MACQUARIE BANK LIMITED ABN 46 008 583 542
TRADING INSTALMENTS

MACQUARIE
BANK

1 Series of Macquarie Trading Instalments
are offered over Shares in
VIRGIN BLUE HOLDINGS LIMITED

to be traded on the Australian Stock Exchange Limited

5 December 2003

Important Notice

This is an Offering Circular for the purposes of Australian Stock Exchange Limited Business Rules.

The date of this Offering Circular is 5 December 2003.

Macquarie Bank Limited is inviting applications for Macquarie Trading Instalments offered under this Offering Circular. Each successful Applicant will receive:

(a) a limited recourse Loan in the amount set out in Section 1, Table 1: "Summary Table of Macquarie Trading Instalments"; and

(b) one new Macquarie Trading Instalment which corresponds to one Underlying Parcel (as adjusted) held by the Security Trustee as nominee for the Holder.

As the Macquarie Trading Instalments are proposed to be traded on the stock market of Australian Stock Exchange Limited, on-market transfers must be through the parties' brokers.

Applications

Applications in the primary market through this Offering Circular may only be made by companies which are related bodies corporate of Macquarie. Applications will only be accepted on the Application Form attached to this Offering Circular. Macquarie may withdraw invitations made under this Offering Circular at its absolute discretion at any time with the consent of ASX.

Foreign Jurisdictions

The distribution of this Offering Circular in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this Offering Circular comes should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate those laws. This Offering Circular is not an offer or invitation in relation to Macquarie Trading Instalments in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. None of the Macquarie Trading Instalments or the Shares transferred under the Macquarie Trading Instalments or this Offering Circular have been or will be lodged or registered under the United States Securities Act of 1933, as amended and may not be offered or sold directly or indirectly in the United States.

Representations

This Offering Circular has been prepared and issued by Macquarie Bank Limited as Issuer. Any other parties distributing this product are only doing so as a distributor for Macquarie Bank Limited.

Potential investors should note that no person is authorised by Macquarie or the Broker to give any information to investors or to make any representation other than as contained in this Offering Circular.

A COPY OF THIS OFFERING CIRCULAR HAS NOT BEEN LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION AS A DISCLOSURE DOCUMENT UNDER PART 6D.2 OF THE CORPORATIONS ACT 2001.

Underlying Company

References in this Offering Circular to Virgin Blue Holdings Limited or to VBA, are included solely for the purposes of identification of the Shares to which the Macquarie Trading Instalments relate and to the Listed Entities of the Shares. Such references are not to be construed as any express or implied endorsement by the Listed Entity or other entity of this issue of Macquarie Trading Instalments, nor does any Listed Entity or other entity accept any responsibility for any statement in this Offering Circular nor undertake any liability in respect of the Macquarie Trading Instalments.

This Offering Circular has been prepared by Macquarie only from publicly available information. The Listed Entities have not been party to its preparation or furnished any information specifically to Macquarie for the purpose of its preparation.

Similarly, information in this Offering Circular concerning those Listed Entities has not been independently verified. Macquarie does not, therefore, accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. Investors should make their own enquiries.

Nothing in this Offering Circular can be relied upon as implying that there has been no change in the affairs of any Listed Entity or Macquarie since the dates as at which information is given in this Offering Circular, or as a representation as to the future in relation to any Listed Entity.

Consents

Allens Arthur Robinson has given and not withdrawn its consent to be named in this Offering Circular.

Allens Arthur Robinson has been involved in the preparation of this Offering Circular, and accepts responsibility for Section 3.6, Section 4, Section 7 and Section 10, but accepts no responsibility for any other part of this Offering Circular, and has not authorised or caused its issue.

Belike Nominees Pty Limited has given and not withdrawn its consent to be named in this Offering Circular, but has not been involved in the preparation of this Offering Circular, has not authorised or caused its issue, makes no representation as to its accuracy or completeness, and accepts no responsibility for its form or contents.

Computershare Investor Services Pty Ltd has given and not withdrawn its consent to be named in this Offering Circular, but has not been involved in the preparation of this Offering Circular, has not authorised or caused its issue, and accepts no responsibility for its form or contents.

At a glance

ASX Code	VBAIMT
Completion Payment	Equals the Loan Amount (refer Table 1 page 6)
Term	Approx. 6 months
Interest Rate	Initially 8.50% pa (fixed on Application)

Timetable

	Offer Period Opens	**Trading Commences on conditional and deferred settlement basis** (Anticipated)	**Trading Commences on normal basis** (anticipated)	**Offer Period Ends**	**Maturity Date**
VBA	8 December 2003	8 December 2003	16 December 2003	27 February 2004	24 June 2004

Note: The Offer Period will continue past the ASX listing date.

The Offer Period may be closed early by Macquarie.

The dates contained in this timetable are dictated by the indicative timetable on page 1 of the Virgin Blue Prospectus. With the consent of ASX, Macquarie may amend this timetable where another date has been released to the market.

Privacy Act 1998 – Collection Statement

If you complete the Application Form attached to this Offering Circular you will be supplying to Macquarie personal information. Macquarie will be bound by the Privacy Act 1998, as amended by the Privacy Amendment (Private Sector) Act 2000 ("the Privacy Act"), in relation to Macquarie's collection, holding, use, disclosure, management, access, correction and disposal of that information.

You should be aware that:

- You can contact us by phone, fax or email and request access to your information. In normal circumstances, we will give you full access to your information, however there may be some legal or administrative reason to deny you access, in which case we will tell you of our reason. Further, there may be some charge to give you full access where your request requires the compiling of information that has been archived or is significant in volume.
- Macquarie will use your personal information for the following purposes:
  - assessing your Application for the Instalments.
  - assessing the credit and other exposure that the Macquarie Bank Group has to you.
  - to keep and maintain a register of Holders.
  - marketing of products and services which are of a similar type as the Instalments.
  - to determine future product and business strategies and to develop its services.
  - to comply with all applicable regulatory or legal requirements (including the requirements of ASIC, ASX, ATO and AUSTRAC).
  - to communicate with you in relation to your Instalments and all transactions relating to your Instalments.
- Your personal information may be disclosed to other entities in the Macquarie Bank Group in carrying out the above uses. It may also be disclosed to any financial institution nominated by you in the Application Form or in a Direct Debit Form and may be disclosed to your stockbroker or licensed financial adviser.
- While the information we ask you to supply in the Application Form is not required by law, Macquarie may not be able to assess your Application if the information is not supplied.
- You can obtain a copy of Macquarie's privacy statement on **www.macquarie.com.au** or by requesting it from us.

Contents

Terminology

Macquarie Trading Instalments will be admitted to trading status by the ASX as warrants under the Warrant Rules in Section 8 of the ASX Business Rules. The terminology used in this Offering Circular and the Trust Deed varies from the terminology used in the Warrant Rules, as follows:

Macquarie Trading Instalment corresponds to *warrant*

HPO Exercise Price corresponds to *exercise price*

HPO Expiry Date corresponds to *expiry date*

HPO Exercise Notice corresponds to *exercise notice*

Terms corresponds to *Terms of Issue*

All defined terms are listed in Section 10 of this Offering Circular.

Offer Summary

Introduction

You should read the entire Offering Circular before applying for Macquarie Trading Instalments, as there are some important terms and conditions. In particular, you should take note of the risks outlined in Section 5. The following is only a brief summary of Macquarie Trading Instalments.

Macquarie Trading Instalments are a highly geared short term trading tool, that allow you to gain exposure to Share price movements and dividends without paying the full price of the Share. Macquarie Trading Instalments are being offered over one individual Australian Share.

Macquarie Trading Instalments may be suitable for traders and investors who have a strong short term positive view on the underlying Share and want to obtain the benefit from any Share price movement along with potential upcoming ordinary dividends. For traders, Macquarie Instalments provide the additional benefits of ordinary dividends that other trading warrants do not offer.

Unlike other series of Macquarie Instalments, Macquarie Trading Instalments DO NOT have a yearly reset feature and will expire on the Maturity Date (approximately 6 months from when the offer opens).

Who Can Apply?

Applications in the primary market may only be made by companies which are related bodies corporate of Macquarie. An Application Form for primary market applications for Macquarie Trading Instalments to be issued under this Offering Circular is attached. Applications may only be made on the Application Form attached to the complete and unaltered electronic Offering Circular dated 5 December 2003.

Investors can buy and sell Macquarie Trading Instalments on the ASX through their stockbroker, online or discount broker.

How to Buy and Sell Instalments

Traded on the ASX just like shares: To gain immediate access to Share price movements and potential dividends, Macquarie Trading Instalments can be purchased on the ASX through any stockbroker or online or discount broker. Buying Macquarie Trading Instalments on the ASX may also entitle holders to a tax deduction. Macquarie supports the market by providing buy and sell quotations for Macquarie Trading Instalments. Accordingly Macquarie Trading Instalments can be sold on the ASX at any time before the final Maturity Date. To trade Instalments you must complete a Warrant Client Agreement Form obtainable from any stockbroker. Issuance of the Macquarie Trading Instalments over Virgin Blue Shares is conditional upon trading in the Virgin Blue Shares becoming unconditional and the Virgin Blue Shares being issued and transferred to applicants under the Virgin Blue Prospectus.

Conditional trading on ASX: It is expected that the Virgin Blue Shares will commence quotation on ASX on or about Monday, 8 December 2003, initially on a conditional and deferred delivery basis. Conditional trading will continue until Virgin Blue advises the ASX that settlement has occurred. Normal delivery trading of the Virgin Blue is expected to commence on or about 16 December 2003. For more information, please refer to section 2.12 of the Virgin Blue Prospectus. Trading and settlement of trades in relation to Virgin Blue Trading Instalments is intended to mirror the trading and settlement of the Virgin Blue Shares.

Effect of conditional trading in Virgin Blue Trading Instalments: It is expected that the Virgin Blue Trading Instalments will be quoted on the ASX on or about Monday, 8 December 2003, upon the commencement of quotation on ASX of the Virgin Blue Shares. The terms and conditions for the Virgin Blue Shares are set out in the Virgin Blue Prospectus dated 10 November 2003. The contracts formed on acceptance of an Application for Virgin Blue Trading Instalments will be conditional upon trading in the Virgin Blue Shares becoming unconditional, by the date two weeks after conditional trading commences on ASX, and the Virgin Blue Shares being issued and transferred to applicants under the Virgin Blue Prospectus. No Virgin Blue Trading Instalments will be issued until such conditions are satisfied.

Trades of Virgin Blue Trading Instalments on ASX prior to the trading in the Virgin Blue Shares becoming unconditional and the Virgin Blue shares being issued and transferred to applicants under the Virgin Blue Prospectus will also be conditional.

The Virgin Blue Trading Instalments will trade on a deferred delivery basis until the Virgin Blue Shares trade on a normal basis, which is expected to be on or about 16 December 2003. The Instalments will also trade on a conditional basis until the Virgin Blue Shares cease to trade on a conditional basis. Once the Virgin Blue Shares are trading on a unconditional basis and the Virgin Blue Shares have been issued and transferred to applicants under the Virgin Blue Prospectus, Macquarie will issue the Virgin Blue Trading Instalments and trading of Virgin Blue Trading Instalments will then commence on an unconditional basis.

If trading of the Virgin Blue Shares has not become unconditional by the date two weeks after conditional trading commences on ASX, then all contracts arising on acceptance of an Application for Virgin Blue Trading Instalments will be cancelled and of no further effect and all application money will be refunded.

In these circumstances, all purchases and sales of Virgin Blue Trading Instalments made through ASX members during the conditional trading period will be cancelled and of no effect.

Applicants will be able to call 1300 855 080 to find out or confirm their allocations of Virgin blue Trading Instalments from 8 December 2003.

It is the responsibility of each applicant to confirm their holding before trading in Virgin Blue Trading Instalments. Applicants who sell Virgin Blue Trading Instalments before they receive an initial statement of holding do so at their own risk. Macquarie, the Security Trustee and the Registrar disclaim all liability, whether in negligenc or otherwise, to persons who sell Virgin Blue Trading Instalments before receiving their initial statement of holding.

Primary Market Applications: Applications for Macquarie Trading Instalments in the Primary Market may only be made by companies which are related bodies corporate of Macquarie.

Macquarie Trading Instalments compared to other Macquarie Instalments

Macquarie Trading Instalments are more highly geared than most other series of Macquarie Instalments. As a result, the Macquarie Trading Instalments have a lower First Payment and a higher Completion Payment than most other series of Macquarie Instalments. The Interest and Borrowing Fees for a Macquarie Trading Instalment will also be greater than for most other series of Macquarie Instalments. The Loan Amount for Macquarie Trading Instalments will not be reset on a annual basis and will expire on the Maturity Date as specified in Table 1 on page 6.

Features of Macquarie Trading Instalments

- High gearing level, around 80% of the underlying retail application price on the Issue Date (dependent on the Final Price of Virgin Blue Shares)
- Increased exposure to Share price movements
- Potential taxation benefits
- Easily traded on the ASX via any ASX Derivatives Accredited stockbroker or online or discount broker
- No Annual Reset feature and no rollover
- May be an Eligible investment for Self Managed Super Funds
- Optional Completion Payment
- Approx 6 month term

How Do Macquarie Trading Instalments Work?

First Payment	> > > > > >	Completion Payment
VARIABLE A portion of the current Share price (capital + interest + fees)	Full ordinary distributions Capital Gains & Losses Securities purchased and held on behalf of client	FIXED Remainder of original Share price

Pricing Macquarie Trading Instalments on the ASX

The First Payment - variable

The price of a Macquarie Trading Instalment on the ASX (for secondary market purchasers) will depend upon a number of factors including the price of the underlying Share or security, the volatility of that price, the time remaining to Maturity and prevailing interest rates. The effect of those factors on the price of an Instalment is demonstrated in the following table:

Variable	Change in Variable	Effect on Instalment Price
Underlying Share Price	↑	↑
Term to Maturity Date	↓	↓
Interest Rate	↑	↑
Share Price Volatility	↑	↑

The Completion Payment - fixed

The Completion Payment is not compulsory. You can choose to make the Completion Payment on Macquarie Trading Instalments at any time until and including Maturity. The Maturity Date for each series of Macquarie Trading Instalments is set out in Table 1 on page 6. The Completion Payment is equal to the Loan Amount and is initially fixed at the amounts set out in Table 1 on page 6.

What Happens At Maturity?

On the Maturity Date there are several alternatives available to you:

1. Deliver the Completion Notice, make the Completion Payment and receive the fully paid underlying Shares;
2. Exercise your Holder's Put Option and receive a payment equal to the difference between the Market Value of the underlying Shares and the Completion Payment; or
3. Sell the Macquarie Trading Instalments on the Australian Stock Exchange prior to Maturity.

If you do nothing at Maturity the underlying Shares will be sold and the sale proceeds, less the Completion Payment and fees incurred in the sale, will be paid to you.

Section 1. Introduction

This section contains a brief summary only of certain material features and risk factors relating to Macquarie Trading Instalments. Detailed information relating to the invitation to subscribe for Macquarie Trading Instalments can be found in the following sections of this Offering Circular. Potential investors should read the whole Offering Circular, including the summary of the Terms, before making any investment decision.

Macquarie Bank Limited ***(Macquarie)*** is inviting primary Applications for one Series of Macquarie Trading Instalments under this Offering Circular from related bodies corporate of Macquarie.

The particulars of the Macquarie Trading Instalments are set forth in the Summary Table of Macquarie Trading Instalments below. Macquarie Trading Instalments offered under this Offering Circular have been approved for admission to trading status by the ASX under the ASX Business Rules.

The initial issue size for each Series of Macquarie Trading Instalments is set out below. Macquarie reserves the right to increase the initial issue size at any time during the Offer Period or to issue further Macquarie Trading Instalments in each Series without the consent of Holders, subject to making a further application to ASX on the basis that new Macquarie Trading Instalments will form part of the same Series, will be issued on terms identical to those applying to existing Macquarie Trading Instalments of that Series, and will trade on the same basis under the same ASX code as existing Macquarie Trading Instalments of that Series.

Table 1: Summary table of Macquarie Trading Instalments

Stock Code	Issue Size (million)	Completion Payment	Maturity Date	Offer Period Opens
VBAIMT	5	$1.80	24 June 2004	8 December 2003

1.1 What Are Macquarie Trading Instalments?

Macquarie Trading Instalments issued under this Offering Circular provide a highly leveraged investment in Shares using a Loan made by Macquarie. During the term of the Macquarie Trading Instalments, Holders will be entitled to receive all of the ordinary dividends on the underlying Shares, and any capital gains or losses on those Shares. Special Dividends will be distributed in accordance with clause 1.9.

The application procedure is set out in more detail in Section 2 of this Offering Circular.

The following key terms apply:

- The Completion Payment is optional and will be equal to the Loan Amount;
- Holders can obtain the Underlying Parcels at any time before the Maturity Date by making the Completion Payment;
- The benefit of leveraged investment continues until Maturity;
- At Maturity if the Completion Payment is not made, and the Holder's Put Option is not exercised, the Underlying Parcels will be sold and any surplus from net proceeds after repayment of the Loan and costs will be paid to the Holder. If sale proceeds are insufficient to repay the Loan, Macquarie has no recourse against the Holder to recover the shortfall;
- Macquarie Trading Instalments can be traded on the ASX;
- Potential tax deductions for interest and fees paid on the Loan; and
- Holders remain entitled to receive 100% of ordinary dividends and franking credits, as well as any capital gains or losses on the Underlying Parcels during the term of the Macquarie Trading Instalments.

1.2 Comparison between Macquarie Trading Instalments and other Macquarie Instalments

Macquarie Trading Instalments differ from most other series of Instalments issued by Macquarie Bank in the amount of leverage they provide. Macquarie Trading Instalments are initially priced so that the Completion Payment or Loan Amount is equal to around 80% of the underlying Share price compared with around 40-70% for Macquarie Regular Instalments.

This means that the same dollar amount invested in Macquarie Trading Instalments will give investors more exposure to both favourable and adverse movements in the price of the underlying Shares than for less highly leveraged Macquarie Instalments.

Investors should also be aware that the costs (interest and Borrowing Fees) associated with Macquarie Trading Instalments are likely to be higher than for less highly leveraged Instalments due to the greater funding cost associated with the higher Loan Amount and the increased cost associated with the higher exercise price for the Holder's Put Option.

If investors choose to invest in Macquarie Trading Instalments they must be aware that if the underlying Share price remains static over the life of the Instalments, the value of their Macquarie Trading Instalment will fall over time at a greater rate than less highly leveraged Macquarie Instalments because the Macquarie Trading Instalments are more highly geared.

Another main difference between Macquarie Trading Instalments and other series of Macquarie Instalments is that the Trading Instalments DO NOT have an annual reset feature and no rollover will be offered at maturity. Upon a Maturity Date (approximately 6 months after the series offer opens) the Trading Instalments will expire and will not be reset. Holders should refer to section 1.6 as to options on discharging the loan.

1.3 Comparison with Instalment Receipts

It is important that investors understand that Macquarie Trading Instalments differ in several respects from the issue of Telstra 2 Instalment Receipts.

The major differences are:

- Holders of Macquarie Trading Instalments have no obligation to make the Completion Payment;
- Holders of Macquarie Trading Instalments cannot participate in the dividend reinvestment plans of the Listed Entities (i.e. underlying companies);
- Holders of Macquarie Trading Instalments cannot attend and speak at general meetings of the Listed Entities and cannot vote;
- Holders of Macquarie Trading Instalments do not automatically receive Annual Reports; and
- Holders of Macquarie Trading Instalments generally cannot accept any off-market buy-back offers made by the Listed Entity.

1.4 How Do Macquarie Trading Instalments Work?

Each successful Holder:

- will receive a Loan from Macquarie. The Loan Proceeds will be applied in the manner discussed in section 1.5;
- will retain the full Beneficial Interest in the Underlying Parcels which will be held by the Security Trustee on behalf of the Applicant;
- may repay the current Loan by making the Completion Payment and obtain the full legal title to the Underlying Parcel at any time. Repayment of the Loan is optional. An obligation arises only after a Completion Notice is given; and
- may sell the Underlying Parcel to Macquarie by exercising the Holder's Put Option at the greater of the prevailing Market Value and the amount of the Completion Payment.

Investors can opt to sell their Macquarie Trading Instalments on the ASX. Macquarie will support the secondary market by offering to buy Macquarie Trading Instalments on the ASX.

1.5 The Loan

The Loan Amount for each Series is fixed from the date of this Offering Circular until the Maturity Date of each Series (refer Table 1 on page 6). Macquarie is offering to make a Loan to successful Applicants and to Holders who acquire Macquarie Trading Instalments on the ASX, on a limited recourse basis, secured by a mortgage over the Underlying Parcels (which will be held by the Security Trustee as nominee for the Holder).

The Loan will be applied by Macquarie as follows:

- Loans to Applicants will be applied to the purchase of the Underlying Parcel and the prepayment of the Interest Amount and Borrowing Fees on the Loan.
- Loans to Holders who acquire Macquarie Trading Instalments on the ASX will be applied to satisfy part of the previous Holder's Loan Amount and to prepay interest in advance until the Maturity Date.

1.6 Loan Discharge

The Loan will be discharged by:

(a) repaying the existing Loan Amount (together with any Transfer tax) and having legal ownership of the Underlying Parcel transferred to you. Upon transfer of the Underlying Parcel to you, the Macquarie Trading Instalments will be cancelled;

(b) exercising the Holder's Put Option on the Maturity Date;

(c) Macquarie enforcing its Security Interest over the relevant Underlying Parcel; or

(d) selling the Macquarie Trading Instalments on the ASX prior to the Maturity Date.

1.7 Superannuation Investments

Superannuation entities, such as self managed superannuation funds and trustees of approved deposit funds and pooled superannuation trusts, are subject to restrictions on entering into borrowing arrangements and on the types of investments that can be made.

On 16 December 2002 the Australian Prudential Regulatory Authority ("APRA") and the Australian Tax Office ("ATO") (together "the Regulators") issued joint guidelines to superannuation entities investing in instalment warrants. The guidelines reaffirmed the ability of superannuation funds to invest in instalment warrants however stressed that a trustee must consider them in context of the funds' overall investment strategy, must ensure they are familiar with the risks involved, have adequate risk management procedures in place prior to making such investment and that they have disclosed to members details of the investment strategy.

Macquarie Instalments should be considered as a derivative instrument, and trustees will need to ensure that they have sufficient liquidity to pay the Completion Payment (or a considered approach in place to determine not to), and also to treat an investment in Macquarie Instalments as a full exposure to the relevant Shares for investment strategy reporting

Furthermore, the Regulators stated in the announcement that they have formed the view that an investment in instalment warrants by superannuation entities via a Shareholder Application is generally not appropriate as it is likely to contravene SIS Regulation 13.14 which prohibits trustees from giving a charge over assets of a fund. Consequently where Shareholder Applications are included in an Offering Circular, Macquarie will not accept such applications from superannuation entity applicants. This should not however, prohibit superannuation entities from acquiring Macquarie Instalments via a Cash Application or on the secondary market (ie purchase on

ASX).

Notwithstanding the contents of the guidelines or the SIS legislation, Trustees or superannuation entities should obtain their own advice as to whether instalment warrants are an appropriate investment.

1.8 Fees Paid to Financial Advisers

Macquarie may pay a placement fee for the Macquarie Trading Instalments to participating organisations of ASX (including Macquarie Entities) and other licensed dealers approved by Macquarie whose stamp appears on the relevant Application Form.

1.9 Share Benefit Plans, Buy-back Offers and Special Dividends

Potential Applicants should note that an investment in Macquarie Trading Instalments will not confer any benefits of, or entitle Holders to participate in, any plans conducted by a Listed Entity for the reinvestment of dividends (Dividend Reinvestment Plans) or any other plans of the Listed Entity for the investment or receipt of benefits in lieu of dividends including among other things, discount cards.

Potential Applicants should also note that the Trustee generally is obliged to reject any buy-back offers made by the Listed Entity.

Special Dividends declared by a Listed Entity are dealt with differently from ordinary dividends. Unlike ordinary dividends, which are received by the Security Trustee and then paid to Holders, the receipt of any Special Dividend will at the discretion of Macquarie be used to reduce the Completion Payment. The Completion Payment would be reduced by the amount of the Special Dividend net of any applicable withholding tax (which would be paid to the Commissioner of Taxation on behalf of the Holder).

1.10 Nominee Arrangements

Applicants appoint the Security Trustee as its nominee and the Security Trustee will hold the Underlying Parcels as bare trustee, subject to the Security Interest.

The Security Trustee will act in accordance with the provisions of the Nominee Deed and the Trust Deed.

1.11 Legal Documents

Macquarie has entered into the Trust Deed, which constitutes the Terms as that expression is used in this Offering Circular. A summary of the Terms is set out in Section 7 and a sample form of the Loan Agreement is set out in Section 11. Potential investors are encouraged to read the summary of the Terms, the Loan Agreement and the further details of the Nominee Deed before making any decision to invest.

1.12 Taxation Considerations

Macquarie does not provide taxation advice. As the taxation profile of each potential investor is different, each potential investor should seek their own independent taxation advice. In addition, potential investors who are natural persons and who do not conduct a business of trading or dealing in shares or other marketable securities may wish to refer to the Taxation Supplement prepared by Allens Arthur Robinson. In the interests of brevity the Taxation Supplement has been omitted from this Offering Circular. A copy of the Taxation Supplement is available on request by calling 1800 80 30 10 or may be found on the Macquarie Instalments website at **www.macquarie.com.au/instalments**.

The following paragraphs provide some information in relation to the deductibility of Interest Amounts, Borrowing Fees and the capital component of the purchase price. Comment is also made on the availability of franking credits in relation to a dividend paid on the underlying Share. The information is not a summary of the Taxation Supplement prepared by Allens Arthur Robinson. Nor does it constitute advice in relation to any investor.

Generally, the Interest Amounts and Borrowing Fees should (to the extent to which the fees don't relate to the cost of acquiring the Holder's Put Option) be deductible to Holders applying through the Offering Circular, provided that such amounts and fees are incurred in respect of moneys borrowed for use in producing assessable income (other than capital gains) or in carrying on business for that purpose. Holders acquiring Instalments by purchasing them on the ASX should also receive a deduction for the Interest Amount prepaid in relation to their Loan provided that the Macquarie Instalments are purchased in all circumstances with the intention of deriving assessable income (other than capital gains).

The tax treatment of the capital component of the purchase price and the Borrowing Fees (to the extent to which the fees don't relate to the cost of acquiring the Holder's Put Option) will depend upon the nature of the Macquarie Instalments in the hands of the Holder. If the Instalments are trading stock of the Holder, then the capital component of the purchase price and Borrowing Fees should be dealt with under the trading stock provisions of the Tax Act. If the Instalments are revenue assets of the Holder, then the capital component of the purchase price and the Borrowing Fees should be taken into account when calculating the amount of any assessable income or deductible loss upon the disposal of the Instalments. In other cases, the capital component of the purchase price and Borrowing fees should form part of the cost base of the Instalments and the cost base of the Holder's Put Options (if not exercised) respectively, for capital gains tax purposes.

A brief summary of the tax consequences for certain investors follows:

Offering Circular Applicants:

- Interest on the Loan to the Applicant should be tax deductible to the Applicant (subject to comments outlined below) if it is incurred in respect of moneys borrowed for use in producing assessable income (other than capital gains);
- Borrowing Fees, to the extent to which the fees don't relate to the cost of acquiring the Holder's Put Option, should also be deductible to the Applicant if they too are incurred in respect of moneys borrowed for use in producing assessable income (other than capital gains);
- The tax treatment of the capital component of the purchase price and the Borrowing Fees (to the extent to which the fees don't relate to the

cost of acquiring the Holder's Put Option) will depend upon the nature of the Instalments in the hands of the Holder. The amounts could fall within the trading stock provisions or the general assessing provisions or the capital gains tax provisions of the Tax Act;

- Holders will receive an effective "refund" of a portion of their interest prepayment (relating to the unexpired term of the Loan) if the Instalments are sold prior to the Maturity Date (such refund being assessable to the Applicant to the extent that a tax deduction for Interest was previously available to the Applicant);
- Borrowing Fees are non-refundable;
- Break Costs are likely to form part of the cost base of the Instalments (where paid by the Holder) or form part of the capital proceeds from sale (where received by the Holder) for capital gains tax purposes unless the Instalments are trading stock or revenue assets of the Applicant. In the latter case, the Break Costs should be either deductible or assessable.

On-market Purchasers (through ASX):

- Interest on the Loan to the Purchaser should be tax deductible to the Purchaser (subject to comments outlined below, in the year in which it is paid) if it is incurred in respect of moneys borrowed for use in producing assessable income (other than capital gains);
- The tax treatment of the balance of the purchase price will depend upon the nature of the Instalments in the hands of the Purchaser. The purchase price could fall within the trading stock provisions or the general assessing provisions or the capital gains tax provisions of the Tax Act;
- Holders will receive an effective "refund" of a portion of their interest prepayment (relating to the unexpired term of the Loan) if the Instalments are sold prior to the Maturity Date (such refund being assessable to the Holder to the extent that a tax deduction for Interest was previously available to the Holder);
- The balance of the purchase price includes a Borrowing Fee which relates to the cost of acquiring the Holder's Put Option. The Taxation Supplement contains a method for calculating the amount of this Borrowing fee;
- Break Costs are likely to form part of the cost base of the Instalments (where paid by the Holder) or form part of the capital proceeds from sale (where received by the Holder) for capital gains tax purposes unless the Instalments are trading stock or revenue assets of the Applicant. In the latter case, the Break Costs should be either deductible or assessable.

Interest Deductibility

The Loan Amount includes an amount of prepaid interest. Provided that the interest is incurred for the purpose of producing assessable income (other than capital gains), it should generally be tax deductible. Where the circumstances in which a particular Holder acquires and disposes of an Instalment (such as the amount of interest compared with the expected dividend income and the period for which the Instalment is held and whether completion occurs or not) suggest that the Holder's purpose in incurring the interest expense is to obtain a tax deduction, interest deductibility may be denied by the Commissioner of Taxation.

The prepayment rules may affect the ability of certain Holders of Macquarie High Yield Instalments to claim deductions for interest prepayments. Broadly speaking, these rules shouldn't impact individuals (except to the extent that the restrictions on prepayments apply on a 12 month basis and not 13). Generally, non-individuals (including self managed superannuation funds), some individuals who carry on a business and individuals prepaying interest for a period greater than 12 months will, however, be required to spread any interest deductions for prepayments over the entire Interest Period.

Franking Credits

A Holder who is not a "qualified person" in relation to a dividend paid on the underlying Share will be denied the benefit of any franking credits attached to the dividend. The Holder will be a qualified person if they satisfy the "related payments" rule and the "holding period" rule (or alternative rules). The holding period rule requires the investor to have held the Share or interest in the Share continuously for more than 45 days "at-risk", that is, without a material diminution of risk. The related payments rule requires the investor to have held the Share or interest in the Share continuously for more than 45 days "at-risk" within a qualification period around the ex-dividend day or requires the investor to not make a related payment in respect of the dividend which would pass the benefit of the dividend to other persons. Investors should seek independent taxation advice before lodging a tax return claiming the benefit of any franking credits attached to a dividend.

1.13 Tax Calculator

Investors who have purchased Macquarie Trading Instalments through the ASX should refer to the Instalments Tax Calculator on our website at **www.macquarie.com.au/warrants** to determine the components of their Instalment.

Section 2. How to Apply - Details of the Offer

2.1 Applications

Applications in the primary market for Macquarie Trading Instalments may only be made by companies which are related bodies corporate of Macquarie. An Application Form in respect of Macquarie Trading Instalments to be issued under this Offering Circular is attached.

2.2 Effect of Application

By submitting an Application to Macquarie (whether oral or in writing) and lodging a completed Application Form an Applicant will:

(a) apply for a Loan from Macquarie;

(b) subscribe for new Macquarie Trading Instalments to which the Application relates;

(c) appoint Belike Nominees Pty Limited as nominee in respect of the Shares held by or for the Applicant to which the Application relates; and

(d) acknowledge that Belike Nominees Pty Limited will grant an equitable mortgage over the Underlying Parcels transferred to Belike Nominees Pty Limited as a result of the acceptance of an Application.

2.3 Power of Attorney

By signing the power of attorney an Applicant will appoint certain directors and employees of Macquarie as the Applicant's attorney to sign the Loan Agreement (or any subsequent Loan Agreement relating to an application for a future series of Macquarie Instalments) on behalf of the Applicant (and give those persons power to appoint a sub-attorney).

2.4 Acceptance of Applications

Acceptance of an Application occurs at the earlier of, either:

(a) Macquarie and the Applicant (by its attorney) executing the Loan Agreement under which Macquarie agrees to lend the amount of the Loan specified for the relevant Series of Macquarie Trading Instalments to the Applicant and Macquarie instructing the Registrar to register the issue of the Macquarie Instalments. (The Loan Amount will be the amount specified for the relevant Series in Section 1, Table 1: "Summary Table of Macquarie Trading Instalments", multiplied by the number of Instalments for which the Application is accepted); or

(b) Macquarie communicating to the Applicant (or their agent) its agreement to procure the delivery to the Security Trustee of the Securities comprised in the Underlying Parcels the subject of Macquarie's acceptance, such communication being deemed to have occurred upon Macquarie advising the Applicant (or their agent) of their Application Number whether by mail or otherwise. If Macquarie gives such advice by mail it will be taken to have been given on posting of the advice.

Macquarie may reject any Application in its absolute discretion. Macquarie may also accept Applications for less than the specified minimum subscription in its absolute discretion.

2.5 Procedure Following Acceptance of Applications

Upon Acceptance of an Application, the Underlying Parcel will become subject to the Security Interest (an equitable mortgage). Macquarie will then issue Macquarie Trading Instalments to the Applicant.

Macquarie's Acceptance of an Application is conditional upon the Virgin Blue Shares trading on an unconditional basis within two weeks after conditional trading of Virgin Blue Shares commences on ASX. Please refer to Section 6.3 of this Offering Circular for more information.

2.6 Consequences of Acceptance

Following Acceptance of an Application the Security Interest will be granted over all of the Underlying Parcels transferred or to be transferred to the Security Trustee. The Security Interest secures the amount outstanding under the Loan.

The procedure by which Underlying Parcels will be transferred to the Security Trustee is that Macquarie will acquire the relevant number of Underlying Parcels on behalf of the Applicant, using the First Payment and a portion of the Loan Proceeds and will deliver those Underlying Parcels to the Security Trustee.

2.7 Purchase of Macquarie Trading Instalments on the ASX

Macquarie Trading Instalments may be acquired by placing an order through your ASX stockbroker or financial adviser. When you acquire a Macquarie Trading Instalment through the ASX you agree to be bound by the terms and conditions under which they have been issued. In addition you will be offered and deemed to have accepted a loan by transferring the Macquarie Trading Instalments from the previous owner to yourself. The loan provided by Macquarie will be equal to the previous owners loan and will be applied:

- to partially discharge the previous owners loan; and
- to prepay the Interest Amount on your loan to the Maturity Date.

Once the transfer has been registered you will be entitled to the Macquarie Trading Instalments and obtain the full beneficial interest in the Underlying Parcel. You may also be entitled to a tax deduction for the Interest Amount paid, please refer to Section 4 Taxation Considerations for more information.

Section 3. Details of Issue

This Section is a summary of the important features of Macquarie Trading Instalments. A summary of the Trust Deed, which comprises the Terms of the Macquarie Trading Instalments, is set out in Section 7. Potential Applicants must read and understand the Terms before applying for Macquarie Trading Instalments. Further, in providing Macquarie Trading Instalments, Macquarie does not provide investment advice to potential Applicants and its is recommended that potential Applicants obtain professional advice which takes into account their particular investment needs objectives and financial circumstances. In the event of any inconsistency between this summary and the Terms, the Terms will prevail.

3.1 Introduction

Macquarie Trading Instalments are investment products offered by Macquarie to enable investors to purchase Shares by paying the purchase price in two instalments.

Macquarie Trading Instalments have been admitted to trading status on the ASX as warrants under the Warrant Rules contained in Section 8 of the ASX Business Rules.

The Terms of Macquarie Trading Instalments differ in several respects from the terms of other Series of instalments issued by Macquarie Bank Limited and other issuers.

3.2 Pricing and Transfer

Before purchasing Macquarie Trading Instalments potential investors should understand the terms of issue and costs of an investment in Macquarie Trading Instalments. Investors should consult their stockbroker or financial adviser if they are uncertain as to the terms of issue and level of costs.

Setting the purchase price of Macquarie Trading Instalments

This Offering Circular does not specify the purchase price for each series of Macquarie Trading Instalments issued under this Offering Circular. This is because the purchase price on the ASX is determined by reference to a number of variable factors as at the time of purchase, including the market price of the relevant Shares, the volatility of that price and the time to expiry of the Macquarie Trading Instalments. The amount of the purchase price on the ASX will vary accordingly from time to time, including within any day, during the term of the Trading Instalments.

Potential Holders can obtain the current purchase price and the applicable Interest Rate at any time by telephoning their stockbroker or financial adviser, or by telephoning Macquarie on 1800 80 30 10.

Transfers

Transfers of Macquarie Trading Instalments will be effected on-market on SEATS through the parties' stockbrokers in accordance with the ASX Business Rules and the Terms, subject to at least a minimum Marketable Parcel being transferred.

Each transfer of Macquarie Trading Instalments will also transfer the Beneficial Interest of the Holder in the Underlying Parcels to the Transferee, subject to the Security Interest. The Transferee will upon transfer drawdown a loan from Macquarie with the funds being used to:

- discharge part of the Transferor's loan; and
- prepay interest on the loan from the draw down date to the Maturity Date.

The amount of the Loan for each Series of Macquarie Trading Instalments is fixed at the amount specified in Section 1, Table 1: "Summary Table of Macquarie Trading Instalments". The amount of each Loan will not vary, irrespective of the date on which the Macquarie Trading Instalments are purchased.

Depending on the difference between the Interest Rates applying on the Transferor's and Transferee's Loans a Break Cost will be payable either by Macquarie to the Transferor or to Macquarie by the Transferor. If the Break Cost is payable to the Transferor it will be applied against part of the Transferor's Loan. If the Break Cost is payable by the Transferor it will be added to the Transferor's Loan.

The interest calculations are as follows:

$I = (R\% \times L \times (D - D1)/365)$

where:

I	=	Interest Amount, prepaid at time of purchase;
R	=	Interest Rate, applicable to new Macquarie Trading Instalments;
L	=	Loan Amount;
D	=	Maturity Date;
D1	=	Effective Date

Examples of Calculations: Purchase Macquarie Trading Instalments on ASX

On 9 February 2004 an investor purchases a VBAIMT Macquarie Trading Instalment on the ASX. The Interest Rate as published by Macquarie applicable to the VBAIMT Instalment is 9.00% p.a. The seller in this case had prepaid interest at 8.50% p.a. and the Loan Amount for VBAIMT is $1.80.

The refund of interest to the seller is calculated as follows:

IR	=	L x I x (D - D1)/365
	=	$1.80 x 8.50% x 136/365
	=	$0.057

The interest prepaid by the purchaser would be:

IP	=	L x I x (D – D1)/365
	=	$1.80x 9.00% x 136/365
	=	$0.060

and Break Costs would be payable by Macquarie to the seller calculated as follows:

$$
\begin{aligned}
BC &= IP - IR \\
&= \$0.060 - \$0.057 \\
&= \$0.003
\end{aligned}
$$

On the purchase date, the purchaser is deemed to draw down a loan equal to the Completion Payment of $1.80. From the Loan Proceeds, $0.060 is paid to Macquarie as a prepayment of interest and the remainder of $1.74 is applied to repayment of the sellers Loan. The refund of interest to the seller ($0.057) plus the Break Cost ($0.003) are applied to repayment of the balance of the sellers Loan of $1.80.

3.3 The Completion Payment

The Completion Payment in respect of each Series of Macquarie Trading Instalments is fixed and equal to the amount of the Loan for that Series, subject to adjustment in accordance with the terms of the Trust Deed and Loan Agreement.

3.4 Setting the HPO Exercise Price

The price payable by Macquarie on exercise of the Holder's Put Option (the HPO Exercise Price) is determined as the greater of the Market Value of the Underlying Parcels, or the Completion Payment amount for the relevant Series Macquarie Trading Instalments.

The Market Value of the Underlying Parcels is defined in clauses 13.11 and 13.12 of the Trust Deed but in summary it is calculated using a Weighted Average Sale Price in the last two hours of trading on the Maturity Date.

3.5 Stamp Duty

No stamp duty is payable in connection with the Security Interest or the Loan.

3.6 No Voting Rights

The Holders of Macquarie Trading Instalments are not entitled to receive any annual reports or notices of meetings of the relevant Listed Entity or attend or speak or vote at any meeting of members (or class of members) of the Company.

The Security Trustee shall not cast any vote in respect of any Underlying Parcels at any meetings of members (or class of members) of the Listed Entity either in its own right or on behalf of Holders.

3.7 Payment of Ordinary Dividends

Subject to relevant Tax File Number and closely held trust obligations, the Security Trustee is required to pass on ordinary cash dividends received on Underlying Parcels to Holders as soon as is reasonably practicable after receipt of the dividend in cleared funds from the Listed Entity. The Security Trustee must provide information concerning any franking credit, dividend rebate or other tax benefit to the extent permitted by the Tax Act.

Holders are not entitled to participate in dividend reinvestment plans or other share plans of Listed Entities in respect of Underlying Parcels in which they have a Beneficial Interest.

Other Accretions to Shares comprised in Underlying Parcels will not be distributed but will form part of the
11
Underlying Parcel, subject to the Security Interest.

12 ecial Dividends declared by a Listed Entity are dealt with differently from that of ordinary dividends. Unlike ordinary dividends, which are received by the Security Trustee and then paid to Holders, the receipt of any Special Dividend will at the discretion of Macquarie be used to reduce the Completion Payment. The Completion Payment would be reduced by the amount of the Special Dividend net of withholding tax (which would be paid to the Commissioner of Taxation on behalf of the Holder).

Each Holder warrants to the Security Trustee that a Macquarie Trading Instalment is not held by the Holder in their capacity as a trustee of a trust estate unless notified to the Registrar in accordance with the Terms of the Trust Deed.

3.8 Maturity Date

Macquarie Trading Instalments offered by this Offering Circular will expire on the Maturity Date specified for the relevant Series in Section1, Table 1: "Summary Table of Macquarie Trading Instalments". Potential investors should note, however, that the Maturity Date for Macquarie Trading Instalments may be brought forward if there is an Extraordinary Event such as the announcement of a takeover offer or intention to enter into a scheme of arrangement in relation to the underlying Shares or in other circumstances permitted by the Trust Deed.

Macquarie will refund a pro-rata portion of the interest if the Maturity Date is brought forward due to an Extraordinary Event. The amount of interest refunded to Holders will be calculated so that the net amount paid by Holders to complete the Macquarie Trading Instalment will be equal to the present value of the Completion Payment (ie an amount lower than the original Completion Payment), discounted from the Maturity Date at a rate of interest equal to the interest rate swap rate or BBSW Rate for the relevant maturity, plus 1%.

There is no refund of interest if the Completion Payment is made early by the Holder for any reason other than the circumstances described in this Section 3.9.

3.9 Completion Payment Notices

Investors should be aware that if a Holder delivers a valid Completion Payment Notice to Macquarie during the Deferred Settlement Period relating to Shares comprised in relevant Underlying Parcels, that Completion Payment Notice shall be deemed to be given at (but not earlier than) the cessation of the relevant Deferred Settlement Period. Therefore, if a valid Completion Payment Notice is given and Macquarie receives the Completion Payment in cleared funds during the Deferred Settlement Period, Macquarie is not required to procure the transfer of the relevant Share until after the cessation of the Deferred Settlement Period.

Holders of Macquarie Trading Instalments have the right (but are not obliged) to give a Completion Payment Notice. However, once given, a Completion Payment

Notice is irrevocable and the Holder is obliged to make the Completion Payment. A Holder who wishes to give a Completion Payment Notice and make the Completion Payment in relation to Macquarie Trading Instalments must lodge with Macquarie not later than 6.00 pm on the Maturity Date:

(a) a duly completed Completion Payment Notice for the particular Macquarie Trading Instalments; and

(b) payment of the relevant Completion Payment amount, by cheque made payable to "Macquarie Bank Limited".

The Completion Payment Notice becomes effective at 6.00 pm on the date the Completion Payment is cleared. If the Completion Payment Notice is signed by a person who is not the Holder it becomes effective at the later of this time and the time the person who signed it becomes the Holder. However, if the person who signed does not become the Holder by the end of the seventh Business Day after the Maturity Date, the Completion Payment Notice is ineffective.

Once the Completion Payment Notice becomes effective, the Security Interest is discharged, and the Security Trustee is obliged to transfer the relevant Underlying Parcels to the Holder, absolutely, and cancel the relevant Macquarie Trading Instalment.

If the amount of money supplied with a Completion Payment Notice is less than the total of the Completion Payment for all Macquarie Trading Instalments covered by the Completion Payment Notice, the Completion Payment Notice is treated as only relating to the number of Macquarie Trading Instalments for which the money actually received is sufficient. Where the Holder attempted to but did not give a valid Completion Payment Notice because of an insufficiency of the monies supplied with the Completion Payment Notice (or for any other reason) Macquarie will treat the Completion Payment Notice as revoked to the extent of the insufficiency.

To take account of the fact that trading in Macquarie Trading Instalments may continue until 4.15 p.m. on the relevant Maturity Date (the Closing Time for giving Completion Payment Notices being 6.00 p.m. on that date) so that purchasers may not be registered as at the Closing Time, provision is included in the Terms to allow a person who claims to be entitled to be registered as the Holder of Macquarie Trading Instalments up to that time, to give a Completion Payment Notice, which will be recognised as valid and effective provided that the person concerned is registered as the Holder before the Business Day which is 6 Business Days after the relevant Maturity Date (or the earlier date on which the Completion Payment is made), and provided that no other Completion Payment Notice is given in respect of the same Macquarie Trading Instalment, by a person who, to the knowledge or in the reasonable opinion of Macquarie, became entitled to be registered prior to the Closing Time but later in time than the person who gave the notice.

The number and/or class of Shares the subject of a Macquarie Trading Instalment may vary where there has been a bonus or rights issue, a cash return of capital involving a share buy-back or a capital reconstruction. The Completion Payment may also be varied automatically where there has been a return of capital or a call is made upon any of the Shares making up an Underlying Parcel.

If the Holder gives a valid Completion Payment Notice and makes the Completion Payment the Holder has done everything necessary under its agreement with Macquarie to obtain the full unencumbered legal interest in the Underlying Parcels, and the Security Interest is discharged and the legal title to the Shares will be transferred by the Security Trustee to the Holder accordingly.

3.10 Holder's Put Option

Holders of Macquarie Trading Instalments have the right (but not the obligation) to sell (or put) the Underlying Parcel to Macquarie for the HPO Exercise Price, on the Maturity Date, by giving an HPO Exercise Notice by 12.00pm on the relevant Maturity Date.

An HPO Exercise Notice, once given, is irrevocable.

The HPO Exercise Price is an amount equal to the greater of the Market Value and the Completion Payment. A Holder who exercises the Holder's Put Option directs the Security Trustee to transfer the Underlying Parcel to Macquarie and Macquarie acquires the entire right, title and interest of the Holder in each relevant Underlying Parcel for the HPO Exercise Price. When the Holder's Put Option is exercised, Macquarie will apply the HPO Exercise Price first to repay the Loan and any other Secured Monies (and thereby discharge the Security Interest). The balance remaining (if any) is paid to the Holder and the Macquarie Trading Instalment is cancelled.

If, for any reason, Macquarie is legally prohibited from acquiring Shares on exercise of the Holder's Put Option, Macquarie will advise the Holder who is deemed to appoint the Broker to sell the Shares on behalf of the Holder and remit the proceeds to Macquarie. Macquarie remains obliged to pay the HPO Exercise Price (less the Secured Monies) to the Holder.

The terms and conditions of the Holder's Put Option are set out in the Terms.

3.11 Failure to pay the Completion Payment or Exercise the Holder's Put Option

If the Holder of a Macquarie Trading Instalment does not give a valid Completion Payment Notice by 6.00 pm on the Maturity Date, or gives a valid Completion Payment Notice and the Completion Payment is not made or not cleared within 6 Business Days after the Maturity Date (or the earlier date on which the Completion Payment is made), and the Holder does not exercise the Holder's Put Option, Macquarie has the right to sell the Underlying Parcels by exercising its power of sale pursuant to the Security Interest. The proceeds of sale will be applied in accordance with the Order of Payment. The Security Interest is discharged and the Macquarie Trading Instalment is cancelled upon the sale of the Underlying Parcels.

In these circumstances, the Holder is entitled to receive the greater of:

(a) the proceeds of sale of the Underlying Parcel received by Macquarie less the Completion Payment, the costs of sale, and any other Secured Monies; or

(b) an Assessed Value Payment calculated in accordance with clause 13.9 of the Trust Deed.

3.12 Contractual Rights to Payment if the Security Trustee Defaults

If after a effective Completion Payment Notice has been given in respect of Macquarie Trading Instalments and the Security Trustee fails to procure delivery of the Underlying Parcels to any exercising Holder, Macquarie is obliged to pay to that Holder an amount (the Liquidated Damages Amount) calculated in accordance with the formula set out in the Terms), referable to the value of the Underlying Parcels not delivered as required by the Terms. If this provision applies, the Security Trustee will transfer the Shares to Macquarie and Macquarie is under no further obligation to procure delivery of the relevant Shares.

Under the Terms, the amount for each Macquarie Trading Instalment to be paid by Macquarie under these conditions is equal to 1.1 times the Market Value of the Underlying Parcels, which is the Weighted Average Sale Price of Shares on the stock market conducted by ASX on the 5 Business Days following the date the Completion Payment Notice was given.

3.13 Variation of Terms

The Maturity Date of a Series shall not be amended except in the case of an Extraordinary Event.

The Completion Payment and the Underlying Parcel will be varied in the event of returns of capital, rights and bonus issues and other reconstructions in relation to Shares in accordance with the Terms.

The Completion Payment will also be varied in the event of a reconstruction of the relevant Series, in accordance with the Terms.

Other variations are possible in two circumstances:

(1) where the change is necessary or desirable to comply with any statutory or other legal requirements or any requirement of ASX; and

(2) where the terms of the change are authorised by a resolution of Holders.

Such a resolution is passed only where Macquarie:

- notifies every Holder of the proposed change;
- supplies the Holder with a document setting out the reasons for, and any advantages and disadvantages of, the changes proposed; and
- supplies the Holder with a ballot paper allowing the Holder to vote for or against the change.

A resolution varying the Terms in respect of a Series is only passed if it is approved by the Holders of 75% of the relevant Series who cast votes (being Holders that are not Macquarie or its Associates).

The votes will be validated and checked by Macquarie's auditors. Each Holder will have one vote for each Macquarie Trading Instalment held. The voting period may not be less than 20 Business Days from dispatch of the last notice of proposed change to a Holder. No ballot can be requisitioned by Holders.

Where Macquarie Trading Instalments are held by Macquarie or its associate as trustee or nominee for a Holder, Macquarie or its associate will only cast a vote in respect of each Macquarie Trading Instalment so held, in the manner directed by the Holder.

3.14 Register

Macquarie will arrange (at its cost) for a register of Holders of each Series of Macquarie Trading Instalments to be established and maintained at the offices of Computershare Investor Services Pty Ltd (see Directory on the back cover) in Sydney. The Register will be open during business hours for inspection by any Holder or authorised representative or any member of the Listed Entities.

As the Macquarie Trading Instalments will be CHESS Approved Securities a CHESS sub-register and an Issuer Sponsored Sub-register of Holdings will be established in respect of each Series of Macquarie Trading Instalments.

3.15 Securities Lending

The Security Trustee may lend Underlying Parcels to Macquarie group companies where the borrower is the Holder of the corresponding Macquarie Trading Instalments. The Holder may not give a Completion Payment Notice during the period of the Loan.

3.16 The Trusts

The Security Trustee will hold each Underlying Parcel under a Separate Trust for the Holders of Macquarie Trading Instalments.

Macquarie has not guaranteed the performance by the Security Trustee of its obligations under the Nominee Deed or the Trust Deed. The Security Trustee has not been involved in the preparation of, has not authorised or caused the issue of, and takes no responsibility for, this Offering Circular. In particular, the Security Trustee makes no representation as to the accuracy or completeness of the contents of this Offering Circular. The Trust Deed sets out the obligations of the Security Trustee and includes a range of provisions limiting responsibilities and liabilities of the Security Trustee. The role of the Security Trustee and these limiting provisions are summarised in Section 7, particularly Section 7.32.

Holders may inspect the Trust Deed at the offices of Macquarie and may make a written request to Macquarie for a copy of the Trust Deed without charge. Other persons may also inspect and obtain copies of the Trust Deed from Macquarie for a fee of $10 per copy.

3.17 Form of Holding

The Macquarie Trading Instalments will be held in uncertificated form and no certificates will be issued. The Macquarie Trading Instalments will be noted in the Register of Macquarie Trading Instalments for each Series maintained by Computershare Investor Services Pty Ltd.

Section 4. Taxation Considerations

Macquarie does not provide taxation advice. As the taxation profile of each potential investor is different, each potential investor should seek their own independent taxation advice. In addition, potential investors who are natural persons and who do not conduct a business of trading or dealing in shares or other marketable securities may wish to refer to the Taxation Supplement prepared by Allens Arthur Robinson. In the interests of brevity the Taxation Supplement has been omitted from this Offering Circular. A copy of the Taxation Supplement is available on request by calling 1800 80 30 10 or may be found on the Macquarie Instalments website at **www.macquarie.com.au/warrants**

Section 5. Risk Factors

Investing in Macquarie Trading Instalments is speculative, with returns received depending on a number of variable factors. All investments involve varying degrees of risk. In evaluating the merits and suitability of an investment in Macquarie Trading Instalments, careful consideration should be given to the risks inherent in Macquarie Trading Instalments. This section does not purport to be a comprehensive summary of all the risks associated with an investment in Macquarie Trading Instalments but highlights particular risks that Macquarie wishes to encourage prospective investors to consider in detail and discuss with their professional advisers.

5.1 National Guarantee Fund - not a Guarantor in all cases

Claims against the National Guarantee Fund may only be made in respect of secondary trading in Macquarie Trading Instalments between brokers on the ASX stock market and cannot be made in relation to the primary issue of Macquarie Trading Instalments by Macquarie or settlement obligations of Macquarie arising from the giving of Completion Payment Notices or the expiry of Macquarie Trading Instalments.

The capacity of Macquarie and the Security Trustee to settle all outstanding Macquarie Trading Instalments is not guaranteed by the ASX, the National Guarantee Fund or the Options Clearing House.

5.2 Obligations of Macquarie

Macquarie will seek to ensure that it will meet its obligations to procure the transfer of the Underlying Parcels to Holders who give Completion Payment Notices and make the Completion Payment. Macquarie will pay the HPO Exercise Price less the Completion Payment amount to each Holder who exercises the Holder's Put Option.

The value of the Macquarie Trading Instalments depends upon the ability of Macquarie to fulfil its obligations under the Terms. If a Completion Payment Notice is not given in respect of Macquarie Trading Instalments, or is given but the Completion Payment is not made, and the Holder's Put Option is not exercised, then Macquarie will exercise its power of sale under the Security Interest and dispose of the Underlying Parcel. Depending on the amount of the proceeds of sale a further amount may be payable by Macquarie in cash. Macquarie makes no representation and gives no undertaking that the proceeds of sale will correspond to the value of the Share if a Completion Payment Notice had been given and the Completion Payment had been made. The amount that will be paid to the Holder will be the greater of:

(a) the proceeds of sale less the amount of the Completion Payment and the costs of sale incurred by Macquarie; and

(b) the Assessed Value Payment.

The amount is determined in the manner described in Section 3.12 and has no other relationship to the value of the relevant Shares than appears from the formula.

These obligations are not deposit liabilities of Macquarie, and they are not guaranteed by any other party. They are unsecured contractual obligations of Macquarie which will rank equally with Macquarie's other unsecured contractual obligations and with its unsecured debt other than liabilities mandatorily preferred by law. In this regard section 13A(3) of the Banking Act 1959 provides that in the event of Macquarie becoming unable to meet its obligations the assets of Macquarie in Australia shall be available to meet its deposit liabilities in Australia in priority to all other liabilities of Macquarie (which include the obligations of Macquarie under the Macquarie Trading Instalments).

Investors must make their own assessment of the ability of Macquarie to meet its obligations.

5.3 Registration Procedures and Completion Notices

Investors should note that a Completion Payment Notice is only effective under the Terms if given by the Holder, or a person who in respect of the Maturity Date becomes the Holder before the Business Day which is 6 Business Days after the Maturity Date. In the latter case the Terms require that the person who has given the Completion Payment Notice be registered as the Holder no later than the sixth Business Day after the Maturity Date. Investors who acquire Macquarie Trading Instalments and wish to give a Completion Payment Notice should ensure that their stockbroker makes appropriate arrangements to ensure the Investor becomes the Holder of the Macquarie Trading Instalment within the required time and that the Completion Payment Notice is delivered to Macquarie by 6.00 pm on the Maturity Date. Investors should note that under the Terms there is a risk that a Completion Payment Notice will be ineffective if another Completion Payment Notice is given in respect of the same Macquarie Trading Instalment by a person who became entitled to be registered as Holder of that Macquarie Trading Instalment later than the person who gave the first Completion Payment Notice.

5.4 Takeover Offers

If an announcement of an intention to make a takeover offer for Shares is made, the Maturity Date may at Macquarie's discretion (with the consent of ASX) be brought forward by Macquarie which may enable Holders to participate in the offer. While in many cases this will mean that provisions of the Corporations Act 2001 will entitle the exercising Holder to accept a takeover offer made for the relevant Shares, the terms of the particular offer and the provisions of that Law may mean that Shares acquired by the Holder are not subject to the takeover.

Macquarie gives no guarantee or assurance that Shares acquired by a Holder as a result of giving a Completion

Payment Notice will be able to participate in any takeover offer for Shares. Neither Macquarie nor the Security Trustee undertakes to deliver anything other than Shares in accordance with the Terms and, in particular, will not accept any takeover offer on behalf of any exercising Holder. Compulsory acquisition could follow the conclusion of a successful takeover offer and, in that case, proceeds after payment of fees and the Completion Payment amount may be payable to the Holder, and the Macquarie Trading Instalments will lapse.

Investors should note that if a takeover offer is made for Shares at a price which is less than the Completion Payment, the Macquarie Trading Instalments may become worthless.

5.5 Buy-backs

Investors should note that if a buy-back offer is made in relation to Shares comprised in an Underlying Parcel, the Security Trustee is obliged to reject the buy-back offer, and shall not be bound to give any notification of the buy-back to a Holder unless Macquarie, in its absolute discretion, advises Holders of the offer and offers them the right to participate in it and such Holders have directed Macquarie to accept the offer.

5.6 Early Maturity Date and Lapse of Macquarie Trading Instalments

The Maturity Date for any Series may be brought forward on the occurrence of an Extraordinary Event. An event may be nominated by Macquarie with the consent of ASX as an Extraordinary Event if it is, or may result in the de-listing, withdrawal of trading status or suspension of the relevant Shares or Macquarie Trading Instalments or if a Trust Tax Change occurs or is expected to occur. Macquarie Trading Instalments will automatically lapse if the relevant Shares become the subject of compulsory acquisition under Chapter 6A of the Corporations Act 2001 or another legal procedure (such as certain schemes of arrangement) and the Security Trustee may be obliged to account to the Holder for benefits received as a result. (See clauses 16 and 18 of the Terms) .

Any Macquarie Trading Instalment for which a Completion Payment Notice is not given by the Holder (or by a person who becomes registered as the Holder before the Business Day which is 6 Business Days after the relevant Maturity Date) by 6.00 p.m. on the relevant Maturity Date will lapse automatically. In any of these cases the Holder may be entitled in certain circumstances to a payment.

5.7 Trust Tax Change

In the event of a Trust Tax Change only, Macquarie with the consent of ASX, may take such actions as may be appropriate in the circumstances and shall give written notice of its decisions to take such actions within 10 Business Days of so deciding. The Security Trustee and each Holder agree to provide any necessary co-operation to effect such result.

5.8 Exercise of Discretion by Macquarie

Investors should note that a number of provisions of the Terms confer discretions on Macquarie which could affect the value of the Macquarie Trading Instalments. These include the powers to bring the Maturity Date forward, to nominate Extraordinary Events (clause 12 of the Terms), to determine whether rights offered have value and to vary the adjustments contemplated in the Terms.

Holders do not have the power to direct Macquarie concerning the exercise of any discretion. However, in to many of these discretions, Macquarie may only exercise those discretions with the consent of ASX, unless that consent is unreasonably withheld or delayed.

5.9 Factors Affecting the Value of Macquarie Trading Instalments

The value at which a Macquarie Trading Instalment may be bought or sold on ASX is expected to be dependent upon such factors as the Completion Payment, the price of the relevant Shares, the volatility of the relevant Shares, the time remaining to the Maturity Date, Interest Rates and other factors and general risks applicable to stock markets on which the relevant Shares are traded. Macquarie Trading Instalments may become significantly less valuable during their currency and in certain circumstances automatically lapse or expire worthless.

INVESTORS WHO CONSIDER ACQUIRING MACQUARIE TRADING INSTALMENTS WHETHER FROM MACQUARIE OR ON THE SECONDARY MARKET SHOULD HAVE EXPERIENCE IN OPTIONS TRANSACTIONS AND SHOULD REACH AN INVESTMENT DECISION ONLY AFTER CAREFULLY CONSIDERING, WITH THEIR ADVISER, THE SUITABILITY OF THE MACQUARIE TRADING INSTALMENTS IN THE INVESTOR'S PARTICULAR CIRCUMSTANCES.

5.10 Investment Decisions

The information in this Offering Circular is such as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the capacity of Macquarie to fulfil its obligations under the Macquarie Trading Instalments and the risks, rights and obligations associated with the Macquarie Trading Instalments. It is impossible in a document of this type, to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this Offering Circular should be construed as a recommendation by Macquarie, the Broker, the Security Trustee, or any associate of them or any other person concerning investment in the Macquarie Trading Instalments, Shares or any other security. Readers should not rely on this Offering Circular other than in respect of those matters referred to above, and should not rely on it as the sole basis for any investment decision in relation to Macquarie Trading Instalments, Shares or any other security, but should obtain relevant information concerning the Listed Entities.

5.11 De-listing or Suspension of Shares

Except where it constitutes an Extraordinary Event, de-listing, withdrawal of trading status or suspension of Shares will not affect the validity of Macquarie Trading Instalments, or in any way detract from the obligations of Macquarie under Macquarie Trading Instalments, unless the Macquarie Trading Instalments themselves consequently have their trading status withdrawn or are suspended.

5.12 Possible Illiquidity of Trading Market

Investors should be aware that there is no firm indication as to how the Macquarie Trading Instalments will trade in the secondary market, nor for any Series as to whether that market will be liquid or illiquid. However, Macquarie will provide, as and when practicable, buy and sell quotations for Macquarie Trading Instalments on ASX through the Sponsoring Broker or other member firms of the ASX.

5.13 Suspension of Trading in Macquarie Trading Instalments

Trading on the ASX stock market of Macquarie Trading Instalments may be halted or suspended by the ASX. This may occur whenever the ASX deems such action appropriate in the interests of maintaining a fair and orderly market in a Series of Macquarie Trading Instalments or in the relevant Shares or otherwise deems such action advisable in the public interest or to protect investors. Matters that may also be considered include circumstances where the ASX has been advised that a Listed Entity is about to make an important announcement affecting its Shares, or any unusual conditions or circumstances are present or Macquarie becomes unable or unwilling or fails to comply with ASX Business Rules or if the ASX in its absolute discretion thinks fit.

5.14 Potential Conflicts of Interest

Investors should be aware that option traders in companies in the Macquarie group may buy Macquarie Trading Instalments and exchange traded options in underlying shares as principals. Macquarie group companies as principal will be conducting transactions in various securities of Listed Entities, including Macquarie Warrants and Underlying Parcels. The Broker may conduct such transactions as agent for Macquarie group companies, as well as for other principals or itself.

5.15 The Trust Deed and the Security Trustee

The Trust Deed may be amended by Macquarie and the Security Trustee in certain limited circumstances or with the consent of 75% of the Holders of the relevant Series who cast votes.

The Security Trustee may deal with Underlying Parcels by various means permitted under the Trust Deed, including the transfer of Shares to Macquarie, where Holders Put Options are exercised, and the lending of Shares to Macquarie, subject to the Separate Trusts, alone or together with other Shares held for the benefit of more than one Holder. These transactions may affect the value of the Underlying Parcels.

The Security Trustee may also be entitled to exercise a right of indemnity to recover certain amounts out of the Shares and other property of the Separate Trusts. Section 7 of this Offering Circular includes a summary of the role of the Security Trustee including the right of indemnity and various provisions limiting the responsibilities and liabilities of the Security Trustee (in particular Sections 7.33, 7.34 and 7.35).

The Security Trustee is a wholly owned subsidiary of Macquarie.

5.16 Failure of Virgin Blue Shares to trade unconditionally or be issued

Macquarie does not represent or warrant that the Virgin Blue Shares will trade unconditionally or that the Virgin Blues Shares will be issued or transferred to applicants under the Virgin Blue Prospectus. Macquarie is not the issuer or vendor of the Virgin Blue Shares. There is a risk that the Virgin Blue Shares may not trade unconditionally or that the Virgin Blue Shares will not be issued or transferred to applicants under the Virgin Blue Prospectus. For this reason the issuance of Virgin Blue Trading Instalments is conditional. If trading of the Virgin Blue Shares has not become unconditional by the date two weeks after conditional trading commences on ASX, then all purchases and sales of Virgin Blue Trading Instalments made through ASX members during the conditional trading period will be cancelled and of no effect.

Section 6. General Information Relating to Macquarie Trading Instalments

6.1 Activities of Macquarie

The Macquarie Trading Instalments will constitute direct unconditional obligations of Macquarie.

Macquarie reserves the right to buy back Macquarie Trading Instalments that have been issued. Instalments bought back will **not** be cancelled automatically, but may be cancelled or resold by Macquarie. Macquarie Trading Instalments may be issued after commencement of trading on the stock market of the ASX if the issue is not fully subscribed.

Macquarie entities may apply for Macquarie Trading Instalments to facilitate market making activities that may be undertaken in relation to the Instalments. Macquarie will provide, as and when practicable, buy and sell quotations for Macquarie Trading Instalments on the ASX.

Macquarie reserves the right to issue further Macquarie Trading Instalments in each Series without the consent of Holders, subject to making a further application to the ASX, on the basis that new Instalments will form part of the same Series, will be issued on terms identical to those applying to existing Macquarie Trading Instalments of that Series, and will trade on the same basis under the same ASX code as existing Macquarie Trading Instalments of that Series.

6.2 The Clearing House Electronic Sub-register System (CHESS)

The Macquarie Trading Instalments will be CHESS Approved Securities in accordance with the ASX's Business Rules and the Securities Clearing House *(SCH)* Business Rules. In the CHESS environment, in addition to an electronic CHESS Sub-register, an electronic Issuer Sponsored Sub-register will be maintained. These two sub-registers together will provide Macquarie's principal Register of Holdings. Under CHESS, on issue of the Macquarie Trading Instalments, instead of certificates, Macquarie Trading Instalment Holders will be provided with a Holding Statement which sets out the number of Macquarie Trading Instalments issued (or, subsequently, transferred) to each Holder. The Holding Statement will also advise the Holder of the Holder Identification Number *(HIN)* in the case of a CHESS holding or the Shareholder Reference Number *(SRN)* in the case of an Issuer Sponsored holding.

To hold Macquarie Trading Instalments on the CHESS Sub-register, an Applicant will need to be either a participant in CHESS or be sponsored by a participant in CHESS. Macquarie Trading Instalments held by other Applicants will be entered on to the Issuer Sponsored Sub-register.

The Australian Securities & Investments Commission has issued a class order declaration, CO 02/312, under section 1075A(1) of the Corporations Act 2001 the effect of which will be to deem each Series of the Macquarie Trading Instalments to be financial products able to be transferred through CHESS under Division 4 of Part 7.11 of the Corporations Act 2001.

6.3 Admission to Trading Status on ASX

Application has been made and permission given for each Series of the Macquarie Trading Instalments offered by this Offering Circular to be admitted to trading status by the ASX. The fact that the ASX has admitted the Macquarie Trading Instalments to trading status is not to be taken in any way as an indication of the merits of Macquarie or of the Macquarie Trading Instalments now offered for subscription.

Commencement of trading of the Macquarie Trading Instalments pursuant to this Offering Circular will occur as soon as practicable after the issue of Macquarie Trading Instalment notices to subscribers.

Conditional trading on ASX: It is expected that the Virgin Blue Shares will commence quotation on ASX on or about 8 December 2003, initially on a conditional and deferred delivery basis. Normal delivery trading of the Virgin Blue Shares is expected to commence on or about 16 December 2003. Conditional trading will continue until Virgin Blue advises the ASX that settlement has occurred. Trading and settlement of trades in relation to Virgin Blue Trading Instalments is intended to mirror trading and settlement of the Virgin Blue Shares.

Effect of conditional trading in Virgin Blue Trading Instalments: Trading of Virgin Blue Trading Instalments on ASX prior to trading in Virgin Blue Shares becoming unconditional and the Virgin Blue Shares being issued and transferred to applicants under the Virgin Blue Prospectus will also be conditional.

Once the Virgin Blue Shares are trading on an unconditional basis and the Virgin Blue Shares have been issued and transferred to applicants under the Virgin Blue Prospectus, Macquarie will issue the Virgin Blue Trading Instalments and trading of both the Virgin Blue Shares and trading Instalments will then be on an unconditional basis.

If trading of the Virgin Blue Shares has not become unconditional within two weeks after conditional trading commences all contracts arising on acceptance are cancelled and of no further effect. In these circumstances, all purchases and sales of Virgin Blue Trading Instalments made through ASX members during the conditional trading periods will be cancelled and of no effect.

The ASX does not warrant the accuracy or truth of the contents of this Offering Circular. In admitting the Macquarie Trading Instalments to Trading Status and not objecting to the Terms of Issue, ASX has not authorised or caused the issue of this Offering Circular and is not in any way a party to or concerned in authorising or causing the issue of this Offering Circular or the making of offers or invitations with respect to the Macquarie Trading Instalments. The ASX takes no responsibility for the contents of this Offering Circular. In particular, the ASX has not formed a view as to whether this Offering Circular complies with the "reasonable investor" standard of disclosure contained in Rule 8.7.5 of the ASX Business Rules, these matters being the responsibility of Macquarie. The ASX makes no representation as to whether this Offering Circular and the Terms of the Macquarie Trading Instalments comply with the Corporations Act 2001 or the ASX Business Rules.

To the extent permitted by the Trade Practices Act or any other relevant law, the ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by Holders or any other person, where that claim arises wholly or substantially out of reliance on any information contained in this Offering Circular or any error in, or omission from, this Offering Circular.

6.4 Offering Circular not a Prospectus

Macquarie Trading Instalments can be offered under this Offering Circular without the need to prepare a Product Disclosure Statement, prospectus or other disclosure document pursuant to the Corporations Act 2001.

A copy of this Offering Circular has not and will not be lodged or registered with ASIC. ASIC takes no responsibility for the contents of this Offering Circular or for the Macquarie Trading Instalments.

This Offering Circular complies in all respects with the information requirements of Section 8 of the Business Rules as varied by the ASX with respect to this Offering Circular. The ASX has waived compliance with Business Rules 8.7.9, 8.7.10(q) and 8.17.B.

6.5 Distribution of Offering Circular

As the Macquarie Trading Instalments are to have trading status on the ASX stock market, they may be transferred to secondary holders. This Offering Circular may be passed on to such secondary holders in that capacity or to potential transferees who approach existing Holders, the Broker or Macquarie. Macquarie will provide a copy of this Offering Circular on request.

6.6 Substantial Shareholders, Takeovers and Associations

The acquisition of Macquarie Trading Instalments may have implications for Holders (particularly substantial shareholders) under Chapters 6, 6A, 6B, 6C and 6D of the Corporations Act 2001. The precise implications depend upon the Holder's particular circumstances.

The following explanation of the law as at the date of the Offering Circular is provided to assist Holders in identifying the practical obligations that may arise from holding a Macquarie Trading Instalment. The obligations of Holders will, however, be affected by circumstances peculiar to individual Holders and Holders should obtain their own advice on the obligations they may have under the Corporations Act 2001.

Each Holder will, as soon as a Macquarie Trading Instalment is acquired, have a *relevant interest* in the number of Shares in which the Holder has a Beneficial Interest. Disclosure obligations (including obligations on substantial shareholders) and limitations on acquisitions, under Chapters 6, 6A, 6B, 6C and 6D of the Corporations Act 2001, may (depending on the Holder's *voting power* in the relevant entity under the Corporations Act 2001) affect Holders in respect of acquisitions, continuing holdings, and disposals of Macquarie Trading Instalments.
ASIC Class Order CO 02/926 will apply to modify the Corporations Act 2001 so that Macquarie's associations and relevant interests under section 609 for the purposes of Chapters 6 and 6C arising solely from the issue of Macquarie Trading Instalments under this Offering Circular are disregarded unless and until the Completion Payment is made. Holders are not granted relief under the Class Order except for the purposes of disregarded an association formed solely by entry into the Macquarie Trading Instalments.

ASIC Class Order CO 02/927 will also apply to the Macquarie Trading Instalments issued under this Offering Circular so as to disregard any relevant interest the Security Trustee holds as cover under the Trust Deed.

6.7 Foreign Holders

The acquisition of Macquarie Trading Instalments may also have implications for Holders under the Foreign Acquisitions and Takeovers Act 1975 *(FATA)*. The following paragraphs are a very general summary of the requirements of FATA as they may affect an acquisition of Macquarie Trading Instalments. The summary does not purport to be exhaustive nor to give legal advice and should not be relied on by the potential investors, who should seek their own legal advice in relation to all aspects of the proposed investment including but not limited to those referred to below.

FATA empowers the Treasurer of Australia to prohibit a proposed acquisition of shares in an Australian corporation or interests in assets of an Australian business where the result of the acquisition will be that a foreign person, together with its associates, would have an interest of not less than 15% of the issued shares in the corporation or interests in assets of an Australian business, or two or more foreign persons (together with their associates) would in aggregate have an interest of not less than 40% of the interests in the issued shares in the corporation or assets of the Australian business. Where such an acquisition has already occurred, the Treasurer has the power to order a person who acquired the shares or interests in the assets to dispose of them. The concepts of *acquisition, interest, associate* and *foreign person* are very widely defined in FATA. In addition, FATA requires certain persons who propose to make such acquisitions first to notify the Treasurer of their intention to do so. The acquisition of Macquarie Trading Instalments on-market will constitute an acquisition by the Holder of Underlying Parcels for the purposes of FATA.

Foreign ownership of Shares in Australian companies may also be restricted under other Commonwealth legislation, or under Commonwealth Government policy for example, in relation to Australian Banks.

6.8 Macquarie's Reporting Obligations

Under the ASX Business Rules, Macquarie will be reporting to ASX, as follows:

- quarterly, as to the number of Macquarie Trading Instalments bought back during the quarter and the number of Macquarie Trading Instalments outstanding at the time of making the report;

- each quarterly report must also state Macquarie's *relevant interest* (within the meaning of the Corporations Act 2001) in Shares at the time of making the report; and
- Macquarie must also report any increase or decrease in its *relevant interest* in Shares which represents 1% or more of the issued capital of each Listed Entity.

Section 7. Summary of Terms of the Trust Deed and the Nominee Deed

This summary of the terms of the Trust Deed has been prepared by Allens Arthur Robinson.

Clause references are to clauses in the Trust Deed.

7.1 Structure

A Trust Deed has been established for the issue of Macquarie Trading Instalments offered under this Offering Circular. Macquarie (as Issuer) and Belike Nominees Pty Limited, a fully owned subsidiary of Macquarie (as Security Trustee) are parties to the Trust Deed, which contains the terms of issue of the Macquarie Trading Instalments offered under this Offering Circular.

The Security Trustee has, by its nominee, also executed a Nominee Deed in respect of the Macquarie Trading Instalments issued under this Offering Circular. Under the Nominee Deed, the Security Trustee declares that it will hold each Share transferred to the Security Trustee or its nominee by Macquarie or an Applicant as bare trustee for that Applicant on a separate trust.

The Security Trustee may itself appoint a nominee to be the registered holder of Shares and Accretions for the Security Trustee under a bare trust. The nominee may be a related body corporate of Macquarie.

Each Separate Trust will terminate upon the Security Trustee (or its nominee) ceasing to hold the legal title to the Underlying Parcels.

The Trust Deed and the Nominee Deed are available for inspection at the Registry. Copies of each Deed are available free of charge to Holders of Macquarie Trading Instalments, or for a fee of $10 each to other persons.

The Security Trustee has very limited discretions, choices and responsibilities beyond those required by the ASX Business Rules, the Listing Rules and the SCH Business Rules.

The following is a summary of the material terms of the Trust Deed.

7.2 Definitions (clause 1)

The definitions contained in the Trust Deed are substantially set out in Section 10 of this Offering Circular. Underlying Parcels are Shares and Accretions.

7.3 Interpretation (clause 1)

The Trust Deed has been prepared so as to conform to the ASX Business Rules and the SCH Business Rules, subject to any waivers and approvals granted by ASX. The Trust Deed is to be interpreted so that it conforms to those rules as amended.

Each Separate Trust is to be kept separate without pooling of interests or property.

7.4 Liability and Obligations of the Holder (clause 1)

All Holders are bound by the Terms and obligations of the Trust Deed and are entitled to the benefit of the Terms of the Trust Deed.

Holders have no obligation under the Trust Deed to indemnify the Security Trustee in respect of liabilities in relation to any of the Separate Trusts, the Security Interest, or the exercise of the Security Trustee's rights and discharge of the Security Trustee's duties under the Trust Deed.

7.5 The Loan and the Issue of Macquarie Trading Instalments (clause 2)

When Macquarie accepts an Application under the Offering Circular, Macquarie agrees to issue a Macquarie Trading Instalment and make a Loan to the Applicant on the following terms.

- The Applicant must lodge a completed Application Form.
- The Applicant must pay the First Payment as specified in the Application.
- The underlying Shares transferred to the Security Trustee upon payment of the First Payment will be held by the Security Trustee as nominee for the Holder, subject to the Security Interest which Macquarie has in the underlying Shares to secure the Loan.
- The Holder has the right, but not the obligation, to give a Completion Notice.
- The Holder is not obliged to make the Completion Payment unless a Completion Notice has been given.
- If the Underlying Parcel includes one or more Shares which trade subject to Deferred Settlement and Holder delivers a valid Completion Notice and pays the Completion Payment in cleared funds to Macquarie during the Deferred Settlement Period, Macquarie will procure the transfer of such Share(s) comprised in the Underlying Parcel within 7 days of the cessation of the relevant Deferred Settlement Period relating to the Underlying Parcel.
- The Holder may give a Completion Notice and pay the Completion Payment at any time before the Maturity Date. Where the Completion Payment is made and cleared, the Security Interest will be discharged and the legal interest in the Underlying Parcels will be transferred to the Holder.
- The Holder has the right, but not the obligation, to exercise the Holder's Put Option and sell the Underlying Parcels to Macquarie. The Holder's Put Option can be exercised at any time until Maturity. If the Holder gives a valid exercise notice, exercising the Holder's Put Option, Macquarie will be obliged to pay the HPO Exercise Price to the Holder - the greater of the Completion Payment or the Market

Value of the Underlying Parcels on the Maturity Date - less the Completion Payment.

If the Holder does not make the Completion Payment or exercise the Holder's Put Option, Macquarie will exercise a power of sale under its Security Interest and dispose of the Underlying Parcels. In that case, the Holder will be entitled to the greater of the net proceeds of sale of the Shares less the Completion Payment, and an Assessed Value Payment.

Information concerning the amounts of the Loan and the Completion Payment in relation to the Macquarie Trading Instalments is set out in Sections 1, 2 and 3 of the Offering Circular (particularly Table 1 in Section 1).

A more detailed description of the Holder's Put Option is set out in Section 7.22 below.

7.6 ASX Quotation (clause 2)

Macquarie Trading Instalments have been admitted to trading status as warrants under the ASX Business Rules. Macquarie is obliged to use its best endeavours to procure quotation of Macquarie Trading Instalments within one month after the date of the Offering Circular and thereafter as soon as reasonably practicable after Acceptance.

7.7 The Separate Trusts (clause 3)

Each Holder is entitled, by virtue of the Separate Trust, to the Beneficial Interest in each of the Underlying Parcels corresponding to the Macquarie Trading Instalments registered in the name of the Holder.

The Security Trustee must treat the property of each Separate Trust separately and may not pool the interests or property of the Separate Trusts. The Security Trustee may, for administrative purposes, aggregate Underlying Parcels held by the same Holder, hold Shares under the same HIN and operate a common bank account.

Each Macquarie Trading Instalment corresponds to an individual Underlying Parcel registered in the name of the Security Trustee. Each Underlying Parcel is assigned a number for the purposes of the Registrar's records and the corresponding Macquarie Trading Instalment is assigned the same number or a number which is capable of corresponding to the number assigned to the Underlying Parcel.

Macquarie must maintain (or cause the Registrar to maintain) a correspondence between Underlying Parcels and the Macquarie Trading Instalments to which they relate, notwithstanding that it may not be possible to maintain identification of particular Macquarie Trading Instalments or Underlying Parcels. Where a Completion Notice is given in respect of some but not all Underlying Parcels, or if a Disposal Event occurs in relation to some but not all of the Underlying Parcels corresponding to Macquarie Trading Instalments of a particular Holder the Security Trustee has a discretion to determine which Underlying Parcels are retained.

Each Accretion forms part of the relevant Underlying Parcel and is subject to the Security Interest.

Fractions of Shares remaining in the aggregate of Shares and Accretions in Underlying Parcels or Macquarie Trading Instalments held by a particular Holder are disregarded in relation to the giving of a Completion Notice or the exercise of the Holder's Put Option.

7.8 Third Party Rights (clause 3)

No Encumbrance may be created or permitted to subsist in respect of an Underlying Parcel except for the Security Interest.

No person may exercise control over the Transfer or disposal of Underlying Parcels (including Macquarie) except in accordance with the terms of the Trust Deed.

7.9 Amendment (clause 3)

The Trust Deed may not be amended to create third party rights inconsistent with the existing provisions of the Nominee Deed or Trust Deed nor to adversely affect the fundamental rights of Holders to receive distributions, give a Completion Notice, make the Completion Payment and receive Underlying Parcels.

7.10 The Security Trustee (clause 4)

Macquarie does not guarantee the performance or compliance by the Security Trustee with its obligations under the Trust Deed.

7.11 Holding Statements (clause 5)

Macquarie Trading Instalments will be CHESS Approved Securities for the purposes of the SCH Business Rules. Therefore, certificates will not be issued to Holders.

However, Holders will be entitled to receive statements of their holdings as required by the Corporations Act 2001, the ASX Business Rules and the SCH Business Rules.

A Holding Statement is not an item of separate property and is not conclusive evidence of a holding of Macquarie Trading Instalments.

7.12 The Register (clause 6)

Macquarie must establish, or direct the Registrar to establish, a Register in respect of the Macquarie Trading Instalments.

The Register must contain the following information: the name and address of each Holder, the number of Macquarie Trading Instalments held, the date of issue and Maturity Date of the relevant Macquarie Trading Instalments, the dates upon which the Holder became and ceased to be a Holder of the Macquarie Trading Instalments and other particulars which Macquarie thinks fit.

Holders must notify changes in particulars to the Registrar.

The Register will be open to inspection at reasonable times on Business Days by any Holder. No notice of any trust will be entered in the Register. The Register will be audited at intervals of not more than 3 months with results reported to the ASX.

The normal rules concerning registration of joint Holders, and recognition of representatives of deceased, insane and bankrupt Holders apply.

7.13 Location and Evidence (clause 6)

Property in Macquarie Trading Instalments is situated at the place where the Register is situated, and not elsewhere. Macquarie must recognise the Holder as the absolute owner of the Macquarie Trading Instalments for which the Holder is registered. Macquarie is not bound to take notice of any trust or equity affecting ownership of Macquarie Trading Instalments.

7.14 Transfer (clause 7)

Transfers of Macquarie Trading Instalments must be a Proper SCH Transfer or a Prescribed Transfer, and in accordance with the applicable ASX Business Rules and SCH Business Rules.

The transferor remains the owner of Macquarie Trading Instalments the subject of a Transfer until the name of the transferee is entered in the Register in respect of the relevant Macquarie Trading Instalments.

On registration, the transferee is recognised as being entitled to the Macquarie Trading Instalments, free from any equity, set-off or cross-claim which Macquarie may have against the transferor.

The Registrar may refuse to register Transfers if permitted to do so by the applicable Business Rules, and must do so where the Business Rules require. If the Registrar refuses to register a Transfer, notice must be given to the Holder within 5 Business Days.

On a Transfer of a Macquarie Trading Instalment a new Loan is provided to the Transferee on the Effective Date. A Break Cost may be payable by either Macquarie or the Transferor.

7.15 Record Times (clause 8)

Macquarie must, as nearly as possible, fix Record Times at the same time fixed by the Listed Entity or Listed Entities in respect of the relevant event for Shares comprised in the Underlying Parcels.

The provisions of Division 4 of Part 7.11 and Regulation 7.11.39 of the Corporations Act 2001 shall apply as far as possible to determine the entitlement of Holders.

7.16 Distributions (clause 9)

Where the relevant Listed Entity pays a distribution (other than a Special Dividend) wholly or partly in cash in respect of Shares comprised in an Underlying Parcel, subject to relevant Tax File Number and closely held trust withholding obligations, the Security Trustee is obliged to pay that cash distribution to the relevant Holder as soon as practicable after the Security Trustee receives the distribution from the Listed Entity and payment is cleared. Macquarie has the discretion to apply all or part of a cash Special Dividend to reduce the Completion Payment on the relevant Macquarie Trading Instalments, with the balance (if any) paid to the Holder. The Security Trustee is obliged to take reasonable action at the direction of Macquarie in order to disclose to the Holder information necessary to determine its entitlement to any franking credit, dividend rebate or other tax benefit.

Distributions are to be paid by cheque posted to the registered address of the Holder or by electronic means (with the Holder's consent) to the Holder's account. If a distribution is paid after the Maturity Date in respect of an Underlying Parcel for which a valid Completion Notice has been given, or if a valid Completion Notice has not been given, in respect of an Underlying Parcel which has been sold ex-distribution by the Security Trustee, then the distribution will be payable by the Security Trustee to the Holder, but not otherwise.

Neither the Security Trustee nor the Holder may participate in any dividend reinvestment plan or other share plans of the Company related to or in lieu of distributions.

7.17 Voting (clause 10)

Holders of Macquarie Trading Instalments are not entitled to receive notices of meetings of the relevant Listed Entity or to attend or speak or vote at any meeting of members (or class of members) of the Listed Entity.

The Security Trustee may not cast any vote in respect of Underlying Parcels at any meeting of members (or class of members) of the Listed Entity either in its own right or on behalf of Holders.

7.18 Security Interest (clause 11)

Macquarie has a Security Interest (an equitable mortgage) granted by the Security Trustee in respect of the trust property of each Separate Trust from time to time, being the Shares and all Accretions in relation to the Shares comprising the relevant Underlying Parcel. The Security Interest secures the Loan, any fees, costs, charges, liabilities, Tax and expenses incurred by and payable to Macquarie in relation to Underlying Parcels.

If the Holder does not give a Completion Payment Notice and make the Completion Payment or exercise the Holder's Put Option, Macquarie is entitled to exercise a power of sale under the Security Interest, deduct the Secured Moneys from the proceeds and remit the balance to the Holder (unless the Assessed Value Payment is higher, in which case Macquarie must remit the Assessed Value Payment to the Holder).

Macquarie has the usual rights of an Equitable Mortgagee, including the right to appoint a receiver.

7.19 Early Maturity Date (clause 12)

Macquarie may in its absolute discretion, but only with the consent of ASX, bring forward the Maturity Date upon the occurrence of an Extraordinary Event. Extraordinary Events include the making of buy-back offers or an announcement of a takeover offer or scheme of arrangement in respect of the Shares comprised in Underlying Parcels, a Listed Entity ceasing to be listed, the relevant Macquarie Trading Instalments ceasing to be quoted (unless caused by Macquarie), the occurrence of a Trust Tax Change. Macquarie may also, in its absolute discretion, bring forward the Maturity Date, with the consent of ASX, if there is a significant change in the composition of the Underlying Parcel.

The new Maturity Date must be a date not earlier than 10 Business Days after Macquarie has sent written notice to all Holders advising of the new Maturity Date.

7.20 Completion Notice and Completion Payment (clause 13)

Macquarie is obliged to send Reminder Notices not more than 30 but not less than 20 Business Days prior to the Maturity Date, informing Holders of the details of their holding and Borrowing Fees, Completion Payments, and the details of the Holder's Put Option.

If a Holder delivers a Completion Notice to Macquarie in respect of Macquarie Trading Instalments held over certain Shares during the Deferred Settlement Period relating to such Shares, such Completion Notice shall be deemed to be given at (but not earlier than) the cessation of the relevant Deferred Settlement Period.

A Holder may give a Completion Notice at any time prior to 6.00 pm on the Maturity Date.

A Completion Notice, once given, becomes valid immediately when given, subject to certain exceptions upon which Macquarie may rely. For example, the person giving the notice must be registered as the Holder or must become registered as the Holder within 6 Business Days after the Maturity Date or the earlier lodgement of the Completion Notice. If more than one Completion Notice is given in respect of an Underlying Parcel, the Completion Notice given by the person who is the last person who became entitled to be the Holder of the Instalment prior to 6.00 pm on the transfer date (to the knowledge or in the reasonable opinion of Macquarie) will be treated as the only valid Completion Notice.

A Completion Notice will not be valid unless the Completion Payment is made with the Completion Notice so that it is cleared within 6 Business Days after the Completion Notice is given.

If a valid Completion Notice is given and the Completion Payment is made and cleared, Macquarie is obliged to give notice to the Security Trustee and the Registrar that a valid Completion Notice has been given in respect of the relevant Underlying Parcels. The Security Trustee must transfer the unencumbered legal title to Underlying Parcels to the Holder concerned within 20 Business Days after the Completion Notice is given. Upon transfer to the Holder, the Security Interest is extinguished, the Macquarie Trading Instalments cease to exist, and the Holder's Beneficial Interest in the Underlying Parcels merges in the legal title.

If a Completion Notice is not given in respect of an Underlying Parcel, or if the Completion Payment has not been made and cleared within 6 Business Days after the Completion Notice is given, and the Holder has not exercised the Holder's Put Option (described below), Macquarie will exercise its powers of sale under the Security Interest and dispose of the Underlying Parcel. The Security Interest is thus discharged, the Macquarie Trading Instalments will cease to exist, the Holder's Beneficial Interest is extinguished, and Macquarie and the Security Trustee have no further obligations to the Holder.

The proceeds of sale will be applied in the manner described in Section 7.18.

7.21 Liquidated Damages (clause 13)

If the Security Trustee fails to perform its obligations and deliver unencumbered legal title to the Holder upon payment of the Completion Payment, the Holder may give a Default Notice to Macquarie. Macquarie must pay the Liquidated Damages Amount to the Holder within ten Business Days of receiving a Default Notice.

The Liquidated Damages Amount is 110% of the Market Value of the Underlying Parcels (disregarding the Security Interest). The Market Value is calculated as the weighted average sale price of Shares comprising the Underlying Parcel on the ASX during the 5 trading days following the date the Completion Notice was given excluding special crossings, overseas sales and option exercises. Payment of the Liquidated Damages Amount to the Holder extinguishes the Beneficial Interest of the Holder in the Underlying Parcel and the corresponding Macquarie Trading Instalment ceases to exist.

All obligations of Macquarie and the Security Trustee to the Holder in respect of an Underlying Parcel are discharged once the Security Trustee has transferred the Underlying Parcel to the Holder or Macquarie has paid the Liquidated Damages Amount to the Holder in respect of that Underlying Parcel.

7.22 Holder's Put Option (clause 14)

The Holder's Put Option is granted to the Holder by Macquarie. The Holder's Put Option entitles the Holder to require Macquarie or Macquarie's nominee to acquire the entire right title and interest of the Holder in each remaining Underlying Parcel on the Maturity Date. The Holder's Put Option is exercisable by giving an HPO Exercise Notice by the Maturity Date. The Holder's Put Option is exercisable at the HPO Exercise Price, being the greater of the Completion Payment and the Market Value of the Underlying Parcel (disregarding the Security Interest). Macquarie will deduct an amount equal to the Completion Payment from the HPO Exercise Price, to discharge the Loan.

In addition, the Holder irrevocably directs the Security Trustee to transfer to Macquarie the Underlying Parcels for which the Holder's Put Option is exercised.

If the Holder exercises the Holder's Put Option and Macquarie fails to pay the HPO Exercise Price, the Holder may give a Default Notice whereupon Macquarie becomes obliged to pay a Liquidated Damages Amount of 110% of the HPO Exercise Price, less the Completion Payment .

If Macquarie is legally prohibited from accepting delivery of Shares comprised in the Underlying Parcel then Macquarie will give notice to a Holder exercising the Holder's Put Option, so that the Holder is deemed to appoint Macquarie Equities as its agent for the sale of the Underlying Parcel, the sale proceeds are remitted to Macquarie, and Macquarie remains obliged to pay the HPO Exercise Price (after deducting the Completion Payment).

7.23 Disposal Events (clause 15)

A Disposal Event is an event by which the Security Trustee is obliged to dispose of Underlying Parcels as a result of the application of Australian laws, regulations, rules or court orders, otherwise than by way of compulsory acquisition, scheme of arrangement or reduction of capital.

The Security Trustee is obliged to sell the requisite number of Shares comprised in Underlying Parcels as may be required as a result of the Disposal Event, in accordance with the relevant obligation. The proceeds of any sale of Underlying Parcels in these circumstances must be applied in accordance with the Order of Payment.

The title of the transferee of an Underlying Parcel sold in these circumstances is not affected by any irregularity, invalidity or failure to give or receive a notice in connection with the sale. Once the transferee's name has been entered into the relevant share register, the validity of the sale cannot be challenged.

7.24 Takeover Offers and Schemes of Arrangement (clauses 16 and 18)

If an announcement of an intention to either make a takeover offer or enter into a scheme of arrangement is made in relation to Shares comprised in Underlying Parcels, Macquarie may at its discretion (with the consent of ASX) fix an early Maturity Date and will pass on information from the relevant Listed Entity in relation to those offers or schemes, but the Security Trustee must not accept the offers, and has no obligation to communicate any information to Holders concerning the offers.

If, following a takeover offer, Shares comprised in Underlying Parcels are compulsorily acquired, the proceeds of the compulsory acquisition (including the proceeds of sale of any non-cash consideration) must be applied in accordance with the Order of Payment.

Where a scheme of arrangement is implemented in relation to Shares comprised in Underlying Parcels, the Security Trustee is obliged to distribute the cash consideration (or the sale proceeds of non-cash consideration) in accordance with the Order of Payment.

7.25 Takeover Offers for Macquarie Trading Instalments (clause 17)

If a takeover offer is made for Macquarie Trading Instalments, the Security Trustee has no obligation to respond. The Security Trustee has no liability to any Holder or any other person for any liability suffered as a result of any step taken or omitted by the Security Trustee on advice.

7.26 Buy-backs (clause 19)

If a buy-back offer is made in relation to Shares comprised in Underlying Parcels, Macquarie may fix an early Maturity Date but the Security Trustee is obliged to reject the buy-back offer and is not bound to give any notification to Holders, unless Macquarie, in its absolute discretion advises Holders of the offer and such Holders have directed Macquarie to accept the offer, and Macquarie directs the Security Trustee to accept the buy-back offer.

7.27 Bonus Issues (clause 20)

Securities issued to the Security Trustee as a result of a bonus issue by a Listed Entity may form part of the relevant Underlying Parcel and will be subject to the Security Interest.

7.28 Rights Issues (clause 21)

Where a rights issue is made to the Security Trustee in relation to Shares comprised in an Underlying Parcel, the Security Trustee has no obligation to respond to the offer nor to dispose of the entitlement. However, the Security Trustee may seek advice as to what reasonable action may be taken in order to confer the benefit of that rights issue upon Holders.

7.29 Reconstruction of Underlying Parcels (clause 22 and 24)

Where there is a subdivision or consolidation of Shares comprised in Underlying Parcels, the replacement Shares will constitute the Underlying Parcels, provided that the correspondence between Underlying Parcels and Macquarie Trading Instalments can be maintained.

Where a Listed Entity reduces its share capital, if there is any cash payment in respect of Underlying Parcels (or if there is non-cash consideration, the proceeds of sale of that consideration) the Security Trustee is obliged to pay that amount to Macquarie in accordance with the Order of Payment and the Completion Payment will be reduced by the relevant amount. If cash amounts paid to Macquarie as a result of a reduction of capital exceed the amounts payable under paragraphs (a) and (b) of the definition of Order of Payment, then the Security Interest is automatically extinguished and the Security Trustee is obliged to transfer the Shares comprised in the Underlying Parcel to the Holder and cancel the relevant Macquarie Trading Instalment.

Where Securities comprised in Underlying Parcels are cancelled as a result of the reduction of capital, then the proceeds must be distributed in accordance with the Order of Payment.

7.30 Reconstruction of Macquarie Trading Instalments (clause 23)

Macquarie may consolidate or sub-divide Macquarie Trading Instalments with the consent of Holders by resolution, and the Underlying Parcels and Completion Payments must be adjusted accordingly. Such consent to reconstruction is, however, not required where the reconstruction of Macquarie Trading Instalments is consequent upon and proportionate to a reconstruction of the Shares comprising the Underlying Parcels.

7.31 Other Corporate Events (clause 25)

If a Listed Entity or third party takes an action in respect of the capital of a Listed Entity or Underlying Parcel other that those actions referred to in 7.24 to 7.30 above, Macquarie may, with the consent of ASX, determine the appropriate Reasonable Action to be taken in respect of the relevant Macquarie Trading Instalments.

7.32 Cancellation of Macquarie Trading Instalments (clause 26)

Macquarie may cancel Macquarie Trading Instalments of which it is the Holder by recording the cancellation in the Register and directing the Security Trustee to sell the corresponding Underlying Parcel and apply the sale proceeds in accordance with the Order of Payment.

7.33 Powers and Duties of the Security Trustee (clause 27)

The Security Trustee has limited powers and responsibilities.

The Security Trustee has specific powers of sale in the circumstances described above, and has general powers to administer the Separate Trusts, including powers to maintain bank accounts, and to give acknowledgments and undertakings to the ASX and SCH.

The Security Trustee also has power to lend Underlying Parcels to Macquarie or related bodies corporate, where the borrower is the Holder of the Macquarie Trading

Instalment that corresponds to that Underlying Parcel. The Holder may not give a Completion Notice in respect of those Macquarie Trading Instalments during the period of the Loan.

The Security Trustee may borrow, grant security and make payments in the manner contemplated by the Trust Deed.

7.34 Reliance on Advice (clause 28)

The Security Trustee may appoint attorneys, and may rely on advice from advisers engaged by the Security Trustee. The Security Trustee is not liable for anything done or suffered by it in good faith in reliance upon s 25 advice.

7.35 Liability of the Security Trustee (clause 28)

The Security Trustee is not required to monitor Listed Entities or compliance by Macquarie or the Registrar with their obligations. The Security Trustee has no responsibility for the performance by either of them of their obligations or for any of their acts or omissions.

The Security Trustee has no responsibility for any acts or omissions of a nominee appointed pursuant to the Nominee Deed, nor for any breach of the Nominee Deed or the Trust Deed caused by the nominee.

The Security Trustee is not responsible for the adequacy or enforceability of the Trust Deed or Nominee Deed or the other Terms of the Macquarie Trading Instalments.

The Security Trustee is not required to do or omit to do anything unless its liability is satisfactorily limited. It is not required to use its own funds for the payment of any expenses or liabilities.

Save for any liability which the Security Trustee may have as a result of dishonesty, gross negligence or wilful breach of trust, the Security Trustee will not be liable to any Holder for any amount exceeding the amount for which that liability can be satisfied from the relevant Separate Trusts.

The liability of the Security Trustee is subject to the usual qualifications permitting reliance on third parties in specified circumstances and excusing acts and omissions of the Security Trustee except those caused by dishonesty, gross negligence or wilful breach of trust.

The Security Trustee is indemnified by Macquarie and (failing the Macquarie indemnity) from the property of the Separate Trusts, for liabilities properly incurred in the exercise of its powers and the performance of its duties and functions under the Trust Deed.

The Security Trustee is not required to prepare accounts or tax returns for the Separate Trusts.

7.36 Holdings by the Security Trustee and Macquarie (clause 28)

The Security Trustee, Macquarie, related bodies corporate and officers are not prohibited from holding Macquarie Trading Instalments, entering into financial transactions with any Holder, or acquiring Underlying Parcels. Nor will those persons be liable to account to Holders for profits or benefits derived as a result of those activities or other business activities between the parties.

7.37 Replacement of Security Trustee (clause 28)

Macquarie is entitled to remove the Security Trustee and appoint a new Security Trustee in respect of all of the Separate Trusts under the Trust Deed, subject to the consent of the ASX. The Security Trustee may resign and Macquarie may appoint a replacement subject to the consent of the ASX.

7.38 Taxes (clause 29)

If the Security Trustee receives a demand or assessment for any Taxes referable to a Holder, a holding of Macquarie Trading Instalments or any Underlying Parcel, then, if the Security Trustee is advised to pay, that 26 t shall be payable by the Holder in respect of the ıt Macquarie Trading Instalment to the Security Trustee upon demand.

If Macquarie, Macquarie Equities or the Security Trustee become liable as a Supplier to pay GST under any GST legislation, the Supplier may add an amount in respect of that GST to the agreed price of the affected supply.

7.39 Payments to the Security Trustee (clause 30)

The Security Trustee is entitled to reimbursement by Macquarie of certain specified outgoings, including Taxes for which a Holder is liable but for which payment has not been received.

7.40 Audit (clause 31)

Macquarie must arrange for audits of compliance with ASX Business Rules to be undertaken.

7.41 Amendments to Trust Deed (clause 37, 39 and 40)

The Trust Deed may be amended with the consent of the ASX, by supplemental deed executed by Macquarie and the Security Trustee. Where the amendment may materially prejudice the interests of any Holder, it must be authorised by a resolution of Holders.

Holders are not entitled to requisition a meeting of Holders.

7.42 Provision of Information (clause 34, 35 and 36)

Holders are obliged to provide information as Macquarie or the Security Trustee may request as required by law, and must provide details of its holdings of Shares, on request by the Registrar.

Holders agree to the tape recording of telephone conversations with Macquarie concerning Macquarie Trading Instalments, the retention by Macquarie of such tape recordings and the use by Macquarie or the Security Trustee of such tape recordings as evidence of the content of the recorded conversation.

A Holder's holdings of Macquarie Trading Instalments and Shares may be aggregated for the purposes of applicable laws.

7.43 Law and Jurisdiction (clause 42)

The Trust Deed and the Nominee Deed are governed by NSW law and the parties submit to the exclusive jurisdiction of NSW courts.

Section 8. Description of the Listed Entities

It is anticipated that Virgin Blue will be listed on the ASX and so it will be required to disclose market sensitive information to the ASX on a continual disclosing basis. Once listed, information relating to the Virgin Blue Shares, including information about prices and trading volumes of the Virgin Blue Shares, are available from various sources including the ASX, brokers and newspapers.

Macquarie does not accept any liability or responsibility for and makes no representation or warranty, whether express or implied, as to the affairs of any Listed Entity included in this Offering Circular. Potential investors should make their own enquires.

Potential investors should obtain advice from a stockbroker or qualified financial adviser on the nature, activities and prospects of the Listed Entities and the merits of an investment in the Listed Entities or any Series of Macquarie Trading Instalments. Potential investors should also refer to the Virgin Blue Prospectus dated 10 November 2003.

Section 9. Description of the Issuer - Macquarie Bank Limited

Macquarie Bank Limited ("Macquarie") is an authorised deposit taking institution under s9 of the Banking Act 1959 (Commonwealth). As at 31 March 2003 Macquarie had total assets of approximately A$32.5 billion and equity attributable to equity holders of Macquarie of approximately A$2.2 billion on a consolidated basis. For the year ended 31 March 2003 Macquarie reported profit from ordinary activities after income tax attributable to ordinary equity holders of approximately A$333 million on a consolidated basis.

Macquarie is rated by Standard & Poor's, FitchIBCA and Moody's Investor Service as follows:

	Short Term	Long Term
Standard & Poor's	A1	A
Moody's Investor Service	P1	A2
Fitch IBCA	F1	A+

Macquarie is admitted to the official list of the ASX and its ordinary shares have been listed for quotation on ASX since 29 July 1996. Macquarie is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to the Issuer may be obtained from, or inspected at, an office of the ASIC or ASX. Macquarie will provide a copy of any such documents, free of charge, to a person who asks for it during the Offer Period under this Offering Circular.

Rating Agencies
The rating agencies (Standard & Poor's, FitchIBCA and Moody's Investor Service) have not consented to the inclusion of their ratings in this Offering Circular. The ratings agencies do not independently verify information provided to them by the Issuer, and therefore, the rating agencies make no representation or warranty with respect to the accuracy of their ratings. The rating agencies have not been involved in the preparation, or authorised the issue of, this Offering Circular.

Investors should note that credit ratings assigned by the rating agencies address only credit risk, which is only one element of any investment decision and should not be construed as relating to the Macquarie Trading Instalments the subject of this Offering Circular. Ratings are not recommendations to buy, hold or sell Macquarie Trading Instalments. By publishing a rating, the rating agencies are not inducing or advising investors to take any action with respect to the Macquarie Trading Instalments or any other security. Ratings and rating reports should not be construed as investment advice, personalised or other. Accordingly, each investor should conduct their own evaluation of the Macquarie Trading Instalments or consult with their investment adviser.

Ratings are subject to change or withdrawal at anytime, which change or withdrawal is within each rating agency's sole discretion.

Disclosure Obligations
The Issuer, as a company whose shares are quoted on the stock market of the ASX, is a disclosing entity under the Corporations Act and the ASX Listing Rules and has a continuous disclosure obligation. This means that, subject to certain exceptions, the Issuer must disclose to the ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Issuer's ordinary shares subject to certain carve outs. Copies of the information disclosed to the ASX can be viewed on the public file of the Issuer at the ASX.

The ASX has waived certain of the ASX Business Rules to the extent that the Issuer is not required to include information in this Offering Circular which has previously been disclosed to ASX pursuant to the Issuer's continuous disclosure obligation.

Documents Available

The Issuer will provide a copy, free of charge, of any of the following documents to any person who requests such copies during the offer period in relation to the Offering Circular, by contacting the Equity Markets Group, Macquarie Bank Limited, No. 1 Martin Place, Sydney, NSW Australia, telephone number: 1800 803 010.

- the latest available financial report and annual review of the Issuer; and
- the latest available interim report, including the interim financial report of the Issuer.

The Issuer's latest available Annual Review, Interim Report and Financial Reports are also able to be reviewed online via the Issuer's website at: **www.macquarie.com.au/investorrelations**. The Annual Review and financial reports contain a range of information including:

- Chairman's and Managing Director's Report;
- Management and Organisation;
- Consolidated Statement of Financial Performance;
- Consolidated Statement of Financial Position;
- Directors' Declaration;
- Independent Audit report; and
- Five year summary.

Macquarie lodges other documents with the ASX under the ASX Listing Rules during the course of the year pursuant to its continuous disclosure obligation. Macquarie will, on request as above, provide any person with a list of those documents, together with any requested documents which have been lodged, free of charge.

No circumstance has arisen or information has become available except as disclosed in this Offering Circular or to ASX that would materially affect an investor's decision for the purpose of making an informed assessment of the capacity of the Issuer to fulfil its obligations under the Terms and Issue since the end of the year ended 31 March 2003.

Section 10. Definitions

Definitions in the Trust Deed shall apply in this Offering Circular unless stated, or the context requires, otherwise. In the event of any inconsistency, the definitions in this Offering Circular shall prevail.

The following definitions shall apply.

Acceptance means acceptance by Macquarie of an Application, which acceptance occurs upon the earlier of, either:

(a) Macquarie and the Applicant (by an attorney on its behalf) entering into the Loan Agreement and Macquarie giving a written instruction to the Registrar to register the issue of Macquarie Trading Instalments to the Applicant upon receipt of a confirmation from the Security Trustee, that the Security Trustee is or has become the registered holder of Shares comprised in the Underlying Parcels the subject of Macquarie's acceptance and that those Shares have become subject to the Security Interest; or

(b) Macquarie agreeing to procure the delivery to the Security Trustee of the Shares comprised in the Underlying Parcels the subject of Macquarie's acceptance (such agreement being deemed to have occurred upon Macquarie advising the Applicant or their agent of an Application Number whether by mail or otherwise. If Macquarie gives such notice by mail it will be taken to have been given on posting of the advice).

Accounts means the material contained in Section 9 of this Offering Circular.

Accretion means all rights, accretions and entitlements attaching to the Shares after the date of issue of the corresponding Macquarie Trading Instalment including, without limitation, all distributions (other than cash dividends or distributions and reductions or distributions of capital), Shares, notes, options or other securities exercisable, declared, paid or issued in respect of the Shares.

Applicant means a related body corporate of Macquarie.

Application means an application, whether oral or in writing, to Macquarie for a Loan and Macquarie Trading Instalments on the terms and conditions set out in the Application Form.

Application Form means a form attached to the Offering Circular.

Application Number means a number provided to the Applicant (or their agent) by Macquarie in respect of the Applicant's Application.

ASX means the Australian Stock Exchange Limited (ABN 98 008 624 691) or the stock market conducted by Australian Stock Exchange Limited, as the context requires.

ASX Business Rules means the Business Rules of ASX regulating trading in warrants on the ASX.

ASX Listing Rules means the Listing Rules of ASX.

Assessed Value Payment means a payment made under clause 13.9 of the Trust Deed.

Beneficial Interest means the beneficial interest of a Holder in a particular Underlying Parcel.

Borrowing Fees means fees payable to Macquarie from the Loan Proceeds.

BBSW Rate means the bank bill swap rate quoted on the page designated as "BBSW" on the Reuters Monitor System or another page that replaces the BBSW page on that system to display bank bill swap rates.

Broker means Macquarie Equities (Australia) Limited (ABN 58 002 832 126) or such other Macquarie Entity as specified from time to time which is a participating organisation of the ASX.

Business Day means a Trading Day on which banks are open for business in Sydney and Melbourne.

Capital Component means the capital component of the First Payment as specified by Macquarie from time to time.

Change means in respect of the Terms any modification, variation, alteration or deletion of, or addition to, the Terms.

Closing Price means, in relation to a Share, the closing price on each Business Day as published by ASX.

Closing Time means 6.00 pm on the Maturity Date.

Completion Notice means a notice substantially in the form or to the effect of the form in Section 12 of this Offering Circular.

Completion Payment means (in respect of a Series) the Current Loan Amount.

Chess Units of Foreign Securities or ***CUFS*** means any interest, issued by or on behalf of CHESS Depository Nominees Pty Limited, that provides beneficial ownership in respect of:

(a) shares in a corporation incorporated outside Australia, or

(b) units in a public unit trust scheme,

being shares or units that are quoted on the market operated by the ASX and any similar interest;

Current Loan Amount means the amount of the Loan as determined by the Loan Agreement from time to time.

Deferred Settlement has the meaning given in the ASX Listing Rules.

Deferred Settlement Period means the period during which Deferred Settlement relating to trading in a Share comprised in the Underlying Parcel operates.

Deferred Settlement Trading means trading in a Share comprised in the Underlying Parcel which is affected by Deferred Settlement.

Disposal Event means an event the occurrence of which gives rise to a legal obligation upon the Security Trustee to dispose of Underlying Parcels, other than compulsory acquisition pursuant to a takeover scheme or takeover announcement, a disposal or cancellation under a scheme of arrangement, or a disposal or cancellation pursuant to a reduction of capital, Distribution or redemption in respect of Shares of a Listed Entity.

Effective Date has the meaning given in the Loan Agreement.

Encumbrance means an interest or power:

(a) reserved in or over any interest in any asset including, without limitation, any retention of title; or

(b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

Extraordinary Event means an event described in Clause 12.1 of the Trust Deed.

First Payment means in respect of an Underlying Parcel the sum specified by Macquarie on a particular day as the amount of the First Payment payable for a particular Application.

Holder means the person recorded in the Register as the Holder of a Macquarie Trading Instalment from time to time.

Holder Identification Number or ***HIN*** has the meaning given in the SCH Business Rules.

Holder's Put Option means the option described in the definition of Macquarie Trading Instalment.

Holding Statement means a statement issued pursuant to clause 5 of the Trust Deed.

HPO Exercise Notice means a notice substantially in the form or to the effect of Schedule 2 to the Trust Deed.

HPO Exercise Price means the price at which the Holder's Put Option is exercisable, being the greater of the Completion Payment and the Market Value of the Underlying Parcel on the Maturity Date.

HPO Expiry Date means the same day as the Maturity Date.

Indemnified Party means:

(a) the Security Trustee; or

(b) Macquarie; or

(c) any successor, substitute or assign of any of the above.

Interest Amount means the amount of interest payable in respect of a Loan on the Effective Date.

Interest Period means the period from the Issue Date to the Maturity Date.

Interest Rate means the interest rate applying on the Effective Date, as specified by Macquarie.

Issue Date means the date of issue of a Macquarie Trading Instalment.

Issuer means Macquarie.

Listed Entity means an entity listed on the ASX, the Securities of which are the subject of Macquarie Trading

ents offered by Macquarie under this Offering …ar, or any one or more of those entities.

Liquidated Damages Amount means an amount calculated pursuant to clause 13.10. and/or 14.8 of the Trust Deed.

Loan means each secured loan offered by Macquarie to a successful Applicant or Transferee on the terms and conditions set out in the Application Form and the Loan Agreement.

Loan Agreement means the Loan Agreement to be entered into between Macquarie and each successful Applicant, and between Macquarie and each Transferee, a sample form of which is set out in this Offering Circular.

Loan Amount means the total amount of credit of each Loan.

Loan Proceeds means the proceeds of a Loan.

Macquarie means Macquarie Bank Limited (A.C.N. 008 583 542) a company incorporated in the Australian Capital Territory.

Macquarie Entity means Macquarie or a related body corporate of Macquarie.

Macquarie Equities means Macquarie Equities (Australia) Limited (ABN 58 002 832 126).

Macquarie Trading Instalment or ***Instalment*** means a warrant (as that term is used in section 8 of the ASX Business Rules or Subregulation 1.0.02(1) of the Corporations Regulations 2001) issued pursuant to the Trust Deed, which entitles the Holder to either repay the Loan and obtain the legal interest in the corresponding Underlying Parcel or put its entire right, title and interest in the corresponding Underlying Parcel to Macquarie (or as Macquarie may direct) in accordance with clause 14 of the Trust Deed and includes an Instalment issued under this Offering Circular.

Market Value means the market value of an Underlying Parcel determined pursuant to clause 13.11 of the Trust Deed.

Marketable Parcel means at least one Macquarie Trading Instalment.

Maturity occurs on the Maturity Date and the HPO Expiry Date.

Maturity Date means the Maturity Date for the relevant Series specified in this Offering Circular, or an early Maturity Date determined pursuant to clause 12.1 of the Trust Deed.

Minimum Subscription means the minimum number of Macquarie Trading Instalments specified in the Summary Table of Macquarie Trading Instalments.

Mortgaged Property means the property mortgaged under the Trust Deed by the Security Trustee.

Nominee Deed means a Declaration of Trust executed by the Security Trustee substantially in the form set out in Schedule 4.

Offer Period means the period for the relevant Series specified in the Offering Circular.

Offering Circular means this Offering Circular.

Order of Payment means the payment of the proceeds of a sale or disposal of Underlying Parcels or of a surplus or other amount received by Macquarie or the Security Trustee following the exercise of powers or duties under the Trust Deed in the following order:

(a) First: All costs, charges, liabilities and expenses of the Security Trustee which have been incurred in or are incidental to the exercise or performance or attempted exercise or performance of a power or duty under the Trust Deed in respect of the relevant Underlying Parcel, including Taxes and any other amount payable to the Security Trustee from the relevant Separate Trust in accordance with the Trust Deed.

(b) Second: The Secured Monies, to Macquarie.

(c) Third: Any balance, to the Holder (without interest and in full discharge of all liability of the Security Trustee and Macquarie to the Holder).

Prescribed Transfer means a transfer of Macquarie Trading Instalments by means of a duly completed Transfer Form.

Primary Offer Price means the First Payment for Applicants for the relevant Series of Macquarie Trading Instalments as set by Macquarie at the relevant time.

Proper SCH Transfer means a transfer (as defined in section 1073B of the Corporations Act 2001) which is effected pursuant to, or substantially complies with, the SCH Business Rules.

Reasonable Action means action taken by the Security Trustee which is taken after consultation with Macquarie and which is lawful, practicable, does not create a risk of liability for the Security Trustee and is otherwise reasonable.

Receiver means a receiver or receiver and manager appointed under the Trust Deed.

Recognised Market means any stock market of a securities exchange and an exempt stock market and a futures market of a futures exchange (as those terms are defined in the Corporations Act 2001).

Record Time means the date and time at which entitlements are determined for Holders registered at that time, and for the purposes of the SCH Business Rules has the same meaning as "record date".

Register means the register of Holders of Macquarie Trading Instalments in respect of a particular Listed Entity and includes the relevant CHESS sub-register and issuer sponsored sub-register established under the SCH Business Rules.

Registrar means Computershare Investor Services Pty Ltd (ACN 078 279 277) or any other competent registrar appointed by Macquarie with the consent of the Security Trustee.

related bodies corporate has the meaning given in section 50 of the Corporations Act 2001.

Reminder Notice means a notice sent pursuant to clause 13.1. or 14.1 of the Trust Deed.

SCH means the prescribed CS facility prescribed by regulations made under section 761A of the Corporations Act 2001, which operates CHESS – ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532).

SCH Business Rules means the Business Rules of SCH.

Secured Monies means the Loan Proceeds and all fees, costs, charges, liabilities, Tax and expenses incurred by and payable to Macquarie under the Trust Deed directly in relation to the relevant Underlying Parcels and the sale thereof, and any amounts due pursuant to Clause 28(c) of the Trust Deed.

Security Interest means the equitable mortgage held by Macquarie in respect of an Underlying Parcel to secure repayment of the Secured Monies.

Security Trustee means the trustee of the Separate Trusts.

Separate Trust means each trust established under the Nominee Deed.

Series means those Macquarie Trading Instalments issued under this Offering Circular relating to Shares which have the same rights. (There are 3 Series offered under this Offering Circular).

Share has the same meaning as ***Security*** and means (whether or not it is fully or partially paid):

(a) one share, unit or debenture issued by a Listed Entity;

(b) one Stapled Security issued by one or more Listed Entities;

(c) CUFS;

(d) an ETF Security (as defined in the SCH Business Rules);

(e) a financial product (as defined in section 671A of the Corporations Act 2001); or

(f) any other CHESS Approved Security (as defined in the SCH Business Rules),

and where the context permits (but not in the definition of Shareholder Application) includes an Instalment Receipt.

Special Dividend means a special or abnormal dividend and includes those dividends which are described by the relevant Listed Entity as:

(a) special, abnormal, extraordinary or extra;

(b) part of a scheme of arrangement or takeover consideration; or

(c) part of a special distribution involving a return of capital, or

are otherwise characterised by ASX as a special dividend.

Summary Table of Macquarie Trading Instalments means the Summary Table of Macquarie Trading Instalments being Table 1 in Section 1 of this Offering

Circular.

Tax Act means the Income Tax Assessment Act 1997, and the operative provisions of the Income Tax Assessment Act 1936, both as amended from time to time, and any successor legislation.

Tax includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a Government or Government agency, and any related interest, penalty, charge, fee or other amount, excluding stamp duty payable on this 31
Deed, on the transfer of Shares to Macquarie.

Terms means the terms of the Trust Deed, a summary of which is contained in Section 7 of this Offering Circular.

Trading Day has the meaning given in the ASX Business Rules but excluding days which the ASX for the purposes of settlement declares to be a trading day notwithstanding that there is to be no official meeting on that day or that dealings between brokers are suspended on that day.

Transfer means the transfer of a Macquarie Trading Instalment pursuant to clause 7 of the Trust Deed.

Transfer Form means the form in Schedule 3 of the Trust Deed or any other form or transfer approved by Macquarie and ASX and provided that any such instrument has been duly executed by the transferor and the transferee.

Transferee means a person to whom there is a Transfer of a Macquarie Instalment as transferee.

Transferor means a person who Transfers a Macquarie Instalment as transferor.

Trust Deed means the Trust Deed for Macquarie Trading Instalments made between Macquarie and Belike Nominees Pty Limited dated on or about 28 February 2001 as amended from time to time.

Trust Tax Change means a change to the Tax Act whereby trustees are taxed in a manner similar to companies or trust distributions are taxed in a manner similar to corporate distributions or any other change which has a material financial impact over the issue, holding, cancellation or expiry of Instalments.

Underlying Parcel means one Share and all Accretions in respect of that Share, disregarding fractions of Shares remaining in the aggregate of Shares and Accretions in Underlying Parcels for Macquarie Trading Instalments held by a particular Holder encumbered only by the Security Interest, as varied, if at all, pursuant to the Trust Deed.

Virgin Blue means Virgin Blue Holdings Limited (ACN 100 686 226).

Virgin Blue Trading Instalment means an Instalment issued under this Offering Circular.

Virgin Blue Prospectus means the prospectus dated 10 November 2003 issued by Virgin Blue.

Warrant has the meaning given in Section 8 of the ASX Business Rules or subregulation 1.0.02(1) of the Corporations Regulations 2001

Weighted Average Sale Price means an amount calculated in accordance with clause 13.12 of the Trust Deed.

Section 11. Form of Loan Agreement

Set out below is a sample of the Loan Agreement to be entered into with each successful Applicant.

Loan Agreement

To: [Name and address of Applicant(s)]

Macquarie Bank Limited *(Macquarie)* is pleased to accept your Application for a Loan in respect of the number of Macquarie Trading Instalments identified in your Application or Transfer (as the case may be). Macquarie acknowledges that you have appointed the Security Trustee as your nominee in respect of any of your Shares to which your Application relates. For valuable consideration, upon your entering into the Loan Agreement, Macquarie will issue to you, or register the transfer to you of, one Macquarie Trading Instalment for each Macquarie Trading Instalment identified in your Application or Transfer. The terms and conditions on which the Macquarie Trading Instalments will be issued are set out in the Trust Deed, a summary of which is included in the Offering Circular issued by Macquarie in respect of the Macquarie Trading Instalments and dated 5 December 2003 *(Offering Circular)*.

Unless the context requires otherwise, definitions in the Offering Circular and the Trust Deed apply. In the case of a joint Application, "you" means each Applicant on a joint and several basis.

32 **Loan**

1.1 *Loan Amount:*

Except in the case of Shares comprised in the Underlying Parcel which trade subject to Deferred Settlement, Macquarie will make a Loan available to you:

(a) where you are an Applicant, on the date on which this Agreement is signed by both Macquarie and your attorney on your behalf; or

(b) where you are a Transferee on the date your Transfer is duly executed and processed and you become registered as the Holder of the Macquarie Trading Instalments transferred to you, in either case, the ***Effective Date***.

The amount of the loan at any time (subject to any adjustment for Break Costs) will be calculated by multiplying the number of Macquarie Trading Instalments for which you have applied or which you are registered as holding, by:

- the amount specified in the Summary Table of Macquarie Trading Instalments in Section 1 of the Offering Circular as adjusted from time to time pursuant to the Trust Deed.

If the Shares comprised in the Underlying Parcel trades subject to Deferred Settlement, Macquarie will make the Loan available to you and/or apply the Loan Proceeds only after the Deferred Settlement Period ceases and the underlying Shares are transferred to the Security Trustee. In this case the date on which this occurs shall be deemed to be the ***Effective Date***.

1.2 *Drawings:*

If you are an Applicant you will drawdown under the Loan on the Effective Date an amount equal to the Loan Proceeds.

If you are a Transferee, you will drawdown under the Loan on the Effective Date an amount equal to the interest for the unexpired portion of the current Interest Period, which will be calculated by reference to the Interest Rate on the Effective Date and the number of days remaining during the relevant Interest Period (excluding the relevant Effective Date). You will also draw down the balance of the Loan Amount to discharge, in whole or part, the Loan Amount of the Transferor.

You give notice that you wish to make drawdowns under the Loan on the Effective Date. The first drawdown will be for the full amount of the Loan Proceeds.

1.3 *Repayment:*

If you do not make the Completion Payment on or before the Maturity Date or exercise the Holder's Put Option, Macquarie's only remedy is to enforce the Mortgage described below. You acknowledge that the Maturity Date may alter in the manner referred to in the Offering Circular. Each Completion Payment will be held and applied by Macquarie for the purpose of repaying the Loan.

To acquire the legal interest in the Underlying Parcel free of the Security Interest the Completion Payment must be paid in cleared funds on or before the Maturity Date.

1.4 *Interest and Borrowing Fees:*

The Loan Amount includes interest and Borrowing Fees and is adjusted for Break Costs, if any. The interest is prepayable in advance and will be lent as an element of the Loan.

If a Macquarie Trading Instalment is sold prior to the Maturity Date the following will apply:

(a) Part of the Interest Amount prepaid by the Transferor will be refunded. The interest that is refundable to the Transferor will be calculated on a pro rata basis based on the number of days remaining in the Interest Period and the Interest Rate applying to the Transferor's Loan.

(b) The Interest Amount payable on the Loan to the Transferee will be calculated on a pro rata basis based on the number of days remaining in the Interest Period and the Interest Rate applying to the Transferee's Loan.

(c) A Break Cost (representing the cost to a party of the other breaking the funding arrangements) will also be payable by Macquarie to the Transferor (if the Interest Rate applying to the Transferor's Loan is less than the Interest Rate applying to the Transferee's Loan), or by the Transferor to Macquarie (if the Interest Rate applying to the Transferor's Loan is greater than the Interest Rate applying to the Transferee's Loan). The Transferor and Macquarie irrevocably direct that the amount of any Break Costs payable shall be added to (if payable by the Transferor) or applied against (if payable by Macquarie) the Transferor's Loan. If the Interest Rates applying to each of the Transferor's and the Transferee's Loans are the same no Break Cost will be payable.

Part of the Interest Amount is refundable if the Maturity Date is brought forward due to an Extraordinary Event occurring. If this occurs, the amount of interest that is refundable will be calculated on a pro rata basis based on the prevailing BBSW Rate less an amount representing the cost to Macquarie of breaking its funding in respect of the relevant Macquarie Trading Instalments (or redeploying amounts received early).

1.5 *Direction:*

You irrevocably authorise and direct Macquarie to apply the Loan Proceeds as follows for each Macquarie Trading Instalment applied for:

- to acquire Underlying Parcels;
- to pay interest as notified by Macquarie; and
- to pay Borrowing Fees.

On registration of a Transfer, the Transferor will be entitled to a refund of interest in respect of the prepaid interest borrowed for the unexpired portion of the Interest Period. The amount of interest refundable and repayable will be calculated in accordance with 1.4.

Holders irrevocably authorise and direct Macquarie on the Effective Date for each Macquarie Trading Instalment transferred as follows:

- any interest refund owed by Macquarie to the Transferor be applied by Macquarie in partial satisfaction of the Transferor's Loan to the extent of the refund due;
- where the Interest Rate applying to the Transferor's Loan is less than the Interest Rate applying to the Transferee's Loan, Macquarie shall pay to the Transferor the Break Cost, which amount shall be applied against part of the Transferor's Loan;
- where the Interest Rate applying to the Transferor's Loan is greater than the Interest Rate applying to the Transferee's Loan, the Transferor shall pay to Macquarie the Break Cost, which amount shall be added ' .. Transferor's Loan; 33
- a portion of the new Loan to the Transferee be paid to Macquarie to prepay the interest payable in advance on the Transferee's Loan for the unexpired portion of the Interest Period; and 31
- the remainder of the Loan to the Transferee be applied in repaying the net amount due by the Transferor to Macquarie on transfer of the Macquarie Trading Instalment.

1.6 *Limited recourse:*

Your liability to Macquarie for repayment of the Loan is limited to the total amount received by Macquarie in relation to the Underlying Parcels relating to the Macquarie Trading Instalments to be issued to you (whether by exercising its power of sale or otherwise) excluding distributions paid to you before the Maturity Date. Macquarie will not take any action against you in relation to the Loan to recover any amount beyond enforcing the Mortgage referred to below.

1.7 *Tax:*

If you are required to deduct any tax from any payment (except a tax on Macquarie's overall net income), then:

(a) you must pay that amount to the appropriate authority and promptly give Macquarie evidence of payment;

(b) the amount payable is increased so that (after deducting that tax and paying any taxes on the increased amount) Macquarie receives the same amount it would have received had no deduction been made; and

(c) you indemnify Macquarie against the tax and any amounts recoverable from Macquarie in respect of the tax.

2. Mortgage

2.1 *Mortgage:*

You acknowledge that the Security Trustee has mortgaged to Macquarie the Mortgaged Property. The Mortgage secures the due and punctual repayment of the Secured Monies and is granted in consideration of Macquarie agreeing to make the Loan available to you. The Security Trustee is bound by a CHESS sponsorship agreement between the Security Trustee and Macquarie which restricts dealing with the Underlying Parcels.

The terms of the Mortgage and the rights of the Security Trustee as mortgagor of the Mortgaged Property are set out in the Trust Deed.

2.2 *Mortgaged Property:*

The Mortgaged Property comprises all the Security Trustee's rights in, to, under and derived from the underlying Shares and all Accretions. A Share (and every relevant Accretion) will comprise the Underlying Parcel in relation to each Macquarie Trading Instalment issued.

2.3 *Exercise of Powers:*

If the Holder does not make the Completion Payment in relation to a Macquarie Trading Instalment or is or becomes bankrupt or in liquidation, Macquarie may enforce the Mortgage and sell the Mortgaged Property, exercise the Security Trustee's rights comprised in the Mortgaged Property and exercise any other power granted by law to mortgagees in accordance with the Terms of the Trust Deed relating to the Underlying Parcel and apply the proceeds in repayment of the Loan. To the extent permitted by law the Security Trustee has dispensed with any notice or lapse of time required by any law for the enforcement of the Mortgage or the exercise of any power by Macquarie under this Agreement or the Trust Deed.

3. General

3.1 *Further Assurances*

You agree to take all steps, execute all documents and do everything reasonably required by Macquarie to give effect to the transactions contemplated by this Agreement.

3.2 *Notices*

Any notice given under this Agreement must be in writing addressed to the intended recipient at the address shown above or the address last notified by the intended recipient to the sender. A notice will be taken to be given or made when delivered, received or left at the above address.

3.3 *Stamp Duty*

Macquarie agrees to pay all stamp duty payable on this Agreement. You agree to promptly provide to Macquarie any information Macquarie reasonably requests to assist in the calculation and payment of any such stamp duty.

3.4 *Assignment*

Macquarie may novate, assign or sub-participate this Agreement and any or all of its rights under this Agreement at any time. You may not do any of the above (other than in accordance with the Trust Deed) at any time.

3.5 *No Waiver*

No failure to exercise a power, and no delay in exercising a power operates as a waiver.

3.6 *Severability*

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction is ineffective in that jurisdiction to the extent of the prohibition or unenforceability.

3.7 *Governing Law*

This Agreement is governed by the law of New South Wales. The parties submit to the exclusive jurisdiction of the Courts of New South Wales.

Executed as an Agreement in Sydney

Yours faithfully

On behalf of Macquarie Bank Limited

I accept the above offer

Signature of Attorney for and on behalf of
the Applicant(s)

DECLARATION OF PURPOSES FOR WHICH LOAN (CREDIT) IS TO BE PROVIDED

I/We declare that the credit to be provided to me/us by the credit provider is to be applied wholly or predominantly for business or investment purposes (or for both purposes).

Important
You should **not** sign this declaration unless this loan is wholly or predominantly for business or investment purposes.

By signing this declaration you may **lose** your protection under the Consumer Credit Code.

Signature of Attorney for and on behalf of
the Applicant(s)

Print name:

Section 12. Completion Notice

To: The Manager - Instalment Warrants
Equity Markets Operations
Macquarie Bank Limited
GPO Box 3423
Sydney NSW 2001

Dear Sir/Madam

This is to notify you that, I/we*, being the holder or being entitled to be registered as the holder of the number of Macquarie Trading Instalments relating to Shares in the Listed Entity specified below and issued in accordance with the Terms summarised in Section 7 of the Offering Circular issued by Macquarie Bank Limited dated 5 December 2003 hereby give a Completion Notice in respect of those Macquarie Trading Instalments.

This notice is, as required by the Terms, accompanied by the required instruments including a cheque in favour of Macquarie Bank for the Completion Payment.

Name of Holder:

Shareholder Number:

Contact Telephone Number:

ASX Code for Series	**Number of Instalments Held**	**Completion Payment for Instalment**	**Total Completion Payment Due**	**Payment Enclosed (if less than Total)**

Please Note: The shares to be delivered to your account will be registered as an Issuer Sponsored holding. Investors wanting to transfer these holdings to their broker sponsored account should contact their stockbroker to arrange this.

Completion Payment cheques must be made payable to Macquarie Bank Limited.

Signature

Signature

Print Name

Print Name

Date Date

Section 13. Application Form

(ONLY TO BE COMPLETED BY MACQUARIE RELATED BODIES CORPORATE)

Macquarie Trading Instalments Application Form

Application Number

Investor Reference Number

SEND TO: Macquarie Bank Limited – Instalment Warrants
Equity Market Operations
GPO Box 3423
Sydney NSW 2001

This Application Form must not be distributed unless accompanied by the complete and unaltered electronic Offering Circular dated 5 December 2003.
Applications may be lodged with your stockbroker, financial adviser or Macquarie Bank Limited.

Broker/Adviser Stamp

Broker/Adviser Name

Applicant Detail(s) – ***Name of individual, joint names or trustee and trust name***

A Applicant 1

B TFN/ABN

Applicant 2

TFN/ABN

C **Address Details**

Street Number/PO Box Street Name

Suburb State Post Code

D **Contact Details**

Name Day Phone Evening Phone

Email Fax

E **CHESS Details** - ***for delivery of Macquarie Trading Instalments (These details can be found on any CHESS Holding Statement)***

Sponsoring Broker PID HIN

F **Method of Payment**

☐ Cheque payable to "Macquarie Trading Instalments"

☐ Direct Debit Form attached

G Bank Account Details - *request for direct credit distributions*

Account Name

BSB Number | Account Number

Name of Bank

Branch Address

Investor Declaration

By lodging the Application Form and payment I/we whose full name(s) and address appear above hereby acknowledge and confirm my/our Application for the number of Macquarie Trading Instalments on this Application Form to be issued in accordance with the terms of the Offering Circular dated 5 December 2003 issued by Macquarie Bank Limited. I/We acknowledge that in making our Application:

(a) I/We have irrevocably appointed Belike Nominees Pty Limited or its nominee as my/our nominee on the terms of the Nominee Deed in respect of any Securities to which my/our Application relates (My Securities) for valuable consideration and to facilitate the granting of the Loan and Security Interest.

(b) I/We have directed Macquarie Bank Limited and the Broker to do anything necessary to effect the transfer to the Security Trustee of any of My Securities.

(c) I/We have read and understood the Offering Circular to which this Application Form is attached including the Summary of the Trust Deed, and have agreed to accept the Macquarie Trading Instalments on the conditions set out in the Offering Circular.

(d) I/We declare that my/our Application is not being made in my/our capacity as the trustee of any estate (other than a complying superannuation fund or other excluded trust as defined in section 102UC of the Income Tax Assessment Act 1936).

(e) I/We acknowledge that any "rounding" amount remaining after applying my funds to the purchase of Instalments pursuant to this Application (which amount will always be less than the value of one Instalment) may be retained by Macquarie and donated to a charity of their choice.

(f) I/We declare that before completing this Application Form, I/We have received and was/were given access to a complete and unaltered Offering Circular together with this Offering Circular.

APPLICATION FORMS MUST BE COMPLETED IN ACCORDANCE WITH THE INSTRUCTIONS ASSOCIATED WITH THIS FORM.

H Application Details

	ASX Code	Number of Macquarie Trading Instalments ❶	First Payment Amount ❷	Total Amount Payable ❸ ($2,000 min. per series)	Confirmation Number ❹
eg	*CBAIMT*	*1000*	*$1.15*	*$1,150.00*	
	VBAIMT				
	TOTAL			$	*Should equal amount in **F***

I Power of Attorney

1. For valuable consideration I/we irrevocably appoint each director and secretary of Macquarie or any employee of Macquarie whose title includes the words "director" or "manager" severally as my/our attorney.
2. An attorney may, in my name:
   - o complete any blanks in the Loan Agreement;
   - o execute the Loan Agreement substantially in the form set out in the Offering Circular manually or by authorising the electronic image of the signature of the attorney (or sub-attorney) to be applied to the Loan Agreement in electronic form;
   - o do anything which I am/we are obliged to do under or in relation to the Loan Agreement or any other agreement or arrangement between me/us and Macquarie relating to the Loan or any subsequent loan; and
   - o do anything incidental or necessary in relation to the above (including, but not limited to, completing any blanks in the attached Application Form(s) and appointing any person as sub-attorney to do any of the above).
3. For the purposes of this Power of Attorney, Loan Agreement includes any Subsequent Loan Agreement.
4. Subsequent Loan Agreement means any future Loan Agreement relating to an Application by me for a future series of Macquarie Trading Instalments.

Signature Applicant 1 | Signature Applicant 2 | Common Seal

Date: | Date:

The Offering Circular was executed by Macquarie Bank Limited under power of attorney dated 28 October 2003 by each of Chris Horne and Neil Smyth in their capacity as attorneys.

DIRECTORY

Issuer

Macquarie Bank Limited
No.1 Martin Place
Sydney NSW 2000
Australia
Phone 1800 80 30 10
Email warrants@macquarie.com.au

Registrar

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 1115
Australia
Phone 1300 364 060

Security Trustee

Belike Nominees Pty Limited
No. 1 Martin Place
Sydney NSW 2000
Australia

Issuer's Solicitors

Allens Arthur Robinson
Level 17, The Chifley Tower
Sydney NSW 2000
Australia

Macquarie Trading Instalment Information Line

1800 80 30 10