Date.

2.3.4. How many Ordinary Shares will an MCN4 Holder receive on a Relevant Mandatory Exchange Date?

Clauses 9.1, 9.3 and 9.4 of the MCN4 Terms

- An MCN4 Holder will receive on a Relevant Mandatory Exchange Date a number of Ordinary Shares per MCN4 ("**Exchange Number**") calculated in accordance with the following formula:

$$\frac{\$100}{99\% \times \text{Exchange Date VWAP}}$$

  where **Exchange Date VWAP** is the volume weighted average price of Ordinary Shares during the VWAP Period (being the period of 20 ASX Trading Days immediately preceding the Relevant Mandatory Exchange Date).
- The Exchange Number can never be greater than the Maximum Exchange Number (see section 2.3.5). The Exchange Conditions prevent Exchange from occurring on a Relevant Mandatory Exchange Date where the Exchange Number would be limited by the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date.
- The Exchange Date VWAP will be adjusted to reflect:
  - dividends or other distributions that are reflected in the Ordinary Share price that will not be payable to MCN4 Holders after Exchange and vice versa (e.g. where the price is quoted cum dividend but the dividend is paid before the Exchange); and
  - any division, consolidation or reclassification of MGL's share capital (not involving any cash payment or other distribution or compensation to or by holders of Ordinary Shares or to or by any entity in the Macquarie Group) occurring during the calculation period.
- The number of Ordinary Shares to be received by an MCN4 Holder will also be rounded down so that only a whole number of Ordinary Shares is issued in connection with the MCN4 Holder's aggregate holding of MCN4 (with entitlements of the MCN4 Holder to a part only of an Ordinary Share disregarded).

Topic	Summary	Further information
2.3.5. What is the Maximum Exchange Number?	• The Maximum Exchange Number is calculated as: $$\frac{\$100}{\text{Issue Date VWAP x Relevant Percentage}}$$ where: • the Issue Date VWAP is the VWAP during the 20 ASX Trading Days immediately preceding, but not including, the Issue Date; and • the Relevant Percentage, for Exchange on a Relevant Mandatory Exchange Date, is 50%. • Under no circumstances will MCN4 be Exchanged for more than the Maximum Exchange Number of Ordinary Shares. • Other than for an Exchange on account of a Non-Viability Event (see section 2.7.4) or an Acquisition Event (see section 2.8), the Exchange Conditions prevent an Exchange from occurring where the Ordinary Shares which MCN4 Holders would receive are worth less than approximately $101 based on the Exchange Date VWAP. • The Issue Date VWAP (and consequently the Maximum Exchange Number) will be adjusted where: • dividends or other distributions are reflected in the Ordinary Share price in the Issue Date VWAP calculation period that will not be payable to MCN4 Holders (e.g. where the price is quoted cum dividend); • a pro-rata bonus issue of Ordinary Shares (other than a bonus share plan, employee or executive share plan, executive option plan, share top-up plan, share purchase plan or dividend reinvestment plan) occurs while MCN4 are on issue; or • any division, consolidation or reclassification of MGL's share capital (not involving any cash payment or other distribution or compensation to or by holders of Ordinary Shares or to or by any entity in the Macquarie Group) occurs while the MCN4 are on issue. The adjustment to Issue Date VWAP will not be made for any other capital activity including a rights issue or other essentially pro rata issue. The MCN4 Terms do not restrict MGL from undertaking any activity of this kind. Where the adjustment to Issue Date VWAP would be less than 1%, no adjustment will be made (although the adjustment balance will be carried forward for any subsequent adjustments).	Clauses 9.1 and 9.3 to 9.9 of the MCN4 Terms
2.3.6. Example of the Exchange calculations	**Illustrative example of Exchange** This example is for illustrative purposes only. The figures in it are not forward looking statements and do not indicate or guarantee the Issue Date VWAP or future VWAP or other price of Ordinary Shares. For the example of the Mandatory Exchange on 10 September 2029, assume the Issue Date VWAP was $121.95. The Exchange Conditions are tested and the number of Ordinary Shares to be received on Exchange would be determined as follows: ***Step 1: passing the Exchange Conditions*** First Exchange Condition This condition requires that the VWAP on the 25th Business Day immediately preceding 10 September 2029 (assuming there is trading of Ordinary Shares on that day) is greater than 56% of the Issue Date VWAP, which would be $68.29 (being 56% of $121.95). • Assume the VWAP on 6 August 2029 (expected to be the 25th Business Day immediately preceding, but not including, 10 September 2029) is $111.95. Since the VWAP on 6 August 2029 is greater than $68.29, the First Exchange Condition is satisfied.	

2. About MCN4

Topic	Summary	Further information
2.3.6. Example of the Exchange calculations (continued)	Second Exchange Condition The Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date is calculated on the basis that the Relevant Percentage is 50%. The effect of this is that the Second Exchange Condition applicable to a Relevant Mandatory Exchange Date will be met if the VWAP during the 20 ASX Trading Days immediately preceding 10 September 2029 is greater than 50.505% of the Issue Date VWAP, which would be $61.59 (being 50.505% of $121.95). • Assume the VWAP during the period from 13 August 2029 to 7 September 2029 (expected to be the 20 ASX Trading Days immediately preceding, but not including, 10 September 2029) is $111.95. Since the VWAP during the period from 13 August 2029 to 7 September 2029 is greater than $61.59, the Second Exchange Condition is satisfied. Third Exchange Condition This condition requires that no Suspension Event applies on 10 September 2029. • Assume on 10 September 2029, trading in Ordinary Shares is not suspended on that date and has not been suspended during the five preceding Business Days. In these circumstances, the Third Exchange Condition is satisfied. Fourth Exchange Condition This condition requires that MGL is not Delisted on 10 September 2029. • Assume on 10 September 2029, MGL is listed on ASX and no Inability Event subsists. In these circumstances, the Fourth Exchange Condition is satisfied. ***Step 2: calculating the number of shares received on Exchange*** On 10 September 2029, MCN4 Holders would be entitled to receive in respect of MCN4, the Exchange Number of Ordinary Shares determined as follows: $$\frac{\$100}{99\% \times \text{Exchange Date VWAP}}$$ • Assume the Exchange Date VWAP, being the VWAP during the period from 13 August 2029 to 7 September 2029 (being the 20 ASX Trading Days immediately preceding 10 September 2029) is $111.95. The Exchange Number would be 0.9023 (being $100 divided by (99% x $111.95)). Assuming an MCN4 Holder has 100 MCN4 the total number of Ordinary Shares to which they would be entitled would be 90 (i.e. 100 x 0.9023, which number is rounded down to disregard the fraction of the Ordinary Share). ***Maximum Exchange Number*** In this example, the Exchange Number will not be impacted by the Maximum Exchange Number: If the Issue Date VWAP is $121.95, the Maximum Exchange Number would be 1.6400 (being $100 divided by (50% x $121.95)). As the Exchange Number (0.9023) is less than the Maximum Exchange Number (1.6400), there will be no restriction on the number of Ordinary Shares an MCN4 Holder receives.	

Topic	Summary	Further information

2.4. Exchange at option of MGL

On any of the Scheduled Optional Exchange Dates, being 10 September 2026, 10 March 2027 and 10 September 2027, MGL may elect to Exchange MCN4 into Ordinary Shares. MGL may also elect to Exchange MCN4 into Ordinary Shares following the occurrence of a Tax Event or Regulatory Event.

There are certain conditions and restrictions that apply to an Optional Exchange. The conditions to Optional Exchange and the associated Exchange calculations (described in this section) are designed to ensure that if Exchange occurs MCN4 Holders will receive approximately $101 worth of Ordinary Shares for each MCN4 held, and that the Ordinary Shares they receive following the Exchange are capable of being sold on ASX.

Topic	Summary	Further information

2.4.1. When can MGL choose to Exchange MCN4?	• MGL may choose to Exchange all or some MCN4 on:
	  ◦ 10 September 2026;
	  ◦ 10 March 2027; or
	  ◦ 10 September 2027
	  (each a "**Scheduled Optional Exchange Date**"); or
	  ◦ after a Tax Event or a Regulatory Event.
	
	Upon Optional Exchange, MCN4 Holders will receive approximately $101 worth of Ordinary Shares per MCN4 based on the VWAP during the 20 ASX Trading Days immediately preceding the Optional Exchange Date. The calculation of the Exchange Number of Ordinary Shares that MCN4 Holders will receive upon Optional Exchange is the same as described in section 2.3.4 for a Relevant Mandatory Exchange Date (with the Optional Exchange Date substituted for the Relevant Mandatory Exchange Date) and using the Maximum Exchange Number applicable to an Optional Exchange Date as described in section 2.4.5.
	
	The VWAP during this period will most likely differ from the Ordinary Share price on or after the Optional Exchange Date. This means that the value of Ordinary Shares received may be more or less than approximately $101 when they are issued or at any time after that.
	
	MGL's right to elect to Exchange is restricted in the circumstances described further in section 2.4.4, and is also subject to certain conditions as described further in section 2.4.5.
	
	MCN4 Holders have no right to request Exchange of MCN4.
		Clauses 5.1, 5.2 and 9.1 of the MCN4 Terms

2.4.2. What is a Tax Event?	A **Tax Event** means, broadly, that:
	• MGL receives advice that as a result of a change in law or regulation affecting taxation in Australia on or after the Issue Date (which was not expected by MGL as at the Issue Date), there is more than an insubstantial risk that, in connection with MCN4:
	  ◦ an additional franking debit will arise in the franking account of MGL in respect of any Distribution;
	  ◦ any Distribution would not be frankable; or
	  ◦ MGL would be exposed to a more than **de minimis** increase in its costs (including any amount of taxes, duties, assessments, costs or other government charges or the loss of any deductions).
	
	MGL is not aware of, nor expects, any Tax Event as at the date of this Prospectus.
		Clause 18.2 of the MCN4 Terms

2.4.3. What is a Regulatory Event?	A **Regulatory Event** will, broadly, occur if as a result of a change of law or regulation, or a statement, order or directive from APRA, on or after the Issue Date, the Issuer determines that: • any of the MCN4 are not eligible for inclusion as Eligible Capital; • additional requirements in connection with the MCN4 would be imposed on MGL or the Macquarie Group which the Issuer determines, in its absolute discretion, might have a material adverse effect on MGL; or • to have any of the MCN4 outstanding would be unlawful or impractical or that the Macquarie Group would be exposed to a more than **de minimis** increase in its costs in connection with those MCN4.	Clause 18.2 of the MCN4 Terms

2. About MCN4

Topic	Summary	Further information

2.4.4. What are the requirements for Exchange to be elected?	• MGL may not elect to Exchange MCN4 if an Optional Exchange Restriction applies.
	• Further, if MGL has elected to Exchange MCN4, MGL may not proceed to Exchange if, on the Optional Exchange Date, certain further Exchange Conditions are not satisfied. In that case, the Exchange will be deferred until the first quarterly Distribution Payment Date on which the Optional Exchange Restrictions and the further Exchange Conditions are satisfied.
	• The Optional Exchange Restrictions are:
	  ◦ **First Optional Exchange Restriction:** the Daily VWAP on the second Business Day before the date on which an Optional Exchange Notice is to be sent by MGL (or, if that Business Day is not an ASX Trading Day, the last ASX Trading Day prior to that day) ("**Non-Exchange Test Date**") is less than or equal to 25% of the Issue Date VWAP; or
	  ◦ **Second Optional Exchange Restriction:** MGL is Delisted as at the Non-Exchange Test Date.
		Clauses 5.4 and 5.5 of the MCN4 Terms

2.4.5. Further conditions to an Optional Exchange	• The Second Exchange Condition, Third Exchange Condition and Fourth Exchange Condition (as described in section 2.3.3) apply to an Optional Exchange as if the date on which the Optional Exchange is to occur were a Mandatory Exchange Date, except that the Second Exchange Condition is tested on the basis of the Maximum Exchange Number applicable to an Optional Exchange Date. • The Maximum Exchange Number applicable to an Optional Exchange Date is calculated on the basis that the Relevant Percentage is 20%. As a result, the Maximum Exchange Number in the event of an Optional Exchange is higher than the Maximum Exchange Number applicable on a Relevant Mandatory Exchange Date. The effect of this is that the Second Exchange Condition applicable to an Optional Exchange will be met if the VWAP during the 20 ASX Trading Days immediately preceding the Optional Exchange Date is greater than 20.202% of the Issue Date VWAP.	Clauses 5.5 and 9.1 of the MCN4 Terms

2.5. Redemption at option of MGL

On any of the Scheduled Optional Exchange Dates, being 10 September 2026, 10 March 2027 and 10 September 2027, or after a Tax Event or Regulatory Event, MGL may elect to Redeem all or some MCN4 with APRA's prior written approval. If Redemption occurs, MCN4 Holders will receive the Issue Price ($100) for each of their MCN4 which is Redeemed.

There are conditions on MGL's ability to Redeem MCN4. Importantly, MGL may only elect to Redeem MCN4 with APRA's prior written approval. MCN4 Holders should not expect that APRA's approval, if requested, will be given for any Redemption.

2.5.1. When can MGL choose to Redeem MCN4?	• MGL may choose to Redeem all or some MCN4:
	  ◦ on any Scheduled Optional Exchange Date; or
	  ◦ after a Tax Event or Regulatory Event.
	MGL's right to elect to Redeem is subject to APRA's prior written approval and is restricted in the circumstances described further in section 2.5.3. That approval is at the complete discretion of APRA and may or may not be granted.
	MCN4 Holders have no right to request Redemption of MCN4.
		Clause 7 of the MCN4 Terms

2.5.2. What will MCN4 Holders receive if MCN4 are Redeemed?	On Redemption, an MCN4 Holder will receive $100 for each MCN4 they hold which is Redeemed and, if the Payment Conditions are met, a Distribution will be paid on Redeemed MCN4 for the period since the last Distribution Payment Date to the date of Redemption.	Clause 7.4 of the MCN4 Terms

Topic	Summary	Further information

2.5.3. What are the requirements for Redemption?	• A Redemption must not occur unless either:
	  ◦ MCN4 which are to be Redeemed are replaced, concurrently with the Redemption or beforehand, with securities forming part of Eligible Capital of the same or better quality from APRA's perspective, and the replacement of those MCN4 is done under conditions which are sustainable for the income capacity of the Macquarie Level 3 Group; or
	  ◦ APRA is satisfied that the capital position of the Macquarie Level 3 Group is sufficient after the MCN4 are Redeemed.
	• Redemption requires APRA's prior written approval. MCN4 Holders should not expect that APRA's approval will be given for Redemption.
		Clauses 7.1 and 7.2 of the MCN4 Terms

2.6 Resale at option of MGL

On any of the Scheduled Optional Exchange Dates, being 10 September 2026, 10 March 2027 and 10 September 2027, or following a Tax Event or Regulatory Event, MGL may elect to Resell all or some MCN4 with APRA's prior written approval. If Resale occurs, MCN4 Holders will receive the Issue Price ($100) for each of their MCN4 which is Resold.

MCN4 Holders should not expect that APRA's approval, if requested, will be given for any Resale.

2.6.1. When can MGL choose to Resell MCN4?	• MGL may choose to Resell all or some MCN4:
	  ◦ on any Scheduled Optional Exchange Date; or
	  ◦ after a Tax Event or Regulatory Event.
	MGL's right to elect to Resell MCN4 is subject to APRA's prior written approval. That approval is at the complete discretion of APRA and may or may not be granted.
	If MGL elects to Resell MCN4, MGL will appoint one or more third parties ("**Nominated Parties**") to purchase some or all MCN4. If MGL appoints more than one Nominated Party, MGL can determine the allocation of MCN4 purchased by each Nominated Party.
	MGL may appoint a Nominated Party on such terms as it may agree with the Nominated Party, including as to the conditions of any Resale, the procedures for settlement of such Resale, the substitution of a Nominated Party and the terms on which any MCN4 acquired by a Nominated Party may be Exchanged or otherwise dealt with. To the extent that such terms may cause the MCN4 to cease to be Relevant Securities forming part of Eligible Capital, such terms are subject to the prior written approval of APRA.
	MCN4 Holders have no right to request Resale of MCN4.
		Clause 8 of the MCN4 Terms

2.6.2. What will MCN4 Holders receive if MCN4 are Resold?	Each MCN4 Holder will receive $100 for each MCN4 it holds which is being Resold and, if the Payment Conditions are met, a Distribution will be paid by MGL in respect of Resold MCN4 for the period since the last Distribution Payment Date to the date of Resale.	Clause 8.3 of the MCN4 Terms
2.6.3. If a Nominated Party does not pay the Resale Price will MCN4 Holders continue to hold MCN4?	If a Nominated Party does not pay the Resale Price on or within two Business Days of the Resale Date, the Resale to that Nominated Party will not occur and MCN4 Holders will continue to hold the relevant MCN4 in accordance with the MCN4 Terms.	Clause 8.6 of the MCN4 Terms

2. About MCN4

Topic	Summary	Further information

2.7. Non-Viability Event Exchange

MGL is required to immediately Exchange MCN4 into Ordinary Shares if a Non-Viability Event occurs. Broadly, a Non-Viability Event occurs if APRA has notified the Issuer in writing that (1) Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the Issuer would become non-viable or (2) APRA has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.

The Exchange Conditions do not apply to an Exchange following a Non-Viability Event. The number of Ordinary Shares that MCN4 Holders will receive on an Exchange in these circumstances will not be greater than the Maximum Exchange Number applicable to a Non-Viability Exchange Date.

As an Exchange in these circumstances would most likely occur during a time of financial difficulty for MGL, depending on the market price of Ordinary Shares at the relevant time, MCN4 Holders may receive less, or significantly less, than $101 worth of Ordinary Shares per MCN4 and an MCN4 Holder may suffer loss as a consequence.

If, for any reason, MCN4 that are required to be Exchanged on account of a Non-Viability Event are not Exchanged within 5 Business Days of the Non-Viability Event, they will be Written-Off. If a Write-Off occurs, the MCN4 Holder's rights under that MCN4 are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and MCN4 Holders will suffer a total loss of their investment.

2.7.1. Why do the MCN4 Terms include a Non-Viability Event?	• The global bank Basel III capital framework includes requirements for conversion or write-off of capital instruments if the issuer becomes non-viable. APRA has implemented this framework for Australian banks with effect from 1 January 2013. In order to gain treatment as Eligible Capital under the NOHC Authority, it is also required that MCN4 be Exchanged or Written-Off on the occurrence of a Non-Viability Event.	

2.7.2. What is a Non-Viability Event?	• A Non-Viability Event means APRA has notified the Issuer in writing that:
	  ◦ Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the Issuer would become non-viable; or
	  ◦ APRA has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.
	• If a Non-Viability Event occurs which involves determination by APRA that a public sector injection of capital would be required, all MCN4 must be Exchanged.
	• If a Non-Viability Event occurs which does not involve a determination by APRA that a public sector injection of capital would be required, MGL must immediately Exchange some or all MCN4. In determining the number of MCN4 which must be Exchanged, the following applies:
	  ◦ the aggregate face value of all Relevant Securities subject to Loss Absorption must equal the amount APRA has notified the Issuer (or if APRA has not notified the Issuer of that amount, the amount determined by the Issuer) to be necessary to satisfy APRA that the Issuer will not become non-viable;
	  ◦ Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption before other Relevant Securities are subject to Loss Absorption (unless the terms of such other Relevant Securities otherwise provide); and
	  ◦ MCN4 and other Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption on a proportionate basis (unless the terms of any such other security provide for that security to be subject to Loss Absorption other than on a proportionate basis with MCN4 and other such securities), or such other basis as the Issuer considers fair and reasonable (subject to such adjustment as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any MCN4 or other Relevant Securities that are Equal Ranking Obligations).
		Clauses 4 and 18.2 of the MCN4 Terms

Topic	Summary	Further information

2.7.2. What is a Non-Viability Event? (continued)	• Nothing in the making of the determination or the adjustments is to delay or impede the immediate Exchange of the MCN4 on the Non-Viability Exchange Date.
	• There is no requirement that MGL's Ordinary Shares are cancelled or Written-Off before APRA determines a Non-Viability Event, or before MCN4 are required to be Exchanged or Written-Off on account of a Non-Viability Event.
	• As at the date of this Prospectus, MGL has two other outstanding issue of Relevant Securities that are Equal Ranking Obligations (MCN2 and MCN3). If a Non-Viability Event were to occur and MGL is required to Exchange only some of the Relevant Securities then on issue, the proportion of MCN4 to be Exchanged (which may be all of the MCN4) may be lower if other Relevant Securities are on issue. There is no obligation on any member of the Macquarie Group to issue any Relevant Securities. There is no obligation on MGL to maintain on issue MCN2, MCN3 or any other Relevant Securities that it has issued or may decide to issue in the future.
	• If some (but not all) MCN4 are to be Exchanged on account of a Non-Viability Event:
	  ◦ MGL will endeavour to treat MCN4 Holders on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels of MCN4 and other similar considerations and the need to effect Exchange immediately; and
	  ◦ where Relevant Securities that are Equal Ranking Obligations are not all in the same currency, MGL may treat them as if converted into a single currency of MGL's choice at the rate of exchange that is specified in the terms of such securities or at such other rate as MGL in good faith considers reasonable.
		Clauses 4 and 18.2 of the MCN4 Terms

2.7.3 What does non-viable mean?	• APRA has not provided guidance as to how it would determine non-viability. • Non-viability could be expected to include serious impairment of MGL's financial position and insolvency. However, it is possible that APRA's definition of non-viable may not necessarily be confined to solvency measures or capital levels and may also include other matters such as liquidity. • APRA has indicated that at this time it will not publish guidance on the parameters used to determine non-viability.	
2.7.4. How many Ordinary Shares will MCN4 Holders receive on the Non-Viability Exchange Date?	• The number of Ordinary Shares an MCN4 Holder will receive per MCN4 on account of an Exchange following a Non-Viability Event is the Exchange Number (calculated as described below) but cannot be more than the Maximum Exchange Number applicable to a Non-Viability Exchange Date. • The Exchange Number on account of a Non-Viability Event Exchange is calculated in the same manner as for a Relevant Mandatory Exchange Date (see section 2.3.4). However, the **Exchange Date VWAP** in this case is the volume weighted average price of Ordinary Shares during the period of 5 ASX Trading Days immediately preceding the Non-Viability Exchange Date. • The Maximum Exchange Number applicable to a Non-Viability Exchange Date is calculated on the basis that the Relevant Percentage is 20%. As a result, the Maximum Exchange Number on account of a Non-Viability Event Exchange is higher than the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date. • Since Exchange Conditions do not apply to a Non-Viability Event, the Exchange Number of Ordinary Shares may be limited to the Maximum Exchange Number applicable to a Non-Viability Exchange Date. Accordingly, the Ordinary Shares an MCN4 Holder may receive in these circumstances may be worth significantly less than the Issue Price of MCN4 and an MCN4 Holder may suffer a loss as a consequence.	Clause 9.1 of the MCN4 Terms

2. About MCN4

Topic	Summary	Further information
2.7.5. Are there any conditions to Exchange if a Non-Viability Event occurs?	• If a Non-Viability Event occurs, MGL must immediately Exchange some or all MCN4 into Ordinary Shares. • Exchange on the occurrence of a Non-Viability Event is not subject to the Exchange Conditions being satisfied and is required to occur immediately on the date the Non-Viability Event occurs. • MGL expects any ASX trades in MCN4 that have not been settled on the date a Non-Viability Event occurs will continue to settle in accordance with the normal ASX settlement, although MGL expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Exchange Number of Ordinary Shares into which MCN4 have been Exchanged as a result of the Non-Viability Event. • MGL must give MCN4 Holders notice as soon as practicable that a Non-Viability Event has occurred, including details of the number of MCN4 Exchanged.	Clauses 4.2, 4.5, 4.6 and 4.7 of the MCN4 Terms
2.7.6. What happens if MCN4 are not Exchanged following a Non-Viability Event?	• If, following a Non-Viability Event, for any reason (including, without limitation, an Inability Event), Exchange of MCN4 as required on account of a Non-Viability Event does not occur within 5 Business Days of the Non-Viability Exchange Date, then Exchange will not occur and each relevant MCN4 will be Written-Off. • An **Inability Event** will arise if MGL or any of its Related Bodies Corporate is prevented, for any reason, from observing or performing their obligations in respect of an Exchange (including in connection with the issue of Ordinary Shares). For example, an Inability Event will arise, if MGL were prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares. As at the date of this Prospectus, such laws could include Shareholding Laws (broadly, laws that relate to financial sector shareholdings, foreign acquisitions and takeovers and company takeovers). Other such laws may in future be specified by regulations made under the Banking Act. • However, Write-Off will also occur if the Exchange has not occurred for reasons other than an Inability Event. • If an MCN4 is Written-Off, the MCN4 Holder's rights under that MCN4 are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date, and MCN4 Holders will suffer a total loss of their investment.	Clauses 4.5, 9.17 and 18.2 of the MCN4

2.8. Exchange on an Acquisition Event

MGL is required to Exchange MCN4 into Ordinary Shares where a person acquires control of MGL (except in certain circumstances).

There are conditions to Exchange on an Acquisition Event which ensure that an MCN4 Holder will receive approximately $101 worth of Ordinary Shares for each MCN4 they hold and the Ordinary Shares received are capable of being sold on ASX. However, these conditions do not apply if the Directors determine that the Exchange is in any event in the best interests of MCN4 Holders as a whole.

2.8.1. What is an Acquisition Event?	• An Acquisition Event broadly means either:
	  ◦ a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and as a result the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue;
	  ◦ a court approves a scheme of arrangement which, when implemented will result in a person having a relevant interest in more than 50% of the Ordinary Shares on issue; or
	  ◦ a person acquires, or enters into an agreement (which is or becomes unconditional) to beneficially acquire more than 50% of the voting shares in the capital of MGL.
	• However, an Acquisition Event will not occur where that event occurs as part of a solvent reorganisation of MGL which, is initiated by the Directors or, in the reasonable opinion of the Directors, is not materially adverse to the interests of MCN4 Holders as a whole, and the acquiring entity assumes corresponding obligations to issue ordinary shares to MCN4 Holders where MGL would be required to issue Ordinary Shares. Such an entity is referred to as an Approved Acquirer.
		Clause 18.2 of the MCN4 Terms

Topic	Summary	Further information

2.8.2
What are the consequences of an Acquisition Event for MCN4 Holders?
	• If an Acquisition Event occurs, all MCN4 will be Exchanged for the Exchange Number of Ordinary Shares (subject to the Exchange Number being no greater than the Maximum Exchange Number applicable to an Acquisition Exchange Date) unless the Directors determine that:
	  ◦ as at the Acquisition Exchange Date, MGL will be, or is likely to be, Delisted; or
	  ◦ the Exchange Number of Ordinary Shares to be issued in exchange for an MCN4 would exceed the Maximum Exchange Number applicable to that Acquisition Exchange Date (except in limited circumstances).
	• The Maximum Exchange Number applicable to an Acquisition Exchange Date is calculated on the basis that the Relevant Percentage is 20%. As a result, the Maximum Exchange Number in the event of an Exchange on an Acquisition Event is higher than the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date. The effect of this is that the second of the Exchange Conditions referred to in the paragraph above will be met if the VWAP during the 20 ASX Trading Days immediately preceding the Acquisition Exchange Date is greater than 20.202% of the Issue Date VWAP.
	• If either of the conditions in the first paragraph above applies, Exchange will still occur if the Directors determine that the Exchange would be in the best interests of the MCN4 Holders as a whole, notwithstanding that MGL will be, or is likely to be, Delisted or the number of Ordinary Shares is limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date. In this situation MCN4 Holders would receive less than $101 worth of Ordinary Shares and/or may be unable to trade the Ordinary Shares received.
		Clauses 6.1 and 9.1 of the MCN4 Terms

2.8.3. How many Ordinary Shares will MCN4 Holders receive on the Acquisition Exchange Date?	In the ordinary course, Exchange of MCN4 following an Acquisition Event will be for approximately $101 worth of Ordinary Shares per MCN4, based on the VWAP calculated over a period of up to 20 ASX Trading Days immediately preceding the Acquisition Exchange Date (calculated in the same manner as for a Relevant Mandatory Exchange Date as described in section 2.3.4 with the Acquisition Exchange Date substituted for the Relevant Mandatory Exchange Date). The VWAP during this period may differ from the Ordinary Share price on or after the Acquisition Exchange Date. This means that the value of Ordinary Shares received may be more or less than approximately $101 when they are issued or at any time after that. If MGL will be, or will be likely to be, Delisted on the Acquisition Exchange Date, Exchange will only occur if the Directors determine that it would be in the best interests of the MCN4 Holders, taken as a whole. This means that upon Exchange, MCN4 Holders may be issued with the Exchange Number (subject to the Maximum Exchange Number applicable to an Acquisition Exchange Date) of Ordinary Shares, based on the VWAP for a VWAP Period when MGL was listed. At the time of Exchange, the value of Ordinary Shares may be uncertain and MCN4 Holders may be unable to trade those Ordinary Shares. If the Exchange Number (calculated as if it were not limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date) is greater than the Maximum Exchange Number applicable to an Acquisition Exchange Date then Exchange will not occur unless the Directors determine that the Exchange would be in the best interests of the MCN4 Holders taken as a whole. If, in this situation, Exchange proceeds, MCN4 Holders will receive the Maximum Exchange Number applicable to an Acquisition Exchange Date of Ordinary Shares. The Maximum Exchange Number of Ordinary Shares may be worth significantly less than $101 and an MCN4 Holder may suffer a loss as a consequence.	Clauses 6.1 and 9.1 of the MCN4 Terms
2.8.4 If Exchange does not occur following an Acquisition Event, will MCN4 Holders continue to hold MCN4?	Where Exchange does not occur following an Acquisition Event, MCN4 Holders will continue to hold MCN4 in accordance with the MCN4 Terms.	Clause 9.13 of the MCN4 Terms

2. About MCN4

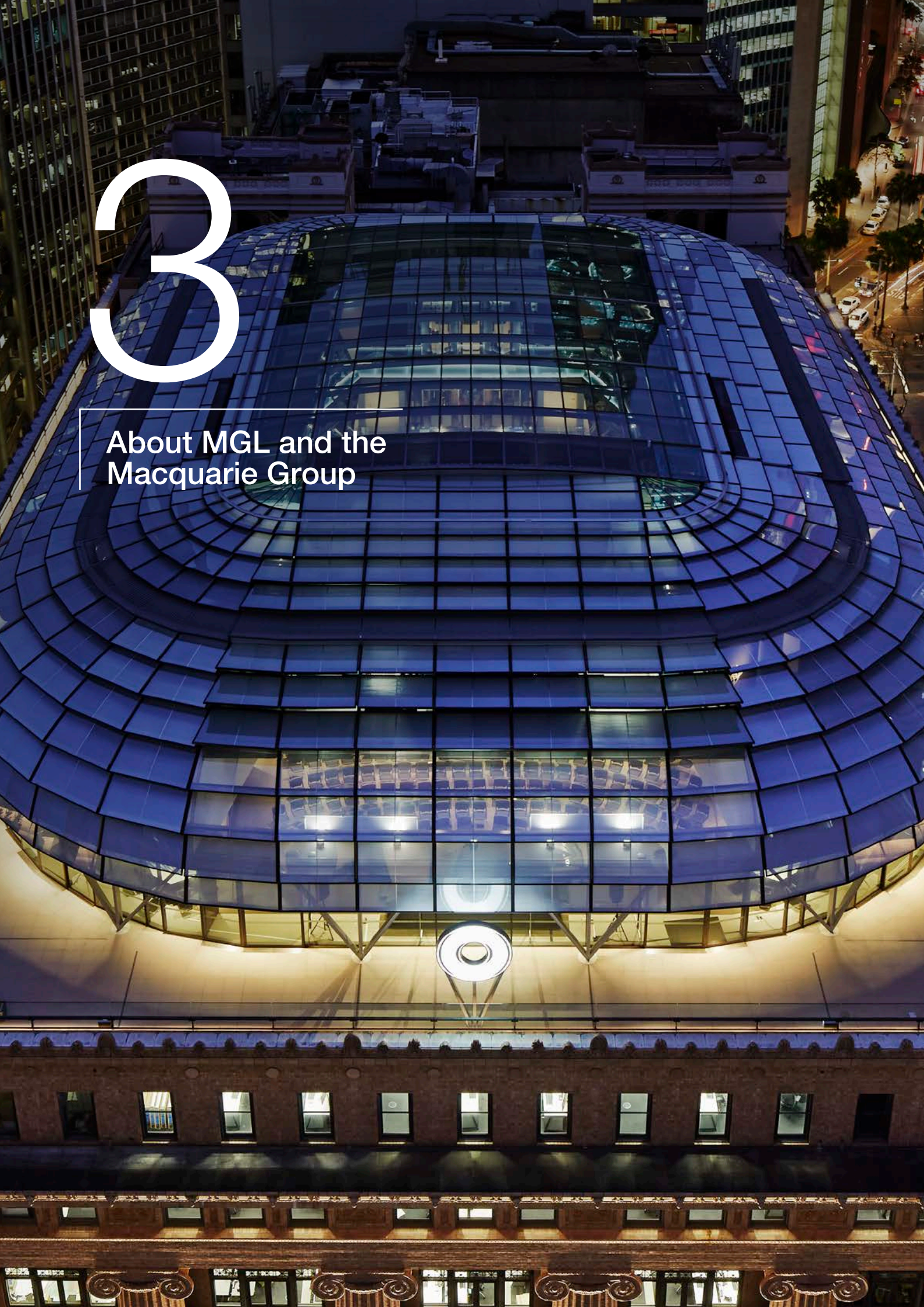
Topic	Summary	Further information
2.9. Regulatory treatment of MCN4		
2.9.1. What are MGL's prudential capital requirements?	MGL is an authorised non-operating holding company ("**NOHC**"), regulated by APRA. MGL is required by APRA to hold sufficient capital to meet the requirements of the Bank Group (based on APRA's ADI prudential standards) and the Non-Bank Group (calculated using the Macquarie Group's Economic Capital Adequacy Model ("**ECAM**")).	Section 3.7.3
2.9.2. Who is the Australian Prudential Regulation Authority (APRA)?	• APRA is the prudential regulator of the Australian financial services industry. APRA oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies and most members of the superannuation industry. • APRA's website at www.apra.gov.au includes further details of its functions and prudential standards.	
2.9.3. What is Regulatory capital?	• APRA's regulatory capital prudential standards aim to ensure that banks and financial groups, like MGL, maintain adequate capital to support the risks associated with their activities and can withstand unexpected losses. • APRA has detailed guidance and restrictions on the types of capital instruments that are permitted to be included in a bank or financial conglomerate's regulatory capital base. Under Macquarie's NOHC authorisation, this capital is referred to as "Eligible Capital". • APRA has published draft capital-related prudential standards applicable to conglomerate groups that include APRA regulated entities but has deferred their implementation until a number of domestic and international policy initiatives are further progressed.	
2.9.4 What is the regulatory treatment of MCN4?	• APRA has assessed that MCN4 will be Eligible Capital under Macquarie's NOHC Authority. • If APRA's treatment of the MCN4 changes, a Regulatory Event may occur. See further section 2.4.3 on "Regulatory Event".	
2.10. Ranking of MCN4		
2.10.1. How will MCN4 rank in a Winding Up of MGL?	• If a Winding Up occurs in relation to MGL, MCN4 will rank ahead of Ordinary Shares, equally with Equal Ranking Obligations (which currently includes obligations in respect of MCN2 and MCN3), but behind all Senior Creditors. • Any return in a Winding Up of MGL may be adversely affected if a Non-Viability Event occurs (see section 2.7). If this happens some or all MCN4 will be required to be Exchanged, or, if Exchange has not occurred within 5 Business Days, Written-Off. If an MCN4 is Exchanged, the MCN4 Holder would become a holder of Ordinary Shares and those shares may be worth significantly less than the Issue Price of the MCN4. If an MCN4 is Written-Off the MCN4 Holder will suffer a total loss of their investment in MCN4. In this case as Ordinary Shares will still be on issue, an MCN4 Holder is likely to be worse off than a holder of Ordinary Shares.	Clauses 1.5 and 16.1 of the MCN4 Terms and section 2.7

Topic	Summary	Further information
2.11. Other		
2.11.1. Can Ordinary Shares on Exchange be issued to a Sale Agent?	• In certain limited circumstances, Ordinary Shares may be issued to a Sale Agent instead of the relevant MCN4 Holder on Exchange. These circumstances include where: ◦ the MCN4 Holder has requested MGL to do so; ◦ the MCN4 are held by a Foreign Holder; ◦ for any reason MGL does not have the information required to issue Ordinary Shares to an MCN4 Holder, or a FATCA Withholding is required to be made; or ◦ MGL is of the opinion that the MCN4 Holder is prohibited from acquiring Ordinary Shares under an applicable Shareholding Law. • None of MGL, the Trustee or any Sale Agent owe any duty to the MCN4 Holder in relation to the price at which Ordinary Shares are sold. • If Ordinary Shares are required to be issued to a Sale Agent in respect of an Exchange that is not on account of a Non-Viability Event and the Sale Agent is unable to be appointed, the Issue of Ordinary Shares may be deferred for up to six months, when the rights of MCN4 Holders (other than to receive the proceeds of sale from the Sale Agent) cease.	Clauses 9.14 and 9.15 of the MCN4 Terms and section 4.1.17
2.11.2. Is set-off applicable?	An MCN4 Holder has no right to set-off any amounts owing by it to a member of the Macquarie Group against any claims owing by MGL or another member of the Macquarie Group to such MCN4 Holder. Equally, MGL has no right to set-off any amounts owing by it to an MCN4 Holder in respect of the MCN4 against any claims owing by the MCN4 Holder to it or any member of the Macquarie Group.	Clause 11.5 of the MCN4 Terms
2.11.3. What is the time limit on claims?	A claim against MGL for a payment under an MCN4 is void unless made within 5 years from the date on which payment first became due.	Clause 11.10 of the MCN4 Terms
2.11.4. Do MCN4 carry voting rights in respect of MGL?	• MCN4 Holders have no voting rights in respect of MGL or any other member of the Macquarie Group. • MCN4 Holders may vote at meetings for MCN4 Holders in accordance with the Trust Deed.	Clause 15.2 of the MCN4 Terms
2.11.5. Can MGL issue further securities?	• MGL has the right in its absolute discretion to issue shares or other securities of any kind. • MCN4 confer no rights on an MCN4 Holder to subscribe for new securities or participate in any bonus issues of securities of MGL or any other member of the Macquarie Group.	Clause 1.7 of the MCN4 Terms and section 4.1.19
2.11.6. Are MCN4 Holders bound by determinations made by MGL?	Except in the case of manifest error or fraud, calculations, elections and determinations made by MGL under the MCN4 Terms are binding on MCN4 Holders.	Clauses 11.11 and 18.1(i) of the MCN4 Terms
2.11.7. What is the power of attorney?	Each MCN4 Holder agrees to appoint MGL, its authorised officers and any external administrator severally to be its attorney to sign all documents and transfers and to do any other thing as may in the attorney's opinion be necessary or desirable to give effect to, record or perfect a Redemption, Resale, Exchange or Write-Off in accordance with the MCN4 Terms or to do all other things which the attorney reasonably believes to be necessary or desirable to give effect to the MCN4 Terms.	Clause 10.2(a) of the MCN4 Terms

2. About MCN4

Topic	Summary	Further information
2.11.8. Can MGL amend the MCN4 Terms and Trust Deed?	• Subject to complying with all applicable laws, and with APRA's prior written approval where required, MGL may amend the MCN4 Terms and Trust Deed without the consent of MCN4 Holders or the Trustee in certain circumstances. The amendments that MGL may make without such consent include changes: ◦ of a formal, minor or technical nature, made to correct any ambiguity or any manifest or proven error; ◦ to facilitate the listing, clearing, offering for sale or Resale of the MCN4; ◦ necessary to comply with the provisions of any statute or the requirements of any statutory authority; ◦ in respect of any time or notice periods stated, required or permitted in connection with any Exchange; ◦ to align the MCN4 Terms with the terms of any Relevant Securities eligible for inclusion as Eligible Capital issued after the Issue Date; ◦ to give effect to any agreement with any Nominated Party; ◦ necessary and appropriate to effect the substitution of an Approved Acquirer (as described below); and ◦ that MGL does not consider to be materially adverse to the interests of MCN4 Holders as a whole. • MGL may also, with APRA's prior written approval to the extent any such amendments may cause the MCN4 to cease to be Relevant Securities eligible for inclusion as Eligible Capital, amend the MCN4 Terms and Trust Deed if the amendment has been approved by a Special Resolution and by the Trustee. • Notwithstanding the above, any amendment to the MCN4 Terms or Trust Deed which may have an adverse effect on the Trustee's rights and obligations under the Trust Deed must first be approved by the Trustee.	Clause 14 of the MCN4 Terms and section 4.1.28
2.11.9. What is an Approved Acquirer?	• As described in section 2.8.1, an Approved Acquirer may be substituted as issuer of listed ordinary shares in its capital whenever MCN4 are required to be Exchanged in the manner contemplated by the MCN4 Terms. The substitution of an Approved Acquirer is not an Acquisition Event. • MGL may make such amendments to the MCN4 Terms and Trust Deed that it considers necessary and appropriate to effect the substitution of the Approved Acquirer, with the prior written approval of APRA (to the extent that any such amendments may cause the MCN4 to cease to be Relevant Securities eligible for inclusion as Eligible Capital) but without the consent of the MCN4 Holders or the Trustee. • MCN4 Holders do not have any right to vote on the substitution of an Approved Acquirer. • Following the substitution of an Approved Acquirer as the issuer of Ordinary Shares on Conversion but prior to any Exchange of MCN4, MCN4 Holders continue to hold a note issued by MGL which ranks in the winding up of MGL as described in section 1.2.12 and which is convertible into ordinary shares in the Approved Acquirer in the same circumstances in which it would have otherwise been converted into Ordinary Shares in MGL.	Clause 14.2 of the MCN4 Terms
2.11.10. Can Macquarie Group purchase MCN4?	• Subject to APRA's prior written approval, any member of the Macquarie Group may purchase MCN4 at any time and at any price.	Clause 15.4 of the MCN4 Terms

Topic	Summary	Further information
2.11.11. What are the taxation implications of investing in MCN4?	• The taxation implications of investing in MCN4 will depend on an investor's individual circumstances. Prospective investors should obtain their own taxation advice. • A general outline of the Australian taxation implications is included in the Australian taxation summary at section 5.1.	Section 5
2.11.12 Is brokerage, commission or stamp duty payable on Applications for MCN4?	• No brokerage or commission is payable on Applications for MCN4. No stamp duty is payable on Applications for MCN4 provided that no person obtains, either alone or with associates, an interest of 90% or more in MGL. MCN4 Holders may have to pay brokerage (and applicable GST) on any subsequent transfer of MCN4 on ASX after quotation or on any transfer of Ordinary Shares that may be quoted on an Exchange.	Section 7.4.3
2.11.13. What withholding or deductions are applicable?	• MGL has the right to withhold or deduct from any payment or issue of Ordinary Shares the amount of any withholding or other tax required to be withheld or deducted by law (including in order for it to comply with FATCA). • If a withholding or deduction is made from a payment in respect of MCN4, there is no obligation on MGL to gross-up a Distribution on account of such withholding or deduction.	Clause 11.4 of the MCN4 Terms and section 4.1.26
2.11.14. Notices	• While MCN4 are quoted on ASX, all notices by MGL to MCN4 Holders may be given by publication on ASX. The MCN4 Terms also permit notices to be given by newspaper advertisement or by post. Notices to MGL and the Trustee may be given by post.	Clause 13 of the MCN4 Terms



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About MGL and the Macquarie Group

3.1. Introduction

MGL is listed in Australia and is regulated by APRA, the Australian banking regulator, as a non-operating holding company of MBL, an ADI. The Macquarie Group's activities are also subject to supervision by various other regulatory agencies around the world.

The Macquarie Group's breadth of expertise covers asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. The diversity of its operations, combined with a strong capital position and robust risk management framework, has contributed to Macquarie's 49-year record of unbroken profitability.

The Macquarie Group acts primarily as an investment intermediary for institutional, corporate, government and retail clients and counterparties around the world, generating income by providing a diversified range of products and services to its clients. It has established leading market positions as a global specialist in a wide range of sectors, including resources and commodities, green energy, conventional energy, financial institutions, infrastructure and real estate and has a deep knowledge of Asia-Pacific financial markets.

Macquarie's client focused business features alignment of interests, demonstrated by the willingness to both invest alongside clients and closely align the interests of its shareholders and staff.

As at 30 September 2018, the Macquarie Group employed over 14,800 staff globally and had total assets of $205.6 billion and total equity of $17.2 billion. For the half-year ended 30 September 2018, Macquarie Group's net operating income was $5,830 million and profit after tax attributable to ordinary equity holders was $1,310 million, with 67% of net operating income (excluding earnings on capital and other corporate items) derived from international income[1].

More information about the Macquarie Group and its businesses can be found at www.macquarie.com.

3.2. Reporting and disclosing obligations

MGL is listed on the ASX (Ordinary Shares ASX Code: MQG) and is a disclosing entity under the Corporations Act. It is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These include preparation of yearly and half-yearly financial statements, a report on the operations of the Macquarie Group during the relevant period and an audit or review report by its auditor. Copies of documents lodged with ASIC may be obtained from or inspected at any ASIC office.

MGL has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is, or becomes, aware concerning the Macquarie Group, which a reasonable person would expect to have a material effect on the price or value of the Ordinary Shares. This information can be accessed via the ASX website and at www.macquarie.com.

MGL will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period:

- the 2018 Annual Report most recently provided to ASX by MGL (on 4 May 2018);
- the 2019 Interim Financial Report most recently provided to ASX by MGL (on 2 November 2018);
- any continuous disclosure notices given by MGL after the release of the 2018 Annual Report and before the lodgement of this Prospectus with ASIC; and
- the MGL Constitution.

More information about MGL and the Macquarie Group and its businesses can be found at www.macquarie.com. During the Offer Period, you can obtain a copy of the above documents free of charge at www.macquarie.com or by phoning the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International).

3.3. Organisational structure

The Macquarie Group's business operations are conducted through two groups, within which individual businesses operate: the Bank Group and the Non-Bank Group.

The Bank Group includes MBL and has three operating groups:

- the Asset Finance division of Corporate & Asset Finance;
- Banking & Financial Services; and
- Commodities & Global Markets (excluding certain assets of the Credit Markets business, certain activities of the Cash Equities business and some other less financially significant activities).

1. Operating income is classified as "international" with reference to the geographic location from which the operating income is reported from a management perspective. This may not be the same geographic location where the operating income is recognised for reporting purposes. For example, operating income generated by work performed for clients based overseas but recognised in Australia for reporting purposes could be classified as "international" income. Income earned in the Corporate segment is excluded from the analysis of international income.

3. About MGL and the Macquarie Group

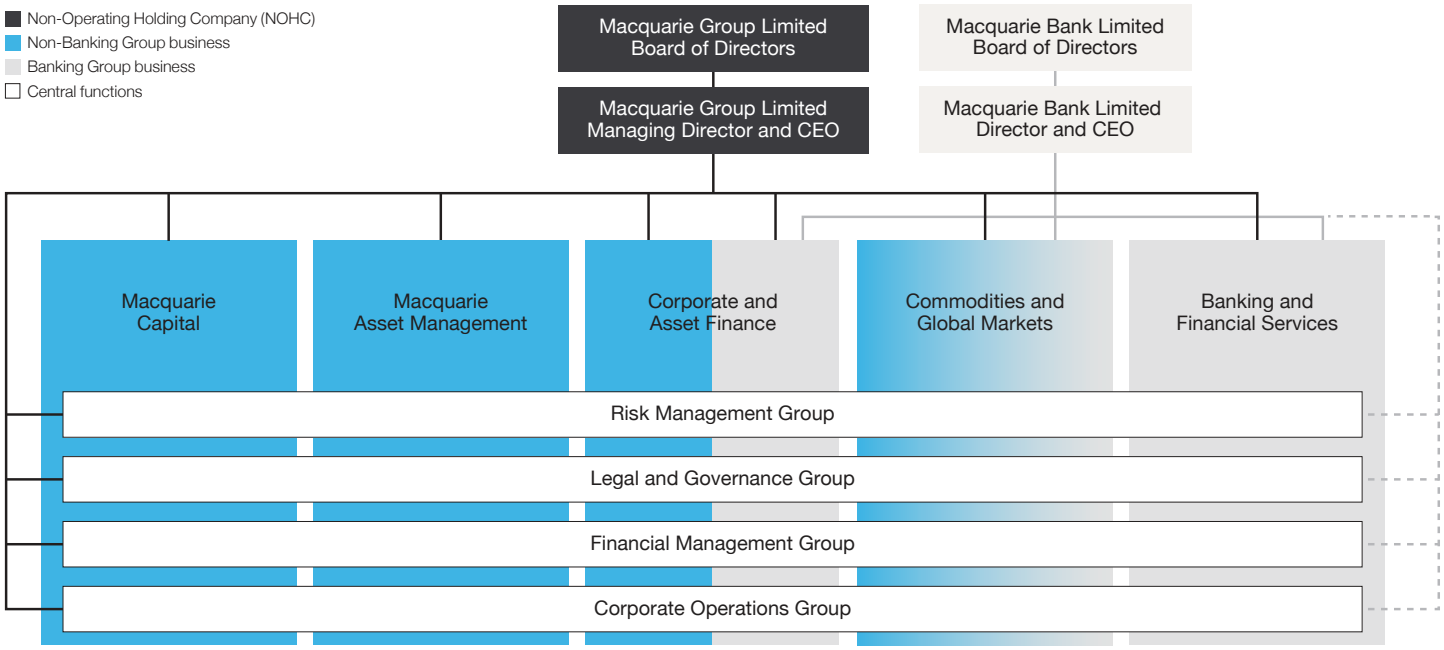
The Non-Bank Group consists of:

- Macquarie Asset Management;
- the Principal Finance division of Corporate & Asset Finance;
- certain assets of the Credit Markets business, certain activities of the Cash Equities business and some other less financially significant activities of Commodities & Global Markets; and
- Macquarie Capital.

It is intended that certain fiduciary businesses, such as the infrastructure debt business will move from Corporate & Asset Finance in the Bank Group to Macquarie Asset Management in the Non-Bank Group on receipt of the required approvals.

Shared services are provided to both the Bank Group and the Non-Bank Group through the Corporate segment. The Corporate segment is not considered an operating group and currently comprises four central functions: Risk Management, Legal and Governance, Financial Management and Corporate Operations. Shared services include: Risk Management, Finance, Information Technology, Group Treasury, Settlements, Equity Markets Operations, Human Resources, Business Services, Company Secretarial, Corporate Governance, Corporate Communications and Investor Relations, Taxation, Business Improvement and Strategy, Central Executive, Other Group-wide Services, Business Shared Services, and other services as may be agreed from time to time.

MBL and MGL have corporate governance and policy frameworks that meet APRA's requirements for ADIs and NOHCs, respectively. The Bank Group and the Non-Bank Group operate as separate sub-groups within MGL with clearly identifiable businesses, separate capital requirements and discrete funding programs. Although the Bank Group and the Non-Bank Group operate as separate sub-groups, both are integral to the Macquarie Group's identity and strategy as they assist the Macquarie Group in continuing to pursue value adding and diversified business opportunities while meeting its obligations under APRA rules. The following diagram shows the Macquarie Group's current organisational structure and reflects the composition of the Bank and Non-Bank Groups.



Structure as at 10 December 2018. Members of the MGL Board are listed at Section 3.5. The MBL Board comprises the members of the MGL Board and the Managing Director and Chief Executive Officer of MBL, Mary Reemst.

MGL monitors and reviews on an ongoing basis the appropriateness of the Macquarie Group's structure, including the provision of shared services. From time to time, the optimal allocation of businesses between the Bank Group and the Non-Bank Group and within the Bank Group and the Non-Bank Group may be adjusted and we may make changes in light of relevant factors including business growth, regulatory considerations, market developments and counterparty considerations.

3.4. Business strategies

Consistent with the Macquarie Group's **What We Stand For** principles, Macquarie Group's business strategy is focused on the medium-term with the following key aspects:

- **Risk Management Approach**. Adopting a conservative approach to risk management. Macquarie's robust risk management framework is embedded across all Operating and Central Service Groups. This equips the business for unanticipated disruptions with the objective of ensuring that both the relevant business and Macquarie can survive a worst case outcome from any existing or new activity.
- **Strong Balance Sheet.** Maintaining a strong and conservative balance sheet. This is consistent with Macquarie's longstanding policy of holding a level of capital which supports its business and managing its capital base ahead of ordinary business requirements. Macquarie remains well funded, with diversified funding sources. It continues to pursue the strategy of diversifying funding sources by growing its deposit base and accessing different funding markets.
- **Business mix.** Conducting a mix of annuity-style and capital markets facing businesses that deliver solid returns in a range of market conditions. Macquarie has dynamically developed its annuity-style businesses, providing steady returns to the business and Macquarie's shareholders, and stability to clients.
- **Diversification.** Operating a diversified set of businesses across different locations and service offerings: asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. Macquarie offers a range of services to government, institutional, corporate and retail clients. This diversity mitigates concentration risk and provides resilience to Macquarie.
- **Proven Expertise.** Utilising proven deep expertise has allowed Macquarie to establish leading market positions as a global specialist in sectors including renewables, infrastructure, resources and commodities, energy, financial institutions and real estate. This is coupled with a deep knowledge of Asia-Pacific financial markets.
- **Adjacencies.** Expanding progressively by pursuing adjacencies through organic opportunities and selective acquisitions. These include products and geographies adjacent to Macquarie's established areas of expertise. This results in sustainable evolutionary growth.
- **Pursuit of Growth Opportunities.** Targeting continued evolution and growth through innovation. Macquarie starts with knowledge and skill, and encourages ingenuity and entrepreneurial spirit coupled with accountability. Ideas for new businesses are typically generated in the Operating Groups. Additionally, there are no specific businesses, markets or regions in which Macquarie's strategy dictates that it operates. This means it retains operational flexibility and can adapt the portfolio mix to changing market conditions within the boundaries of the Risk Appetite Statement (RAS) approved by the Board.

3.5. MGL Board

The MGL Board comprises:

- Peter Warne, Chairman
- Shemara Wikramanayake, Managing Director and Chief Executive Officer
- Gary Banks AO
- Diane Grady AM
- Glenn Stevens AC
- Gordon Cairns
- Jillian Broadbent AC
- Michael Coleman
- Michael Hawker AM
- Philip Coffey
- Nicola Wakefield Evans

The roles and responsibilities of the MGL Board are set out in the Board Charter. The Board Charter and further information on the MGL Board, including the directors' experience, qualifications and expertise, is available at www.macquarie.com.

3.6. Management of Macquarie Group's businesses

The members of the Macquarie Group's Executive Committee are:

- Shemara Wikramanayake, Managing Director and Chief Executive Officer
- Greg Ward, Deputy Managing Director and Head of Banking and Financial Services Group
- Mary Reemst, MBL Managing Director and Chief Executive Officer
- Alex Harvey, Chief Financial Officer, Head of Financial Management Group
- Patrick Upfold, Chief Risk Officer, Head of Risk Management Group
- Andrew Downe, Head of Commodities and Global Markets
- Tim Bishop, Head of Macquarie Capital

3. About MGL and the Macquarie Group

- Martin Stanley, Head of Macquarie Asset Management
- Garry Farrell, Co-Head of Corporate and Asset Finance Group
- Florian Herold, Co-Head of Corporate and Asset Finance Group
- Nicole Sorbara, Chief Operating Officer, Head of Corporate Operations Group
- Nicholas O'Kane, Head of Commodity Markets and Finance

3.7. Financial information about the Macquarie Group

The summary consolidated statement of financial position data as at 30 September 2018 and 31 March 2018 and income statement data for the half-years ended 30 September 2018, 31 March 2018 and 30 September 2017 presented in this section has been derived from the Macquarie Group's September 2018 interim financial report. These statements of financial position have been prepared in accordance with Macquarie Group's accounting policies which are detailed in the Macquarie Group's 2018 Annual Financial Report contained in the 2018 Annual Report read with the significant accounting policies contained in the September 2018 interim financial report. Investors should note that past performance is not a reliable indicator of future performance.

3.7.1. Macquarie Group's Consolidated Income Statement

	Half-year to 30 Sep 2018 A$m	Half-year to 31 Mar 2018 A$m	Half-year to 30 Sep 2017 A$m
Interest and similar income	2,687	2,481	2,462
Interest and similar expense	(1,689)	(1,506)	(1,451)
Net interest income	998	975	1,011
Fee and commission income	2,661	2,102	2,568
Net trading income	1,231	1,076	881
Net operating lease income	461	466	469
Share of net profits of associates and joint ventures	7	138	103
Other operating income and charges	472	766	365
Net operating income	5,830	5,523	5,397
Employment expenses	(2,454)	(2,232)	(2,261)
Brokerage, commission and trading-related expenses	(579)	(408)	(422)
Occupancy expenses	(207)	(203)	(199)
Non-salary technology expenses	(331)	(309)	(295)
Other operating expenses	(554)	(611)	(516)
Total operating expenses	(4,125)	(3,763)	(3,693)
Operating profit before income tax	1,705	1,760	1,704
Income tax expense	(374)	(435)	(448)
Profit after income tax	1,331	1,325	1,256
Profit attributable to non-controlling interests:			
Macquarie Income Securities	(7)	(7)	(7)
Other non-controlling interests	(14)	(9)	(1)
Profit attributable to non-controlling interests	(21)	(16)	(8)
Profit attributable to ordinary equity holders of Macquarie Group Limited	1,310	1,309	1,248
		Cents per share	
Basic earnings per share	388.3	387.5	370.4
Diluted earnings per share	383.1	379.9	360.2

The September 2018 financial results reflect the adoption of AASB 9 – Financial Instruments (AASB 9) and AASB 15 – Revenue from contracts with customers (AASB 15) on 1 April 2018. As permitted by AASB 9 and AASB 15, Macquarie Group has not restated previously reported financial periods. Refer to Note 1 of the September 2018 interim financial report for the impact on Macquarie Group's initial adoption of AASB 9 and AASB 15.

3.7.2. Macquarie Group's Consolidated Statement of Financial Position and Pro-Forma Position

	As at 30 Sep 18 A$m	As at 31 Mar 18 A$m	As at 30 Sep 18 (pro forma) A$m
Assets			
Receivables from financial institutions	37,462	38,559	38,201
Trading assets	20,158	15,341	20,158
Derivative assets	18,115	12,937	18,115
Other assets	28,104	26,695	28,104
Financial Investments	6,633	7,160	6,633
Loan assets	76,953	73,509	76,953
Property, plant and equipment	11,361	11,426	11,361
Interests in associates and joint ventures	4,143	4,055	4,143
Intangible assets	1,894	993	1,894
Deferred tax assets	775	650	775
Total assets	205,598	191,325	206,337
Liabilities			
Trading liabilities	7,197	8,061	7,197
Derivative liabilities	18,205	11,925	18,205
Deposits	52,620	48,395	52,620
Other liabilities	31,817	28,306	31,817
Payables to financial institutions	20,252	14,390	20,252
Debt Issued	51,665	55,927	51,665
Deferred tax liabilities	800	749	800
Total liabilities excluding loan capital	182,556	167,753	182,556
Loan capital	5,883	5,392	6,622
Total liabilities	188,439	173,145	189,178
Net assets	17,159	18,180	17,159
Equity			
Contributed equity	6,144	6,243	6,144
Reserves	1,567	1,297	1,567
Retained earnings	8,849	8,817	8,849
Total capital and reserves attributable to ordinary equity holders of Macquarie Group Limited	16,560	16,357	16,560
Non-controlling interests	599	1,823	599
Total equity	17,159	18,180	17,159

The September 2018 financial position and pro-forma reflect the adoption of AASB 9 on 1 April 2018. As permitted by AASB 9, the Consolidated Entity has not restated the financial position as at 31 March 2018 however it has been reclassified to conform to the September 2018 presentation. Refer to Note 1 of the September 2018 interim financial report for the impact of the initial adoption of AASB 9 and other presentation changes.

3. About MGL and the Macquarie Group

3.7.3. Capital position

As an APRA authorised and regulated NOHC, MGL is required to hold adequate regulatory capital to cover the risks for the whole Macquarie Group, comprising the Bank Group and the Non-Bank Group. MGL and APRA have agreed a capital adequacy framework for MGL, based on the MGL's Board-approved ECAM and APRA's capital standards for ADIs.

MGL's capital adequacy framework requires it to maintain minimum regulatory capital requirements calculated as the sum of:

- the Bank Group's minimum Tier 1 Capital requirement, based on a percentage of risk-weighted assets plus Tier 1 deductions (using prevailing APRA ADI prudential standards); and
- the Non-Bank Group's capital requirement, calculated using Macquarie Group's ECAM. Transactions internal to the Macquarie Group are eliminated.

Eligible regulatory capital of MGL consists of ordinary share capital, retained earnings, certain reserves and eligible hybrid instruments. Eligible hybrid instruments currently include MCN2 issued in 2015, MCN3 issued in 2018 as well as Additional Tier 1 Capital of the Bank Group. MCN4 will qualify for inclusion as Eligible Capital.

APRA may require minimum capital levels above the published regulatory minimums and such requirements may increase in the future due to regulatory changes such as APRA's "unquestionably strong" proposal. Macquarie maintains a capital buffer in excess of the current regulatory minimums to meet the expectations of APRA, rating agencies and capital markets. As a result, the capital available for investment is lower than the surplus above the regulatory minimum shown.

Capital disclosures in this section include Harmonised Basel III[2] and APRA Basel III[3]. The former is relevant for comparison with banks regulated by regulators other than APRA, whereas the latter reflects Macquarie's regulatory requirements under APRA Basel III rules.

The Macquarie Group regulatory capital surplus calculation as at 30 September 2018 is set out in the table below.

	As at 30 September 2018	
	Harmonised Basel III A$m	APRA Basel III A$m
Macquarie Group eligible capital:		
Bank Group Gross Tier 1 capital	14,298	14,298
Non-Bank Group eligible capital	5,524	5,524
Eligible capital	19,822	19,822
Macquarie Group capital requirement:		
Bank Group capital requirement		
Risk-Weighted Assets (RWA)[1]	91,927	95,818
Capital required to cover RWA at 7%[2, 4]	6,435	6,707
Tier 1 deductions	679	2,665
Total Bank Group capital requirement	7,114	9,372
Total Non-Bank Group capital requirement	5,583	5,583
Total capital requirement	12,697	14,955
Macquarie Group regulatory capital surplus (at 7%[2, 4] of Bank Group RWA)	7,125	4,867
Additional capital requirement required to maintain 8.5%[3, 4] of Tier 1 ratio in Bank Group	1,379	1,438
Macquarie Group regulatory capital surplus (at 8.5%[3, 4] of Bank Group RWA)	5,746	3,429

1. In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA associated with exposures to the Non-Bank Group are eliminated (30 September 2018: $A182 million).
2. Calculated at the internal minimum Tier 1 ratio of the Bank Group, which is 7%.
3. Calculated at 8.5% of the Bank Group's RWAs. The 8.5% represents the Basel III minimum Tier 1 ratio of 6% plus 2.5% of capital conservation buffer (CCB). The 2.5% CCB is required by APRA from January 2016 and by BIS from January 2019.
4. Based on materiality, the countercyclical capital buffer (**CCyB**) of ~6bps has not been included. The individual CCyB varies by jurisdiction and Macquarie's CCyB is calculated as the weighted average of Macquarie's Bank Group exposures in different jurisdictions. In June 2018 the CCyB in the United Kingdom increased from 0.0% to 0.5% increasing Macquarie's CCyB to ~6bps.

2. Harmonised Basel III relates to the Basel III rules defined by the Basel Committee on Banking Supervision, documented in the following: "Basel III: a global regulatory framework for more resilient banks and banking systems", published December 2010 (revised June 2011) by the Bank for International Settlements (BIS).
3. APRA Basel III relates to the Prudential Standards released by APRA applying as at the date of this Prospectus.

4

Investment Risks

This section describes the risks associated with an investment in MCN4 and/or the Macquarie Group.

4. Investment risks

MGL believes that the following investment considerations may affect the investment returns under MCN4 issued under the Offer. These investment considerations are not intended to be exhaustive and are contingencies which may or may not occur and MGL is not in a position to express a view on the likelihood of any such contingency occurring.

Investment considerations which MGL believes may be material for the purpose of assessing the risks associated with an investment in MCN4 and the market for MCN4 generally are also described below.

MGL believes that the investment considerations described below represent the key risks inherent in investing in MCN4 issued under the Offer, but MGL may be unable to pay interest, principal or other amounts on or in connection with any MCN4, and MCN4 may not be able to be Exchanged, Redeemed or Resold for other reasons which may not be considered significant risks by MGL based on information currently available to it or which it may not currently be able to anticipate.

Before applying for MCN4, you should also read the detailed information set out elsewhere in this Prospectus and seek professional guidance from your financial adviser or other independent and qualified professional adviser as to the risks and investment considerations arising from an investment in MCN4, the appropriate tools to analyse such an investment, and the suitability of such an investment in the context of your particular circumstances.

MGL is not an ADI for the purposes of the Banking Act, and the obligations of MGL do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of MGL.

4.1. Risks associated with investing in MCN4

4.1.1. Investments in MCN4 are an investment in MGL

Investments in MCN4 are an investment in MGL and may be affected by the ongoing performance, financial position and solvency of MGL and the Macquarie Group. MCN4 are not deposit liabilities and are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of under the Banking Act. MCN4 are not guaranteed by any government, government agency or compensation scheme of Australia or by any other person or any other jurisdiction.

4.1.2. Suitability

MCN4 are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the MCN4 Terms and risks of investing in MCN4 and consider whether it is an appropriate investment for your particular circumstances.

4.1.3. Market price and liquidity of MCN4

MCN4 may trade at a market price below their Issue Price. The market price of MCN4 may fluctuate due to various factors, including poor financial performance by MGL and the Macquarie Group, a change in Macquarie Group's financial position, investor perceptions, worldwide economic conditions, interest rates, movements in the market price of Ordinary Shares, foreign exchange rates, debt market conditions, the availability of better rates of return on other securities or investments and other factors that may affect the Macquarie Group's financial performance and position.

The market price of MCN4 may be affected by changes in laws relating to the taxation treatment of MCN4, including franking. The Australian Labor Party has announced a proposal that certain individuals and superannuation funds will no longer be entitled to receive a refund of franking credits received to the extent that they exceed their tax payable. The proposal would apply from 1 July 2019. The proposal and the final form this takes remain contingent on the Australian Labor Party being elected into government and the proposal being enacted into law. If the proposal is implemented MCN4 Holders will not be entitled to any adjustment to the amount of any Distributions. The implementation of the proposal will also not give rise to a Tax Event and accordingly will not trigger an entitlement for MGL to Exchange, Resell or Redeem MCN4. Implementation of the proposed changes may adversely affect the returns you receive on your MCN4 and the market price and/or liquidity of MCN4 may also be adversely impacted.

Where MCN4 are to be Exchanged, Redeemed or Resold for any reason, the announcement of these events may have a significant impact on the market price and/or liquidity of MCN4 and the Ordinary Shares.

Financial markets can be volatile, with the potential for significant fluctuations in the price of securities over a short period. This applies to the market price of both MCN4 and Ordinary Shares. You should carefully consider this risk before deciding to invest in MCN4.

Although MCN4 are to be quoted on ASX, there is no guarantee that a liquid market will develop for them. The market for MCN4 may be less liquid than the market for Ordinary Shares or other comparable securities. As a consequence, MCN4 Holders who wish to sell their MCN4 may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for MCN4.

In addition, there is no guarantee that MCN4 will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

4.1.4. Market Price and liquidity of Ordinary Shares

Any Ordinary Shares issued on Exchange will rank equally with existing and future Ordinary Shares. Accordingly, the ongoing value of the Ordinary Shares received will depend on the market price of Ordinary Shares after an Exchange.

Upon Exchange, MCN4 Holders will generally receive approximately $101 worth of Ordinary Shares per MCN4, based on the VWAP (which is calculated by reference to the daily volume weighted average sale price of Ordinary Shares) over a period of ASX Trading Days immediately preceding the Exchange Date. At the time they are issued, the market price of the Ordinary Shares will likely vary from that used to determine the Exchange Number and consequently the value of Ordinary Shares received

will be more or less than $101. The number of Ordinary Shares to be received by an MCN4 Holder in respect of its aggregate holding of MCN4 will be rounded down to a whole number (with entitlements of the MCN4 Holder to a part only of an Ordinary Share disregarded).

Additionally, the market price of Ordinary Shares is used to determine whether Exchange can occur in various conditions through the Exchange Conditions and Optional Exchange Restrictions. Therefore, fluctuations in the market price of Ordinary Shares can impact the timing of Exchange occurring (and may mean that Exchange never occurs).

The market price of Ordinary Shares may fluctuate due to various factors, including poor financial performance by MGL and the Macquarie Group, a change in Macquarie Group's financial position, investor perceptions, worldwide economic conditions, interest rates, foreign exchange rates, debt market conditions, the availability of better rates of return on other securities or investments and other factors that may affect the Macquarie Group's financial performance and position.

Where MCN4 are Exchanged for Ordinary Shares, there may be no liquid market for Ordinary Shares at the time of Exchange, or the market may be less liquid than that for comparable securities issued by other entities at the time of Exchange. As a consequence, MCN4 Holders who wish to sell the Ordinary Shares they may receive may be unable to do so at an acceptable price, or at all, if the market for Ordinary Shares is illiquid.

In addition, there is no guarantee that Ordinary Shares will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

4.1.5. Distributions may not be paid

There is a risk that Distributions may not be paid. The MCN4 Terms do not oblige MGL to pay Distributions, which are only payable at MGL's discretion.

If:

- MGL, in its absolute discretion, determines that the Distribution is not payable to Holders;
- the payment of a Distribution would result in MGL breaching APRA's capital adequacy requirements applicable to it;
- the payment of a Distribution would result in MGL becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- APRA otherwise objects to the payment of a Distribution,

then that Distribution will not be paid. Changes in laws and regulations applicable to MGL may impose additional requirements which prevent MGL from paying a Distribution in additional circumstances.

Under the terms of other securities issued by MGL and MBL, MGL may be restricted from paying Distributions if distributions on those other securities are not paid. Reduced capital adequacy levels in MBL or MGL could also restrict MGL's ability to pay Distributions.

Distributions are non-cumulative (that is, if not paid, they do not accrue), so if a Distribution is not paid for any reason, MCN4 Holders will have no right to receive that Distribution in the future. MCN4 Holders have no remedy for any non-payment. However, if a Distribution is not paid when scheduled for any reason and unless MGL subsequently pays the relevant Distribution in full within 10 Business Days of the applicable Distribution Payment Date, a Dividend Restriction will apply to MGL. This Dividend Restriction means that MGL must not, subject to certain exceptions, without the approval of a Special Resolution of MCN4 Holders determine, declare or pay a dividend on any Ordinary Shares, or undertake any Buy-Back or Capital Reduction, until and including the next Distribution Payment Date.

4.1.6. Changes in Distribution Rate

The Distribution Rate is calculated as the sum of the Reference Rate and the Margin (reduced where franking credits are attached) and is calculated for each Distribution Period. The Reference Rate will fluctuate (both increase and decrease) over time and is influenced by a number of factors. The chart in section 2.1.5 shows historical movements in the Reference Rate.

As the Reference Rate varies, there is a risk that the Distribution Rate payable will become less attractive when compared to the rates of return available on comparable securities issued by the Macquarie Group or other entities or other investments.

MGL does not guarantee any particular rate of return on MCN4.

4.1.7. Distributions may or may not be franked

MGL currently franks dividends on Ordinary Shares at 45% and Distributions are expected to be franked at the same rate as Ordinary Shares. However, there is no guarantee that this level of franking will continue to apply for the life of MCN4 and it is possible that at some time in the future Distributions on MCN4 may not be franked, or may be partially franked to a different level, or fully franked.

MGL's ability to frank Distributions on MCN4 is affected by the level of available franking credits and MGL's distributable profits. MGL's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which Macquarie Group makes profits and pays tax, the applicable Australian corporate tax rate and the amount of other frankable distributions. MGL's distributable profits may also be impacted by a wide range of factors, including its level of earnings and other distributions it makes.

If any Distribution is franked, the cash amount of that Distribution will be reduced. The payment of any franked Distribution is subject to the Payment Conditions.

4.1.8. Use of franking credits by MCN4 Holders

The value and availability of franking credits to an MCN4 Holder will differ depending on that MCN4 Holder's particular tax circumstances. MCN4 Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution, and the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund of tax after the end of the income year will depend upon the tax position of the individual MCN4 Holder.

4. Investment risks

The Australian Labor Party has announced a proposal that certain individuals and superannuation funds will no longer be entitled to receive a refund of franking credits received to the extent that they exceed their tax payable. The proposal would apply from 1 July 2019. The proposal and the final form this takes remain contingent on the Australian Labor Party being elected into government and the proposal being enacted into law. If the proposal is implemented MCN4 Holders will not be entitled to any adjustment to the amount of any Distributions. The implementation of the proposal will also not give rise to a Tax Event and accordingly will not trigger an entitlement for MGL to Exchange, Resell or Redeem MCN4. Implementation of the proposed changes may adversely affect the returns you receive on your MCN4 and the market price and/or liquidity of MCN4 may also be adversely impacted. Investors should refer to the taxation summary in section 5 and seek professional advice in relation to their tax position.

4.1.9. Dividend Restriction applies in limited circumstances

If a Distribution is not paid on MCN4, the Dividend Restriction will apply to limit MGL's ability to pay dividends on, buyback, and reduce capital in respect of Ordinary Shares, subject to certain exceptions. Unlike some hybrid securities issued by Macquarie Group entities in the past the Dividend Restriction applying under MCN4 does not apply to restrict distributions on any securities other than Ordinary Shares. In particular, it does not restrict MGL from making distributions on, or buying-back or returning capital on its equal ranking securities. In addition, the Dividend Restriction applies only until the next quarterly Distribution Payment Date. If Distributions are recommenced on MCN4, the Dividend Restriction will be lifted. When compared to the dividend restriction under some other hybrid securities, the consequences for MGL if a Distribution is not paid are less significant than would be the case for an issuer under those other securities.

4.1.10. Risks upon Exchange for Ordinary Shares

Ordinary Shares are a different type of investment from MCN4. For example, dividends on Ordinary Shares are not determined by a formula. Ordinary Shares rank behind the claims of all other securities and debts of MGL in a Winding Up of MGL. Ordinary Shares trade in a manner that is likely to be more volatile than that of MCN4 and the market price is expected to be more sensitive to changes in the performance, prospects and business of the Macquarie Group.

Other events and conditions may affect the ability of MCN4 Holders to trade or dispose of Ordinary Shares issued on Exchange. For example, the willingness or ability of ASX to accept the Ordinary Shares issued on Exchange for quotation or any practical issues which affect that quotation, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time.

4.1.11. MCN4 are perpetual and Exchange, Redemption or Resale may not occur

If not Redeemed, Exchanged, Resold or Written-Off beforehand, MCN4 are scheduled to be Exchanged for Ordinary Shares on 10 September 2029, subject to the Exchange Conditions being satisfied. However, there is a risk that the Exchange Conditions will not be satisfied. For example, if there is a large fall in the Ordinary Share price when compared to the Issue Date VWAP, the First Exchange Condition may not be satisfied. The Issue Date VWAP may only be adjusted for divisions, consolidations or reclassifications of MGL's share capital and bonus issues of Ordinary Shares. There are no adjustments for other capital transactions undertaken by MGL (e.g. pro rata issues, share placements) which might reduce the Ordinary Share price. The MCN4 Terms do not limit the ability of MGL to undertake such capital transactions or any similar action that may adversely affect the position of MCN4 Holders.

If Exchange does not occur on the Scheduled Mandatory Exchange Date, Exchange will then occur on the next quarterly Distribution Payment Date where the Exchange Conditions are all satisfied. There is no guarantee the Exchange Conditions will ever be satisfied and the Exchange may never occur. In this case Distributions will continue to be paid on MCN4, subject to MGL's discretion to pay Distributions and the other Payment Conditions. However, where an Exchange has not occurred, the market price and liquidity of MCN4 may be affected and MCN4 Holders who wish to sell their MCN4 may not be able to do so at an acceptable price, or at all. As such, MCN4 are a perpetual instrument and MCN4 Holders may never receive any return of their investment, either as cash or Ordinary Shares.

4.1.12. Exchange, Redemption or Resale at the option of MGL

MGL may elect to Exchange, Redeem or arrange a Resale on a Scheduled Optional Exchange Date, or the occurrence of a Tax Event or Regulatory Event. Whether any action takes place or which action is taken at these times is entirely at the option of MGL (subject to various restrictions and conditions). These choices (and consequently whether MCN4 Holders receive cash or Ordinary Shares) may be disadvantageous to MCN4 Holders and may not coincide with their individual preference or intended investment outcomes. MCN4 Holders have no right to request any of Exchange, Redemption or Resale at any time. Whilst, as at the date of this Prospectus, no Regulatory Events or Tax Events are expected by MGL, these events are beyond the control of MGL and could occur at any future time. Any Exchange, Redemption or Resale at the option of MGL is subject to various restrictions and conditions, including, in the case of Redemption, that the MCN4 to be Redeemed are replaced with securities forming part of Eligible Capital of the same or better quality from APRA's perspective, under conditions that are sustainable for MGL's income capacity or that APRA is satisfied that the capital position of MGL is sufficient after the MCN4 are Redeemed. APRA must give written approval for any Redemption or Resale of MCN4. The granting of this approval is at the complete discretion of APRA.

As a consequence, Exchange, Redemption or Resale may not occur, or could occur at a time not previously contemplated by MCN4 Holders. This may disadvantage MCN4 Holders and not coincide with their individual preferences or intended investment outcomes. The rate of return at which MCN4 Holders may reinvest their funds may be lower than the Distribution Rate on MCN4.

4.1.13. Cash payment only in limited circumstances

MCN4 Holders will only receive a cash payment for their MCN4 where MGL chooses to Redeem or Resell MCN4. This choice of Redeeming or Reselling MCN4 is only available on specific dates or upon the occurrence of specific events and is entirely at the discretion of MGL. Further, these options are subject to conditions and restrictions, including requiring the written approval of APRA. It is not certain whether or not these tests will be met or the relevant events will occur, that APRA would give any approval, or that MGL would choose to Redeem or Resell MCN4 (or instead elect that MCN4 will be Exchanged (if possible at the relevant time)). As a consequence, there is no certainty that MCN4 Holders will receive a cash payment for their MCN4.

4.1.14. Exchange on an Acquisition Event

MGL is an ASX listed company, which may be affected by merger and acquisition activity, including the possibility of being acquired by or merged with another company, which may constitute an Acquisition Event. If an Acquisition Event occurs, an Exchange must occur (unless, the Directors determine that (a) on the Acquisition Exchange Date MGL will be, or will be likely to be, Delisted (except where, despite MGL being Delisted, the Exchange would be in the best interests of Holders as a whole) or (b) the Exchange Number of Ordinary Shares to be issued in exchange for an MCN4 (as if it were not limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date) would exceed the Maximum Exchange Number applicable to an Acquisition Exchange Date and accordingly the MCN4 Holders may receive less than their Issue Price worth of Ordinary Shares (except where, despite the Exchange Number being limited to the Maximum Exchange Number applicable to an Acquisition Exchange Date, the Directors determine that the Exchange would be in the best interest of the MCN4 Holders taken as a whole)).

Such an Exchange could occur at a time not previously contemplated by MCN4 Holders, which may disadvantage MCN4 Holders and not coincide with their individual preferences or intended investment outcomes. Additionally, where the Exchange occurs because the Directors have determined it is in the MCN4 Holders best interests as a whole, that determination may not take into account the position of individual MCN4 Holders and may disadvantage individual MCN4 Holders.

4.1.15. Impact of a Non-Viability Event

If a Non-Viability Event occurs, MGL must immediately Exchange some or all MCN4 for Ordinary Shares. This could occur at any time and accordingly, is not subject to any Exchange Conditions.

A Non-Viability Event will occur if APRA has notified the Issuer in writing that:

- Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the Issuer would become non-viable; or
- APRA has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.

APRA has not provided any guidance as to how it would determine non-viability, or what would constitute equivalent support to a public sector injection of capital. Non-viability could be expected to include serious impairment of MGL's financial position and solvency. However, APRA's definition of non-viability may not be confined to solvency or capital measures and APRA's position on these matters may change over time. As the occurrence of a Non-Viability Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that may give rise to this event.

Non-viability may arise as a result of many factors including factors which impact the business, operation and financial condition of MGL. See the discussion of risks associated with MGL and the Macquarie Group, below. As a consequence, if a Non-Viability Event occurs, there are many ways and a greater likelihood that an MCN4 Holder may lose some or all of their investment.

If a Non-Viability Event occurs, some or all MCN4 on issue will be immediately Exchanged into Ordinary Shares. Exchange will occur automatically, without the need for any further action and MGL will treat MCN4 Holders as though the Exchange has occurred. MGL expects that any ASX trades in MCN4 that have not settled on the date of a Non-Viability Event will continue to settle in accordance with the normal ASX settlement, although the seller will be treated as having delivered and the buyer will be treated as having acquired Ordinary Shares into which the MCN4 have been Exchanged. Alternatively, trading in MCN4 and Ordinary Shares may be halted and unsettled transfers of MCN4 may not be registered. This disruption in trading may cause the MCN4 Holder to suffer a loss and be unable to deal in MCN4.

MCN4 Holders may not have prior notice of a Non-Viability Event and Exchange in these circumstances is not subject to the Exchange Conditions being satisfied. The Ordinary Shares that will be issued may not be quoted at the time of issue or at all and may not be tradable.

The number of Ordinary Shares that an MCN4 Holder will receive on an Exchange following a Non-Viability Event is calculated from a five ASX Trading Day VWAP prior to the Non-Viability Exchange Date and subject to the Maximum Exchange Number applicable to a Non-Viability Exchange Date. If a Non-Viability Event occurs the market price of Ordinary Shares may be volatile. Accordingly, an MCN4 Holder may receive significantly less than $100 worth of Ordinary Shares per MCN4 and may suffer a loss as a result. This is because:

- the number of Ordinary Shares may be limited by the Maximum Exchange Number applicable to a Non-Viability Exchange Date and as a consequence the value of Ordinary Shares received may be reduced; and
- the market price of Ordinary Shares received may differ from the five ASX Trading Days VWAP used to determine the Exchange Number of Ordinary Shares.

There is no obligation on MGL to issue any Relevant Securities, or to maintain on issue any Relevant Securities that it has issued or may decide to issue in the future. As a result, if a

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Non-Viability Event requiring the Exchange of only some but not all Relevant Securities occurs, the relative impact on MCN4 Holders will depend on the amount of Relevant Securities other than MCN4 (if any) that are on issue at that time. The Maximum Exchange Number applicable to the Exchange of MCN4 may be different from the maximum exchange number applicable to Relevant Securities.

4.1.16. Impact of failure to Exchange leading to Write-Off

If the relevant MCN4 are not Exchanged within 5 Business Days of the Non-Viability Event then the Ordinary Shares will not be issued and the relevant MCN4 will be Written-Off. This may occur for any reason, including if MGL is prevented by applicable law, order of any court, action of any government authority from issuing Ordinary Shares. As at the date of this Prospectus, such laws could include Shareholding Laws (broadly, laws that relate to financial sector shareholdings, foreign acquisitions and takeovers and company takeovers). Other such laws may in future be specified by regulations made under the Banking Act.

In such cases, the MCN4 Holder will not receive any Ordinary Shares in respect of these MCN4, have no further claim on MGL and suffer a loss of their investment. The laws and circumstances under which an Inability Event arises may change and the change may be adverse to the interests of MCN4 Holders and MGL.

Recent changes to the law have given statutory recognition to conversion and write-off provisions in regulatory capital instruments such as MCN4, subject to limited exceptions (such as Shareholding Laws and other such laws that are in future specified by regulations made under the Banking Act).

4.1.17. Ordinary Shares issued to a Sale Agent

If MCN4 are to be Exchanged and:

- the MCN4 Holder has notified MGL that it does not wish to receive Ordinary Shares;
- the MCN4 are held by a person whose registered address is outside of Australia or who MGL believes is not an Australian resident and MGL believes the issue of Ordinary Shares would not be permitted by law or would be permitted only after compliance with conditions which MGL considers, in its absolute discretion, are not acceptable or are unduly onerous;
- MGL does not have the necessary information to issue the Ordinary Shares to a particular MCN4 Holder;
- a FATCA withholding is required to be made in respect of any Ordinary Shares to be delivered as a result of Exchange; or
- MGL believes it is not permitted to issue some or all Ordinary Shares to a particular MCN4 Holder under any Australian or foreign law which limits or restricts the number of shares in MGL which a person may hold; then

MGL will use reasonable endeavours to appoint a Sale Agent and, if a Sale Agent is appointed then, subject to applicable law and provided that MGL, the Trustee and the Sale Agent are satisfied that the Ordinary Shares otherwise to be Exchanged may lawfully be issued and sold by the Sale Agent without having to take steps which either the Trustee or Sale Agent regard as onerous, MGL will instead issue the relevant Ordinary Shares to the Sale Agent which will at the first reasonable opportunity sell the Ordinary Shares (together with Ordinary Shares of each other MCN4 Holder similarly affected) and pay to the relevant MCN4 Holder its proportionate share of the net proceeds actually received from the sale (after deducting applicable brokerage, stamp duty and other taxes, charges and expenses).

If MGL appoints a Sale Agent to receive the issue of, and sell, Ordinary Shares in relation to an Exchange event, the appointment of the Sale Agent is to the exclusion of the Trustee (unless the Trustee is appointed as Sale Agent). In other words, in such a situation, the Trustee will have no role in connection with the sale of the relevant Ordinary Shares or the distribution of the sale proceeds. Instead, the sale process will be conducted by the Sale Agent. Your personal information (such as your name, contact details, account details and identification information) will be given to the Trustee and Sale Agent for the purposes of the sale. None of MGL, the Trustee, the Sale Agent nor any other person will owe any duties or obligations under the MCN4 Terms or Trust Deed to MCN4 Holders in connection with the Ordinary Shares issued to, and sold by, the Sale Agent.

MGL and the Sale Agent give no assurance as to whether a sale will be achieved or the price at which it may be achieved and each have no liability to MCN4 Holders for any loss suffered as a result of the sale of Ordinary Shares. The issue of the Ordinary Shares to the Sale Agent will satisfy all obligations of MGL in respect to the MCN4.

In these circumstances the sale of Ordinary Shares is beyond the control of the MCN4 Holder and may disadvantage the individual MCN4 Holder and not coincide with their individual preferences or intended investment outcomes. The amount received in respect of this sale may be less than the investment of the MCN4 Holder.

If either or both of MGL and the Sale Agent is of the opinion that Ordinary Shares cannot be issued to the Sale Agent (or issue would require onerous steps to be taken) or otherwise to the MCN4 Holder within 5 Business Days of a Non-Viability Exchange Date, then the relevant MCN4 will be Written-Off.

In the case of an Exchange on any other date, if MGL or the Sale Agent is of the opinion that the issue of Ordinary Shares to the Sale Agent cannot be made in accordance with applicable laws (or would require onerous steps to be taken), the issue of Ordinary Shares is deferred and the relevant MCN4 remain on issue until the Ordinary Shares are issued or the relevant MCN4 Redeemed. However, six months after the Exchange Date the rights of the relevant MCN4 Holder cease, other than the right to receive any net proceeds of the sale of Ordinary Shares issued to the Sale Agent before that time.

4.1.18. Restrictions on rights and ranking in a Winding Up

MCN4 are issued by MGL under the terms of the Trust Deed (including the MCN4 Terms). An MCN4 Holder has no claim on MGL in respect of the MCN4 except as provided in the MCN4 Terms and in the Trust Deed. For further information on the relevant provisions of the Trust Deed see section 6.1.

MCN4 are unsecured and subordinated obligations of MGL. In the event of a Winding Up of MGL and assuming that MCN4 have not

been Exchanged, Redeemed or Resold and are not required to be Written-Off due to a Non-Viability Event, MCN4 Holders will be entitled to claim for the Liquidation Amount of each MCN4 equal to $100 for each MCN4. The claim for the Liquidation Amount ranks equally with Equal Ranking Obligations but is subordinated to Senior Creditors. If, on a Winding Up of MGL:

- there is a shortfall of funds to pay all amounts ranking senior to MCN4, MCN4 Holders will not receive any of the Liquidation Amount; and
- all amounts ranking senior to MCN4 have been paid but there is a shortfall of funds to pay all amounts ranking equally with MCN4, MCN4 Holders may not receive all (or any) of the Liquidation Amount.

If the MCN4 have been Exchanged (including following the occurrence of a Non-Viability Event), MCN4 Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding Up.

Where a Non-Viability Event occurs, if for any reason (for example due to applicable laws, order of a court or action of any government authority) Exchange of any MCN4 has not occurred within 5 Business Days following such an event, then those MCN4 are Written-Off (that is, the MCN4 Holder's rights (including to Distributions) in relation to those MCN4 are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date). The MCN4 Holder's investment will lose all of its value and the MCN4 Holder will not receive any Ordinary Shares or other compensation.

MCN4 may pay a higher rate of distribution than comparable securities and instruments which are not subordinated. However there is a greater risk that an MCN4 Holder would lose some or all of their investment in MCN4 should MGL become insolvent or in a Winding Up of MGL. Where MCN4 are Written-Off, as Ordinary Shares will still be on issue, an MCN4 Holder is likely to be worse off than a holder of Ordinary Shares.

4.1.19. Other securities issued by MGL

MCN4 do not in any way restrict MGL from issuing further Ordinary Shares, other securities (including securities that rank equally with or ahead of the MCN4) or from incurring further debt. MGL's obligations under MCN4 are subordinate to Senior Creditors and obligations preferred by law. Accordingly, the obligations of MCN4:

- will not be satisfied unless MGL can satisfy in full all of its other obligations ranking senior to MCN4; and
- may not be satisfied in full unless MGL can also satisfy in full all of its other obligations ranking equally with MCN4,

and future issues of securities or debts by MGL may dilute the claim of MCN4 Holders or reduce the value of their investment or liquidity of MCN4. The future issue of such securities may be on terms such that they would be exchanged, converted or written-off other than on a proportionate basis with the MCN4 and affect the proportions of MCN4 Exchanged or Written-Off due to a Non-Viability Event.

An investment in MCN4 carries no right to participate in any future issue of securities issued by MGL.

No prediction can be made as to the effect, if any, which future issues of securities by MGL may have on the market price or liquidity of MCN4 or the likelihood of payments being made on MCN4.

An investment in MCN4 carries no right to be Redeemed or otherwise be repaid at the same time as MGL redeems or otherwise repays other securities.

4.1.20. Credit rating risk relating to securities

MGL's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by its credit ratings, including any long-term credit ratings (see section 4.2.14 for more information) or the ratings assigned to any class of its securities. Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Even though MCN4 will not be rated, such changes could adversely affect the market price, liquidity and performance of MCN4 or Ordinary Shares received on Exchange.

4.1.21. Regulatory treatment

MCN4 are Eligible Capital of MGL, which currently qualify as regulatory capital of MGL for APRA purposes.

A Regulatory Event may occur if the Issuer determines that, as a result a change in law or regulation or determination of APRA:

- any of the MCN4 are not eligible for inclusion as Eligible Capital;
- additional requirements in connection with the MCN4 would be imposed on MGL or the Macquarie Group which the Issuer determines in its absolute discretion might have a material adverse effect on MGL or otherwise be unacceptable; or
- to have any of the MCN4 outstanding would be unlawful or impractical or that MGL or the Macquarie Group would be exposed to a more than **de minimis** increase in its costs in connection with those MCN4.

If a Regulatory Event occurs, MGL may be entitled to Exchange or, with the written approval of APRA, Resell or Redeem MCN4.

As a consequence, Exchange, Redemption or Resale may occur at any time and at a time not previously contemplated by MCN4 Holders, which may disadvantage MCN4 Holders and not coincide with their individual preferences or intended investment outcomes. The rate of return at which MCN4 Holders may reinvest their funds or receive in connection with any Ordinary Shares, may be lower than the Distribution Rate on MCN4.

The choice of Exchange, Redemption or Resale when they are available, is entirely at the option of MGL. The choice of these actions (and consequently whether MCN4 Holders receive cash or Ordinary Shares) may be disadvantageous to MCN4 Holders and may not coincide with their individual preference or intended investment outcomes.

4.1.22. Tax consequences

A general outline of the tax consequences of investing in MCN4 for certain potential investors who are Australian residents for tax purposes is set out in the taxation summary in section 5.1. This summary is in general terms and is not intended to provide specific advice addressing the circumstances of any particular

potential investor. Accordingly, potential investors should seek independent advice concerning their own individual tax position.

If a change is made or announced in a law or regulation, or a judicial decision, or an administrative pronouncement, ruling or challenge from a government authority which was not expected at the time of issue of MCN4, which has an adverse effect on MGL in the amount of taxes, assessments or other governmental charges in connection with MCN4, or affects the withholding treatment of MCN4 or whether any Distribution would be frankable, then a Tax Event may occur.

If a Tax Event occurs, MGL may be entitled to Exchange or, with the written approval of APRA, Resell or Redeem MCN4.

As a consequence, Exchange, Redemption or Resale may occur at any time and at a time not previously contemplated by MCN4 Holders, which may disadvantage MCN4 Holders and not coincide with their individual preferences or intended investment outcomes. The rate of return at which MCN4 Holders may reinvest their funds may be lower than the Distribution Rate on MCN4.

The choice of Exchange, Redemption or Resale when they are available, is entirely at the option of MGL. The choice of these actions (and consequently whether MCN4 Holders receive cash or Ordinary Shares) may be disadvantageous to MCN4 Holders and may not coincide with their individual preferences or intended investment outcomes.

If the corporate tax rate in Australia changes, the cash amount of Distributions and any associated franking credits may change.

4.1.23. Powers of APRA

Under the Banking Act, APRA has power to issue directions to MGL. These powers of APRA are broad and may be exercised to intervene in the performance of obligations and the exercise of rights under the MCN4 (see further section 4.2.4).

The Banking Act has recently been amended to enhance APRA's powers to facilitate the resolution of the entities that it regulates (and their subsidiaries) in times of distress. Additional powers given to APRA include greater oversight, management and directions powers in relation to MGL, MBL and other Macquarie Group members (including entities which were not previously regulated by APRA). APRA's statutory management powers have also been enhanced. The Banking Act also gives statutory recognition to provisions for the conversion or write-off of an instrument such as the MCN4.

In addition, APRA has powers to require the compulsory transfer of all or part of the business of MGL pursuant to the Financial Sector (Transfer and Restructure) Act 1999 (Cth) ("**FSTR Act**"). This power arises in circumstances where APRA has decided to make a compulsory transfer of the business of, or shares in, MBL. A transfer under the FSTR Act overrides anything in any contract or agreement to which MGL is a party, including the MCN4 Terms.

These powers of APRA may be exercised in a way which adversely affects the ability of MGL to comply with its obligations in respect of the MCN4 (including in connection with the Exchange of MCN4), and this may adversely affect the position of MCN4 Holders.

4.1.24. Accounting standards

New, or amendments to existing, accounting standards issued by either the International Accounting Standards Board or Australian Accounting Standards Board may affect the reported earnings and financial position of MGL in future financial periods. This may adversely affect the ability of MGL to pay Distributions.

4.1.25. Shareholding limits

Various laws, including Chapter 6 of the Corporations Act, the Foreign Acquisition and Takeovers Act 1975, the Financial Sector (Shareholdings) Act 1998 ("**FSSA**") and Part IV of the Competition and Consumer Act 2010 may restrict the number of Ordinary Shares that any person may hold. Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as MGL) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX.

The FSSA restricts ownership of MGL by people (together with their associates) to a 20% stake. A shareholder may apply to the Australian Federal Treasurer to extend their ownership beyond 20%, but approval will not be granted unless the Treasurer is satisfied that the holding is in the national interest.

MCN4 Holders should take care to ensure that their holding of MCN4 (and any Ordinary Shares that they could be Exchanged for) do not breach any applicable restrictions on ownership.

Where, on an Exchange, the issue of any Ordinary Shares to any particular MCN4 Holder (either directly or indirectly) is prevented by law, MGL may be unable to Exchange those MCN4 and they will be Written-Off.

4.1.26. FATCA withholding and information reporting

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a reporting regime and potentially a 30% withholding tax with respect to certain payments. The Australian Government and the US Government signed an intergovernmental agreement ("**IGA**") in respect of FATCA on 28 April 2014, providing an alternative means for Australian financial institutions to comply with FATCA. Under the IGA, Australian financial institutions that may be involved in the MCN4 payment processes, such as custodians or nominees, may be required to provide the Australian Taxation Office ("**ATO**") with information about investors. As such, certain information may be requested from MCN4 Holders or beneficial owners of MCN4 which may be provided to the ATO. MGL does not anticipate being obliged to deduct any withholding for or on account of FATCA, but there can be no assurance that MGL will not be required to deduct or withhold amounts on payments it makes to MCN4 Holders as a result of FATCA in the future.

If an amount was to be deducted or withheld in respect of FATCA from payments on MCN4 or deliveries of Ordinary Shares made in respect of MCN4, neither MGL nor any paying agent nor any other person would, pursuant to the conditions of MCN4, be required to pay additional amounts as a result of the deduction or withholding. As a result, MCN4 Holders may receive less Distributions, principal or Ordinary Shares than expected.

FATCA is particularly complex. Investors should consult their own tax advisers to determine how these rules may apply to payments

they will receive under MCN4, particularly if they are a U.S. person or have financial dealings with a U.S. person.

4.1.27. Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information in Tax Matters ("**CRS**") may require financial institutions involved in the MCN4 payment processes, such as custodians or nominees, to report information regarding MCN4 to their local tax authority and follow related due diligence procedures. MCN4 Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 (Cth) to give effect to the CRS. The CRS applies to Australian financial institutions with effect from July 1, 2017.

4.1.28. Amendment of MCN4 Terms or Trust Deed

In certain circumstances, MGL may, with APRA's prior written approval where required, amend the MCN4 Terms or Trust Deed without the approval of MCN4 Holders or the Trustee. These circumstances include where MGL is of the opinion that the amendments do not materially adversely affect the interests of the MCN4 Holders as a whole.

MGL may also, with APRA's prior written approval where required, amend the MCN4 Terms or Trust Deed if the amendment has been approved by a Special Resolution of MCN4 Holders and the Trustee. Amendments under these arrangements are binding on all MCN4 Holders, despite the fact that an individual MCN4 Holder may not agree with the amendment, has voted against making the amendment or may be disadvantaged by the amendment.

MGL may also, with APRA's prior written approval, amend the MCN4 Terms in circumstances where the Reference Rate ceases to be available and replace the Reference Rate with an alternative rate that MGL considers appropriate, and make certain other amendments to the MCN4 Terms. Such amendments could adversely affect the interests of MCN4 Holders.

APRA's prior written approval of an amendment is required where the amendment may cause the MCN4 to cease to be Eligible Capital.

4.2. Risks associated with MGL and the Macquarie Group

The factors described below relate to an investment in MGL and the Macquarie Group.

Risks associated with MGL and the Macquarie Group are relevant to an investment in MCN4 because they may affect MGL's ability to fulfil its obligations under the MCN4 Terms, the market value of MCN4 and the market value of, and any dividends paid on, Ordinary Shares issued on an Exchange of MCN4.

Risks may affect one or more of Macquarie Group's businesses at any one time. If more than one of the Macquarie Group's businesses were affected by adverse circumstances at or about the same time, the cumulative effect of these may also have an adverse impact on Macquarie Group.

4.2.1. Global credit and market conditions

The Macquarie Group's businesses operate in and depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities. In particular, uncertainty and volatility in global credit markets, liquidity constraints, funding costs, constrained access to funding and a decline in equity and capital market activity may affect transaction flow for the Macquarie Group in a range of industry sectors.

The Macquarie Group's trading income may be adversely affected during times of subdued market conditions and client activity, and increased market risk can lead to trading losses or cause the Macquarie Group to reduce the size of its trading businesses in order to limit the Macquarie Group's risk exposure. Market conditions may cause clients to transfer their assets out of the Macquarie Group's funds, products or brokerage accounts and result in reduced net revenues.

The Macquarie Group's funds management fee income may be adversely affected by volatility in asset values and the returns from Macquarie Group's managed funds. The value and performance of the Macquarie Group's loan portfolio and the value of its proprietary investments, including investments in managed funds, may also be adversely affected by deteriorating economic conditions, leading to impairments, write-downs and/or reduced returns from asset sales.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces the Macquarie Group's ability to limit losses in such positions and difficulty in valuing assets may negatively affect the Macquarie Group's capital, liquidity or leverage ratios, increase funding costs and generally require the Macquarie Group to maintain additional capital.

Increases in volatility may also increase Macquarie Group's capital requirements. Increased capital requirements may require the Macquarie Group to raise additional capital at a time, and on terms, which may be less favourable than it would otherwise achieve during stable market conditions.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. Concerns about, or a default by, one or more institutions or by sovereigns could lead to market-wide liquidity problems, losses or defaults by other institutions globally that may further affect the Macquarie Group. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that the Macquarie Group interacts with on a daily basis. If any of the Macquarie Group's counterpart financial institutions fail, the Macquarie Group's financial exposures to that institution may lose some or all of their value. The failure of one financial institution may also affect the soundness of other financial institutions with which the Macquarie Group transacts, resulting in additional failures, financial instruments losing their value and liquidity, and interruptions to capital markets. Any of these events would have a serious adverse effect on the Macquarie Group's liquidity, profitability and value.

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4.2.2. Other general economic and geopolitical risks

The Macquarie Group may face new costs and challenges as a result of general economic and geopolitical events and conditions. For instance, a sovereign default, slowdown in the US or Chinese economies, slowing growth in emerging economies, the departure of any member country from the European Union or the market anticipation of such events, could disrupt global funding markets and the global financial system more generally. The United Kingdom's departure from the European Union ("**Brexit**") is currently subject to a deadline of 29 March 2019 under applicable UK and EU laws, however, significant uncertainty remains in relation to both the terms (e.g. the final form of any Brexit event) and timing. Such uncertainty, particularly the market's response, may adversely affect economic conditions and disrupt the markets in which Macquarie Group operates.

Potential risks of default on sovereign debt in some jurisdictions could expose the Macquarie Group to substantial losses. The Macquarie Group may also be impacted indirectly through its counterparties that may have direct exposure to sovereigns and financial institutions.

Jurisdictions in which the Macquarie Group does business may be negatively impacted by slow growth rates or recessionary conditions, market volatility and/or political unrest. In conducting its businesses and maintaining and supporting its global operations, the Macquarie Group is subject to risks of possible nationalisation and/or confiscation of assets, expropriation, price controls, capital controls, redenomination risk, exchange controls, protectionist trade policies, economic sanctions and other restrictive governmental actions, unfavourable political and diplomatic developments and changes in legislation. These risks are particularly elevated in emerging markets.

Market and economic disruptions of all types may affect consumer confidence levels and spending, corporate investment and job creation, bankruptcy rates, levels of incurrence and default on consumer and corporate debt, economic growth rates and asset values, among other factors. Any such unfavourable conditions or developments could have an adverse impact on the Macquarie Group's business. For example, these developments can adversely affect investor and client confidence, resulting in declines in the size and number of underwritings, financial advisory transactions and increased market risk as a result of increased volatility.

Geopolitical instability, such as threats of, potential for, or actual conflict, occurring around the world, may also adversely affect global financial markets, general economic and business conditions and the Macquarie Group's ability to continue operating or trading in a country. Risks in one country can limit the Macquarie Group's opportunities for portfolio growth and negatively affect its operations in other countries.

4.2.3. Liquidity risks

The Macquarie Group is exposed to the risk that it may become unable to meet its financial commitments when they fall due, which could arise due to mismatches in cashflows. Liquidity is essential to the operation of Macquarie Group's businesses. Liquidity may be impaired by an inability to access debt and capital markets, or sell assets or if the Macquarie Group experiences unforeseen outflows of cash or collateral. Liquidity may also be impaired due to circumstances that MGL may be unable to control, such as general market disruptions, which may occur suddenly and dramatically, an operational problem that affects the Macquarie Group or its trading clients, or changes in credit spreads, which are market-driven, and subject at times to unpredictable and highly volatile movements.

If economic conditions deteriorate or remain uncertain for a prolonged period, the Macquarie Group's funding costs may increase and this may limit its ability to replace maturing liabilities which could adversely affect the group's ability to fund and grow its business.

In the event that the Macquarie Group's current sources of funding prove to be insufficient, MGL or other group members may be forced to seek alternative financing, which could include selling assets, including illiquid assets. The availability of alternative financing will depend on a variety of factors, including prevailing market conditions, the availability of credit, Macquarie Group entities' credit ratings and credit capacity. The cost of these alternatives may be higher than current sources of funding or include other unfavourable terms, or the Macquarie Group may be unable to raise as much funding as it needs to support its business activities. This could slow the growth rate of the Macquarie Group's businesses, cause it to reduce its term assets or increase its cost of funding, any of which could adversely affect the Macquarie Group.

4.2.4. Legal, regulatory and compliance risk

Many of the Macquarie Group's businesses are highly regulated and it could be adversely affected by changes in regulations, regulatory policy, unintended consequences from such changes and increased compliance requirements.

The Macquarie Group operates various kinds of businesses across multiple jurisdictions, and some of its businesses operate across more than one jurisdiction or sector and are regulated by more than one regulator. Additionally, some members of the Macquarie Group own or manage assets and businesses that are regulated.

The Macquarie Group's businesses include a bank in Australia (regulated by APRA) and other prudentially regulated activities, bank branches in the United Kingdom, Germany, the Dubai International Finance Centre, Singapore, Hong Kong and South Korea and representative offices in the United States, New Zealand and Switzerland. Prudential regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not holders of MGL's securities or creditors. As a diversified financial institution, many of the Macquarie Group's businesses are also subject to financial services regulation other than prudential banking regulation. Regulatory agencies and governments frequently review and revise banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies which may impact the financial sector in which the Macquarie Group operates.

In some countries in which the Macquarie Group operates or may in the future operate, in particular in emerging markets, the laws and regulations applicable to the financial services industry are uncertain and evolving, and it may be difficult to determine

the requirements of local laws in every market. The Macquarie Group's inability to remain in compliance with local laws in a particular market could have a significant and negative effect on its businesses in that market and on its reputation generally.

Regulation is becoming increasingly extensive and complex and some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation. The nature and impact of future changes are unpredictable, beyond MGL's control and may result in potentially conflicting requirements resulting in additional legal and compliance expenses and changes to business practices that could adversely affect the Macquarie Group.

MGL is regulated by APRA as a NOHC. APRA may introduce new prudential regulations or modify existing regulations, including those that apply to MGL as a NOHC. Any such event could result in changes to the organisational structure of the Macquarie Group and adversely affect the Macquarie Group.

The Macquarie Group is also subject in its operations worldwide to rules and regulations relating to corrupt and illegal payments and money laundering, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The geographical diversity of the Macquarie Group's operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that a member of the Macquarie Group may be found in violation of such rules or regulations. Any such violation could subject the Macquarie Group to significant penalties, revocation, suspension, restriction or variation of conditions of operating licenses, adverse reputational consequences, litigation (including potentially class actions) or limitations on the Macquarie Group's ability to do business. Emerging technologies, such as cryptocurrencies, could limit the Macquarie Group's ability to track the movement of funds. The Macquarie Group's ability to comply with these laws is dependent on its ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability.

MGL is a holding company and many of its subsidiaries, including its broker-dealer and bank subsidiaries, such as MBL, are subject to laws that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to MGL. Restrictions or regulatory action of that kind could impede access to funds that MGL needs to make payments on its obligations, including debt obligations, or dividend payments. In particular, the availability of MBL's funding to meet the obligations of MGL or the Non-Banking Group is subject to regulatory restrictions.

4.2.5. Increased governmental and regulatory scrutiny

Global economic conditions and increased scrutiny of the culture in the banking sector have led to increased supervision and regulation, as well as changes in regulation in the markets in which the Macquarie Group operates and may lead to further significant changes of this kind. Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and the Macquarie Group's operations, capital, liquidity and risk management, compensation and other matters, has increased dramatically over the past several years. The financial crisis and the subsequent political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, increased regulatory scrutiny, investigations and litigation. Responding to and addressing such matters, regardless of the ultimate outcome, is time-consuming, expensive, can adversely affect investor confidence and can divert the time and effort of the Macquarie Group's staff from other business activities.

Investigations, inquiries, penalties and fines sought by regulatory authorities have increased substantially over the last several years, along with legislation targeted at the financial services industry. If the Macquarie Group is subject to adverse regulatory findings, the financial penalties could have a material adverse effect on the Macquarie Group's results of operations. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on the Macquarie Group's reputation with clients and on the morale and performance of its employees.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was announced in December 2017 concluded on 1 February 2019. The Commission inquired into the causes of, and responses to, misconduct by financial services entities and conduct falling below community standards and expectations, and held rounds of public hearings on a wide range of matters, including consumer and SME lending, financial advice, superannuation, insurance, culture, governance, remuneration, and the remits of regulators.

The Commission's Final Report published on 4 February 2019 ("**Final Report**") contains 76 recommendations, including:

- establishment of a new system for professional discipline for financial advisers and financial services licensees featuring registration, a disciplinary body and conduct reporting requirements;
- introduction of statutory best interest duty on mortgage brokers and a phased prohibition on commissions being paid by lenders to mortgage brokers;
- the removal of grandfathered arrangements which allow for commissions to continue to be paid to financial advisors who sold financial products prior to the Future of Financial Advice reforms and further review of conflicted remuneration exceptions;
- joint administration of the Bank Executive Accountability Regime ("**BEAR**") by APRA and ASIC, extension of BEAR to all APRA regulated entities, and assignment of accountability for end-to-end management of product design, delivery, maintenance and, where necessary, remediation;
- regular ongoing culture reviews by financial services entities into their culture and governance policies and practices, including management of non-financial risks and conduct risks;

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- new statutory scheme for sharing information between APRA and ASIC; and
- a number of measures to enhance APRA and ASIC's oversight of entities' governance, culture and remuneration frameworks and practices and to improve the effectiveness to deter, investigate and penalise misconduct, including a focus in changing the enforcement culture of regulators, with a presumption of more litigation and pursuit of criminal liabilities.

The Federal Government has agreed to take action on all 76 recommendations contained in the Final Report. On 14 February 2019, the Commonwealth Parliament passed a law significantly increasing penalties for corporate and financial sector misconduct and contravention of various corporations legislation. The Commission's recommendations are likely to result in a range of further legislative, regulatory and industry practice changes. Such changes may adversely impact Macquarie Group's business, operations, compliance costs, financial performance and prospects. Macquarie is closely monitoring the governmental, regulatory and industry responses to these recommendations and will participate in public and industry consultations as appropriate.

No findings were made in the Final Report in relation to the Macquarie Group.

4.2.6. Exchange rate risk

While the Macquarie Group's consolidated financial statements are presented in Australian dollars, a significant portion of the Macquarie Group's operating income is derived, and operating expenses are incurred, from offshore business activities, which are conducted in a broad range of currencies. Changes in currency exchange rates can impact the Macquarie Group's financial statements, its capital position and the economics of its business.

If any member of the Macquarie Group is unable to hedge its exposure to currencies other than the Australian dollar as expected, the Macquarie Group's reported profit, balance sheet or capital position could be affected.

4.2.7. Risks of strategic opportunities and exiting or restructuring existing businesses

The Macquarie Group continually assesses the appropriateness of its business mix and the viability of individual businesses in light of regulatory, market and economic conditions and developments. From time to time, the Macquarie Group may evaluate other strategic opportunities, the outcome of which is dependent upon the quality of its strategic planning process, the implications of the strategy on risk appetite and its ability to evaluate and implement such strategic opportunities.

Future growth of the Macquarie Group, including through acquisitions, mergers and other corporate transactions, as well as planned business initiatives and expansions of existing businesses into new jurisdictions, may place significant demands on its legal, accounting, IT, risk management and operational infrastructure and result in increased expenses.

Such activities are likely to bring the Macquarie Group into contact with individuals and entities that are new clients, new asset classes and other new products or new markets that may expose the Macquarie Group to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit-related and operational risks, including risks arising from IT systems, and reputational concerns with these businesses being operated or conducted.

The Macquarie Group may over-value an acquisition, not achieve expected synergies from an acquisition, achieve lower than expected cost savings or otherwise incur losses, lose customers and market share, and may face disruptions to its operations resulting from integrating the systems, processes and personnel of the acquired business into the Macquarie Group (including the diversion of management time). The Macquarie Group may also underestimate the costs associated with outsourcing, exiting or restructuring existing businesses. Where the Macquarie Group's acquisitions are in foreign jurisdictions, particularly in emerging or growth economies, it may be exposed to heightened levels of regulatory scrutiny and political, social or economic disruption and sovereign risk.

4.2.8. Reputation risk

The Macquarie Group's reputation in the financial services markets and the recognition of the Macquarie brand by its customers are important contributors to its business.

Many companies in the Macquarie Group and many of the funds managed by entities owned, in whole or in part, by the Macquarie Group use the Macquarie name.

The Macquarie Group's business may be adversely affected by negative publicity or poor performance in relation to any of the entities using the Macquarie name or otherwise associated with Macquarie, including any Macquarie-managed fund or funds that Macquarie has promoted or is associated with, as investors and lenders may associate such entities and funds with the name, brand and reputation of the Macquarie Group and other Macquarie-managed funds.

4.2.9. Competitive risks

The Macquarie Group faces significant competition from local and international competitors, which compete vigorously for participation in the various markets and sectors across which the Macquarie Group operates. The Macquarie Group competes, both in Australia and internationally, with asset managers, retail and commercial banks, private banking firms, investment banking firms, brokerage firms, internet based firms, commodity trading firms and other investment and service firms as well as businesses in adjacent industries in connection with the various funds and assets the Macquarie Group manages and services it provides. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently. Furthermore, digital technologies and business models are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital payment services and open data banking, that could potentially disrupt traditional financial services and adversely affect the Macquarie Group's operations.

Any consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power which may enhance the competitive position of Macquarie's competitors and result in the loss of Macquarie Group customers to those competitors.

4.2.10. Staff recruitment and retention

Employees are the Macquarie Group's most important resource, and its performance largely depends on the talents and efforts of highly skilled individuals. The Macquarie Group's continued ability to compete effectively in its businesses and to expand into new business areas and geographic regions depends on its ability to retain and motivate existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees has historically been intense and is expected to increase during periods of economic growth.

In order to attract and retain qualified employees, the Macquarie Group must compensate such employees at or above market levels. Recent market events have resulted in increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed. As a regulated entity, MGL may be subject to limitations on remuneration practices. These limitations may require MGL to further alter its remuneration practices in ways that could adversely affect the Macquarie Group's ability to attract and retain qualified and talented employees.

Current and future laws (including laws relating to immigration and outsourcing) may restrict the Macquarie Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact its ability to take advantage of business and growth opportunities or potential efficiencies, which could adversely affect the Macquarie Group's profitability.

4.2.11. Market, asset and interest rate risk

The Macquarie Group is exposed to changes in the value of financial instruments and other financial assets that are carried at fair market value, as well as changes to the level of advisory and other fees, due to changes in interest rates, exchange rates, equity and commodity prices and credit spreads and other market risks. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political or other scandals that reduce investor confidence in capital markets, natural disasters or pandemics or a combination of these or other factors.

The Macquarie Group's businesses trade in foreign exchange, interest rate, commodity, energy, securities and other markets and are an active price maker in the derivatives market. Certain financial instruments that members of the Macquarie Group hold and contracts to which members of the Macquarie Group are a party are complex and these complex structured products often do not have readily available markets to access in times of liquidity stress. The Macquarie Group may incur losses as a result of decreased market prices for products it trades, which decreases the valuation of its trading and investment positions, including interest rate and credit products, currency, commodity and equity positions. In addition, reductions in equity market prices or increases in interest rates may reduce the value of the Macquarie Group's clients' portfolios, which in turn may reduce the fees it earns for managing assets in certain parts of its business. Increases in interest rates or attractive prices for other investments could cause the Macquarie Group's clients to transfer their assets out of its funds or other products.

Interest rate benchmarks around the world (for example, London Interbank Offered Rate or LIBOR) have been subject to regulatory scrutiny and are subject to change. Changes to such benchmarks can result in market disruption and volatility impacting the value of securities, financial returns and potentially impact the Macquarie Group's ability to effectively hedge market risk.

Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the Macquarie Group.

4.2.12. Capital adequacy risk

The Macquarie Group seeks to maintain capital levels to ensure it can achieve strategic plans and objectives, manage the risks to which it is exposed, absorb unexpected losses and meet market expectations of capital levels. The Macquarie Group is required to maintain minimum levels determined by the risk profile of its operations and within the frameworks by which it is regulated.

If the Macquarie Group fails to hold sufficient capital, including as a result of unexpected events affecting its business, operations and financial condition, there may be an increased risk of regulatory intervention in the operation of the business, and ultimately a greater risk of non-viability and insolvency. Reduced capital adequacy levels in MBL or MGL could also restrict those entities' ability to pay dividends or distributions.

Many of the capital frameworks that the Macquarie Group operates under have been recently reviewed or are currently under review. The Basel Committee on Banking Supervision continues to undertake further work as part of its regulatory reform agenda that may result in additional capital requirements. Additional capital requirements may arise from APRA's proposals for "unquestionably strong" capital levels and/or loss absorbing capital requirements which are currently under consideration. APRA has also proposed prudential rules to apply to financial conglomerates such as the Macquarie Group, but the implementation date for these rules is currently unknown. Changes to these frameworks can require the Macquarie Group to hold more capital and have an adverse impact on the Macquarie Group.

4.2.13. Credit and counterparty risk

The Macquarie Group is exposed to the risk of financial loss as a result of failure by a client or other counterparty to meet its contractual obligations. The Macquarie Group assumes counterparty risk in connection with its lending, leasing, trading, derivatives and other businesses where it relies on the ability of a third party to satisfy their financial obligations to the Macquarie Group on a timely basis. The Macquarie Group is also exposed to potential concentration risk arising from large individual exposures or groups of exposures. The resultant credit exposure will depend on a number of factors, including the financial condition of the

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counterparty, the value of assets the Macquarie Group holds as collateral and the market value of the counterparty instruments and obligations the Macquarie Group holds, as well as the extent to which the Macquarie Group hedges such credit exposures. The Macquarie Group is also subject to the risk that its rights against third parties may not be enforceable in all circumstances, which may result in losses.

4.2.14. Credit ratings risk

The credit ratings assigned to MGL and certain of its subsidiaries by rating agencies are based on an evaluation of a number of factors, including such entities' ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, funding stability and security, disciplined liquidity management and the Macquarie Group's key operating environments, including the availability of systemic support in Australia. A credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events that are not directly related to the Macquarie Group.

If MGL or its subsidiaries fail to maintain current credit ratings, this could adversely affect the Macquarie Group's cost of funds and related margins, liquidity, competitive position, the willingness of counterparties to transact with the Macquarie Group and its ability to access capital markets. This may also trigger obligations under certain bilateral provisions in some of the Macquarie Group's trading and collateralised financing contracts which may result in the termination of contracts with the Macquarie Group or require members of the Macquarie Group to post additional collateral resulting in losses to the Macquarie Group and an impairment of its liquidity.

4.2.15. Tax risk

The Macquarie Group is exposed to risks arising from the manner in which the Australian and international tax regimes are applied and enforced, both in terms of the Macquarie Group's own tax compliance and the tax aspects of transactions on which members of the Macquarie Group work with clients and other third parties. The Macquarie Group's international, multi-jurisdictional platform increases its tax risks. Any actual or alleged failure to comply with or any change in the interpretation, application or enforcement of applicable tax laws and regulations could adversely affect the Macquarie Group's reputation, businesses, significantly increase its own tax liability and expose it to legal, regulatory and other actions.

4.2.16. Operational system risks and risk management processes

The Macquarie Group's businesses depend on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies.

The Macquarie Group is exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems, such as from the disruption or failure of IT systems, or from external suppliers and service providers, including cloud-based outsourced technology platforms, or external events.

The Macquarie Group is also exposed to the risk that employee, contractor and external service provider misconduct could occur. Such operational risks may include theft and fraud, employment practices and workplace safety, improper business practices, mishandling of client monies or assets, client suitability and servicing risks, product complexity and pricing, and valuation risk or improper recording, evaluating or accounting for transactions or breaches of internal policies and regulations. There is increasing regulatory and public scrutiny concerning conduct risk (including activities that fall below community standards and expectations) and concerning outsourced and off-shore activities and their associated risks, including, for example, the appropriate management and control of confidential data. If the Macquarie Group fails to appropriately manage these risks, it may incur financial losses and/or regulatory intervention and penalties, and its reputation and ability to retain and attract clients may be adversely affected.

While the Macquarie Group employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. There can be no assurance that the risk management processes and strategies that the Macquarie Group has developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances.

4.2.17. Information security system risks including cyber attack

The Macquarie Group's businesses are dependent on the security and efficacy of its information technology systems, as well as those of third parties with whom it interacts or on whom it relies. The Macquarie Group's businesses rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in its computer and data management systems and networks, and in those of third parties.

The Macquarie Group, its customers, regulators and other third parties have been subject to, and are likely to continue to be the target of, cyber attacks. The Macquarie Group's computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service or information attacks, phishing attacks, computer viruses or other malicious code and other events that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Macquarie Group, its employees, its customers or of third parties, damages to systems, or otherwise material disruption to its or its customers' or other third parties' network access or business operations.

Information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of attackers. The techniques used by hackers change frequently, and may not be recognised until launched or until after a breach has occurred. Additionally, the existence of cyber attacks or security breaches at third parties with access to the Macquarie Group's data, such as vendors, may not be disclosed to the Macquarie Group in a timely manner.

As cyber threats continue to evolve, the Macquarie Group may have to significantly increase the resources it allocates to enhance its protective measures or to investigate and remediate any information security vulnerabilities or incidents.

As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including the Macquarie Group.

4.2.18. Insurance risk

The Macquarie Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the Macquarie Group's third party insurance providers fail to perform their obligations and/or its third party insurance cover is insufficient for a particular matter or group of related matters, the net loss to the Macquarie Group could adversely impact its results and operations.

4.2.19. Risk of unforeseen, hostile or potential catastrophic events and climate change social risks

The Macquarie Group and its customers operate businesses and hold assets in a diverse range of geographic locations.

The Macquarie Group's businesses are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks or other hostile or catastrophic events.

The occurrence of any such events may prevent the Macquarie Group from performing under its agreements with clients, may impair its operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm. In addition, the Macquarie Group relies on third party suppliers or service providers to perform their contractual obligations. If they are affected by such events, they may be unable to perform their obligations and any failure on their part could adversely affect the Macquarie Group's business.

Macquarie and its customers, suppliers and service providers may also be adversely affected by climate change, including rising temperatures and sea levels and changes in the frequency and severity of catastrophic events. This could adversely impact Macquarie Group's financial performance and lead to business disruption. Regulatory changes and initiatives to respond to climate change, as well as failure to adequately anticipate and address transitions risks may also adversely impact on Macquarie Group by increasing operating costs and/or reducing the profitability of Macquarie's investments.

The Macquarie Group may also not be able to obtain insurance to cover some of these risks or the insurance that it has may be inadequate to cover its losses.

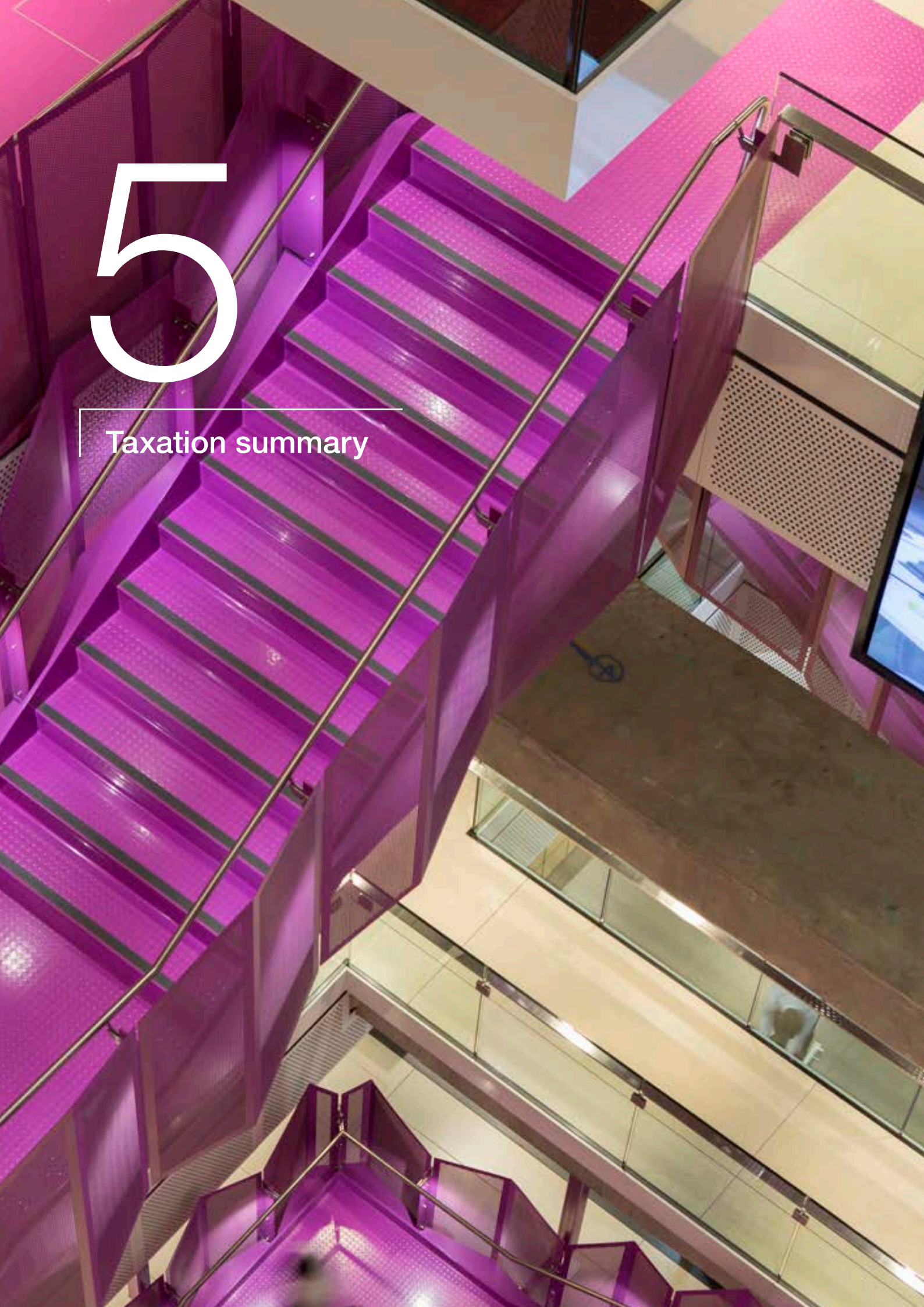
4.2.20. Conflicts of Interest

As the Macquarie Group expands its businesses and its client base, it increasingly has to address potential or perceived conflicts of interest, including situations where its services to a particular client conflict with, or are perceived to conflict with, its own proprietary investments or other interests or with the interests of another client. The Macquarie Group may also face situations where one or more of its businesses have access to material non-public information that may not be shared with other businesses within the Macquarie Group. While the Macquarie Group believes it has adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses, appropriately dealing with conflicts of interest is complex and difficult. A failure to comply with these procedures or controls may result in damage to the Macquarie Group's reputation, and the willingness of clients or counterparties to enter into transactions may be adversely affected if the MacquarieGroup fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to claims by and liabilities to clients, litigation or enforcement actions.

4.2.21. Macquarie Group may be adversely affected by litigation and regulatory actions

The Macquarie Group may, from time to time, be subject to material litigation and regulatory actions, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory violations, which, if they crystallise, may adversely impact upon Macquarie Group's operations and financial condition in future periods or its reputation. The Macquarie Group regularly obtains legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for or that additional litigation, regulatory actions or other contingent liabilities may arise. Even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm Macquarie Group's reputation or brand, thereby adversely affecting its business.

The description of risks in this section 4 is not exhaustive and you should read this prospectus in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in MCN4.



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Taxation summary

5.1. Summary of Australian tax consequences for MCN4 Holders

The following is a summary of the Australian tax consequences for certain Australian resident MCN4 Holders who subscribe for MCN4 under the Offer.

This summary is not intended to be exhaustive and you should seek advice from your own financial or tax adviser or other professional adviser before deciding to invest in MCN4. In particular, this summary does not consider the consequences for MCN4 Holders who:

- are not Australian residents for tax purposes;
- are Australian residents but acquire and/or hold the MCN4 through a permanent establishment outside Australia;
- acquire MCN4 otherwise than under the Offer;
- hold MCN4 in their business of share trading or dealing in securities, or who otherwise hold their MCN4 on revenue account or as trading stock; or
- are subject to the "taxation of financial arrangements" provisions in Division 230 of the Tax Act in relation to their holding of MCN4.

This summary is not intended to be, nor should it be constituted as being, investment, legal or tax advice to any particular MCN4 Holder.

This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practices as at the date of this Prospectus.

5.1.1. Class ruling sought on MCN4

MGL has applied to the ATO for a Class Ruling to confirm certain Australian tax consequences for Australian resident MCN4 Holders. The ATO will only issue a Class Ruling after the issue of MCN4. When issued, copies of the Class Ruling will be available from www.macquarie.com and on the ATO website.

5.1.2. Distributions on MCN4

MCN4 should constitute non-share equity interests and Distributions under the MCN4 Terms should constitute non-share dividends that are frankable.

MCN4 Holders should include such Distributions in their assessable income. Generally, provided that an MCN4 Holder is a "qualified person" (see below) and the ATO does not make a determination under certain anti-avoidance rules (see below), an MCN4 Holder should include any franking credits in their assessable income and be entitled to a tax offset equal to the franking credits received.

An MCN4 Holder that is an individual or complying superannuation fund may be able to receive a tax offset refund from the ATO in a particular year if the franking credits attached to the dividend exceed the tax payable on the MCN4 Holder's total taxable income (although see the comments below in relation to the Australian Labor Party's announcement that, if elected as the Federal Government, it would change this position from 1 July 2019).

An MCN4 Holder that is a company should be entitled to a franking credit and a tax offset in respect of any franking credits attached to a Distribution. However, the company will not be entitled to a tax offset refund of the excess franking credits. Rather, the surplus franking credits may be converted to a tax loss which can be carried forward to future years (subject to the corporate MCN4 Holder satisfying certain loss carry forward rules).

MCN4 Holders who are residents of Australia for tax purposes who are neither individuals nor trustees of complying superannuation funds nor companies should consider how they should be treated in relation to the taxation of the Distributions. Such MCN4 Holders include exempt bodies and the trustees of trusts other than complying superannuation funds.

The Australian Labor Party has announced a proposal that certain individuals and superannuation funds will no longer be entitled to receive a refund of franking credits received to the extent that they exceed their tax payable. The proposal would apply from 1 July 2019. The proposal and the final form this takes remain contingent on the Australian Labor Party being elected into government and the proposal being enacted into law. If the proposal is implemented MCN4 Holders will not be entitled to any adjustment to the amount of any Distributions. The implementation of the proposal will also not give rise to a Tax Event and accordingly will not trigger an entitlement for MGL to Exchange, Resell or Redeem MCN4. Implementation of the proposed changes may adversely affect the returns you receive on your MCN4 and the market price and/or liquidity of MCN4 may also be adversely impacted.

Holding period rule

Under the "holding period rule", in order to qualify for a franking offset MCN4 Holders are required to hold their MCN4 "at risk" for a continuous period of at least 90 days (excluding the days of acquisition and disposal) during the period beginning on the day after the MCN4 is acquired and ending on the 90th day after the day that the MCN4 becomes ex-distribution (commonly referred to as the "primary qualification period").

If an MCN4 Holder, or an associate, is obliged to make a "related payment" which has the effect of passing on the benefit of the Distribution to other entities, the MCN4 Holder will also be required to hold their MCN4 "at risk" for at least 90 days during the period from 90 days before to 90 days after MCN4 become ex-distribution.

To be held "at risk", an MCN4 Holder must effectively retain 30% or more of the risks and benefits associated with holding MCN4. This may be affected by any risk management strategies undertaken by an MCN4 Holder in relation to their MCN4 (for example, by the use of limited recourse loans, options or other derivatives).

An MCN4 Holder that holds their MCN4 at risk for at least the primary qualification period and does not make a related payment or undertake any risk management strategies should satisfy the "holding period rule" in relation to the franking credits included in the Distribution.

5. Taxation summary

The "holding period rule" does not apply to MCN4 Holders that are individuals if the total amount of the tax offsets in respect of franked distributions to which the MCN4 Holder is entitled to, in a particular income year, is $5,000 or less, provided they are not under an obligation to make a "related payment" as described above. In this instance, the MCN4 Holder should be entitled to the benefit of franking credits whether or not their MCN4 are held at risk for the requisite period of time.

Anti-avoidance rules

There are anti-avoidance rules that may apply in certain circumstances to deny the benefit of franking credits to MCN4 Holders. One of these rules is in section 177EA of the Tax Act which is intended to apply to prevent schemes that are entered into for the purpose of obtaining a franking benefit and this purpose is more than an incidental purpose of entering into the scheme. Under this rule, the ATO may make a determination based on a number of objective factors as to whether a scheme has such a purpose.

The application of this rule was reviewed by the Australian High Court in Mills v Commissioner of Taxation [2012] HCA 51 ("**the Mills case**") where it was concluded that the instruments issued in that case, that were classified as Tier 1 capital, were not subject to section 177EA.

Having regard to the objective factors which the ATO may consider under section 177EA and in light of the High Court's decision in the Mills case, MGL does not expect section 177EA to apply to Distributions on MCN4.

MGL also does not expect any other anti-avoidance provisions to apply to Distributions on MCN4, subject to the particular circumstances of an MCN4 Holder.

5.1.3. CGT cost base and acquisition date for MCN4

The cost base (or reduced cost base) of each MCN4 acquired by an MCN4 Holder should include $100 (being the Issue Price of each MCN4) and any non-deductible incidental costs (e.g. broker fees, adviser fees) associated with the acquisition and disposal of MCN4. This will be relevant in determining the capital gain or capital loss resulting on a disposal of MCN4 (discussed further below).

Each MCN4 will be taken to have been acquired by an MCN4 Holder on the Issue Date.

5.1.4. Exchange of MCN4 into Ordinary Shares

Specific capital gains tax provisions under the Tax Act should apply to disregard any gain or loss that may arise on Exchange of MCN4 into Ordinary Shares such that the gain or loss is effectively deferred.

As a consequence, the MCN4 Holder's cost base in the Ordinary Shares acquired on Exchange should be equal to their cost base in MCN4. The Ordinary Shares are taken to be acquired at the date of the relevant exchange event for capital gains tax purposes (including for the purposes of determining the 12 month ownership period for the "CGT Discount Concession" discussed below).

5.1.5. Sale of MCN4 on ASX

Any gain or loss on the sale of MCN4 on ASX by an MCN4 Holder should be included in the calculation of the MCN4 Holder's taxable income.

The Class Ruling application has requested that the ATO confirm that MCN4 should not constitute "traditional securities" and MGL expects that the Class Ruling will conclude that MCN4 are not "traditional securities". On this basis, any gains or losses made by MCN4 Holders on the sale of MCN4 should be taxed under the CGT rules.

CGT Discount Concession

Where an MCN4 Holder realises a capital gain on disposal of MCN4, certain MCN4 Holders who have held their MCN4 for at least 12 months prior to disposal (excluding the days of acquisition and disposal) should be eligible for the 50% CGT discount (for individuals and trusts) or $33^{1}/_{3}$% CGT discount (for complying superannuation funds) on any capital gain made on disposal.

The Federal Government announced in the Federal Budget delivered on 8 May 2018 that from 1 July 2019 "managed investment trusts" (**MITs**) and "attribution MITs" (**AMITs**) will not be entitled to the CGT discount at the trust level. Under the proposal, MITs and AMITs that derive capital gains will continue to be able to distribute those amounts as capital gains that may be subject to the CGT discount in the hands of those beneficiaries who are entitled to the CGT discount. Investors should monitor any potential changes on an ongoing basis.

The Australian Labor Party has announced a proposal to halve the CGT discount for all assets purchased after a yet-to-be-determined date after the next Federal election. If the Australian Labor Party is elected and the proposal becomes law, it should not impact the availability of the CGT discount for qualifying MCN4 Holders (individuals, trusts and qualifying superannuation funds) that acquired the MCN4 as part of the Offer. MCN4 Holders who acquire the MCN4 after the date on which any such change applies may be affected by the proposal.

Where a capital loss is realised on the sale of MCN4, the capital loss is generally only deductible against capital gains, but can be carried forward for use in a later year.

5.1.6. Resale of MCN4

MGL may elect to Resell MCN4 in certain circumstances. For each MCN4 subject to a Resale, an MCN4 Holder will be entitled to receive the Resale Price (which is equal to the Issue Price) from the Nominated Party. A Resale will constitute a disposal of MCN4 by the MCN4 Holder for CGT purposes. Accordingly, an MCN4 Holder may realise a capital gain or capital loss on such disposal to the extent that the Resale proceeds are greater or less than the MCN4 Holder's cost base or reduced cost base for the MCN4.

If MCN4 have been held for at least 12 months prior to the Resale (excluding the days of acquisition and disposal), a qualifying MCN4 Holder (an individual, qualifying trust or complying superannuation fund) may be entitled to the CGT discount concession in respect of any capital gain arising on disposal, in the manner discussed in section 5.1.5 above.

5.1.7. Redemption of MCN4

MGL may also elect to Redeem MCN4 in certain circumstances, in which case MGL must pay a cash amount equal to the Redemption Price in respect of each MCN4.

Redemption of MCN4 will be a CGT event and give rise to a capital gain if the proceeds exceed the MCN4 Holder's CGT cost base of the MCN4. Conversely, a capital loss will result if the proceeds are less than the MCN4 Holder's reduced cost base.

The Redemption proceeds will be an amount equal to the Issue Price of each MCN4, unless the market value of an MCN4 on the Redemption Date (determined as if Redemption of the MCN4 had not occurred or been proposed to occur) is greater or less than the Issue Price. In that case, the greater or lesser market value amount will be deemed to be the capital proceeds of the Redemption, instead of the Issue Price actually received. The Redemption proceeds should not be treated as a dividend on the basis that they will be debited against an amount standing to the credit of MGL's non-share capital account. A qualifying MCN4 Holder (an individual, qualifying trust or complying superannuation fund) may be entitled to the CGT discount concession for any capital gain, in the manner discussed in section 5.1.5 above.

5.1.8. Ordinary Shares following Exchange

The dividends received on Ordinary Shares should give rise to similar tax consequences outlined in section 5.1.2 in relation to Distributions on MCN4.

Any gain or loss realised on the sale of Ordinary Shares should be taxable under the CGT rules. As outlined above, the Ordinary Shares acquired on Exchange will be taken to have been acquired on the date of Exchange. This means that the Ordinary Shares would need to be held for at least 12 months after the date of Exchange in order for eligible MCN4 Holders (individuals, qualifying trusts and complying superannuation funds) to qualify for the CGT discount concession on the disposal of Ordinary Shares.

5.1.9. Write-Off of MCN4

If Exchange has not occurred, for any reason, within 5 Business Days of a Non-Viability Event, an MCN4 Holder's rights under the MCN4 will be Written-Off and they will terminate for no consideration.

A CGT event will happen for MCN4 Holders if and when MCN4 are Written-Off. As no consideration will be received by MCN4 Holders for their Written-Off MCN4 and, where the MCN4 have no market value for tax purposes, MCN4 Holders should make a capital loss equal to the reduced cost base of their Written-Off MCN4.

5.1.10. Provision of TFN and/or ABN

MCN4 Holders may choose to provide their tax file number, Australian Business Number or a relevant exemption to MGL.

In the event that MGL is not notified, the Taxation Administration Act 1953 (Cth) imposes withholding tax on the payment of distributions on certain types of investments such as the unfranked part (if any) of Distributions. The rate of withholding is currently 47%.

5.1.11. GST

GST should not be payable on the issue, receipt, disposal, Exchange, Redemption or Resale of MCN4.

5.1.12. Stamp duty

Under current law, no stamp duty should be payable by an MCN4 Holder on the issue, transfer, Redemption, Exchange or Resale of MCN4 as long as MGL is listed, its shares are quoted on ASX and no MCN4 Holder (alone or with associates) will acquire or hold a 90% or more interest in MGL. The stamp duty legislation generally requires the interests of associates to be included in working out whether the threshold is reached. In some circumstances, the interests of unrelated entities can also be aggregated together in working out whether the threshold is reached.

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Additional information

6.1. Trust Deed

MGL has entered into the Trust Deed with the Trustee. The MCN4 Terms are set out as a schedule to the Trust Deed. A copy of the Trust Deed can be obtained from www.MCN4Offer.com.au.

In accordance with the requirements in Chapter 2L of the Corporations Act, the Trustee will act as note trustee for the MCN4 Holders under the Trust Deed. All MCN4 Holders are bound by the terms of the Trust Deed.

All payment, Exchange and other obligations under the MCN4 are the direct obligations of MGL. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, or Related Bodies Corporate guarantee, or are otherwise responsible for, the payment, Exchange or any other obligation of MGL under the MCN4.

The Trustee is not responsible for monitoring any breach of the Trust Deed, the MCN4 Terms, the occurrence of any event which may trigger an Exchange or the activities, financial position, business or status of MGL except as required by law. In this regard, the Trustee is subject to certain statutory duties imposed on it under Chapter 2L of the Corporations Act including to:

- exercise reasonable diligence to ascertain whether:
  - the property of MGL that is or should be available will be sufficient to repay the amounts lent by MCN4 Holders in respect of MCN4 when such amounts become due; and
  - MGL has breached the MCN4 Terms, the Trust Deed or the provisions of Chapter 2L of the Corporations Act; and
- unless the Trustee is satisfied a breach of the MCN4 Terms, the Trust Deed or the provisions of Chapter 2L of the Corporations Act is not materially prejudicial to the MCN4 Holders' interests, do everything in its power to ensure MGL remedies any breach which is known to the Trustee.

Investors should be aware that the Trustee's role (as noted above) is broadly limited to monitoring MGL's compliance with the MCN4 Terms, the Trust Deed and Chapter 2L of the Corporations Act and, to the extent permitted by the MCN4 Terms, the Trust Deed and the law, doing everything within its power to ensure that MGL remedies any breach which is known to the Trustee (unless the Trustee is satisfied that the breach is not materially prejudicial to the MCN4 Holders' interests).

The following is a summary only of the principal provisions of the Trust Deed.

6.1.1. Appointment of Trustee and declaration

The Trustee has been appointed under the Trust Deed and holds on trust for itself and the MCN4 Holders:

- a trust settlement sum of $10;
- the right to enforce, on behalf of MCN4 Holders, MGL's obligations to pay amounts payable under the MCN4 Terms and under the Trust Deed;
- the right to enforce, on behalf of MCN4 Holders, all other duties and obligations of MGL under the MCN4 Terms, the provisions of the Trust Deed and Chapter 2L of the Corporations Act; and
- any other property and benefits which the Trustee from time to time receives or holds on such trust (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Transaction Documents).

6.1.2. MGL undertakings

MGL has undertaken to the Trustee (on behalf of each MCN4 Holder) that it will, amongst other things:

- pay any amounts due and payable in respect of MCN4 (subject to any obligation of MGL to Exchange or Write-Off any MCN4);
- comply with its obligations under the MCN4 Terms, and comply with all laws applicable to it (including Chapter 2L of the Corporations Act) where failure to do so would have or be likely to have a material adverse effect in relation to the MCN4; and
- comply with any conditions imposed by ASX in connection with the MCN4 except to the extent those conditions may cause the MCN4 to cease to be Relevant Securities forming part of Eligible Capital.

6.1.3. Trustee limitation of liability

The Trustee is not liable to MGL, MCN4 Holders or any other person in any capacity other than as Trustee of the Trust. A liability of the Trustee is limited to and can be enforced against the Trustee only to the extent to which the Trustee is actually indemnified out of the assets of the Trust in respect of that liability.

However, this limitation only applies to a liability of the Trustee to the maximum extent permitted by section 283DB of the Corporations Act and does not apply to a liability of the Trustee:

- to the extent that there is a reduction in the extent of the Trustee's indemnification from the assets of the Trust in respect of the liability as a result of the Trustee's fraud, negligence, wilful default or breach of section 283DA(a), (b) or (c) of the Corporations Act ("**Trustee Default**"); or
- in respect of which the Trustee is not entitled to be indemnified, out of the assets of the Trust, as a result of a Trustee Default.

The Trustee is not obliged to do or refrain from doing anything under the Trust Deed or MCN4 Terms unless the Trustee's liability is limited in the same manner as set out in the Trust Deed (which is summarised in this section 6.1.3).

6.1.4. Action by Trustee

The Trustee is required, at all times, to act in accordance with its obligations under the MCN4 Terms, the Trust Deed, the Corporations Act and applicable law. Subject to the MCN4 Terms and to section 283DA(h) of the Corporations Act, the Trustee must take action to enforce its rights and the rights of MCN4 Holders under the Trust Deed and the MCN4 Terms in accordance with their terms where all the following conditions are met and is not required to act in accordance with any direction from the MCN4 Holders or any of them unless:

- the Trustee is requested in writing to take action by MCN4 Holders who hold between them at least 25% of the outstanding principal amount of MCN4 then outstanding or it has been so directed by a Special Resolution of the MCN4 Holders;

6. Additional information

- the Trustee is indemnified to its reasonable satisfaction against all actions to which it may render itself liable by taking such action and costs which it may incur and all management time spent by employees or officers of the Trustee in relation to such action; and
- the action is permitted under the Transaction Documents.

The Trustee may not take any enforcement action which is contrary to the Transaction Documents.

6.1.5. Direct action by MCN4 Holder

No MCN4 Holder is entitled to proceed directly against MGL to enforce the performance of any of the provisions of the Trust Deed or the MCN4 Terms (including any rights, powers or remedies in connection with the MCN4, whether arising under the Trust Deed or any other Transaction Document), unless the Trustee, having become bound to proceed, fails to do so within 14 days and such failure is continuing, in which case any MCN4 Holder may itself institute proceedings against MGL for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so. Any such proceeding must be brought in the name of the MCN4 Holder and not the Trustee.

MCN4 Holders should be aware that, even if action is taken by the Trustee in accordance with the MCN4 Terms, the Trust Deed, the Corporations Act or applicable law, there can be no guarantee that such action will ensure the performance of all (or any) of MGL's obligations under the MCN4 Terms. Further, MCN4 Holders should be aware that the Trustee may not take any action to enforce any obligation of MGL in connection with the MCN4 unless the enforcement of that obligation is in accordance with the MCN4 Terms, the Trust Deed and applicable law. Neither the Trustee nor any MCN4 Holder may exercise any powers in a manner inconsistent with the Trust Deed and the MCN4 Terms.

6.1.6. Fees and expenses

Under the Trust Deed, MGL will pay the Trustee by way of a fee for its services such amounts as may be agreed between MGL and the Trustee from time to time. The Trustee may also be entitled to additional remuneration from MGL where it is required to undertake duties of an exceptional nature that are outside its normal duties. MGL will also pay to the Trustee:

- its reasonable costs, charges and expenses incurred in connection with the negotiation, preparation and execution of the Trust Deed, this Prospectus and the MCN4 Terms and any subsequent consent, agreement, approval, waiver or amendment relating to the Transaction Documents;
- all costs, charges, expenses, losses and other liabilities it incurs in connection with exercising, enforcing or preserving, or attempting to exercise, enforce or preserve, rights under the Trust Deed and the MCN4 Terms; and
- all losses, costs, charges and expenses and other liabilities it suffers or properly incurs which arise out of, or in the course of, acting as the trustee of the Trust, except where such expenses are incurred by the Trustee as a direct result of a Trustee Default.

6.1.7. Retirement and removal

The Trustee may retire by giving written notice to MGL, which will not be effective until at least 60 days after the date of the notice has passed (or such other period as the Trustee and MGL may agree) and provided that the appointment of a new trustee is effective and in compliance with all applicable statutory requirements. The Trustee may be removed by MGL by MGL giving not less than 60 days' notice (or such other period as the Trustee and MGL may agree) to the Trustee if, amongst other things:

- the Trustee is in material breach of its obligations under the Trust Deed or the MCN4 Terms and has not rectified the breach within 7 Business Days of receiving a notice from MGL specifying the breach and requesting that it be remedied;
- a Trustee Default has occurred and is continuing;
- the Trustee ceases to carry on business or becomes subject to an insolvency event (such as being placed in liquidation, being wound-up or dissolved) or a receiver or similar official is appointed to it;
- the Trustee is no longer permitted to act as trustee under the Corporations Act;
- any licence, consent, authorisation or similar thing the Trustee is required to hold to carry out its obligations under the Trust Deed is revoked or not renewed;
- MGL is authorised or requested to do so by a Special Resolution of the MCN4 Holders; or
- MGL becomes aware that the Trustee has ceased to exist, has not been validly appointed, cannot be a trustee under section 283AC of the Corporations Act or has failed or refused to act as trustee.

When the Trustee retires or is removed, the Trustee is, to the extent permitted by law, discharged and released from its obligations, covenants and liabilities under the Trust Deed arising after the date it retires or is removed.

Notwithstanding the retirement or removal of the Trustee, the outgoing Trustee:

- is entitled to its remuneration up to the date of its retirement or removal;
- will continue to be entitled to the rights of reimbursement and indemnities contained in the Trust Deed in relation to all acts and omissions occurring up to the date of its retirement, removal or replacement;
- may retain copies of any documents and records required by it and which it reasonably considers to be relevant; and
- will be given reasonable access to any other documents and records by the incoming Trustee.

6.1.8. Meetings

A meeting of MCN4 Holders has the power to:

- by Ordinary Resolution, give directions to the Trustee as to, or authorise, ratify or confirm anything the Trustee has done or omitted to do in respect of, the performance or exercise of any of its duties, rights, powers and remedies under the Trust Deed or MCN4; and

- by Special Resolution:
  - approve the release of the Trustee from liability for anything done or omitted to be done by the Trustee or any other person before the release is given; and
  - approve alterations to the Trust Deed or amendments to the MCN4 Terms (subject to the other conditions described in section 4.1.28 being complied with).

To the extent any matter arising from a meeting of MCN4 Holders may cause the MCN4 to cease to be Relevant Securities forming part of Eligible Capital, such matter requires the prior written approval of APRA.

Each MCN4 Holder is entitled to one vote on a show of hands. On a poll, each MCN4 Holder is entitled to one vote for each MCN4 with respect to which it is the registered holder.

To the extent permitted by law, the Trustee is not liable to an MCN4 Holder, MGL or any other person for acting on directions, authorisations, resolutions or confirmations given by the MCN4 Holders.

An MCN4 Holder has no entitlement to attend or vote at a general meeting of MGL or to receive a copy of the MGL annual report or other financial information sent to holders of Ordinary Shares.

6.2. Offer Management Agreement ("OMA")

MGL has entered into an OMA with the Joint Lead Managers. Macquarie Capital (Australia) Limited is sole Arranger and a Joint Lead Manager. Under the OMA, the Joint Lead Managers have agreed to conduct a Bookbuild for the purpose of establishing the Margin.

The following is a summary of the principal provisions of the OMA.

6.2.1. Fees

The fees payable to the Joint Lead Managers are set out in section 6.6.

6.2.2. Representations, warranties and undertakings under the OMA

MGL makes various representations and warranties in relation to this Prospectus, compliance with the Corporations Act, conduct of the Offer in accordance with this Prospectus, the MGL Constitution, the OMA and the Corporations Act. MGL also warrants that it has the power (including under the MGL Constitution) to enter into and perform transactions and agreements in connection with the OMA and the Offer.

6.2.3. Termination events

A Joint Lead Manager may terminate its obligations under the OMA after the happening of any one or more of the following events (among others):

- a material statement contained in this Prospectus is misleading or deceptive (including by omission);
- a waiver or approval from ASX, having been granted, is subsequently withdrawn, qualified (other than customary pre-listing conditions) or withheld;
- ASIC issues a stop order or similar proceeding in relation to this Prospectus;
- this Prospectus does not comply in all material respects with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- the credit rating assigned to MGL at the date of the OMA by Standard & Poor's or Moody's Investor Services is downgraded or withdrawn or that credit rating is placed on negative outlook or credit watch negative; or
- MGL withdraws this Prospectus or indicates that it does not intend to proceed with the Offer.

In addition, a Joint Lead Manager may terminate its obligations under the OMA after the happening of any one or more of the following events (among others) where in the reasonable opinion of the Joint Lead Manager this event has or is likely to have a material adverse effect on the success or settlement of the Offer or could give rise to a material liability that Joint Lead Manager under the Corporations Act or any other applicable law:

- an adverse change in the assets, liabilities, financial position or performance, profits, losses, or prospects of the Macquarie Group (in so far as the position of the entity in the Macquarie Group affects the overall position of MGL);
- a change in senior management as described in this Prospectus or the Board of Directors of MGL other than the appointment of an additional Director to the MGL Board, or a change in the constitution of MGL;
- a change in law is introduced or proposed to be introduced (other than a law or proposal which has been announced before the date of the OMA) which does or is likely to prohibit or adversely regulate the Offer, capital issues, or stock markets or adversely affect the tax treatment of MCN4; or
- one of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - trading in all securities quoted or listed on ASX, the London Stock Exchange or New York Stock Exchange is suspended or limited for more than one day on which that exchange is open for trading; or
  - there is a suspension or limitation in trading in MGL's securities on ASX (other than in connection with the Bookbuild);
- after the successful completion of the Bookbuild:
  - there is an outbreak of hostilities or major escalation of existing hostilities involving any one or more of Australia, the United States, the United Kingdom, Hong Kong, China, any member of the European Union, Japan or Singapore or the declaration by any of these countries of a national emergency or war, or a major terrorist attack is perpetrated on any of those countries;
  - the occurrence of any major calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia, the United States or the United Kingdom; or
- a warranty granted by MGL contained in the OMA is not true or correct.

6. Additional information

6.2.4. Indemnity

MGL indemnifies the Joint Lead Managers and their affiliates (including their related bodies corporate) and each of their officers, directors, employees, agents and advisers against all liabilities arising in connection with or as a result of their appointment, the Offer or this Prospectus except to the extent that those liabilities arise from the fraud, recklessness, wilful misconduct or negligence of those parties, or their breach of the settlement support obligations under the OMA.

6.3. Summary of rights attaching to Ordinary Shares

Ordinary Shares will be issued to MCN4 Holders on certain events – see sections 2.3, 2.4, 2.7 and 2.8 for further details of Exchange and when it may occur.

The rights and liabilities attaching to Ordinary Shares are set out in the MGL Constitution and are also regulated by the Corporations Act, the ASX Listing Rules and the general law.

This section briefly summarises the key rights attaching to Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of holders of Ordinary Shares.

The key rights attaching to Ordinary Shares are as follows:

- the right to vote at general meetings of MGL on the basis of:
  - on a show of hands – one vote for each member present in person or represented by proxy, attorney or other representative; and
  - on a poll – one vote for each member present in person or represented by proxy, attorney or other representative per fully paid Ordinary Share (or the number of votes in proportion to the capital paid up on any partly paid Ordinary Shares held);
- the right to receive dividends declared from time to time in proportion to the capital paid up on the Ordinary Shares held by each holder (subject to the rights of holders of securities with special rights as to dividend);
- the right to receive information required to be distributed under the Corporations Act and the ASX Listing Rules; and
- the right to participate in a winding up of MGL at the discretion of the liquidator.

6.4. Interests and benefits of MGL's Directors

MGL's Directors as at the date of this Prospectus are:

Peter H Warne

BA (Macquarie), FAICD

Independent Chairman since 1 April 2016

Independent Voting Director since August 2007
(of Macquarie Bank since July 2007)

Chairman of the Board Nominating Committee

Member of the Board Risk Committee

Member of the Board Remuneration Committee

Experience

Peter Warne has extensive knowledge of, and experience in, financial services and investment banking, through a number of senior roles at Bankers Trust Australia Limited, including as Head of its global Financial Markets Group from 1988 to 1999. Mr Warne was a Director of the Sydney Futures Exchange (SFE) from 1990 to 1999, then from 2000 to 2006. He served as Deputy Chairman of the SFE from 1995 to 1999. When the SFE merged with the Australian Securities Exchange (ASX Limited) in July 2006, he became a Director of ASX Limited, a position he still holds. Mr Warne has previously served as Chairman of ALE Property Group from 2003 to 2017 and OzForex Group Limited (now trading as OFX Limited) from 2013 to 2016, and as Deputy Chairman of Crowe Horwath Australasia Limited from 2008 to 2015.

Other current positions

Mr Warne is a Director of New South Wales Treasury Corporation and a Member of the Macquarie University Faculty of Business and Economics Industry Advisory Board.

Shemara R Wikramanayake

BCom, LLB (UNSW)

Managing Director and Chief Executive Officer since December 2018

Executive Voting Director since August 2018
(of Macquarie Bank since August 2018)

Experience

Shemara Wikramanayake was appointed Macquarie Group Limited's Managing Director and Chief Executive Officer on 1 December 2018.

She joined Macquarie in 1987 and was instrumental in establishing Macquarie Capital which at the time included advisory, infrastructure funds, corporate leasing and lending, and cash equities.

Ms Wikramanayake was most recently the Head of Macquarie Asset Management, a role she held from 2008 to 2018. Macquarie Asset Management offers a diverse range of services including infrastructure and real asset management, securities investment management, and fund and equity-based investment solutions. In her time at Macquarie, she has worked in nine cities in six countries and across several business lines, establishing and leading Macquarie's corporate advisory offices in New Zealand, Hong Kong and Malaysia, and the infrastructure funds management business in the US and Canada.

Before joining Macquarie, she worked as a corporate lawyer at Blake Dawson Waldron in Sydney.

Other current positions

Ms Wikramanayake is a founding Commissioner of the Global Commission on Adaptation, and a founding member of the Climate Finance Leadership Initiative.

Gary R Banks AO

BEc (Hons) (Monash), MEc (ANU)

Independent Voting Director since August 2013
(of Macquarie Bank since August 2013)

Member of the Board Governance and Compliance Committee

Member of the Board Nominating Committee

Member of the Board Remuneration Committee

Member of the Board Risk Committee

Experience

Gary Banks has extensive experience across economics, public policy and regulation in Australia and internationally. He was Chairman of the Australian Productivity Commission from its inception in 1998 until 2012 and subsequently Chief Executive of the Australia and New Zealand School of Government.

He has also held senior roles with the GATT Secretariat in Geneva, the Trade Policy Research Centre in London, the Centre for International Economics in Canberra and consulted to the World Bank, Organisation for Economic Co-operation and Development (OECD) and World Trade Organisation.

Other current positions

Professor Banks is a Professorial Fellow at the University of Melbourne. He is Chairperson of the Australian Statistics Advisory Council. He is also a Senior Fellow at the Centre for Independent Studies. He chairs the OECD's Regulatory Policy Committee and is a Member of the Melbourne Institute's Advisory Board, and the NSW Government's Economic Development Advisory Panel.

Jillian R Broadbent AC

BA (Maths & Economics) (Sydney)

Independent Voting Director since November 2018
(of Macquarie Bank since November 2018)

Member of the Board Nominating Committee

Member of the Board Risk Committee

Experience

Jillian Broadbent has extensive investment banking industry knowledge and markets expertise, including a deep knowledge of risk management and regulation in these areas. She also has considerable executive management and listed company board experience. Ms Broadbent spent 22 years at Bankers Trust Australia until 1998, initially as the economic strategist and then as executive director responsible for risk management of foreign exchange, interest rates and commodities.

Ms Broadbent was also a Member of the Reserve Bank of Australia Board between 1998 and 2013 and has previously served as Chair of the Board of Clean Energy Finance Corporation (CEFC), and as a director of ASX Limited, SBS, Coca Cola Amatil, Woodside Petroleum, Qantas and Westfield Management Ltd. She has an Honorary Doctorate Degree from the University of Western Sydney.

Other current positions

Ms Broadbent is the Chair of the Board of Swiss Re Life and Health Australia, Chancellor of the University of Wollongong and is currently a director of Woolworths Group Limited, the National Portrait Gallery of Australia and the Sydney Dance Company.

Gordon M Cairns

MA (Hons) (Edin)

Independent Voting Director since November 2014
(of Macquarie Bank since November 2014)

Member of the Board Nominating Committee

Member of the Board Remuneration Committee

Member of the Board Risk Committee

Experience

Gordon Cairns has held a range of management and executive roles throughout his career with Nestle, Cadbury Ltd and Pepsico culminating as Chief Executive Officer of Lion Nathan Limited from 1997 to 2004. He has extensive experience as a company director, including nine years as a non-executive director of Westpac Banking Corporation, where he served on the Board Risk Management and Remuneration Committees.

Mr Cairns has served as a director on the boards of Lion Nathan Australia Limited and Seven Network Australia Limited, and as Chairman of David Jones Limited and Rebel Group Pty Limited.

Other current positions

Mr Cairns is Chairman of Woolworths Limited and Origin Energy Limited. He is a Director of World Education Australia.

Philip M Coffey

BEc (Hons) (Adelaide), GAICD, SF Finsia

Independent Voting Director since August 2018
(of Macquarie Bank since August 2018)

Member of the Board Nominating Committee

Member of the Board Risk Committee

Experience

Phil Coffey served as the Deputy Chief Executive Officer (CEO) of Westpac Banking Corporation, from April 2014 until his retirement in May 2017. As the Deputy CEO, Mr Coffey had the responsibility of overseeing and supporting relationships with key stakeholders of Westpac including industry groups, regulators, customers and government. He was also responsible for the Group's Mergers & Acquisitions function. Prior to this role, Mr Coffey held a number of executive positions at Westpac including Chief Financial Officer and Group Executive, Westpac Institutional Bank.

He has successfully led operations based in Australia, New Zealand, United States and the United Kingdom and Asia and has extensive experience in financial markets, funds management, balance sheet management and risk management. He began his career at the Reserve Bank of Australia and has also held executive positions at the AIDC and Citigroup.

Other current positions

Mr Coffey is a Non-Executive Director of Lendlease Corporation Limited, a member of the Clean Energy Finance Corporation Board and Chairman of the Westpac Bicentennial Foundation.

6. Additional information

Michael J Coleman

MCom (UNSW), FCA, FCPA, FAICD

Independent Voting Director since November 2012
(of Macquarie Bank since November 2012)

Chairman of the Board Audit Committee

Member of the Board Governance and Compliance Committee

Member of the Board Nominating Committee

Member of the Board Risk Committee

Experience

After a career as a senior audit partner with KPMG for 30 years, Mr Coleman has been a professional non-executive director for the past seven years. He has significant experience in risk management, financial and regulatory reporting and corporate governance.

Mr Coleman has been the Chairman of ING Management Limited, a member of the Audit Committee of the Reserve Bank of Australia and a member of the Financial Reporting Council, including terms as Chairman and Deputy Chairman. He was KPMG's inaugural National Managing Partner Assurance and Advisory from 1998 to 2002, National Managing Partner for Risk and Regulation from 2002 to 2010 and Regional Leader for Asia Pacific Quality and Risk Management from 2002 to 2011.

Other current positions

Mr Coleman is an Adjunct Professor at the Australian School of Business at the University of New South Wales, Chairman of Planet Ark Environmental Foundation and Chairman of Bingo Industries Limited. Mr Coleman is also a board member of Legal Aid NSW, a member of the National Board and of the NSW Council of the Australian Institute of Company Directors (AICD) and Chairman of the Reporting Committee of the AICD.

Diane J Grady AM

BA (Mills), MA (Hawaii), MBA (Harv), FAICD

Independent Voting Director since May 2011
(of Macquarie Bank since May 2011)

Member of the Board Governance and Compliance Committee

Member of the Board Nominating Committee

Member of the Board Remuneration Committee

Member of the Board Risk Committee

Experience

Diane Grady has extensive international experience in a variety of industries having served as a full time independent director of public companies and not-for-profit boards since 1994. Previous directorships include Australian Stationery Industries, BlueScope Steel Limited, Woolworths Limited, Goodman Group, Wattyl Limited, Lend Lease US Office Trust, Lend Lease Limited and MLC. She also served as a member of the ASIC Business Consultative Panel, the National Investment Council, the Sydney Opera House Trust, and was President of Chief Executive Women.

Ms Grady was a partner at McKinsey & Company where she consulted for over 15 years to clients on strategic and organisational issues related to growth and was a worldwide leader of the firm's Organisation and Change Management practice. She has a Masters of Chinese Studies and worked for three years as a journalist in Asia. She has published research on innovation, corporate governance and gender diversity.

Other current positions

Ms Grady is a Director of Tennis Australia, a member of the Centre for Ethical Leadership, the Heads Over Heels Advisory Board and the NFP Chairs Forum and is Chair of The Hunger Project Australia. She is also a Director on the Grant Thornton Australia Board.

Michael J Hawker AM

BSc (Sydney), FAICD, SF Fin, FAIM, FIoD

Independent Voting Director since March 2010
(of Macquarie Bank since March 2010)

Chairman of the Board Remuneration Committee

Chairman of the Board Risk Committee

Member of the Board Audit Committee

Member of the Board Nominating Committee

Experience

Mr Hawker has substantial expertise and experience in the financial services industry including management experience in regulated entities in Australia and internationally, and a deep understanding of risk management. He was Chief Executive Officer and Managing Director of Insurance Australia Group from 2001 to 2008 and held senior positions at Westpac and Citibank.

Mr Hawker was also President of the Insurance Council of Australia, Chairman of the Australian Financial Markets Association, a board member of the Geneva Association and a member of the Financial Sector Advisory Council.

Other current positions

Mr Hawker is a Non-Executive Director of Aviva Plc Group, the largest insurance provider in the UK, the Lead Independent Director of Washington H. Soul Pattinson and Company Limited, a Non-Executive Director of Rugby World Cup Limited and Chairman of the George Institute for Global Health. He is also a board member of the Museum of Contemporary Art Australia.

Glenn R Stevens AC

BEc (Hons) (Sydney), MA (Econ) (UWO)

Independent Voting Director since November 2017
(of Macquarie Bank since November 2017)

Member of the Board Audit Committee

Member of the Board Nominating Committee

Member of the Board Risk Committee

Experience

Glenn Stevens worked at the highest levels of the Reserve Bank of Australia for 20 years and, as well as developing Australia's successful inflation targeting framework for monetary policy, played a significant role in central banking internationally. Most recently, he was Governor of the Reserve Bank of Australia between 2006 and 2016.

Mr Stevens has also made key contributions to a number of Australian and international boards and committees, including as chair of the Australian Council of Financial Regulators between 2006 and 2016, as a member of the Financial Stability Board and on a range of G20 committees.

Other current positions

Mr Stevens has an advisory role at Ellerston Capital's Global Macro Fund and is on the Investment Committee of NWQ Capital Management. He is Chair of the NSW Generations Fund Advisory Board, a Director of the Anika Foundation and the Lowy Institute, Deputy Chair of the Temora Aviation Museum and a volunteer pilot for Angel Flight.

Nicola M Wakefield Evans

BJuris/BLaw (UNSW), FAICD

Independent Voting Director since February 2014
(of Macquarie Bank since February 2014)

Chair of the Board Governance and Compliance Committee

Member of the Board Audit Committee

Member of the Board Nominating Committee

Member of the Board Risk Committee

Experience

Nicola Wakefield Evans is an experienced non-executive director and corporate finance lawyer. As a lawyer, Nicola has significant Asia-Pacific experience and was a partner at King & Wood Mallesons (and its predecessor, Mallesons Stephen Jaques) for more than 20 years. Ms Wakefield Evans has particular expertise in the financial services, resources and energy, and infrastructure sectors.

She held several key management positions at King & Wood Mallesons including Managing Partner International in Hong Kong and Managing Partner, Practice in Sydney.

Other current positions

Ms Wakefield Evans is a director of Lendlease Corporation Limited, Clean Energy Finance Corporation and Chief Executive Women, and is Chair of the 30% Club Australia. She is also a member of the Takeovers Panel, the National Board of the Australian Institute of Company Directors, and The University of New South Wales Foundation Limited Board.

Directors' relevant interests

The interests of Directors on 19 February 2019 in Ordinary Shares are listed in the table below:

	Equity Participation			Other relevant interests	
Name and position	MGL ordinary shares	RSUs held in MEREP[1]	PSUs held in MEREP[1]	Direct and Indirect Interests	Number held
Executive Voting Directors					
S.R. Wikramanayake	800,014	236,853	113,132	Macquarie Australian Small Companies Fund units	621,949.10
				Macquarie Australian Fund - Crop Australia units	2,000,000
Independent Directors					
G.R. Banks	6,416	–	–	–	–
J.R. Broadbent	4,000	–	–	Macquarie Group Capital Notes 3 (MCN3)	2,846
				Macquarie Bank Capital Notes 3 (BCN)	3,400
G.M. Cairns	12,734	–	–	Macquarie Income Securities	900
M.J. Coleman	7,199	–	–	Macquarie Group Capital Notes 2 (MCN2)	2,000
P.M. Coffey	8,239	–	–	Macquarie Walter Scott Global Equity Fund units	408,699.89
				Atlas Arteria (ALX) Stapled Securities	19,624
D.J. Grady	9,074	–	–	MCN2	100
				MCN3	390
M.J. Hawker	7,335	–	–	MCN2	500
G.R. Stevens	2,584	–	–	Atlas Arteria (ALX) Stapled Securities	413
N.M. Wakefield Evans	5,515	–	–	–	–
P.H. Warne	14,933	–	–	–	–

1. These Restricted Share Units (RSUs) and Performance Share Units (PSUs) were issued pursuant to the Macquarie Group Employee Retained Equity Plan (MEREP) and are subject to the vesting, forfeiture and other conditions applied to grants of awards to Macquarie Group Executive Directors, as described in the 2018 Annual Report.

6. Additional information

Other than as set out in this Prospectus, no Director or proposed Director of MGL holds at the date of the Original Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of MGL;
- the Offer; or
- any property acquired or proposed to be acquired by MGL in connection with the formation or promotion of MGL or the Offer.

Non-Executive Director ("**NED**") Board and Board Committee Fees are set by the Macquarie Board acknowledging the level required to appropriately remunerate highly qualified NEDs who have the relevant skills and experience to govern as a member of the Board.

NEDs are remunerated for their services from the maximum aggregate amount approved by shareholders for this purpose. Macquarie shareholders approved the current limit ($4.6 million per annum) at MGL's 2015 Annual General Meeting. Board and Board Committee fees are reviewed annually. Separate fees may also be paid for additional responsibilities that may arise on an ad hoc basis.

Michael Coleman will be paid $9,000 for additional director services performed in connection with the preparation of this Prospectus. Other than as set out in this Prospectus, no amount (whether in cash, Ordinary Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any Director or proposed Director of MGL:

- to induce a person to become, or qualify as, a Director of MGL; or
- for services provided by a Director or proposed Director of MGL in connection with the formation or promotion of MGL or the Offer.

The Directors (and their associates) may collectively acquire no more than 0.2% of MCN4 offered under the Offer without MGL Shareholder approval (subject to certain conditions) – see section 6.8.1.

6.5. Consents to be named

Each of the parties named below has given its written consent to be named in this Prospectus in the form and context in which it is named and has not, at the date of this Prospectus, withdrawn its consent:

- the Arranger;
- each Joint Lead Manager;
- each Co-Manager;
- the Trustee;
- Greenwoods & Herbert Smith Freehills Pty Ltd;
- PricewaterhouseCoopers Securities Ltd;
- King & Wood Mallesons; and
- Boardroom Pty Limited.

None of the parties have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based. Each party expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any statements in, or omissions from, this Prospectus. This applies to the maximum extent permitted by law.

6.6. Interests and benefits of advisers

Each of Macquarie Capital (Australia) Limited ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, Evans Dixon Corporate Advisory Pty Limited, J.P. Morgan Securities Australia Limited, Morgans Financial Limited, National Australia Bank and Westpac Institutional Bank have acted as Joint Lead Managers to the Offer, in respect of which they will receive fees from MGL. The estimated aggregate fees payable by MGL to the Joint Lead Managers are $10 million (exclusive of GST), making certain assumptions as to the allocation of MCN4 between the Institutional Offer, Broker Firm Offer and Securityholder Offer.

Fees payable to the Trustee for acting as trustee under the Trust Deed are described in section 6.1.6.

Greenwoods & Herbert Smith Freehills has acted as tax adviser to MGL in relation to the Offer. In respect of this work, MGL estimates that it will pay approximately $55,000 (excluding disbursements and GST) to Greenwoods & Herbert Smith Freehills for work up to the date of the Original Prospectus. Further amounts may be paid to Greenwoods & Herbert Smith Freehills under its normal time-based charges.

PricewaterhouseCoopers Securities Ltd has acted as accounting adviser to MGL in relation to the Offer and has performed specific procedures relating to certain financial matters disclosed in this Prospectus. In respect of this work, MGL estimates that it will pay approximately $90,000 (excluding disbursements and GST) to PricewaterhouseCoopers Securities Ltd for work up to the date of the Original Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd under its normal time-based charges.

King & Wood Mallesons have acted as Australian legal adviser to MGL in relation to the Offer and have performed work in relation to drafting the MCN4 Terms and transaction documents, advised on the due diligence and verification program and performed due diligence required on legal matters. In respect of this work, MGL estimates that it will pay approximately $300,000 (excluding disbursements and GST) to King & Wood Mallesons for work up to the date of the Original Prospectus. Further amounts may be paid to King & Wood Mallesons under its normal time-based charges.

Except as set out in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and
- no Joint Lead Manager,

holds at the date of this Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of MGL;
- the Offer; or
- any property acquired or proposed to be acquired by MGL in connection with the formation or promotion of MGL or the Offer, nor has anyone paid or agreed to pay, or given or agreed to give, any benefit to such persons in connection with the formation or promotion of MGL or the Offer.

6.7. Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises $750 million, then the net proceeds of the Offer are expected to be $739 million as total expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be $11 million. All of these expenses have been, or will be, borne by MGL.

6.8. ASX relief

6.8.1. ASX

ASX has granted the following waivers and confirmations to MGL in connection with the Offer:

- confirmation that the MCN4 Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- confirmation that ASX does not consider MCN4 preference securities for the purposes of ASX Listing Rules 6.4 – 6.7;
- confirmation that Exchange, Resale, Redemption or Write-Off of MCN4 is appropriate and equitable for the purposes of ASX Listing Rule 6.12;
- determination how the issue of the MCN4 is to be treated for the purposes of MGL's placement capacity under ASX Listing Rule 7.1;
- waiver from ASX Listing Rule 10.11 to permit the issue of MCN4 without shareholder approval to Directors of MGL (and their associates) on condition that they are collectively restricted to applying for no more than 0.2% of the total number of MCN4 issued under the Offer, and the participation of the Directors (and their associates) in the Offer is on the same terms and conditions as applicable to other Applicants; and
- approval to allow MCN4 to trade on a deferred settlement basis for a short time following their issue and quotation on ASX.

6.9. Foreign selling restrictions

New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**").

MCN4 and Ordinary Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Neither MGL nor any other member of the Macquarie Group is a registered bank in New Zealand.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Neither MCN4 nor Ordinary Shares have been, or will be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person except in transactions exempt from, or not subject to, the registration requirements under the U.S. Securities Act and applicable U.S. state securities laws.

Each Applicant, and any person for whose benefit such Applicant is applying, and each person to whom the Offer is made under this Prospectus, by accepting delivery of this Prospectus or MCN4, will have represented, agreed and acknowledged that:

- MCN4 and Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities authority in any state or other jurisdiction of the United States;
- any MCN4 it acquires in the Offer will be acquired in an offshore transaction outside the United States in compliance with the requirements of Regulation S under the U.S. Securities Act;
- it is not in the United States and it is not a U.S. Person and it is not acting for the account or benefit of a U.S. Person;
- it will not offer, sell, pledge or transfer any MCN4 or Ordinary Shares in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable laws of any state or other jurisdiction of the United States;
- it is not engaged in the business of distributing securities or, if it is, it agrees that it will not offer or sell in the United States or to, or for the account or benefit of, a U.S. Person (i) any MCN4 it acquires in the Offer at any time; or (ii) any MCN4 it acquires other than in the Offer until 40 days after the settlement of the MCN4, except in a transaction exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A (if available) or Regulation S under the U.S. Securities Act. Notwithstanding the foregoing and the immediately preceding paragraph, it may sell MCN4 in standard (regular way) brokered transactions on the ASX where neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States or a U.S. Person;
- it, its affiliates and any person acting on its or their behalf, at or prior to confirmation of sales of any MCN4 will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases any MCN4 from it or them until 40 days after the date on which the MCN4 are allocated in the Offer, a confirmation or notice substantially to the following effect:

  "The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the date of the commencement of the offering and the closing date, except in either case in accordance with Rule 144A or Regulation S under the U.S. Securities Act."

6. Additional information

- it has not and will not send this Prospectus and any Application Form, or any other material relating to the Offer to any person in the United States; and
- MGL and the Joint Lead Managers will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements and agrees that, if any of such representations, agreements and acknowledgements are no longer accurate, it will promptly notify MGL, and if it is acquiring any MCN4 as fiduciary or agent for one or more accounts, it has full power to make the foregoing representations, agreements and acknowledgements on behalf of each such account.

6.10. Acknowledgements

By submitting an Application Form, each Applicant is deemed to:

- acknowledge having personally received a printed or electronic copy of this Prospectus accompanying the Application Form (and any supplementary or replacement Prospectus);
- acknowledge they understand the MCN4 Terms and have had opportunity to consider the suitability of an investment in MCN4 with their professional advisers;
- agree to be bound by the MCN4 Terms;
- agree to the terms of the Offer and provided authorisation to be registered as the holder of MCN4 and, on Exchange, become a member of MGL and to be bound by the terms of the MGL Constitution;
- acknowledge that, in some circumstances, MGL may not pay Distributions or any other amount payable on the MCN4;
- apply for, and agreed to being allocated, the number of MCN4 set out in or determined in accordance with their Application Form;
- represent and warrant that all details and statements on their Application Form are complete and accurate;
- declare, to the extent they are a natural person, that they are at least 18 years of age;
- authorise MGL and the Joint Lead Managers to do anything on behalf of the Applicant(s) that is necessary for MCN4 to be allocated to them;
- acknowledge that once received by the Registrar or MGL, their Application may not be varied or withdrawn except as allowed by law;
- acknowledge that if the amount of any cheque or money order is insufficient to pay for the number of MCN4 that the Applicant has applied for, or, if there are insufficient funds held in a relevant account to cover a cheque that the Applicant has drawn, then MGL may, in consultation with the Joint Lead Managers determine that the Applicant has applied for such lower number of MCN4 as the cleared Application Payment will pay for;
- acknowledge that the information contained in this Prospectus (or any supplementary or replacement Prospectus) is not personal investment advice or a recommendation that MCN4 are suitable for the Applicant;
- declare that the Applicant is a resident of Australia or otherwise a person to whom the Offer can be made, and MCN4 issued, in accordance with all applicable foreign securities laws and section 6.9;
- acknowledge that any Application may be rejected without giving any reason, including where the Application Form is not properly completed or where a cheque which is submitted with the Application Form is dishonoured or for the incorrect amount; and
- acknowledge that MCN4 are not protected accounts or deposit liabilities for the purposes of the Banking Act and that investments are subject to investment risk, including possible delays in repayment and loss of income and principal invested and that none of MGL, MBL or any other member of the Macquarie Group in any way guarantees or stands behind the capital value or performance of MCN4.

6.11. Directors consent to lodgement

Each Director of MGL has given, and not withdrawn, their consent to the lodgement of this Prospectus with ASIC.

7

How to apply

7. How to apply

7.1. The Offer

The Offer is for the issue of MCN4 with a face value of $100 per MCN4 to raise approximately $750 million, with the ability to raise more or less.

All MCN4 will be issued under and subject to the disclosure in this Prospectus.

7.2. Structure of the Offer

The Offer comprises:

- an Institutional Offer to Institutional Investors;
- a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers or New Zealand resident high net worth clients of Syndicate Brokers who are invited to apply under the Broker Firm Offer; and
- a Securityholder Offer made to Eligible Securityholders.

MCN4 may also be offered (as part of any Offer category) in certain permitted jurisdictions outside Australia where such Offer is made, and accepted, in accordance with the laws of such jurisdictions.

7.3. Obtaining a Prospectus and Application Form

During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at www.MCN4Offer.com.au. By lodging an online Application, you declare that you were given access to the electronic Prospectus together with the online Application Form. Applications pursuant to the Broker Firm Offer must be made through your Syndicate Broker. Please contact your Syndicate Broker for further information on the application process.

If you access an electronic copy of this Prospectus, the following conditions apply:

- this Prospectus is available to residents of Australia accessing and downloading, or printing, the electronic Prospectus in Australia; and
- you must access and download the electronic Prospectus in full.

Paper copies of this Prospectus and of an Application Form can also be obtained free of charge by calling the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, Sydney time) during the Offer Period. Applications will only be considered where Applicants have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus, and have provided the Application Payment.

You cannot withdraw your online Application once it has been lodged, except as permitted under the Corporations Act.

7.4. Applying for MCN4

To apply for MCN4 pursuant to the Securityholder Offer, you must complete the Application Form attached to, or accompanying, this Prospectus or the online Application Form at www.MCN4Offer.com.au. Applications pursuant to the Broker Firm Offer must be made through your Syndicate Broker. Please contact your Syndicate Broker for further information on the application process. You may apply for MCN4 under one or more of:

- the Broker Firm Offer; or
- the Securityholder Offer.

The instructions for lodging your Application and accompanying Application Payment vary depending on whether you apply under the Broker Firm Offer or the Securityholder Offer. The Closing Dates set out below are indicative only. The Offer may close early so you are encouraged to consider submitting your Application as soon as possible after the Opening Date.

Broker Firm Offer	
Who can apply?	• Broker Firm Applicants.
When to apply	• Applications will only be accepted during the Offer Period, which opens on 5 March 2019. • The Closing Date for the Broker Firm Offer is expected to be 5:00pm (Sydney time) on 22 March 2019. • If you are a client of a Syndicate Broker, you must contact your broker directly for instructions on how to participate in the Broker Firm Offer.
How to apply online	• Contact your Syndicate Broker for instructions.
How to apply using a paper Application Form	• There are paper Application Forms at the back of this Prospectus that may be used by Broker Firm Applicants. • You must contact your Syndicate Broker for their specific instructions on how to submit the paper Application Form and your Application Payment (if any) to your Syndicate Broker. • General instructions on how to complete the paper Application Form are set out on the Application Form. • You must not return your paper Application Form to the Registrar. • Your Syndicate Broker must have received your completed paper Application Form and your Application Payment (as applicable) in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer. • Your Syndicate broker will act as your agent in processing your Application Form and providing your Application details and Application Payment to MGL.

Securityholder Offer	
Who can apply?	• Eligible Securityholders.
When to apply	• Applications will only be accepted during the Offer Period, which opens on 5 March 2019. • The Closing Date for the Securityholder Offer is expected to be 5:00pm (Sydney time) on 22 March 2019. • Your completed online Application Form and Application Payment must be received by the Registrar by the Closing Date for the Securityholder Offer.
How to apply online	• Please complete the Securityholder Offer Application Form through www.MCN4Offer.com.au and follow the instructions to apply online after the Securityholder Offer opens. You will need your Unique Priority Code ("**UPC**"). • When applying online, you will be required to pay for MCN4 using BPAY® before the Closing Date for the Securityholder Offer. You should check your daily transaction limit with your bank, credit union or building society to ensure your Application Payment can be made using BPAY®.
How to apply using a paper Application Form	• There are paper Application Forms at the back of this Prospectus that may be used by Eligible Securityholders. • You can also request a paper copy of this Prospectus and Application Form by calling the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, (Sydney time)). • General instructions on how to complete the paper Application Form are set out on the Application Form. • You will be required to post your completed Application Form and pay your Application Payment by cheque(s) and/or money order(s) in sufficient time so that it is received by the Registrar by the Closing Date for the Securityholder Offer. If you wish to pay by BPAY® you need to make an online Application. • Online Application and payment using BPAY® is preferred to ensure efficient and timely processing of Applications.

7. How to apply

7.4.1. BPAY® payments

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. You need to check with your financial institution in relation to their BPAY® closing times to ensure that your Application Payment will be received by the Closing Date. If your Application Payment is not received by the Closing Date, your Application will be incomplete and will not be accepted.

7.4.2. Applications by Institutional Investors

If you are an Institutional Investor, you must have received an allocation of MCN4 from a Joint Lead Manager prior to the close of the Bookbuild. MGL reserves the right to not accept Applications that appear to be Applications from Institutional Investors where they have not been received through a Joint Lead Manager.

7.4.3. Brokerage, commission and stamp duty

You do not have to pay brokerage or stamp duty on your Application for MCN4 provided that you and your associates do not obtain an interest of 90% or more in MGL. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of MCN4 on ASX.

7.4.4. Application Payments held on trust

All Application Payments received before MCN4 are issued will be held by MGL on trust in an account established solely for the purpose of depositing Application Payments received. After MCN4 are issued to successful Applicants, the Application Payments held on trust will be payable to MGL.

7.4.5. Refunds

Applicants who are not allotted any MCN4, or are allotted fewer MCN4 than the number applied and paid for as a result of a scale back, will have all or some of their Application Payments (as applicable) refunded (without interest) as soon as practicable after the Issue Date.

Any refunded Application Payments will be refunded by bank transfer (where possible) or alternatively by cheque despatched to the Applicant's address specified on the Application Form.

Any amount of $5 or less in aggregate will not be refunded to an Applicant, but instead paid to the Macquarie Group Foundation as a donation, within a reasonable time after the Offer Period. More information on the Macquarie Group Foundation is available at www.macquarie.com.

7.4.6. Minimum Application

The amount you have to pay for each MCN4 is $100. You must apply for a minimum of 50 MCN4, which is a minimum investment of $5,000.

7.5. Bookbuild and allocation policy

7.5.1. Bookbuild

The Bookbuild was a process conducted by the Joint Lead Managers before the Opening Date. In this process, the Bookbuild participants were invited to lodge bids for a number of MCN4. On the basis of those bids, MGL and the Joint Lead Managers determined the Margin and the allocations to Bookbuild participants (being Syndicate Brokers and Institutional Investors).

7.5.2. What is the allocation policy?

Broker Firm Offer and Institutional Offer

- Allocations to Syndicate Brokers and Institutional Investors were agreed by MGL and the Joint Lead Managers following completion of the Bookbuild.
- Allocations to individual Broker Firm Applicants will be determined by their Syndicate Broker.

Securityholder Offer

- Allocations for the Securityholder Offer will be determined by MGL. Allocations under the Securityholder Offer may be scaled.
- MGL has absolute discretion to determine the method and extent of the allocations.
- MGL reserves the right to scale back Applications from Securityholder Applicants. Any scale back will be announced on ASX on the Issue Date – expected to be Wednesday, 27 March 2019.
- MGL reserves the right to:
  - allocate to any Securityholder Applicant all MCN4 for which they have applied;
  - reject any Application by a Securityholder Applicant; or
  - allocate to any Securityholder Applicant a lesser number of MCN4 than that applied for, including less than the minimum Application of MCN4, or none at all.
- No assurance is given that any Securityholder Applicant will receive an allocation of MCN4.
- If the Securityholder Offer is scaled back, Applications will have all or some of their Application Payments (as applicable) refunded (without interest) as soon as practicable after the Issue Date.

7.5.3. How will the final allocation policy be announced?

Broker Firm Offer and Institutional Offer

- Allocations to Syndicate Brokers and Institutional Investors were advised to those investors under the Bookbuild.
- Applicants under the Broker Firm Offer will also be able to confirm their firm allocation through the Syndicate Broker from whom they received their allocation.
- However, if you sell MCN4 before receiving a Holding Statement, you do so at your own risk, even if you confirmed your firm allocation through a Syndicate Broker.

Securityholder Offer

- Applicants in the Securityholder Offer will be able to email the Registrar at MCN4Offer@boardroomlimited.com.au or telephone the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, Sydney time) to confirm their allocation.
- However, if you sell MCN4 before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding by telephoning the MCN4 Offer Information Line.

7.6. Other information

7.6.1. About the Trustee

The Trustee has not authorised or caused the issue of this Prospectus and has not been involved in the preparation of any part of this Prospectus. Neither the Trustee nor any of its Related Bodies Corporate makes any representations as to the truth or accuracy of the contents of this Prospectus. To the maximum extent permitted by law, the Trustee expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name. The Trustee has relied upon MGL for the accuracy of the contents of this Prospectus. Neither the Trustee nor any of its Related Bodies Corporate makes any representations as to the performance of the MCN4, the payment of interest or the redemption or exchange of the MCN4. Neither the Trustee nor any of its Related Bodies Corporate warrants the future performance of MGL or any return on any MCN4 or other investment made under this Prospectus. The MCN4 are not liabilities of the Trustee or any of its Related Bodies Corporate.

7.6.2. Restrictions on distribution

No action has been taken to register or qualify this Prospectus, MCN4 or the Offer or otherwise to permit a public offering of MCN4 in any jurisdiction outside of Australia.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus outside Australia, then you should seek advice on, and observe any such restrictions. Any failure to comply with such restrictions may violate securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Prospectus (including an electronic copy) may not be distributed to or released, in whole or in part, in the U.S.. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the U.S. or to, or for the account or benefit of, any U.S. Person. Neither MCN4 nor the Ordinary Shares have been or will be registered under the U.S. Securities Act and may not be offered or sold in the U.S. except in transactions exempt from, or not subject to, the registration requirements under the U.S. Securities Act and applicable U.S. state securities laws. Each person submitting an Application Form will be deemed to have acknowledged that they are aware of the restrictions referred to in this section 7.6.2 and to have represented and warranted that they are able to apply for and acquire MCN4 in compliance with those restrictions.

7.6.3. Application to ASX for quotation of MCN4

ASX has granted permission for MCN4 to be quoted on ASX.

Any refunded Application Payments will be refunded by bank transfer (where possible) or alternatively by cheque despatched to the Applicant's address specified on the Application Form.

7.6.4. CHESS and issuer sponsored holdings

MGL has applied for MCN4 to participate in CHESS. No certificates will be issued for MCN4. MGL expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders will be despatched to successful Applicants by Monday, 1 April 2019.

7.6.5. Deferred settlement trading and selling MCN4 on market

It is expected that MCN4 will begin trading on ASX on a deferred settlement basis on Thursday, 28 March 2019 under ASX Code MQGPD. Trading is expected to continue on that basis until Tuesday, 2 April 2019, when it is anticipated that trading of MCN4 will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before Holding Statements are despatched to successful Applicants.

7. How to apply

You are responsible for confirming your holding before trading in MCN4. If you are a successful Applicant and sell your MCN4 before receiving your Holding Statement, you do so at your own risk.

You may email the Registrar at MCN4Offer@boardroomlimited.com.au or call the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, Sydney time) or your Syndicate Broker after the Issue Date to enquire about your allocation.

7.6.6. Provision of TFN and/or ABN

When your Holding Statement is mailed to you, you will also be mailed a form on which to provide your TFN and/or ABN should you wish to do so (see section 5).

The collection and quotation of TFNs and ABNs are authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act 1988 (Cth).

7.6.7. Provision of bank account details for payments

MGL will only pay Distributions to Australian investors directly into an Australian dollar account of an Australian financial institution nominated by you at any time before close of business on the record date in respect of that payment. MGL will not pay Distributions on the MCN4 to Australian investors by cheque. Investors who are not Australian residents will be able to receive Distributions via cheques.

When your Holding Statement is mailed to you, you will also be sent instructions on how to provide your account details. This nominated account will be used for the direct crediting of payments of Distributions, repayment of principal and payments of other amounts. You should complete and return this Account Nomination Form as soon as possible.

If you are an Australian resident and have not notified MGL of an appropriate account by the close of business on the record date in respect of that payment or the credit of any money to your account does not complete for any reason, then MGL will send a notice to the postal address or email address most recently notified by you advising of the uncompleted payment. In that case, the amount of the uncompleted payment will be held as a deposit in a non-interest bearing account until the first to occur of the following:

(i) You nominate a suitable Australian dollar account maintained in Australia with a financial institution to which the payment may be credited. Such payments will only be made periodically, likely monthly;

(ii) MGL determines that it is permitted to refuse any claim in respect of the payment on account of the expiry of the time limit for claims specified in the MCN4 Terms; or

(iii) MGL is entitled or obliged to deal with the amount in accordance with the law relating to unclaimed moneys.

No interest is payable in respect of any delay in payment.

7.6.8. Discretion regarding the Offer

MGL reserves the right not to proceed with, and may withdraw, the Offer at any time before the issue of MCN4 to successful Applicants.

If the Offer, or any part of it, does not proceed, all relevant Application Payments will be refunded (without interest) as soon as practicable. Any refunded Application Payments will be refunded by bank transfer (where possible) or alternatively by cheque despatched to the Applicant's address specified on the Application Form.

MGL and the Joint Lead Managers also reserve the right to close the Offer (or any part of it) early, extend the Offer (or any part of it), accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer MCN4 than applied or bid for. This is at MGL's discretion and MGL is under no obligation to exercise that discretion in any particular way.

Investors should also note that no cooling off rights (whether by law or otherwise) apply to an Application for MCN4. This means that, in most circumstances, Applicants may not withdraw their Applications once submitted.

7.7. MGL Privacy statement

The Application Form requires you to provide personal information to MGL and the Registrar. MGL and the Registrar collect, hold and use personal information to assess your Application for MCN4, service your needs as an MCN4 Holder, provide facilities and services that you request, provide you with marketing materials, carry out appropriate administration in relation to your MCN4 holding and to comply with legislative and regulatory requirements, including complaint handling, crime prevention and investigation.

MGL may also use your personal information to tell you about other products and services offered by MGL or other members of the Macquarie Group and in order to do that we will disclose your personal information to other member companies in the Macquarie Group or to their third party service providers. Please contact the Registrar on +61 1800 502 355 if you do not consent to the use and disclosure of your personal information for these purposes.

By submitting an Application Form, you agree that MGL and the Registrar may use the information provided by you on the Application Form for the purposes set out in this privacy statement and may disclose your personal information for those purposes to the Joint Lead Managers (or your broker), the Registrar, the Trustee, MGL's and the Trustee's related entities, agents, contractors and third party service providers (including mail houses and professional advisers), ASX, other regulatory authorities and in any case, where disclosure is required or allowed by law or where you have consented or provided with requisite notice. If you do not provide the information required on the Application Form, MGL may not be able to accept or process your Application.

If you become an MCN4 Holder, the Corporations Act requires MGL to include information about MCN4 Holders (including name, address and details of the securities held) in its public register ("**Register**"). The information contained in the Register must be retained, even if you cease to be an MCN4 Holder. Information contained in the Register is also used to facilitate and process payments including Distributions and corporate communications (including MGL's financial results, annual reports and other information that MGL wishes to communicate to MCN4 Holders) and to help ensure compliance by MGL with legal and regulatory requirements.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) MGL or the Registrar, subject to certain exemptions under law. A fee may be charged for access. You can request access to your personal information or obtain further information about MGL's privacy management practices by telephoning or writing to MGL through the Registrar as follows:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

MGL and the Registrar take reasonable steps to ensure that the personal information they collect and hold about you is accurate, complete and up-to-date. To assist them with this, please contact the Registrar if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information held about you, steps will be taken to correct it.

MGL adheres to the privacy policy, which is available at www.macquarie.com.

7.8. Trustee – Privacy Policy

The Trustee may collect your personal information for the primary purpose of providing trustee services in relation to the MCN4 and for ancillary purposes detailed in its privacy policy.

The Trustee may disclose your personal information, such as your name and contact details, along with your account information to its Related Bodies Corporate, MGL, the Registrar, its professional advisers and/or as otherwise instructed by MGL. The Trustee is also permitted to collect and disclose your personal information when required or authorised to do so by law. The Trustee may need to share some of your information with organisations outside Australia. Such recipients are likely to be located in the Philippines. The Trustee will not disclose information to an overseas recipient unless it has taken reasonable steps to ensure that the overseas recipient does not breach the Australian Privacy Principles.

Your personal information will be used in accordance with the Trustee's privacy policy. The privacy policy contains information about how you may access or correct your personal information held by the Trustee and how you may complain about a breach of the Australian Privacy Principles.

You may obtain a copy of the Trustee's privacy policy at https://www.sargon.com/privacy/.

7.9. Enquiries

7.9.1. Securityholder Applicants

You can email the Registrar at MCN4Offer@boardroomlimited.com.au or call the MCN4 Offer Information Line on 1300 005 027 (within Australia) or on + 61 2 8023 5474 (International) (Monday to Friday 8:30am – 5:30pm, Sydney time, during the Offer Period) if you:

- have further questions on how to apply for MCN4;
- require assistance to complete your Application Form;
- require additional copies of this Prospectus and Application Forms; or
- have any other questions about the Offer.

If you are unclear in relation to any matter relating to the Offer or are uncertain whether MCN4 are a suitable investment for you, you should consult your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

7.9.2. Broker Firm Applicants

If you have further questions about the Offer or your Broker Firm Application, call your Syndicate Broker.

A

Terms and Conditions of the MCN4

These Terms have been established pursuant to, and are incorporated by reference into, the MCN4 Trust Deed. In the event of any inconsistency between the MCN4 Trust Deed and these Terms, the provisions of these Terms shall prevail.

1 Form and ranking

1.1 Issue Price

Each Macquarie Group Capital Note 4 ("**MCN4**") is issued fully paid for an issue price of A$100 ("**Issue Price**").

1.2 Form

(a) The MCN4 are fully paid, unsecured, subordinated notes of the Issuer which are mandatorily convertible into Ordinary Shares.

(b) Subject, if required by these Terms, to the prior written consent of APRA, each MCN4 may be:

  (i) Redeemed or Resold by the Issuer; or

  (ii) Exchanged for fully paid Ordinary Shares,

  in accordance with these Terms.

(c) The MCN4 cannot be Redeemed, Resold or Exchanged at the option of a Holder.

(d) The MCN4 do not represent protected accounts of an ADI or any member of the Macquarie Group for the purposes of the Banking Act or any similar law of any jurisdiction and nor do they represent deposits with, or deposit liabilities of, any member of the Macquarie Group for any other purposes of the Banking Act or the laws of any jurisdiction.

(e) Except for a claim made on the Issuer in accordance with these Terms and the MCN4 Trust Deed, a Holder has no claim on any member of the Macquarie Group for payment of any amount or the performance of any obligation in respect of any MCN4 held by that Holder.

(f) The MCN4 are not obligations of the Australian Government or of any other government and, in particular, are not guaranteed or insured by the Commonwealth of Australia or any government, government agency or compensation scheme in any jurisdiction or by any other person.

(g) The MCN4 are constituted by the MCN4 Trust Deed of which these Terms form part.

1.3 Entries in the Register

The MCN4 are issued when they are entered in the Register.

1.4 CHESS

The MCN4 will be lodged into and dealt with in CHESS. While the MCN4 remain in CHESS:

(a) the rights and obligations of a person holding the MCN4; and

(b) all dealings (including transfers and payments) in relation to the MCN4 within CHESS,

will be subject to and governed by the ASX Settlement Operating Rules (but without affecting any provisions of these Terms which may cause the MCN4 to cease to be Relevant Securities forming part of Eligible Capital).

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by law.

1.5 Ranking

Subject to the MCN4 Trust Deed, and except to the extent mandatorily provided by law, each MCN4 ranks for payment, and ranks in a Winding Up of the Issuer:

(a) senior to Ordinary Shares;

(b) equally with all other MCN4 in all respects;

(c) equally with all Equal Ranking Obligations; and

(d) subordinate to all Senior Creditors in respect of distributions and payments in a Winding Up of the Issuer.

1.6 Independent obligations

Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Holder of the Issuer's indebtedness to, and the obligations of the Issuer to, the relevant Holder under these Terms.

1.7 No other rights

Except as expressly provided in these Terms in respect of Exchange, MCN4 confer no rights on a Holder to:

(a) subscribe for securities, or to participate in any bonus issues of securities, of the Issuer or any other member of the Macquarie Group; or

(b) to otherwise participate in the profits or property of the Issuer or any other member of the Macquarie Group, except by receiving payments as set out in these Terms.

Nothing in these Terms limits the ability of any member of the Macquarie Group, in its absolute discretion from time to time, from issuing shares or other securities of any kind.

2 Distributions

2.1 Distributions

Subject to these Terms, each MCN4 entitles the Holder as at a Record Date to receive on each Distribution Payment Date a cash distribution for the Distribution Period ending on that Distribution Payment Date ("**Distribution**") calculated according to the following formula:

$$\text{Distribution} = \frac{\text{A\$100} \times \text{Distribution Rate} \times N}{365}$$

where:

"**Distribution Payment Date**" means, in respect of an MCN4:

(a) each 10 March, 10 June, 10 September and 10 December commencing on 11 June 2019 until (but not including) the date on which that MCN4 has been Redeemed or Exchanged in accordance with these Terms; and

(b) the Redemption Date or, subject to clause 8.6(c), the Resale Date or an Exchange Date, except where the Exchange is on account of a Non-Viability Event;

Appendix A: Terms and Conditions of the MCN4

"**Distribution Rate**" means the rate (expressed as a percentage) equal to:

(Reference Rate + Margin) × Franking Adjustment Factor

where:

(a) "**Reference Rate**" means:

(i) subject to paragraph (ii), for a Distribution Period, the rate (expressed as a percentage per annum) designated "BBSW" in respect of prime bank eligible securities having a tenor closest to the Distribution Period which rate ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am (Sydney time) (or such other time at which such rate is accustomed to be so published) on the Determination Date; and

(ii) if the Issuer determines that a Reference Rate Disruption Event has occurred, then, subject to APRA's prior written approval, the Issuer:

(A) shall use as the Reference Rate such Alternative Reference Rate as it may determine;

(B) shall make such adjustments to the Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Alternative Reference Rate; and

(C) in making the determinations under paragraphs (A) and (B) above:

(aa) shall act in good faith and in a commercially reasonable manner;

(ab) may consult with such sources of market practice as it considers appropriate; and

(ac) may otherwise make such determination in its discretion.

For the purposes of the foregoing:

(iii) "**Determination Date**" means:

(A) subject to paragraph (B) below, the first day of the Distribution Period; and

(B) where an MCN4 is Resold on a day which is not a scheduled quarterly Distribution Payment Date, the first day of the Distribution Period preceding the Resale Date.

(iv) "**Reference Rate Disruption Event**" means that, in the Issuer's opinion, the rate described in paragraph (i) above:

(A) is not published by midday (or such other time that the Issuer considers appropriate on that day);

(B) is published, but is affected by an obvious error;

(C) has been discontinued or otherwise ceased to be calculated or administered; or

(D) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of MCN4; and

(v) "**Alternative Reference Rate**" means a rate other than the rate described in paragraph (i) above that is generally accepted in the Australian market as the successor to the Reference Rate, or if there is no such rate:

(A) a reference rate that is, in the Issuer's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of MCN4; or

(B) such other reference rate as the Issuer considers appropriate having regard to available comparable indices.

(b) "**Franking Adjustment Factor**" means:

$$\frac{(1 - T)}{1 - [T \times (1 - F)]}$$

where:

(i) **F** means the Franking Rate; and

(ii) **T** means the Tax Rate;

(c) "**Margin**" means the rate (expressed as a percentage per annum) determined under the Bookbuild; and

"**N**" means, for a Distribution Period, the number of days in that Distribution Period; and

"**Record Date**" means, for any payment of Distributions:

(a) the date which is 8 calendar days before the relevant Distribution Payment Date;

(b) such other date as is determined by the Issuer, in its absolute discretion, and announced to the Holders on ASX and which is before the Record Date which would have been determined under paragraph (a) above; or

(c) such other date as may be required by, or agreed by the Issuer with, ASX.

2.2 Business Days

If a Distribution Payment Date is a day which is not a Business Day, then the Distribution Payment Date becomes the next day which is a Business Day.

2.3 Distribution payment conditions

The payment of any Distribution will be made unless:

(a) the Issuer, in its absolute discretion, determines that the Distribution is not payable to Holders;

(b) payment of the Distribution would result in the Issuer breaching APRA's capital adequacy requirements applicable to it;

(c) payment of the Distribution would result in the Issuer becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or

(d) APRA objects to the payment of the Distribution.

In determining not to pay a Distribution, the Issuer shall consider payment of Distributions as if it were payment of a dividend on a preference share which is an Equal Ranking Obligation.

2.4 Non-payment of Distributions

(a) Distributions are non-cumulative. If all or any part of any Distribution is not paid because of clause 2.3, the Issuer has no liability to pay the unpaid amount of the Distribution and Holders have no claim or entitlement in respect of any person in respect of such non-payment and such non-payment does not constitute an event of default however described, determined or defined.

(b) No interest accrues on any unpaid Distributions and the Holders have no claim or entitlement in respect of interest on any unpaid Distributions.

(c) If all or any part of a Distribution will not be paid in whole or part because of clause 2.3, the Issuer must give notice to the Trustee, Registrar and ASX promptly after determining or becoming aware that payment will not be made.

2.5 Dividend Restriction

(a) If, for any reason, an amount of any Distribution has not been paid in full on the relevant Distribution Payment Date, a Dividend Restriction shall apply from that date until the next Distribution Payment Date unless the Distribution is paid in full within 10 Business Days of the relevant Distribution Payment Date.

"**Dividend Restriction**" means that the Issuer must not, without prior approval of a Special Resolution of Holders:

(i) determine, declare or pay any Ordinary Share Dividend; or

(ii) undertake any Buy-Back or Capital Reduction.

(b) The Dividend Restriction does not apply:

(i) in connection with any employment contract, employee equity plan, other benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of a member of the Macquarie Group;

(i) in connection with the Issuer or a member of the Macquarie Group purchasing Ordinary Shares:

(A) in connection with transactions for the account of customers of a member of the Macquarie Group; or

(B) with the prior written approval of APRA, in connection with the distribution or trading of any securities of the Issuer or any other shares in the capital of the Issuer in the ordinary course of business; or

(ii) to the extent that at the time a Distribution has not been paid on the relevant Distribution Payment Date, the Issuer is legally obliged to pay on or after that date an Ordinary Share Dividend or is legally obliged to complete on or after that date a Buy-Back or Capital Reduction.

3 Scheduled mandatory Exchange

3.1 Scheduled mandatory Exchange

Subject to this clause 3 and clauses 4.8 and 16, the Issuer must Exchange all (but not some) of the MCN4 for Ordinary Shares in accordance with clause 9 on the Mandatory Exchange Date.

3.2 Mandatory Exchange Date

The "**Mandatory Exchange Date**" is the first to occur of the following dates:

(a) 10 September 2029 (the "**Scheduled Mandatory Exchange Date**") (a "**Scheduled Mandatory Exchange**"); or

(b) any Distribution Payment Date (within the meaning of paragraph (a) of the definition of that term) after the Scheduled Mandatory Exchange Date (a "**Deferred Mandatory Exchange Date**"),

(each a "**Relevant Mandatory Exchange Date**") on which the Exchange Conditions relevant to those dates as described in clause 3.3 are satisfied, unless the MCN4 have been or will be Redeemed or Exchanged before that date.

3.3 Exchange Conditions

The Exchange Conditions in respect of a Relevant Mandatory Exchange Date are:

(a) the Daily VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Mandatory Exchange Date (or, if that day is not an ASX Trading Day, the last ASX Trading Day prior to that day) is greater than 56% of the Issue Date VWAP ("**First Exchange Condition**");

(b) the VWAP during the 20 ASX Trading Days immediately preceding (but not including) the Relevant Mandatory Exchange Date is such that the number of Ordinary Shares to be issued (calculated in accordance with clause 9.1 as if it were not limited by the Maximum Exchange Number applicable to the Relevant Mandatory Exchange Date) is less than or equal to the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date ("**Second Exchange Condition**");

(c) no Suspension Event applies in respect of the Relevant Mandatory Exchange Date ("**Third Exchange Condition**"); and

(d) the Issuer is not Delisted as at the Relevant Mandatory Exchange Date ("**Fourth Exchange Condition**"),

together, the "Exchange Conditions".

3.4 Mandatory Exchange Notices

(a) Between the 25th and 21st Business Day (inclusive) before a Relevant Mandatory Exchange Date, the Issuer will notify Holders as to whether or not the First Exchange Condition is satisfied in relation to that Relevant Mandatory Exchange Date and, if it is not, that Exchange will not occur.

(b) If the First Exchange Condition is satisfied in relation to that Relevant Mandatory Exchange Date, and any of the other Exchange Conditions are not satisfied in relation to a Relevant Mandatory Exchange Date, the Exchange will not occur and the Issuer will notify Holders on or as soon as practicable after the Relevant Mandatory Exchange Date that Exchange did not occur.

Failure to give a notice when required by this clause 3.4 (including where in accordance with clause 13 such notice takes effect only after the last date for the giving of that notice) does not affect the obligations of the Issuer and the Holders to Exchange each MCN4 for Ordinary Shares when required in accordance with these Terms.

4 Non-Viability Event Exchange

4.1 Non-Viability Event

A "**Non-Viability Event**" will occur if APRA has notified the Issuer in writing that:

(a) Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the Issuer would become non-viable; or

(b) it has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.

4.2 Exchange on account of a Non-Viability Event

Subject to this clause 4, if a Non-Viability Event occurs, the Issuer must immediately, in accordance with this clause 4 and clause 9, Exchange:

(a) in the case of a Non-Viability Event described in clause 4.1(a), some or all MCN4 in the amount determined in accordance with clause 4.3; or

(b) in the case of a Non-Viability Event described in clause 4.1(b), all MCN4.

4.3 Determination of number of MCN4 to be Exchanged

In determining the number of MCN4 which must be Exchanged in accordance with this clause 4 the following applies:

(a) the aggregate face value of all Relevant Securities subject to Loss Absorption must equal the amount APRA has notified the Issuer (or if APRA has not notified the Issuer of that amount, the amount determined by the Issuer) to be necessary to satisfy APRA that the Issuer will not become non-viable;

(b) Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption before other Relevant Securities are subject to Loss Absorption (unless the terms of such other Relevant Securities otherwise provide); and

(c) MCN4 and other Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption on a proportionate basis (unless the terms of any such other security provide for that security to be subject to Loss Absorption other than on a proportionate basis with MCN4 and other such securities), or such other basis as the Issuer considers fair and reasonable (subject to such adjustment as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any MCN4 or other Relevant Securities that are Equal Ranking Obligations),

provided always that nothing in the making of the determination or the adjustments is to delay or impede the immediate Exchange of the MCN4 on the Non-Viability Exchange Date.

4.4 Treatment of Holders

(a) If, in accordance with clauses 4.2 and 4.3, only some MCN4 are to be Exchanged:

  (i) the Issuer will endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect of marketable parcels and other similar considerations and the need to effect the Exchange immediately; and

  (ii) where the specified currency of Relevant Securities that are Equal Ranking Obligations is not the same for all such Relevant Securities, the Issuer may treat them as if converted into a single currency of the Issuer's choice at the rate of exchange that is specified in the terms of such securities or at such other rate as the Issuer in good faith considers reasonable.

(b) In determining the identity of the Holder at the time that the Exchange is to take effect on the Non-Viability Exchange Date the Issuer may make any decision as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of MCN4 that have not been settled or registered at that time.

4.5 Exchange is automatic and irrevocable

If a Non-Viability Event has occurred and all or some of the MCN4 are required to be Exchanged in accordance with clause 4.2, then, subject to clause 4.6:

(a) Exchange of the relevant MCN4 will be taken to have occurred in accordance with clause 9 immediately upon the date of occurrence of the Non-Viability Event;

(b) none of the following shall prevent, impede or delay the Exchange of the MCN4 as required by clause 4.2:

  (i) any failure to or delay in the conversion or write-off of other securities issued as Relevant Securities;

  (ii) any failure to or delay in giving a Non-Viability Exchange Notice;

  (iii) any failure or delay in quotation of the Ordinary Shares to be issued on or arising from the Exchange;

  (iv) any requirement to select or adjust the amount of the MCN4 to be Exchanged in accordance with clause 4.3; or

  (v) any obligation to treat Holders proportionately or any right to make determinations or adjustments in accordance with clause 4.4; and

(c) from the Non-Viability Exchange Date the Issuer shall, subject to clause 15.2(b), treat the Holder in respect of its MCN4 as the holder of the Exchange Number of Ordinary Shares and will take all such steps, including updating any register, required to record the Exchange.

4.6 Conditions to Exchange on account of a Non-Viability Event

An Exchange on account of a Non-Viability Event is not subject to the Exchange Conditions or any other condition except as provided in this clause 4 and clause 9.17.

4.7 Non-Viability Exchange Notices

As soon as practicable after the occurrence of a Non-Viability Event, the Issuer must give notice that the Exchange has occurred ("**Non-Viability Exchange Notice**") to the Holders, the Trustee, the Registrar and ASX.

A Non-Viability Exchange Notice must specify:

(a) the details of the Non-Viability Event to which the Non-Viability Exchange Notice relates;

(b) the date on which the Exchange occurred; and

(c) the number of MCN4 Exchanged and the number of other Relevant Securities and other Relevant Securities that are Equal Ranking Obligations that are subject to Loss Absorption.

Failure to give a Non-Viability Exchange Notice when required by this clause 4.7 (including where in accordance with clause 13 such notice takes effect only after the Non-Viability Exchange Date) does not affect the obligations of the Issuer and the Holders to Exchange each MCN4 for Ordinary Shares when required in accordance with these Terms or affect or impede the Exchange in any way.

4.8 Priority of Exchange obligations

An Exchange on account of a Non-Viability Event takes place on the relevant date, and in the manner required by clause 9 notwithstanding anything in clauses 3, 5, 6, 7, 8 or 16 (and any Optional Exchange Notice, Acquisition Exchange Notice, Redemption Notice or Resale Notice in respect of the MCN4 given before the Non-Viability Exchange Date but in respect of which the Exchange, Redemption or Resale has not completed will be taken to be revoked and of no force or effect).

5 Optional Exchange

5.1 Optional Exchange

Subject to this clause 5 and to clause 16, by notice (an "**Optional Exchange Notice**") to Holders the Issuer may, in its sole discretion, elect to:

(a) Exchange all or some of the MCN4 on any Scheduled Optional Exchange Date; and

(b) Exchange all or some of the MCN4 following the occurrence of a Tax Event or a Regulatory Event.

An Optional Exchange Notice is irrevocable and takes effect despite anything in clause 3, except as provided in clauses 4.8 and 16.

5.2 Scheduled Optional Exchange Dates

The Scheduled Optional Exchange Dates are the Distribution Payment Dates falling on or about:

(a) 10 September 2026 (the "**First Scheduled Optional Exchange Date**");

(b) 10 March 2027 (the "**Second Scheduled Optional Exchange Date**"); and

(c) 10 September 2027 (the "**Third Scheduled Optional Exchange Date**"),

(each a "**Scheduled Optional Exchange Date**").

5.3 Contents of the Optional Exchange Notice

An Optional Exchange Notice must specify:

(a) in the case of an Optional Exchange Notice given following the occurrence of a Tax Event or Regulatory Event, the details of the Tax Event or Regulatory Event to which the Optional Exchange Notice relates; and

(b) the date on which the Exchange is to occur (an "**Optional Exchange Date**"), which:

  (i) in the case of Exchange on a Scheduled Optional Exchange Date, is the relevant Scheduled Optional Exchange Date falling no earlier than 25 Business Days after the date of the Optional Exchange Notice;

  (ii) in the case of a Tax Event or Regulatory Event, will be a day no earlier than 25 Business Days nor more than 60 Business Days after the date of the Optional Exchange Notice; or

  (iii) in any case, is such other date as APRA may require.

5.4 Optional Exchange Restriction

The Issuer may not elect to Exchange under this clause 5 if:

(a) on the 2nd Business Day before the date on which an Optional Exchange Notice is to be sent by the Issuer (or, if that Business Day is not an ASX Trading Day, the last ASX Trading Day prior to that day) (the "Non-Exchange Test Date") the Daily VWAP on that date is less than or equal to 25% of the Issue Date VWAP (the "First Optional Exchange Restriction"); or

(b) the Issuer is Delisted as at the Non-Exchange Test Date (the "Second Optional Exchange Restriction" and together with the First Optional Exchange Restriction, the "Optional Exchange Restrictions").

5.5 Conditions to Exchange occurring once elected by the Issuer

If the Issuer has given an Optional Exchange Notice but, if the Exchange Date were a Relevant Mandatory Exchange Date for the purposes of clause 3, any one or more of the Second Exchange Condition (tested on the basis of the Maximum Exchange Number applicable to an Optional Exchange Date), the Third Exchange Condition or the Fourth Exchange Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Terms:

(a) the Exchange Date will be deferred until the first Distribution Payment Date (within the meaning of paragraph (a) of the definition of that term) on which:

  (i) the Daily VWAP on the 25th Business Day immediately preceding (but not including) that Distribution Payment Date (or, if that day is not an ASX Trading Day, the last ASX Trading Day prior to that day) is greater than 25% of the Issue Date VWAP; and

  (ii) each of the Second Exchange Condition (tested on the basis of the Maximum Exchange Number applicable to an Optional Exchange Date), the Third Exchange Condition and the Fourth Exchange Condition would be satisfied if that Distribution Payment Date were a Relevant Mandatory Exchange Date for the purposes of clause 3,

  (the "**Deferred Exchange Date**");

(b) the Issuer must Exchange the MCN4 on the Deferred Exchange Date (unless the MCN4 are Exchanged or Redeemed earlier in accordance with these Terms); and

(c) until the Deferred Exchange Date, all rights attaching to the MCN4 will continue as if the Optional Exchange Notice had not been given.

The Issuer will notify Holders on or as soon as practicable after an Exchange Date in respect of which this clause 5.5 applies that Exchange did not occur on that Exchange Date (a "**Deferred Exchange Date**").

6 Acquisition Event Exchange

6.1 Exchange on account of an Acquisition Event

If an Acquisition Event occurs, subject to clause 4.8, the Issuer must Exchange all but not some of the MCN4 in accordance with this clause 6, unless the Directors determine that:

(a) as at the Acquisition Exchange Date the Issuer will be, or will be likely to be, Delisted (except where, despite the Issuer being Delisted, the Exchange would be in the best interests of Holders as a whole); or

(b) the Exchange Number of Ordinary Shares to be issued in Exchange for an MCN4 (calculated in accordance with clause 9.1 as if it were not limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date) would exceed the Maximum Exchange Number applicable to an Acquisition Exchange Date (except where, despite the Exchange Number being limited to the Maximum Exchange Number applicable to an Acquisition Exchange Date, the Directors determine that the Exchange would be in the best interests of Holders as a whole).

Exchange on account of an Acquisition Event is not subject to any Exchange Conditions or other conditions except as expressly provided in this clause 6.

6.2 Acquisition Exchange Notice

No later than 5:00pm (Sydney time) on the 10th Business Day after the occurrence of the Acquisition Event, the Issuer must give each Holder a notice (an "**Acquisition Exchange Notice**") specifying:

(a) details of the Acquisition Event to which the notice relates; and

(b) if an Exchange is to occur:

  (i) the date on which the Exchange is to occur (an "**Acquisition Exchange Date**"), which is to be:

    (A) no later than the 2nd Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid, scheme or arrangement concerned;

    (B) such other earlier date as the Issuer may reasonably determine having regard to the best interests of Holders as a whole and the timing of the Acquisition Event concerned (provided that the Acquisition Exchange Date must be at least 25 Business Days after the date of the Acquisition Exchange Notice); or

    (C) such other date as APRA may require; and

  (ii) whether any Distribution will be paid in respect of the MCN4 on the Acquisition Exchange Date; or

(c) otherwise, the reason why an Exchange is not to occur.

7 Optional Redemption

7.1 Optional Redemption

Subject to clause 7.2, by notice (a "**Redemption Notice**") to Holders, the Issuer may, in its sole discretion, but with APRA's prior written approval of such Redemption, elect to:

(a) Redeem all or some of the MCN4 on a Scheduled Optional Exchange Date; or

(b) Redeem all or some of the MCN4 following the occurrence of a Tax Event or a Regulatory Event.

A Redemption Notice, once given, is irrevocable and takes effect despite anything in clause 3, except as provided in clauses 4.8 and 16.

Holders should not expect that APRA's approval will be given for any Redemption of the MCN4.

7.2 Redemption conditions

A Redemption in accordance with clause 7.1 must not occur unless either:

(a) the MCN4 which are to be Redeemed are replaced, concurrently with the Redemption or beforehand, with securities forming part of Eligible Capital of the same or better quality from APRA's perspective, and the replacement of those MCN4 is done under conditions which are sustainable for the income capacity of the Level 3 Group; or

(b) APRA is satisfied that the capital position of the Level 3 Group is sufficient after the MCN4 are Redeemed.

7.3 Contents of the Redemption Notice

A Redemption Notice must specify:

(a) in the case of Redemption following the occurrence of a Tax Event or Regulatory Event, the details of the relevant Tax Event or Regulatory Event;

(b) the date on which the Redemption is to occur (the "**Redemption Date**"), which:

  (i) in the case of a Scheduled Optional Exchange Date, will be the next Scheduled Optional Exchange Date falling no earlier than 5 Business Days after the date of the Redemption Notice; and

  (ii) in the case of a Tax Event or Regulatory Event, will be a day no earlier than 5 Business Days nor more than 60 Business Days after the date of the Redemption Notice; and

(c) if less than all of the outstanding MCN4 are to be Redeemed, the proportion of each Holder's holding which is to be Redeemed.

7.4 Redemption Price

On the Redemption Date:

(a) each MCN4 being Redeemed will be Redeemed by payment of the Issue Price of that MCN4 (the "**Redemption Price**") to the relevant Holder recorded on the Register at 10:00am on the Redemption Date (or such other time required by the ASX Listing Rules); and

(b) Distributions from (and including) the immediately preceding Distribution Payment Date and up to (but excluding) the Redemption Date will be paid in respect of the MCN4 being Redeemed on such date, to the extent the conditions of payment of Distributions under clause 2.3 are met.

7.5 No right of Holders to require Redemption

No MCN4 can, or will, be Redeemed at the option of a Holder.

7.6 Effect of Redemption

Upon the Redemption Price being paid (or taken to be paid in accordance with clause 11) and any Distribution payable on the Redemption Date, all other rights conferred, or restrictions imposed, by each MCN4 being Redeemed on that date will no longer have effect and that MCN4 will be cancelled.

7.7 Partial Redemption or Resale

If some but not all of the outstanding MCN4 are Redeemed in accordance with this clause 7 or Resold in accordance with clause 8, the Issuer must select the MCN4 to be Redeemed or Resold:

(a) in a manner that is, in the opinion of the Issuer, fair and reasonable; and

(b) in compliance with any applicable law, directive or requirement of ASX.

8 Resale

8.1 Issuer may give Resale Notice

On any date on which it may issue a Redemption Notice, in lieu of such Redemption Notice, the Issuer may, in its sole discretion, but with APRA's prior written approval of such Resale, issue to each Holder a notice (a "**Resale Notice**") specifying that all or some of each Holder's holding of the MCN4 will be Resold.

A Resale Notice to a Holder must specify:

(a) the date on which the Resale is to occur (the "**Resale Date**"), which:

  (i) in the case of a Scheduled Optional Exchange Date, will be the next Scheduled Optional Exchange Date falling no earlier than 5 Business Days after the date of the Resale Notice; and

  (ii) in the case of a Tax Event or Regulatory Event, will be a day no earlier than 5 Business Days nor more than 60 Business Days after the date of the Resale Notice;

(b) the name of each Nominated Party to whom that Holder's offer under clause 8.3 is being made and, where there is more than one Nominated Party, the basis for determining the MCN4 to be purchased by each Nominated Party, and any special provisions to be applied if there is a Non-Completing Nominated Party; and

(c) any conditions that will apply to the Resale,

and, subject to clauses 4.8, 8.2, 8.6 and 16, once given is irrevocable.

Holders should not expect that APRA's approval will be given for any Resale of the MCN4.

8.2 Appointment of Nominated Party

(a) The Issuer may not appoint itself or a Related Entity of the Issuer as a Nominated Party.

(b) The Issuer may appoint one or more Nominated Parties for the Resale on such terms as may be agreed between the Issuer and the Nominated Parties (and, to the extent any such conditions may cause the MCN4 to cease to be Eligible Capital, with the prior written approval of APRA) including:

  (i) as to the conditions of any Resale, the procedures for settlement of such Resale and the circumstances in which the Resale Notice may be amended, modified, added to or restated;

  (ii) as to the substitution of another entity (not being the Issuer or a Related Entity of the Issuer) as Nominated Party if, for any reason, the Issuer is not satisfied that the Nominated Party will perform its obligations under this clause 8; and

  (iii) as to the terms on which any MCN4 acquired by a Nominated Party may be Exchanged or otherwise dealt with.

(c) If the Issuer appoints more than one Nominated Party in respect of a Resale, all or any of the MCN4 held by a Holder which are being Resold may be purchased for the Resale Price by any one or any combination of the Nominated Parties, as determined by the Issuer.

8.3 Irrevocable offer to sell

(a) If the Issuer gives a Resale Notice in accordance with this clause 8 each Holder on the Resale Date is taken to irrevocably offer to sell the MCN4 that are the subject of the Resale Notice to the Nominated Party or Nominated Parties on the Resale Date for a purchase price per MCN4 equal to the Issue Price of that MCN4 (the "**Resale Price**").

(b) Subject to payment of the Resale Price on the Resale Date and any other conditions to the Resale specified in the Resale Notice, each MCN4 which is to be Resold will be transferred to the relevant Nominated Party or Nominated Parties free from any Encumbrance.

(c) Clause 11 applies to the payment of the Resale Price as if references in clause 11 to the Issuer were references to the Nominated Party.

8.4 Effect of transfer

The transfer will convey to the relevant Nominated Party all rights to:

(a) Distributions payable on the MCN4 in respect of any Distribution Payment Date arising after the Resale Date;

(b) be issued with Ordinary Shares on Exchange on or after the Resale Date; and

(c) any Redemption Price payable on or after the Resale Date,

but excluding any Distribution payable on the MCN4 in respect of any Distribution Payment Date on or before the Resale Date, which, to the extent the conditions of payment of Distribution under clause 2.3 are met, shall be paid by the Issuer to the Holder of the MCN4 entitled to such amounts as otherwise provided in these Terms.

8.5 Terms after Resale

If any MCN4 are Resold in accordance with these Terms, subject to clause 8.2, these Terms will apply in all respects to the MCN4 held by the Nominated Party on and from the Resale Date.

8.6 Nominat ed Party not completing

If, for any reason, a Nominated Party does not pay the Resale Price in full on the relevant Resale Date (a "**Non-Completing Nominated Party**"):

(a) unless the Resale Price is paid in full within 2 Business Days following the Resale Date, the Resale Notice will be void insofar as it relates to MCN4 referable to the Non-Completing Nominated Party and any obligations of the Holder and Non-Completing Nominated Party in respect of the Resale of the MCN4 that is the subject of the Resale Notice will terminate;

(b) the Holder will continue to hold the MCN4 that are the subject of the Resale Notice which are referrable to the Non-Completing Nominated Party; and

(c) the Issuer has no liability for the Non-Completing Nominated Party not paying the Resale Price and the Resale Date will not be a Distribution Payment Date unless:

  (i) such date would otherwise have been a Distribution Payment Date; or

  (ii) a Distribution is paid on that date to Holders whose MCN4 have been transferred to a Nominated Party on or within 2 Business Days following that date.

8.7 No right of Holders to require Resale

No MCN4 can, or will, be Resold at the option of a Holder.

9 Exchange Mechanics

9.1 Exchange

On an Exchange Date, subject to clauses 4.8, 9.14 and 9.17, the Issuer will allot and issue the Exchange Number of Ordinary Shares to the Holders (or as they may direct) for each MCN4 held by the Holder.

The "**Exchange Number**" will be calculated by the Issuer in accordance with the following formula:

$$\text{Exchange Number} = \frac{\text{Issue Price}}{0.99 \times \text{Exchange Date VWAP}}$$

subject to the Exchange Number being no greater than the Maximum Exchange Number, where:

(a) "**Exchange Date VWAP**" (expressed in Australian Dollars) means the VWAP during the VWAP Period;

(b) "**VWAP**" means, subject to any adjustment under clauses 9.3 or 9.4, for a period or relevant number of days, the average of the Daily VWAPs (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days; and

(c) "**VWAP Period**" means, for the purposes of calculating the Exchange Date VWAP and the Exchange Number:

  (i) in the case of an Exchange on a Relevant Mandatory Exchange Date or an Optional Exchange Date, the 20 ASX Trading Days immediately preceding, but not including, that Exchange Date;

  (ii) in the case of an Exchange on account of an Acquisition Event, the lesser of 20 ASX Trading Days and the number of ASX Trading Days that Ordinary Shares are entitled to trade on ASX after the occurrence of the Acquisition Event immediately preceding, but not including, the Acquisition Exchange Date; and

  (iii) in the case of an Exchange on account of a Non-Viability Event, the 5 ASX Trading Days immediately preceding, but not including, the Non-Viability Exchange Date; and

(d) the "**Maximum Exchange Number**" will be calculated by the Issuer on the Issue Date in accordance with the following formula for each MCN4 held by the Holder:

$$\text{Maximum Exchange Number} = \frac{\text{Issue Price}}{\text{Exchange Floor Price}}$$

where:

  (i) **Exchange Floor Price** means Issue Date VWAP multiplied by the Relevant Percentage;

  (ii) **Issue Date VWAP** is the VWAP during the 20 ASX Trading Days immediately preceding, but not including, the Issue Date (as such number may be adjusted under clauses 9.5, 9.6 or 9.7); and

(iii) **Relevant Percentage** is:

(A) if the Exchange is occurring on a Relevant Mandatory Exchange Date, 50%; and

(B) if the Exchange is occurring on any other Exchange Date, 20%.

Each Holder's rights (including to payment of Distributions other than the Distribution (if any) payable on the Exchange Date) in relation to each MCN4 that is being Exchanged will be immediately and irrevocably terminated for an amount equal to the Issue Price of that MCN4 and the Issuer will apply that Issue Price by way of payment for the subscription for the Ordinary Shares to be allotted and issued under this clause 9.1. Each Holder is taken to have irrevocably directed that any amount payable under this clause 9.1 is to be applied as provided for in this clause 9.1 and no Holder has any right to payment in any other way.

If the total number of Ordinary Shares to be allotted to a Holder in respect of their aggregate holding of MCN4 upon Exchange includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

9.2 Holder information

Each Holder agrees to provide to the Issuer (and, where clause 9.14 applies, the Sale Agent) any information necessary or desirable to give effect to an Exchange.

9.3 Adjustments to VWAP

For the purposes of calculating VWAP in these Terms:

(a) where, on some or all of the ASX Trading Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and the MCN4 will be Exchanged for Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the ASX Trading Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount ("**Cum Value**") equal to:

(i) in case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act and eligible to receive a franked distribution;

(ii) in the case of any other entitlement that is not a dividend or other distribution under clause 9.3(a)(i) and which is traded on ASX on any of those ASX Trading Days, the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the ASX Trading Days on which those entitlements were traded; or

(iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Directors; and

(b) where, on some or all of the ASX Trading Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and the MCN4 will be Exchanged for Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the ASX Trading Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

9.4 Adjustments to VWAP for divisions and similar transactions

(a) Where during the relevant VWAP Period there is a change in the number of the Ordinary Shares on issue as a result of a Reclassification, in calculating the VWAP for that VWAP Period the Daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis shall be adjusted by multiplying the VWAP by the following fraction:

where:

$$\frac{A}{B}$$

(i) "**A**" means the aggregate number of Ordinary Shares immediately before the Reclassification; and

(ii) "**B**" means the aggregate number of Ordinary Shares immediately after the Reclassification.

(b) Any adjustment made by the Issuer in accordance with clauses 9.3 and 9.4(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be notified to all Holders as soon as reasonably practicable following its determination by the Issuer.

9.5 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clauses 9.3 and 9.4(a) during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

(a) may be made in accordance with clauses 9.6 and 9.7; and

(b) if so made, will correspondingly cause an adjustment to the Maximum Exchange Number.

Appendix A: Terms and Conditions of the MCN4

9.6 Adjustments to Issue Date VWAP for bonus issues

(a) Subject to clause 9.6(b) below, if the Issuer makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \times \frac{RD}{RD + RN}$$

where:

(i) "**V**" means the Issue Date VWAP applying immediately after the application of this formula;

(ii) "$\mathbf{V_0}$" means the Issue Date VWAP applying immediately prior to the application of this formula;

(iii) "**RN**" means the number of Ordinary Shares issued pursuant to the bonus issue; and

(iv) "**RD**" means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue.

(b) Clause 9.6(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.

(c) For the purpose of clause 9.6(a), an issue will be regarded as a pro rata issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.

(d) No adjustments to the Issue Date VWAP will be made under this clause 9.6 for any offer of Ordinary Shares not covered by clause 9.6(a), including a rights issue or other essentially pro rata issue.

(e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 9.6(a) shall not in any way restrict the Issuer from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

9.7 Adjustment to Issue Date VWAP for divisions and similar transactions

(a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a Reclassification, the Issuer shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following fraction:

$$\frac{A}{B}$$

where:

(i) "**A**" means the aggregate number of Ordinary Shares immediately before the Reclassification; and

(ii) "**B**" means the aggregate number of Ordinary Shares immediately after the Reclassification.

(b) Each Holder acknowledges that the Issuer may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

9.8 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 9.6 and 9.7, no adjustment shall be made to the Issue Date VWAP where such cumulative adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect. Any adjustment not made in accordance with this clause 9.8 shall be carried forward and taken into account in determining whether any subsequent adjustment shall be made.

9.9 Announcement of adjustment to Issue Date VWAP

If the Issuer determines an adjustment to the Issue Date VWAP under clauses 9.6 and 9.7, such an adjustment will be:

(a) determined as soon as reasonably practicable following the relevant event; and

(b) notified to Holders (an "**Adjustment Notice**") within 10 Business Days of the Issuer determining the adjustment.

The adjustment set out in the Adjustment Notice will be final and binding on Holders and these Terms will be construed accordingly.

9.10 Listing of Ordinary Shares

The Issuer agrees to use all reasonable endeavours to list the Ordinary Shares issued or arising from an Exchange on ASX.

9.11 Status of Ordinary Shares

The Ordinary Shares issued or arising from an Exchange will rank equally with all other fully paid Ordinary Shares.

9.12 Effect of Exchange

When an Exchange of an MCN4 occurs all other rights conferred or restrictions imposed on that MCN4 under these Terms will no longer have effect (except for rights relating to a Distribution which is payable but has not been paid on or before the Exchange Date) and the MCN4 is cancelled.

9.13 Failure to Exchange

(a) Subject to clauses 9.14(g) and 9.17, if, in respect of an Exchange of an MCN4, the Issuer fails to issue the Ordinary Shares in respect of an MCN4 to, or in accordance with the instructions of, the relevant Holder on the applicable Exchange Date or to the Sale Agent where clause 9.14 applies, that MCN4 remains on issue (and, without limitation, clause 2 applies) until:

(i) the Ordinary Shares are issued to, or in accordance with the instructions of, that Holder or, where clause 9.14 applies, to the Sale Agent; or

(ii) that MCN4 is Redeemed in accordance with these Terms,

and the remedies of the Trustee and a Holder in respect of that failure are limited to seeking an order for specific performance of the Issuer's obligations to issue Ordinary Shares.

(b) This clause 9.13 does not affect the obligation of the Issuer to deliver the Ordinary Shares or of the Holder to transfer MCN4 when required in accordance with these Terms.

9.14 Holders whose Ordinary Shares are to be sold

Subject to clause 9.17 (if any) MCN4 of a Holder are required to be Exchanged and if:

(a) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of the Exchange (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Exchange Date;

(b) the MCN4 are held by a Foreign Holder;

(c) for any reason (whether or not due to the fault of a Holder):

(i) the Issuer does not receive any information required by it in accordance with these Terms so as to impede the Issuer from issuing the Ordinary Shares to the Holder on the Exchange Date; or

(ii) a FATCA Withholding is required to be made in respect of any Ordinary Shares to be delivered as a result of that Exchange; or

(d) the Issuer is of the opinion that under an Applicable Shareholding Law the Holder is prohibited from acquiring some or all of the Exchange Number of Ordinary Shares on the Exchange Date, (to the extent it is so prohibited, an "**Ineligible Holder**"),

then the Issuer will use reasonable endeavours to appoint a "**Sale Agent**" (which is not the Issuer or any Related Body Corporate of the Issuer) on such terms as the Issuer considers reasonable, who will act in accordance with paragraph (f) where the Issuer, the Trustee and the Sale Agent can be satisfied that the obligation in paragraph (f) may be performed in respect of the relevant Holder and the relevant Ordinary Shares in accordance with all applicable laws and without the Issuer, the Trustee or the Sale Agent having to take steps which any of them regard as onerous.

On the Exchange Date:

(e) where paragraph (a), (b) or (d) applies, the Issuer will issue the Exchange Number of Ordinary Shares to the Holder only to the extent (if at all) that:

(i) where paragraph (a) applies, the Holder's notice referred to in paragraph (a) indicates the Holder wishes to receive them;

(ii) where paragraph (b) applies, the Issuer is satisfied that the laws of both Australia and the Foreign Holder's country of residence permit the issue of the Exchange Number of Ordinary Shares to the Foreign Holder as contemplated by this clause 9 (but as to which the Issuer is not bound to enquire), either unconditionally or after compliance with conditions which the Issuer, in its absolute discretion, regards as acceptable and not unduly onerous; and

(iii) where paragraph (d) applies, the issue would result in the Holder receiving the maximum number of Ordinary Shares the Holder is permitted to acquire in compliance with an Applicable Shareholding Law as at the Exchange Date;

(f) otherwise, subject to paragraph (g) and clause 9.17, the Issuer will issue:

(i) where paragraph (a), (b) or (d) applies, the balance of the Exchange Number of Ordinary Shares; or

(ii) where paragraph (c) applies, the Exchange Number (in full),

in respect of that Holder to the Sale Agent on the terms that, at the first reasonable opportunity to sell the Ordinary Shares, the Sale Agent will arrange for their sale and pay to the relevant Holder on a date determined by the Sale Agent a cash amount equal to the Attributable Proceeds of the relevant Holder or, where paragraph (c)(ii) applies, the Sale Agent will deal with the Ordinary Shares in accordance with FATCA. The issue of Ordinary Shares to the Sale Agent will satisfy all obligations of the Issuer in connection with the Exchange, the MCN4 will be deemed Exchanged and will be dealt with in accordance with clause 9.1 and, on and from the issue of Ordinary Shares, the rights of a Holder the subject of this clause 9.14 are limited to its rights in respect of the Ordinary Shares or the Attributable Proceeds as provided in this clause 9.14; and

(g) where paragraph (f) applies in respect of a Holder and a Sale Agent is unable to be appointed, or either or both of the Issuer and the Sale Agent is of the opinion that the issue of Ordinary Shares to the Sale Agent and subsequent sale in accordance with paragraph (f) cannot be undertaken in accordance with an Applicable Shareholding Law or other applicable law (or can be undertaken in accordance with an Applicable Shareholding Law or applicable law only after the Issuer or the Sale Agent take steps which either or both the Issuer and the Sale Agent regard as onerous), then:

(i) in respect of a Non-Viability Exchange Date, but without in any way limiting clause 9.17, if either or both of the Issuer and the Sale Agent is of the opinion that the issue of Ordinary Shares cannot be undertaken within 5 Business Days of the Non-Viability Exchange Date

to the Sale Agent in accordance with paragraph (f) or otherwise to the relevant Holder in accordance with this clause 9, then the relevant MCN4 will be Written-Off; or

(ii) in respect of an Exchange Date other than a Non-Viability Exchange Date:

(A) the issue of Ordinary Shares to the Sale Agent in accordance with paragraph (f) shall occur as soon as practicable after the Issuer is able to issue the relevant Ordinary Shares to the Sale Agent in accordance with an Applicable Shareholding Law and other applicable laws (and without the Issuer or the Sale Agent taking steps which either or both of the Issuer and the Sale Agent regard as onerous); and

(B) on and from the Exchange Date, the MCN4 of the relevant Holder remain on issue (and, without limitation, clause 2 applies) until the first to occur of:

(aa) the issue of the relevant Ordinary Shares in accordance with paragraphs (f) and (g)(ii)(A) or otherwise to that relevant Holder in accordance with this clause 9;

(ab) the relevant MCN4 are Redeemed in accordance with these Terms; or

(ac) the date which is 6 months after the Exchange Date, upon which date an Exchange will not occur in respect of the balance of the Holder's MCN4 at that date and such MCN4 will be automatically cancelled for no consideration.

Nothing in this clause 9.14 shall affect the Exchange of MCN4 to a Holder which is not a person to which any of paragraphs (a) to (d) (inclusive) applies.

9.15 No duty on sale

For the purpose of clause 9.14, none of the Issuer, the Trustee, the Sale Agent or any other person owes any obligations or duties to the Holders in relation to the price at which Ordinary Shares are sold or has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.

9.16 No right of Holders to require Exchange

No MCN4 can, or will, be Exchanged at the option of a Holder.

9.17 Write-Off on failure to perform Exchange

(a) Notwithstanding any other provisions of this clause 9, if, for any reason (including, without limitation, an Inability Event) an MCN4 which, but for this clause this clause 9.17 would be required to be Exchanged, has not been Exchanged within 5 Business Days of the Non-Viability Exchange Date, then Exchange of that MCN4 will not occur and that MCN4 will instead be Written-Off.

(b) The Issuer must give notice to Holders if that Exchange has not occurred by operation of this clause 9.17, but failure to give that notice shall not affect the operation of this clause 9.17.

10 Acknowledgements and appointments

10.1 Acknowledgements

Each Holder, by subscribing for, purchasing or otherwise acquiring an MCN4:

(a) is taken to have notice of, and irrevocably agrees to be bound by, the terms of the MCN4 Trust Deed and these Terms;

(b) upon an Exchange, consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer;

(c) agrees that any Redemption, Resale or Exchange shall occur on a Redemption Date, Resale Date or Exchange Date (as the case may be) in accordance with these Terms;

(d) agrees that it is obliged to accept the Ordinary Shares in respect of its MCN4 upon an Exchange Date, notwithstanding anything which might otherwise affect the Exchange including:

(i) any change in the financial position of the Issuer or the Macquarie Group since the Issue Date;

(ii) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally;

(iii) it being impossible or impracticable to list the Ordinary Shares on ASX; or

(iv) it being impossible or impracticable to sell or otherwise dispose of the Ordinary Shares;

(e) acknowledges and agrees that Exchange must occur immediately on the occurrence of a Non-Viability Event and that may result in disruption or failures in trading or dealings in the MCN4;

(f) acknowledges and agrees that:

(i) if Exchange does not occur in the circumstances contemplated in clauses 9.14(g) or 9.17, each MCN4 will be Written-Off; and

(ii) each of clause 9.14(g) and 9.17 is a fundamental term of the MCN4 and where it applies, no other conditions or events will affect its operation;

(g) agrees to provide to the Issuer any information that the Issuer considers necessary or desirable, or to take any and all such action as is within the reasonable control of that Holder, to give effect to a Redemption, Resale or an Exchange;

(h) acknowledges and agrees that it has:

(i) no right to request a Redemption, Resale or an Exchange;

(ii) to the fullest extent permitted by law:

(A) no right to initiate the Winding Up of the Issuer or any other member of the Macquarie Group or to have any such entity placed in administration; or

(B) to cause a receiver or receiver and manager to be appointed in respect of any such entity,

merely on the grounds that a Distribution or any other amount is not paid; and

(iii) no rights against any member of the Macquarie Group in connection with the MCN4 except as expressly provided in these Terms and under the MCN4 Trust Deed;

(i) acknowledges and agrees that these Terms contain no events of default (however described, determined or defined). Accordingly (but without limitation), failure to pay in full, for any reason, a Distribution on the scheduled Distribution Payment Date will not constitute an event of default; and

(j) acknowledges and agrees it has no remedies on account of a failure by the Issuer to issue Ordinary Shares in accordance with clause 9 other than (and subject always to clauses 9.14(g) and 9.17) to seek specific performance of the obligation to issue the Ordinary Shares.

10.2 Appointment of attorneys, agents and directions

Each Holder irrevocably:

(a) appoints each of the Issuer, the Issuer's Authorised Officers and any liquidator, administrator, statutory manager or other similar official of the Issuer (each an "**Appointed Person**") severally to be the attorneys of the Holder and the agents of the Holder, with the power in the name and on behalf of the Holder to:

(i) do all such acts and things (including, without limitation, signing all documents, instruments or transfers or instructing CHESS) as may, in the opinion of the Appointed Person, be necessary or desirable to be done in order to give effect to, record or perfect a Redemption, Resale or Exchange in accordance with clauses 3, 4, 5, 6, 7, 8 and 9 or, where clauses 9.14(g) and 9.17 apply, a Write-Off in accordance with that clause; or

(ii) do all other things which an Appointed Person reasonably believes to be necessary or desirable to give effect to these Terms; and

(iii) appoint in turn its own agent or delegate; and

(b) authorises and directs the Issuer and/or the Registrar to make such entries in the Register, including amendments and additions to the Register, which the Issuer and/or the Registrar may consider necessary or desirable to record:

(i) a Redemption, Resale or an Exchange; or

(ii) where clause 9.14(g) or 9.17 applies, a Write-Off in accordance with that clause.

The power of attorney given in this clause 10.2 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable and shall survive and not be affected by the subsequent disability or incapacity of the Holder (or, if such Holder is an entity, by its dissolution or termination). An Appointed Person shall have no liability in respect of any acts duly performed in accordance with power of attorney given in this clause 10.2.

11 Payments to Holders

11.1 Currency of payments

All payments of amounts in respect of any MCN4 will be made in Australian Dollars.

11.2 Calculation of payments

All calculations of payments will be rounded to the nearest four decimal places (with 0.00005 being rounded to 0.0001). For the purposes of making any payment in respect of a Holder's aggregate holding of MCN4, any amount less than A$0.01 will be disregarded.

11.3 Payments and issues and deliveries of securities subject to laws

All payments and issues and deliveries of securities are subject in all cases to:

(a) compliance by the Issuer with applicable laws; and

(b) any applicable fiscal or other laws in the place of payment, issue or delivery, but without prejudice to the provisions of clause 11.4.

No commissions or expenses shall be charged to the Holders in respect of such payments (except in respect of the calculation of Attributable Proceeds in accordance with clause 9.14(f)).

11.4 Deductions

(a) The Issuer, the Trustee, the Sale Agent and any financial institutions or intermediaries through which payments are made or securities issued or delivered, may withhold or deduct from any amount payable or securities issuable or deliverable to a Holder the amount of any withholding, deduction or other tax, duty or levy required by law to be withheld or deducted in res pect of such payment, including, without limitation:

(i) any withholding or deduction of taxes, interest or penalties required under FATCA ("**FATCA Withholding**"); or

(ii) where the Issuer, the Trustee, the Sale Agent and any financial institution or intermediary (as applicable) has reasonable grounds to suspect that a Holder or a beneficial owner of any MCN4 (or any financial institution or intermediary through which the payment is to be made) may be subject to a FATCA Withholding in respect of the payment of that amount.

For the avoidance of doubt, any withholding or deduction required under FATCA is a tax, the withholding or deduction of which is required by applicable law for purposes of this clause 11.

(b) In addition, where Ordinary Shares are required to be delivered to a Holder upon an Exchange, and the Issuer is required or entitled to make a FATCA Withholding, then the Issuer is entitled to deal with any Ordinary Shares comprising that FATCA Withholding in accordance with clause 9.14.

(c) Each Holder shall be deemed to authorise the Issuer, the Trustee, the Sale Agent and any financial institutions or intermediaries through which payments are made to deal with payments, securities to be issued or delivered and the Holder's MCN4 in accordance with FATCA, including remitting, or otherwise dealing with, any amounts or securities comprising a FATCA Withholding, or reporting payment or account or other information to the IRS or other relevant revenue or taxing authority in accordance with the applicable requirements under FATCA.

(d) If any withholding or deduction is required by applicable law, the Issuer, the Trustee or the Sale Agent, (as applicable) must remit the full amount required to be withheld or deducted, or remit or otherwise deal with the total number of securities, to or as required by the relevant revenue or taxing authority within the time allowed for such remittance or dealing without incurring a penalty under the applicable law.

(e) If:

(i) a withholding or deduction is made in accordance with this clause 11;

(ii) the amount of the withholding or deduction is, or number of or rights in respect of securities withheld are, accounted for by the Issuer, the Trustee or the Sale Agent (as applicable) to the relevant revenue or taxing authority; and

(iii) the balance of the amount payable has been paid, or the balance of the securities to be issued or delivered are issued or delivered, to the Holder,

then the Issuer's or the Trustee's (or Sale Agent's) (as applicable) obligation to make the payment to the Holder is taken to have been satisfied in full.

11.5 No set-off

A Holder has no right to set-off any amounts owing by it to a member of the Macquarie Group against any claims owing by the Issuer or another member of the Macquarie Group to such Holder. The Issuer has no right to set-off any amounts owing by it to a Holder in respect of the MCN4 against any claims owing by the Holder to it or any member of the Macquarie Group.

11.6 Payment method

Subject to clauses 11.1 and 11.3, all moneys payable by the Issuer to a Holder may be paid in any manner the Issuer decides, which may include any of the following:

(a) by any method of direct crediting determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them;

(b) by sending on or before the payment date a cheque, through the post at the Holder's risk directed to the physical or postal address of the Holder as shown in the Register or, in the case of joint Holders, to the physical or postal address notified to the Registrar for receipt of such moneys (and in default of notification, to the physical or postal address shown in the Register as the address of the joint Holder first named in that Register); or

(c) by cheque sent through the post directed to such other physical or postal address as the Holder or joint Holders in writing direct.

A cheque sent through the post on or before the date for payment is taken to have been received on the payment date.

11.7 Unpresented cheques

(a) Cheques issued by the Issuer that are not presented within 6 months of being issued, or such lesser period as determined by the Issuer, may be cancelled.

(b) Where a cheque which is cancelled was drawn in favour of a Holder, the moneys are to be held by the Issuer for the Holder as a non-interest bearing deposit until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

11.8 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

(a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;

(b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or

(c) has made reasonable efforts to locate a Holder but is unable to do so,

the amount of the unsuccessful payment will be held by the Issuer for the Holder as a non-interest bearing deposit with a bank selected by the Issuer until the first to occur of the following:

(i) the Holder or any legal personal representative of the Holder claims the amount;

(ii) the Issuer determines as permitted by clause 11.10 to refuse any claim in respect of the amount, in which case the Issuer may treat the amount as its own; or

(iii) the Issuer is entitled or obliged to deal with the amount in accordance with the legislation relating to unclaimed moneys.

When this clause 11.8 applies the amount payable in respect of the MCN4 shall be treated as having been paid on the date scheduled for payment and Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due.

11.9 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

11.10 Time limit for claims

A claim against the Issuer for a payment under an MCN4 is void unless made within 5 years from the date on which payment first became due.

12 Title and transfer of MCN4

12.1 Title

Title to an MCN4 passes when details of the transfer are recorded in the Register.

12.2 Effect of entries in the Register

Each entry in the Register for an MCN4 constitutes an entitlement to the benefits given to the Holder under these Terms and the MCN4 Trust Deed in respect of the MCN4.

12.3 Register conclusive as to ownership

An entry in the Register in relation to an MCN4 constitutes conclusive evidence that the person so entered is the absolute owner of that MCN4, subject to correction for fraud or error.

12.4 Non-recognition of interests

(a) Except as required by clause 9 and by law, and save as provided below, the Issuer and the Registrar must treat the person entered in the Register in respect of an MCN4 as the absolute owner of that MCN4.

(b) No notice of any trust, Encumbrance or other interest in, or claim to, any MCN4 will be entered in the Register. None of the Issuer or the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any MCN4, except as ordered by a court of competent jurisdiction or required by law.

(c) This clause 12.4 applies whether or not a payment has been made when scheduled on an MCN4 and despite any notice of ownership, trust, Encumbrance or other interest in the MCN4.

12.5 Joint Holders

Where two or more persons are entered in the Register as joint Holders of an MCN4 then they are taken to hold the MCN4 jointly, but the Registrar is not bound to register more than four persons as joint Holders of an MCN4.

12.6 Transfers

A Holder may transfer an MCN4:

(a) in accordance with the rules and regulations of CHESS;

(b) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act (or as the Issuer may otherwise accept); or

(c) subject to clause 1.4, by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registrar with any evidence the Registrar requires to prove title to or the right to transfer the MCN4.

The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with MCN4.

12.7 Transferee takes subject to terms

A transferee of, or any person claiming, an interest in an MCN4 takes subject to these Terms and the MCN4 Trust Deed.

12.8 Other transfers void

A purported transfer otherwise than in accordance with these Terms and the MCN4 Trust Deed or grant of an interest in an MCN4 otherwise than by way of transfer is, to the fullest extent permitted by law, void.

12.9 Issuer may request holding lock or refuse to register transfer

If MCN4 are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

(a) request the CS Facility Operator or the Registrar (as the case may be) to apply a holding lock to prevent a transfer of MCN4 approved by and registered on the CS Facility's electronic subregister or MCN4 registered on an issuer-sponsored subregister (as the case may be); or

(b) refuse to register a transfer of any MCN4.

12.10 Issuer must request holding lock or refuse to register transfer

(a) The Issuer must request the CS Facility Operator or the Registrar (as the case may be) to apply a holding lock to prevent a transfer of MCN4 approved by and registered on the CS Facility's electronic subregister or MCN4 registered on an issuer-sponsored subregister (as the case may be) if the Corporations Act or the ASX Listing Rules require the Issuer to do so.

(b) The Issuer must refuse to register any transfer of any MCN4 if the Corporations Act or the ASX Listing Rules require the Issuer to do so.

12.11 Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 12.9 and 12.10, the Issuer requests the application of a holding lock to prevent a transfer of MCN4 or refuses to register a transfer of MCN4, it must, within 2 months after the date on which the transfer was lodged with it, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer (if any). Failure to give such notice does not, however, invalidate the decision of the Issuer.

12.12 Delivery of instrument

If an instrument is used to transfer any MCN4 according to clause 12.6, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the MCN4.

Appendix A: Terms and Conditions of the MCN4

12.13 Refusal to register

(a) A transferor of an MCN4 is deemed to remain a Holder until the transfer is Registered and the name of the transferee is entered in the Register.

(b) The Issuer may refuse to register a transfer of any MCN4 if:

  (i) such registration would contravene these Terms; or

  (ii) the Corporations Act or any other law or regulation binding on the Issuer forbids registration.

If the Issuer refuses to register a transfer, the Registrar must give the lodging party notice of the refusal and the reasons for it within 5 Business Days after the date on which notice of the transfer was delivered to it.

12.14 No liability to persons other than Holders

The Issuer is not liable to pay any amount to any person claiming an interest in an MCN4 in connection with that MCN4 other than the Holder.

13 Notices and other communications

13.1 Notices to Holders

All notices and other communications to Holders must be in writing and must be:

(a) left at the address of or sent by prepaid post (airmail, if appropriate) to the address of the Holder (as shown in the Register at the close of business on the day which is 5 Business Days before the date of the notice or communication);

(b) (if available) issued to Holders through CHESS in accordance with any applicable rules and regulations of CHESS;

(c) so long as the MCN4 are quoted on ASX, by publication of an announcement on ASX;

(d) given by an advertisement published in the Australian Financial Review, The Australian or in any other newspaper nationally circulated within Australia;

(e) sent by email or electronic message to the electronic address (if any) of the Holder (as shown in the Register at the close of business on the day which is 5 Business Days before the date of the notice or communication); or

(f) given in any other way agreed between the Issuer and any Holder (and in agreeing in such way, the Issuer and such Holders may have regard to the dates by which notice is to be given under these Terms).

13.2 Notices to the Issuer or the Trustee

All notices and other communications to the Issuer or the Trustee must be in writing and must be:

(a) if to the Issuer, sent by fax to the fax number, or left at the address, or sent by prepaid post (airmail, if appropriate) to the address, set out below:

Name:	Macquarie Group Limited
Address:	50 Martin Place Sydney NSW 2000 Australia
Attention:	Company Secretary
Fax:	+61 2 8232 7780

(b) if to the Trustee, addressed as specified from time to time in accordance with the MCN4 Trust Deed; and

(c) given in any other way reasonably determined by the Issuer or, in the case of clause 13.2(b), the Trustee and notified to Holders.

For the purposes of this clause 13.2, the Issuer's address for notices and other communications is the address set out above or as otherwise notified by the Issuer to Holders.

13.3 When effective

Communications take effect from the time they are received or taken to be received under clause 13.4 (whichever happens first) unless a later time is specified.

13.4 When taken to be received

Communications are taken to be received:

(a) if sent by post, the day immediately following the day on which the notice was posted (or 4 days after posting if sent from one country to another);

(b) if addressed and transmitted to the person by fax, to the fax number specified in accordance with clause 13.2, on the Business Day following its transmission;

(c) if sent by e-mail, to the electronic address in respect of the Holder as specified in accordance with clause 13.1, on the day following its transmission to that electronic address;

(d) if issued to Holders through CHESS, on the date of the issuance unless the sender receives an automated message that the e-mail has not been delivered;

(e) if announced on ASX, on the date of the announcement; or

(f) if published in a newspaper, on the first date that publication has been made in the required newspaper.

13.5 Receipt outside business hours

Despite clauses 13.3 and 13.4, if communications are received or taken to be received under clause 13.4 after 5:00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9:00am in the place of receipt on the next Business Day and take affect from that time unless a later time is specified.

13.6 Effect of failure to give notice

If the Issuer is required to give a notice in relation to any act, matter or determination, the accidental omission to give that notice to a Holder does not invalidate the notice in relation to Holders generally, or affect the validity of that act, matter or determination.

14 Amendment of Terms

14.1 Amendment without consent

Subject to complying with the Corporations Act and all other applicable laws and directives, the Issuer may amend these Terms and the MCN4 Trust Deed, with the prior written approval of APRA (to the extent any such amendment may cause the MCN4 to cease to be Relevant Securities forming part of Eligible Capital) but without the consent of the Holders or the Trustee:

(a) if the Issuer is of the opinion that the amendment is:

(i) of a formal, minor or technical nature;

(ii) made to correct any ambiguity or any manifest or proven error;

(iii) expedient for the purpose of enabling the MCN4 to be listed for quotation or to retain a listing on any Stock Exchange, to be cleared or settled through any clearing system or to retain clearance and settlement through any clearing system or to be offered for sale, Resold, or subscribed for, under the laws for the time being in force in any place and, in each case, it is otherwise not considered by the Issuer to be materially adverse to the interests of Holders as a whole;

(iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority;

(v) in respect of any time or notice period stated, required or permitted in respect of any Exchange, as is necessary or appropriate to give effect to such Exchange; or

(vi) made to:

(A) alter the terms of any MCN4:

(aa) to be or other otherwise to remain as a Relevant Security forming part of Eligible Capital; or

(ab) to align them with any other Relevant Security eligible for inclusion as Eligible Capital issued after the issue date of such MCN4; or

(B) alter the definition of Relevant Securities on account of the issue (after the date of any MCN4) of any other Relevant Securities forming part of Eligible Capital; or

(C) give effect to any agreement with the Nominated Party to which MCN4 have been Resold; and

(b) if the Issuer is of the opinion that the amendment does not, taken as a whole and in conjunction with all other amendments (if any) made contemporaneously with the amendments, materially adversely affect the interests of Holders as a whole,

provided that, notwithstanding anything else in this clause 14.1, any amendments which may have an adverse effect on the Trustee's personal rights and obligations under the Transaction Documents must first be approved by the Trustee in writing (such approval not to be unreasonably withheld or delayed).

14.2 Amendment without consent where Approved Acquirer

Without limiting clause 14.1, subject to complying with the Corporations Act and all other applicable laws and directives, the Issuer may make amendments to these Terms and the MCN4 Trust Deed, with the prior written approval of APRA (to the extent any such amendments may cause the MCN4 to cease to be Relevant Securities eligible for inclusion as Eligible Capital) but without the consent of the Holders or the Trustee which are, in the Issuer's reasonable opinion, necessary and appropriate to effect the substitution of the Approved Acquirer as the issuer of Ordinary Shares whenever MCN4 are required to be Exchanged in the manner contemplated by these Terms, including without limitation:

(a) amendments to the definition of "Exchange" such that, unless APRA otherwise agrees, on the Exchange Date:

(i) each MCN4 that is to be Exchanged will be automatically transferred by each Holder free from Encumbrance to the Approved Acquirer (or another subsidiary of the Approved Acquirer which is a holding company of the Issuer on the Exchange Date) (the "**Transferee**");

(ii) each Holder will be issued a number of ordinary shares in the capital of the Approved Acquirer equal to the Exchange Number; and

(iii) as between the Issuer and the Transferee, the MCN4 held by the Transferee as a result of the transfer will be Exchanged for a number (rounded down to the nearest whole number) of Ordinary Shares the aggregate value of which equals the aggregate Issue Price of the transferred MCN4;

(b) amendments and additions to the definitions of "Acquisition Event", "Macquarie Group", "Regulatory Event" and "Tax Event"; and

(c) amendments and additions to any term defining the rights of Holders if the Exchange is not effected which is appropriate for the MCN4 to be or to remain as Relevant Securities eligible for inclusion as Eligible Capital,

provided that, notwithstanding anything else in this clause 14.2, any amendments which may have an adverse effect on the Trustee's personal rights and obligations under the Transaction Documents must first be approved by the Trustee in writing (such approval not to be unreasonably withheld or delayed).

14.3 Amendment with consent

Without limiting clauses 14.1 and 14.2, the Issuer may, with APRA's prior written approval (to the extent any such amendment may cause the MCN4 to cease to be Relevant Securities eligible for inclusion as Eligible Capital), amend these Terms or the MCN4 Trust Deed, if the amendment has been approved by a Special Resolution and by the Trustee in writing.

14.4 Meanings

In this clause 14, "amend" includes modify, cancel, alter, adjust or add to and "amendment" has a corresponding meaning.

14.5 Notice of amendments

Any amendment of these Terms or the MCN4 Trust Deed made in accordance with this clause 14 must be promptly notified by the Issuer to Holders.

15 General provisions

15.1 Enforcement of the MCN4 Trust Deed and the Terms

(a) Subject to paragraph (b) below, only the Trustee may enforce the provisions of the MCN4 Trust Deed or these Terms and only in accordance with their terms and subject to the limitations and to the protections afforded to the Trustee set out in the MCN4 Trust Deed.

(b) No Holder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of the MCN4 Trust Deed or these Terms unless:

  (i) the Trustee, being entitled and having become bound to take proceedings in accordance with the MCN4 Trust Deed, fails to do so within 14 days; and

  (ii) such failure is continuing,

  and then only in accordance with their terms and subject to the limitations set out in the MCN4 Trust Deed.

15.2 Voting and meetings

(a) The MCN4 Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including any amendment of these Terms which requires the consent of Holders.

(b) Holders will have no voting rights in respect of any member of the Macquarie Group.

(c) Subject to applicable law, Holders are not entitled to be provided with copies of:

  (i) any notices of general meetings of the Issuer; or

  (ii) other documents (including annual reports and financial statements) sent by the Issuer to holders of Ordinary Shares or other securities (if any) in the Issuer.

15.3 Listing

The Issuer must use its best endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of the MCN4 on ASX on or as soon as possible after the Issue Date and maintain quotation on ASX until all MCN4 have been Exchanged, Redeemed or Written-Off.

15.4 Purchases

Subject to APRA's prior written approval and applicable law, any member of the Macquarie Group may purchase MCN4 at any time and at any price. Such MCN4 may, at the option of the acquirer, be held, resold or cancelled.

16 Winding Up

16.1 Ranking in Winding Up

(a) If an order of a court of competent jurisdiction in Australia is made (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution passed, for the Winding Up of the Issuer in Australia, the Issuer is liable to redeem each MCN4 for its Liquidation Amount in accordance with, and subject to, this clause 16.

(b) In the Winding Up of the Issuer in Australia, a Holder is entitled, subject to the terms of the MCN4 Trust Deed and to this clause 16, to claim on a subordinated basis in accordance with clauses 1.5 and 16.1(c) for payment in cash of an amount equal to the Liquidation Amount but has no further or other claim on the Issuer in the Winding Up.

(c) In a Winding Up of the Issuer in Australia:

  (i) Holders shall be entitled to prove only for any sums payable in respect of the MCN4 as a debt which are subject to, and contingent upon the prior payment in full of, the Senior Creditors;

  (ii) Holders shall be entitled to claim for payment in cash of an amount equal to the Liquidation Amount and that claim ranks equally with all Equal Ranking Obligations; and

  (iii) Holders waive, to the fullest extent permitted by law, any right to prove in any such Winding Up as a creditor ranking for payment in any other manner.

16.2 Agreements of Holders as to subordination

Each Holder irrevocably agrees:

(a) that this clause 16 is a debt subordination for the purposes of section 563C of the Corporations Act;

(b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a preference share which is an Equal Ranking Obligation would not be entitled to such interest;

(c) not to exercise any voting or other rights as a creditor in any Winding Up or administration of the Issuer in any jurisdiction:

  (i) until after all Senior Creditors have been paid in full; or

  (ii) otherwise in a manner inconsistent with the ranking and subordination contemplated by clauses 1.5 and 16.1;

(d) that it must pay or deliver to the liquidator or administrator any amount or asset received on account of its claim in any Winding Up or administration of the Issuer in any jurisdiction in respect of the MCN4 in excess of its entitlement under clauses 1.5 and 16.1;

(e) that it must pay in full all liabilities it owes the Issuer before it may receive any amount or asset on account of its claim in any Winding Up or administration in any jurisdiction in respect of an MCN4; and

(f) that the debt subordination effected by clauses 1.5 and 16.1 is not affected by any act or omission of the Issuer or a Senior Creditor which might otherwise affect it at law or in equity.

16.3 No charge

Nothing in clause 1.5 or this clause 16 shall be taken to:

(a) create a charge or security interest on or over any right of the Holder; or

(b) require the consent of any Senior Creditor to any amendment of these Terms.

17 Governing law, jurisdiction and service of documents

17.1 Governing law

The MCN4, including these Terms, are governed by, and shall be construed in accordance with, the laws of New South Wales, Australia.

17.2 Jurisdiction

The Issuer irrevocably agrees for the benefit of the Holders that the courts of New South Wales, Australia are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the MCN4 and accordingly has submitted to the non-exclusive jurisdiction of the courts of New South Wales.

17.3 Service of process

Without preventing any other method of service, any document in any action may be served on the Issuer by being delivered or left at its registered office or principal place of business.

18 Interpretation and definitions

18.1 Interpretation

Unless otherwise specified or the contrary intention appears:

(a) a reference to a clause or paragraph is a reference to a clause or paragraph of these Terms;

(b) if a calculation is required under these Terms, the result of the calculation will be rounded to four decimal places (with 0.00005 being rounded to 0.0001);

(c) headings and bold typeface are for convenience only and do not affect the interpretation of these Terms;

(d) the singular includes the plural and vice versa;

(e) a reference to a statute, ordinance, directive, code, law, prudential standard or the rules of any Stock Exchange includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them and references to law includes statutes, ordinances, codes, directives or common law and principles of equity having general application;

(f) a reference to the "**Corporations Act**" as it relates to the Issuer is to that Act as may be modified in relation to the Issuer by the Australian Securities and Investments Commission;

(g) if under these Terms an event must occur on a stipulated day, or a day is stipulated, which is not a Business Day, then, except in the cases of a Non-Viability Event and a Non-Viability Exchange Date, the stipulated day will be taken to be the next Business Day;

(h) a reference to "**Australian Dollars**", "**AUD**", "**A$**" or "**cents**" is a reference to the lawful currency of Australia;

(i) calculations, elections and determinations made by or on behalf of the Issuer or the Directors under these Terms are binding on Holders in the absence of manifest error or fraud;

(j) a reference to a party to an agreement, deed, authority or other instrument includes a reference to any successor, replacement, assignee, substitute or addition of the party according to that agreement, deed, authority or instrument;

(k) any references to the requirements of APRA or any other prudential regulatory requirements will apply to the Issuer only if the Issuer is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time;

(l) any requirement for APRA's consent or approval will apply only so long as MCN4 form part of Eligible Capital and if APRA requires that such consent or approval be given at the relevant time;

(m) any requirements for the prior approval or consent of APRA for a particular course of action to be taken by the Issuer do not imply that APRA has given its consent or approval to the particular action as of the Issue Date;

(n) a reference to accounting standards is a reference to the accounting standards as defined in the Corporations Act and a reference to an accounting term is a reference to that term as it is used in those accounting standards, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;

(o) a reference to an agreement, deed or other instrument includes a reference to that agreement, deed or instrument as amended, modified, added to or restated from time to time;

(p) the terms "**takeover bid**", "**relevant interest**", "**scheme of arrangement**", "**buy-back**", "**subsidiary**" and "**holding company**" when used in these Terms have the meaning given in the Corporations Act;

(q) a reference to the "interests of Holders as a whole" will, if MCN4 are held beneficially by a Nominated Party, be a reference to the interests of Holders other than the Nominated Party;

(r) the words "**includes**" or "**including**", "**for example**" or "**such as**" do not exclude a reference to other items, whether of the same class or genus or not;

(s) if the principal securities exchange on which the Ordinary Shares are quoted is other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined term in such rules (as the case may be);

(t) a reference to any term defined by APRA shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term;

(u) where these Terms refer to a person's opinion or to a person's regard or consideration or being satisfied with respect to any step, act, matter or thing, that opinion, regard, consideration or satisfaction may be held, formed or made by the person in the person's absolute discretion;

(v) for the purposes of clause 14.1, in determining whether an amendment is not materially adverse to, or does not materially adversely affect, the interests of Holders as a whole, the taxation and regulatory capital consequences to Holders (or any class of Holders) and other special consequences which are personal to a Holder (or any class of Holders) do not need to be taken into account.

18.2 Definitions

In these Terms, the following meanings apply unless the contrary intention appears:

Acquisition Event means:

(a) a takeover bid is made to acquire all or some of the Ordinary Shares and the offer is, or becomes, unconditional and as a result of the bid the bidder (and its associates as defined in section 12 of the Corporations Act) has a relevant interest in more than 50% of the Ordinary Shares on issue;

(b) a court approves a scheme of arrangement which, when implemented, will result in a person (and its associates as defined in section 12 of the Corporations Act) having a relevant interest in more than 50% of the Ordinary Shares on issue; or

(c) a person together with its associates as defined in section 12 of the Corporations Act;

  (i) acquires or comes to hold beneficially more than 50% of the voting shares (as defined in the Corporations Act) in the capital of the Issuer; or

  (ii) enters into an agreement to beneficially acquire more than 50% of the voting shares (as defined in the Corporations Act) in the capital of the Issuer and the agreement to acquire is, or becomes, unconditional,

(for the purposes of this definition, each an "**event**"), other than as part of a solvent reorganisation of the relevant entity where the persons holding relevant interests in the ordinary equity capital (being listed on the ASX) of the bidder or other person ("**Approved Acquirer**") acquiring a relevant interest in more than 50% of the Ordinary Shares on issue or beneficially acquiring more than 50% of the voting shares in the capital of the Issuer are, or will be, substantially the same, and in substantially the same proportions, as the persons who held relevant interests in the Ordinary Shares or who held beneficially voting shares in the capital of the Issuer immediately prior to the event where:

  (i) the event is initiated by the Directors or would not, in the Issuer's reasonable opinion, otherwise be materially adverse to the interests of Holders as a whole; and

  (ii) the Approved Acquirer agrees for the benefit of Holders to:

    (A) issue listed ordinary share capital in all circumstances where the Issuer would have otherwise been obliged to issue Ordinary Shares as contemplated by these Terms;

    (B) use all reasonable endeavours to ensure continued quotation of the MCN4 on a Stock Exchange; and

    (C) comply with the obligations and restrictions as apply to the Issuer in connection with the MCN4 (with all necessary and appropriate modifications);

Acquisition Exchange Date has the meaning given in clause 6.2;

Acquisition Exchange Notice has the meaning given in clause 6.2;

ADI means an authorised deposit-taking institution under the Banking Act;

Adjustment Notice has the meaning given in clause 9.9;

Alternative Reference Rate has the meaning given in clause 2.1;

Applicable Shareholding Law means any law in force in Australia or any relevant foreign jurisdiction which limits or restricts the number of shares in the Issuer in which a person may have an interest or over which it may have a right or power, including, without limitation, Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth) and Part IV of the Competition and Consumer Act 2010 (Cth);

Appointed Person has the meaning given in clause 10.2;

Approved Acquirer has the meaning given in the definition of Acquisition Event;

APRA means the Australian Prudential Regulation Authority or any authority succeeding to its powers and responsibilities;

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires;

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time;

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time;

ASX Settlement Operating Rules means the settlement operating rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time;

ASX Trading Day means a business day within the meaning of the ASX Listing Rules on which trading in Ordinary Shares takes place;

Attributable Proceeds means, in respect of a Holder to whom clause 9.14(f) applies, an amount equal to the Proceeds per Share multiplied by the number of Ordinary Shares issued and sold in accordance with clause 9.14(f) in respect of that Holder;

Authorised Officer means a person appointed by the party to act as an authorised officer for the purposes of these Terms by notice to the Issuer;

Banking Act means the Banking Act 1959 (Cth);

Bookbuild means the process conducted prior to the opening of the Offer where brokers and investors bid for the MCN4 and, on the basis of those bids, the Issuer, in consultation with the joint lead managers to the Offer, determines the Margin;

Business Day means a day which is (i) a business day within the meaning of the ASX Listing Rules; and (ii) for the purpose of determining an Exchange Date (other than a Non-Viability

Exchange Date) or the calculation or payment of a Distribution or of any other sum, a day on which banks are open for general business in Sydney, Australia;

Buy-Back means a transaction involving the acquisition by the Issuer of its Ordinary Shares pursuant to an offer made in its discretion in accordance with the provisions of Part 2J of the Corporations Act;

Capital Reduction means a reduction in capital initiated by the Issuer in its discretion in respect of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act;

Change in Law has the meaning given to it in the definition of Regulatory Event;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd (ACN 008 504 532), or any system that replaces it relevant to the MCN4 (including in respect of the transfer or Exchange of MCN4);

Control has the meaning given in the Corporations Act;

Corporations Act means the Corporations Act 2001 (Cth);

CS Facility has the same meaning as "Prescribed CS Facility" in the Corporations Act;

CS Facility Operator means the operator of a CS Facility;

Cum Value has the meaning given in clause 9.3;

Daily VWAP means the volume weighted average sale price (rounded to the nearest full cent) of Ordinary Shares sold on ASX on a day but does not include any "Crossing" transacted outside the "Open Session State", or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares;

Deferred Exchange Date has the meaning given in clause 5.5;

Deferred Exchange Notice has the meaning given in clause 5.5;

Deferred Mandatory Exchange Date has the meaning given in clause 3.2;

Delisted means, in respect of the Issuer and an Exchange Date:

(a) that Ordinary Shares have ceased to be listed or admitted to trading on ASX (and continue not to be listed or admitted to trading on that date); or

(b) an Inability Event applies on the relevant date preventing the Exchange of the MCN4 of Holders generally;

Determination Date has the meaning given in clause 2.1;

Directors means some or all of the Voting Directors (as defined in the Issuer's constitution) of the Issuer acting as a board;

Distribution has the meaning given in clause 2.1;

Distribution Payment Date has the meaning given in clause 2.1;

Distribution Period means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However:

(a) the first Distribution Period commences on (and includes) the Issue Date; and

(b) the final Distribution Period ends on (and excludes) the Exchange Date, Redemption Date or Resale Date, as applicable;

Distribution Rate has the meaning given in clause 2.1;

Dividend Restriction has the meaning given in clause 2.5;

Eligible Capital has the same meaning as "eligible capital" in the conditions in the schedule to the NOHC Authority or the equivalent concept in any subsequent or replacement authority given by APRA in favour of the Issuer or in any prudential standard determined by APRA relevant to the definition of the capital of the Issuer;

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing;

Equal Ranking Obligations means any present or future obligation of, or claim against, the Issuer that exists or may arise in connection with:

(a) the MCN2;

(b) the MCN3;

(c) any other:

  (i) preference share, security or capital instrument issued by the Issuer; or

  (ii) obligation of, or claim against, the Issuer in respect of a preference share, security or capital instrument issued by a member of the Macquarie Group,

which preference share, security, capital instrument of, or obligation or claim against, the Issuer ranks, or is expressed to rank, equally with the MCN4 or any other Equal Ranking Obligation;

Exchange means, in respect of an MCN4, the allotment and issue of Ordinary Shares in respect of that MCN4 in accordance with and subject to clause 9, and **Exchangeable**, **Exchanged** and **Exchanging** have corresponding meanings;

Exchange Conditions has the meaning given in clause 3.3;

Exchange Date means a Mandatory Exchange Date, Non-Viability Exchange Date, Optional Exchange Date or Acquisition Exchange Date on which the MCN4 must be Exchanged (any relevant Exchange Conditions applicable to that date having been met);

Exchange Date VWAP has the meaning given in clause 9.1;

Exchange Floor Price has the meaning given in clause 9.1;

Exchange Number has the meaning in clause 9.1;

FATCA means the Foreign Account Tax Compliance Act provisions set out in sections 1471 through to 1474 of the US Internal Revenue Code ("**Code**") (and including any current or future regulations or official interpretations thereof issued in respect of these provisions, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices or similar laws implementing an inter-governmental approach on such provisions and any agreement entered into by the Issuer pursuant to or in connection with any of the foregoing);

FATCA Withholding has the meaning given in clause 11.4;

First Exchange Condition has the meaning given in clause 3.3;

Appendix A: Terms and Conditions of the MCN4

First Optional Exchange Restriction has the meaning given in clause 5.4;

First Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Foreign Holder means a Holder whose address in the Register is a place outside Australia or who the Issuer otherwise believes may not be a resident of Australia;

Fourth Exchange Condition has the meaning given in clause 3.3;

Franking Adjustment Factor has the meaning given in clause 2.1;

Franking Rate means the franking percentage, as defined under Part 3-6 of the Tax Act, for a Distribution as at the relevant Distribution Payment Date (expressed as a decimal) multiplied by the proportion of the relevant Distribution that is frankable;

Holder means a person Registered as the holder of an MCN4;

Inability Event means any of the Issuer or any of its Related Bodies Corporate is prevented by applicable law, an order of any court, an action of any government authority (including regarding the insolvency, Winding Up or other external administration of the Issuer or a Related Body Corporate), or for any other reason, from observing and performing their obligations in respect of an Exchange (including in connection with the issue of Ordinary Shares);

Ineligible Holder has the meaning given in clause 9.14;

IRS means the Internal Revenue Service of the United States of America;

Issue Date means the date the MCN4 are issued, expected to be 27 March 2019;

Issue Date VWAP has the meaning given in clause 9.1;

Issue Price has the meaning given in clause 1.1;

Issuer means Macquarie Group Limited (ACN 122 169 279), a company incorporated under the laws of Australia;

Level 3 Group means the Issuer and such other entities included from time to time in the calculation of the Issuer's capital requirements on a Level 3 basis (or its equivalent, in either case, as defined by APRA from time to time);

Liquidation Amount means an amount equal to the Issue Price;

Loss Absorption means, in respect of a security, any conversion or exchange (by whatever method) into ordinary shares or writing-off of that security in accordance with their terms or by operation of law when APRA gives a notice described in clause 4.1 (including an Exchange or Write-Off of MCN4);

Macquarie Group means the Issuer and each entity it Controls;

Mandatory Exchange Date has the meaning given in clause 3.2;

Margin has the meaning given in clause 2.1;

Maximum Exchange Number has the meaning given in clause 9.1;

MCN2 means the subordinated notes of the Issuer described as the "Macquarie Group Capital Notes 2" and issued under a trust deed entitled "MCN2 Trust Deed" dated 23 November 2015 (as amended);

MCN3 means the subordinated notes of the Issuer described as the "Macquarie Group Capital Notes 3" and issued under a trust deed entitled "MCN3 Trust Deed" dated 7 May 2018 (as amended);

MCN4 has the meaning given in clause 1.1;

MCN4 Trust Deed means the trust deed in respect of MCN4 dated on or about 25 February 2019, as amended from time to time;

NOHC Authority means the authority to be a non-operating holding company of an authorised deposit-taking institution given by APRA in favour of the Issuer on 5 September 2007 (as amended from time to time) under the Banking Act;

Nominated Party means, subject to clause 8.2, one or more third parties selected by the Issuer in its absolute discretion;

Non-Completing Nominated Party has the meaning given in clause 8.6;

Non-Exchange Test Date has the meaning given in clause 5.4;

Non-Viability Event has the meaning given in clause 4.1;

Non-Viability Exchange Date means the date of occurrence of the Non-Viability Event;

Non-Viability Exchange Notice has the meaning given in clause 4.7;

Offer means the invitation made under the Prospectus by the Issuer for persons to subscribe for the MCN4;

Optional Exchange Date has the meaning given in clause 5.3;

Optional Exchange Notice has the meaning given in clause 5.1;

Optional Exchange Restrictions has the meaning given in clause 5.4;

Ordinary Share means a fully paid ordinary share in the capital of the Issuer;

Ordinary Share Dividend means any interim, final or special dividend payable in accordance with the Corporations Act and the constitution of the Issuer in respect of Ordinary Shares;

Proceeds per Share means, in respect of Ordinary Shares issued and sold in accordance with clause 9.14(f), an amount equal to the net proceeds of the sale of such Ordinary Shares, actually received after deducting any applicable brokerage, stamp duties and other taxes, charges and expenses, divided by the number of such Ordinary Shares issued and sold;

Prospectus means the prospectus for the Offer;

Reclassification means a division, consolidation or reclassification of the Issuer's share capital (not involving any cash payment or other distribution or compensation to or by holders of Ordinary Shares or to or by any entity in the Macquarie Group);

Record Date has the meaning given in clause 2.1;

Redemption means, in respect of an MCN4, the MCN4 is redeemed by payment in accordance with and subject to clause 7 and clause 11 and "**Redeem**", and "**Redeemed**" have the corresponding meanings;

Redemption Date has the meaning given in clause 7.3;

Redemption Notice has the meaning given in clause 7.1;

Redemption Price has the meaning given in clause 7.4;

Reference Rate has the meaning given in clause 2.1;

Reference Rate Disruption Event has the meaning given in clause 2.1;

Register means the register, including any branch register, of Holders established and maintained by, or on behalf of, the Issuer;

Registered means recorded in the Register;

Registrar means a person appointed by the Issuer to maintain the Register;

Regulatory Event means:

(a) a law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia or any directive, order, standard, requirement, guideline or statement of APRA (whether or not having the force of law), which affects the Issuer (a "**Regulation**") is introduced, amended, clarified or changed or its application changed; or

(b) an announcement is made that a Regulation will be introduced, amended, clarified or changed or its application changed; or

(c) a decision is made by any court or other authority interpreting, applying or administering any Regulation,

in each case, which event occurs on or at any time after the Issue Date and was not expected by the Issuer as at the Issue Date (each such event a "**Change in Law**") and the Issuer determines that, as a result of that Change in Law:

(i) any of the MCN4 are not eligible for inclusion as Eligible Capital;

(ii) additional requirements (including regulatory, capital, financial, operational or administrative requirements) would be imposed in connection with the MCN4 which the Issuer determines, in its absolute discretion, might have a material adverse effect on the Issuer; or

(iii) to have any of the MCN4 outstanding would be unlawful or impractical or would cause the Issuer to be exposed to a more than *de minimis* increase in its costs in connection with those MCN4;

Related Body Corporate has the meaning given in the Corporations Act;

Related Entity has the meaning given to it by APRA from time to time;

Relevant Mandatory Exchange Date has the meaning given in clause 3.2;

Relevant Percentage has the meaning given in clause 9.1;

Relevant Security means a security of the Issuer that, in accordance with its terms or by operation of law, may require Loss Absorption if APRA gives a notice described in clause 4.1 (including the MCN2, MCN3 and the MCN4);

Resale means the transfer of MCN4 to one or more Nominated Parties in accordance with clause 8.1 and "**Resell**" and "**Resold**" have the corresponding meanings;

Resale Date has the meaning given in clause 8.1;

Resale Notice has the meaning given in clause 8.1;

Resale Price has the meaning given in clause 8.3;

Sale Agent means person appointed by the Issuer to sell Ordinary Shares in accordance with clause 9.14, and includes an agent of that person;

Scheduled Mandatory Exchange has the meaning given in clause 3.2;

Scheduled Mandatory Exchange Date has the meaning given in clause 3.2;

Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Second Exchange Condition has the meaning given in clause 3.3;

Second Optional Exchange Restriction has the meaning given in clause 5.4;

Second Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Senior Creditors means all present and future creditors of the Issuer whose claims are:

(a) entitled to be admitted in the Winding Up of the Issuer; and

(b) not expressed to rank equally with, or subordinate to, the claims of the Holders under these Terms;

Special Resolution means:

(a) a resolution passed at a meeting of Holders duly convened and held (or by way of postal ballot) in accordance with the MCN4 Trust Deed by the affirmative vote of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or

(b) the consent in writing of Holders holding at least 75% of the MCN4 then on issue;

Stock Exchange means ASX or such other stock or securities exchange on which the MCN4 may be listed from time to time;

Suspension Event means, in respect of a date, trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:

(a) at least 5 consecutive Business Days prior to that date; and

(b) that date;

Tax Act means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as the context requires;

Tax Event means that, on or after the Issue Date, the Issuer receives an opinion of nationally recognised legal counsel or other nationally recognised tax adviser in Australia experienced in such matters, that there is more than an insubstantial risk which the Issuer determines, at its absolute discretion, to be unacceptable that, as a result of a Tax Event Trigger and in connection with MCN4:

(a) a franking debit will arise in the franking account of the Issuer in respect of any Distribution (the terms "franking debit" and "franking account" being within the meaning of Division 205 of the Tax Act) in addition to any franking debit that would, or is expected to, arise from the relevant Distribution in the absence of the Tax Event Trigger;

(b) any Distribution would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act; or

(c) the Issuer is or will become exposed to more than a de minimis increase in its costs (including without limitation through the imposition of any taxes, duties, assessments, or other governmental charges or the loss of any deductions);

Appendix A: Terms and Conditions of the MCN4

Tax Event Trigger means:

(a) an amendment to, change in or announcement that there will be a change in, any laws or regulations affecting taxation in the Commonwealth of Australia or any State or Territory of Australia;

(b) a judicial decision interpreting, applying or clarifying any laws or regulations affecting taxation in the Commonwealth of Australia or any State or Territory of Australia;

(c) an administrative pronouncement, ruling, confirmation, advice or action that represents an official position, including a clarification of an official position of the governmental authority or regulatory body making the administrative pronouncement or taking any action, in each case, affecting taxation in the Commonwealth of Australia or any State or Territory of Australia; or

(d) a challenge asserted or threatened in writing in connection with an audit or investigation of the Issuer in connection with MCN4 by the Australian Tax Office or other relevant taxing authority in the Commonwealth of Australia or any State or Territory of Australia,

which amendment, change or announcement that there will be a change, or which action or clarification or challenge occurs, on or after the Issue Date and was not expected by the Issuer as at the Issue Date;

Tax Rate means the Australian corporate tax rate applicable to the franking account of the Issuer on the relevant Distribution Payment Date (expressed as a decimal);

Terms means these terms and conditions;

Third Exchange Condition has the meaning given in clause 3.3;

Third Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Transaction Documents means:

(a) the MCN4 Trust Deed (including these Terms); and

(b) any other document agreed by the parties to the MCN4 Trust Deed to be a Transaction Document for the purposes of the MCN4 Trust Deed (and provided that no such agreement will be made if the document may cause the MCN4 to cease to be Relevant Securities forming part of Eligible Capital unless the written approval of APRA to the agreement has been obtained);

Transferee has the meaning given in clause 14.2;

Trustee means Sargon CT Pty Ltd (ACN 106 424 088) (formerly known as AET Corporate Trust Pty Limited) or any replacement trustee under the MCN4 Trust Deed from time to time;

VWAP has the meaning given in clause 9.1;

VWAP Period has the meaning given in clause 9.1;

Winding Up means, with respect to an entity, the winding up, termination or dissolution of the entity, but does not include any winding up, termination or dissolution for the purposes of a consolidation, amalgamation, merger or reconstruction (the terms of which have been approved by the shareholders of the entity or by a court of competent jurisdiction) under which the continuing or resulting entity effectively assumes the entire obligations of the entity in respect of the MCN4; and

Written-Off means, in respect of an MCN4, that the Holder's rights under that MCN4 (including to payment of the Liquidation Amount and Distributions and to be Exchanged) are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and "**Write-Off**" has a corresponding meaning.

18.3 Inconsistency with ASX Listing Rules and ASX Settlement Operating Rules

So long as the MCN4 are quoted on ASX and in CHESS, these Terms as they relate to those MCN4 are to be interpreted in a manner consistent with applicable ASX Listing Rules and ASX Settlement Operating Rules (together, the "**Rules**"), except to the extent that an interpretation consistent with those Rules may cause the MCN4 to cease to be Relevant Securities forming part of Eligible Capital.

B

Glossary

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1788
NEW SOUTH WALES

Appendix B: Glossary

This Appendix provides a glossary of key terms and abbreviations used throughout this Prospectus and the Application Form. There is also a list of further defined terms in clause 18.2 of the MCN4 Terms immediately prior to this glossary commencing on page 82.

Term	Meaning
ABN	Australian Business Number as defined in A New Tax System (Australian Business Number) Act 1999 (Cth).
ACN	Australian Company Number as defined in the Corporations Act.
Acquisition Event	Broadly occurs where a change of control of MGL occurs, by takeover bid or scheme of arrangement or otherwise. Acquisition Event is discussed in section 2.8.1. For the full definition, see clause 18.2 of the MCN4 Terms.
Acquisition Exchange Date	The date on which an Exchange on account of an Acquisition Event is to occur. For the full definition, see clause 6.2 of the MCN4 Terms.
Additional Tier 1 Capital	"Additional Tier 1 Capital" or its equivalent, in either case, as defined by APRA from time to time.
ADI	Authorised deposit-taking institution as defined in the Banking Act.
Applicant	A person who lodges an Application Form in accordance with this Prospectus.
Application	A valid application for MCN4 made through a completed Application Form in accordance with this Prospectus.
Application Form	Each of the application forms accompanying this Prospectus upon which an Application may be made, being: • the Application Form which Syndicate Brokers may require Broker Firm Applicants under the Broker Firm Offer to complete; and • the Application Form provided for paper or online applications under the Securityholder Offer.
Application Payment	The amount payable on each Application, being the Issue Price multiplied by the number of MCN4 applied for.

Term	Meaning
Approved Acquirer	Broadly means a person who acquires a relevant interest in more than 50% of Ordinary Shares on issue and agrees for the benefit of MCN4 Holders to issue listed ordinary share capital in all circumstances where MGL would otherwise have been obliged to issue Ordinary Shares under the MCN4 Terms. See further section 2.11.9. For the full definition, see clause 18.2 of the MCN4 Terms.
APRA	Australian Prudential Regulation Authority or any authority succeeding to its powers and responsibilities.
Arranger	Macquarie Capital (Australia) Limited (ACN 123 199 548).
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by it, as the context requires.
ASX Listing Rules	The listing rules of ASX as amended, varied or waived (whether in respect of MGL or generally) from time to time.
ASX Trading Day	A business day within the meaning of the ASX Listing Rules on which trading in Ordinary Shares takes place.
ATO	The Australian Taxation Office.
Banking Act	Banking Act 1959 (Cth).
Bank Group	That part of the Macquarie Group that is subject to the full suite of APRA's banking regulations, and which includes MBL and its subsidiaries.
Basel III	Reforms released by the Basel Committee on Banking Supervision, in December 2010 (as revised), in order to raise the level and quality of regulatory capital in the global banking system.
BCN	The subordinated notes described as the "Macquarie Bank Capital Notes" issued by MBL in 2014.

Term	Meaning
Bookbuild	The process described in section 7.5.1 to determine the Margin.
Broker Firm Applicant	An Australian resident retail or high net worth client of a Syndicate Broker or a New Zealand resident high net worth client of a Syndicate Broker invited to participate through the Broker Firm Offer.
Broker Firm Application	The application made by a Broker Firm Applicant.
Broker Firm Offer	The offer of MCN4 under this Prospectus to retail and high net worth clients of Syndicate Brokers, resident in Australia, and to high net worth clients of Syndicate Brokers, resident in New Zealand, who receive a firm allocation from their Syndicate Broker.
Business Day	A day which is (a) a business day within the meaning of the ASX Listing Rules; and (b) for the purpose of determining an Exchange Date (other than a Non-Viability Exchange Date) or the calculation or payment of a Distribution or of any other sum, a day on which banks are open for general business in Sydney, Australia.
Buy-Back	A transaction involving the acquisition by MGL of its Ordinary Shares pursuant to an offer made in its discretion in accordance with the provisions of Part 2J of the Corporations Act.
Capital Reduction	A reduction in capital initiated by MGL in its discretion in respect of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd (ACN 008 504 532) or any system that replaces it relevant to the MCN4 (including in respect of the transfer or Exchange of such MCN4).
Closing Date	The last date by which Applications will be accepted, which is expected to be: • for the Securityholder Offer, 5:00pm (Sydney time) on Friday 22 March 2019; and • for the Broker Firm Offer, 5:00pm (Sydney time) on Friday 22 March 2019.
Co-Managers	Macquarie Equities Limited, Bell Potter Securities Limited, JBWere Limited and Ord Minnett Limited.

Term	Meaning
Common Equity Tier 1 Trigger	Broadly occurs when certain ratios of the prudentially regulated capital of an issuer that is an ADI fall below a level specified in the terms of the relevant instrument.
Corporations Act	Corporations Act 2001 (Cth).
Daily VWAP	In summary, the volume weighted average sale price of Ordinary Shares sold on ASX on a day, excluding certain trades. For the full definition, see clause 18.2 of the MCN4 Terms.
Deferred Mandatory Exchange Date	Broadly, and in circumstances where any of the Exchange Conditions is not satisfied on the Scheduled Mandatory Exchange Date, the next quarterly Distribution Payment Date after the Scheduled Mandatory Exchange Date where all of the Exchange Conditions are satisfied. For the full definition, see clauses 3.2 and 3.3 of the MCN4 Terms.
Delisted	Broadly occurs in respect of MGL and an Exchange Date where: • Ordinary Shares have ceased to be listed or admitted to trading on ASX and the cessation is continuing on the relevant date; or • an Inability Event applies on the relevant date preventing Exchange. For the full definition, see clause 18.2 of the MCN4 Terms.
Directors	Some or all of the Voting Directors (as defined in the MGL Constitution) of MGL.
Distribution	Broadly, a cash distribution payable on MCN4. For the full definition, see clause 2.1 of the MCN4 Terms.
Distribution Payment Date	Broadly, in respect of an MCN4, (a) each 10 March, 10 June, 10 September and 10 December commencing 11 June 2019 until (but not including) the date on which that MCN4 has been Redeemed or Exchanged, and (b) the Redemption Date, Resale Date or an Exchange Date (except where the Exchange is on account of a Non-Viability Event). If any of these scheduled dates is not a Business Day, then the Distribution Payment Date will be the next day which is a Business Day. For the full definition, see clauses 2.1 and 2.2 of the MCN4 Terms.

Appendix B: Glossary

Term	Meaning
Distribution Period	Each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However: • the first Distribution Period commences on (and includes) the Issue Date; and • the Distribution Period ends on (and excludes) the Exchange Date, Redemption Date or Resale Date, as applicable.
Distribution Rate	(Reference Rate + Margin) x Franking Adjustment Factor.
Dividend Restriction	The restrictions summarised in section 2.1.9 and set out in clause 2.5 of the MCN4 Terms.
Eligible Capital	Has the same meaning as "eligible capital" in the conditions in the schedule to the NOHC Authority or the equivalent concept in any subsequent or replacement authority given by APRA in favour of MGL or in any prudential standard determined by APRA relevant to the definition of the capital of MGL.
Eligible Securityholder	A person who is: • a registered holder of Ordinary Shares, MIS, MCN2, MCN3 or BCN (as applicable) at 7:00pm (Sydney time) on Friday, 22 February 2019; • shown on the relevant register as having an address in Australia (or another jurisdiction to which MGL determines to extend the Offer); and • not otherwise prevented from receiving the Offer or the MCN4 under the securities laws of another jurisdiction, as determined by MGL. Holders of Macquarie American Depository Receipts (MQBKY) are not eligible to participate in the Securityholder Offer.

Term	Meaning

Equal Ranking Obligations	Any present or future obligation of, or claim against, MGL that exists or may arise in connection with:
	• MCN2;
	• MCN3; and
	• any other
	  ◦ preference share, security or capital instrument issued by MGL; or
	  ◦ obligation of, or claim against, MGL in respect of a preference share, security or capital instrument issued by a member of the Macquarie Group,
	which preference share, security, capital instrument of, or obligation or claim against MGL ranks, or is expressed to rank, equally with the MCN4 or any other Equal Ranking Obligation.
	For the full definition, see clause 18.2 of the MCN4 Terms.

Exchange	Broadly, the allotment and issue of Ordinary Shares in exchange for an MCN4. "Exchangeable"," Exchanged" and "Exchanging" have corresponding meanings. For the full definition, see clauses 9 and 18.2 of the MCN4 Terms.
Exchange Conditions	The conditions which must be satisfied before Exchange will occur upon a Mandatory Exchange Date. These are outlined in section 2.3.3 (as modified in some cases as outlined in sections 2.4, 2.7 and 2.8). For the full definition, see clause 3.3 of the MCN4 Terms.
Exchange Date	A Mandatory Exchange Date, Non-Viability Exchange Date, Optional Exchange Date or Acquisition Exchange Date on which the MCN4 must be Exchanged (any relevant Exchange Conditions applicable to that date having been met).
Exchange Number	The number of Ordinary Shares to be issued on Exchange as described in section 2.3.4 (as modified in some cases as outlined in sections 2.4, 2.7 and 2.8). For the full definition, see clause 9.1 of the MCN4 Terms.

Term	Meaning
FATCA	Broadly, the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code, as amended. For the full definition, see clause 18.2 of the MCN4 Terms.
FATCA Withholding	Any withholding or deduction of taxes, interest or penalties required under FATCA.
First Exchange Condition	In summary, the Daily VWAP on the 25th Business Day immediately preceding the Relevant Mandatory Exchange Date is greater than 56% of the Issue Date VWAP. For the full definition, see clause 3.3 of the MCN4 Terms.
First Optional Exchange Restriction	In summary, the Daily VWAP on the second Business Day before the date on which an Optional Exchange Notice is to be sent by MGL is less than or equal to 25% of the Issue Date VWAP. For the full definition, see clause 5.4 of the MCN4 Terms.
FMC Act	Financial Markets Conduct Act 2013 (New Zealand).
Fourth Exchange Condition	In summary, MGL is not Delisted as at the possible Mandatory Exchange Date. For the full definition, see clause 3.3 of the MCN4 Terms.
Franking Adjustment Factor	(1–Tax Rate) / [1 – Tax Rate x (1–Franking Rate)] For the full definition, see clause 2.1 of the MCN4 Terms.
Franking Rate	The franking percentage, as defined under Part 3-6 of the Tax Act, for a Distribution as at the relevant Distribution Payment Date (expressed as a decimal) multiplied by the proportion of the relevant Distribution that is frankable.
GST	Has the meaning given in section 195-1 of the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Holding Statement	A statement issued to issuer sponsored MCN4 Holders by the Registrar which sets out the number of MCN4 issued to that MCN4 Holder.

Term	Meaning
Inability Event	Broadly, MGL or any of its Related Bodies Corporate is prevented by applicable law, or order of any court, or action of any government authority (including regarding the insolvency, Winding Up or other external administration of MGL or a Related Body Corporate) or for any other reason, from observing and performing its obligations in respect of an Exchange (including in connection with the issue of Ordinary Shares). For the full definition, see clause 18.2 of the MCN4 Terms.
Institutional Investors	An investor to whom the Joint Lead Managers reasonably believe MCN4 are able to be offered under applicable laws without the need for any prospectus, product disclosure statement, registration or other formality (other than a registration or formality required of MGL which MGL is willing to comply with).
Institutional Offer	The offer of MCN4 under this Prospectus to Institutional Investors who have received a firm allocation from the Joint Lead Managers.
Issue Date	The date the MCN4 are issued, expected to be Wednesday, 27 March 2019.
Issue Date VWAP	In summary, the VWAP during the 20 ASX Trading Days immediately preceding, but not including, the Issue Date. For the full definition, see clause 9.1 of the MCN4 Terms.
Issue Price	$100.
Joint Lead Managers	Macquarie Capital (Australia) Limited, ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, Evans Dixon Corporate Advisory Pty Limited, J.P. Morgan Securities Australia Limited, Morgans Financial Limited, National Australia Bank and Westpac Institutional Bank.
Liquidation Amount	An amount equal to the Issue Price.
Loss Absorption	Any conversion or exchange (by whatever method) into ordinary shares or writing-off of a security in accordance with its terms or by operation of law when APRA gives a notice triggering a Non-Viability Event (including an Exchange or Write-Off of MCN4).

Appendix B: Glossary

Term	Meaning
Macquarie Group	MGL and its subsidiaries.
Macquarie Level 3 Group	MGL and those of its controlled entities included by APRA from time to time in the calculation of MGL's minimum capital requirement on a Level 3 basis.
Mandatory Exchange	An Exchange in accordance with clause 3 of the MCN4 Terms.
Mandatory Exchange Date	Broadly, 10 September 2029 or the next quarterly Distribution Payment Date after that date on which the Exchange Conditions are satisfied. For the full definition, see clause 3.2 of the MCN4 Terms.
Margin	4.15 percent per annum.
Maximum Exchange Number	The number of Ordinary Shares calculated in accordance with the formula in clause 9.1 of the MCN4 Terms.
MBL	Macquarie Bank Limited (ABN 46 008 583 542).
MCN2	The subordinated notes described as the "Macquarie Group Capital Notes 2" issued by MGL in 2015.
MCN3	The subordinated notes described as the "Macquarie Group Capital Notes 3" issued by MGL in 2018.
MCN4	Macquarie Group Capital Notes 4, being fully paid, subordinated, non-cumulative, unsecured, mandatorily convertible notes of MGL which are to be issued under this Prospectus.
MCN4 Holder	A person registered as the holder of an MCN4.
MCN4 Terms	The terms of MCN4 attached as a schedule to the Trust Deed, and as also set out in Appendix A.
MGL or Issuer	Macquarie Group Limited (ABN 94 122 169 279).
MGL Board	All or some of the Voting Directors (as defined in the MGL Constitution) of MGL acting as a board.
MGL Constitution	The constitution of MGL as amended from time to time.

Term	Meaning
MGL Shareholder	A registered holder of Ordinary Shares.
MIS	Macquarie Income Securities issued by MBL and Macquarie Finance Ltd in 1999.
NOHC	Non-operating holding company.
NOHC Authority	The authority to be a non-operating holding company of an authorised deposit taking institution given by APRA in favour of MGL on 5 September 2007 (as amended from time to time) under the Banking Act.
Nominated Party	Broadly, one or more third parties nominated by MGL to purchase some or all MCN4 under a Resale process. For the full definition, see clauses 8.2 and 18.2 of the MCN4 Terms.
Non-Bank Group	All entities in the Macquarie Group other than the entities in the Bank Group.
Non-Exchange Test Date	In summary, the second Business Day before the date on which an Optional Exchange Notice is to be sent by MGL. For the full definition, see clause 5.4 of the MCN4 Terms.
Non-Viability Event	A Non-Viability Event will occur if APRA has notified the Issuer in writing that: (a) Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the Issuer would become non-viable; or (b) it has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.
Non-Viability Exchange Date	The date of occurrence of the Non-Viability Event.
Offer	The invitation made under this Prospectus by MGL for persons to subscribe for MCN4.
Offer Management Agreement or OMA	The offer agreement deed between the Joint Lead Managers and MGL in relation to the Offer as described in section 6.2.
Offer Period	The period from the Opening Date to the applicable Closing Date.
Opening Date	The opening date of the Offer being Tuesday, 5 March 2019.

Term	Meaning
Optional Exchange	An Exchange at the option of MGL under clause 5 of the MCN4 Terms.
Optional Exchange Date	The date on which an Exchange at the option of MGL may occur. For the full definition, see clause 5.3 of the MCN4 Terms.
Optional Exchange Notice	In summary, a notice issued to MCN4 Holders by which an Exchange at the option of MGL is effected. For the full definition, see clause 5.1 of the MCN4 Terms.
Optional Exchange Restrictions	The conditions which must be satisfied before MGL can elect to Exchange. These are outlined in section 2.4.4. For the full definition, see clause 5.4 of the MCN4 Terms.
Ordinary Resolution	Broadly, a resolution passed at a meeting of MCN4 Holders (or by way of postal ballot) by a majority of at least 50% of the votes cast, or the consent in writing of MCN4 Holders holding at least 50% of the MCN4 then on issue.
Ordinary Share	A fully paid ordinary share in the capital of MGL.
Original Prospectus	The Prospectus dated 25 February 2019 and lodged on that date which this Prospectus replaces.
Payment Conditions	The conditions which must be satisfied before the payment of Distributions on MCN4. These are outlined in section 2.1.2.
Prospectus	This prospectus for the Offer.
Redemption	Broadly, the process through which MGL repays the Issue Price and an MCN4 is redeemed under the MCN4 Terms. "Redeem" and "Redeemed" have corresponding meanings. For the full definition, see clause 18.2 of the MCN4 Terms.
Reference Rate	Broadly, the rate (expressed as a percentage per annum) for prime bank eligible securities having a tenor closest to the Distribution Period which rate ASX publishes through information vendors at approximately 10:30am. For the full definition, see clause 2.1 of the MCN4 Terms.

Term	Meaning
Reference Rate Disruption Event	Broadly, where BBSW is not published by the usual time, there is an obvious error in the rate, or BBSW has been discontinued or has ceased to be generally accepted in the Australian market for securities such as MCN4. For the full definition, see clause 2.1 of the MCN4 Terms.
Register	The register, including any branch register, of MCN4 Holders established and maintained by, or on behalf of, MGL.
Registrar	A person appointed by MGL to maintain the Register, currently Boardroom Pty Limited.
Regulatory Event	Broadly occurs when, as a result of a change of law or regulation (or the interpretation thereof) on or after the Issue Date, the Issuer determines that: • any of the MCN4 are not eligible for inclusion as Eligible Capital; • additional requirements would be imposed on MGL or the Macquarie Group which the Issuer determines in its absolute discretion might have a material adverse effect on MGL; or • to have the MCN4 outstanding would be unlawful or impractical or that MGL or the Macquarie Group would be exposed to a more than de minimis increase in its costs in connection with those MCN4. For the full definition, see clause 18.2 of the MCN4 Terms.
Related Body Corporate	Has the meaning given in the Corporations Act.
Relevant Mandatory Exchange Date	Broadly, the Scheduled Mandatory Exchange Date, and each Deferred Mandatory Exchange Date. For the full definition, see clause 3.2 of the MCN4 Terms.
Relevant Percentage	When calculating the Maximum Exchange Number, if the relevant Exchange is occurring on a Relevant Mandatory Exchange Date, 50%, otherwise 20%.
Relevant Security	A security of MGL that, in accordance with its terms or by operation of law, may require Loss Absorption if APRA gives a notice triggering a Non-Viability Event (including MCN2, MCN3 and MCN4).

Appendix B: Glossary

Term	Meaning
Resale	Broadly, the compulsory transfer of MCN4 by MCN4 Holders following the issue by MGL of a resale notice to MCN4 Holders, to one or more third parties under the MCN4 Terms. Resold and Resell have corresponding meanings. For the full definition, see clauses 8.1 and 18.2 of the MCN4 Terms.
Resale Date	The date on which a Resale is to occur. For the full definition, see clause 8.1 of the MCN4 Terms.
Resale Notice	A notice given in accordance with the MCN4 Terms specifying that all or some of an MCN4 Holder's holding of the MCN4 will be Resold.
Resale Price	With respect to an MCN4, a purchase price equal to the Issue Price of that MCN4. For the full definition, see clause 8.3 of the MCN4 Terms.
Sale Agent	A person appointed by MGL to sell Ordinary Shares in accordance with clause 9.14 of the MCN4 Terms, and includes an agent of that person. See clause 9.14 of the MCN4 Terms for further detail.
Scheduled Mandatory Exchange Date	10 September 2029.
Scheduled Optional Exchange Date	Broadly, 10 September 2026, 10 March 2027 and 10 September 2027. For the full definition, see clause 5.2 of the MCN4 Terms.
Second Exchange Condition	Broadly, the VWAP during the 20 ASX Trading Days immediately preceding a Relevant Mandatory Exchange Date is such that the number of Ordinary Shares to be issued would be less than or equal to the Maximum Exchange Number applicable to the Mandatory Exchange Date. For the full definition, see clause 3.3 of the MCN4 Terms.
Second Optional Exchange Restriction	MGL is Delisted as at the Non-Exchange Test Date. For the full definition, see clauses 5.4 and 18.2 of the MCN4 Terms.
Securityholder Applicant	An Eligible Securityholder who applies under the Securityholder Offer.

Term	Meaning
Securityholder Offer	The invitation to Eligible Securityholders to apply for MCN4 under this Prospectus.
Senior Creditors	All present and future creditors of MGL whose claims are: (a) entitled to be admitted in the Winding Up of MGL; and (b) not expressed to rank equally with, or subordinate to, the claims of the MCN4 Holders under the MCN4 Terms.
Shareholding Laws	Any of the following: (a) the Financial Sector (Shareholdings) Act 1998 (Cth); (b) the Foreign Acquisitions and Takeovers Act 1975 (Cth); or (c) Chapter 6 of the Corporations Act.
Special Resolution	Broadly, a resolution passed at a meeting of MCN4 Holders (or by way of postal ballot) by a majority of at least 75% of the votes validly cast by MCN4 Holders in person or by proxy and entitled to vote on the resolution. For the full definition, see clause 18.2 of the MCN4 Terms.
Suspension Event	In respect of a date, trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes: (a) at least five consecutive Business Days prior to that date; and (b) that date.
Syndicate Broker	Any of the Joint Lead Managers (or their affiliated retail brokers) and any other co-manager or participating broker in the Offer appointed by the Joint Lead Managers.
Tax Act	The Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as the context requires.

Term	Meaning
Tax Event	Broadly, MGL receives advice that, as a result of a change in law or regulation affecting taxation in Australia, after the Issue Date, there is a more than insubstantial risk which MGL determines to be unacceptable that, in connection with MCN4: • an additional franking debit will arise in the franking account of MGL in respect of any Distribution; or • MGL would be exposed to a more than de minimis increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other government charges or the loss of any deductions); or • any Distribution would not be frankable. For the full definition and the related definition of "Tax Event Trigger", see clause 18.2 of the MCN4 Terms.
Tax Rate	The Australian corporate tax rate applicable to the franking account of MGL on the relevant Distribution Payment Date (expressed as a decimal).
TFN	Tax File Number.
Third Exchange Condition	No Suspension Event applies in respect of the Relevant Mandatory Exchange Date. For the full definition, see clause 3.3 of the MCN4 Terms.
Transaction Document	Broadly, the Trust Deed, the MCN4 Terms and any other document agreed by the Trustee and MGL to be a transaction document. The full definition is set out in the Trust Deed.
Trust	The trust constituted by the Trust Deed.
Trust Deed	The trust deed in respect of MCN4, as amended from time to time.
Trustee	Sargon CT Pty Ltd (ACN 106 424 088) (formerly known as AET Corporate Trust Pty Limited) or any replacement trustee under the Trust Deed from time to time.
Trustee Default	Has the meaning given in section 6.1.3.
United States or U.S.	United States of America.
U.S. Person	Has the meaning given to that term in Rule 902(k) under the U.S. Securities Act.

Term	Meaning
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
VWAP	Broadly, the average of the Daily VWAPs during the VWAP Period, subject to adjustments. For the full definition, see clause 9.1 of the MCN4 Terms.
VWAP Period	Broadly, the period for which the VWAP is calculated. For the full definition, see clause 9.1 of the MCN4 Terms.
Winding Up	Broadly means the winding up, termination or dissolution of an entity (subject to certain exclusions). For the full definition, see clause 18.2 of the MCN4 Terms.
Written-Off	In respect of an MCN4, the MCN4 Holders' rights under that MCN4 (including to payment of the Liquidation Amount and Distributions and to be Exchanged) are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and "Write-Off" has a corresponding meaning.

Application Form

Macquarie Group Limited
ABN 94 122 169 279

Broker Code | Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Macquarie Capital Notes 4 (MCN4) to be issued by Macquarie Group Limited (MGL) under the Broker Firm Offer on the terms set out in the replacement prospectus dated 5 March 2019 (Prospectus). You may apply for a minimum of 50 MCN4 (A$5,000) and increments of 10 MCN4 (A$1,000) thereafter. This Application Form and your Application Payment must be received by your Syndicate Broker by the deadline set out in their offer to you.

If you are in doubt as to how to deal with this Application Form, please contact your Syndicate Broker, financial adviser or other professional adviser. The Prospectus contains information relevant to a decision to invest in MCN4 and you should read the entire Prospectus carefully before applying for MCN4.

Capitalised words used in this Application Form have the meanings given to them in the Prospectus.

A MCN4 applied for ___,___,___ at Price per MCN4 **A$100.00** **B** Application Payment **A$** ___,___,___.__

(minimum 50 MCN4 (A$5,000) and increments of 10 MCN4 (A$1,000) thereafter)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C

Applicant #1
Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2
Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D

TFN/ABN/Exemption Code
First Applicant | Joint Applicant #2 | Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box ☐ Company ☐ Partnership ☐ Trust ☐ Super Fund

PLEASE COMPLETE ADDRESS DETAILS

E

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

Email address (only for purpose of electronic communication of shareholder information)

F CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here) **X**

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any MCN4 issued as a result of the Offer will be held on the issuer sponsored sub-register.

Telephone Number where you can be contacted during Business Hours | Contact Name (PRINT)

Cheques, bank drafts or money orders should be drawn up according to the instructions given by your Syndicate Broker.

H

Cheque, Bank Draft or Money Order Number | BSB ___–___ | Account Number

Total Amount **A$** ___,___,___.__

LODGEMENT INSTRUCTIONS

You must return your Application Form so it is received by your Syndicate Broker by the deadline specified by your Syndicate Broker.

Your Guide to the Broker Firm Offer Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

This Application Form relates to Macquarie Group Capital Notes 4 (MCN4) issued by Macquarie Group Limited (MGL). Further details about the MCN4 are contained in the replacement prospectus dated 5 March 2019 (and any supplementary or replacement prospectus) (Prospectus), issued by MGL. The Prospectus will expire 13 months after the date of the Prospectus. During the Offer Period, Macquarie Group Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request. The Prospectus will also be made available at www.MCN4Offer.com.au.

ASIC requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus and, in the case of the electronic version, accompanying the electronic copy of the Prospectus. The Prospectus contains important information about investing in the MCN4. You should read the Prospectus before applying for MCN4.

Please note that this Application Form is only in respect of the Broker Firm Offer. Your Syndicate Broker may require you to complete and return this Application Form. You must contact your Syndicate Broker for information on how to apply through the Broker Firm Offer.

A. Insert the number of MCN4 you wish to apply for. The Application must be for a minimum of 50 MCN4 (A$5,000) and increments of 10 MCN4 (A$1,000) thereafter. You may be issued all of the MCN4 applied for, a lesser number, or none at all.

B. Insert the relevant amount of Application Payment. To calculate your Application Payment, multiply the number of MCN4 applied for by the Issue Price. Amounts should be in Australian dollars. Please make sure that you enclose the Application Payment equaling this amount with your Application Form.

C. C Write the full name you wish to appear on the register of MCN4. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D. D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, MGL will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E. Please enter your postal address for all correspondence. All communications to you from MGL and the Registrar will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F. If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your MCN4 will be issued to MGL's issuer sponsored subregister.

G. Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H. Please complete the details of your cheque, bank draft or money order in this section. The total amount of your cheque, bank draft or money order should agree with the amount shown in section B.

If you receive a firm allocation of MCN4 from your Syndicate Broker make your Application Payment payable to your Syndicate Broker in accordance with their instructions.

ACCEPTANCE OF THE OFFER:
By applying under the Broker Firm Offer, you make the acknowledgements, declarations, representations and warranties set out in section 6.10 of the Prospectus.

CORRECT FORMS OF REGISTRABLE NAMES: Note that ONLY legal entities are allowed to hold MCN4. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Macquarie Group Limited
ABN 94 122 169 279

Broker Code | Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Macquarie Capital Notes 4 (MCN4) to be issued by Macquarie Group Limited (MGL) under the Broker Firm Offer on the terms set out in the replacement prospectus dated 5 March 2019 (Prospectus). You may apply for a minimum of 50 MCN4 (A$5,000) and increments of 10 MCN4 (A$1,000) thereafter. This Application Form and your Application Payment must be received by your Syndicate Broker by the deadline set out in their offer to you.

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A MCN4 applied for ___,___,___ at Price per MCN4 **A$100.00** **B** Application Payment **A$** ___,___,___.__

(minimum 50 MCN4 (A$5,000) and increments of 10 MCN4 (A$1,000) thereafter)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C

Applicant #1
Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2
Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D

TFN/ABN/Exemption Code
First Applicant | Joint Applicant #2 | Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box ☐ Company ☐ Partnership ☐ Trust ☐ Super Fund

PLEASE COMPLETE ADDRESS DETAILS

E

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

Email address (only for purpose of electronic communication of shareholder information)

F CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here) **X**

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Telephone Number where you can be contacted during Business Hours | Contact Name (PRINT)

Cheques, bank drafts or money orders should be drawn up according to the instructions given by your Syndicate Broker.

H

Cheque, Bank Draft or Money Order Number | BSB ___–___ | Account Number

Total Amount **A$** ___,___,___.__

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This Application Form relates to Macquarie Group Capital Notes 4 (MCN4) issued by Macquarie Group Limited (MGL). Further details about the MCN4 are contained in the replacement prospectus dated 5 March 2019 (and any supplementary or replacement prospectus) (Prospectus), issued by MGL. The Prospectus will expire 13 months after the date of the Prospectus. During the Offer Period, Macquarie Group Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request. The Prospectus will also be made available at www.MCN4Offer.com.au.

ASIC requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus and, in the case of the electronic version, accompanying the electronic copy of the Prospectus. The Prospectus contains important information about investing in the MCN4. You should read the Prospectus before applying for MCN4.

Please note that this Application Form is only in respect of the Broker Firm Offer. Your Syndicate Broker may require you to complete and return this Application Form. You must contact your Syndicate Broker for information on how to apply through the Broker Firm Offer.

A. Insert the number of MCN4 you wish to apply for. The Application must be for a minimum of 50 MCN4 (A$5,000) and increments of 10 MCN4 (A$1,000) thereafter. You may be issued all of the MCN4 applied for, a lesser number, or none at all.

B. Insert the relevant amount of Application Payment. To calculate your Application Payment, multiply the number of MCN4 applied for by the Issue Price. Amounts should be in Australian dollars. Please make sure that you enclose the Application Payment equaling this amount with your Application Form.

C. C Write the full name you wish to appear on the register of MCN4. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D. D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, MGL will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E. Please enter your postal address for all correspondence. All communications to you from MGL and the Registrar will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F. If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your MCN4 will be issued to MGL's issuer sponsored subregister.

G. Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H. Please complete the details of your cheque, bank draft or money order in this section. The total amount of your cheque, bank draft or money order should agree with the amount shown in section B.

If you receive a firm allocation of MCN4 from your Syndicate Broker make your Application Payment payable to your Syndicate Broker in accordance with their instructions.

ACCEPTANCE OF THE OFFER:
By applying under the Broker Firm Offer, you make the acknowledgements, declarations, representations and warranties set out in section 6.10 of the Prospectus.

CORRECT FORMS OF REGISTRABLE NAMES: Note that ONLY legal entities are allowed to hold MCN4. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Corporate directory

Registered Office and Head Office of MGL

Macquarie Group Limited
Level 6, 50 Martin Place
Sydney NSW 2000

www.macquarie.com

Legal Adviser

King & Wood Mallesons
Level 50, Bourke Place
600 Bourke Street
Melbourne VIC 3000

Tax Adviser

Greenwoods & Herbert Smith Freehills
Level 28, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Accounting Adviser

PricewaterhouseCoopers Securities Ltd
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Trustee

Sargon CT Pty Ltd
Level 9, 287 Collins Street
Melbourne VIC 3000

Registrar

BoardRoom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Arranger

Macquarie Capital (Australia) Limited
Level 3, 50 Martin Place
Sydney NSW 2000

Joint Lead Managers

Macquarie Capital (Australia) Limited
Level 3, 50 Martin Place
Sydney NSW 2000

ANZ Securities Limited
ANZ Centre Melbourne
Level 9, 833 Collins Street
Docklands Victoria 3008

Citigroup Global Markets Australia Pty Limited
Level 23, Citigroup Centre,
2 Park Street
Sydney, New South Wales, 2000

Commonwealth Bank of Australia
Ground Floor, Tower 1,
201 Sussex Street
Sydney, New South Wales, 2000

Evans Dixon Corporate Advisory Pty Limited
Level 15,
100 Pacific Highway
North Sydney, NSW, 2060

J.P. Morgan Securities Australia Limited
Level 18, J.P. Morgan House
85 Castlereagh Street
Sydney, New South Wales, 2000

Morgans Financial Limited
Level 29, Riverside Centre,
123 Eagle Street Brisbane,
Queensland, 4000

National Australia Bank Limited
Level 25, 255 George Street
Sydney, New South Wales, 2000

Westpac Institutional Bank
a division of Westpac Banking Corporation
Level 2, 275 Kent Street
Sydney, New South Wales, 2000

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