

MACQUARIE BANK LIMITED AFSL 237502
ABN 46 008 583 542
HOT AND REGULAR INSTALMENTS



**MACQUARIE
BANK**

COMBINED PRODUCT DISCLOSURE STATEMENT AND FINANCIAL SERVICES GUIDE

**8 Series of Hot Instalments
are offered over Shares in**

Amcor Limited
AMP Limited
Australia and New Zealand Banking
Group Limited
CSL Limited
National Australia Bank Limited
Rio Tinto Limited
St George Bank Limited
Westpac Banking Corporation

**6 Series of Regular Instalments
are offered over Shares in**

Australia and New Zealand Banking
Group Limited
Billabong International Limited
National Australia Bank Limited
Sigma Company Limited
St George Bank Limited
Westpac Banking Corporation

to be traded on the Australian Stock Exchange
20 September 2004

Important Notice

This is a Product Disclosure Statement ("PDS").

The date of this PDS is 20 September 2004.

Purpose

Under this PDS Macquarie Bank Limited is inviting applications for the Macquarie Hot Instalments and Macquarie Regular Instalments offered under this PDS.

Applications

Applications under this PDS 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 PDS. Macquarie may withdraw invitations made under this PDS at any time at its absolute discretion.

Cooling-off Rights

No cooling-off rights apply in connection with Macquarie Instalments. This means that, in most circumstances, you cannot withdraw an Application once it has been made.

Foreign Jurisdictions

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this PDS comes should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate those laws. This PDS is not an offer or invitation in relation to Macquarie 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 Instalments, the Shares transferred under the Macquarie Instalments or this PDS 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.

Changes to Information in this PDS

This PDS is current as at 20 September 2004. Information in this PDS is subject to change from time to time. Where information that is not materially adverse to Holders changes, Macquarie will update the information by posting a notice on its website at macquarie.com.au/instalments. Macquarie will, upon request, provide a paper copy of updated information to Holders who contact Macquarie on 1800 803 010.

Representations

This PDS 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 only rely on information in this PDS. No person is authorised to give any information or to make any representation in connection with the offer of Macquarie Instalments that is not contained in this PDS. Any information or representation not so contained may not be relied upon as having been authorised by Macquarie in connection with the offer.

Security Trustee

The Security Trustee (Belike Nominees Pty Ltd) is a wholly owned subsidiary of Macquarie Bank Limited. Belike Nominees Pty Ltd is not an authorised deposit taking institution for the purposes of the Banking Act (Cth) 1959, and Belike Nominees Pty Ltd's obligations do not represent deposits or liabilities of Macquarie Bank Limited. Macquarie Bank Limited does not guarantee or otherwise provide any assurance in respect of the obligations of Belike Nominees Pty Ltd.

Underlying Listed Entities

References in this PDS to Amcor Limited, AMP Limited, Australia and New Zealand Banking Group Limited, Billabong International Limited, CSL Limited, National Australia Bank Limited, Rio Tinto Limited, Sigma Company Limited, St George Bank Limited and Westpac Banking Corporation or to AMC, AMP, ANZ, BBG, CSL, NAB, RIO, SIG, SGB and WBC are included solely for the purposes of identification of the Shares to which the Macquarie 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 of this issue of Macquarie Instalments, nor does any Listed Entity accept any responsibility for any statement in this PDS nor undertake any liability in respect of the Macquarie Instalments.

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

Similarly, information in this PDS 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 PDS 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 PDS, or as a representation as to the future in relation to any Listed Entity or Macquarie.

Own Advice

The information provided in this PDS is not financial product advice, and has been prepared without taking into account your individual investment objectives or personal circumstances. You should read the whole of this PDS and consider all of the risks and other information relating to Macquarie Instalments before deciding to invest. If you have any questions, you should contact your stockbroker, accountant or other professional adviser before deciding to invest in Macquarie Instalments.

Macquarie Group's interest in the Listed Entities:**AMP - AMP Limited**

The Macquarie Group acted as joint lead manager and underwriter to the rights issue of shares announced 10th October 2003. The Macquarie Group acted as underwriter to an issue by AMP Henderson Global Investors Limited in stapled securities of Diversified Utility and Energy Trusts 1 and 2 (DUET). The Macquarie Group acted as underwriter to the issue of hybrid securities ("POWERS") in POWERS Trust, a subtrust of the AMP Diversified Utility and Energy Trusts, announced 2 July 2003.

ANZ - Australia and New Zealand Banking Group Limited

The Macquarie Group acted as co-manager to the issue of Australian and New Zealand Banking Group Limited ("ANZ") stapled exchangeable preferred securities ("ANZ StPS") announced 13 August 2003.

BBG - Billabong International Limited

The Macquarie Group acted as manager and underwriter to the sell-down of shares in BBG, announced 29.08.02.

SGB - St George Bank Limited

The Macquarie Group advised BWA in relation to its preliminary discussions with SGB announced 26.06.01.

WBC - Westpac Banking Corporation

The Macquarie Group is advisor to WBC in relation to its share sale and top up facility announced 11.02.03 and is broker to the facility in relation to shares in WBC and Westpac (NZ) Investments Limited.

Admission to Trading Status on the ASX

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

Commencement of trading of the Macquarie Instalments pursuant to this PDS will occur as soon as practicable after Macquarie notifies subscribers of the issue of the Macquarie Instalments.

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

This PDS complies in all respects with the information requirements of Section 10 of the ASX Market Rules as varied by the ASX with respect to this PDS.

At a Glance

Issuer	Macquarie Bank Limited (ABN 46 008 583 542) No. 1 Martin Place SYDNEY NSW 2000 Phone: 1800 803 010 Email: warrants@macquarie.com.au Website: macquarie.com.au/instalments
Term	Approx. 3 to 21 months.
Expected commencement of quotation on the ASX	21 September 2004. AMCIMP, AMPIMP, ANZIME, CSLIMP, NABIME, RIOIMU, SGBIME and WBCIME will initially trade on a Deferred Settlement basis.
Trading of Instalments on a normal basis (on T + 3 basis)	AMCIMP, AMPIMP, ANZIME, CSLIMP, NABIME, RIOIMU, SGBIME and WBCIME (the "Macquarie Hot Instalments") will commence trading on a normal T+3 settlement basis on 6 October 2004. ANZIML, BBGIMR, NABIML, SGBIML, SIGIMM and WBCIML (the "Macquarie Regular Instalments") will commence trading on a normal T+3 basis on 21 September 2004.
Deferred Settlement Date for Macquarie Hot Instalments	11 October 2004 (see Note 1).
Interest Rate	Initially 8.30% pa (fixed on Application).
Gearing Level	Approx. 70% to 95% of the Underlying Share price for Macquarie Hot Instalments. Approx. 40% to 70% of the Underlying Share price for Macquarie Regular Instalments.
Registrar	Computershare Investor Services Pty Limited Phone: 1300 364 060

Summary Table of Macquarie Hot Instalments

ASX Code	ASX Code during Deferred Settlement Period	Issue Size (maximum)	Completion Payment	Offer Period Opens	Offer Period Ends	Maturity Date
AMCIMP	AMCDMP	10,000,000	\$7.00	20/09/04	09/03/05	23/03/05
AMPIMP	AMPDMP	10,000,000	\$5.50	20/09/04	09/03/05	23/03/05
ANZIME	ANZDME	10,000,000	\$18.00	20/09/04	13/01/05	27/01/05
CSLIMP	CSLDMP	10,000,000	\$25.00	20/09/04	09/03/05	23/03/05
NABIME	NABDME	10,000,000	\$27.00	20/09/04	13/01/05	27/01/05
RIOIMU	RIODMU	10,000,000	\$35.00	20/09/04	09/12/04	23/12/04
SGBIME	SGBDME	10,000,000	\$21.00	20/09/04	13/01/05	27/01/05
WBCIME	WBCDME	10,000,000	\$15.50	20/09/04	13/01/05	27/01/05

Summary Table of Macquarie Regular Instalments

ASX Code	Issue Size (maximum)	Completion Payment	Offer Period Opens	Offer Period Ends	Maturity Date
ANZIML	10,000,000	\$12.50	20/09/04	20/03/05	29/06/06
BBGIMR	10,000,000	\$7.00	20/09/04	20/03/05	23/06/05
NABIML	10,000,000	\$18.50	20/09/04	20/03/05	29/06/06
SIGIMM	10,000,000	\$5.50	20/09/04	20/03/05	23/06/05
SGBIML	10,000,000	\$14.50	20/09/04	20/03/05	29/06/06
WBCIML	10,000,000	\$11.50	20/09/04	20/03/05	29/06/06

- Note:**
1. The initial period of Deferred Settlement set out in this PDS does not apply to the Macquarie Regular Instalments offered under this PDS.
 2. The Offer Period will continue past the ASX listing date.
 3. The Offer Period may be closed early by Macquarie.
 4. The initial issue size for each series of Macquarie Instalments are set out above. Macquarie reserves the right to increase the initial issue size at any time during the Offer Period or to issue further Macquarie Instalments in each Series without the consent of Holders, subject to making a further application to ASX on the basis that new Macquarie Instalments will form part of the same Series, will be issued on terms identical to those applying to existing Macquarie Instalments of that Series and will trade on the same basis under the same ASX code as existing Macquarie Instalments of that Series.
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Section 1. Investment Overview

This Section contains a brief summary only of certain material features relating to Macquarie Instalments. Detailed information relating to the offer to subscribe for Macquarie Instalments can be found in the following sections of this PDS. Potential investors should read this PDS in its entirety before making any investment decision.

What are Macquarie Instalments?

Macquarie Instalments are a moderately geared (in the case of Macquarie Regular Instalments) to highly geared (in the case of Macquarie Hot Instalments), short term, tax efficient investment that allow you to gain exposure to potential Share price movements and ordinary dividends by paying a fraction of the Underlying Share price upfront.

Macquarie Instalments are a way of borrowing to invest in Shares. You pay a fraction of the total Share price upfront, borrow the rest from Macquarie and receive Instalments which are listed on the Australian Stock Exchange (ASX). The Shares are then held in trust for you during the life of the Instalment (subject to any Security Interest).

During the investment term all ordinary dividends (subject to any deduction for or on account of any tax) and franking credits paid on the Shares are paid to you by the Security Trustee. The Completion Payment (together with any Transfer Tax) may be repaid at any time but is not compulsory at the end of the Loan. If you do make the Completion Payment, you will receive the fully paid Underlying Share.

How do Macquarie Instalments Work?

Each successful Holder:

- receives a limited recourse loan from Macquarie which is used to acquire the Underlying Share. The Loan Proceeds are applied in the manner discussed in Section 2.2;
- retains a Beneficial Interest in the Underlying Share which will be held by the Security Trustee on behalf of the Holder, subject to any Security Interest;
- will be entitled to receive all of the ordinary dividends (subject to any deduction for or on account of any tax) and franking credits on the Underlying Share, and any capital gains or losses on that Share during the investment term;
- may:
 - (a) obtain the full legal title to the Underlying Share at any time by making the Completion Payment (together with any Transfer Tax). Repayment of the Completion Payment is optional. An obligation arises only after a Completion Notice is given;
 - (b) sell the Underlying Share to Macquarie at Maturity at the greater of the prevailing Market Value and the amount of the Completion Payment by exercising the Holder's Put Option; and
 - (c) at any time prior to Maturity sell their Macquarie Instalments on the ASX. Macquarie will support

the secondary market by offering to buy Macquarie Instalments on the ASX.

Who Do They Suit?

Macquarie Instalments may suit you if you:

- are looking to spend less upfront and get greater exposure to any share price increases, ordinary dividends and franking credits which can help to accelerate your wealth and reach your investment goals sooner;
- are looking to benefit from increased franking credit flow;
- are looking for an alternative to other forms of gearing into shares without the risk of margin calls; or
- want to make a larger investment into shares than your available capital would currently allow.

What are the Key Features and Benefits of Investing in Macquarie Instalments?

An investment in Macquarie Instalments gives you:

- a convenient way to enhance your exposure to capital growth, ordinary dividends and franking credits in a range of Australian listed Shares;
- the potential to earn greater returns than an equivalent monetary investment in the Underlying Shares;
- enhanced dividends yields and franking credits subject to any deduction for or on account of any tax;
- the option to make a Completion Payment equal to the outstanding amount of the Loan (plus any Transfer Tax) and receive the Underlying Shares;
- a flexible investment that may be sold on the ASX at any time up to and including Maturity, if required;
- in the case of the Macquarie Hot Instalments offered under this PDS, an initial Deferred Settlement Period of up to 10 Business Days (refer to the At a Glance Section on pages (ii) and (iii) of this PDS). **This does not apply to the Macquarie Regular Instalments offered under this PDS;**
- a straight forward investment that has no credit checks or complicated loan documentation;
- a medium to high gearing level (depending on the Series); and
- no Annual Reset feature and no rollover.

What are the Risks of Investing in Macquarie Instalments?

As with any investment decision, you need to consider an investment in Macquarie Instalments carefully and in light of your individual circumstances. Potential risks of investing in Macquarie Instalments may include:

- a decrease in the Underlying Share price

decreasing the value of your investment;

- a change to the corporate structure of the Underlying Share (eg due to a takeover or scheme of arrangement affecting the Listed Entity in which the Underlying Share exists) which may affect the value of your investment;
- Macquarie or the Security Trustee not performing their duties; and
- all the general risks of investing in listed shares and on stock markets.

You should refer to Section 3 "Risks You Should Consider" on page 12 of this PDS for more detailed information about the risks of investing in Macquarie Instalments.

What Are the Differences Between Macquarie Hot Instalments and Macquarie Regular Instalments?

Macquarie Hot Instalments differ from most other series of instalments issued by Macquarie in the amount of leverage they provide. Macquarie Hot Instalments are initially priced so that the Completion Payment or Loan Amount is equal to around 70% - 95% of the Underlying Share price compared with around 40-70% for Macquarie Regular Instalments.

This means that the same dollar amount invested in Macquarie Hot 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 Hot 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 Hot Instalments they must be aware that if the Underlying Share price remains static over the life of the Instalments, the value of their Macquarie Hot Instalments will fall over time at a greater rate than less highly leveraged Macquarie instalments because the Macquarie Hot Instalments are more highly geared.

Another main difference between the Macquarie Hot Instalments and Macquarie Regular Instalments offered under this PDS and other series of Macquarie instalments is that these Macquarie Instalments DO NOT have an annual reset feature and no rollover will be offered at maturity. Upon a Maturity Date (approximately 3 to 21 months after the Series offer opens, depending on the Series) the Macquarie Instalments will expire and will not be reset. Holders should refer to Section 2.3 as to options on discharging the Loan.

Potential Holders should also be aware that the Macquarie Hot Instalments offered under this PDS will initially commence trading on a Deferred Settlement basis. This initial period of Deferred Settlement does not apply to the Macquarie Regular Instalments offered under this PDS.

Who Can Apply?

Primary market Applications through this PDS may only be made by related bodies corporate of Macquarie. Other investors can purchase Macquarie Instalments in the secondary market on the ASX.

How Do I Buy and Sell Macquarie Instalments?

Before you invest in Macquarie Instalments it is important that you have read and understood the terms set out in this PDS. You should also read the ASX booklet 'Understanding Trading and Investment Warrants' which is available free of charge from the ASX or from Macquarie. If you have any questions, you should contact your stockbroker, accountant or other professional adviser.

Macquarie Instalments can be purchased on the ASX through an accredited broker (i.e. in the secondary market). Applications under this PDS (i.e. in the primary market) may only be made by related bodies corporate of Macquarie.

Deferred Settlement

The initial Deferred Settlement Period of 10 Business Days does not apply to the Macquarie Regular Instalments offered under this PDS. The initial Deferred Settlement Period only applies in relation to AMCIMP, AMPIMP, ANZIME, CSLIMP, NABIME, RIOIMU, SGBIME and WBCIME (the "Macquarie Hot Instalments"). It is expected that the Macquarie Hot Instalments will commence quotation on the ASX on 21 September 2004, initially on a Deferred Settlement basis. Deferred Settlement on the Macquarie Hot Instalments is expected to continue until 6 October 2004 when normal trading is expected to commence. The Deferred Settlement Date is expected to be 11 October 2004. This means that all trades during the Deferred Settlement Period will not settle until the Deferred Settlement Date. Accordingly a purchaser of a Macquarie Hot Instalment on the ASX will not make a payment until the Deferred Settlement Date and conversely the seller will not receive payment until the Deferred Settlement Date.

Purchasing Macquarie Instalments on the Secondary Market (ASX) – Like Ordinary Shares

To gain immediate access to Share price movements and potential dividends, Macquarie Instalments can be purchased on the ASX through any ASX Accredited Derivatives full service or discount adviser or stockbroker using the relevant ASX Instalment Code.

To trade Macquarie Instalments on the secondary market you will need to have completed a Warrant Client Agreement Form available from your stockbroker.

You should refer to Section 2 for further details.

Primary Market Applications

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 Instalments to be issued under this PDS is attached. Applications may only be made on the Application Form attached to the complete

and unaltered electronic version of this PDS.

The application procedure for related bodies corporate of Macquarie is set out in more detail in Section 10 of this PDS.

How Much Do Macquarie Instalments Cost?

The First Payment - Variable

The price or First Payment of a Macquarie Instalment is not fixed and will vary depending on a number of factors including:

- the price of the Underlying Share;
- the volatility of the Underlying Share price;
- the future expected dividends;
- the time remaining to Maturity; and
- prevailing interest rates.

You should refer to Section 2.4 of this PDS for further details.

The Completion Payment - Fixed

The Completion Payment is not compulsory. You can choose to make the Completion Payment on your Macquarie Instalments at any time up to Maturity.

The Maturity Date for each Series of Macquarie Instalments is specified in the Summary Table on pages (ii) and (iii). The Completion Payment for each Series of Macquarie Instalments is equal to the Loan Amount and is initially fixed at the amount set out in the Summary Table on pages (ii) and (iii).

The Holder's Put Option

When you invest in a Macquarie Instalment you are also purchasing a Holder's Put Option. The Holder's Put Option allows you to sell the Underlying Shares to Macquarie at Maturity for the greater of the Market Value and the Completion Payment.

The presence of the Holder's Put Option prevents any need for margin calls during the term of your investment.

You should refer to Sections 2.10 and 2.11 of this PDS for further details.

Commission, Fees and Expenses

When you buy a Macquarie Instalment either through an Application Form attached to this PDS or through the ASX, Interest Amounts and Borrowing Fees are payable. These amounts are directed by you to be paid to Macquarie from the Loan Amount. When you purchase Macquarie Instalments on the ASX your adviser may also charge you commission.

Fees and costs may also be incurred if you do nothing at Maturity or do not deliver a valid Completion Notice. See below for further information.

What Happens at Maturity?

The Maturity Date for each Series of Macquarie Instalments is specified in the Summary Table on pages (ii) and (iii). At Maturity, there are several options available to you. You can:

1. deliver the Completion Notice, make the Completion Payment (together with any Transfer Tax) and take ownership of the Underlying Shares;
2. sell the Macquarie Instalments on the ASX prior to Maturity;
3. exercise your Holder's Put Option and receive a payment equal to the amount by which the Market Value of the Underlying Share exceeds the Completion Payment (if the Completion Payment is more than the Market Value of the Underlying Share, Macquarie will have no recourse against you to recover any shortfall).

If you do nothing at Maturity (i.e. neither make the Completion Payment nor exercise your Holder's Put Option), the Underlying Shares will be sold and you will receive the greater of:

- (i) the net proceeds of sale of the Underlying Shares less the final Completion Payment and all fees and costs incurred in connection with such sale and any other Secured Monies; or
- (ii) the Assessed Value Payment.

If the sale proceeds are insufficient to cover the Completion Payment, Macquarie has no recourse against you to recover the shortfall.

Remember you are not obliged to make the Completion Payment. You can choose to make the Completion Payment and receive the Underlying Shares at any time prior to Maturity.

What are the Tax Implications of Investing in Macquarie Instalments?

Macquarie Instalments give you the potential for tax benefits, depending on your individual circumstances. Tax benefits may include:

- the prepayment of between approximately 3 to 21 months interest in advance (depending on the Series); and
- availability of franking credits which may be used to offset other tax.

You should refer to Section 4 'Taxation Considerations' of this PDS for more detailed information in relation to the tax implications of investing in Macquarie Instalments.

Is There a Cooling Off Period?

There is no cooling off period when you buy or sell Macquarie Instalments.

Are there any labour standards or social, environmental or ethical considerations I should be aware of?

Macquarie will not take into account labour standards, or social, environmental or ethical considerations for the purpose of selecting, retaining or realising the investment. An investment in Macquarie Instalments requires the selection by investors of specific Underlying Shares. Investors should make their own enquiries as to whether labour standards or social, environmental or ethical considerations are taken into

account by the issuer of the Underlying Shares by referring to the website of the relevant issuer or information disclosed by the relevant issuer of the Underlying Shares pursuant to its continuous disclosure obligations.

Enquiries and Complaints

Macquarie has procedures in place to properly consider and deal with any enquiries or complaints from Investors in Macquarie Instalments. Macquarie will acknowledge receipt of a written complaint within 5 days and provide a substantive response within 21 days. Where a complaint remains unresolved (eg where a remedy offered is not accepted by the complainant), the complaint may fall within the terms of reference of the external complaints scheme, Financial Industry Complaints Scheme ("FICS").

To contact FICS, Holders should telephone 1300 780 808 or write to PO Box 579 Collins Street West, Melbourne VIC 8007.

Section 2. Details of the Issue

This Section is a summary of the important features of Macquarie Instalments. The contractual terms are contained in the Trust Deed (a summary of which is contained in Section 5) and the Loan Agreement (a sample of which is contained in Section 8). Investors should read and understand the contractual terms before investing in Macquarie Instalments. Investors should 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.

2.1 How do Macquarie Instalments work?

Macquarie Instalments issued under this PDS provide a moderately leveraged (in the case of Macquarie Regular Instalments) to highly leveraged (in the case of Macquarie Hot Instalments) investment in Shares using a limited recourse loan made by Macquarie.

Each Holder:

- will receive a limited recourse loan from Macquarie. The Loan Proceeds will be applied in the manner discussed in Section 2.2;
- will retain a full Beneficial Interest in the Underlying Share which will be held by the Security Trustee on behalf of the Holder, subject to any Security Interest;
- will be entitled to receive all of the ordinary dividends¹ (subject to any deduction for or on account of any tax) and franking credits on the Underlying Shares, and any capital gains or losses on those Shares;
- may obtain the full legal title to the Underlying Shares at any time by making the Completion Payment (together with any Transfer Tax). Repayment of the Completion Payment is optional. An obligation to make the Completion Payment arises only after a Completion Notice is given;
- may sell the Underlying Shares to Macquarie at Maturity by exercising the Holder's Put Option at the greater of the prevailing Market Value and the amount of the Completion Payment; and
- may, at any time prior to Maturity, sell their Macquarie Instalments on the ASX.

2.2 What is the Loan used for?

Macquarie is offering to make a Loan to successful Applicants and to Holders who acquire Macquarie Instalments on the ASX, on a limited recourse basis, secured by a mortgage over the Underlying Shares (which will be held by the Security Trustee as nominee for the Holder). The Loan Amount for each Series of Macquarie Instalment is specified in the Summary Table on pages (ii) and (iii) and is subject to adjustment in accordance with the Terms.

The Loan Proceeds will be applied by Macquarie as follows:

- Loans to Applicants will be applied to the purchase of the Underlying Share and the prepayment of the Interest Amount and Borrowing Fees on the Loan.

- Loans to Holders who acquire Macquarie 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.

2.3 How do I discharge the Loan?

Holders can discharge the Loan by:

- (a) at any time repaying the Current Loan Amount (together with any Transfer Tax) and having full legal ownership of the Underlying Shares transferred to them. Upon transfer of the Underlying Shares to you (such transfer to occur within 20 Business Days from the date of delivery of a valid Completion Notice), the Macquarie Instalments will be cancelled. Please note that there is no refund of interest if the Completion Payment is made early by the Holder for any reason other than the occurrence of an Extraordinary Event and a Completion Notice given during a Deferred Settlement Period will not be effective until after the Deferred Settlement Period;
- (b) exercising the Holder's Put Option and selling the Underlying Shares to Macquarie at the greater of the prevailing Market Value and the amount of the Completion Payment on the Maturity Date;
- (c) Macquarie enforcing any Security Interest over the relevant Underlying Shares; or
- (d) selling the Macquarie Instalments on the ASX prior to the Maturity Date.

2.4 Pricing of Macquarie Instalments

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

Setting the purchase price of Macquarie Instalments

This PDS does not specify the purchase price the Macquarie Instalments issued under this PDS. This is because the purchase price 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 expected volatility of that price and the time to expiry of the Macquarie 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 Macquarie Instalments.

Potential investors 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.

¹ Special Dividends will be applied in accordance with Section 2.5.

Calculating the Interest Amount

The Interest Amount is calculated 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 Instalments;
L	=	Loan Amount;
D	=	Maturity Date;
D1	=	Effective Date.

Examples of Calculations: Purchasing Macquarie Instalments on the ASX

The figures used in this example and the following examples are provided for illustrative purposes only and should not be taken as an indication of commitment by Macquarie as to the level of figures that will actually apply to Macquarie Instalments.

On 13 December 2004 an investor purchases a AMPIMP Macquarie Hot Instalment on the ASX. The Interest Rate as published by Macquarie applicable to the AMPIMP Instalment is 8.50% p.a. The seller in this case had prepaid interest at 8.30% p.a. and the Loan Amount for AMPIMP is \$5.50.

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

$$\begin{aligned} IR &= L \times I \times (D - D1)/365 \\ &= \$5.50 \times 8.30\% \times 100/365 \\ &= \$0.125 \end{aligned}$$

The interest prepaid by the purchaser would be:

$$\begin{aligned} IP &= L \times I \times (D - D1)/365 \\ &= \$5.50 \times 8.50\% \times 100/365 \\ &= \$0.128 \end{aligned}$$

and Break Costs would be payable by Macquarie to the seller due to the increase in interest rates and is calculated as follows:

$$\begin{aligned} BC &= IP - IR \\ &= \$0.128 - \$0.125 \\ &= \$0.003 \end{aligned}$$

On the purchase date, the purchaser is deemed to draw down a Loan equal to the Completion Payment of \$5.50. From the Loan Proceeds, \$0.128 is paid to Macquarie as a prepayment of the Interest Amount and the remainder of \$5.372 is applied to repayment of the sellers Loan. The refund of interest to the seller (\$0.125) plus the Break Cost (\$0.003) are applied to repayment of the balance of the sellers Loan of \$5.50.

2.5 Payment of Dividends

Subject to any withholding for or on account of any tax and closely held trust obligations, the Security Trustee is required to pass on ordinary cash dividends received on the Underlying Shares 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 plans of Listed Entities related to or in lieu of distributions in respect of the Underlying Shares in which they have a Beneficial Interest. Other Accretions to Shares comprised in the Underlying Shares will not be distributed but will form part of the Underlying Shares, subject to any Security Interest.

Special Dividends declared by a Listed Entity are dealt with differently than ordinary dividends. Unlike ordinary dividends, which are, subject to any withholding for or on the account of any tax, 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 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.

2.6 Maturity Date

Macquarie Instalments offered by this PDS will expire on the relevant Maturity Date specified for that Series in the Summary Table on pages (ii) and (iii). Potential investors should note, however, that the Maturity Date for Macquarie Instalments may be brought forward if there is an Extraordinary Event such as the announcement of an intention to make a takeover offer or intention to enter into a scheme of arrangement affecting the Listed Entity in which the Underlying Shares exist or in other circumstances permitted by the Trust Deed, including, without limitation, capital distributions and redemption or cancellation of the Securities (refer to Sections 3.5 and 3.7 of this PDS).

Macquarie will refund to the Holder a pro-rata portion of any Interest Amount pre-paid 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 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 BBSW Rate for the relevant term, plus 1%.

There is no refund of any Interest Amount if the Completion Payment is made early by the Holder for any reason other than the occurrence of an Extraordinary Event.

2.7 Variation of Terms

The Completion Payment and/or the Underlying Shares may 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.

Other variations are possible in two circumstances:

(1) where the change is necessary or desirable in the reasonable opinion of Macquarie:

- to comply with any statutory or other legal requirements, or any requirement of the ASX;
- to rectify any technical defects, manifest error or ambiguity; or
- to provide for the consequences of any corporate action by the Listed Entity, and

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

Such a resolution can be 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 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 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 Instalment so held, in the manner directed by the Holder.

2.8 Completion Notices

Holders of Macquarie Instalments have the right (but not the obligation) to give a Completion Notice. However, once given, a Completion Notice is irrevocable and the Holder is obliged to make the Completion Payment. A Holder who wishes to give a Completion Notice and make the Completion Payment in relation to Macquarie Instalments must lodge with Macquarie not later than 6.00 pm (Sydney time) on the Maturity Date:

- (a) a duly completed Completion Notice for the particular Macquarie Instalments; and
- (b) payment of the relevant Completion Payment, by cheque made payable to "Macquarie Bank Limited – Instalment Warrants".

The Completion Notice generally becomes effective immediately upon being given. However, there are

certain circumstances in which Macquarie may regard the Completion Notice as invalid. These circumstances include:

- if Macquarie has not received the Completion Payment within 5 Business Days following the day on which the Completion Notice was given; and
- if the Completion Notice is signed by a person who is not the Holder and that person does not become the Holder within 5 Business Days after the giving of the Completion Notice.

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

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

To take account of the fact that trading in Macquarie Instalments may continue until 4.15 p.m. (Sydney time) on the relevant Maturity Date (the Closing Time for giving Completion Notices being 6.00 p.m. Sydney time on that date) and that persons who have purchased Macquarie Instalments on the ASX may not be registered as at the Closing Time, the Terms allow a person who claims to be entitled to be registered as the Holder of Macquarie Instalments at the Closing Time, to give a Completion Notice, which will be recognised as valid and effective provided that the person concerned is registered as the Holder within 5 Business Days after the relevant Maturity Date (or the earlier date on which the Completion Payment is made), and provided that no other Completion Notice is given in respect of the same Macquarie 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.

If the Holder gives a valid Completion 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 Shares, and any Security Interest is discharged and the legal title to the Shares will be transferred by the Security Trustee to the Holder accordingly (such transfer to occur within 20 Business Days from the date a valid Completion Notice is given).

Investors should be aware that if a Holder delivers a valid Completion Notice to Macquarie during the Deferred Settlement Period relating to the Underlying Share, that Completion 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 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.

2.9 Contractual Rights to Payment if the Security Trustee Defaults

If, after an effective Completion Notice has been given in respect of Macquarie Instalments, the Security Trustee fails to procure delivery of the Underlying Shares to the Holder within 20 Business Days, Macquarie is obliged to pay to the Holder the Liquidated Damages Amount, which is equal to 1.1 times the Market Value of the Underlying Shares. The Market Value is determined by the Weighted Average Sale Price of the Share on the ASX on the 5 Trading Days following the date the Completion Notice was given. 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.

Upon payment of the Liquidated Damages Amount, the relevant Macquarie Instalments shall cease to exist, the Beneficial Interest of the Holder in respect of the Underlying Shares will be extinguished and Macquarie and the Security Trustee shall have no further obligations to the Holder.

2.10 Holder's Put Option

Holders of Macquarie Instalments have the right (but not the obligation) to sell (or put) the Underlying Shares to Macquarie for the HPO Exercise Price, on the Maturity Date, by giving an HPO Exercise Notice by 12.00pm (Sydney time) 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 (equal to the Weighted Average Sale Price of the Shares on the ASX during the last two hours of trading on the Maturity Date) and the Completion Payment. A Holder who exercises the Holder's Put Option directs the Security Trustee to transfer the Underlying Shares to Macquarie and Macquarie acquires the entire right, title and interest of the Holder in each relevant Underlying Share for the HPO Exercise Price. When the Holder's Put Option is exercised, Macquarie will pay to the Holder the HPO Exercise Price less the Completion Payment. The balance remaining (if any) is paid to the Holder and the Macquarie Instalment is cancelled.

If, for any reason, Macquarie is legally prohibited from acquiring the 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 Completion Payment) to the Holder.

The terms and conditions of the Holder's Put Option are set out in the Terms (Section 5.22 of this PDS).

2.11 Failure to Pay the Completion Payment or Exercise the Holder's Put Option

If the Holder of a Macquarie Instalment does not give a valid Completion Notice by 6.00 pm (Sydney time) on the Maturity Date, or gives a valid Completion Notice and the Completion Payment is not made or not cleared within 5 Business Days after the Maturity Date (or the earlier date on which the Completion Notice is given), and the Holder does not exercise the Holder's Put Option, Macquarie has the right to sell the Underlying Shares by exercising its power of sale pursuant to the Security Interest. The Security Interest will be discharged and the Macquarie Instalment is cancelled upon the sale of the Underlying Shares.

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

- (a) the proceeds of sale of the Underlying Shares received by Macquarie less the Completion Payment, the costs of sale, any costs payable to Macquarie or the Security Trustee and any other Secured Monies; or
- (b) where the intrinsic value of the Underlying Shares equals or exceeds 5% of the Completion Payment on Maturity, 90% of the amount calculated as the Market Value less the Completion Payment.

2.12 Share Benefit Plans and Buy-back Offers

Applicants should note that an investment in Macquarie 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.

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

2.13 No Voting Rights

The Holders of Macquarie Instalments, in their capacity as Holders, 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 Listed Entity.

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

2.14 Nominee Arrangements

Applicants will appoint the Security Trustee and the nominee of the Security Trustee as bare trustee to hold the Underlying Shares, subject to any Security Interest.

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

2.15 Legal Documents

Macquarie has entered into the Trust Deed, which constitutes the Terms as that expression is used in this PDS. A summary of the Terms is set out in Section 5 and a sample form of the Loan Agreement is set out in Section 8. 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.

2.16 Transfers

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

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

- prepay interest on the Loan from the Effective Date to the Maturity Date; and
- discharge part of the Transferor's loan.

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 may 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.

2.17 Register

Macquarie will arrange (at its cost) for a register of Holders of each Series of Macquarie Instalments to be established and maintained at the offices of Computershare Investor Services Pty Limited (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 Instalments will be CHESS Approved Securities a CHESS sub-register and an Issuer Sponsored Sub-register of Holders will be established in respect of each Series of Macquarie Instalments.

2.18 Securities Lending

The Security Trustee may lend the Underlying Shares to related bodies corporate of Macquarie where the borrower is the Holder of the corresponding Macquarie Instalments. The Holder may not give a Completion Notice during the period of the Loan.

2.19 The Trusts

The Security Trustee will hold each Underlying Share under a Separate Trust for the Holders of Macquarie 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 PDS. In particular, the Security Trustee makes no representation as to the accuracy or completeness of the contents of this PDS.

The Trust Deed sets out the obligations of the Security Trustee and includes a range of provisions limiting the responsibilities and liabilities of the Security Trustee. The role of the Security Trustee and these limiting provisions are summarised in Section 5, particularly Section 5.33 to 5.35.

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.

2.20 Form of Holding

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

2.21 Stamp Duty

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

2.22 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 Regulation Authority ("APRA") and the Australian Tax Office ("ATO") (together "the Regulators") issued joint guidelines to superannuation trustees 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.

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 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 Superannuation Industry (Supervision) ("SIS") regulation 13.14 which

prohibits trustees from giving a charge over assets of a fund. Consequently where Shareholder Applications are included in a PDS, 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 purchasing on the 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.

2.23 Activities of Macquarie

The Macquarie Instalments will constitute direct unconditional obligations of Macquarie.

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

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

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

2.24 The Clearing House Electronic Sub-register System (CHES)

The Macquarie Instalments will be CHES Approved Securities in accordance with the ASX Market Rules and the ASX Settlement Transfer Corporation Pty Limited (ASTC) Rules. In the CHES environment, in addition to an electronic CHES Sub-register, an electronic Issuer Sponsored Sub-register will be maintained. These two sub-registers together will constitute Macquarie's principal Register of Holders. Under CHES, on issue of the Macquarie Instalments, instead of certificates, Holders will be provided with a Holding Statement which sets out the number of Macquarie 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 CHES holding or the Shareholder Reference Number (SRN) in the case of an Issuer Sponsored Holding. A Holding Statement will be routinely provided to Holders after the end of any month during which there has been a change in the balance of the holding.

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

Owing to the electronic nature of the CHES environment, ownership of Macquarie Instalments can be transferred without paper documentation. ASIC Class Order 02/312 deems each Series of Macquarie Instalments to be financial products able to be transferred through CHES under Division 4 of Part 7.11 of the Corporations Act. The class order also has the effect that the National Guarantee Fund provisions in Division 4 of Part 7.5 apply to transfers of Macquarie Instalments that are effected by an ASX participant.

2.25 Distribution of PDS

As the Macquarie Instalments are to have Trading Status on the ASX, they may be transferred to secondary holders. This PDS 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 PDS on request.

2.26 Substantial Shareholders, Takeovers and Associations

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

The following explanation of the law as at the date of the PDS is provided to assist Holders in identifying the practical obligations that may arise from holding a Macquarie 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.

Each Holder will, as soon as a Macquarie 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, may (depending on the Holder's *voting power* in the relevant entity under the Corporations Act) affect Holders in respect of acquisitions, continuing holdings, and disposals of Macquarie Instalments.

ASIC Class Order CO 02/926 will apply to modify the Corporations Act 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 Instalments under this PDS are disregarded unless and until the Completion Payment is made. Holders are not granted relief under the Class Order except for the purposes of disregarding an association formed solely by entry into the Macquarie Instalments.

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

2.27 Foreign Holders

The acquisition of Macquarie 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 Instalments. The summary does not purport to be exhaustive nor to give legal advice and should not be relied on by 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 Instalments on-market will constitute an acquisition by the Holder of the Underlying Shares 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 and Telstra Corporation Limited. In addition, some Australian companies are subject to legislation which prescribes maximum shareholding limits for all shareholders.

Section 3. Risks You Should Consider

An investment in Macquarie 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 Instalments, careful consideration should be given to the risks inherent in Macquarie Instalments.

This Section does not purport to be a comprehensive summary of all the risks associated with an investment in Macquarie Instalments but highlights particular risks that Macquarie wishes to encourage prospective investors to consider in detail and discuss with their professional advisers.

3.1 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 Instalments between brokers on the ASX and cannot be made in relation to the primary issue of Macquarie Instalments by Macquarie or the settlement obligations of Macquarie arising from the giving of Completion Notices or the expiry of Macquarie Instalments.

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

3.2 Obligations of Macquarie

The value of the Macquarie Instalments depends upon, amongst other things, the ability of Macquarie to fulfil its obligations under the Terms.

The obligations of Macquarie under the Macquarie Instalments 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 Instalments).

Investors must make their own assessment of the ability of Macquarie to meet its obligations. A description of Macquarie is set out in Section 7 to assist potential Applicants in making this assessment.

3.3 Obligations of the Security Trustee

The Security Trustee (Belike Nominees Pty Limited) is a wholly owned subsidiary of Macquarie Bank Limited. Belike Nominees Pty Ltd is not an authorised deposit taking institution for the purposes of the Banking Act (Cth) 1959, and Belike Nominees Pty Limited's obligations do not represent deposits or liabilities of Macquarie Bank Limited. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Belike Nominees Pty Limited.

3.4 Registration Procedures and Completion Notices

Investors should note that a Completion Notice is only effective under the Terms if given by the Holder, or a person who becomes the Holder within 5 Business Days after the Maturity Date (or the earlier date on which the Completion Notice was given). In the latter case the Terms require that the person who has given the Completion Notice be registered as the Holder within 5 Business Days after the Maturity Date. Investors who acquire Macquarie Instalments and wish to give a Completion Notice should ensure that their stockbroker makes appropriate arrangements to ensure the Investor becomes the Holder of the Macquarie Instalment within the required time and that the Completion Notice is delivered to Macquarie by 6.00 pm (Sydney time) on the relevant Maturity Date. Investors should note that under the Terms there is a risk that a Completion Notice will be ineffective if another Completion Notice is given in respect of the same Macquarie Instalment by a person who became entitled to be registered as Holder of that Macquarie Instalment later than the person who gave the first Completion Notice.

3.5 Takeover Offers

If an announcement of an intention to make a takeover offer for the Underlying Share is made, the Maturity Date may at Macquarie's discretion (with the consent of the 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 will entitle the exercising Holder to accept a takeover offer made for the relevant Underlying Shares, the terms of the particular offer and the provisions of the Corporations Act may mean that Underlying Shares acquired by the Holder are not able to participate in the takeover offer.

Macquarie gives no guarantee or assurance that Shares acquired by a Holder as a result of giving a Completion 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, the proceeds of sale after deduction for the payment of any fees, the Completion Payment and any other Secured Monies (if any) may be payable to the Holder, and the Macquarie 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 Instalments may become worthless.

3.6 Buy-backs

Investors should note that if a buy-back offer is made in relation to the Underlying Shares, the Security Trustee is obliged to reject the buy-back offer, and shall not be bound to give any notification of the buy-back offer 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.

3.7 Early Maturity Date and Lapse of Macquarie Instalments

The Maturity Date for any Series may be brought forward on the occurrence of an Extraordinary Event, or a corporate event such as a reconstruction of capital, capital distribution, redemption or cancellation of the Share, buy-back, takeover offer, scheme of arrangement or a delisting or suspension of the Shares.

An event may be nominated by Macquarie with the consent of the 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 the Macquarie Instalments or if a Trust Tax Change occurs or is expected to occur. Macquarie Instalments will automatically lapse if the relevant Shares become the subject of compulsory acquisition under Chapter 6A of the Corporations Act or any other 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 (refer to Section 5.24 for further information).

Any Macquarie Instalment for which a Completion Notice is not given by the Holder (or by a person who becomes registered as the Holder within 5 Business Days after the relevant Maturity Date) by 6.00 p.m. (Sydney time) on the relevant Maturity Date will lapse automatically. In any of these cases the Holder may be entitled in certain circumstances to a payment (see Section 2.11).

3.8 Trust Tax Change

In the event of a Trust Tax Change only, Macquarie with the consent of the 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.

3.9 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 Instalments. These include the powers to bring the Maturity Date forward, to nominate Extraordinary Events (refer to Section 5.19), to determine whether rights offered have value and to vary or make any adjustments to the terms of the Macquarie Instalments contemplated in the Terms.

Holders do not have the power to direct Macquarie concerning the exercise of any discretion. However, in relation to many of these discretions, Macquarie may

only exercise those discretions with the consent of the ASX.

3.10 Factors Affecting the Value of Macquarie Instalments

The value at which a Macquarie Instalment may be bought or sold on the ASX is expected to be dependent upon such factors as the Completion Payment, the price of the relevant Shares, the amount of dividends paid and the franking credits attached to 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 Instalments may become significantly less valuable during their currency and in certain circumstances automatically lapse or expire worthless.

INVESTORS WHO CONSIDER ACQUIRING MACQUARIE 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 INSTALMENTS IN THE INVESTOR'S PARTICULAR CIRCUMSTANCES.

3.11 Investment Decisions

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 PDS 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 Instalments, Shares or any other security. Readers should not rely on this PDS as the sole basis for any investment decision in relation to Macquarie Instalments, Shares or any other security, but should obtain relevant information concerning the Listed Entities and where necessary, independent financial advice.

3.12 De-listing or Suspension of Shares

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

3.13 Possible Illiquidity of Trading Market

Investors should be aware that there is no firm indication as to how the Macquarie 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 Instalments on the ASX.

3.14 Suspension of Trading in Macquarie Instalments

Trading in Macquarie Instalments on the ASX 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 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 the ASX Market Rules or if the ASX in its absolute discretion thinks fit.

3.15 Potential Conflicts of Interest

Related bodies corporate of Macquarie may buy and sell Macquarie Instalments, Shares of the Listed Entity and other financial products relating to the Listed Entity's Shares, either as principal or agent. In addition, related bodies corporate of Macquarie may from time to time advise any of the Listed Entities in relation to activities unconnected with the issue of Macquarie Instalments, including (but not limited to) general corporate advice, financing, funds management and property and other services.

The Security Trustee is a wholly owned subsidiary of Macquarie.

3.16 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.

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Holders are not entitled to requisition any meeting of Holders for the consideration of any resolution.

The Security Trustee may deal with the Underlying Shares by various means permitted under the Trust Deed, including the transfer of Shares to Macquarie or its related bodies corporate. These transactions may affect the value of the Underlying Shares.

The Security Trustee may also be entitled to exercise a right of indemnity against Macquarie in respect of liabilities incurred in the execution or attempted execution of its powers or the performance or attempted performance of its duties and functions under the Terms. Section 5 of this PDS 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 5.33, 5.34 and 5.35).

3.16 Highly Leveraged Investment

The Macquarie Hot Instalments issued under this PDS are more highly geared than other Macquarie instalments, with a Loan Amount between 70-95% of the Underlying Share price. As the Loan Amount is higher, the Interest Amount and Borrowing Fees are also greater than for other series of Macquarie instalments.

Where the gearing level is high and the Underlying Share performs positively, the return will also be positive. However, if the Share price performs negatively, or even stays the same, the value of the highly geared instalment will decrease at a greater rate than a lower leveraged Instalment.

Potential investors are encouraged to seek financial advice about the benefits and risks of leveraged investments.

Section 4. Taxation Considerations

Macquarie does not provide taxation advice.

This Section, prepared by Allens Arthur Robinson, describes the general taxation consequences which would be expected to arise in the circumstances for Australian resident taxpayers who are natural persons, whose activities cannot be described as the conduct of a business of trading or dealing in shares or other marketable securities. As the taxation profile of each potential investor is different, each potential investor should seek their own independent taxation advice.

Also, this Section does not cover all possible dealings in the Underlying Shares, as it is not possible to contemplate with sufficient specificity all of the dealings which may be made in respect of such securities.

Capitalised terms used in this Section bear the meaning ascribed in the PDS or in the Trust Deed.

4.1 INTEREST AMOUNTS

4.1.1 General Matters

Where an amount is interest, it should be allowed as a deduction if it is incurred in respect of financial accommodation which is used to gain or produce assessable income. Where the Macquarie Instalment is acquired for the purpose of producing dividend or trust distribution income, interest on so much of the Loan as has been used to purchase Underlying Shares should be allowed as a deduction.

The purpose for which the Macquarie Instalment is acquired will be a matter for each potential investor. Where an investor does not acquire the Macquarie Instalments with a purpose of gaining or producing dividend or trust distribution income, but rather acquires them for the purpose of producing only capital gains, the amount of interest should not be allowed as a deduction.

Also, where the circumstances in which a particular investor acquires and disposes of a Macquarie Instalment (such as the amount of interest compared with the expected dividend or trust distribution income and the period for which the Macquarie Instalment is held and whether Completion occurs or not) suggest that the investor's purpose in incurring the interest expense is to obtain a tax deduction, interest deductibility may be denied by the Commissioner of Taxation.

If the Interest Amount is deductible, then the deduction should be allowed at the time the payment is made, subject to the prepayment rules. Broadly speaking, these rules shouldn't impact individuals (except to the extent that the restrictions on prepayments apply on a 12 month basis and to certain business expenditure). 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 be required to spread any interest deductions for prepayments over the entire Interest Period.

Where there is an early termination of the investment, due to either the advancement of the Maturity Date or the occurrence of an early termination event, the balance of the undeducted interest may be allowed as a deduction in the income year in which the early termination occurs.

4.1.2 New Developments

On 16 April 2003 the Federal Treasurer announced the Government's decision to amend, with immediate effect, the Tax Act "to ensure that part of the expense on a capital protected product is attributed to the cost of the capital protection feature, is not interest and is not deductible where this cost is capital in nature".

The Government is currently considering the methodology to be used for apportioning the expense on a capital protected product. In the meantime, the Assistant Federal Treasurer has released an interim approach to be used for existing arrangements. In relation to instalment warrants traded on the ASX, the interim approach is in line with the approach which has been taken by the ATO in the product rulings which it has issued on instalment warrants containing a separately identifiable put option.

4.1.3 Purchases and Sales on the ASX

Subject to the general rules outlined in Section 4.1.1 a purchaser on the ASX should be entitled to a deduction for the prepayment of interest funded by the drawdown of the Loan by the purchaser upon transfer of the Macquarie Instalment. A transferor (ie seller) of a Macquarie Instalment will be required to treat as assessable income, any refund of prepaid interest payable by Macquarie to the transferor (such amount will not be paid in cash but will be applied to reduce the outstanding balance of the transferor's Loan). To calculate the amount of any such refund the seller may refer to Macquarie's website at macquarie.com.au/instalments.

4.2 BORROWING FEE

All Macquarie Instalments require the payment of a Borrowing Fee. The Borrowing Fee is an amount attributable to the cost of the Holder's Put Option. The cost of the Holder's Put Option is non-deductible and will form the cost base of the Holder's Put Option and, in the event that the Holder's Put Option is exercised, it will form part of the cost base of the Underlying Shares. To determine the amount of the non-deductible Put Option Fee, Holders should refer to the online Tax Calculator which can be found on Macquarie's website at macquarie.com.au/tax.

Any remaining portion of the Borrowing Fee is the cost of acquiring the Loan from Macquarie and will be deductible over the term of the Loan.

4.3 DIVIDEND ASSESSABILITY & FRANKING CREDITS

4.3.1 Dividend Assessability

A Holder will be entitled to any cash dividends paid in relation to the Underlying Shares during the period of ownership of the Macquarie Instalment. The Holder may not be entitled to the dividend which arises where the books close date for a dividend occurs after the Maturity Date and the Holder has not lodged a Completion Notice.

The investor will be assessed on such dividends and on an 'additional amount' which reflects the tax paid on the profits from which the dividends have been paid. The investor will be allowed a rebate of tax equal to this additional amount. This rebate will reduce the tax liability of the investor to the extent that the investor has such a liability. Furthermore, resident individuals and certain entities may claim a refund of excess imputation credits.

4.3.2 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.

A blanket exemption from these measures is available for individuals whose claim for franking rebates in any one year of income (in respect of the entire share portfolio of that taxpayer) will not exceed \$5,000. Investors should seek independent professional advice in relation to the operation of these 'qualified person' measures in respect of their proposed holding of the Macquarie Instalments and any other position they may hold in relation to the relevant Listed Entity before lodging a tax return claiming the benefit of any franking credits attached to a dividend.

4.4 TRUST DISTRIBUTIONS

4.4.1 Distributions From a Trust Which Is Not a Public Trading Trust

Where the Underlying Shares comprises units in a trust which is not a 'public trading trust,' and the distributions are funded out of dividends received by the trust from companies, the investor will be taxed in exactly the same way as described for dividends in Section 4.3. An investor will be assessed on the foreign income component of a trust distribution and on an "additional" amount which reflects the foreign tax paid (if any) on that income. The investor will be allowed a credit for the foreign tax paid, up to the amount of Australian tax payable on the income.

The capital gains component of a trust distribution may

be offset against losses of the investor. Where the CGT discount has been applied to the capital gain before distribution, the investor will be required to gross up the discounted capital gain for the purposes of offsetting any capital losses before applying the CGT discount.

The investor will not be assessed on any tax deferred component of a trust distribution. However, for the purposes of calculating either a capital gain or a capital loss, the cost base of their investment in the trust units will be decreased by the amount of any tax deferred distribution. When the total of all tax deferred distributions exceeds the cost base of the trust units, the cost base is reduced to zero and the excess is assessable as a capital gain.

4.4.2 Distributions From a Public Trading Trust

Where the distributions are from a trust which is a public trading trust for the purposes of the Tax Act, distributions from the trust will be regarded as dividends in the hands of the investor for income tax purposes and thus taxable in the manner described in Section 4.3.

4.5 ACCRUALS TAXATION

The tax implications outlined above may differ where the Underlying Shares includes a share or a unit in a foreign entity. In these circumstances, the investor may be subject to tax on an accruals basis on the income that they derive from their underlying investment in the foreign entity. Investors should seek tax advice on the possible application of accruals taxation to them.

4.6 CAPITAL GAINS TAX

4.6.1 General Matters

The capital gains tax provisions in the Tax Act apply where a CGT event stipulated in the Tax Act occurs.

A capital gain will be made if the capital proceeds received on the occurrence of a CGT event are greater than the cost base of the asset the subject of the CGT event. Subject to the comments below, the cost base of an asset generally includes its purchase price and incidental costs on its acquisition and disposal (eg any brokerage, stamp duty, etc).

Individuals, complying superannuation funds and certain trusts should be able to claim the discount capital gains concession which reduces the nominal capital gain by 50% for individuals and by 33^{1/3}% for complying superannuation funds where the Shares were held for at least 12 months prior to the CGT event.

If the capital proceeds received on the disposal of an asset are less than its cost base, the difference is treated as a capital loss. Such losses cannot be used to reduce tax payable on ordinary income, but they can be offset against any capital gains arising in the current or future financial years.

For capital gains tax purposes, transactions relating to the investor's investment will involve dealings in potentially three separate assets, namely, the Beneficial Interest in the Underlying Shares, the Holder's Put Option and the Macquarie Instalment. The comments below relating to the allocation of capital proceeds in respect of the disposal of these assets and their cost bases have been made on the basis of what is likely to

be acceptable to the Commissioner of Taxation. It is conceivable that the Commissioner of Taxation might attempt to allocate those amounts between the three assets in a different manner, but it is considered that such action is unlikely to result in a tax result which is materially different from that outlined below.

4.6.2 Cost Base of Macquarie Instalment

The investor will potentially have three separate cost bases in respect of his investment.

(a) Cash Applicants

The Applicant will have a cost base in respect of the Beneficial Interest in the Underlying Shares. The cost base of the Beneficial Interest will be equal to the amount of the First Payment plus the Loan made by Macquarie on the Application Date (except to the extent that it relates to interest and the Borrowing Fee).

The Applicant will also obtain a cost base in respect of the Holder's Put Option (if not exercised) which should reflect that portion of the Borrowing Fee referable to the Holder's Put Option.

The Applicant may have a third cost base in respect of the Macquarie Instalment which should reflect so much of the interest and the portion of the Borrowing Fee not referable to the Holder's Put Option incurred by the Applicant which are not allowable as a deduction.

(b) Purchaser on ASX

The Transferee's cost base will include the amount paid on market plus the amount of the Loan drawn down on the date of Transfer (excluding the amount applied to prepay interest and the amount determined as the Holder's Put Option cost base (if not exercised)).

4.6.3 Sale of a Macquarie Instalment Before the Maturity Date

Where a Macquarie Instalment is sold before the Maturity Date, the effect of the sale will be to dispose of both the Holder's Put Option and also the Beneficial Interest in the Underlying Shares. In either case, a capital gain may accrue or a capital loss may be incurred by the investor.

A capital gain will accrue to an investor where the capital proceeds received upon the disposal of the Beneficial Interest exceed the cost base of the Beneficial Interest. Where the capital proceeds receivable upon disposal of the Beneficial Interest are less than the cost base, a capital loss will be incurred by the investor.

Upon the sale of a Macquarie Instalment, the investor will dispose of the Beneficial Interest subject to any Security Interest of Macquarie. This means that the capital proceeds will equal the actual sale price less the amount of the interest refund plus the amount of the Loan made by Macquarie to the investor still outstanding at the time of sale.

The Break Cost is a payment made in consideration for early repayment from the Transferor's perspective and as such it is a cost of selling the Instalment (where

payable by the Transferor) or forms part of the proceeds of the sale of the Instalment (where receivable by the Transferor). As the Break Cost forms part of the actual sale price of the Macquarie Instalment it is included in the calculation of the capital proceeds as set out in the preceding paragraph.

The disposal of the Holder's Put Option should yield a capital loss equal to its cost base as it is unlikely that any part of the actual sale price received by the investor will relate to this asset.

4.6.4 The Investor Makes the Completion Payment

Where an investor lodges a Completion Notice and makes the Completion Payment, the Security Trustee is obliged to transfer the legal title to the Underlying Shares to the investor. At that time, any rights in relation to the Macquarie Instalment are extinguished and any Security Interest is discharged.

As this transfer occurs in discharging the security interest in relation to the Underlying Shares, no capital gains tax consequences should arise at this time for either the Security Trustee or investor.

The cost base which the investor acquires in the Underlying Shares will be the amounts included in the cost base as described previously and will be unaffected by the payment of the Completion Payment (since that payment merely comprises the repayment of a loan).

The calculation of any capital gain or loss on the subsequent disposal of the Underlying Shares by the investor will be made in accordance with the general capital gains tax comments made previously.

4.6.5 The Investor Exercises the Holder's Put Option

If the investor exercises the Holder's Put Option, the Beneficial Interest in the Share will be transferred to Macquarie for an exercise price equal to the greater of the Market Value of the Share at that time or the amount of the Completion Payment. Of the amount payable, Macquarie will retain an amount sufficient to discharge the Loan.

For capital gains tax purposes, the investor will be treated as having received capital proceeds in respect of this disposal equal to the exercise price. A capital gain will arise if this amount is greater than the sum of the cost base of the Beneficial Interest and the cost base of the Holder's Put Option. Alternatively, if the exercise price is less than this cost base, a capital loss should arise.

4.6.6 No Completion Notice Given (and Holder's Put Option Not Exercised)

If the investor does not make the Completion Payment, Macquarie will exercise its rights under any Security Interest and will dispose of the Underlying Shares by exercising its power of sale and return to the investor the greater of:

- the proceeds of sale less the Completion Payment (which is retained in discharge of the Loan) and any costs incurred in relation to the sale; and
- the Assessed Value Payment.

The Macquarie Instalment will thereby be extinguished and the Beneficial Interest will be taken to have been disposed of at that time for capital gains tax purposes. A capital gain should accrue to the investor on the disposal of the Beneficial Interest if the proceeds of sale (ie comprising the amount receivable by the investor (net of selling costs) and the amount applied to pay the Completion Payment) exceeds the cost base.

A capital loss should arise where the sale proceeds are less than the cost base of the Underlying Shares. In calculating a capital loss, where the sale proceeds are less than the Completion Payment so that there is an amount of Completion Payment left unpaid, it is likely that the Commissioner of Taxation would seek to reduce the cost base of the Underlying Shares by the amount of the shortfall.

4.6.7 Repayment of Loan

The payment of the Completion Payment, a sale on the ASX, the exercise of the Holder's Put Option or the exercise by Macquarie of its rights under any Security Interest will all result in the Loan made by Macquarie to the investor being repaid. No additional tax consequences should arise for the investor in this regard.

4.6.8 Early Completion Payment - Refund of Interest

If the Maturity Date is brought forward due to an Extraordinary Event and the Completion Payment is

made, the investor may be entitled to a refund of some of the interest which he has prepaid. The effect on the time at which the interest may be deductible of an early discharge of the Loan is discussed above.

Where an amount of interest is refunded in these circumstances, that amount may be required to be included in the assessable income of the investor in the year of receipt.

For capital gains tax purposes, the investor will be subject to the same principles as described previously.

4.7 TFN / ABN Withholding

Investors should be aware that the Security Trustee may be required to withhold an amount from any dividends or trust distributions paid on the Underlying Shares if the investor does not provide the Security Trustee with their TFN or ABN (as applicable) or proof of an exemption.

4.8 GOODS AND SERVICES TAX

Generally, the GST applies to the supply of goods, services or other things. No direct GST implications should arise to an investor where the supplies they acquire or make as a result of their investment in a Macquarie Instalment do not relate to the carrying on of an enterprise (ie an activity which constitutes a business or trade).

Section 5. Terms of Issue

This summary of the terms of the Trust Deed has been prepared by Allens Arthur Robinson. This Section does not purport to be a comprehensive summary of all the terms of the Trust Deed but highlights particular provisions that Macquarie wishes to encourage prospective investors to consider in detail and discuss with their professional advisers. Prospective investors should contact their financial adviser or Macquarie in order to obtain a copy of the complete Trust Deed.

Clause references are to clauses in the Trust Deed.

5.1 Structure

Macquarie (as Issuer) and Belike Nominees Pty Limited, a wholly owned subsidiary of Macquarie (as Security Trustee) are parties to a Trust Deed which contains the terms of issue of the Macquarie Instalments offered under this PDS.

The Security Trustee has also executed a Nominee Deed in respect of the Series issued under this PDS. Under the Nominee Deed, the Security Trustee undertakes to hold each Share transferred to the Security Trustee or its nominee by Macquarie or an Applicant as bare trustee for the relevant person 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 Shares.

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 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 Market Rules, the Listing Rules and the ASTC Settlement Rules.

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

5.2 Definitions (clause 1)

The definitions contained in the Trust Deed are substantially set out in Section 9 of this PDS.

5.3 Interpretation (clause 1)

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

5.4 Rights and Obligations of the Holder (clause 1)

All Holders are bound by the terms of the Trust Deed and are entitled to the benefit of the obligations under the Trust Deed of the Security Trustee, Macquarie and any other person under the Trust Deed.

Holders are not responsible for the obligations of the Security Trustee, Macquarie or any other Holder,

although the Security Trustee may be indemnified from the property of the Separate Trusts.

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

When Macquarie accepts an Application under the PDS, Macquarie agrees to issue a Macquarie Instalment and make a Loan to the Applicant. Macquarie Instalments are issued 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 any 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 Shares trade subject to Deferred Settlement and the 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 the Underlying Shares within 20 Business Days of the cessation of the relevant Deferred Settlement Period relating to the Underlying Shares;
- 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, any Security Interest will be discharged and the legal interest in the Underlying Shares will be transferred to the Holder; and
- The Holder has the right, but not the obligation, to exercise the Holder's Put Option and sell the Underlying Shares to Macquarie on the Maturity Date. If the Holder gives a valid HPO Exercise Notice, Macquarie will be obliged to pay the HPO Exercise Price to the Holder – which is the greater of the Completion Payment or the Market Value of the Underlying Shares 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 may exercise a power of sale under any Security Interest and dispose of the Underlying Shares. In that case, Macquarie shall pay the Holder the greater of:

- (i) the net proceeds of sale of the Underlying Shares less all costs, fees, placement fees and other expenses of or incidental to the sale, the Completion Payment and any Secured Monies in respect of the Underlying Shares; and

(ii) the Assessed Value Payment.

Information concerning the amounts of the Loan and the Completion Payment in relation to the Macquarie Instalments is set out in Sections 1 and 2 of this PDS.

A more detailed description of the Holder's Put Option is set out in Section 5.22 below.

5.6 ASX Quotation (clause 2)

Macquarie will procure quotation of Macquarie Instalments within one month after the date of the PDS and thereafter as soon as reasonably practicable after Acceptance.

5.7 The Separate Trusts (clause 3)

Each Holder is entitled, by virtue of the Separate Trust, to the Beneficial Interest in each of the Underlying Shares corresponding to the Macquarie 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. However, the Security Trustee may, for administrative purposes, aggregate Macquarie Instalments held by the same Holder, hold Shares under the same HIN and operate a common bank account.

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

Macquarie must maintain (or cause the Registrar to maintain) a correspondence between Underlying Shares and the Macquarie Instalments to which they relate, notwithstanding that it may not be possible to maintain identification of particular Macquarie Instalments or Underlying Shares.

Where:

- (i) a Completion Notice is given in respect of some but not all of a Holder's Underlying Shares;
- (ii) the proceeds of a cheque accompanying a Completion Notice is for an amount less than the total of the Completion Payments specified in the Completion Notice; or
- (iii) an HPO Exercise Notice is given for some but not all of the Macquarie Instalments held by a Holder,

Macquarie has the discretion to determine which of the Underlying Shares will be retained and remain subject to any Security Interest.

If a Disposal Event occurs in relation to some but not all of the Underlying Shares corresponding to the Macquarie Instalments of a particular Holder, the Security Trustee has a discretion to determine which Underlying Shares are retained.

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

Fractions of Shares remaining in the aggregate of Shares and Accretions in Underlying Shares or

Macquarie 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.

5.8 Third Party Rights (clause 3)

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

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

5.9 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 the Underlying Shares.

5.10 The Security Trustee (clause 4)

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

5.11 Holding Statements (clause 5)

Macquarie need not issue a certificate evidencing the Holder's title to a Macquarie Instalment but must comply with the ASTC Settlement Rules governing CHESS and the ASX Market Rules.

However, Holders will be entitled to receive statements of their holdings as required by the Corporations Act, the ASX Market Rules and the ASTC Settlement Rules.

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

5.12 The Register (clause 6)

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

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

5.13 Location and Evidence (clause 6)

Property in Macquarie 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 Instalments for which the Holder is registered. Macquarie is not bound to take notice of any trust or equity affecting ownership of Macquarie Instalments.

5.14 Transfer (clause 7)

Transfers of Macquarie Instalments must be a Proper ASTC Transfer or a Prescribed Transfer, and in accordance with the Trust Deed, the Corporations Act, and the applicable ASX Market Rules and ASTC Settlement Rules.

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

On registration, the transferee is recognised as being entitled to the Macquarie 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 ASX Market Rules, and must do so where the ASX Market 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 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.

5.15 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 the Underlying Shares.

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

5.16 Distributions (clause 9)

Where the relevant Listed Entity pays a distribution (other than a Special Dividend) wholly or partly in cash in respect of an Underlying Share, subject to relevant Tax File Number 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. At the irrevocable direction of the Holders, the Security Trustee must pay cash Special Dividends to Macquarie who will apply all or part of a cash Special Dividend to reduce the Completion Payment on the relevant Macquarie Instalment, 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 Share for which a valid Completion Notice has been given, or if a valid Completion Notice has not been given, in respect of an Underlying Share 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 Listed Entity related to or in lieu of distributions.

5.17 Voting (clause 10)

Holders of Macquarie 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 Shares at any meeting of members (or class of members) of the Listed Entity either in its own right or on behalf of Holders.

5.18 Security Interest (clause 11)

Macquarie may have 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 comprising the relevant Underlying Shares. Any Security Interest secures the Loan, any fees, costs, charges, liabilities, Tax and expenses incurred by and payable to Macquarie in relation to the Underlying Shares.

If the Holder does not give a Completion Notice and make the Completion Payment or exercise the Holder's Put Option, Macquarie is entitled to exercise a power of sale under any 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.

5.19 Early Maturity Date (clause 12)

Provided it has obtained the consent of the ASX, Macquarie may in its absolute discretion bring forward the Maturity Date upon the occurrence of an Extraordinary Event. Extraordinary Events include, among other things, the making of buy-back offers, an announcement of a takeover offer or scheme of arrangement in respect of the Underlying Shares, a Listed Entity ceasing to be listed, the relevant Macquarie Instalments ceasing to be quoted (unless caused by Macquarie), or the occurrence of a Trust Tax Change.

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.

5.20 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 and the consequences of a failure to give a valid Completion Notice.

If a Holder delivers a Completion Notice to Macquarie in respect of Macquarie 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 5 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 Share, the Completion Notice given by the person who is the last person who became entitled to be the Holder of the Macquarie 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 5 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 Shares. The Security Trustee must transfer the unencumbered legal title to Underlying Shares to the Holder concerned within 20 Business Days after the Completion Notice is given. Upon transfer to the Holder, any Security Interest is extinguished, the Macquarie Instalments cease to exist, and the Holder's Beneficial Interest in the Underlying Shares merges in the legal title.

If a Completion Notice is not given in respect of any Underlying Shares, or if the Completion Payment has not been made and cleared within 5 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 any Security Interest and dispose of the Underlying Shares. Any Security Interest is thus discharged, the Macquarie 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 5.18.

5.21 Liquidated Damages (clause 13)

If the Security Trustee fails to perform its obligations and deliver unencumbered legal title to the Holder following 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 Shares (disregarding any Security Interest). The Market Value is calculated as the weighted average sale price of the Underlying Shares 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 Shares and the corresponding Macquarie Instalment ceases to exist.

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

5.22 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 Share on the Maturity Date. The Holder's Put Option is exercisable by giving an HPO Exercise Notice by 12:00pm (Sydney time) on 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 Shares on the Maturity Date. 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 Shares 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 the Underlying Shares 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 Shares, the sale proceeds are remitted to Macquarie, and Macquarie remains obliged to pay the HPO Exercise Price (after deducting the Completion Payment).

5.23 Disposal Events (clause 15)

A Disposal Event is an event by which the Security Trustee is obliged to dispose of the Underlying Shares 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 Underlying Shares as may be required as a result of the Disposal Event, in accordance with the relevant obligation. The proceeds of any sale of Underlying Shares in these circumstances must be applied in accordance with the Order of Payment and the relevant Macquarie Instalment ceases to exist.

The title of the transferee of an Underlying Share 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.

5.24 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 the Underlying Shares, Macquarie may at its discretion (with the consent of the 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, the Underlying Shares 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, and the relevant Macquarie Instalment will be cancelled.

Where a scheme of arrangement is implemented in relation to the Underlying Shares, 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, and to cancel the relevant Macquarie Instalments.

5.25 Takeover Offers for Macquarie Instalments (clause 17)

If a takeover offer is made for Macquarie 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.

5.26 Buy-backs (clause 19)

If a buy-back offer is made in relation to the Underlying Shares, 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.

5.27 Bonus Issues (clause 20)

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

5.28 Rights Issues (clause 21)

Where a rights issue is made to the Security Trustee in relation to an Underlying Share, 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.

5.29 Reconstruction of Underlying Shares (clause 22 and 24)

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

Where a Listed Entity reduces its share capital, if there is any cash payment in respect of Underlying Shares (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 any Security Interest is automatically extinguished and the Security Trustee is obliged to transfer the Underlying Shares to the Holder and cancel the relevant Macquarie Instalment.

Where the Underlying Shares are cancelled as a result of the reduction of capital, then the proceeds must be distributed in accordance with the Order of Payment and there will be a corresponding cancellation of the Underlying Shares and Macquarie Instalments.

5.30 Reconstruction of Macquarie Instalments (clause 23)

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

5.31 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 Share other than those actions referred to in 5.24 to 5.30 above, Macquarie may, with the consent of the ASX, determine the appropriate Reasonable Action to be taken in respect of the relevant Macquarie Instalments.

5.32 Cancellation of Macquarie Instalments (clause 26)

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

5.33 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 ASTC.

The Security Trustee also has power to lend Underlying Shares to Macquarie or related bodies corporate, where the borrower is the Holder of the Macquarie Instalment that corresponds to that Underlying Share. The Holder may not give a Completion Notice in respect of those Macquarie 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.

5.34 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 such advice.

5.35 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 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.

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

The Security Trustee and Macquarie (or any related body corporate or any officer of any of them) may hold Macquarie Instalments. These persons may also enter into financial transactions with any Holder and acquire the Underlying Shares. They will not be liable to account to Holders for profits or benefits derived as a result of such activities or other business activities between them.

5.37 Replacement of Security Trustee (clause 28)

If the Security Trustee breaches any of its obligations under the Trust Deed, and has failed to remedy the breach, 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 receiving the consent of the ASX. The Security Trustee may resign and Macquarie may appoint a replacement subject to receiving the consent of the ASX.

5.38 Taxes (clause 29)

If the Security Trustee receives a demand or assessment for any Taxes referable to a Holder, a holding of Macquarie Instalments or any Underlying Shares and it receives advice that it has an obligation to pay the amount of the Tax, notice will be given to Macquarie and the relevant Holder that the amount is payable by the Holder in respect of the relevant Macquarie Instalment to the Security Trustee upon demand.

If Macquarie, the Broker 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.

5.39 Payments to the Security Trustee (clause 30)

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

5.40 Audit (clause 31)

Macquarie must arrange for audits of compliance with the Corporations Act and the ASX Market Rules to be undertaken.

5.41 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.

The Maturity Date may only be amended in certain circumstances.

Holders are not entitled to requisition a meeting of Holders.

5.42 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 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 Instalments and Shares may be aggregated for the purposes of applicable laws.

5.43 Law and Jurisdiction (clause 42)

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

Section 6. Description of the Underlying Shares

The Listed Entities over which the Macquarie Instalments are issued are listed on the ASX and so are, subject to any exemptions granted to the Listed Entities, required to disclose market sensitive information to the ASX on a continual disclosing basis. Historical information relating to the Listed Entities, including information about prices and trading volumes of the Shares, are available from various sources including the ASX, brokers and newspapers. Investors should not take the historical prices of any Share as an indication of future performance and should understand that there can be no assurance that the price of the

Share will perform in accordance with the position adopted.

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 PDS. 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 Instalments.

Section 7. About the Issuer - Macquarie Bank

Macquarie Bank Limited ("Macquarie") is an authorised deposit taking institution under s9 of the Banking Act 1959 (Commonwealth). As at 31 March 2004 Macquarie had total assets of approximately A\$43.8 billion and equity attributable to ordinary equity holders of Macquarie of approximately A\$2.4 billion on a consolidated basis. For the financial year ended 31 March 2004 Macquarie reported profit from ordinary activities after income tax attributable to ordinary equity holders of approximately A\$494 million on a consolidated basis.

Rating Agencies

Macquarie is rated by Standard & Poor's, Fitch Ratings and Moody's Investors Service. Current ratings are available from various sources including the ASX, brokers and Macquarie.

The ratings agencies do not independently verify information provided to them by Macquarie, 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 PDS.

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 Instalments the subject of this PDS. Ratings are not recommendations to buy, hold or sell Macquarie Instalments. By publishing a rating, the rating agencies are not inducing or advising investors to take any action with respect to the Macquarie 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 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

Macquarie, as a company whose shares are quoted on 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, Macquarie 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 Macquarie's ordinary shares. Copies of the information disclosed to the ASX can be viewed on the public file of Macquarie at the ASX.

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

Documents Available

Macquarie 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 PDS, by contacting Macquarie Bank Limited, No. 1 Martin Place, Sydney, NSW Australia, telephone number: +61 2 8232 5006.

- the latest available financial report and annual review of Macquarie; and
- the latest available interim results announcement, including the interim financial results of Macquarie.

Macquarie's latest available Annual Review, Interim Results and Financial Reports are also able to be reviewed online via Macquarie's website at: www.macquarie.com.au/shareholdercentre.

No circumstance has arisen or information has become available except as disclosed in this PDS or to the ASX that would materially affect an investor's decision for the purpose of making an informed assessment of the capacity of Macquarie to fulfil its obligations under the Terms since the end of the financial year ended 31 March 2004.

Section 8. Loan Agreement

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

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 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 Instalment for each Macquarie Instalment identified in your Application or Transfer. The terms and conditions on which the Macquarie Instalments will be issued are set out in the Trust Deed, a summary of which is included in the Product Disclosure Statement issued by Macquarie in respect of the Macquarie Instalments and dated 20 September 2004 (PDS).

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

1. Loan

1.1 Loan Amount

Except in the case of Underlying Shares 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 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 Instalments for which you have applied or which you are registered as holding, by the relevant amount for that Series specified as the Completion Payment in the Summary Table on pages (ii) and (iii), as adjusted from time to time pursuant to the Trust Deed.

If the Underlying Shares trade 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 relevant 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 PDS. 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 Shares free of any Security Interest, the Completion Payment must be paid in cleared funds on or before the relevant 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 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 relevant 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 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 Instalment applied for:

- to acquire the Underlying Shares;
- 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 paragraph 1.4.

Holders irrevocably authorise and direct Macquarie on the Effective Date for each Macquarie 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 to the Transferor's Loan;
- 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
- 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 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 Shares relating to the Macquarie Instalments to be issued to you (whether by exercising its power of sale or otherwise) excluding dividends 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;
- 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 Shares.

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 Shares and all Accretions. A Share (and every relevant Accretion) will comprise the Underlying Share in relation to each Macquarie Instalment issued.

2.3 Exercise of Powers

If the Holder does not make the Completion Payment in relation to a Macquarie 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 Shares 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 9. Glossary of Terms

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

The following definitions shall apply.

ABN means Australian Business Number.

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 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 the Underlying Shares the subject of Macquarie's acceptance and that those Shares have become subject to any Security Interest; or
- (b) Macquarie agreeing to procure the delivery to the Security Trustee of the Underlying Shares 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).

Accretion means all rights, accretions and entitlements attaching to the Shares after the date of issue of the corresponding Macquarie 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 who applies for Macquarie Instalments pursuant to this PDS.

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

Application Form means a form attached to the PDS.

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

Assessed Value Payment means the greater of:

- (a) the proceeds of sale received by Macquarie as mortgagee less the amount of the Completion Payment and all fees, costs, charges, liabilities, Tax and expenses incurred by and payable to Macquarie or the Security Trustee directly in relation to the Underlying Share and the sale thereof; and

- (b) where the Intrinsic Value of the Underlying Share exceeds 5% of the Completion Payment on the Maturity Date, 90% of the amount calculated as the Market Value less the Completion Payment.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532), a prescribed CS facility as that term is defined in Chapter 7 of the Corporations Act, by virtue of Corporations Regulation 7.1.03.

ASTC Settlement Rules means the operating rules, procedures, directions, decisions, requirements, customs, usages and practices of ASTC, as amended from time to time.

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 Market Rules means the operating rules, procedures, directions, decisions, requirements, customs, usages and practices of ASX, as amended from time to time.

ASX Listing Rules means the Listing Rules of ASX.

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

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 Group company 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.

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.

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 11 of this PDS.

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

Corporations Act means the Corporations Act 2001 (Cth).

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 Date means, in relation to the Macquarie Hot Instalments offered under this PDS: 11 October 2004. **Please note that the initial period of Deferred Settlement does not apply to the Macquarie Regular Instalments offered under this PDS.**

Deferred Settlement Period means the period during which Deferred Settlement relating to trading in the Underlying Shares operates.

Deferred Settlement Trading means trading in an Underlying Share 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 the Underlying Shares, 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 Share 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 Instalment from time to time.

Holder Identification Number or **HIN** has the

meaning given in the ASTC Settlement Rules.

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

Issuer means Macquarie.

Listed Entity means an entity listed on the ASX, the Securities of which are the subject of Macquarie Instalments offered by Macquarie under this PDS, 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 PDS.

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

Loan Proceeds means the proceeds of a Loan.

Macquarie means Macquarie Bank Limited (ABN 46 008 583 542) a company incorporated in the Australian Capital Territory.

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

Macquarie Group means Macquarie and its related body corporate.

Macquarie Regular Instalments means instalments issued by Macquarie which are initially priced so that

the Completion Payment is around 40-70% of the Underlying Share price when issued. For the purposes of this PDS, ANZIML, BBGIMR, NABIML, SGBIML, SIGIMM and WBCIML are Macquarie Regular Instalments.

Macquarie Hot Instalment or **Hot Instalment** or **Instalment** means a warrant (as that term is used in the ASX Market 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 Shares or put its entire right, title and interest in the corresponding Underlying Shares to Macquarie (or as Macquarie may direct) in accordance with clause 14 of the Trust Deed and includes an Instalment issued under this PDS. For the purposes of this PDS, AMCIMP, AMPIMP, ANZIME, CSLIMP, NABIME, RIOIMU, SGBIME and WBCIME are Macquarie Hot Instalments.

Macquarie Instalment or **Instalment** means the Macquarie Hot Instalments and Macquarie Regular Instalments offered under this PDS.

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

Marketable Parcel means at least one Macquarie 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 PDS, or an early Maturity Date determined pursuant to clause 12.1 of the Trust Deed.

Minimum Subscription means \$2,000.

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 of Schedule 4 of the Trust Deed.

Offer Period means the period for the relevant Series specified in the PDS.

Order of Payment means the payment of the proceeds of a sale or disposal of the Underlying Shares 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 Share, 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 Instalments by means of a duly completed Transfer Form.

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

Product Disclosure Statement or **PDS** means this product disclosure statement.

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

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

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

Registrar means Computershare Investor Services Pty Limited 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.

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

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 Shares 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 Share 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 Instalments issued under this PDS relating to Shares which have the same rights.

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 ASTC Settlement Rules);
- (e) a financial product (as defined in section 671A of the Corporations Act); or
- (f) any other CHESS Approved Security (as defined in the ASTC Settlement 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 means the Summary Tables of Macquarie Instalments set out on pages (ii) and (iii) of this PDS.

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 Deed, on the transfer of Shares to Macquarie.

Terms means the terms of the Trust Deed, a summary of which is contained in Section 5 of this PDS.

Trading Day has the meaning given in the ASX

Market 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 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 Instalments made between Macquarie and Belike Nominees Pty Limited dated 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 Share 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 Shares for Macquarie Instalments held by a particular Holder encumbered only by the Security Interest, as varied, if at all, pursuant to the Trust Deed.

Warrant has the meaning given in the ASX Market 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 10. How to Apply

10.1 Applications

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

10.2 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 Instalments to which the Application relates;
- (c) appoint Belike Nominees Pty Limited as nominee in respect of the Shares (and all subsequent Accretions) 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 Shares transferred to Belike Nominees Pty Limited as a result of the acceptance of an Application.

10.3 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).

10.4 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 Instalments to the Applicant and Macquarie instructing the Registrar to register the issue of the Macquarie Instalments; or
- (b) Macquarie communicating to the Applicant (or their agent) its agreement to procure the delivery to the Security Trustee of the Underlying Shares 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.

10.5 Procedure Following Acceptance of Applications

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

10.6 Consequences of Acceptance

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

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

10.7 Purchase of Macquarie Instalments on the ASX

Macquarie Instalments may be acquired by placing an order through your ASX stockbroker or financial adviser. When you acquire a Macquarie 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 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 Instalments and obtain the full beneficial interest in the Underlying Shares. You may also be entitled to a tax deduction for the Interest Amount paid. Please refer to Section 4 Taxation Considerations for more information.

It is expected that the Macquarie Instalments will commence quotation on the ASX on 21 September 2004. The Macquarie Regular Instalments will commence trading on a normal T+3 basis however the Macquarie Hot Instalments will initially commence quotation on a Deferred Settlement basis. Deferred Settlement on these Macquarie Hot Instalments is expected to continue until 6 October 2004 when normal trading is expected to commence.

Application Form

(ONLY TO BE COMPLETED BY MACQUARIE RELATED BODIES CORPORATE)

Macquarie 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 Product Disclosure Statement dated 20 September 2004.
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

Date of birth
(if applicable)

B TFN/ABN

Applicant 2
Date of birth
(if applicable)
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 Instalments (these details can be found on any CHESS Holding Statement)

Sponsoring Broker

PID

HIN

F Method of Payment
☐ Cheque payable to
"Macquarie Bank Limited
- 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 Instalments on this Application Form to be issued in accordance with the terms of the Product Disclosure Statement dated 20 September 2004 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 Underlying Share to which my/our Application relates and all subsequent Accretions ("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 Product Disclosure Statement to which this Application Form is attached including the Terms of Issue, and have agreed to accept the Macquarie Instalments on the conditions set out in the Product Disclosure Statement.
- (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 Product Disclosure Statement together with this Application Form.

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

H Application Details

	ASX Code	Number of Macquarie Instalments ①	First Payment Amount ②	Total Amount Payable ③ (\$2,000 min. per series)	Confirmation Number ④
eg	CBAIMS	1000	\$1.15	\$1,150.00	
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 (including the Consumer Credit Code declaration) substantially in the form set out in the Product Disclosure Statement 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 Instalments.

Signature Applicant 1

Signature Applicant 2

Common Seal

Date:

Date:

Section 11. Completion Notice

To: The Manager - Instalment Warrants
Equity Markets Support
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 Instalments relating to Shares in the Listed Entity specified below and issued in accordance with the Terms summarised in Section 5 of the Product Disclosure Statement issued by Macquarie Bank Limited dated 20 September 2004 hereby give a Completion Notice in respect of those Macquarie Instalments.

This notice is, as required by the Terms, accompanied by the required instruments including a cheque in favour of Macquarie Bank Limited 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

FINANCIAL SERVICES GUIDE FOR BELIKE NOMINEES PTY LTD

Belike Nominees Pty Ltd is a member of the Macquarie Group of Companies

Belike Nominees Pty Ltd

ABN 31 008 604 966

AFS Licence 238164

This Financial Services Guide (FSG) is an important document which we are required to give you as an Australian Financial Services Licensee. This FSG is intended to inform you of certain basic matters relating to our relationship, prior to providing you with a financial service. The matters covered by the FSG include:

- who we are and how we can be contacted,
- what services and types of products we are authorised to provide to you,
- how we (and any other relevant parties) are remunerated in relation to the services,
- details of any potential conflicts of interest, and
- details of our internal and external dispute resolution procedures and how you can access them.

It is intended that this FSG should assist you in determining whether to use any of our services. If you choose to use any of our products and services you may also receive other documents relating to the services or products which you should read carefully.

■ Product Disclosure Statement (PDS).

This will be provided by a licensee when a recommendation to acquire a particular financial product (other than securities) or offer to issue or arrange the issue of a financial product is made. A PDS contains significant information necessary for you to make an informed decision about that product. This will not be provided by Belike but will generally be provided by other Macquarie group entities.

Information about Belike Nominees Pty Ltd

Any financial services offered to you will be provided by representatives of Belike Nominees Pty Ltd ('Belike').

Belike is part of the "Macquarie" group of companies and as such is associated with other Macquarie entities. Belike provides financial services to you in connection with financial products issued by other Macquarie group entities.

You can contact us by:

- calling us on (02) 8232 3333
- visiting our website at www.macquarie.com.au
- writing to us at :
PO Box 4294
SYDNEY NSW 1164
Fax: (02) 8232 7780

- email us using the Contact Directory in our website www.macquarie.com.au

Our financial services and financial products Belike Nominees Pty Ltd is authorised to offer the following financial services and financial products:

■ dealing in:

- Basic deposit products
- Non-basic deposit products
- Derivatives
- Foreign Exchange Contracts
- Government debentures, stocks or bonds
- Managed Investment Schemes
- Securities
- Managed Investment warrants

- Holding a financial product or interests in a financial product for you directly or indirectly.

Providing instructions to Belike

Belike acts on instructions of other Macquarie group entities. You will need to contact the relevant Macquarie group entity you are dealing with to provide instructions in relation to your financial product or service. Further details are provided in the relevant PDS.

Payments to Belike for the services provided

If you invest in a product in relation to which we provide our services, Belike will receive remuneration based on the value of your holdings. The remuneration we receive for the services we offer are set between 0 and 0.02 percent of the value of the assets held.

Remuneration or other benefits received by Belike staff
Our staff and directors receive salaries, bonuses and other benefits from us. Other companies in the Macquarie group will receive income from issue or provision of products to you. You should review the applicable PDS for more details.

Personal information

At Belike the privacy of your personal information is important to us. Any personal information collected will be handled in accordance with our Privacy Policy. Our Privacy Policy details how we comply with the requirements of the Privacy Act in the handling of your personal information. A copy of that policy can be obtained by visiting the Macquarie website at www.macquarie.com.au

Complaints Handling

Belike is committed to providing a high standard of client service and to maintaining our reputation for honesty and integrity. If our level of service or quality of products has failed to meet your expectations we would like you to tell us about your concerns. Macquarie's complaint handling process is designed to ensure that your concerns are treated seriously and

that your complaint is addressed promptly and fairly. Your complaint may be lodged either verbally or in writing and will be dealt with in strict confidence.

If you have a complaint about the service provided to you, you should contact us.

If your complaint is not satisfactorily resolved, contact:

Risk Management Division Compliance
Macquarie Bank Limited
Level 4
1 Martin Place
SYDNEY NSW 2000
Fax: (02) 8232 4437

If you are not satisfied with our handling of your complaint you may lodge a written complaint with the Banking and Financial Services Ombudsman:

Banking and Financial Services Ombudsman
GPO Box 3A
Melbourne VIC 3001
Phone: 1300 78 08 08
Fax: (03) 9613 7345

Dated this 20th day of September 2004.

This Product Disclosure Statement was executed by Macquarie Bank Limited under power of attorney dated 9 June 2004 by each of Chris Horne and Davin McPherson in their capacity as attorneys.

Consents

Allens Arthur Robinson has given and not withdrawn its consent to be named in this PDS. Allens Arthur Robinson has been involved in the preparation of this PDS, and accepts responsibility for Sections 2.21, 2.22, 2.26, 2.27, Section 4 and Section 5, but accepts no responsibility for any other part of this PDS, and has not authorised or caused its issue.

Belike Nominees Pty Limited has given and not withdrawn its consent to be named in this PDS, but has not been involved in the preparation of this PDS, 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 Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Registrar in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Product Disclosure Statement other than being named as Registrar to Macquarie Bank Limited. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Product Disclosure Statement.

Terminology

Macquarie Instalments will be admitted to Trading Status by the ASX as warrants under the Warrant Rules in the ASX Market Rules. The terminology used in this PDS and the Trust Deed varies from the terminology used in the Warrant Rules, as follows:

- **Macquarie 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*

Defined terms are listed in Section 9 of this PDS.

Privacy Act 1998 – Collection Statement

If you complete the Application Form attached to this PDS 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.

Unless you otherwise contact us on 1800 803 010, 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.

DIRECTORY

Issuer

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

Issuer's Lawyer

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

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

Macquarie Instalments Information Line

1800 80 30 10