

Macquarie Group Limited
ABN 94 122 169 279

Macquarie Bank Limited
ABN 46 008 583 542

50 Martin Place
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164
AUSTRALIA

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 3019
Internet <http://www.macquarie.com>



ASX/Media Release

MACQUARIE GROUP AND MACQUARIE BANK CLEANSING NOTICE – SUBORDINATED NOTES

SYDNEY, Thursday, 28 May 2020 – Attached is a notice lodged by each of Macquarie Group Limited (“**MQG**”) and Macquarie Bank Limited (“**MBL**”) in respect of the issue of A\$750,000,000 of subordinated notes by MBL.

The notice is given by MQG and MBL under section 708A(12H)(e) of the Corporations Act 2001 (Cth) (Act) (as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71).

Contact

Sam Dobson

Macquarie Group Investor Relations
+61 2 8232 9986

Lisa Jamieson

Macquarie Group Media Relations
+61 2 8232 6016

IMPORTANT NOTICE

NOTHING IN THIS DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION. THE OFFER OF THE SUBORDINATED NOTES HAS CLOSED.

THE SUBORDINATED NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SUBORDINATED NOTES MAY NOT BE OFFERED OR SOLD IN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS DOCUMENT IS GIVEN TO ASX JOINTLY BY MACQUARIE BANK LIMITED ("WE", "US", "OUR", THE "BANK" OR "MBL") AND MACQUARIE GROUP LIMITED ("MGL") IN ACCORDANCE WITH THE REQUIREMENTS OF ASIC CORPORATIONS (REGULATORY CAPITAL SECURITIES) INSTRUMENT 2016/71, WHICH PROVIDES RELIEF SO THAT MGL ORDINARY SHARES ISSUED ON EXCHANGE OF THE SUBORDINATED NOTES MAY BE ON-SOLD TO RETAIL INVESTORS WITHOUT FURTHER DISCLOSURE IF A NOTICE CONTAINING DISCLOSURE REQUIRED BY SECTION 708A(12I) OF THE AUSTRALIAN CORPORATIONS ACT (AS INSERTED BY ASIC CORPORATIONS (REGULATORY CAPITAL SECURITIES) INSTRUMENT 2016/71) IS RELEASED IN CONNECTION WITH THE ISSUE OF SUBORDINATED NOTES.



MACQUARIE
BANK

Macquarie Bank Limited

(ABN 46 008 583 542)

A\$750 million SUBORDINATED NOTES

(SUBJECT TO EXCHANGE UPON A NON-VIABILITY EVENT FOR FULLY PAID ORDINARY
SHARES OF MACQUARIE GROUP LIMITED (ABN 94 122 169 279))

("Subordinated Notes")

EFFECT OF THE SUBORDINATED NOTES ON MBL AND MGL

The Subordinated Notes will be debt obligations of the Bank and are intended to constitute regulatory capital of MBL which satisfies APRA's regulatory capital requirements for Tier 2 Capital. The aggregate principal amount of the Subordinated Notes to be issued is A\$750 million. The effect of the issue on MBL and the Macquarie Group will be to increase the total liabilities of MBL and Tier 2 Capital by that amount.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

MGL is a "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Copies of documents regarding MGL lodged with ASIC or ASX, may be obtained from, or inspected at, any ASIC office or the ASX, respectively. Some of this information can also be accessed via the ASX website and at macquarie.com.

In addition, copies of:

- MGL's annual report most recently lodged with ASIC (being MGL's 2020 Annual Report, which includes the most recent audited consolidated financial statements of MGL and its subsidiaries for the financial year ended 31 March 2020); and

- any other notice lodged with ASX under the continuous disclosure provisions of the listing rules of ASX and the Corporations Act given by MGL after the lodgment of MGL's 2020 Annual Report with ASIC and before lodgment of this document with ASX,

may be obtained from MGL free of charge at its registered office at Level 6, 50 Martin Place, Sydney, New South Wales, Australia. These materials are also available electronically on the website of ASX, at www.asx.com.au.

DESCRIPTIONS OF THE SUBORDINATED NOTES & MGL ORDINARY SHARES

The information included in the following sections of this document is based on material in the Information Memorandum relating to the Subordinated Notes dated 21 May 2020.

* * * * *

DESCRIPTION OF THE RIGHTS AND LIABILITIES ATTACHING TO SUBORDINATED NOTES

The following is Schedule 1 of the Deed Poll.

1 Form and Face Value

1.1 Face Value

- (a) Each Subordinated Note is issued fully paid with a face value and principal amount of A\$10,000 ("**Face Value**").
- (b) The Face Value and principal amount in respect of a Subordinated Note may be reduced by Exchange or Write-Off as provided in these Conditions.

1.2 Form

- (a) The Subordinated Notes are fully paid, unsecured, subordinated notes of the Issuer.
- (b) Subject, if required by these Conditions, to the prior written consent of APRA, each Subordinated Note may be redeemed by the Issuer in accordance with these Conditions.
- (c) The Subordinated Notes cannot be redeemed or Exchanged at the option of a Holder.
- (d) The Subordinated Notes do not represent protected accounts of the Issuer for the purposes of the Banking Act or any similar law of any jurisdiction and nor do they represent deposits with, or deposit liabilities of the Issuer for any other purposes of the Banking Act or the laws of any jurisdiction.
- (e) Except for a claim made on the Issuer in accordance with these Conditions and the Deed Poll, a Holder has no claim on the Issuer, MGL or any other member of the Macquarie Group for payment of any amount or the performance of any obligation in respect of any Subordinated Notes held by that Holder.
- (f) The Subordinated Notes are not obligations of the Australian Government or of any other government and, in particular, are not guaranteed or insured by the Commonwealth of Australia or any government, government agency or compensation scheme in any jurisdiction or by MGL or any other person.
- (g) The Subordinated Notes are constituted by the Deed Poll of which these Conditions form part.

1.3 Entries in the Register

- (a) Subordinated Notes are issued in registered form by entry in the Register.
- (b) Each entry in the Register constitutes a separate and individual acknowledgment to the relevant Holder of the indebtedness of the Issuer to that Holder and which that Holder is entitled to enforce without having to join any other Holder or any predecessor in title of a Holder.
- (c) No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

1.4 Restrictions on issue

No person shall subscribe for the Subordinated Notes in Australia unless:

- (a) the aggregate consideration payable to the Issuer by the subscriber is at least A\$500,000 (disregarding moneys lent by the Issuer or its associates) or the

Subordinated Notes are otherwise issued in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; and

- (b) the offer or invitation from which the issue results does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act.

1.5 Ranking

The Subordinated Notes will rank in a Winding-Up of the Issuer:

- (a) senior to Junior Ranking Obligations;
- (b) pari passu with Equal Ranking Obligations; and
- (c) subordinate to all claims of Senior Creditors, as provided under Condition 10.

1.6 No other rights

Except as expressly provided in these Conditions, no Holder has:

- (a) any claim against the Issuer, MGL or any other member of the Macquarie Group except as expressly set out in these Conditions;
- (b) any right to:
 - (i) subscribe for securities, or to participate in any bonus issues of securities, of the Issuer, MGL or any other member of the Macquarie Group; or
 - (ii) to otherwise participate in the profits or property of the Issuer, MGL or any other member of the Macquarie Group, except by receiving payments as set out in these Conditions.

1.7 No limitations on dealings with other securities

Nothing in these Conditions limits the ability of Issuer, MGL or any member of the Macquarie Group, in its absolute discretion from time to time, from:

- (a) issuing shares or other securities of any kind, whether ranking equally with, in priority to or junior to, or having different rights from the Subordinated Notes; or
- (b) redeeming, converting, buying back, returning or distributing capital in respect of any share capital or any other securities of any kind, whether ranking behind, equally with, or in priority to the Subordinated Notes.

2 Interest

2.1 Subordinated Notes bear interest

Each Subordinated Note bears interest (“**Interest**”) on its Face Value from and including the Issue Date to but excluding the Maturity Date or any earlier date on which it is redeemed in full, Exchanged in full, Written-Off in full or otherwise cancelled in full. Interest accrues daily.

2.2 Interest Payment Dates

Interest in respect of each Subordinated Note will be payable quarterly in arrear, on 28 May, 28 August, 28 November and 28 February each year, as adjusted by the Business Day Convention (each, an “**Interest Payment Date**”), commencing on 28 August 2020.

2.3 Interest amounts

Subject to these Conditions, the Issuer shall pay Interest on each Subordinated Note in respect of an Interest Period in arrears on the relevant Interest Payment Date calculated by multiplying

the Interest Rate applicable to the Subordinated Notes in respect of that Interest Period by the Face Value and multiplying the product by the Day Count Fraction in respect of that Interest Period.

"Interest Rate" means the rate (expressed as a percentage per annum) calculated according to the following formula:

$$\text{Interest Rate} = (\text{Reference Rate} + \text{Margin})$$

where:

"Reference Rate" means:

- (i) subject to paragraph (ii), BBSW; and
- (ii) if the Issuer determines that a Reference Rate Disruption Event has occurred, then, subject to APRA's prior written approval, the Issuer:
 - (A) shall use as the Reference Rate such Alternative Reference Rate as it may determine;
 - (B) shall make such adjustments to the Conditions as it determines are reasonably necessary to calculate Interest in accordance with such Alternative Reference Rate; and
 - (C) in making the determinations under paragraphs (A) and (B) above:
 - (aa) shall act in good faith and in a commercially reasonable manner;
 - (ab) may consult with such sources of market practice as it considers appropriate; and
 - (ac) may otherwise make such determination in its discretion.

For the purposes of the foregoing:

- (iii) **"Alternative Reference Rate"** means a rate other than the rate described in paragraph (i) above that is generally accepted in the Australian market as the successor to the Reference Rate, or if there is no such rate:
 - (A) a reference rate that is, in the Issuer's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of the Subordinated Notes; or
 - (B) such other reference rate as the Issuer considers appropriate having regard to available comparable indices;
- (iv) **"BBSW"** means, for an Interest Period:
 - (A) the rate (expressed as a percentage per annum) designated "BBSW" in respect of prime bank eligible securities having a tenor closest to the Interest Period which rate ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am (Sydney time) (or such other time at which such rate is accustomed to be so published) on the Determination Date;
 - (B) if the Issuer determines that such rate (expressed as a percentage per annum) as is described in paragraph (A) immediately above:

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

(ab) is published, but is affected by an obvious error,

such other rate (expressed as a percentage per annum) that the Issuer determines as appropriate having regard to comparable indices then available;

(v) **"Determination Date"** means the first day of the Interest Period; and

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

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

(B) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of the Subordinated Notes.

"Margin" means 2.90% per annum.

Holders should note that APRA's approval may not be given for any Alternative Reference Rate it considers to have the effect of increasing the Interest Rate contrary to applicable prudential standards.

2.4 Broken periods

If an Interest amount is to be calculated in respect of Interest accruing on a Subordinated Note for a period other than an Interest Period, such Interest shall be calculated by multiplying the Interest Rate applicable to the Subordinated Notes by the amount accruing Interest and multiplying the product by the Day Count Fraction in respect of that period.

2.5 Determination and notification

The Issuer shall:

(a) determine the Interest Rate for each Interest Period and the amount of Interest payable in respect of that Interest Period; and

(b) give notice to the Holders of its determination no later than the fifth Business Day after the first day of the Interest Period.

3 Redemption

3.1 Redemption on the Maturity Date

Unless previously redeemed in full, Exchanged in full, Written-Off in full or otherwise cancelled in full, the Issuer shall redeem each Subordinated Note on the Maturity Date by payment of its Redemption Price.

3.2 Early redemption by the Issuer

Unless previously redeemed in full, Exchanged in full, Written-Off in full or otherwise cancelled in full, with the prior written approval of APRA, the Issuer may redeem:

(a) all or some of the Subordinated Notes on the Interest Payment Date falling on or immediately following the fifth anniversary of the Issue Date and on any Interest Payment Date thereafter up to but excluding the Maturity Date (each, an **"Optional Redemption Date"**); or

- (b) all or some of the Subordinated Notes following the occurrence of a Tax Event or a Regulatory Event,

in each case by payment of the Redemption Price in respect of each Subordinated Note redeemed.

3.3 Early Redemption Notice

In order to redeem Subordinated Notes in accordance with Condition 3.2, the Issuer must provide Holders with written notice of its election to redeem (an “**Early Redemption Notice**”), which must specify:

- (a) the aggregate Face Value of Subordinated Notes to be redeemed;
- (b) the Early Redemption Date, which:
 - (i) where Condition 3.2(a) applies, will be the Optional Redemption Date (in which case the date of the Early Redemption Notice must be at least 15 days and no more than 60 days prior to the Optional Redemption Date); and
 - (ii) where Condition 3.2(b) applies, is the date nominated by the Issuer, provided that such date is at least 15 days after the date of the Early Redemption Notice; and
- (c) where Condition 3.2(b) applies, the details of the Tax Event or Regulatory Event to which the Early Redemption Notice relates.

3.4 Effect of an Early Redemption Notice

Subject to Condition 4, an Early Redemption Notice given under Condition 3.3 is irrevocable and obliges the Issuer, subject to the Solvency Condition, to redeem the aggregate Face Value of Subordinated Notes specified in the Early Redemption Notice on the Early Redemption Date, by payment of the Redemption Price in respect of each Subordinated Note to be redeemed.

3.5 No early redemption at the option of Holders

A Holder cannot require the Issuer to redeem all or some of the Subordinated Notes held by that Holder before their Maturity Date.

3.6 Effect of redemption

Upon payment of the Redemption Price in respect of a redemption of a Subordinated Note, all of the Holder's rights in relation to that Subordinated Note will be immediately and irrevocably terminated.

3.7 Purchases

Subject to APRA's prior written approval and applicable law, the Issuer or any of its Related Entities may purchase Subordinated Notes at any time, in any manner and at any price or consideration to which the Holder agrees. Such Subordinated Notes may, at the option of the acquirer, be held, resold or cancelled.

3.8 Early redemption and repurchase restrictions

The Issuer may only elect to redeem Subordinated Notes under Condition 3.2, and the Issuer or any of its Related Entities may only elect to purchase any Subordinated Notes under Condition 3.7, if either:

- (a) the Subordinated Notes to be redeemed or repurchased are replaced (concurrently with the redemption or repurchase or beforehand) with a capital instrument of the same or better quality, and the replacement or repurchase of those Subordinated

Notes is done under conditions which are sustainable for the income capacity of the Issuer Level 1 Group and the Issuer Level 2 Group; or

- (b) the Issuer obtains confirmation from APRA that APRA is satisfied that the capital positions of the Issuer Level 1 Group and the Issuer Level 2 Group are sufficient after the Subordinated Notes are redeemed or repurchased.

Holders should not expect that APRA's approval will be given for any early redemption or purchase of Subordinated Notes under these Conditions.

4 Exchange on Non-Viability Event

4.1 Non-Viability Event

- (a) A **"Non-Viability Event"** will occur when APRA:
 - (i) issues a written notice to the Issuer that it is necessary that Relevant Securities (including the Subordinated Notes) be subject to Loss Absorption because, without such Loss Absorption, APRA considers that the Issuer would become non-viable; or
 - (ii) notifies the Issuer in writing that it has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.
- (b) If a Non-Viability Event occurs, on the Non-Viability Date such aggregate Face Value of the Subordinated Notes shall be immediately Exchanged as is equal (following or together with any Loss Absorption in respect of other Relevant Securities) to:
 - (i) the aggregate principal amount of Relevant Securities that APRA has notified the Issuer must be subject to Loss Absorption to satisfy APRA that the Issuer will not become non-viable; or
 - (ii) if APRA has not so notified the Issuer, such aggregate Face Value of Subordinated Notes determined by the Issuer in accordance with Condition 4.2 as would satisfy APRA that the Issuer will not become non-viable,

provided, however, that in the case of a Non-Viability Event described in Condition 4.1(a)(ii), the aggregate Face Value of all Subordinated Notes shall be Exchanged in full. No Subordinated Note or portion thereof can, or will, be Exchanged at the option of a Holder.

4.2 Consequences of a Non-Viability Event

- (a) If a Non-Viability Event occurs and not all Subordinated Notes are required to be Exchanged, the Issuer will determine the aggregate Face Value of Subordinated Notes which must be Exchanged in accordance with Condition 4.1 in accordance with the following:
 - (i) first, all Relevant Tier 1 Securities shall be subject to Loss Absorption; and
 - (ii) secondly, if such Loss Absorption in respect of all Relevant Tier 1 Securities is not sufficient to satisfy the requirements of Condition 4.1(a)(i) and provided that, as a result of that Loss Absorption, APRA has not withdrawn its determination in connection with the Non-Viability Event:
 - (A) the Issuer shall Exchange an aggregate Face Value of Subordinated Notes; and
 - (B) other Relevant Tier 2 Securities shall be subject to Loss Absorption,

on an approximately proportionate basis (unless the terms of any such Relevant Tier 2 Security provide for any Loss Absorption to occur other than on a proportionate basis) or on such other basis as the Issuer considers fair and reasonable, provided, however, that such determination must not impede or delay the immediate Exchange of the relevant aggregate Face Value of Subordinated Notes.

- (b) If a Non-Viability Event occurs, the Issuer shall determine the Subordinated Notes or portions thereof as to which Exchange is to take effect and in making that determination may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of Subordinated Notes that have not been settled or registered at that time.
- (c) If only some Subordinated Notes are to be Exchanged, the Issuer will endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect of marketable parcels, whole numbers of MGL Ordinary Shares and authorised denominations of any Subordinated Notes or other Relevant Securities remaining on issue and other similar considerations and the need to effect the Exchange immediately.
- (d) For the purposes of the foregoing subsections, where the specified currency of the principal amount of Relevant Tier 2 Securities is not the same for all Relevant Tier 2 Securities, the Issuer may treat them as if converted into a single currency of the Issuer's choice at such rate of exchange as the Issuer in good faith considers reasonable.

4.3 **Non-Viability Notice**

The Issuer must give notice of its determination pursuant to Condition 4.2(a) (a “**Non-Viability Notice**”) as soon as practicable to Holders, which must specify:

- (a) the Non-Viability Date;
- (b) the aggregate Face Value of the Subordinated Notes that have been, or are to be, Exchanged; and
- (c) the relevant number or principal amount of other Relevant Securities that are subject to Loss Absorption.

4.4 **Write Off**

Notwithstanding any other provisions of this Condition 4, if for any reason an Exchange has not occurred in respect of any Subordinated Note or portion thereof within 5 Business Days of a Non-Viability Date, then such Exchange will not occur and each Subordinated Note or portion thereof which, but for Condition 4.4, would be required to be Exchanged, will be Written-Off. The Issuer must give notice to Holders of affected Subordinated Notes if an Exchange has not occurred by operation of this Condition (a “**Write-Off Notice**”), but failure to give that notice shall not affect the operation of this subsection.

4.5 **Holder acknowledgements**

- (a) Nothing shall prevent, impede or delay any Exchange or Write-Off of Subordinated Notes as required by Conditions 4.1, 4.2 or 4.4, including, without limitation, the following events:
 - (i) any failure or delay in any Loss Absorption in respect of any other Relevant Securities;
 - (ii) any failure or delay in giving a Non-Viability Notice or Write-Off Notice;

- (iii) any failure or delay in quotation of the MGL Ordinary Shares to be issued on or arising from the Exchange;
 - (iv) any requirement to select or adjust the aggregate Face Value of Subordinated Notes to be Exchanged or Written-Off in accordance with Conditions 4.1, 4.2 or 4.4;
 - (v) any failure or delay by a Holder or any other party to comply with the provisions of Condition 4.7; and
 - (vi) any obligation of the Issuer to treat Holders proportionately or any right to make determinations or adjustments in accordance with Condition 4.2(c).
- (b) Each Holder, by its purchase or holding of an interest in such Subordinated Notes irrevocably acknowledges and agrees that:
- (i) the Issuer intends that the Subordinated Notes constitute Tier 2 Capital and that they shall be able to absorb losses at the point of non-viability as described in APRA's prudential standards and guidelines and that the Subordinated Notes are subject to Exchange or Write-Off in accordance with this Condition 4, which is a fundamental term of these Conditions;
 - (ii) Loss Absorption must occur immediately on the Non-Viability Date and that may result in disruption or failures in trading or dealings in the Subordinated Notes;
 - (iii) no conditions or events will affect the operation of this Condition 4 and Holders will not have any rights to vote in respect of any Subordinated Notes or portions thereof that are Exchanged or Written-Off under this Condition 4;
 - (iv) any failure or delay in the completion of any procedure, formality or other matter connected with the Exchange or Writing-Off of a Subordinated Note held by the Holder pursuant to this Condition 4 shall not prevent, impede or delay the Write-Off of such Subordinated Note (which shall be deemed to have occurred immediately with effect on and from the Non-Viability Date, notwithstanding such failure or delay);
 - (v) it consents to becoming a member of MGL and agrees to be bound by the constitution of MGL upon an Exchange;
 - (vi) it agrees to the application of payments and issue of MGL Ordinary Shares as provided by this Condition 4 and Condition 5 hereto in respect of its Subordinated Notes upon an Exchange, notwithstanding anything which might otherwise affect the Exchange including, without limitation:
 - (A) any change in the financial position of the Issuer, MGL or the Macquarie Group since the Issue Date;
 - (B) any disruption to the market or potential market for the MGL Ordinary Shares or to capital markets generally;
 - (C) it being impossible or impracticable to list the MGL Ordinary Shares on ASX; or
 - (D) it being impossible or impracticable to sell or otherwise dispose of the MGL Ordinary Shares;
 - (vii) if an Exchange does not occur in the circumstances contemplated in Condition 4.4, each Subordinated Note or portion thereof subject to such Exchange will be Written-Off;

- (viii) it will provide the Issuer and MGL with any information that the Issuer or MGL considers necessary or desirable, or to take any and all such action as is within the reasonable control of that Holder, to give effect to an Exchange;
- (ix) it has no right to request an Exchange, redemption of or payment in respect of the Exchange of a Subordinated Note or any portion thereof or to determine whether (or in what circumstances) the Subordinated Notes it holds are Exchanged or redeemed;
- (x) it has no remedies on account of a failure by MGL or any Related Body Corporate:
 - (A) to make any payment in respect of an Exchange;
 - (B) to issue MGL Ordinary Shares as required in respect of an Exchange other than (and subject always to Condition 4.4) to seek specific performance of the obligation to issue the MGL Ordinary Shares; or
 - (C) to perform any of the Related Exchange Steps;
- (xi) prior to an Exchange, a Subordinated Note does not create or confer any voting rights in respect of any member of the Macquarie Group; and
- (xii) subject to applicable law, it is not entitled to be provided with copies of any notices of general meetings of the Issuer or MGL or any other documents (including annual reports and financial statements) sent by the Issuer or MGL to holders of ordinary shares or other securities (if any) in the Issuer or MGL.

4.6 Power of attorney

Each Holder, by its purchase or holding of an interest in such Subordinated Notes irrevocably:

- (a) appoints each of MGL, the Issuer, any Sale Agent, their respective duly authorised officers and any liquidator, administrator, statutory manager or other similar official of MGL or the Issuer (each an “**Appointed Person**”) severally to be the attorneys of the Holder and the agents of the Holder, with the power in the name and on behalf of the Holder to:
 - (i) do all such acts and things (including, without limitation, signing all documents, instruments or transfers or instructing CHES) as may, in the opinion of the Appointed Person, be necessary or desirable to be done in order to give effect to, record or perfect an Exchange or Write-Off (as applicable) in accordance with this Condition 4 and Condition 5;
 - (ii) do all other things which an Appointed Person reasonably believes to be necessary or desirable to give effect to the Conditions; and
 - (iii) appoint in turn its own agent or delegate; and
- (b) authorises and directs the Issuer and/or the Registrar to make such entries in the Register, including amendments and additions to the Register, which the Issuer and/or the Registrar may consider necessary or desirable to record an Exchange or Write-Off (as applicable):

The power of attorney given in this Condition 4.6 is given for valuable consideration and to secure the performance by the Holder of the Holder’s obligations under the Conditions, is irrevocable and shall survive and not be affected by the subsequent disability or incapacity of the Holder (or, if such Holder is an entity, by its dissolution or termination). An Appointed Person shall have no liability in respect of any acts duly performed in accordance with power of attorney given in this Condition 4.6.

4.7 Partial Exchange or Write-Off

For any Subordinated Note which is to be Exchanged or Written-Off only in part:

- (a) for the purposes of the transfer of that portion of that Subordinated Note to MGL in accordance with Condition 5.1(a), the principal amount of that Subordinated Note to be Exchanged and the principal amount of that Subordinated Note that is not to be Exchanged shall each be deemed to be a separate Subordinated Note with a Face Value equal to the relevant principal amount; and
- (b) the amount of Interest payable in respect of the Subordinated Note that is not to be Exchanged on each Interest Payment Date falling after that Non-Viability Date will be reduced and calculated on the Face Value of that Subordinated Note as so reduced on the date of the Exchange or Write-Off;
- (c) the voting entitlement of the Holder of that Subordinated Note in respect of that Subordinated Note will be adjusted and calculated on the Face Value of that Subordinated Note as so reduced on the date of the Exchange or Write-Off; and
- (d) the Redemption Price that may be payable on redemption of that Subordinated Note on and from that date of the Exchange or Write-Off will be adjusted and calculated on the Face Value of the Subordinated Note as so reduced on such date.

4.8 Obligations of MGL

MGL irrevocably undertakes for the benefit of Holders:

- (a) to perform its obligations relating to an Exchange (including in connection with the issue and delivery of MGL Ordinary Shares) as provided in these Conditions;
- (b) to use all reasonable endeavours to procure quotation of the MGL Ordinary Shares issued or arising from an Exchange on ASX. Each Holder of Subordinated Notes so Exchanged agrees not to trade MGL Ordinary Shares issued on an Exchange (except as permitted by the Corporations Act, other applicable laws and the ASX Listing Rules) until MGL has taken such steps as are required by the Corporations Act, other applicable laws and the ASX Listing Rules for the MGL Ordinary Shares to be freely tradable without further disclosure or other action and agrees that MGL may impose a holding lock or refuse to register a transfer in respect of MGL Ordinary Shares until such time;
- (c) to ensure that the MGL Ordinary Shares issued or arising from an Exchange will rank equally with all other fully paid MGL Ordinary Shares;
- (d) from the applicable Non-Viability Date, subject to Conditions 4.4 and 4.5(b)(x), to treat the Holder in respect of its Subordinated Notes as the holder of the Exchange Number of MGL Ordinary Shares and will take all such steps, including updating any register, required to record the Exchange; and
- (e) otherwise to comply with the Conditions.

4.9 Timing of Non-Viability Event

A Non-Viability Event takes effect, and the Issuer must perform the obligations in respect of the relevant determination, immediately on the Non-Viability Date, whether or not such day is a Business Day.

5 Exchange mechanics

5.1 Exchange

On a Non-Viability Date, subject to Condition 4.4, each of the events described in this Condition 5.1 shall occur in respect of any Subordinated Note or portion thereof to be Exchanged.

- (a) The rights of each Holder of each relevant Subordinated Note or portion thereof (including to payment of interest) in relation to the Face Value of that Subordinated Note or portion thereof will be automatically and irrevocably transferred free from any Encumbrance to MGL or an Approved Nominee for an amount payable by MGL equal to the Face Value of that Subordinated Note or portion thereof and MGL will apply that Face Value or portion thereof by way of payment for subscription for the MGL Ordinary Shares to be allotted and issued under Condition 5.1(b). Each Holder of Subordinated Notes or any portion thereof is taken to have irrevocably directed that any amount payable under this Condition 5.1(a) is to be applied as provided for in Condition 5.1(b) and no such Holder (or other person claiming through a Holder) has any right to payment in any other way.
- (b) MGL will allot and issue the Exchange Number of MGL Ordinary Shares to the Holder of the Subordinated Note (or as they may direct) for a subscription price equal to the Face Value of that Subordinated Note or portion thereof. The **"Exchange Number"** will be calculated by the Issuer in accordance with the following formula:

$$\text{Exchange Number} = \frac{\text{Exchange Amount}}{0.99 \times \text{Non-Viability Date VWAP}}$$

subject to the Exchange Number being no greater than the Maximum Exchange Number.

- (c) The **"Maximum Exchange Number"** will be calculated by the Issuer on the Issue Date in accordance with the following formula:

$$\text{Maximum Exchange Number} = \frac{\text{Exchange Amount}}{\text{Exchange Floor Price}}$$

- (d) If the total number of MGL Ordinary Shares to be allotted to a Holder in respect of their aggregate holding of Subordinated Notes or portions thereof upon Exchange includes a fraction of an MGL Ordinary Share, that fraction of an MGL Ordinary Share will be disregarded.
- (e) All rights to payment of Interest or any other amount owing, both in the future and as accrued but unpaid as at the Non-Viability Date, in relation to such Subordinated Note or portion thereof transferred will be immediately and irrevocably terminated for no other consideration.
- (f) As agreed between, amongst others, MGL and the Issuer under the Implementation Deed, MGL, the Issuer and their Related Bodies Corporate will deal with the Subordinated Notes or portions thereof being Exchanged so that fully paid ordinary shares in the capital of the Issuer are issued to, or as directed by, MGL or to a Related Body Corporate of MGL nominated by MGL (which is a holding company of the Issuer and which itself issues ordinary shares to, or as directed by, MGL), for an aggregate issue price equal to the aggregate Exchange Amount and the Subordinated Notes transferred to MGL or to an Approved Nominee in accordance with this Condition 5.1 shall be redeemed and cancelled (the **"Related Exchange Steps"**).

5.2 Adjustments to VWAP

For the purposes of calculating VWAP under these Conditions:

- (a) where, on some or all of the ASX Trading Days in the relevant VWAP Period, MGL Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and the Subordinated Notes or portions thereof will be Exchanged for MGL Ordinary Shares after the date those MGL Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the ASX Trading Days on which those MGL Ordinary Shares have been quoted cum

dividend or cum any other distribution or entitlement shall be reduced by an amount (“**Cum Value**”) equal to:

- (i) in case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act and eligible to receive a franked distribution;
 - (ii) in the case of any other entitlement that is not a dividend or other distribution under Condition 5.2(a)(i) and which is traded on ASX on any of those ASX Trading Days, the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the ASX Trading Days on which those entitlements were traded; or
 - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Issuer; and
- (b) where, on some or all of the ASX Trading Days in the VWAP Period, MGL Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and the Subordinated Notes or portions thereof will be Exchanged for MGL Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the ASX Trading Days on which those MGL Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

5.3 Adjustments to VWAP for divisions and similar transactions

- (a) Where during the relevant VWAP Period there is a change in the number of the MGL Ordinary Shares on issue as a result of a Reclassification, in calculating the VWAP for that VWAP Period the Daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in MGL Ordinary Shares is conducted on a post Reclassification basis shall be adjusted by multiplying the VWAP by the following fraction:

$$\frac{A}{B}$$

where:

“**A**” means the aggregate number of MGL Ordinary Shares immediately before the Reclassification; and

“**B**” means the aggregate number of MGL Ordinary Shares immediately after the Reclassification.

- (b) Any adjustment to VWAP made by the Issuer in accordance with Condition 5.2 or Condition 5.3(a) will be effective and binding on Holders and the Conditions will be construed accordingly. Any such adjustment must be notified to all Holders as soon as reasonably practicable following its determination by the Issuer.

5.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with Condition 5.2 or Condition 5.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with Condition 5.5 or Condition 5.6; and

- (b) if so made, will correspondingly cause an adjustment to the Maximum Exchange Number.

5.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to Condition 5.5(b), if MGL makes a pro rata bonus issue of MGL Ordinary Shares to holders of MGL Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \times \frac{RD}{RD + RN}$$

where:

“**V**” means the Issue Date VWAP applying immediately after the application of this formula;

“**V₀**” means the Issue Date VWAP applying immediately prior to the application of this formula;

“**RN**” means the number of MGL Ordinary Shares issued pursuant to the bonus issue; and

“**RD**” means the number of MGL Ordinary Shares on issue immediately prior to the allotment of new MGL Ordinary Shares pursuant to the bonus issue.

- (b) Condition 5.5(a) does not apply to MGL Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purpose of Condition 5.5(a) an issue will be regarded as a pro rata issue notwithstanding that MGL does not make offers to some or all holders of MGL Ordinary Shares with registered addresses outside Australia, provided that in so doing MGL is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this Condition 5.5 for any offer of MGL Ordinary Shares not covered by Condition 5.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of MGL Ordinary Shares except as covered by Condition 5.5(a) shall not in any way restrict MGL from issuing MGL Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of Holders.

5.6 Adjustment to Issue Date VWAP for divisions and similar transactions

- (a) If at any time after the Issue Date there is a change in the number of MGL Ordinary Shares on issue as a result of a Reclassification, the Issuer will adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following fraction:

$$\frac{A}{B}$$

where:

“**A**” means the aggregate number of MGL Ordinary Shares immediately before the Reclassification; and

“B” means the aggregate number of MGL Ordinary Shares immediately after the Reclassification.

- (b) Each Holder acknowledges that MGL may consolidate, divide or reclassify securities so that there is a lesser or greater number of MGL Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

5.7 **No adjustment to Issue Date VWAP in certain circumstances**

Despite the provisions of Condition 5.5 or Condition 5.6, no adjustment shall be made to the Issue Date VWAP where such cumulative adjustment (rounded if applicable) would be less than 1 per cent. of the Issue Date VWAP then in effect. Any adjustment not made in accordance with this Condition 5.7 shall be carried forward and taken into account in determining whether any subsequent adjustment shall be made.

5.8 **Announcement of adjustment to Issue Date VWAP**

If the Issuer determines an adjustment to the Issue Date VWAP under Condition 5.5 or Condition 5.6, such an adjustment will be:

- (a) determined as soon as reasonably practicable following the relevant event; and
- (b) notified to Holders (an “**Adjustment Notice**”) within 10 Business Days of the Issuer determining the adjustment.

The adjustment set out in the Adjustment Notice will be final and binding on Holders and the Conditions will be construed accordingly.

5.9 **Failure to Exchange**

- (a) Subject to Condition 4.4 and Condition 5.10(g), if, in respect of an Exchange of a Subordinated Note or any portion thereof, MGL fails to issue the MGL Ordinary Shares to, or in accordance with the instructions of, the relevant Holder of that Subordinated Note on the applicable Non-Viability Date or to the Sale Agent where Condition 5.10 applies, the Face Value of that Subordinated Note or portion thereof shall nonetheless be transferred and dealt with in accordance with Condition 5.1(a), Condition 5.1(e) and Condition 5.1(f) and the remedies of any Holder of that Subordinated Note in respect of that failure are limited to seeking an order for specific performance of MGL's obligations to issue MGL Ordinary Shares.
- (b) If, in respect of an Exchange of a Subordinated Note or portion thereof, that Subordinated Note or portion thereof is not transferred on the Non-Viability Date free from Encumbrance to MGL or its Approved Nominee, MGL shall issue the Exchange Number of MGL Ordinary Shares to the Holder in respect of that Subordinated Note and all rights of the relevant Holder (and any person claiming through the Holder) in such Subordinated Note or portion thereof are taken to have ceased and that Subordinated Note or portion thereof shall be cancelled.
- (c) This Condition 5 does not affect the obligation of MGL to deliver the MGL Ordinary Shares or of the Holder of a relevant Subordinated Note to transfer that Subordinated Note or portion thereof when required in accordance with these terms.

5.10 **Holders of Subordinated Notes whose MGL Ordinary Shares are to be sold**

Subject Condition 4.4, if any Subordinated Note or portion thereof is required to be Exchanged and if:

- (a) the Holder of that Subordinated Note has notified the Issuer that it does not wish to receive MGL Ordinary Shares as a result of the Exchange (whether entirely or to the

extent specified in the notice), which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Date;

- (b) the Holder of that Subordinated Note is a Foreign Holder;
- (c) for any reason (whether or not due to the fault of the Holder):
 - (i) the Issuer or MGL does not receive any information required by it in accordance with the terms of that Subordinated Note so as to impede MGL from issuing the MGL Ordinary Shares to the Holder of that Subordinated Note on the Non-Viability Date; or
 - (ii) a FATCA Withholding is required to be made in respect of any MGL Ordinary Shares to be delivered as a result of that Exchange; or
- (d) MGL is of the opinion that under an Applicable Shareholding Law, the Holder of that Subordinated Note is prohibited from acquiring some or all of the Exchange Number of MGL Ordinary Shares on the Non-Viability Date;

then, subject to Condition 5.10(e), the Issuer will use reasonable endeavours to appoint a Sale Agent (which is not the Issuer or any Related Entity of the Issuer) on such terms as the Issuer considers reasonable, who will act in accordance with Condition 5.10(f) where the Issuer, MGL and the Sale Agent can be satisfied that the obligation in Condition 5.10(f) may be performed in respect of the relevant Subordinated Note and the relevant MGL Ordinary Shares in accordance with all applicable laws and without the Issuer, MGL or the Sale Agent having to take steps which any of them regard as unacceptable or onerous.

On the Non-Viability Date:

- (e) where Condition 5.10(a), Condition 5.10(b), Condition 5.10(c)(ii) or Condition 5.10(d) applies, MGL will issue the Exchange Number of MGL Ordinary Shares to the Holder of that Subordinated Note only to the extent (if at all) that:
 - (i) where Condition 5.10(a) applies, the Holder's notice referred to in Condition 5.10(a) indicates the Holder wishes to receive them;
 - (ii) where Condition 5.10(b) applies, the Foreign Holder has notified the Issuer that it wishes to receive MGL Ordinary Shares as a result of the Exchange (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Date, and MGL is satisfied that the laws of both Australia and the Foreign Holder's country of residence permit the issue of the Exchange Number of MGL Ordinary Shares to the Foreign Holder as contemplated by this Condition 5.10 (but as to which MGL is not bound to enquire), either unconditionally or after compliance with conditions which MGL, in its absolute discretion, regards as acceptable and not unduly onerous;
 - (iii) where Condition 5.10(c)(ii) applies, MGL, in its absolute discretion, considers that it can do so in accordance with the requirements applicable to the relevant FATCA Withholding without it having to take steps which it regards as unacceptable or onerous; or
 - (iv) where Condition 5.10(d) applies, the issue would, in MGL's opinion, result in the Holder receiving the maximum number of MGL Ordinary Shares the Holder is permitted to acquire in compliance with Applicable Shareholding Law as at the Non-Viability Date;
- (f) otherwise, subject to Condition 5.10(g) and Condition 4.4, MGL will issue the balance of the Exchange Number of MGL Ordinary Shares in respect of that Holder to the

Sale Agent on the terms that, at the first reasonable opportunity to sell the MGL Ordinary Shares, the Sale Agent will arrange for their sale and pay to the Holder of the relevant Subordinated Note on a date determined by the Sale Agent a cash amount equal to the Attributable Proceeds of the Holder of that Subordinated Note (and, where a FATCA Withholding has been required to be made, will remit the cash amount referable to the FATCA Withholding to, or as directed by, the relevant authority or agency). The issue of MGL Ordinary Shares to the Sale Agent will satisfy all obligations of MGL and its Related Bodies Corporate in connection with the Exchange, that Subordinated Note or portion thereof will be deemed Exchanged and will be dealt with in accordance with Condition 5.1 and, on and from the issue of MGL Ordinary Shares, the rights of the Holder of that Subordinated Note the subject of this Condition 5.10 are limited to its rights in respect of the MGL Ordinary Shares or the Attributable Proceeds as provided in this Condition 5.10; and

- (g) where Condition 5.10(f) applies in respect of a Holder of a Subordinated Note and a Sale Agent is unable to be appointed, or any of the Issuer, MGL or the Sale Agent is of the opinion that the issue of MGL Ordinary Shares to the Sale Agent and subsequent delivery or sale in accordance with Condition 5.10(f) cannot be undertaken in accordance with Applicable Shareholding Law or other applicable law (or can be undertaken in accordance with Applicable Shareholding Law or applicable law only after MGL or the Sale Agent take steps which any of the Issuer, MGL or the Sale Agent regard as onerous) then, without in any way limiting Condition 4.4, if either or both of MGL and the Sale Agent is of the opinion that the issue of MGL Ordinary Shares cannot be undertaken within 5 Business Days of the Non-Viability Date to the Sale Agent in accordance with Condition 5.10(f) or otherwise to the Holder of that Subordinated Note in accordance with Condition 5.10, then that Subordinated Note or portion thereof will be Written-Off.
- (h) Nothing in this Condition 5.10 shall affect the Exchange of any Subordinated Note or portion thereof to any Holder of that Subordinated Note which is not a person to which any of Condition 5.10(a) to Condition 5.10(f) applies.
- (i) For the purpose of this Condition 5.10, none of the Issuer, MGL, the Sale Agent or any other person owes any obligations or duties to the Holders in relation to the price at which MGL Ordinary Shares are sold or has any liability for any loss suffered by a Holder as a result of the sale of MGL Ordinary Shares.

6 Title and transfer

6.1 Title

Title to Subordinated Notes passes when details of the transfer are entered in the Register.

6.2 Register conclusive as to ownership

Except as required by law or expressly provided in these Conditions or the Deed Poll and subject to correction for fraud or error, the Issuer and the Registrar must treat the person whose name is entered in the Register as the holder of a Subordinated Note as the absolute owner of that Subordinated Note. This Condition 6.2 applies whether or not a Subordinated Note is overdue and despite any notice of ownership, trust or interest in any Subordinated Note. No person shall be liable for so treating such Holder.

6.3 Non-recognition of interests

No notice of any trust, Encumbrance or other interest in, or claim to, any Subordinated Note will be entered in the Register. Neither the Issuer, nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any Subordinated Note, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any Subordinated Note or against any current or former Holder will in any way affect any provision of these Conditions.

6.4 Joint Holders

Where two or more persons are entered in the Register as the joint Holders of a Subordinated Note, they are taken to hold the Subordinated Note as joint tenants with rights of survivorship, but neither the Registrar nor the Issuer is bound to register more than three persons as joint Holders of a Subordinated Note.

6.5 Transfer procedures

- (a) Unless Subordinated Notes are lodged in Austraclear, application for the transfer of Subordinated Notes must be made by the lodgement of a Transfer Form with the Registrar. Transfer Forms are available from the Registrar. Each form must be duly stamped (if applicable) and accompanied by such evidence (if any) as the Registrar may require to prove the title of the transferor or the transferor's right to transfer the Subordinated Notes and be signed by both the transferor and the transferee.
- (b) Subordinated Notes lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

6.6 Transfer restrictions

- (a) Subordinated Notes may only be transferred pursuant to offers received in Australia if:
 - (i) the aggregate consideration payable at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the Subordinated Notes are otherwise transferred in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; or
 - (ii) the transfer does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act.
- (b) Subordinated Notes may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Subordinated Notes otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

6.7 No charge on transfer

Transfers will be registered without charge provided taxes, duties or other governmental charges (if any) imposed in relation to the transfer have been paid.

6.8 Estates

The Registrar must register a transfer of a Subordinated Note to or by a person who is entitled to make or receive the transfer in consequence of:

- (a) death, bankruptcy, liquidation or winding-up of a Holder; or
- (b) the making of a vesting order by a court or other body with power to make the order, on receiving the evidence of entitlement that the Registrar or the Issuer requires.

6.9 Refusal to register

- (a) The Registrar may refuse to register a transfer of any Subordinated Note if:
 - (i) such registration would contravene these Conditions; or

- (ii) the Corporations Act or any other law or regulation binding on the Issuer forbids registration.
- (b) If the Registrar refuses to register a transfer, it must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to it.

7 Payments

7.1 Method of payment when Subordinated Notes are in the Austraclear System

If the Subordinated Notes are in the Austraclear System, subject to all applicable fiscal or other laws and regulations, payments in respect of each Subordinated Note will be made by crediting on the relevant Payment Date the amount then due to the account of the Holder in respect of that Subordinated Note in accordance with the Austraclear Regulations.

7.2 Method of payment when Subordinated Notes are not in the Austraclear System

If the Subordinated Notes are not in the Austraclear System, subject to all applicable fiscal or other laws and regulations, payments in respect of each Subordinated Note will be made by crediting on the Payment Date the amount then due to an account previously notified to the Issuer and the Registrar by the Holder in respect of that Subordinated Note. If the Holder has not notified the Issuer and the Registrar of such an account by close of business on the relevant Record Date or upon application by the Holder to the Issuer and the Registrar no later than close of business on the relevant Record Date, payments in respect of the relevant Subordinated Note will be made by cheque, mailed on the Business Day immediately preceding the relevant Interest Payment Date in the case of payments of Interest or on the due date for redemption or repayment, in the case of payments of principal, at the Holder's risk to the Holder (or to the first named Holder in the case of joint registered holders) of such Subordinated Note at the address appearing in the Register as at the Record Date. Cheques to be despatched to the nominated address of a Holder will in such cases be deemed to have been received by the Holder on the relevant Payment Date and no further amount will be payable by the Issuer in respect of the relevant Subordinated Note as a result of payment not being received by the Holder on the due date.

7.3 Entitlement to payment

Monies payable by the Issuer in respect of a Subordinated Note shall be paid:

- (a) in the case of a payment of interest, to the Holder appearing in the Register at the close of business on the Record Date; and
- (b) in the case of a payment of the Redemption Price, to the Holder appearing in the Register at 10:00am (Sydney time) on the date which is three Business Days prior to the date fixed for redemption.

7.4 Time limit for claims

A claim against the Issuer for payment according to these Conditions is void, to the fullest extent permitted by applicable law, unless made within 10 years of the date for payment (in the case of principal) or 5 years (in the case of Interest and other amounts).

7.5 Determinations and calculations final

Except where there is fraud or a manifest error, any determination or calculation made by or on behalf of the Issuer in accordance with these Conditions (including without limitation by the Registrar) is final and binds each Holder.

7.6 Rounding

Unless otherwise specified in these Conditions:

- (a) all calculation of amounts payable in respect of a Subordinated Note will be rounded to four decimal places; and
- (b) for the purposes of making payment to a Holder in respect of the Holder's aggregate holding of Subordinated Notes, any fraction of a cent will be disregarded.

7.7 **Payment to joint Holders**

If a Subordinated Note is held jointly by more than one Holder, a payment to the first named joint Holder of that Subordinated Note will discharge the Issuer's liability in respect of the payment.

7.8 **Payment on Business Days**

If a payment is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, the due date for payment will be the first following day on which banks are open for general banking business in that place, and, in either case, the Holder is not entitled to any additional payment in respect of that delay. Nothing in this Condition applies to any payment referred to in Condition 4 or Condition 5.

7.9 **Applicable law**

Subject to Condition 8, the Issuer's obligation to make any payment is subject to applicable law.

8 **Taxation**

8.1 **General**

All payments in respect of the Subordinated Notes shall be made free and clear of, and without withholding or deduction for, any Taxes unless such withholding or deduction is required by law.

8.2 **Deductions**

If the Issuer is required by law to make a withholding or deduction, the Issuer shall pay the full amount required to be withheld or deducted by law to the relevant authority within the time allowed for such payment without incurring any penalty under the applicable law.

Subject to Condition 8.3, if any withholding or deduction has been made and the amount of the withholding or deduction has been paid by the Issuer to the relevant authority and the balance of the amount payable paid to the relevant Holder, the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by the Issuer.

8.3 **Additional Amounts**

Where a withholding or deduction for Taxes is required by a law of Australia or any authority in Australia having power to tax, subject to the Solvency Condition, the Issuer shall pay such additional amounts ("**Additional Amounts**") to the Holders as will result in those Holders receiving the amounts that would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts will be payable with respect to any Subordinated Notes:

- (a) to, or to a third party on behalf of, a Holder of this Subordinated Note who is liable for such taxes in respect of this Subordinated Note by reason of it having some connection with Australia other than the mere holding of an interest in this Subordinated Note or receipt of the Redemption Price or any Interest in respect thereof or could have lawfully avoided (but not so avoided) such liability by providing or procuring that any third party provides the Holder's Australian Tax File Number ("**TFN**") and/or (if applicable) Australian Business Number ("**ABN**") or evidence that the holder of this Subordinated Note is not required to provide a TFN and/or ABN to the Issuer;

- (b) to, or to a third party on behalf of, a Holder of this Subordinated Note who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where this Subordinated Note is presented for payment;
- (c) to, or to a third party on behalf of, a Holder of this Subordinated Note who is liable for the taxes in respect of this Subordinated Note by reason of being an associate of the Issuer for the purposes of section 128F(9) of the Tax Act.

8.4 **FATCA**

The Issuer or MGL (as applicable) may withhold or make deductions from payments or from the issue of MGL Ordinary Shares to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Subordinated Notes may be subject to FATCA, and may deal with such amount deducted or withheld, and any such MGL Ordinary Shares deducted or withheld in accordance with FATCA and, in the case of MGL Ordinary Shares, Condition 5.10. If any withholding or deduction arises under or in connection with FATCA, neither the Issuer nor MGL will be required to pay any further amounts or issue any further MGL Ordinary Shares to the Holder on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Subordinated Notes for or in respect of any such withholding or deduction.

8.5 **References to amounts in respect of Subordinated Notes**

Any reference in these Conditions to any amount owing in respect of Subordinated Notes (including any Redemption Price) includes a reference to any Additional Amount which may be payable in respect of that amount under this Condition 8.

9 **Events of Default**

9.1 **Events of Default**

An “**Event of Default**” occurs if:

- (a) either:
 - (i) the Issuer fails to pay any part of the Redemption Price in respect of the Subordinated Notes within 14 days of the relevant due date; or
 - (ii) the Issuer fails to pay any amount of Interest in respect of the Subordinated Notes within 30 days of the relevant due date,

provided that, if the Solvency Condition is not satisfied then the Issuer is under no obligation to make any payment and accordingly no amount is due and the Event of Default described in this Condition 9.1(a) cannot occur (a “**Payment Default**”); or

- (b) either:
 - (i) an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 30 days); or
 - (ii) an effective resolution is passed,

for the Winding-Up of the Issuer in Australia, in each case other than in connection with a scheme of amalgamation or reconstruction not involving the bankruptcy or insolvency of the Issuer (a “**Winding-Up Default**”).

9.2 Notification

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Holders of the occurrence of the Event of Default, specifying whether it is a Payment Default or a Winding-Up Default.

9.3 Enforcement

If an Event of Default occurs and is continuing:

- (a) in the case of a Payment Default, a Holder of a Subordinated Note may bring proceedings:
 - (i) to recover any amount then due and payable but unpaid on that Subordinated Note (subject to the Issuer being able to make the payment and remain solvent); or
 - (ii) to obtain an order for specific performance of any other obligation in respect of that Subordinated Note; or
 - (iii) for the Winding-Up of the Issuer in Australia; and
- (b) in the case of a Winding-Up Default, in addition to taking any of the actions specified in Condition 9.3(a)(i) or (ii), a Holder of a Subordinated Note may declare by notice to the Issuer that the Redemption Price of that Subordinated Note is payable on a date specified in the notice and, subject to Condition 10, may prove in the Winding-Up of the Issuer for that amount.

9.4 No other remedies

No Holder may exercise any other remedies against the Issuer or MGL (including any right to sue for damages which has the same economic effect as acceleration) as a consequence of an Event of Default or other default except as specified in this Condition 9 or as otherwise expressly provided in these Conditions (but this does not affect the Holders' rights, subject to these Conditions and the Deed Poll, to seek an injunction or order for specific performance in respect of an obligation).

10 Subordination

10.1 Subordination

The rights and claims of Holders, in the event of a Winding-Up of the Issuer, are expressly subject to the conditions, and subordinated on the basis, set out in this Condition 10.

- (a) Prior to the commencement of a Winding-Up of the Issuer:
 - (i) the Issuer's obligations to make payments of the Redemption Price, Interest or other amounts in respect of the Subordinated Notes and all other amounts owing in relation to the Subordinated Notes are conditional upon the Issuer being solvent at the time the payments and other amounts owing fall due; and
 - (ii) no payment of the Redemption Price, Interest or any other amount shall be made in respect of the Subordinated Notes, except to the extent that the Issuer may make such payment and still be solvent immediately thereafter
- (the "**Solvency Condition**").

Any amount not paid on account of the Solvency Condition remains a debt owing to the Holder of the Subordinated Note by the Issuer until it is paid and will be payable on the first date on which payment can be made in compliance with the Solvency Condition.

- (b) In the Issuer's Winding-Up, the rights of a Holder of a Subordinated Note against the Issuer to recover any sum payable in respect of a Subordinated Note:
 - (i) shall be subordinate and junior in right of payment to the Issuer's obligations to Senior Creditors, to the extent that all claims in respect of such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of a Subordinated Note;
 - (ii) shall rank pari passu and rateably (as to its due proportion only) with the Issuer's other subordinated creditors in respect of Equal Ranking Obligations; and
 - (iii) shall be senior and rank ahead in right of payment to the Issuer's obligations in respect of Junior Ranking Obligations.
- (c) In the Issuer's Winding-Up, Holders of Subordinated Notes shall only be entitled to prove for any sums payable in respect of their Subordinated Notes as a debt which is subject to and contingent upon prior payment in full of the Senior Creditors. Holders of Subordinated Notes waive to the fullest extent permitted by law any right to prove in any such Winding-Up as a creditor ranking for payment in any other manner.

10.2 No set-off

Neither the Issuer nor any Holder of a Subordinated Note shall be entitled to:

- (a) set-off against any amounts owing in respect of a Subordinated Note held by such Holder any amount held by the Holder to the Issuer's credit whether in any account, in cash or otherwise, or any of its deposits, advances or debts, or any other amount owing by a Holder to the Issuer on any account whatsoever; or
- (b) effect any reduction of the amount due to such Holder in respect of a Subordinated Note by merger of accounts or lien or the exercise of any other rights the effect of which is or may be to reduce the amount due in respect of such Subordinated Notes.

10.3 Further acknowledgements in relation to subordination

- (a) Any payment whether voluntary or in any other circumstances received by a Holder of a Subordinated Note from or on the Issuer's account (including by way of credit, set-off by operation of law or otherwise) or from any liquidator, receiver, manager or statutory manager in breach of the terms hereof, will be held by such Holder in trust for and to the order of the Senior Creditors. Such trust shall be for a term expiring on the earlier of the date on which all Senior Creditors have been paid in full or eighty years from the date of the issue of the Subordinated Note.
- (b) Each Holder of Subordinated Notes by its purchase or holding of an interest in such Subordinated Notes is taken to have irrevocably acknowledged and agreed that:
 - (i) this Condition 10 constitutes a debt subordination for the purposes of section 563C of the Corporations Act;
 - (ii) the Issuer's obligations in respect of the Subordinated Notes are subordinated in the manner provided in Condition 10 and
 - (iii) the debt subordination effected by this Condition 10 is not affected by any act or omission of the Issuer or a Senior Creditor which might otherwise affect it at law or in equity.

11 Meetings of Holders

11.1 Meeting provisions

Meetings of Holders may be held in accordance with the Meeting Provisions and the Deed Poll. Subject to the Meeting Provisions, a meeting may consider any matter affecting the interests of Holders, including any variation to the Deed Poll or these Conditions proposed by the Issuer or MGL in accordance with Condition 12.

11.2 Convening a meeting and passing resolutions

The Meeting Provisions contain provisions governing notice, quorum requirements and other matters relevant to the conduct of a meeting. The Meeting Provisions also contain provisions for the passing of resolutions by writing signed by defined majorities of Holders.

11.3 Quorums and voting thresholds

The Meeting Provisions include provisions governing quorums and voting thresholds.

11.4 Resolutions binding

Any resolution passed at any meeting of the Holders or by writing, in each case, in accordance with the Meeting Provisions, is binding on Holders, whether or not they are present at the meeting or they have signed the resolution.

12 Variation

12.1 Variation with approval

Subject to Conditions 12.2 and 12.3 and paragraphs 34 and 35 of the Meeting Provisions, the Issuer may vary the Deed Poll or these Conditions with the approval of the Holders by Special Resolution.

12.2 Variation without approval

Subject to Condition 12.3 and compliance with all applicable laws, the Issuer may vary the Deed Poll or these Conditions without the approval of the Holders if, in the opinion of the Issuer, the variation:

- (a) is necessary to comply with any applicable law;
- (b) is necessary to correct a manifest error, or is otherwise of a formal, minor, technical or administrative nature;
- (c) is made to:
 - (i) alter the terms of any Subordinated Notes to align them with any Equal Ranking Obligations issued after the Issue Date; or
 - (ii) alter the definition of "Equal Ranking Obligations" on account of the issue (after the Issue Date) of capital instruments of the Macquarie Group; or
- (d) is not materially prejudicial to the interests of the Holders as a whole.

12.3 No variation which may affect Tier 2 Capital eligibility

The prior written approval of APRA is required in respect of any variation in respect of the Deed Poll or these Conditions where such variation may affect the eligibility of the Subordinated Notes as Tier 2 Capital.

12.4 **Notice to Holders**

The Issuer must notify the Holders of any variation to the Deed Poll or these Conditions promptly after it is made.

12.5 **Meaning of vary and variation**

In this Condition 12 “**vary**” includes amend, modify, cancel, alter or add to and “**variation**” has a corresponding meaning.

12.6 **Holder approval not required for other arrangements**

The Issuer does not require the approval of Holders to vary or terminate the Registry Agreement or any other agreement in respect of Subordinated Notes (other than the Deed Poll and these Conditions).

13 **Notices**

13.1 **Notices to the Holders**

A notice or other communication is properly given to a Holder if it is:

- (a) delivered personally to the address of the Holder;
- (b) sent by prepaid post (airmail, if appropriate) to the address of the Holder;
- (c) sent by email or electronic message to the address of the Holder (if any); or
- (d) set out in an advertisement published in The Australian Financial Review or any other newspaper or newspapers circulating in Australia generally; or
- (e) given in any other way agreed between the Issuer and any Holder (and in agreeing in such way, the Issuer and such Holder may have regard to the dates by which notice is to be given under these Conditions),

and, if a Subordinated Note is held jointly by more than one Holder, if it is given, sent or delivered (as applicable) to the first named Holder or published in accordance with Condition 13.1(d). For the purposes of Conditions 13.1(a) to 13.1(c), a reference to a Holder and its address is to the address of the Holder as shown in the Register 5 Business Days before the date of the notice or communication.

13.2 **When notices to the Holders take effect**

Notices or other communications to Holders take effect from the time they are received or taken to be received unless a later time is specified in them.

Notices and communications to Holders are taken to be received:

- (a) if sent by post, 6 Business Days after the day on which the notice was posted (or 10 days after posting if sent from one country to another);
- (b) if sent by email, when the sender receives an automated message confirming delivery or four hours after sending, whichever occurs first;
- (c) if published in accordance with Condition 13.1(d), on the date on which the notice is first published; and
- (d) in the case of notices given under Condition 13.1(e), at the time specified in accordance with the agreement between the Issuer and the Holder.

13.3 Non-receipt of notice by a Holder

The non-receipt of a notice or other communication by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

13.4 Notices to the Issuer or MGL

All notices and other communications to the Issuer or MGL must be in writing and must be:

- (a) delivered personally to the address set out below;
- (b) sent by prepaid post (airmail, if appropriate) to the address set out below;
- (c) given in any other manner determined by the Issuer and notified to the Holders in accordance with these Conditions.

For the purposes of this Condition 13.4, the Issuer's address for notices and other communications is the address set out below or as otherwise notified by the Issuer to Holders:

Name: Macquarie Bank Limited
Address: 50 Martin Place, Sydney NSW 2000, Australia
Attention: Company Secretary

For the purposes of this Condition 13.4, MGL's address for notices and other communications is the address set out below or as otherwise notified by the Issuer to Holders:

Name: Macquarie Group Limited
Address: 50 Martin Place, Sydney NSW 2000, Australia
Attention: Company Secretary

13.5 When notices to the Issuer or MGL take effect

Notices or other communications from Holders to the Issuer or MGL take effect from the time they are received unless a later time is specified in them.

14 Governing law and jurisdiction

14.1 Governing law

The Subordinated Notes are governed by, and shall be construed in accordance with, the laws in force in the State of New South Wales, Australia.

14.2 Jurisdiction

The courts of the State of New South Wales, Australia are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this deed and, accordingly, any legal action or proceedings arising out of or in connection with this deed ("**Proceedings**") may be brought in such courts. Each of the Issuer and MGL irrevocably and unconditionally submits to the jurisdiction of such courts and courts of appeal from them and waives any right to object to Proceedings being brought in such courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

15 Interpretation and definitions

15.1 Definitions

In these Conditions the following expressions have the following meanings:

ABN has the meaning given in Condition 8.3(a).

Additional Amount has the meaning given in Condition 8.3.

Adjustment Notice has the meaning given in Condition 5.8(b).

Alternative Reference Rate has the meaning given in Condition 2.3.

Applicable Shareholding Law means any law in force in Australia or any relevant foreign jurisdiction which limits or restricts the number of ordinary shares in the Issuer, MGL or any of their respective Related Bodies Corporate in which a person may have an interest or over which it may have a right or power, including, without limitation, Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth) and Part IV of the Competition and Consumer Act 2010 (Cth).

Appointed Person has the meaning given in Condition 4.6.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of the Issuer.

Approved Nominee means in connection with an Exchange, a subsidiary of MGL:

- (a) nominated by MGL; and
- (b) which is a holding company of the Issuer on the applicable Non-Viability Date,

which has been approved by APRA prior to the Non-Viability Date to be an Approved Nominee for the purposes of the Exchange.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of MGL or generally) from time to time.

ASX Settlement Operating Rules means the settlement operating rules of ASX as amended, varied or waived (whether in respect of MGL or generally) from time to time.

ASX Trading Days means a business day within the meaning of the ASX Listing Rules on which trading in MGL Ordinary Shares takes place.

Attributable Proceeds means in respect of a holder of a Subordinated Note to whom Condition 5.10(f) applies, an amount equal to:

the net proceeds of the sale of such MGL Ordinary Shares, actually received after deducting any applicable brokerage, stamp duties and other taxes (including, without limitation, any FATCA Withholding), charges and expenses, divided by the number of such MGL Ordinary Shares issued and sold,

multiplied by:

the number of MGL Ordinary Shares issued and sold in accordance with Condition 5.10(f) in respect of that Subordinated Note.

Austraclear means Austraclear Limited (ABN 94 002 060 773).

Austraclear Regulations means the regulations known as the "Regulations and Operating Manual" established by Austraclear as amended, varied or waived (whether in respect of MGL or generally) from time to time to govern the use of the Austraclear System.

Austraclear System means the system operated by Austraclear for holding securities and electronic recording and settling of transactions in those securities between members of that system.

Authorised Officer means:

- (a) any person who is a director or the secretary of the Issuer or MGL (as applicable) or who has been notified by the Issuer in writing to the Holders as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of the Deed Poll and these Conditions; and
- (b) without limiting paragraph (a) above, the Issuer's or MGL's (as applicable) Chief Executive Officer, Chief Financial Officer or Appointed Actuary.

Banking Act means the Banking Act 1959 (Cth).

BBSW has the meaning given in Condition 2.3.

Business Day means a day on which commercial banks are open for general business in Sydney, Australia.

Business Day Convention has the meaning given in Condition 15.2(g).

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd (ACN 008 504 532) or any system that replaces it relevant to MGL Ordinary Shares.

Conditions means these terms and conditions.

Control has the meaning given in the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Cum Value has the meaning given in Condition 5.2(a).

Daily VWAP means the volume weighted average sale price of MGL Ordinary Shares sold on ASX on a day but does not include any "Crossing" transacted outside the "Open Session State", or any "Special Crossing" transacted at any time, each as defined in the ASX Settlement Operating Rules, or any overseas trades or trades pursuant to the exercise of options over MGL Ordinary Shares.

Day Count Fraction means, in respect of a period, the actual number of days in the period divided by 365.

Deed Poll means the deed poll entitled "Subordinated Note Deed Poll" executed on or about 21 May 2020 by the Issuer and MGL.

Early Redemption Date means the date on which a Subordinated Note is to be redeemed as specified in the applicable Early Redemption Notice, as adjusted by the Business Day Convention.

Early Redemption Notice means a notice given by the Issuer under Condition 3.3.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing.

Equal Ranking Obligations means any instrument that ranks in a Winding-Up of the Issuer as the most junior claim in the Winding-Up of the Issuer ranking senior to Junior Ranking Obligations and includes any other instrument issued as a Relevant Tier 2 Security or which ranks or is expressed to rank equally with the Subordinated Notes or any of the Issuer's other Relevant Tier 2 Securities.

Event of Default has the meaning given in Condition 9.1.

Exchange means, in respect of a Subordinated Note or a portion thereof and a Non-Viability Date, the transfer of that Subordinated Note or portion thereof in connection with the allotment and issue of MGL Ordinary Shares in accordance with Condition 4 and Condition 5 and the performance of the Related Exchange Steps, and "**Exchanged**" has a corresponding meaning.

Exchange Amount means the Face Value of any Subordinated Note or portion thereof that is to be Exchanged on the Non-Viability Date.

Exchange Floor Price means 20 per cent. of the Issue Date VWAP.

Exchange Number has the meaning given in Condition 5.1(b).

Face Value has the meaning given in Condition 1.1 and, in the case of any Subordinated Note that has been the subject of Exchange or Write-Off, as reduced in accordance with these Conditions.

FATCA means the Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

FATCA Withholding means any deduction or withholding made for or on account of FATCA.

Foreign Holder means a registered holder of any Subordinated Notes whose address in the register is a place outside Australia or who the Issuer or MGL otherwise believes may not be a resident of Australia.

Holder means:

- (a) for the purposes of determining the person entitled to be issued MGL Ordinary Shares (or, where Condition 5.10 applies, the net proceeds of sale of such shares) and the amount of their entitlements for so long as such Subordinated Notes are held in the Austraclear System, a person who is an Austraclear Participant (as defined in the Austraclear Regulations); and
- (b) for all other purposes, a person whose name is for the time being entered in the Register as the holder of a Subordinated Note or, where a Subordinated Note is held jointly by two or more persons, the persons whose names appear in the Register as the joint holders of that Subordinated Note.

Implementation Deed means the deed titled "Implementation Deed" entered into between, amongst others, MGL and the Issuer on or about the date of the Deed Poll.

Interest has the meaning given in Condition 2.1.

Interest Payment Date has the meaning given in Condition 2.2.

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date, provided that the first Interest Period commences on (and includes) the Issue Date.

Interest Rate has the meaning given in Condition 2.3.

Issue Date means the date on which a Subordinated Note is issued being 28 May 2020.

Issue Date VWAP means the VWAP during the 20 ASX Trading Days immediately preceding, but not including, the Issue Date, as adjusted in accordance with Condition 5.

Issuer means Macquarie Bank Limited (ABN 46 008 583 542).

Issuer Level 1 Group means the Issuer and such other entities included from time to time in the calculation of the Issuer's capital ratios on a Level 1 basis (or its equivalent, in either case, as defined by APRA from time to time);

Issuer Level 2 Group means the Issuer and such other entities included from time to time in the calculation of the Issuer's capital ratios on a Level 2 basis (or its equivalent, in either case, as defined by APRA from time to time).

Junior Ranking Obligation means any instrument, present and future, issued by the Issuer which is issued as Tier 1 Capital (whether or not constituting Tier 1 Capital at the Issue Date or at the time of commencement of any Winding-Up of the Issuer) or which ranks or is expressed to rank equally with the Issuer's Tier 1 Capital, and includes shares (other than a share issued as Tier 2 Capital) and any claims in respect of a shareholding, including the claims described in sections 563AA and 563A of the Australian Corporations Act.

Loss Absorption means any exchange for or conversion into ordinary shares or writing-off in respect of any Relevant Securities in accordance with their terms or by operation of law on the occurrence of a Non-Viability Event (including an Exchange or Write-Off of Subordinated Notes).

Macquarie Group means MGL and each entity it Controls.

Margin has the meaning given in Condition 2.3.

Maturity Date means 28 May 2030, as adjusted by the Business Day Convention.

Maximum Exchange Number has the meaning given in Condition 5.1(c).

Meeting Provisions means the provisions for the convening of meetings of, and passing of resolutions by, Holders set out in Schedule 2 of the Deed Poll.

MGL means Macquarie Group Limited (ABN 94 122 169 279).

MGL Ordinary Share means a fully paid ordinary share in the capital of MGL.

Non-Viability Date means the date (whether or not a Business Day) on which a Non-Viability Event occurs.

Non-Viability Date VWAP means the VWAP during the VWAP Period.

Non-Viability Event has the meaning given in Condition 4.1(a).

Non-Viability Notice has the meaning given in Condition 4.3.

Optional Redemption Date has the meaning given in Condition 3.2(a).

Payment Date means, in respect of a Subordinated Note, an Interest Payment Date, the Maturity Date or other relevant payment date (including an early payment date).

Payment Default has the meaning given in Condition 9.1(a).

Proceedings has the meaning given in Condition 14.2.

Reclassification means a division, consolidation or reclassification of MGL's share capital (not involving any cash payment or other distribution or compensation to or by holders of MGL Ordinary Shares or to or by any entity in Macquarie Group).

Record Date means, in respect of a payment of interest, the date which is five Business Days before the Interest Payment Date or other date for payment or such other date as may be approved from time to time by the Issuer in its absolute discretion.

Redemption Date means the Maturity Date or an Early Redemption Date (as applicable).

Redemption Price means an amount equal to the Face Value together with any Additional Amounts and any accrued but unpaid Interest to the date of redemption determined in accordance with Condition 2, provided always that any amounts payable under Condition 2 on the Redemption Date which are separately paid in full on that date shall be excluded from the Redemption Price.

Reference Rate Disruption Event has the meaning given in Condition 2.3.

Register means a register of Holders established and maintained by or on behalf of the Issuer.

Registrar means Austraclear Services Limited (ABN 28 003 284 419) or such other entity as the Issuer appoints from time to time to maintain the Register.

Registry Agreement means the agreement the agreement entitled "ASX Austraclear Registry and IPA Services Agreement" dated on or about 28 July 2009 between the Issuer and Austraclear Services Limited (ABN 28 003 284 419), as amended or restated from time to time.

Regulatory Event means:

- (a) a law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia or any directive, order, standard, requirement, guideline or statement of APRA (whether or not having the force of law), which applies to the Issuer, MGL or any other member of the Macquarie Group (a "**Regulation**") is introduced, amended, clarified or changed or its application changed; or
- (b) an announcement is made that a Regulation will be introduced, amended, clarified or changed or its application changed; or
- (c) a decision is made by any court or other authority interpreting, applying or administering any Regulation,

in each case, which event occurs or is effective on or after the Issue Date and was not expected by the Issuer as at the Issue Date (each such event a "**Change in Law**") and the Issuer determines that, as a result of that Change in Law:

- (i) any of the Subordinated Notes are not eligible for inclusion as Tier 2 Capital for the Issuer Level 1 Group or the Issuer Level 2 Group;
- (ii) additional requirements (including regulatory, capital, financial, operational or administrative requirements) in connection with the Subordinated Notes would be imposed on the Issuer, MGL or any other member of the Macquarie Group which the Issuer determines, in its absolute discretion, might have a material adverse effect on the Issuer, MGL or any other member of the Macquarie Group or otherwise be unacceptable; or

- (iii) that to have any of the Subordinated Notes outstanding would be unlawful or impractical or that the Issuer, MGL or any other member of the Macquarie Group would be exposed to a more than *de minimis* increase in its costs in connection with those Subordinated Notes.

Related Body Corporate has the meaning given in the Corporations Act.

Related Entity has the meaning given by APRA from time to time.

Related Exchange Steps has the meaning given in Condition 5.1(f).

Relevant Securities means the Relevant Tier 1 Securities and the Relevant Tier 2 Securities.

Relevant Tier 1 Securities means a security forming part of the Tier 1 Capital of the Issuer that is capable of being subject to Loss Absorption where a Non-Viability Event occurs

Relevant Tier 2 Securities means the Subordinated Notes and any other security forming part of the Tier 2 Capital of the Issuer that is capable of being subject to Loss Absorption where a Non-Viability Event occurs.

Sale Agent means person appointed by the Issuer to sell MGL Ordinary Shares in accordance with Condition 5.10, and includes an agent of that person.

Senior Creditors means all of the Issuer's creditors (present and future), including its depositors and general unsubordinated creditors, whose claims:

- (a) are admitted in the Issuer's Winding-Up; and
- (b) are not in respect of:
 - (i) an Equal Ranking Obligation; or
 - (ii) a Junior Ranking Obligation.

Solvency Condition has the meaning given in Condition 10.1(a).

Special Resolution has the meaning given in the Meeting Provisions.

Subordinated Note means a note constituted by the Deed Poll issued by the Issuer pursuant to the Deed Poll and on the terms and the conditions set forth in these Conditions, the details of which are recorded in the Register.

Tax Act means:

- (a) the Income Tax Assessment Act 1936 of Australia, the Income Tax Assessment Act 1997 of Australia or the Taxation Administration Act 1953 of Australia (and a reference to any section of the Income Tax Assessment Act 1936 of Australia includes a reference to that section as rewritten in the Income Tax Assessment 1997 of Australia);
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the Holder.

Tax Event means the receipt by the Issuer of an opinion of competent tax counsel to the effect that, as a result of the introduction of, or amendment or clarification to, or change in, or change in the interpretation of (or an announcement that there will be an introduction of, amendment or clarification to or change in) a law or regulation by any legislative body, court, government agency or regulatory authority in Australia after the Issue Date, there is more than an insubstantial risk that:

- (a) the Issuer would be required to pay any Additional Amounts;
- (b) Interest payments on the Subordinated Notes are not or may not be allowed as a deduction for the purposes of Australian income tax; or
- (c) the Issuer or another member of the Macquarie Group is or will become exposed to more than a *de minimis* increase in its costs in relation to the Subordinated Notes through the imposition of any taxes, duties or other governmental charges,

provided that on the Issue Date the Issuer (or, in the case of item (c) above, MGL) did not expect that the matters giving rise to the Tax Event would occur.

TFN has the meaning given in Condition 8.3

Tier 1 Capital means Tier 1 capital as defined by APRA from time to time.

Tier 2 Capital means Tier 2 capital as defined by APRA from time to time.

Transfer Form means a form substantially in the form set out in Schedule 3 of the Deed Poll or such other form as the Issuer may determine from time to time and notify to the Holders.

VWAP means, subject to any adjustment under Condition 5.2 or Condition 5.3, for a period or relevant number of days, the average of the Daily VWAPs of MGL Ordinary Shares sold on ASX during the relevant period or on the relevant days (such average being expressed in A\$, rounded to the nearest full cent).

VWAP Period means, for the purposes of calculating the Non-Viability Date VWAP and the Exchange Number, the 5 ASX Trading Days immediately preceding, but not including, the Non-Viability Date.

Winding-Up means, with respect to an entity, the winding-up, liquidation, termination or dissolution of the entity, but does not include any winding-up, liquidation, termination or dissolution for the purposes of a consolidation, amalgamation, merger or reconstruction (the terms of which have been approved by the shareholders of the entity or by a court of competent jurisdiction) under which the continuing or resulting entity effectively assumes the entire obligations of the entity in respect of the Subordinated Notes.

Winding-Up Default has the meaning given in Condition 9.1(b).

Write-Off Notice has the meaning given in Condition 4.4.

Written-Off means that, in respect of a Subordinated Note or portion thereof, the rights of the relevant holder of the Subordinated Note or portion thereof (including to payment of interest, both in the future and as accrued but unpaid and to be issued with MGL Ordinary Shares) in relation to such Subordinated Note or portion thereof are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Date; and “**Write-Off**” and “**Writing-Off**” have corresponding meanings.

15.2 Interpretation

- (a) Unless otherwise specified, a reference to a Condition is a reference to a provision of these Conditions.

- (b) If a calculation is required under these Conditions, unless the contrary intention is expressed, the calculation will be rounded to four decimal places (with 0.00005 being rounded up to 0.0001).
- (c) Headings and bold typeface are for convenience only and do not affect the interpretation of these Conditions.
- (d) The singular includes the plural and vice versa.
- (e) A reference to a statute, ordinance, directive, code, law, prudential standard or the rules of any stock exchange includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them and references to law includes statutes, ordinances, codes, directives or common law and principles of equity having general application.
- (f) A reference to the “**Corporations Act**” as it relates to the Issuer or MGL is to that Act as may be modified in relation to the Issuer or MGL by the Australian Securities and Investments Commission.
- (g) If an event under these Conditions must occur on a stipulated day which is not a Business Day, then, for an event other than a Non-Viability Event and a Non-Viability Date, the stipulated day will be taken to be the next Business Day (unless the next Business Day is in the following month, in which case the stipulated day will be taken to be the preceding Business Day), unless a contrary intention is expressed (the “**Business Day Convention**”).
- (h) A reference to Australian Dollars, AUD, A\$, \$ or Australian Cents is a reference to the lawful currency of Australia.
- (i) Calculations, elections and determinations made by or on behalf of the Issuer or the Directors under these Conditions are binding on Holders in the absence of manifest error or fraud.
- (j) A reference to a party to an agreement, deed, authority or other instrument includes a reference to any successor, replacement, assignee, substitute or addition of the party according to that agreement, deed, authority or instrument.
- (k) A period of time dating from a given day or the day of an act or event is to be calculated exclusive of that day.
- (l) A day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.
- (m) Any reference to any requirements of APRA or any other prudential regulatory requirements in these Conditions will apply or be operative with respect to the Issuer only if the Issuer is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of a holding company, which is subject to regulation and supervision by APRA at the relevant time.
- (n) Any requirement for APRA's consent or approval in any provision of these Conditions will apply only if APRA requires that such consent or approval be given at the relevant time.
- (o) Where, under these Conditions, APRA's approval is required for any act to be done or not done, that term does not imply that APRA's approval has been given as at the Issue Date.
- (p) Nothing in these Conditions shall confer rights on the holder of any Relevant Securities or any other person other than the Holders.

- (q) A reference to a term defined by the ASX Listing Rules or the ASX Settlement Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (r) A reference to any term defined by APRA shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (s) If the principal securities exchange on which MGL Ordinary Shares are listed becomes an exchange other than ASX, unless the context otherwise requires, a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Settlement Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- (t) A reference to a Registrar includes a reference to any successor agent appointed in accordance with the Registry Agreement.
- (u) A reference to an agreement, deed or instrument (including these Conditions) includes a reference to that agreement, deed or instrument as amended, added to or restated from time to time.
- (v) The words "includes" or "including", "for example" or "such as" do not exclude a reference to other items, whether of the same class or genus or not.
- (w) Where these Conditions refer to a person's opinion or to a person's regard or consideration or being satisfied with respect to any step, act, matter or thing, that opinion, regard, consideration or satisfaction may be held, formed or made by the person in the person's absolute discretion
- (x) For the purposes of Condition 12.2, in determining whether an amendment is not materially prejudicial to, or does not materially prejudicially affect, the interests of Holders as a whole, the taxation and regulatory capital consequences to Holders (or any class of Holders) and other special consequences which are personal to a Holder (or any class of Holders) do not need to be taken into account.

* * * * *

CERTAIN DEFINITIONS

In this document, unless otherwise specified or the context otherwise requires:

- “A\$” or “\$” means the Australian dollar;
- “APRA” means the Australian Prudential Regulation Authority or any successor body responsible for prudential regulation of MBL;
- “ASIC” means the Australian Securities and Investments Commission;
- “ASX” means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by it, as the context requires;
- “ASX Listing Rules” means the listing rules of ASX as amended, varied or waived (whether in respect of MGL or generally) from time to time;
- “Conditions” means the terms of the Subordinated Notes attached as a schedule to the Deed Poll, and as also set out in the section of this document titled ‘Description of the Rights and Liabilities Attaching to Subordinated Notes’.
- “Corporations Act” means the Corporations Act 2001 (Cth);
- “Deed Poll” means the deed poll entitled “Subordinated Note Deed Poll” executed on or about 21 May 2020 by MBL and MGL;
- “Exchange” means broadly, the allotment and issue of MGL Ordinary Shares in exchange for a Subordinated Note. “Exchangeable”, “Exchanged” and “Exchanging” have corresponding meanings. For the full definition, see Condition 15.1;
- “Holder” means a person registered as the holder of a Subordinated Note;
- “Loss Absorption” means any conversion or exchange (by whatever method) into ordinary shares or writing-off of that security in accordance with their terms or by operation of law when APRA gives a notice triggering a Non-Viability Event (including an Exchange or Write-Off of Subordinated Notes);
- “Macquarie Group” means MGL and its subsidiaries;
- “MBL” means Macquarie Bank Limited (ABN 46 008 583 542);
- “MGL” means Macquarie Group Limited (ABN 94 122 169 279);
- “MGL Ordinary Share” means a fully paid ordinary share in the capital of MGL;
- A “Non-Viability Event” will occur if APRA has notified MBL in writing that: (a) Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers that MBL would become non-viable; or (ii) it has determined that without a public sector injection of capital or equivalent support, MBL would become non-viable;
- “Relevant Security” means a security of MBL that, in accordance with its terms or by operation of law, may require Loss Absorption if APRA gives a notice triggering a Non-Viability Event;
- “Subordinated Notes” means a subordinated note issued by MBL under the Deed Poll on the terms and conditions set out in the Conditions;

- “*Tier 2 Capital*” means Tier 2 capital as defined by APRA from time to time; and
- “*Write-Off*” broadly means the immediate and irrevocable termination for no consideration of all rights of the Holder of a Subordinated Note in respect of that Subordinated Note (or portion thereof), and “Written-Off” has a corresponding meaning.

DESCRIPTION OF RIGHTS AND LIABILITIES ATTACHING TO THE MGL ORDINARY SHARES

MBL may be required to Exchange the Subordinated Notes for MGL Ordinary Shares if a Non-Viability Event occurs.

The rights and liabilities attaching to MGL Ordinary Shares are set out in the constitution of MGL and are also regulated by the Corporations Act, the ASX Listing Rules and the general law. This section briefly summarises the key rights attaching to MGL Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of holders of MGL Ordinary Shares. The key rights attaching to MGL Ordinary Shares are as follows:

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

* * * * *