

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Macquarie Group Limited

ABN 94 122 169 279

1 Elizabeth Street
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 Limited – Macquarie Group Capital Notes 7 Replacement Prospectus

SYDNEY, Tuesday, 27 August 2024 – Macquarie Group Limited (ASX: MQG; ADR: MQBKY) (“MGL”) announces that a Replacement Prospectus for the Macquarie Group Capital Notes 7 (“MCN7”) was lodged with the Australian Securities and Investments Commission (“ASIC”) and the ASX today. The Replacement Prospectus is also available at www.macquarie.com/MCN7

Further information

MCN7 are complex and not suitable for all investors. Potential investors should read the Replacement Prospectus in its entirety before deciding whether to apply to invest in MCN7. If any part of the Replacement Prospectus is unclear, we recommend seeking guidance from a financial advisor or other professional adviser.

If you have any questions about the MCN7, you should seek advice from your financial adviser or other professional adviser. If you have questions about the Offer, you can email the Registrar at MCN7Offer@linkmarketservices.com.au or call the MCN7 Offer Information Line on 1300 883 072 (within Australia) or on +61 1300 883 072 (outside Australia) (Monday to Friday 8:30am - 7:30pm, AEST) during the Offer Period. Applicants under the Broker Firm Offer should call their Syndicate Broker.

Definitions

Unless otherwise defined, capitalised words used in this announcement have the meanings given to them in the Replacement Prospectus.

Disclaimer

The information provided in this announcement and the Replacement Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs

(including financial and taxation issues). It is important that you read the Replacement Prospectus in full before deciding to invest in MCN7 and consider the risks that could affect the performance of MCN7.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer of any securities (including the MCN7) for sale or issue. No action has been taken to register or qualify MCN7 or the Offer or to otherwise permit a public offering of MCN7 outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the MCN7 nor the MGL Ordinary Shares have been or will be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, and they may not be offered or sold in the United States or to, or for the benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except pursuant to a transaction exempt from, or not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States.

Contacts

Sam Dobson

Macquarie Group Investor Relations

+61 2 8232 9986

Lisa Jamieson

Macquarie Group Media Relations

+61 2 8232 6016

Authorised for release to the ASX by the Head of Investor Relations, Sam Dobson



Macquarie Group Capital Notes 7

Prospectus for the issue of Macquarie Group Capital Notes 7 to raise \$1.5 billion

Issuer

Macquarie Group Limited
ABN 94 122 169 279

Arranger and Joint Lead Manager

Macquarie Capital (Australia) Limited

Joint Lead Managers

ANZ Securities Limited
Citigroup Global Markets Australia
Pty Limited
Commonwealth Bank of Australia
E&P Capital Pty Limited
Morgans Financial Limited
National Australia Bank Limited
Ord Minnett Limited
Shaw and Partners Limited
Westpac Institutional Bank
(a division of Westpac Banking Corporation)

Co-Managers

Macquarie Equities Limited
Bell Potter Securities Limited
JBWere Limited
LGT Crestone Wealth Management Limited
Wilsons Advisory and Stockbroking Limited

Important notices

About this Prospectus

This Prospectus relates to the offer by Macquarie Group Limited (ABN 94 122 169 279) (“**MGL**”) of Macquarie Group Capital Notes 7 (“**MCN7**”) to raise \$1.5 billion (the “**Offer**”).

This Prospectus is dated Tuesday, 27 August 2024 and a copy was lodged with the Australian Securities and Investments Commission (“**ASIC**”) on that date pursuant to section 713(1) of the *Corporations Act 2001* (Cth) (“**Corporations Act**”) (as modified by the ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71). This is a replacement prospectus which replaces the prospectus dated and lodged with ASIC on 19 August 2024 (“**Original Prospectus**”). This Prospectus expires 13 months after that date and no MCN7 will be issued on the basis of this Prospectus after that expiry date.

Neither ASIC nor ASX Limited (“**ASX**”) take any responsibility for the contents of this Prospectus or for the merits of investing in MCN7.

Documents relevant to the Offer

In addition to this Prospectus, the following documents are relevant to the Offer and can be obtained from www.macquarie.com/MCN7:

- the MCN7 Terms (see Appendix 1 to this Prospectus);
- the Trust Deed (see section 7.1);
- the MGL Constitution; and
- the Target Market Determination.

Status of MCN7

MCN7 are fully paid, unsecured, subordinated, non-cumulative, mandatorily convertible notes.

MCN7 are not deposit liabilities and are not protected accounts of Macquarie Bank Limited (ABN 46 008 583 542) (“**MBL**”) under the *Banking Act 1959* (Cth) (“**Banking Act**”) and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction, or by any other person. MGL is not an authorised deposit-taking institution (“**ADI**”) for the purposes of the Banking Act and its obligations do not represent deposits or other liabilities of MBL. The investment performance of MCN7 is not guaranteed by MGL, MBL or any other member of the Macquarie Group or by any other person.

Claims in respect of MCN7 are subordinated in a winding up of MGL so as to rank after all creditors, equally with the holders of certain preference shares and other equal ranking instruments and ahead only of holders of Ordinary Shares. Further, if MGL is in financial difficulty all or some MCN7 may be required to be Exchanged into Ordinary Shares or Written-Off. If Exchange occurs, you would be in the position of a holder of Ordinary Shares and those shares may be worth significantly less than your investment in MCN7. If an MCN7 is Written-Off you lose all of your investment in that MCN7.

MCN7 are unsecured notes for the purposes of section 283BH of the Corporations Act.

MCN7 are issued by MGL under the MCN7 Terms and the Trust Deed and holders of MCN7 have no claim on MGL except as provided in the MCN7 Terms and the Trust Deed.

Key Risks

Investments in securities such as MCN7 are subject to risks which could affect their performance, including loss of investment and income.

The market price of MCN7 or any particular rate of return is not guaranteed by MGL or any other member of the Macquarie Group or by any other person.

Information about the key risks of investing in MCN7 is detailed in section 5.

No representations other than in this Prospectus

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

Past performance information

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

No personal investment advice

The information provided in this Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read this Prospectus in full before deciding to invest in MCN7 and consider the risks that could affect the performance of MCN7. See in particular the risks set out in section 5.

This Prospectus also contains information in relation to (amongst other things) the Reinvestment Offer, which involves the MCN3 Purchaser. Neither MGL, the MCN3 Purchaser nor any other person is providing any investment advice or making any recommendation to Eligible MCN3 Holders in respect of the Reinvestment Offer.

None of the Joint Lead Managers or their respective directors, officers, employees or advisers have caused the issue or lodgment of this Prospectus, nor the issue of MCN7 pursuant to it, nor have they made any statements in the Prospectus, other than references to their names, and they do not accept responsibility for any statement in the Prospectus, other than references to their names.

Financial statements and forward looking information

Section 4.7 sets out financial information in relation to MGL. The basis of preparation of that information is set out in section 4.7. All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

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

Any forward looking statements are subject to various risk factors that could cause actual circumstances or outcomes to differ materially from the circumstances or outcomes expressed, implied or anticipated in these statements. Forward looking statements should be read in conjunction with the risk factors as set out in section 5 and other information in this Prospectus.

ASX quotation

MGL will trade under ASX code MQGPG.

About the Trustee

The Trustee has not authorised or caused the issue of this Prospectus.

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

Applications and obtaining a Prospectus

Applications for MCN7 (including Applications under the Reinvestment Offer) can only be made through Syndicate Brokers. You should contact your Syndicate Broker for instructions on how to apply. **A list of the appointed Joint Lead Managers and Co-Managers who are Syndicate Brokers to the Offer can be**

found on the front cover and in the Corporate Directory of this Prospectus.

If you are a Retail Investor you should consider the section “Guidance for retail investors” and the MCN7 Target Market in section 8.2.

Application Form

The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to or accompanied by a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

No cooling-off rights

Investors should note that no cooling-off rights (whether by law or otherwise) apply to an Application for MCN7. This means, that in most circumstances, you cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

Restrictions on foreign jurisdictions

The distribution of this Prospectus and the offer or sale of MCN7 may be restricted by law in certain jurisdictions. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Persons who receive this Prospectus outside Australia must inform themselves about and observe all such restrictions. Nothing in this Prospectus is to be construed as authorising its distribution or the offer or sale of MCN7 in any jurisdiction other than Australia and MGL does not accept any liability in that regard.

Furthermore, MCN7 may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

Restrictions applying to US Persons are outlined in section 7.9. In particular, MCN7 have not been and will not be registered under the U.S. Securities Act of 1933 (“**U.S. Securities Act**”) or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States or to, or for the benefit of, any “U.S. Person” (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Neither this Prospectus nor any Application Form or other materials relating to the Offer may be distributed or released in the United States.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in Appendix 2 “Glossary”. A reference to a “clause” in this Prospectus is a reference to the corresponding clause in the MCN7 Terms unless otherwise stated.

A reference to “dollar” or “\$” in this Prospectus is a reference to Australian currency. A reference to time in this Prospectus is a reference to Australian Eastern Standard Time (AEST) unless otherwise stated.

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

Diagrams

The diagrams used in this Prospectus are illustrative only and may not be shown to scale. All diagrams are based on information which is current as at the date shown.

Providing personal information

You will be asked to provide personal information to MGL (directly or via its agents) if you apply for MCN7. Please read the privacy statement located at section 8.8 of this Prospectus. By submitting an Application, you acknowledge that you have read and understood the matters outlined in that statement.

Enquiries

If you have any questions about MCN7, you should seek advice from your financial adviser or other professional adviser. If you have queries about the Offer you can email the Registrar at MCN7Offer@linkmarketservices.com.au or call the MCN7 Offer Information Line on 1800 883 072 (within Australia) or on +61 1800 883 072 (International) (Monday to Friday 8:30am – 7:30pm AEST) during the Offer Period. Applicants in the Broker Firm Offer or Reinvestment Offer may also call their Syndicate Broker.

Contents

1.	Investment overview	6
2.	About MCN7	21
3.	About the Reinvestment Offer	44
4.	About MGL and the Macquarie Group	51
5.	Investment risks	62
6.	Taxation summary	84
7.	Additional information	90
8.	How to apply	105
A1.	Terms and Conditions of the MCN7	112
A2.	Glossary	147
	Corporate directory	158

Guidance for retail investors

1. Read this Prospectus in full

If you are considering applying for MCN7 under the Offer, this Prospectus is important and should be read in its entirety before making an Application. In particular you should have regard to:

- “Investment overview” in section 1 and “About MCN7” in section 2;
- “About the Reinvestment Offer” in section 3 (if you are an Eligible MCN3 Holder); and
- “Investment risks” in section 5.

You should carefully consider the risks and other information regarding an investment in MCN7 and MGL in light of your investment objectives, financial situation and particular needs (including financial and taxation issues).

2. Speak to your professional adviser

MCN7 are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security. You should ensure that you understand the MCN7 Terms and the risks of investing in MCN7 and consider whether it is an appropriate investment in your particular circumstances.

If you are a Retail Investor and you wish to participate in the Offer, you must seek professional advice as to whether you are within the MCN7 Target Market and whether an investment in MCN7 is appropriate given your particular objectives, financial situation and needs (including financial and taxation issues).

The MCN7 Target Market is set out in section 8.2 and a full copy of the Target Market Determination is available at www.macquarie.com/MCN7.

ASIC has published guidance on how to choose a qualified financial adviser on its MoneySmart website. You can read this guidance by searching for the term ‘choosing a financial adviser’ at www.moneysmart.gov.au.

If you do not fully understand how MCN7 work or the risks associated with them, you should not invest in them.

3. MCN3 holders

This Prospectus contains information relevant to MCN3 Holders. If you are an MCN3 Holder, you may be eligible to reinvest your MCN3 into MCN7 under the Reinvestment Offer to maintain an ongoing investment in MGL.

Participation in the Reinvestment Offer is optional. If you choose not to participate in the Reinvestment Offer, you will continue to hold your MCN3 in accordance with the MCN3 Terms.

MGL has an option to exchange, redeem or resell the MCN3 on 16 December 2024 and will consider exchanging, redeeming or reselling the MCN3 which are still on issue on that date, subject to various factors (including satisfactory completion of the Offer, market conditions closer to 16 December 2024 and any required regulatory approvals).

4. Consider ASIC guidance for Retail Investors

ASIC has published guidance on its MoneySmart website which may be relevant to your consideration of whether to invest in MCN7 – namely, information for retail investors who are considering investing in hybrid securities. You can find this guidance by searching “hybrid securities and notes” at www.moneysmart.gov.au. ASIC’s guidance includes a series of questions you should ask before you invest in hybrid securities, and a short quiz you can complete to check your understanding of how hybrids work, their features and the risks of investing in them.

5. Obtain further information about MGL and MCN7

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

6. MCN7 Applications

There will not be an MGL securityholder offer for MCN7. Applications for MCN7 (including Applications under the Reinvestment Offer) can only be made through Syndicate Brokers. You should contact your Syndicate Broker for instructions on how to apply. A list of the appointed Joint Lead Managers and Co-Managers who are Syndicate Brokers to the Offer can be found on the front cover and in the Corporate Directory of this Prospectus.

7. Enquiries

If you have any questions in relation to the Offer, please email the Registrar at MCN7Offer@linkmarketservices.com.au or call the MCN7 Offer Information Line on 1800 883 072 (within Australia) or on +61 1800 883 072 (International) (Monday to Friday 8:30pm – 7:30pm AEST). Applicants in the Broker Firm Offer or the Reinvestment Offer may also call their Syndicate Broker or qualified financial adviser.

Key dates

Key dates for the Offer	Date
Lodgement of the Original Prospectus with ASIC	Monday, 19 August 2024
Bookbuild period commences	Monday, 19 August 2024
Announcement of the Margin	Wednesday, 21 August 2024
Lodgement of this replacement Prospectus with ASIC	Tuesday, 27 August 2024
Opening Date	Tuesday, 27 August 2024
Closing Date	Monday, 9 September 2024
Issue Date	Monday, 16 September 2024
MCN7 commence trading on ASX on a normal settlement basis	Tuesday, 17 September 2024
Holding Statements despatched by	Friday, 20 September 2024

Key dates for MCN7	Date
Issue Date	Monday, 16 September 2024
First Distribution Payment Date	Monday, 16 December 2024
Scheduled Optional Exchange Dates	Monday, 15 December 2031 Tuesday, 15 June 2032 Wednesday, 15 December 2032
Scheduled Mandatory Exchange Date	Friday, 15 December 2034

Key dates for the Reinvestment Offer**Date****For MCN3 that participate in the Reinvestment Offer**

Record date for determining Eligible MCN3 Holders (relevant MCN3 must also be held on the Closing Date for the Reinvestment Offer)	Wednesday, 14 August 2024
Opening Date for Reinvestment Offer	Tuesday, 27 August 2024
Closing Date for Reinvestment Offer	Monday, 9 September 2024
Payment date for distribution on MCN3 ⁽¹⁾	Monday, 16 September 2024
Transfer of Reinvestment MCN3 to the MCN3 Purchaser (“ Reinvestment Date ”)	Monday, 16 September 2024

For MCN3 that do not participate in the Reinvestment Offer:

Payment date for distribution on MCN3 ⁽¹⁾	Monday, 16 September 2024
Scheduled optional exchange dates for MCN3	Monday, 16 December 2024 Monday, 16 June 2025 Monday, 15 December 2025

Dates may change

These dates are indicative only and may change without notice.

MGL with the prior consent of the Joint Lead Managers may vary the timetable, including by extending any Closing Date, closing the Offer early without notice or withdrawing the Offer at any time before MCN7 are issued, at its discretion.

⁽¹⁾ Subject to distribution payment conditions, including MGL's absolute discretion to determine not to pay distributions.

A photograph of a modern building's interior, featuring a large, multi-story atrium with a glass ceiling and walls. The space is filled with red staircases and white structural elements, creating a dynamic and architectural environment. The lighting is bright, highlighting the geometric forms and the reflective surfaces of the glass.

01

Investment overview

1. Investment overview

This section provides a summary of information that is key to deciding whether to invest in MCN7.

Topic and summary	Further information
1.1 Key features of the Offer	
1.1.1 What is the Offer? <ul style="list-style-type: none"> The Offer is for the issue of MCN7 to raise \$1.5 billion. The Offer includes the Reinvestment Offer, which is an offer to Eligible MCN3 Holders to reinvest MCN3 in MCN7. 	Section 2 Section 3
1.1.2 Who is the Issuer? <ul style="list-style-type: none"> MGL, a public company incorporated with limited liability in Australia. 	Section 4
1.1.3 What are MCN7? <ul style="list-style-type: none"> MCN7 are: <ul style="list-style-type: none"> fully-paid – the Issue Price (\$100 per MCN7) must be paid to MGL before the MCN7 are issued; subordinated – MCN7 are subordinated to claims of Senior Creditors in a Winding Up of MGL. They rank equally with Equal Ranking Obligations and rank ahead of Ordinary Shares; non-cumulative – if a Distribution is not paid when scheduled, then that Distribution may never be paid and MCN7 Holders will have no rights to receive that Distribution in the future; unsecured – MCN7 are not deposit liabilities and are not protected accounts of MBL or MGL and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction, or by any other person. The investment performance of MCN7 is not guaranteed by MGL, MBL or any other member of the Macquarie Group or by any other person; mandatorily convertible – subject to certain conditions, MCN7 must be Exchanged into Ordinary Shares of MGL on 15 December 2034; perpetual – if the conditions for Exchange are not met, MCN7 may remain on issue indefinitely; automatically convertible – in certain circumstances, including where a Non-Viability Event occurs, MCN7 must be immediately Exchanged into Ordinary Shares or, if that does not occur where a Non-Viability Event occurs, Written-Off; and redeemable or resaleable – in certain circumstances, MGL may be permitted to Redeem MCN7 or require MCN7 Holders to Resell MCN7 to a third party at the Issue Price (but there are significant restrictions on repayment or transfer of MCN7). The terms of the MCN7 are complex and derived from the detailed capital requirements which the Australian Prudential Regulation Authority (“APRA”) applies to these instruments. MGL’s ability to pay Distributions or to repay MCN7 is dependent upon APRA either not objecting or giving prior written approval (as well as other conditions). 	Section 2
1.1.4 Will MCN7 be quoted on ASX? <ul style="list-style-type: none"> MGL will trade under ASX code MQGPG. 	Section 8.7.3
1.1.5 What is the Issue Price? <ul style="list-style-type: none"> \$100 per MCN7. This is the price you need to pay to apply for each MCN7 under this Prospectus. 	Section 8.5

Topic and summary	Further information
<p>1.1.6 Who is the Trustee?</p> <ul style="list-style-type: none"> MGL has appointed Equity Trustees Limited (ACN 004 031 298) as Trustee for MCN7 Holders. The Trustee holds certain rights in relation to the MCN7 on trust for MCN7 Holders under the Trust Deed and all MCN7 Holders are bound by the terms of the Trust Deed. The Trustee is obliged to take action to enforce the MCN7 Terms only if conditions in the Trust Deed are met, including that it is directed by MCN7 Holders, its liability is limited and it is indemnified to its satisfaction. 	Section 7.1
<p>1.1.7 Why is MGL issuing MCN7?</p> <ul style="list-style-type: none"> As at the Issue Date, MCN7 will constitute eligible regulatory capital of Macquarie Group in a manner which satisfies APRA's regulatory capital requirements. The MCN7 and MGL's other regulatory capital instruments and equity capital provide a buffer which protects Senior Creditors against losses that may be incurred by the Macquarie Group. The Offer includes the Reinvestment Offer, which is an offer to Eligible MCN3 Holders to reinvest MCN3 in MCN7. The net proceeds of the Offer will be used for general corporate purposes. 	<p>Section 2.9</p> <p>Section 3</p>
<p>1.2 Key features of MCN7</p>	
<p>1.2.1 Do MCN7 have a maturity date?</p> <ul style="list-style-type: none"> MCN7 are perpetual and do not have a fixed maturity date and, if MCN7 are not Exchanged, Redeemed or Written-Off, they could remain on issue indefinitely and the Issue Price may not be repaid. MCN7 will Exchange into Ordinary Shares on 15 December 2034 (the “Scheduled Mandatory Exchange Date”), subject to the Exchange Conditions being satisfied, unless MCN7 are Exchanged, Redeemed or Written-Off earlier. If the Exchange Conditions have not been satisfied on the Scheduled Mandatory Exchange Date then MCN7 will Exchange on the next Distribution Payment Date on which the Exchange Conditions are satisfied, unless they are Exchanged, Redeemed or Written-Off earlier. 	Sections 2.2 to 2.8
<p>1.2.2 What Distributions are payable?</p> <ul style="list-style-type: none"> Distributions are scheduled to be paid quarterly in arrears commencing on 16 December 2024 (the “First Distribution Payment Date”) until all MCN7 are Exchanged, Redeemed or Written-Off, subject to the Payment Conditions – see below. The Distribution Rate is based on the Reference Rate plus the Margin, adjusted for franking. The Margin is 2.65%, which was determined under a Bookbuild. The Bookbuild occurred before the Offer opened and the Margin is set for the life of MCN7, regardless of any deterioration or improvement in market conditions. Distributions on MCN7 are discretionary, which means MGL can decide not to pay them. Distributions can also only be paid if certain Payment Conditions are met (including that MGL is able to pay Distributions without breaching APRA's capital adequacy requirements or becoming insolvent). Distributions are non-cumulative, which means that if a Distribution is not paid on a Distribution Payment Date then MGL has no obligation to pay the Distribution at any later date. Failure to pay a Distribution is not an event of default. Unless a Distribution is paid in full within 10 Business Days of the Distribution Payment Date, in most circumstances MGL is restricted from paying any dividends or returning capital on Ordinary Shares until the next Distribution Payment Date. 	Section 2.1

Topic and summary	Further information
<p>1.2.3 Will Distributions be franked?</p> <ul style="list-style-type: none"> Distributions on MCN7 are frankable. Distributions are expected to be franked at the same rate as dividends on Ordinary Shares. The level of franking may vary over time and Distributions may be partially, fully or not franked. A higher Franking Rate for a Distribution will result in a lower Distribution Rate and a lower cash Distribution, reflecting the value of the franking credit attached to the Distribution. If Distributions are franked, the value and availability of franking credits to an MCN7 Holder will depend on that MCN7 Holder's particular circumstances and the tax rules that apply at the time of each Distribution. The availability of franking credits is not guaranteed. MCN7 Holders should refer to the Australian taxation summary at section 6.1. 	<p>Sections 2.1.3, 2.1.4, 5.1.7, 5.1.8, 5.1.21 and 6</p>
<p>1.2.4 When will the Issue Price be repaid?</p> <ul style="list-style-type: none"> MGL has no obligation to return the Issue Price on any fixed date, therefore capital invested by MCN7 Holders may never be returned. Whether and when the capital invested by MCN7 Holders may be returned will depend on what happens to MCN7. What may happen to MCN7 is uncertain and depends on a number of factors, including whether: <ul style="list-style-type: none"> the Exchange Conditions are satisfied in respect of a Relevant Mandatory Exchange Date; a Non-Viability Event, Acquisition Event, Regulatory Event or Tax Event occurs; MGL elects for an Optional Exchange, Redemption or Resale to occur; and APRA approval is given when it is required under the MCN7 Terms. MCN7 Holders will have no right to request that MGL Exchange, Redeem or Resell any MCN7. If a Non-Viability Event occurs MCN7 will be Exchanged for Ordinary Shares or Written-Off if Exchange does not occur for any reason. If MCN7 are Written-Off, the relevant MCN7 Holders' rights will be terminated and they will not receive any return of capital invested. 	<p>Sections 2.2 to 2.8</p>
<p>1.2.5 Will MCN7 be Redeemed?</p> <ul style="list-style-type: none"> If APRA gives prior written approval, MGL has a right, but not an obligation, to Redeem all or some MCN7: <ul style="list-style-type: none"> on 15 December 2031, 15 June 2032 or 15 December 2032; or if a Tax Event or Regulatory Event occurs. Redemption cannot occur unless MCN7 are replaced with securities forming part of Eligible Capital of the same or better quality from APRA's perspective or APRA is satisfied that the capital position of the Macquarie Level 3 Group is sufficient after Redemption. If MCN7 are Redeemed MCN7 Holders will receive \$100 for each MCN7 Redeemed and, if the Payment Conditions are met, a Distribution for the period since the last Distribution Payment Date to (but excluding) the Redemption Date. 	<p>Section 2.5</p>
<p>1.2.6 Will MCN7 be Resold?</p> <ul style="list-style-type: none"> MGL has a right, but not an obligation, to Resell all or some MCN7 in the same limited circumstances as when Redemption may occur. If a Resale occurs, the relevant MCN7 will be mandatorily sold to one or more nominated third parties. MCN7 Holders will receive a cash amount of \$100 for each MCN7 Resold and, if the Payment Conditions are met, a Distribution for the period since the last Distribution Payment Date to (but excluding) the Resale Date. 	<p>Section 2.6</p>

Topic and summary	Further information
<p>1.2.7 Will MCN7 be Exchanged for Ordinary Shares?</p> <p>MCN7 may be Exchanged for Ordinary Shares in the following circumstances:</p> <ul style="list-style-type: none"> • Mandatory Exchange: All MCN7 are scheduled to be Exchanged on 15 December 2034, unless the Exchange Conditions relevant to that date are not met (in which case, Exchange will be deferred until the first quarterly Distribution Payment Date on which the Exchange Conditions relevant to that date are met). The Exchange Conditions (where applicable) are intended to ensure that MCN7 Holders will receive approximately \$101 worth of Ordinary Shares per MCN7 on Exchange (based on the VWAP during the 20 ASX Trading Days before the Relevant Mandatory Exchange Date) and that the Ordinary Shares are capable of being sold on ASX. • Exchange at MGL's option: MGL may also choose to Exchange all or some MCN7 on 15 December 2031, 15 June 2032 and 15 December 2032, or if there has been a Tax Event or Regulatory Event, provided certain conditions are met. • Acquisition Event: MGL will be required to Exchange all MCN7 for Ordinary Shares if an Acquisition Event occurs (broadly, a change of control of MGL by takeover bid, scheme of arrangement or otherwise), provided certain conditions are met. • Non-Viability Event: MGL will be required to immediately Exchange all or some MCN7 for Ordinary Shares (or, if Exchange has not occurred for any reason within 5 Business Days, Write-Off all or some MCN7) if a Non-Viability Event occurs. Exchange under these circumstances is not subject to any conditions. 	<p>Sections 2.3, 2.4, 2.7 and 2.8</p>
<p>1.2.8 What will MCN7 Holders receive on Exchange?</p> <ul style="list-style-type: none"> • If Exchange occurs as a result of Mandatory Exchange, or at MGL's option, MCN7 Holders will receive approximately \$101 worth of Ordinary Shares per MCN7, but those shares may be worth more or less than \$101 by the time they are issued. • If Exchange occurs as a result of an Acquisition Event, MCN7 Holders should receive approximately \$101 worth of Ordinary Shares per MCN7, except in limited circumstances where the Directors determine that it is in the best interests of MCN7 Holders as a whole for Exchange to proceed, notwithstanding that MCN7 Holders will receive less than \$101 worth of Ordinary Shares. Similarly to Mandatory Exchange or Exchange at MGL's option, those shares may be worth more or less than \$101 by the time they are issued. • The number of Ordinary Shares to be received by each MCN7 Holder in respect of its aggregate holding of the MCN7 will also be rounded down to the nearest whole number. • See below for what MCN7 Holders receive on Exchange as a result of a Non-Viability Event. 	<p>Sections 2.3, 2.4 and 2.8</p>
<p>1.2.9 What will MCN7 Holders receive on Exchange on a Non-Viability Event?</p> <ul style="list-style-type: none"> • MGL is required to immediately Exchange MCN7 into Ordinary Shares where a Non-Viability Event occurs. MCN7 Holders will not receive prior notice of the Exchange. • Broadly, a Non-Viability Event occurs if APRA has notified MGL in writing that (1) Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers MGL would become non-viable or (2) APRA has determined that without a public sector injection of capital, or equivalent support, MGL would become non-viable. As at the date of this Prospectus, APRA has not provided specific guidance as to how it would determine non-viability. • Exchange on account of a Non-Viability Event is not subject to any conditions. As a result, MCN7 Holders may receive less, or significantly less, than the Issue Price per MCN7 and an MCN7 Holder may suffer loss as a consequence. 	<p>Sections 2.7 and 2.11.1</p>

Topic and summary

Further information

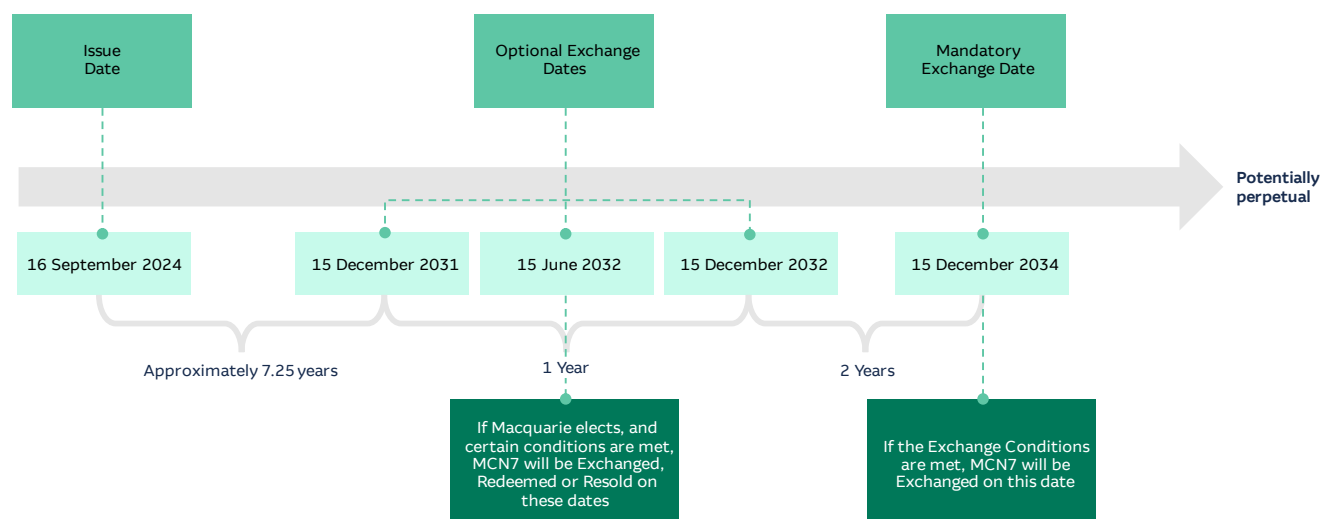
1.2.10 What happens if Exchange following a Non-Viability Event does not occur?

Section 2.7

- If, for any reason, MCN7 that are required to be Exchanged on account of a Non-Viability Event have not been Exchanged within 5 Business Days of the Non-Viability Exchange Date, they will not be Exchanged and must be Written-Off.
- If a Write-Off of an MCN7 occurs, the MCN7 Holder's rights under that MCN7 (including to payment of the Liquidation Amount and Distributions) are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and MCN7 Holders will suffer a total loss of their investment in that MCN7 as a consequence. If MCN7 are Written-Off, MCN7 Holders will have no claim on MGL (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares.

1.2.11 Summary of certain events that may occur during the term of MCN7

The diagram and table below summarise certain events that may occur while MCN7 are on issue and what MCN7 Holders may receive if those events occur. If none of these events occur, MCN7 could remain on issue indefinitely and the Issue Price will not be repaid.



There are certain other events that could occur while MCN7 are on issue which may result in MCN7 being Exchanged, Redeemed, Resold or Written-Off. These are summarised in the table on the next page.

Event ⁽¹⁾	When could this occur?	Consequences	Is APRA approval required? ⁽²⁾	Do conditions apply? ⁽³⁾	What value will an MCN7 Holder receive (per MCN7)? ⁽⁴⁾	In what form will the value be provided to MCN7 Holders?	Further Information
Tax Event or Regulatory Event	At any time	Exchange all or some MCN7 for Ordinary Shares at MGL's option	No	Yes	Approximately \$101 ⁽⁵⁾	Variable number of Ordinary Shares	Section 2.4
		Redemption or Resale of all or some MCN7 at MGL's option	Yes (in the case of Redemption, no in the case of Resale) ⁽⁹⁾	Yes	\$100	Cash	Sections 2.5 and 2.6
Acquisition Event	At any time	All MCN7 Exchanged for Ordinary Shares	No	Yes	Approximately \$101 ⁽⁵⁾ (except in limited circumstances ⁽⁶⁾)	Variable number of Ordinary Shares	Section 2.8
Non-Viability Event	At any time	All (or in some cases, some) MCN7 Exchanged for Ordinary Shares or Written-Off	No ⁽⁷⁾	No	Depending on the market price of Ordinary Shares at the time, up to approximately \$101 ⁽⁵⁾ but maybe significantly less or zero	Variable number of Ordinary Shares – If MCN7 are not Exchanged for Ordinary Shares MCN7 will be Written-Off and MCN7 Holders receive no value	Section 2.7
Scheduled Optional Exchange Date	15 December 2031, 15 June 2032 and 15 December 2032	Exchange all or some MCN7 for Ordinary Shares at MGL's option	No	Yes	Approximately \$101 ⁽⁵⁾	Variable number of Ordinary Shares	Section 2.4
		Redemption or Resale of all or some MCN7 at MGL's option	Yes (in the case of Redemption, no in the case of Resale) ⁽⁹⁾	Yes	\$100	Cash	Sections 2.5 and 2.6
Scheduled Mandatory Exchange Date ⁽⁸⁾	15 December 2034	Exchange of all MCN7 for Ordinary Shares	No	Yes	Approximately \$101 ⁽⁵⁾	Variable number of Ordinary Shares	Section 2.3

⁽¹⁾ Please see the Glossary for full definitions.

⁽²⁾ MCN7 Holders should not expect that APRA's approval will be given for any Redemption.

⁽³⁾ The Exchange Conditions applicable to a Mandatory Exchange differ from those applicable to a Tax Event, Regulatory Event, Acquisition Event or an Optional Exchange. See sections 2.3, 2.4 and 2.8.

⁽⁴⁾ If Exchange (other than on account of a Non-Viability Event), Redemption or Resale occurs on a day that is not a scheduled quarterly Distribution Payment Date, MCN7 Holders which are being Exchanged, Redeemed or Resold will also receive a Distribution in respect of those MCN7 for the period from the immediately preceding Distribution Payment Date to the date on which the Exchange, Redemption or Resale occurs (provided the Directors have decided to pay the Distribution and the other Payment Conditions are met).

⁽⁵⁾ The value of Ordinary Shares is determined over a period of ASX Trading Days immediately prior to Exchange (generally the period is 20 ASX Trading Days, with 5 ASX Trading Days for Non-Viability Exchange). At the time they are issued, the value of Ordinary Shares received on Exchange may be more or less than \$101.

⁽⁶⁾ May be less if Directors determine that Exchange is in the best interests of MCN7 Holders as a whole, notwithstanding that MCN7 Holders will suffer loss, or that the Ordinary Shares may not be listed. See section 2.8.

⁽⁷⁾ Whilst APRA approval is not required for an Exchange due to a Non-Viability Event, APRA must determine that a Non-Viability Event has occurred.

⁽⁸⁾ MCN7 are perpetual and, if the Exchange Conditions are never met, Exchange may never occur and MCN7 may remain on issue indefinitely. Unless Redeemed, Exchanged or Written-Off earlier, MCN7 will be mandatorily Exchanged on 15 December 2034 provided the Exchange Conditions are met, or on the next Distribution Payment Date on which the Exchange Conditions are satisfied.

⁽⁹⁾ Whilst APRA approval is not required to give a Resale Notice, the terms of appointment of a Nominated Party may require APRA approval.

Topic and summary

Further information

1.2.12 Ranking of MCN7 in a Winding Up of MGL

Sections 2.7, 2.10 and 2.11.1

- In a Winding Up of MGL, MCN7 will rank ahead of Ordinary Shares, equally with Equal Ranking Obligations, but behind all Senior Creditors of MGL. The table below illustrates this ranking, if the MCN7 have not been Exchanged or Written-Off.

Ranking	Illustrative examples	
Higher ↑ ↓ Lower	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors.
	Unsubordinated and unsecured debt	Unsubordinated and unsecured bonds and notes, trade and general creditors.
	Subordinated and unsecured debt	Subordinated and unsecured debt obligations.
	Preference shares and equal ranking securities	Equal Ranking Obligations and MCN7 (if a Non-Viability Event has not occurred). Where MCN7 are Exchanged for Ordinary Shares, MCN7 Holders have the claims of holders of Ordinary Shares. If, following a Non-Viability Event MCN7 are Written-Off, MCN7 Holders have no claim at all on MGL, and they are likely to be worse off than holders of Ordinary Shares.
	Ordinary shares	Ordinary Shares.

- However, any return on MCN7 may be adversely affected or reduced to zero if a Non-Viability Event occurs. If APRA determines that a Non-Viability Event occurs, all or some of the MCN7 are required to be Exchanged or, if that does not occur, Written-Off. Where an Exchange occurs, the MCN7 Holders will become holders of Ordinary Shares (ranking equally with other Ordinary Shares). Those shares may be worth significantly less than the Issue Price of MCN7. If MCN7 are Written-Off, the MCN7 Holders will have no claim at all on MGL (even though Ordinary Shares will still be on issue) and they are likely to be worse off than holders of Ordinary Shares.
- MGL is the non-operating holding company ("NOHC") of the Macquarie Group and its assets are largely investments in and claims on entities in the Macquarie Group which may rank behind depositors and other creditors of those entities.

1.2.13 MCN7 are not guaranteed

Clause 1.2 of the MCN7 Terms

- MCN7 are not guaranteed by any member of the Macquarie Group and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction, or by any other person.
- MCN7 are not deposit liabilities or protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act.

1.2.14 MCN7 are not secured and have no other claims

- MCN7 are not secured in any way against any asset of MGL or any other member of the Macquarie Group.
- An MCN7 Holder has no claim against MGL (except as expressly provided in the MCN7 Terms) or any other member of the Macquarie Group.

Topic and summary	Further information
1.3 What are the key risks of investing in MCN7?	
<p>There are risks associated with an investment in MCN7, many of which are outside the control of MGL. These risks include those in this section 1.3 and section 5 and other matters referred to in this Prospectus.</p> <p>Before applying for MCN7, you should consider whether MCN7 are a suitable investment for you. MCN7 are a complex investment and may be difficult to understand, even for experienced investors.</p> <p>A summary of the key risks associated with an investment in MGL and the Macquarie Group generally are described in section 5.2.</p>	
<p>1.3.1 Market price and liquidity of MCN7</p> <ul style="list-style-type: none"> • The market price of MCN7 may go up or down due to many factors and there is no guarantee MCN7 will trade at or above their Issue Price. For example, the market price of MCN7 may decline if better rates of return are available on other securities. • The market price of MCN7 may also be significantly impacted by the market price for Ordinary Shares. • There may be no liquid market for MCN7. • MCN7 Holders who wish to sell their MCN7 may be unable to do so at a price acceptable to them, or at all. • The market price and liquidity of MCN7 could also be affected by the outcome of the consultation foreshadowed by the APRA Discussion Paper. 	<p>Section 5.1.3 and section 5.2.2.1</p>
<p>1.3.2 Market price and liquidity of Ordinary Shares</p> <ul style="list-style-type: none"> • If MCN7 are Exchanged into Ordinary Shares, the value of those Ordinary Shares is determined over a period of up to 20 ASX Trading Days immediately prior to Exchange. At the time they are issued, the price at which the Ordinary Shares received by MCN7 Holders can be sold may be more or less than the anticipated \$101. • Additionally, in various circumstances the market price of Ordinary Shares may determine whether Exchange can occur. This will affect when Exchange occurs (and may mean that Exchange never occurs). • The market price for Ordinary Shares will vary due to many factors including the availability and rates of return on other securities, investor perceptions of the Macquarie Group's financial position and performance and general economic and market conditions. • The market for Ordinary Shares may be less liquid than other securities and may not be liquid at all, so that MCN7 Holders may be unable to sell the Ordinary Shares they may receive for an acceptable price, or at all. 	<p>Section 5.1.4</p>
<p>1.3.3 Distributions may not be paid</p> <ul style="list-style-type: none"> • MGL has absolute discretion to determine not to pay Distributions. • Furthermore, a Distribution can only be paid if the Payment Conditions are met, including that MGL is able to pay the Distribution without MGL breaching APRA's capital adequacy requirements or becoming insolvent and APRA does not object to the payment of the Distribution. This means that there is a risk that Distributions may not be paid. <p>Distributions are non-cumulative. Accordingly, if a Distribution is not paid for any reason, MCN7 Holders will have no rights to receive that Distribution in the future.</p>	<p>Section 5.1.5</p>
<p>1.3.4 Changes in Distribution Rate</p> <ul style="list-style-type: none"> • The Distribution Rate is a floating rate equal to the sum of the Reference Rate plus a Margin, adjusted for the Tax Rate and the Franking Rate. • Although the Margin remains fixed for as long as MCN7 are on issue, the Distribution Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Reference Rate. • A higher Franking Rate for a Distribution will result in a lower Distribution Rate and a lower cash Distribution, reflecting the value of the franking credit attached to the Distribution. • There is a risk that the Distribution Rate may become less attractive when compared to the rates of return available on comparable securities or investments. 	<p>Section 5.1.6</p>

Topic and summary	Further information
<p>1.3.5 Level of franking</p> <ul style="list-style-type: none"> The level of franking of Distributions on MCN7 is affected by the level of MGL's available franking credits and distributable profits. MGL's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which the Macquarie Group makes profits and pays tax and the amount of other frankable distributions. MGL's distributable profits may also be affected by a wide range of factors including its level of earnings and other distributions it makes. The value and availability of franking credits to an MCN7 Holder will depend on that MCN7 Holder's particular circumstances and the tax rules that apply at the time of each Distribution. MCN7 Holders should refer to the Australian taxation summary in section 6. 	<p>Sections 5.1.7, 5.1.8, 5.1.21 and 6</p>
<p>1.3.6 MCN7 are perpetual and may never be Exchanged, Redeemed or Resold</p> <ul style="list-style-type: none"> MCN7 are a perpetual instrument but will Exchange for Ordinary Shares on 15 December 2034 if they are still on issue and the Exchange Conditions are satisfied. If the Exchange Conditions are not met on this date, MCN7 will Exchange on the next subsequent Distribution Payment Date on which the Exchange Conditions are met. There is a risk that the Exchange will not occur on any of these dates and may never occur because these Exchange Conditions cannot be satisfied. 	<p>Section 5.1.10</p>
<p>1.3.7 MGL has rights for Exchange, Redemption or Resale at its election</p> <ul style="list-style-type: none"> MGL may elect to Exchange, Redeem or arrange a Resale of all or some MCN7 in certain circumstances, subject to a number of conditions, including prior written approval from APRA when required under the MCN7 Terms. Where required, APRA's approval is at the complete discretion of APRA and may or may not be granted. The choice to elect the Exchange, Redemption or Resale of all or some MCN7 is entirely at MGL's discretion and MCN7 Holders have no right to either request or alter the timing of any Exchange, Redemption or Resale. It is uncertain whether and when Exchange, Redemption or Resale may occur. The timing of any Exchange, Redemption or Resale may not suit MCN7 Holders. 	<p>Sections 5.1.10 to 5.1.12</p>

Topic and summary	Further information
<p>1.3.8 Losses due to an Acquisition Event</p> <ul style="list-style-type: none"> If an Acquisition Event occurs, and the Directors determine it is in the best interests of MCN7 Holders, Exchange may occur even though MCN7 Holders would receive less (and possibly significantly less) than \$101 worth of Ordinary Shares or even though those Ordinary Shares are unlisted and MCN7 Holders may suffer a loss as a result. 	Section 5.1.13
<p>1.3.9 Losses due to a Non-Viability Event</p> <ul style="list-style-type: none"> If Exchange occurs following a Non-Viability Event, MCN7 Holders may receive significantly less than \$101 worth of Ordinary Shares per MCN7 and may receive unlisted Ordinary Shares. If, for any reason, an MCN7 which is required to be Exchanged is not Exchanged within 5 Business Days of the Non-Viability Exchange Date then that MCN7 will be Written-Off (in which case the MCN7 Holders' rights under the relevant MCN7 will be immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date). In these circumstances, an MCN7 Holder will suffer a total loss of its investment in that MCN7 and MCN7 Holders will have no claim on MGL (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares. 	Section 5.1.14 and 5.1.15
<p>1.3.10 Restrictions on rights and ranking in a Winding Up of MGL</p> <ul style="list-style-type: none"> MCN7 are not deposit liabilities or protected accounts of MBL or MGL or any other member of the Macquarie Group and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction, or by any other person. The investment performance of MCN7 is not guaranteed by MGL, MBL or any other member of the Macquarie Group or by any other person. In the event of a Winding Up of MGL, MCN7 Holders will rank behind all Senior Creditors, equally with Equal Ranking Obligations and ahead of Ordinary Shares. Any return in a Winding Up of MGL may be adversely affected if a Non-Viability Event occurs. If this happens all or some MCN7 will be required to be Exchanged or, if Exchange has not occurred within 5 Business Days of the Non-Viability Exchange Date, Written-Off. If an MCN7 is Exchanged, the MCN7 Holder will become a holder of Ordinary Shares and those shares may be worth significantly less than their investment in MCN7. If an MCN7 is Written-Off, the MCN7 Holder will suffer a total loss of their investment in that MCN7 and MCN7 Holders will have no claim on MGL (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares. If there is a shortfall of funds on a Winding Up of MGL, MCN7 Holders will lose all or some of their investment in that MCN7. 	Sections 5.1.1 and 5.1.17

1.4 Comparison between MCN7 and other investments

MCN7 are different from other types of investments such as term deposits and ordinary shares. The table below compares the key features of MCN7 to some of the other types of investments. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to apply for MCN7. MGL strongly recommends that you seek professional advice, which takes into account your particular investment objectives and circumstances, from a qualified financial adviser.

Please refer to the table in section 3.4 setting out the key differences between MCN3, which are the subject of the Reinvestment Offer, and MCN7.

Feature	Term deposit	BCN2 & BCN3	MCN3, MCN4, MCN5 and MCN6	MCN7	Ordinary Shares
Issuer	Bank, credit union or building society (e.g. MBL)	MBL	MGL	MGL	MGL
Eligible for protection under the Australian government Financial Claims Scheme	Yes ⁽¹⁾	No	No	No	No
Term	One month to five years (usually)	Perpetual ⁽²⁾	Perpetual ⁽³⁾	Perpetual ⁽⁴⁾	Perpetual
Distribution rate	Fixed (usually)	Floating, adjusted for franking	Floating, adjusted for franking	Floating, adjusted for franking ⁽⁵⁾	Variable dividends
Distribution payment dates	End of term or per annum (usually)	Quarterly	Quarterly	Quarterly	Semi-annually (usually)
Distributions are discretionary	No	Yes	Yes	Yes	Yes
Frankable distributions	No	Yes	Yes	Yes	Yes
Transferable	No	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX
Non-Viability provisions	No	Yes	Yes	Yes	Not applicable
Common Equity Tier 1 Trigger conversion provisions	No	Yes	No	No	Not applicable

⁽¹⁾ As at the date of this Prospectus, the financial claims scheme limit in relation to protected account(s) that an account holder has with a declared ADI as at a particular time is \$250,000.

⁽²⁾ Unless redeemed, resold, exchanged or written-off earlier in accordance with the terms of the BCN2 and BCN3. Subject to the satisfaction of certain conditions, BCN2 will be mandatorily exchanged into Ordinary Shares on 21 December 2028 or the next distribution payment date on which those conditions are satisfied. Subject to the satisfaction of certain conditions, BCN3 will be mandatorily exchanged into Ordinary Shares on 8 September 2031 or the next distribution payment date on which those conditions are satisfied.

⁽³⁾ Unless redeemed, exchanged or written-off earlier in accordance with the terms of the MCN3, MCN4, MCN5 or MCN6 (as applicable). Subject to the satisfaction of certain conditions, MCN3 will be mandatorily exchanged into Ordinary Shares on 15 December 2027 or the next distribution payment date on which those conditions are satisfied. Subject to the satisfaction of certain conditions, MCN4 will be mandatorily exchanged into Ordinary Shares on 10 September 2029 or the next distribution payment date on which those conditions are satisfied. Subject to the satisfaction of certain conditions, MCN5 will be mandatorily exchanged into Ordinary Shares on 18 September 2030 or the next distribution payment date on which those conditions are satisfied. Subject to the satisfaction of certain conditions, MCN6 will be mandatorily exchanged into Ordinary Shares on 12 September 2032 or the next distribution payment date on which those conditions are satisfied.

⁽⁴⁾ Unless Redeemed, Exchanged or Written-Off earlier in accordance with the MCN7 Terms. Subject to the satisfaction of certain conditions, MCN7 will be mandatorily Exchanged into Ordinary Shares on the Mandatory Exchange Date, as outlined in section 2.3 of this Prospectus.

⁽⁵⁾ The impact of franking is described in section 2.1.3 and 2.1.4.

Topic and summary	Further information
1.5 What is the Offer and how do I apply?	
<p>1.5.1 MCN7 Target Market</p> <p>Macquarie has made a target market determination for MCN7 in accordance with its obligations under the DDO Regime (“Target Market Determination”).</p> <p>The Target Market Determination describes, amongst other things, the class of Retail Investors that comprise the target market for MCN7 (“MCN7 Target Market”).</p> <p>The MCN7 Target Market is set out in section 8.2 and a copy of the Target Market Determination is available at www.macquarie.com/MCN7.</p> <p>If you are a Retail Investor and wish to apply for MCN7 you:</p> <ul style="list-style-type: none"> • must seek professional advice as to whether you are within the MCN7 Target Market and whether an investment in MCN7 is suitable for you in light of your particular investment objectives, financial situation and needs; and • can only apply for MCN7 if you are within the MCN7 Target Market and have received personal advice from a qualified financial adviser. <p>You should not apply for MCN7 if you are a Retail Investor and are not within the MCN7 Target Market.</p>	<p>Section 8.2</p>
<p>1.5.2 How is the Offer structured and who can apply?</p> <p>The Offer comprises:</p> <ul style="list-style-type: none"> • an Institutional Offer to Institutional Investors; • a Broker Firm Offer made to Australian resident clients of Syndicate Brokers who are either: <ul style="list-style-type: none"> – a Wholesale Investor; or – a Retail Investor within the MCN7 Target Market who has received personal advice from a qualified financial adviser; and • a Reinvestment Offer made to Eligible MCN3 Holders. <p>MCN7 may also be offered (as part of the Institutional Offer) in certain permitted jurisdictions outside Australia where such Offer is made, and accepted, in accordance with the laws of such jurisdictions.</p> <p>You are eligible to participate in the Reinvestment Offer if you:</p> <ul style="list-style-type: none"> • were registered as a holder of MCN3 at 7.00pm (AEST) on 14 August 2024 (relevant MCN3 must also be held on the Closing Date for the Reinvestment Offer); • are shown on the MCN3 register as having an address in Australia; • are not in the United States or acting as a nominee for, or for the account or benefit of, a person in the United States or not otherwise prevented from receiving the Reinvestment Offer or MCN7 under the laws of any jurisdiction; and • are an Institutional Investor or a client of a Syndicate Broker who is either a Wholesale Investor or a Retail Investor who has received personal advice from a qualified financial adviser in relation to your investment in MCN7. <p>Information about the Offer categories and how to apply is provided in section 8.</p> <p>The Offer does not contain a specific offer for MGL securityholders.</p>	<p>Section 8.5</p>

Topic and summary	Further information
<p>1.5.3 What is the Reinvestment Offer?</p> <p>The Reinvestment Offer is an invitation to Eligible MCN3 Holders to:</p> <ul style="list-style-type: none"> • apply to reinvest the proceeds of resale of your MCN3 to the MCN3 Purchaser in a corresponding number of MCN7; and • direct the MCN3 Purchaser to pay \$100 per Reinvestment MCN3 directly to MGL as the Application Payment for the MCN7. <p>Eligible MCN3 Holders also have the opportunity to apply for additional MCN7.</p> <p>MGL does not guarantee it will accept Applications under the Reinvestment Offer. If you choose not to participate in the Reinvestment Offer, you will continue to hold your MCN3 in accordance with the MCN3 Terms. See section 3.2 for further detail on the options available to Eligible MCN3 Holders in relation to their MCN3.</p> <p>Important: There are important differences between MCN3 and MCN7 that Eligible MCN3 Holders should consider before deciding whether to apply to participate in the Reinvestment Offer. See section 3.4 which further describes the differences between MCN3 and MCN7.</p>	<p>Section 3</p>
<p>1.5.4 Is the Offer underwritten?</p> <p>No.</p>	<p>Section 7.2</p>
<p>1.5.5 When is the Offer Period?</p> <p>The Offer opens on Tuesday, 27 August 2024.</p> <p>The Offer is expected to close on Monday, 9 September 2024.</p>	<p>Key dates and section 8.5</p>
<p>1.5.6 Is there a minimum Application size?</p> <p>Institutional Offer and Broker Firm Offer</p> <ul style="list-style-type: none"> • Yes. Applications must be for a minimum of 50 MCN7 (\$5,000). <p>Reinvestment Offer</p> <ul style="list-style-type: none"> • There is no minimum number of MCN3 that you must hold to be able to participate in the Reinvestment Offer. However, if you are an Eligible MCN3 Holder and hold 50 MCN3 or fewer at 7:00pm (AEST) on 14 August 2024, you can still apply to participate in the Reinvestment Offer but you must apply to reinvest all your MCN3 in MCN7 if you wish to participate in the Reinvestment Offer. If you are an Eligible MCN3 Holder and own more than 50 MCN3, you can: <ul style="list-style-type: none"> – reinvest all of your MCN3; or – apply for a minimum number of 50 MCN7 (\$5,000). 	<p>Section 8.5.5</p>
<p>1.5.7 How can I apply?</p> <ul style="list-style-type: none"> • All Applications, including Applications under the Reinvestment Offer, must be made through a Syndicate Broker. See section 8 for further information on how to make an Application. A list of the appointed Joint Lead Managers and Co-Managers who are Syndicate Brokers to the Offer can be found on the front cover and in the Corporate Directory of this Prospectus. 	<p>Section 8</p>
<p>1.5.8 How will MCN7 be allocated?</p> <ul style="list-style-type: none"> • Allocations to Syndicate Brokers and Institutional Investors were agreed by MGL and the Joint Lead Managers following completion of the Bookbuild. • Allocations to individual Applicants (including in respect of Applications under the Reinvestment Offer) will be determined by their Syndicate Broker. Priority is intended to be given to Applicants applying to reinvest their MCN3, however this priority will not extend to Applications for additional MCN7 by Eligible MCN3 Holders. 	<p>Section 8.6</p>

Topic and summary	Further information
<p>1.5.9 Is there brokerage, commission or stamp duty payable?</p> <ul style="list-style-type: none"> No stamp duty is payable on Applications for MCN7 (including Applications under the Reinvestment Offer) provided that no person obtains, either alone or with associates, an interest of 90% or more in MGL. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded. MCN7 Holders may have to pay brokerage (and applicable GST) on any subsequent transfer of MCN7 on ASX after quotation or on any transfer of Ordinary Shares that may be quoted on an Exchange. No stamp duty should be payable by an MCN7 Holder on the issue of Ordinary Shares on Exchange or the transfer of Ordinary Shares as long as MGL is listed, its shares are quoted on ASX and no person (alone or with associates) will acquire or hold a 90% or more interest in MGL. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded. 	Section 6.1.12
<p>1.5.10 What are the tax implications of investing in MCN7?</p> <ul style="list-style-type: none"> A general outline of the Australian taxation implications for certain Australian investors participating in the Offer (including through the Reinvestment Offer) is included in the Australian taxation summary at section 6.1. 	Section 6
<p>1.5.11 Where can I find out more information about the Offer?</p> <ul style="list-style-type: none"> If you have questions in relation to the Offer please email the Registrar at MCN7Offer@linkmarketservices.com.au or call the MCN7 Offer Information Line on 1800 883 072 (within Australia) or on +61 1800 883 072 (International) (Monday to Friday 8:30pm – 7:30pm AEST). You can also contact your Syndicate Broker. 	Section 8.10



02

About MCN7

2. About MCN7

This section provides additional information about MCN7. Where indicated, more detailed information is provided in other sections of this Prospectus. If you have any questions, you should seek advice from your financial adviser or qualified financial adviser. The full MCN7 Terms are contained in Appendix 1. Rights and liabilities attaching to MCN7 may also arise under the Corporations Act, ASX Listing Rules and other applicable laws.

Topic and summary	Further information
2.1 Distributions	
<p>MCN7 are expected to pay quarterly Distributions commencing on 16 December 2024 which are expected to be partially franked initially, but may not be franked, or may be franked to a different level in the future. A Distribution will be paid subject to the Payment Conditions, including MGL's discretion.</p> <p>The Distribution Rate is a floating rate (i.e. it will fluctuate), and is equal to the sum of the Reference Rate plus the Margin, adjusted for the Tax Rate and the Franking Rate.</p> <p>Distributions are non-cumulative.</p>	
<p>2.1.1 What are Distributions?</p> <ul style="list-style-type: none"> Distributions on MCN7 are discretionary, non-cumulative floating rate payments. Distributions are scheduled to be paid quarterly in arrears commencing on 16 December 2024, subject to the Payment Conditions – see below. Distributions are expected to be franked at the same rate as dividends on Ordinary Shares. The level of franking may vary over time and Distributions may be partially, fully or not franked. 	<p>Clause 2 of the MCN7 Terms</p>
<p>2.1.2 What are the Payment Conditions?</p> <ul style="list-style-type: none"> Distributions may not always be paid. The payment of each Distribution will be made unless: <ul style="list-style-type: none"> MGL, in its absolute discretion, determines that the Distribution is not payable to MCN7 Holders; payment of the Distribution would result in MGL breaching APRA's capital adequacy requirements applicable to it; payment of the Distribution would result in MGL becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or APRA objects to the payment of the Distribution. <p>These conditions are referred to in this Prospectus as the "Payment Conditions".</p> Failure to pay a Distribution when scheduled will not constitute an event of default and MCN7 Holders have no claim or entitlement in respect of non-payment or any right to receive that Distribution at any later time. However, the Dividend Restriction may apply in this scenario – see section 2.1.9. 	<p>Clause 2 of the MCN7 Terms</p>

2.1.3 How will the Distribution Rate be calculated?

Clause 2.1 Terms

- The Distribution Rate is calculated using the following formula:

$$\text{Distribution Rate} = (\text{Reference Rate} + \text{Margin}) \times \text{Franking Adjustment Factor}$$

where:

- Reference Rate* means, the Reference Rate on the first day of that Distribution Period – see section 2.1.5;
- Margin* is 2.65%, and was set by way of Bookbuild and announced to the market on Wednesday, 21 August 2024;

- Franking Adjustment Factor =**

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

where:

- T is the Tax Rate; and
- F is the Franking Rate.
- Due to the effect of the Franking Adjustment Factor, the Distribution Rate will be lower if franking applies to a Distribution.
- For example, assuming the Reference Rate for the first Distribution Period is 4.37% per annum, the Margin is 2.65% per annum and using a franking rate of 40%¹, then the Distribution Rate for that Distribution Period would be calculated as follows:

Partially franked Distribution	
(1) Reference Rate	4.37%
(2) Margin	2.65%
(3) = (1)+(2)	7.02%
(4) Tax Rate	30%
(5) Franking Rate	40%
(6) Franking Adjustment Factor (per formula above)	85.37%
(7) Distribution Rate = (3)x(6)	5.99%

- It is possible for the Reference Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. For example, if the Reference Rate is -1.00% per annum, the Margin is 2.65% per annum and the Franking Adjustment Factor is 85.37% then the Distribution Rate will be 1.41% per annum. If the Distribution Rate was negative as a result, MCN7 Holders would not receive a distribution and there would be no obligation on MCN7 Holders to pay MGL.

¹ Franking Rate of 40% is used for illustrative purposes only. The Franking Rate on Distributions may vary over time and Distributions may be partially, fully or not franked.

Topic and summary

Further information

2.1.4 What is the impact of franking credits?

Sections 5.1.3, 5.1.7, 5.1.8, 5.1.21 and 6

- Distributions are expected to be franked at the same rate as Ordinary Shares. The level of franking may vary over time and Distributions may be partially, fully or not franked.
- MGL's ability to frank dividends on Ordinary Shares and Distributions on MCN7 is affected by its level of available franking credits and distributable profits. MGL's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which the Macquarie Group makes profits and pays tax, the applicable Australian corporate tax rate and the amount of other frankable distributions. MGL's distributable profits may also be impacted by a wide range of factors, including its level of earnings and other distributions it makes. See section 5.1.7.
- A higher Franking Rate for a Distribution will result in a lower Distribution Rate and a lower cash Distribution, reflecting the value of the franking credit attached to the Distribution.
- MCN7 Holders should be aware that the potential value of any franking credit does not accrue at the same time as the receipt of any cash Distribution. MCN7 Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each MCN7 Holder and the tax rules that apply at the time of each distribution.
- The laws relating to the availability of franking may change. MCN7 Holders should refer to the Australian taxation summary in section 6.1 and seek professional advice in relation to their tax position.
- If the Distribution is fully or partially franked, the franking credits attached to a Distribution (expressed as a percentage of the Issue Price) will be equal to:

$$\text{Distribution Rate} \times \text{Tax Rate} \times \text{Franking Rate}$$

$$(1 - \text{Tax Rate})$$

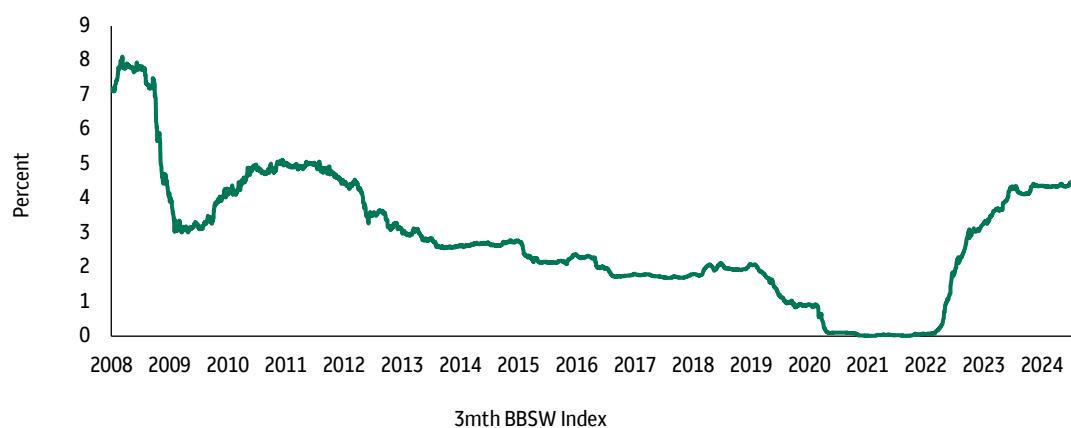
- The amount of franking credits attached to a Distribution will be notified to MCN7 Holders in Distribution notices shortly after a Distribution is paid.
- Taking the example in section 2.1.3, the amount of franking credits (expressed as a percentage) would be calculated as:

Partially franked Distribution	
Distribution Rate	5.99%
Tax Rate	30%
Franking Rate	40%
Franking credit rate (per formula above)	1.03%

2.1.5 What is the Reference Rate?

Clause 2.1 of the MCN7 Terms

- The Reference Rate means, for a Distribution Period, the rate designated “BBSW” in respect of prime bank eligible securities having a tenor closest to the Distribution Period which rate ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am on the first day of that Distribution Period.
- The rate is administered by ASX and is published on various information services (e.g. Thomson Reuters page BBSW).
- The rate changes to reflect supply and demand in the cash and currency markets and provides a reference for the pricing, rate setting and valuation of Australian dollar financial securities.
- The graph below illustrates the movement in the Reference Rate over the last 16 years. The rate on 22 August 2024 was 4.37% per annum.



- The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Reference Rate. The actual Reference Rate for the first and subsequent Distribution Periods may be higher or lower than the rates in the above graph.
- If MGL determines that BBSW has been affected by a “Reference Rate Disruption Event”, MGL may, in good faith and in a commercially reasonable manner after consultation with such sources of market practice as it considers appropriate, select an alternative reference rate that it considers appropriate and make other related changes to the Terms that it determines are reasonably necessary to calculate distributions in accordance with such alternative reference rate (subject, in each case, to APRA’s prior written approval).
- Broadly, a “Reference Rate Disruption Event” occurs where MGL determines, after consultation with such sources of market practice as it considers appropriate, that BBSW has been discontinued or has ceased to be generally accepted in the Australian market for securities such as MCN7.

Topic and summary

Further information

2.1.6 How will the Distribution be calculated for each Distribution Payment Date?

Clause 2.1 of the MCN7 Terms

- Distributions scheduled to be paid on each Distribution Payment Date on each MCN7 will be calculated using the following formula:

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

where:

- Distribution Rate* means the rate (expressed as a percentage per annum) calculated as set out in section 2.1.3; and
- N means the number of days in the Distribution Period.
- As an example, if the Distribution Rate was 5.99% per annum then the Distribution on each MCN7 for the Distribution Period (if the Distribution Period was a quarterly period of 91 days) would be calculated as follows:

Distribution Rate	5.99%
Multiplied by the Issue Price	x \$100
Multiplied by the number of days in the Distribution Period	x 91
Divided by 365	÷ 365
Indicative Distribution payment for the quarterly Distribution Period per MCN7	\$1.4930

- The first Distribution Period commences on the Issue Date and ends on 16 December 2024 and, accordingly, the number of days included in that Distribution Period is expected to be 91 days. Using a Distribution Rate of 5.99%, an indicative first Distribution payment would be \$1.4930.
- The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution payable for the first or any subsequent Distribution Period. Actual Distributions may be higher or lower than this example.

2.1.7 When are the Distribution Payment Dates?

Clauses 2.1, 2.2 and 2.3 of the MCN7 Terms

- Distributions are payable (subject to the Payment Conditions, including the discretion of MGL) quarterly in arrears commencing on 16 December 2024.
- The Distribution Payment Dates are 15 March, June, September and December each year.
- If MCN7 are Redeemed, Resold or Exchanged (other than on account of a Non-Viability Event) the Redemption Date, Resale Date or Exchange Date will also be a Distribution Payment Date.
- If any of these dates is not a Business Day, the Distribution Payment Date will be the next day which is a Business Day.

Topic and summary	Further information
<p>2.1.8 How will Distributions be paid?</p> <ul style="list-style-type: none"> • Distributions will be paid in Australian dollars. MGL will only pay Distributions directly into an Australian dollar account held with a financial institution. • MGL will not pay Distributions on MCN7 by cheque. • If you are allotted any MCN7, when you are sent your Holding Statement, you will also be sent instructions on how to provide details of your Australian dollar account held with a financial institution. • If you do not provide these account details to the Registrar, or if any Distribution paid to you is unsuccessful, then you will be sent a notice advising you of the amount of the Distribution and the funds will be held in a bank account as a non-interest bearing deposit until the first to occur of the following: <ul style="list-style-type: none"> – you provide valid account details to the Registrar; – the MCN7 Holder or any legal personal representative of the MCN7 Holder claims the amount; – MGL is entitled to refuse any claim in respect of the amount on the ground that payment has not been made within 5 years from the date on which it first became due, in which case MGL may treat the amount as its own; or – MGL is entitled or obliged to deal with the amount in accordance with the legislation relating to unclaimed moneys. • Investors who are not Australian residents may be eligible to opt in to receive payments converted into foreign currency and paid to their local bank account through OFX Limited. • MGL reserves the right to vary the way in which any Distribution is paid in accordance with the MCN7 Terms (provided that a Distribution must always be paid in cash). 	<p>Clause 11 of the MCN7 Terms</p>
<p>2.1.9 What is the Dividend Restriction and when will it apply?</p> <ul style="list-style-type: none"> • If, for any reason an amount of any Distribution has not been paid in full on a Distribution Payment Date, unless it is paid in full within 10 Business Days of that date, MGL must not: <ul style="list-style-type: none"> – determine, declare or pay a dividend on any Ordinary Shares; or – undertake any Buy-Back or Capital Reduction, from the Distribution Payment Date until the next Distribution Payment Date, subject to certain exceptions, without the approval of a Special Resolution of the MCN7 Holders. • The MCN7 Terms contain no events of default and accordingly, failure to pay a Distribution when scheduled will not constitute an event of default. 	<p>Clauses 2.4, 2.5, 10.1 and 18.2 of the MCN7 Terms</p>

Topic and summary	Further information
<h2>2.2 Term</h2>	
<h3>2.2.1 Do MCN7 have a maturity date?</h3>	
<ul style="list-style-type: none"> MCN7 are perpetual and do not have a fixed maturity date. If they are not Exchanged, Redeemed or Written-Off in accordance with the MCN7 Terms, they could remain on issue indefinitely. 	
<p><i>Exchange</i></p>	Section 2.3
<p>If still on issue, MCN7 will Exchange into Ordinary Shares on 15 December 2034 if the Exchange Conditions are satisfied in respect of that date. If the Exchange Conditions are not satisfied in respect of that date MCN7 will Exchange on the next subsequent Distribution Payment Date on which the Exchange Conditions are satisfied, unless they have been Exchanged or Redeemed before that date.</p>	Section 2.4
<ul style="list-style-type: none"> Subject to certain restrictions, MGL may elect to Exchange all or some MCN7: <ul style="list-style-type: none"> on a Scheduled Optional Exchange Date; or after the occurrence of a Tax Event or Regulatory Event, (together, “Optional Exchange Dates”). 	Section 2.8
<ul style="list-style-type: none"> MGL must also Exchange all MCN7 following an Acquisition Event except in certain circumstances. If Exchange occurs following these events, MCN7 Holders would generally⁽¹⁾ receive Ordinary Shares worth approximately \$101 (determined on the basis of the Exchange calculations described in section 2.3.4 below) although by the time of Exchange, the market value of the Ordinary Shares received may be more or less than \$101 when they are issued or at any time after that. 	Section 2.7
<ul style="list-style-type: none"> MGL must Exchange all or some (depending on the circumstances) MCN7 for Ordinary Shares on the occurrence of a Non-Viability Event: <ul style="list-style-type: none"> This Exchange is not subject to the Exchange Conditions. If, for any reason, this Exchange does not occur within 5 Business Days of the Non-Viability Exchange Date then the relevant MCN7 will be Written-Off. That MCN7 Holder will suffer a total loss of their investment and will not receive any compensation. If MCN7 are Written-Off, MCN7 Holders will have no claim on MGL (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares. 	Section 2.6
<p><i>Resale</i></p>	
<ul style="list-style-type: none"> On an Optional Exchange Date, MGL may instead elect to arrange for a Resale of all or some MCN7. If Resale occurs, MCN7 Holders will receive the Issue Price (\$100) for each MCN7 they hold. Any subsequent redemption of Resold MCN7 is subject to APRA’s prior written approval. 	Section 2.5
<p><i>Redemption</i></p>	
<ul style="list-style-type: none"> On an Optional Exchange Date, subject to APRA’s prior written approval, MGL may instead elect to Redeem all or some MCN7. If Redemption occurs, MCN7 Holders will receive the Issue Price (\$100) for each MCN7 they hold. 	
<p>There are conditions on MGL’s ability to Redeem or Resell MCN7 for cash. Importantly, MGL may only elect to Redeem MCN7 with APRA’s prior written approval. MCN7 Holders should not expect that APRA’s approval, if requested, will be given.</p>	

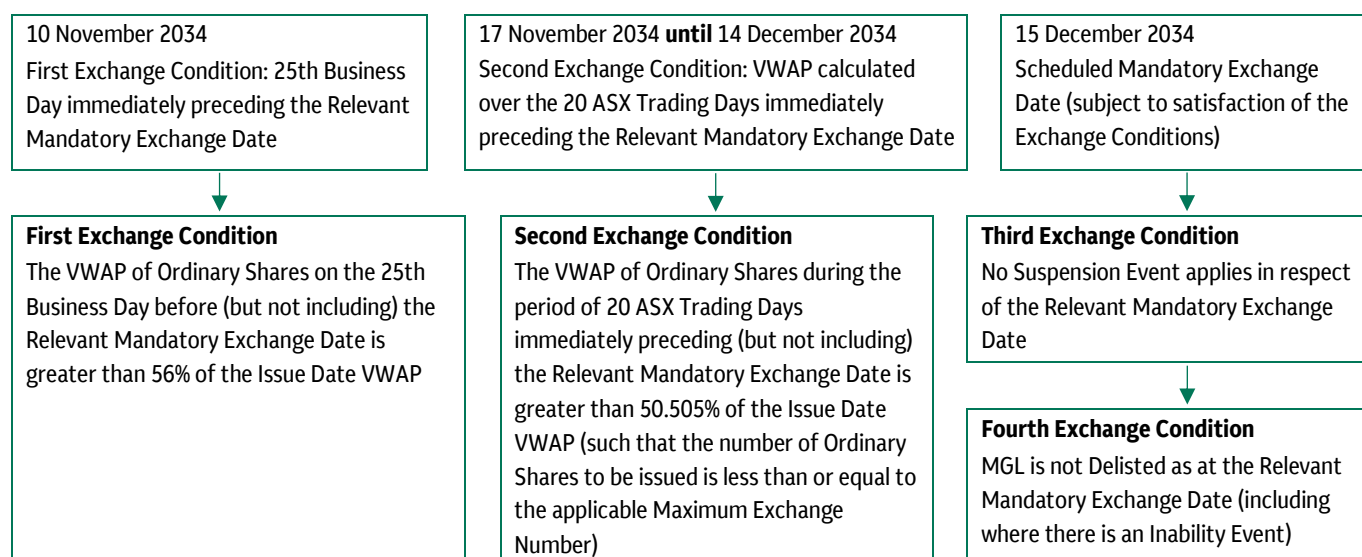
⁽¹⁾ As with other types of Exchange (other than Exchange on account of a Non-Viability Event), there are conditions to Exchange on an Acquisition Event which are designed to ensure that an MCN7 Holder will receive approximately \$101 worth of Ordinary Shares for each MCN7 they hold and the Ordinary Shares received are capable of being sold on the ASX. However, these conditions do not apply if the Directors determine that the Exchange is in any event in the best interests of MCN7 Holders as a whole.

Topic and summary	Further information
<h2>2.3 Mandatory Exchange</h2>	
<p>MGL must Exchange MCN7 into Ordinary Shares on 15 December 2034 (if the MCN7 have not been Redeemed, Exchanged or Written-Off beforehand) provided that certain Exchange Conditions are satisfied.</p> <p>The conditions to Mandatory Exchange and the associated Exchange calculations (described in this section) are designed to ensure that if Exchange occurs, MCN7 Holders will receive approximately \$101 worth of Ordinary Shares for each MCN7 held, and that the Ordinary Shares they receive following the Exchange are capable of being sold on ASX.</p>	
<p>2.3.1 What happens on Scheduled Mandatory Exchange?</p> <p>If MCN7 have not already been Redeemed, Resold, Exchanged or Written-Off, MCN7 Holders will receive Ordinary Shares on Exchange of MCN7 on 15 December 2034, the “Scheduled Mandatory Exchange Date”, unless the Exchange Conditions are not satisfied.</p> <p>Upon Exchange on the Mandatory Exchange Date, MCN7 Holders will receive approximately \$101 worth of Ordinary Shares per MCN7 based on the VWAP calculated over the 20 ASX Trading Days immediately preceding the Exchange Date and a 1% discount on Exchange. This VWAP will most likely differ from the Ordinary Share price on or after the Scheduled Mandatory Exchange Date. This means that the value of Ordinary Shares received may be more or less than \$101 when they are issued, or at any time after that.</p> <p>As a result of any Exchange of MCN7 for Ordinary Shares, MCN7 Holders will become holders of Ordinary Shares, which will rank equally with existing Ordinary Shares from the date of issue. The value of any holding of Ordinary Shares may fluctuate from time to time.</p>	<p>Clauses 3 and 9 of the MCN7 Terms</p>
<p>2.3.2 What happens if the Exchange Conditions are not met on the Scheduled Mandatory Exchange Date (15 December 2034)?</p> <ul style="list-style-type: none"> • If still on issue, the MCN7 will be Exchanged on the Scheduled Mandatory Exchange Date, provided that the Exchange Conditions are satisfied on this date. • If any of the Exchange Conditions are not satisfied on this date, then the Exchange will be deferred until the next quarterly Distribution Payment Date, a “Deferred Mandatory Exchange Date”, on which all of the Exchange Conditions are satisfied. This means that if any one or more of the Exchange Conditions are never satisfied, MCN7 may never be Exchanged. • The Scheduled Mandatory Exchange Date and each Deferred Mandatory Exchange Date are referred to as “Relevant Mandatory Exchange Dates”. • Distributions will continue to be paid (subject to the Payment Conditions) until Exchange occurs. 	<p>Clauses 2.1, 2.3 and 3.2 of the MCN7 Terms and section 2.3.3</p>

2.3.3 What are the Exchange Conditions?

Clauses 3.3 and 18.1 of the MCN7 Terms

- In summary, the Exchange Conditions in respect of a Relevant Mandatory Exchange Date are as follows:
 - **First Exchange Condition:** the Daily VWAP on the 25th Business Day immediately preceding the Relevant Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;
 - **Second Exchange Condition:** the VWAP during the 20 ASX Trading Days immediately preceding (but not including) the Relevant Mandatory Exchange Date is such that the number of Ordinary Shares to be issued would be less than or equal to the applicable Maximum Exchange Number;
 - **Third Exchange Condition:** no Suspension Event applies in respect of the Relevant Mandatory Exchange Date (broadly, a Suspension Event occurs where Ordinary Shares have been suspended from trading for the 5 preceding Business Days); and
 - **Fourth Exchange Condition:** MGL is not Delisted as at the Relevant Mandatory Exchange Date (broadly, MGL will be Delisted where Ordinary Shares cease to be listed on ASX or where an Inability Event (as described in section 2.7.6) subsists).
- Exchange on a Mandatory Exchange Date cannot occur unless all four Exchange Conditions are satisfied.
- The First Exchange Condition and Second Exchange Condition are intended to ensure MCN7 Holders will not receive less than \$101 worth of Ordinary Shares per MCN7 on Exchange (based on the VWAP during the 20 ASX Trading Days before the Mandatory Exchange Date).
- The Third Exchange Condition and Fourth Exchange Condition are intended to provide protection to MCN7 Holders by making Exchange conditional on MCN7 Holders receiving Ordinary Shares which are capable of being sold on ASX.
- The following diagram sets out the timeframes that are relevant for testing whether Exchange will occur, using the Scheduled Mandatory Exchange Date (15 December 2034). These dates are indicative only and may change.



Note: The dates in the diagram above assume that trading of Ordinary Shares takes place on 15 December 2034 and each of the Business Days between 10 November 2034 and 15 December 2034 which may not be the case due to public holidays or if trading in Ordinary Shares is suspended during the period leading up to the possible Mandatory Exchange Date.

Topic and summary	Further information
<p>2.3.4 How many Ordinary Shares will an MCN7 Holder receive on a Relevant Mandatory Exchange Date?</p> <ul style="list-style-type: none"> An MCN7 Holder will receive on a Relevant Mandatory Exchange Date a number of Ordinary Shares per MCN7 (“Exchange Number”) calculated in accordance with the following formula: $\frac{\$100}{99\% \times \text{Exchange Date VWAP}}$ <p>where <i>Exchange Date VWAP</i> is the volume weighted average price of Ordinary Shares during the VWAP Period (being the period of 20 ASX Trading Days immediately preceding (but not including) the Relevant Mandatory Exchange Date).</p> <ul style="list-style-type: none"> The Exchange Number can never be greater than the Maximum Exchange Number (see section 2.3.5). The Exchange Conditions prevent Exchange from occurring on a Relevant Mandatory Exchange Date where the Exchange Number would be limited by the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date. Broadly, the Exchange Date VWAP will be adjusted to reflect: <ul style="list-style-type: none"> dividends or other distributions that are reflected in the Ordinary Share price that will not be payable to MCN7 Holders after Exchange and vice versa (e.g. where the price is quoted cum dividend but the dividend is paid before the Exchange); and any division, consolidation or reclassification of MGL’s share capital (not involving any cash payment or other distribution or compensation to or by holders of Ordinary Shares or to or by any entity in the Macquarie Group) occurring during the calculation period. The number of Ordinary Shares to be received by an MCN7 Holder will also be rounded down so that only a whole number of Ordinary Shares is issued in connection with the MCN7 Holder’s aggregate holding of MCN7 (with entitlements of the MCN7 Holder to a part only of an Ordinary Share disregarded). 	<p>Clauses 9.1, 9.3 and 9.4 of the MCN7 Terms</p>
<p>2.3.5 What is the Maximum Exchange Number?</p> <ul style="list-style-type: none"> The Maximum Exchange Number is calculated as: $\frac{\$100}{\text{Issue Date VWAP} \times \text{Relevant Percentage}}$ <p>where:</p> <ul style="list-style-type: none"> the Issue Date VWAP is the VWAP during the 20 ASX Trading Days immediately preceding, but not including, the Issue Date (as it may be adjusted as described below); and the Relevant Percentage, for Exchange on a Relevant Mandatory Exchange Date, is 50%. <ul style="list-style-type: none"> Under no circumstances will MCN7 be Exchanged for more than the Maximum Exchange Number of Ordinary Shares. Other than for an Exchange on account of a Non-Viability Event (see section 2.7.4) or an Acquisition Event (see section 2.8), the Exchange Conditions prevent an Exchange from occurring where the Ordinary Shares which MCN7 Holders would receive are worth less than approximately \$101 based on the Exchange Date VWAP. The Issue Date VWAP (and consequently the Maximum Exchange Number) will be adjusted where: <ul style="list-style-type: none"> dividends or other distributions are reflected in the Ordinary Share price in the Issue Date VWAP calculation period that will not be payable to MCN7 Holders (e.g. where the price is quoted cum dividend); a pro-rata bonus issue of Ordinary Shares (other than a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or dividend reinvestment plan) occurs while MCN7 are on issue; or any division, consolidation or reclassification of MGL’s share capital (not involving any cash payment or other distribution or compensation to or by holders of Ordinary Shares or to or by any entity in the Macquarie Group) occurs while the MCN7 are on issue. <p>The adjustment to Issue Date VWAP will not be made for any other capital activity including a rights issue or other essentially pro rata issue. The MCN7 Terms do not restrict MGL from undertaking any activity of this kind. Where the adjustment to Issue Date VWAP would be less than 1%, no adjustment will be made (although the adjustment balance will be carried forward for any subsequent adjustments).</p>	<p>Clauses 9.1 and 9.3 to 9.9 of the MCN7 Terms</p>

2.3.6 Example of the Exchange calculations

Illustrative example of Exchange

This example is for illustrative purposes only. The figures in it are not forward looking statements and do not indicate or guarantee the Issue Date VWAP or future VWAP or other price of Ordinary Shares.

For the example of the Mandatory Exchange on 15 December 2034, assume the Issue Date VWAP was \$205. The Exchange Conditions are tested and the number of Ordinary Shares to be received on Exchange would be determined as follows:

Step 1: passing the Exchange Conditions

First Exchange Condition

This condition requires that the VWAP on the 25th Business Day immediately preceding 15 December 2034 (assuming there is trading of Ordinary Shares on that day) is greater than 56% of the Issue Date VWAP, which would be \$114.80 (being 56% of \$205).

- Assume the VWAP on 10 November 2034 (expected to be the 25th Business Day immediately preceding, but not including, 15 December 2034) is \$120.

Since the VWAP on 10 November 2034 is greater than \$114.80, the First Exchange Condition is satisfied.

Second Exchange Condition

The Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date is calculated on the basis that the Relevant Percentage is 50%. The effect of this is that the Second Exchange Condition applicable to a Relevant Mandatory Exchange Date will be met if the VWAP during the 20 ASX Trading Days immediately preceding 15 December 2034 is greater than 50.505% of the Issue Date VWAP, which would be \$103.54 (being 50.505% of \$205).

- Assume the VWAP during the period from 17 November 2034 to 14 December 2034 (expected to be the 20 ASX Trading Days immediately preceding, but not including, 15 December 2034) is \$120.

Since the VWAP during the period from 17 November 2034 to 14 December 2034 is greater than \$103.54, the Second Exchange Condition is satisfied.

Third Exchange Condition

This condition requires that no Suspension Event applies on 15 December 2034.

- Assume on 15 December 2034, trading in Ordinary Shares is not suspended on that date and has not been suspended during the five preceding Business Days.

In these circumstances, the Third Exchange Condition is satisfied.

Fourth Exchange Condition

This condition requires that MGL is not Delisted on 15 December 2034.

- Assume on 15 December 2034, MGL is listed on ASX and no Inability Event subsists.

In these circumstances, the Fourth Exchange Condition is satisfied.

Step 2: calculating the number of shares received on Exchange

On 15 December 2034, MCN7 Holders would be entitled to receive in respect of MCN7, the Exchange Number of Ordinary Shares determined as follows:

\$100

99% x Exchange Date VWAP

- Assume the Exchange Date VWAP, being the VWAP during the period from 17 November 2034 to 14 December 2034 (being the 20 ASX Trading Days immediately preceding 15 December 2034) is \$120.

The Exchange Number would be 0.8418 (being \$100 divided by (99% x \$120)).

Assuming an MCN7 Holder has 100 MCN7, the total number of Ordinary Shares to which they would be entitled would be 84 (i.e. 100 x 0.8418, which number is rounded down to disregard the fraction of the Ordinary Share).

Maximum Exchange Number

In this example, the Exchange Number will not be impacted by the Maximum Exchange Number:

If the Issue Date VWAP is \$205, the Maximum Exchange Number would be 0.9756 (being \$100 divided by (50% x \$205)).

Topic and summary**Further information**

As the Exchange Number (0.8418) is less than the Maximum Exchange Number (0.9756), there will be no restriction on the number of Ordinary Shares an MCN7 Holder receives.

2.4 Exchange at option of MGL

On any of the Scheduled Optional Exchange Dates, being 15 December 2031, 15 June 2032 and 15 December 2032, MGL may elect to Exchange MCN7 into Ordinary Shares. MGL may also elect to Exchange MCN7 into Ordinary Shares following the occurrence of a Tax Event or Regulatory Event.

There are certain conditions and restrictions that apply to an Optional Exchange. The conditions to Optional Exchange and the associated Exchange calculations (described in this section) are designed to ensure that if Exchange occurs MCN7 Holders will receive approximately \$101 worth of Ordinary Shares for each MCN7 held, and that the Ordinary Shares they receive following the Exchange are capable of being sold on ASX.

2.4.1 When can MGL choose to Exchange MCN7?

Clauses 5.1, 5.2 9.1 and 10.1 of the MCN7 Terms

- MGL may choose to Exchange all or some MCN7 on:
 - 15 December 2031;
 - 15 June 2032; or
 - 15 December 2032,(each a “**Scheduled Optional Exchange Date**”); or
 - after a Tax Event or a Regulatory Event.

Upon Optional Exchange, MCN7 Holders will receive approximately \$101 worth of Ordinary Shares per MCN7 based on the VWAP during the 20 ASX Trading Days immediately preceding the Optional Exchange Date. The calculation of the Exchange Number of Ordinary Shares that MCN7 Holders will receive upon Optional Exchange is the same as described in section 2.3.4 for a Relevant Mandatory Exchange Date (with the Optional Exchange Date substituted for the Relevant Mandatory Exchange Date) and using the Maximum Exchange Number applicable to an Optional Exchange Date as described in section 2.4.5.

The VWAP during this period will most likely differ from the Ordinary Share price on or after the Optional Exchange Date. This means that the value of Ordinary Shares received may be more or less than approximately \$101 when they are issued or at any time after that.

MGL’s right to elect to Exchange is restricted in the circumstances described further in section 2.4.4, and is also subject to certain conditions as described further in section 2.4.5.

MCN7 Holders have no right to request Exchange of MCN7.

2.4.2 What is a Tax Event?

Clause 18.2 of the MCN7 Terms

A “**Tax Event**” means, broadly, that:

- MGL receives professional advice that as a result of a change in law or regulation affecting taxation in Australia on or after the Issue Date (which was not expected by MGL as at the Issue Date), there is more than an insubstantial risk that, in connection with MCN7:
 - a more than *de minimis* franking debit will arise in the franking account of MGL in respect of any Distribution;
 - any Distribution would not be frankable; or
 - MGL would be exposed to a more than *de minimis* increase in its costs (including any amount of taxes, duties, assessments or other government charges or the loss of any deductions).

MGL is not aware of, nor expects, any Tax Event as at the date of this Prospectus.

2.4.3 What is a Regulatory Event?

Clause 18.2 of the MCN7 Terms

- A “**Regulatory Event**” will, broadly, occur if as a result of a change of law or regulation, or a statement, order or directive from APRA, on or after the Issue Date, MGL determines that:

Topic and summary	Further information
<ul style="list-style-type: none"> – any of the MCN7 are not eligible for inclusion as Eligible Capital; – additional requirements would be imposed in connection with the MCN7 which MGL determines to be materially adverse to MGL; or – to have any of the MCN7 outstanding would be unlawful or impractical or that the Macquarie Group would be exposed to a more than <i>de minimis</i> increase in its costs in connection with those MCN7. 	
<p>2.4.4 What are the requirements for Exchange to be elected?</p> <ul style="list-style-type: none"> • MGL may not elect to Exchange MCN7 if an Optional Exchange Restriction applies. • Further, if MGL has elected to Exchange MCN7, MGL may not proceed to Exchange if, on the Optional Exchange Date, certain further Exchange Conditions are not satisfied. In that case, the Exchange will be deferred until the first quarterly Distribution Payment Date on which the Optional Exchange Restrictions and the further Exchange Conditions are satisfied. • The Optional Exchange Restrictions are: <ul style="list-style-type: none"> – First Optional Exchange Restriction: the Daily VWAP on the second Business Day before the date on which an Optional Exchange Notice is to be sent by MGL (or, if that Business Day is not an ASX Trading Day, the last ASX Trading Day prior to that day) ("Non-Exchange Test Date") is less than or equal to 25% of the Issue Date VWAP; or – Second Optional Exchange Restriction: MGL is Delisted as at the Non-Exchange Test Date. 	<p>Clauses 5.4 and 5.5 of the MCN7 Terms</p>
<p>2.4.5 Further conditions to an Optional Exchange</p> <ul style="list-style-type: none"> • The Second Exchange Condition, Third Exchange Condition and Fourth Exchange Condition (as described in section 2.3.3) apply to an Optional Exchange as if the date on which the Optional Exchange is to occur were a Mandatory Exchange Date, except that the Second Exchange Condition is tested on the basis of the Maximum Exchange Number applicable to an Optional Exchange Date. • The Maximum Exchange Number applicable to an Optional Exchange Date is calculated on the basis that the Relevant Percentage is 20%. As a result, the Maximum Exchange Number in the event of an Optional Exchange is higher than the Maximum Exchange Number applicable on a Relevant Mandatory Exchange Date. The effect of this is that the Second Exchange Condition applicable to an Optional Exchange will be met if the VWAP during the 20 ASX Trading Days immediately preceding the Optional Exchange Date is greater than 20.202% of the Issue Date VWAP. 	<p>Clause 5.5 and 9.1 of the MCN7 Terms</p>
<p>2.5 Redemption at option of MGL</p>	
<p>On any of the Scheduled Optional Exchange Dates, being 15 December 2031, 15 June 2032 and 15 December 2032, or after a Tax Event or Regulatory Event, MGL may elect to Redeem all or some MCN7 with APRA's prior written approval. If Redemption occurs, MCN7 Holders will receive the Issue Price (\$100) for each of their MCN7 which is Redeemed.</p> <p>There are conditions on MGL's ability to Redeem MCN7. Importantly, MGL may only elect to Redeem MCN7 with APRA's prior written approval. MCN7 Holders should not expect that APRA's approval, if requested, will be given for any Redemption.</p>	
<p>2.5.1 When can MGL choose to Redeem MCN7?</p> <ul style="list-style-type: none"> • MGL may choose to Redeem all or some MCN7: <ul style="list-style-type: none"> – on any Scheduled Optional Exchange Date; or – after a Tax Event or Regulatory Event. <p>MGL's right to elect to Redeem is subject to APRA's prior written approval and is restricted in the circumstances described further in section 2.5.3. That approval is at the complete discretion of APRA and may or may not be granted.</p> <p>MCN7 Holders have no right to request Redemption of MCN7.</p>	<p>Clause 7 of the MCN7 Terms</p>
<p>2.5.2 What will MCN7 Holders receive if MCN7 are Redeemed?</p>	<p>Clause 7.4 of the MCN7 Terms</p>

Topic and summary	Further information
<p>On Redemption, an MCN7 Holder will receive \$100 for each MCN7 they hold which is Redeemed and, if the Payment Conditions are met, a Distribution will be paid on Redeemed MCN7 for the period since the last Distribution Payment Date to the date of Redemption.</p>	
<p>2.5.3 What are the requirements for Redemption?</p> <ul style="list-style-type: none"> • A Redemption must not occur unless either: <ul style="list-style-type: none"> – MCN7 which are to be Redeemed are replaced, concurrently with the Redemption or beforehand, with securities forming part of Eligible Capital of the same or better quality from APRA's perspective, and the replacement of those MCN7 is done under conditions which are sustainable for the income capacity of the Macquarie Level 3 Group; or – APRA is satisfied that the capital position of the Macquarie Level 3 Group is sufficient after the MCN7 are Redeemed. • Redemption requires APRA's prior written approval. MCN7 Holders should not expect that APRA's approval will be given for Redemption. 	<p>Clauses 7.1 and 7.2 of the MCN7 Terms</p>
<p>2.6 Resale at option of MGL</p>	
<p>On any of the Scheduled Optional Exchange Dates, being 15 December 2031, 15 June 2032 and 15 December 2032, or following a Tax Event or Regulatory Event, MGL may elect to Resell all or some MCN7. If Resale occurs, MCN7 Holders will receive the Issue Price (\$100) for each of their MCN7 which is Resold.</p>	
<p>2.6.1 When can MGL choose to Resell MCN7?</p> <ul style="list-style-type: none"> • MGL may choose to Resell all or some MCN7: <ul style="list-style-type: none"> – on any Scheduled Optional Exchange Date; or – after a Tax Event or Regulatory Event. <p>Any subsequent redemption of the Resold MCN7 is subject to APRA's prior written approval. That approval is at the complete discretion of APRA and may or may not be granted.</p> <p>If MGL elects to Resell MCN7, MGL will appoint one or more third parties ("Nominated Parties") to purchase all or some MCN7. If MGL appoints more than one Nominated Party, MGL can determine the allocation of MCN7 purchased by each Nominated Party.</p> <p>MGL may appoint a Nominated Party on such terms as it may agree with the Nominated Party, including as to the conditions of any Resale, the procedures for settlement of such Resale, the substitution of a Nominated Party and the terms on which any MCN7 acquired by a Nominated Party may be Exchanged or otherwise dealt with. To the extent that such terms may cause the MCN7 to cease to be Relevant Securities forming part of Eligible Capital, such terms are subject to the prior written approval of APRA.</p> <p>MCN7 Holders have no right to request Resale of MCN7.</p>	<p>Clause 8 of the MCN7 Terms</p>
<p>2.6.2 What will MCN7 Holders receive if MCN7 are Resold?</p> <p>Each MCN7 Holder will receive \$100 for each MCN7 it holds which is being Resold and, if the Payment Conditions are met, a Distribution will be paid by MGL in respect of Resold MCN7 for the period since the last Distribution Payment Date to the date of Resale.</p>	<p>Clause 8.3 of the MCN7 Terms</p>
<p>2.6.3 If a Nominated Party does not pay the Resale Price will MCN7 Holders continue to hold MCN7?</p> <p>If, for any reason a Nominated Party does not pay the Resale Price on or within two Business Days of the Resale Date, the Resale to that Nominated Party will not occur and MCN7 Holders will continue to hold the relevant MCN7 in accordance with the MCN7 Terms.</p>	<p>Clause 8.6 of the MCN7 Terms</p>
<p>2.7 Non-Viability Event Exchange</p>	
<p>MGL is required to immediately Exchange MCN7 into Ordinary Shares if a Non-Viability Event occurs. Broadly, a Non-Viability Event occurs if</p>	

Topic and summary**Further information**

APRA has notified MGL in writing that (1) Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers MGL would become non-viable or (2) APRA has determined that without a public sector injection of capital, or equivalent support, MGL would become non-viable.

The Exchange Conditions do not apply to an Exchange following a Non-Viability Event. The number of Ordinary Shares that MCN7 Holders will receive on an Exchange in these circumstances will not be greater than the Maximum Exchange Number applicable to a Non-Viability Exchange Date.

As an Exchange in these circumstances would most likely occur during a time of financial difficulty for MGL, depending on the market price of Ordinary Shares at the relevant time, MCN7 Holders may receive less, or significantly less, than \$101 worth of Ordinary Shares per MCN7 and an MCN7 Holder may suffer loss as a consequence.

If, for any reason, MCN7 that are required to be Exchanged on account of a Non-Viability Event are not Exchanged within 5 Business Days of the Non-Viability Exchange Date, they will be Written-Off. If a Write-Off occurs, the MCN7 Holder's rights under that MCN7 are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and MCN7 Holders will suffer a total loss of their investment. If MCN7 are Written-Off, MCN7 Holders will have no claim on MGL (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares.

2.7.1 Why do the MCN7 Terms include a Non-Viability Event?

- The global bank Basel III capital framework includes requirements for conversion or write-off of capital instruments if the issuer becomes non-viable. APRA has implemented this framework for Australian banks with effect from 1 January 2013. In order to gain treatment as Eligible Capital under the NOHC Authority, it is also required that MCN7 be Exchanged or Written-Off on the occurrence of a Non-Viability Event.

2.7.2 What is a Non-Viability Event?

Clauses 4 and 18.2 of the MCN7 Terms

- A Non-Viability Event means APRA has notified MGL in writing that:
 - Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers MGL would become non-viable; or
 - APRA has determined that without a public sector injection of capital, or equivalent support, MGL would become non-viable.
- If a Non-Viability Event occurs which involves determination by APRA that a public sector injection of capital would be required, all MCN7 must be Exchanged.
- If a Non-Viability Event occurs which does not involve a determination by APRA that a public sector injection of capital would be required, MGL must immediately Exchange all or some MCN7. In determining the number of MCN7 which must be Exchanged, the following applies:
 - the aggregate face value of all Relevant Securities subject to Loss Absorption must equal the amount APRA has notified MGL (or if APRA has not notified MGL of that amount, the amount determined by MGL) to be necessary to satisfy APRA that MGL will not become non-viable;
 - Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption before other Relevant Securities are subject to Loss Absorption (unless the terms of such other Relevant Securities otherwise provide); and
 - MCN7 and other Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption on a proportionate basis (unless the terms of any such other security provide for that security to be subject to Loss Absorption other than on a proportionate basis with MCN7 and other such securities), or such other basis as MGL considers fair and reasonable (subject to such adjustment as MGL may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any MCN7 or other Relevant Securities that are Equal Ranking Obligations).
- Nothing in the making of the determination or the adjustments is to delay or impede the immediate Exchange of the MCN7 on the Non-Viability Exchange Date.
- There is no requirement that MGL's Ordinary Shares are cancelled or written-off before APRA determines a Non-Viability Event, or before MCN7 are required to be Exchanged or Written-Off on account of a Non-Viability Event.
- As at the date of this Prospectus, MGL has four other outstanding issue of Relevant Securities that are Equal Ranking Obligations (MCN3, MCN4, MCN5 and MCN6). If a Non-Viability Event were to occur and MGL is required to Exchange only some of the Relevant Securities then on issue, MGL will endeavour to apply the exchanged balances proportionally across the Relevant Securities (where it is permitted by their terms), or such other basis

Topic and summary**Further information**

that MGL considers is fair and reasonable. As a result, the proportion of MCN7 to be Exchanged (which may be all of the MCN7) may be lower if other Relevant Securities are on issue. There is no obligation on any member of the Macquarie Group to issue any Relevant Securities or maintain on issue MCN3, MCN4, MCN5, MCN6 or any other Relevant Securities in the future.

- If some (but not all) MCN7 are to be Exchanged on account of a Non-Viability Event:
 - MGL will endeavour to treat MCN7 Holders on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels of MCN7 and other similar considerations and the need to effect Exchange immediately; and
 - where Relevant Securities that are Equal Ranking Obligations are not all in the same currency, MGL may treat them as if converted into a single currency of MGL's choice at the rate of exchange that is specified in the terms of such securities or at such other rate as MGL in good faith considers reasonable.

2.7.3 What does non-viable mean?

- APRA has not provided specific guidance as to how it would determine non-viability. However, APRA has indicated that non-viability is likely to arise prior to the insolvency of an ADI.
- Non-viability could be expected to include serious impairment of MGL's financial position and insolvency. However, it is possible that APRA's definition of non-viable may not necessarily be confined to solvency measures or capital levels and may also include other matters such as liquidity.
- APRA has indicated that at this time it will not publish guidance on the specific parameters used to determine non-viability.

2.7.4 How many Ordinary Shares will MCN7 Holders receive on the Non-Viability Exchange Date?

Clauses 4.6 and 9.1 of the MCN7 Terms

- The number of Ordinary Shares an MCN7 Holder will receive per MCN7 on account of an Exchange following a Non-Viability Event is the Exchange Number (calculated as described below) but cannot be more than the Maximum Exchange Number applicable to a Non-Viability Exchange Date.
 - The Exchange Number on account of a Non-Viability Event Exchange is calculated in the same manner as for a Relevant Mandatory Exchange Date (see section 2.3.4). However:
 - the Exchange Date VWAP in this case is the volume weighted average price of Ordinary Shares during the period of 5 ASX Trading Days immediately preceding (but not including) the Non-Viability Exchange Date.
 - the Maximum Exchange Number applicable to a Non-Viability Exchange Date is calculated on the basis that the Relevant Percentage is 20%. As a result, the Maximum Exchange Number on account of a Non-Viability Event Exchange is higher than the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date.
 - Since Exchange Conditions do not apply to a Non-Viability Event, the Exchange Number of Ordinary Shares may be limited to the Maximum Exchange Number applicable to a Non-Viability Exchange Date. Accordingly, the Ordinary Shares an MCN7 Holder may receive in these circumstances may be worth significantly less than the Issue Price of MCN7 and an MCN7 Holder may suffer a loss as a consequence.
-

Topic and summary	Further information
<p>2.7.5 Are there any conditions to Exchange if a Non-Viability Event occurs?</p> <ul style="list-style-type: none"> • If a Non-Viability Event occurs, MGL must immediately Exchange all or some MCN7 into Ordinary Shares. • Exchange on the occurrence of a Non-Viability Event is not subject to the Exchange Conditions being satisfied and is required to occur immediately on the date the Non-Viability Event occurs. • MGL expects any ASX trades in MCN7 that have not been settled on the date a Non-Viability Event occurs will continue to settle in accordance with the normal ASX settlement, although MGL expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Exchange Number of Ordinary Shares into which MCN7 have been Exchanged as a result of the Non-Viability Event. • MGL must give MCN7 Holders notice as soon as practicable that a Non-Viability Event has occurred, including details of the number of MCN7 Exchanged. 	<p>Clauses 4.2, 4.5, 4.6 and 4.7 of the MCN7 Terms</p>
<p>2.7.6 What happens if MCN7 are not Exchanged following a Non-Viability Event?</p> <ul style="list-style-type: none"> • If, following a Non-Viability Event, for any reason (including, without limitation, an Inability Event), Exchange of MCN7 as required on account of a Non-Viability Event does not occur within 5 Business Days of the Non-Viability Exchange Date, then Exchange will not occur and each relevant MCN7 will be Written-Off. • An Inability Event will arise if MGL or any of its Related Bodies Corporate is prevented, for any reason, from observing or performing their obligations in respect of an Exchange (including in connection with the issue of Ordinary Shares). An example of when an Inability Event may occur would be if MGL were prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares. As at the date of this Prospectus, such laws could include Shareholding Laws (broadly, laws that relate to financial sector shareholdings, foreign acquisitions and takeovers and company takeovers). Other such laws may in future be specified by regulations made under the Banking Act. • However, Write-Off will also occur if the Exchange has not occurred for reasons other than an Inability Event. • If an MCN7 is Written-Off, the MCN7 Holder's rights under that MCN7 are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date, and MCN7 Holders will suffer a total loss of their investment. If MCN7 are Written-Off, MCN7 Holders will have no claim on MGL (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares. 	<p>Clauses 4.5, 9.17 and 18.2 of the MCN7</p>
<p>2.8 Exchange on an Acquisition Event</p>	
<p>MGL is required to Exchange MCN7 into Ordinary Shares where a person acquires control of MGL (except in certain circumstances). There are conditions to Exchange on an Acquisition Event which are designed to ensure that an MCN7 Holder will receive approximately \$101 worth of Ordinary Shares for each MCN7 they hold and the Ordinary Shares received are capable of being sold on ASX. However, these conditions do not apply if the Directors determine that the Exchange is in any event in the best interests of MCN7 Holders as a whole.</p>	
<p>2.8.1 What is an Acquisition Event?</p> <ul style="list-style-type: none"> • An Acquisition Event broadly means any of: <ul style="list-style-type: none"> – a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and as a result the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; – a court approves a scheme of arrangement which, when implemented will result in a person having a relevant interest in more than 50% of the Ordinary Shares on issue; or – a person acquires, or enters into an agreement (which is or becomes unconditional) to beneficially acquire more than 50% of the voting shares in the capital of MGL. • However, an Acquisition Event will not occur where that event occurs as part of a solvent reorganisation of MGL which is initiated by the Directors or, in the reasonable opinion of MGL, would not be materially adverse to the interests of MCN7 Holders as a whole, and the acquiring entity assumes corresponding obligations to issue ordinary shares to MCN7 Holders where MGL would be required to issue Ordinary Shares. Such an entity is referred to as an Approved Acquirer. 	<p>Clause 18.2 of the MCN7 Terms</p>

Topic and summary	Further information
<p>2.8.2 What are the consequences of an Acquisition Event for MCN7 Holders?</p> <ul style="list-style-type: none"> • If an Acquisition Event occurs, all MCN7 will be Exchanged for the Exchange Number of Ordinary Shares (subject to the Exchange Number being no greater than the Maximum Exchange Number applicable to an Acquisition Exchange Date) unless the Directors determine that: <ul style="list-style-type: none"> – as at the Acquisition Exchange Date, MGL will be, or is likely to be, Delisted; or – the Exchange Number of Ordinary Shares to be issued in exchange for an MCN7 would exceed the Maximum Exchange Number applicable to that Acquisition Exchange Date (except in limited circumstances). • The Maximum Exchange Number applicable to an Acquisition Exchange Date is calculated on the basis that the Relevant Percentage is 20%. As a result, the Maximum Exchange Number in the event of an Exchange on an Acquisition Event is higher than the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date. The effect of this is that the second of the conditions referred to in the paragraph above will be met if the VWAP during the 20 ASX Trading Days immediately preceding the Acquisition Exchange Date is greater than 20.202% of the Issue Date VWAP. • If either of the conditions in the first paragraph above applies, Exchange will still occur if the Directors determine that the Exchange would be in the best interests of the MCN7 Holders as a whole, notwithstanding that MGL will be, or is likely to be, Delisted or the number of Ordinary Shares is limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date. In this situation MCN7 Holders would receive less than \$101 worth of Ordinary Shares and/or may be unable to trade the Ordinary Shares received. 	<p>Clauses 6.1 and 9.1 of the MCN7 Terms</p>
<p>2.8.3 How many Ordinary Shares will MCN7 Holders receive on the Acquisition Exchange Date?</p> <p>In the ordinary course, Exchange of MCN7 following an Acquisition Event will be for approximately \$101 worth of Ordinary Shares per MCN7, based on the VWAP calculated over a period of up to 20 ASX Trading Days immediately preceding the Acquisition Exchange Date (calculated in the same manner as for a Relevant Mandatory Exchange Date as described in section 2.3.4 with the Acquisition Exchange Date substituted for the Relevant Mandatory Exchange Date).</p> <p>The VWAP during this period may differ from the Ordinary Share price on or after the Acquisition Exchange Date. This means that the value of Ordinary Shares received may be more or less than approximately \$101 when they are issued or at any time after that.</p> <p>If MGL will be, or will be likely to be, Delisted on the Acquisition Exchange Date, Exchange will only occur if the Directors determine that it would be in the best interests of the MCN7 Holders, taken as a whole. This means that upon Exchange, MCN7 Holders may be issued with the Exchange Number (subject to the Maximum Exchange Number applicable to an Acquisition Exchange Date) of Ordinary Shares, based on the VWAP for a VWAP Period when MGL was listed. At the time of Exchange, the value of Ordinary Shares may be uncertain and MCN7 Holders may be unable to trade those Ordinary Shares.</p> <p>If the Exchange Number (calculated as if it were not limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date) is greater than the Maximum Exchange Number applicable to an Acquisition Exchange Date then Exchange will not occur unless the Directors determine that the Exchange would be in the best interests of the MCN7 Holders taken as a whole. If, in this situation, Exchange proceeds, MCN7 Holders will receive the Maximum Exchange Number applicable to an Acquisition Exchange Date of Ordinary Shares. The Maximum Exchange Number of Ordinary Shares may be worth significantly less than \$101 and an MCN7 Holder may suffer a loss as a consequence.</p>	<p>Clauses 6.1 and 9.1 of the MCN7 Terms</p>
<p>2.8.4 If Exchange does not occur following an Acquisition Event, will MCN7 Holders continue to hold MCN7?</p> <p>Where Exchange does not occur following an Acquisition Event, MCN7 Holders will continue to hold MCN7 in accordance with the MCN7 Terms.</p>	<p>Clause 9.13 of the MCN7 Terms</p>

Topic and summary	Further information
2.9 Regulatory treatment of MCN7	
2.9.1 What are MGL's prudential capital requirements? MGL is an authorised NOHC, regulated by APRA. MGL is required by APRA to hold sufficient capital to meet the requirements of the Bank Group (based on APRA's ADI prudential standards) and the Non-Bank Group (calculated using the Macquarie Group's Economic Capital Adequacy Model ("ECAM")).	Section 4.7.3
2.9.2 Who is the Australian Prudential Regulation Authority (APRA) <ul style="list-style-type: none"> APRA is the prudential regulator of the Australian financial services industry. APRA oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies and most members of the superannuation industry. APRA's website at www.apra.gov.au includes further details of its functions and prudential standards. 	
2.9.3 What is Regulatory capital? <ul style="list-style-type: none"> APRA's regulatory capital prudential standards aim to ensure that banks and non-operating holding companies of financial groups, like MGL, maintain adequate capital to support the risks associated with their activities and can withstand unexpected losses. APRA has detailed guidance and restrictions on the types of capital instruments that are permitted to be included in a bank or financial conglomerate's regulatory capital base. Under Macquarie's NOHC authorisation, this capital is referred to as "Eligible Capital". 	
2.9.4 What is the regulatory treatment of MCN7? <ul style="list-style-type: none"> APRA has assessed that MCN7 will be Eligible Capital under Macquarie's NOHC Authority. If APRA's treatment of the MCN7 changes (for example as an outcome of the consultation foreshadowed in the APRA Discussion Paper), a Regulatory Event may occur. See further section 2.4.3 on "Regulatory Event". 	Section 4.7.4 for the APRA Discussion Paper
2.10 Ranking of MCN7	
2.10.1 How will MCN7 rank in a Winding Up of MGL <ul style="list-style-type: none"> If a Winding Up occurs in relation to MGL, MCN7 will rank ahead of Ordinary Shares, equally with all other MCN7 and Equal Ranking Obligations (which currently includes obligations in respect of MCN3, MCN4, MCN5 and MCN6), but behind all Senior Creditors. Any return in a Winding Up of MGL may be adversely affected if a Non-Viability Event occurs (see section 2.7). If this happens all or some MCN7 will be required to be Exchanged, or, if Exchange has not occurred within 5 Business Days, Written-Off. If an MCN7 is Exchanged, the MCN7 Holder would become a holder of Ordinary Shares and those shares may be worth significantly less than the Issue Price of the MCN7. If an MCN7 is Written-Off the MCN7 Holder will suffer a total loss of their investment in MCN7 and will have no claim on MGL (even though Ordinary Shares are still on issue). In this case as Ordinary Shares will still be on issue, an MCN7 Holder is likely to be worse off than a holder of Ordinary Shares. 	
2.11 Other	
2.11.1 Can Ordinary Shares on Exchange be issued to a Sale Agent? <ul style="list-style-type: none"> In certain limited circumstances, Ordinary Shares may be issued to a Sale Agent instead of the relevant MCN7 Holder on Exchange. These circumstances include where: <ul style="list-style-type: none"> the MCN7 Holder has requested MGL to do so; the MCN7 are held by a Foreign Holder; for any reason MGL does not have the information required to issue Ordinary Shares to an MCN7 Holder, or a FATCA Withholding is required to be made; or 	

Topic and summary	Further information
<ul style="list-style-type: none"> – MGL is of the opinion that the MCN7 Holder is prohibited from acquiring Ordinary Shares under an applicable Shareholding Law. • None of MGL, the Trustee or any Sale Agent owe any duty to the MCN7 Holder in relation to the price at which Ordinary Shares are sold. • If Ordinary Shares are required to be issued to a Sale Agent in respect of an Exchange that is not on account of a Non-Viability Event and the Sale Agent is unable to be appointed, the Issue of Ordinary Shares may be deferred for up to six months, when the rights of MCN7 Holders (other than to receive the proceeds of sale from the Sale Agent) cease. 	
<p>2.11.2 Is set-off applicable?</p> <p>An MCN7 Holder has no right to set-off any amounts owing by it to a member of the Macquarie Group against any claims owing by MGL or another member of the Macquarie Group to such MCN7 Holder. Equally, MGL has no right to set-off any amounts owing by it to an MCN7 Holder in respect of the MCN7 against any claims owing by the MCN7 Holder to it or any member of the Macquarie Group.</p>	<p>Clause 11.5 of the MCN7 Terms</p>
<p>2.11.3 What is the time limit on claims?</p> <p>A claim against MGL for a payment under an MCN7 is void unless made within 5 years from the date on which payment first became due.</p>	<p>Clause 11.9 of the MCN7 Terms</p>
<p>2.11.4 Do MCN7 carry voting rights in respect of MGL?</p> <ul style="list-style-type: none"> • MCN7 Holders have no voting rights in respect of MGL or any other member of the Macquarie Group on account of holding MCN7. • MCN7 Holders may vote at meetings for MCN7 Holders in accordance with the Trust Deed. 	<p>Clause 15.2 of the MCN7 Terms</p>
<p>2.11.5 Can MGL issue further securities?</p> <ul style="list-style-type: none"> • MGL has the right in its absolute discretion to issue shares or other securities of any kind. • MCN7 confer no rights on an MCN7 Holder to subscribe for new securities or participate in any bonus issues of securities of MGL or any other member of the Macquarie Group. 	<p>Clause 1.7 of the MCN7 Terms and section 5.1.18</p>
<p>2.11.6 Are MCN7 Holders bound by determinations made by MGL?</p> <p>Except in the case of manifest or proven error or fraud, calculations, elections and determinations made by MGL under the MCN7 Terms are binding on MCN7 Holders.</p>	<p>Clause 18.1(i) of the MCN7 Terms</p>
<p>2.11.7 What is the power of attorney?</p> <p>Each MCN7 Holder agrees to appoint MGL, its authorised officers and any external administrator severally to be its attorney to sign all documents and transfers and to do any other thing as may in the attorney's opinion be necessary or desirable to give effect to, record or perfect a Redemption, Resale, Exchange or Write-Off in accordance with the MCN7 Terms or to facilitate the performance or observance of the obligations of the Holder arising in connection with any such Redemption, Resale or Exchange or a Write-Off.</p>	<p>Clause 10.2(a) of the MCN7 Terms</p>
<p>2.11.8 Can MGL amend the MCN7 Terms and Trust Deed?</p> <ul style="list-style-type: none"> • Subject to complying with all applicable laws, and with APRA's prior written approval where required, MGL may amend the MCN7 Terms and Trust Deed without the consent of MCN7 Holders or the Trustee in certain circumstances. The amendments that MGL may make without such consent include changes: <ul style="list-style-type: none"> – of a formal, minor or technical nature, or made to correct any ambiguity or any manifest or proven error; – to facilitate the listing, clearing, offering for sale or Resale of the MCN7; – necessary to comply with the provisions of any statute or the requirements of any statutory authority; – in respect of any time or notice periods stated, required or permitted in connection with any Exchange without such amendment materially adversely affecting the interest of Holders as a whole; – to align the MCN7 Terms with the terms of any Relevant Securities eligible for inclusion as Eligible Capital 	<p>Clause 14 of the MCN7 Terms and section 5.1.27</p>

Topic and summary	Further information
<p>issued after the Issue Date and is necessary or desirable to enable MGL to continue to treat such MCN7 as Eligible Capital;</p> <ul style="list-style-type: none"> – to give effect to any agreement with any Nominated Party; – necessary and appropriate to effect the substitution of an Approved Acquirer (as described below); or – that MGL does not consider in its reasonable opinion to be materially adverse to the interests of MCN7 Holders as a whole, subject to the requirement for Trustee approval as described as follows. <ul style="list-style-type: none"> • Any amendment to the MCN7 Terms or Trust Deed which may have an adverse effect on the Trustee's rights and obligations under the Trust Deed must in all cases first be approved by the Trustee. • Where MGL proposes to make certain amendments that it does not consider to be materially adverse to the interests of MCN7 Holders as a whole, MGL must give at least 35 days' prior notice of the proposed amendment to the Trustee. If the Trustee notifies MGL that the proposed amendment may be materially adverse to the interests of MCN7 Holders as a whole, the proposed amendment must be approved by an Ordinary Resolution. • MGL may also, with APRA's prior written approval to the extent any such amendments may cause the MCN7 to cease to be Relevant Securities eligible for inclusion as Eligible Capital, amend the MCN7 Terms and Trust Deed if the amendment has been approved by a Special Resolution and by the Trustee. 	
<p>2.11.9 What is an Approved Acquirer?</p> <ul style="list-style-type: none"> • As described in section 2.8.1, an Approved Acquirer may be substituted as issuer of listed ordinary shares in its capital whenever MCN7 are required to be Exchanged in the manner contemplated by the MCN7 Terms. The substitution of an Approved Acquirer is not an Acquisition Event. • MGL may make such amendments to the MCN7 Terms and Trust Deed that it considers necessary and appropriate to effect the substitution of the Approved Acquirer, with the prior written approval of APRA (to the extent that any such amendments may cause the MCN7 to cease to be Relevant Securities eligible for inclusion as Eligible Capital) but without the consent of the MCN7 Holders or the Trustee. However, where such an amendment may have an adverse effect on the Trustee's personal rights and obligations under the Transaction Documents, it must first be approved by the Trustee. • MCN7 Holders do not have any right to vote on the substitution of an Approved Acquirer. • Following the substitution of an Approved Acquirer as the issuer of Ordinary Shares on conversion but prior to any Exchange of MCN7, MCN7 Holders continue to hold a note issued by MGL which ranks in the winding up of MGL as described in section 1.2.12 and which is convertible into ordinary shares in the Approved Acquirer in the same circumstances in which it would have otherwise been converted into Ordinary Shares in MGL. 	<p>Clauses 14.2 and 18.1 of the MCN7 Terms</p>
<p>2.11.10 Can Macquarie Group purchase MCN7?</p> <p>Subject to APRA's prior written approval, any member of the Macquarie Group may purchase MCN7 at any time and at any price.</p>	<p>Clause 15.4 of the MCN7 Terms</p>

Topic and summary	Further information
<p>2.11.11 What are the taxation implications of investing in MCN7?</p> <ul style="list-style-type: none"> The taxation implications of investing in MCN7 will depend on an investor's individual circumstances and the tax rules that apply at the time of each distribution. Prospective investors should obtain their own taxation advice. A general outline of the Australian taxation implications for certain Australian investors participating in the Offer is included in the Australian taxation summary at section 6.1. 	Section 6
<p>2.11.12 Is brokerage, commission or stamp duty payable on Applications for MCN7?</p> <ul style="list-style-type: none"> No stamp duty is payable on Applications for MCN7 (including Applications under the Reinvestment Offer) provided that no person obtains, either alone or with associates, an interest of 90% or more in MGL. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded. MCN7 Holders may have to pay brokerage (and applicable GST) on any subsequent transfer of MCN7 on ASX after quotation or on any transfer of Ordinary Shares that may be quoted on an Exchange. No stamp duty should be payable by an MCN7 Holder on the issue of Ordinary Shares on Exchange or the transfer of Ordinary Shares as long as MGL is listed, its shares are quoted on ASX and no person (alone or with its associates) will acquire or hold a 90% or more interest in MGL. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded. 	Section 6.1.12
<p>2.11.13 What withholding or deductions are applicable?</p> <ul style="list-style-type: none"> MGL has the right to withhold or deduct from any payment or issue of Ordinary Shares the amount of any withholding or other tax required to be withheld or deducted by law (including in order for it to comply with FATCA). If a withholding or deduction is made from a payment in respect of MCN7, there is no obligation on MGL to gross-up a Distribution on account of such withholding or deduction. 	Clause 11.4 of the MCN7 Terms and section 5.1.25
<p>2.11.14 Notices</p> <p>While MCN7 are quoted on ASX, all notices by MGL to MCN7 Holders may be given by publication on ASX. The MCN7 Terms also permit notices to be given by newspaper advertisement, by email or by post. Notices to MGL and the Trustee may be given by post.</p>	Clause 13 of the MCN7 Terms

03

About the Reinvestment Offer



3. About the Reinvestment Offer

Topic	Summary
3.1 Overview	
3.1.1 What are MCN3?	MCN3 are mandatorily convertible capital notes and constitute direct, subordinated and unsecured obligations of MGL. They were issued by MGL in 2018 and trade on ASX under the code MQGPC.
3.1.2 What is the Reinvestment Offer?	<p>Under the Reinvestment Offer, Eligible MCN3 Holders may apply for MCN3 registered in their name at 7:00pm (AEST) on 14 August 2024 to be resold to the MCN3 Purchaser for \$100 per MCN3 and have their MCN3 resale proceeds reinvested into MCN7 on the Reinvestment Date.</p> <p>Once you have submitted an Application to reinvest your MCN3, a holding lock will be placed on those MCN3. You will not be able to deal with those MCN3 until they are released from the holding lock. The holding lock will be released:</p> <ul style="list-style-type: none"> • on any MCN3 not successfully reinvested into MCN7 as soon as practicable after the Issue Date; and • as soon as practicable if MGL decides not to proceed with the Offer. <p>Any Reinvestment MCN3 resold to the MCN3 Purchaser under the Reinvestment Offer will be redeemed on the Issue Date once those Reinvestment MCN3 are held by the MCN3 Purchaser. The number of Reinvestment MCN3 redeemed in the hands of the MCN3 Purchaser will be announced on ASX.</p> <p>Eligible MCN3 Holders have a number of options in relation to their MCN3, which are set out in further detail in section 3.2.</p> <p>Important: There are important differences between MCN3 and MCN7 that Eligible MCN3 Holders should consider before deciding whether to apply to participate in the Reinvestment Offer. See section 3.4 which further describes the differences between MCN3 and MCN7.</p>
3.1.3 What is the purpose of the Reinvestment Offer?	The Reinvestment Offer will enable MGL to refinance MCN3 and gives Eligible MCN3 Holders the opportunity to reinvest in MCN7 and maintain an ongoing investment in securities issued by MGL.
3.1.4 Am I eligible to participate in the Reinvestment Offer?	<p>You are eligible to participate in the Reinvestment Offer if you:</p> <ul style="list-style-type: none"> • were registered as a holder of MCN3 at 7:00pm (AEST) on 14 August 2024 (relevant MCN3 must also be held on the Closing Date for the Reinvestment Offer); • are shown on the MCN3 register as having an address in Australia; • are not in the United States or acting as a nominee for, or for the account or benefit of, a person in the United States or not otherwise prevented from receiving the Reinvestment Offer or MCN7 under the laws of any jurisdiction; • are an Institutional Investor or a client of a Syndicate Broker who is either a Wholesale Investor or a Retail Investor who has received personal advice from a qualified financial adviser in relation to your investment in MCN7. <p>See also section 7.9 - Foreign Selling Restrictions.</p>
3.1.5 Who is the MCN3 Purchaser?	Citigroup Global Markets Australia Pty Limited (ACN 003 114 832) (or a permitted successor).

Topic	Summary
3.1.6 How do I apply to participate in the Reinvestment Offer?	<p>All Applications under the Reinvestment Offer must be submitted through a Syndicate Broker. A list of the appointed Joint Lead Managers and Co-Managers who are Syndicate Brokers to the Offer can be found on the front cover and in the Corporate Directory at the end of this Prospectus.</p> <p>Applications under the Reinvestment Offer will only be accepted from investors who satisfy the eligibility requirements in accordance with the Target Market Determination. You should contact a Syndicate Broker to obtain more information on whether you meet the eligibility requirements.</p> <p>See section 3.2 and section 8 for information on how to apply to participate in the Reinvestment Offer.</p>
3.1.7 Do I need to apply for a minimum number of MCN7?	<p>There is no minimum number of MCN3 that you must hold to be able to participate in the Reinvestment Offer. However, if you are an Eligible MCN3 Holder and hold 50 MCN3 or fewer at 7:00pm (AEST) on 14 August 2024, you can still apply to participate in the Reinvestment Offer but you must apply to reinvest all your MCN3 in MCN7 if you wish to participate in the Reinvestment Offer. If you are an Eligible MCN3 Holder and own more than 50 MCN3 at 7:00pm (AEST) on 14 August 2024, you can:</p> <ul style="list-style-type: none"> • reinvest all of your MCN3; or • apply for the minimum number of 50 MCN7 (\$5,000).
3.1.8 What happens if I have sold or purchased MCN3 after 7:00pm (AEST) on 14 August 2024?	<p>If you have sold any MCN3 you held at 7:00pm (AEST) on 14 August 2024, you cannot apply to have those MCN3 reinvested in MCN7.</p> <p>Additionally, if you have purchased any MCN3 after 7:00pm (AEST) on 14 August 2024, you cannot apply to have those MCN3 reinvested in MCN7.</p>
3.1.9 Can I sell my MCN3 after I have completed and returned my Application under the Reinvestment Offer?	<p>No - once your Application has been received, a holding lock will be placed on the MCN3 the subject of your Application and you will not be able to successfully deal with those MCN3 until they are released from the holding lock.</p> <p>If, on the Closing Date for the Reinvestment Offer, you hold a greater or lesser number of MCN3 than you elect to reinvest, you will be taken to have applied to reinvest the lesser of the number of MCN3 applied for and the number of MCN3 registered in your name on the Closing Date for the Reinvestment Offer. An Application to participate in the Reinvestment Offer is irrevocable once submitted but will only be effective so long as it is accepted and the Offer proceeds.</p>
3.1.10 Can I continue to sell my MCN3 on market?	<p>If you do not participate in the Reinvestment Offer, yes. You may choose to sell your MCN3 on market through your broker at the prevailing market price, that may be higher or lower than the price you would receive if you were to participate in the Reinvestment Offer.</p> <p>The market price of MCN3 is subject to change from time to time. The current market price of MCN3 is available on the ASX website (www.asx.com.au), under the code "MQGPC".</p> <p>If you elect to sell your MCN3 on market, you:</p> <ul style="list-style-type: none"> • may have to pay brokerage and may receive a price greater or less than the issue price of \$100 per MCN3; and • have the option to use the sale proceeds of the MCN3 you sell to subsequently acquire MCN7 on market. <p>Following completion of the Reinvestment Offer, it is expected that the number of MCN3 quoted on ASX will significantly reduce. This may affect the liquidity of the market for MCN3 and their market price.</p>

Topic	Summary
3.1.11 Can I apply for additional MCN7?	<p>Eligible MCN3 Holders may also apply for more MCN7 than the number of MCN3 registered in their name at 7.00pm (AEST) on 14 August 2024. The minimum number of additional MCN7 you can apply for if you elect to reinvest your MCN3 as part of the Reinvestment Offer is 50 MCN7 (\$5,000).</p> <p>An application for additional MCN7 can only be made through Syndicate Brokers.</p> <p>Eligible MCN3 Holders who do not wish to participate in the Reinvestment Offer may apply for MCN7 through Syndicate Brokers if they wish.</p>
3.1.12 Will I receive a priority allocation of MCN7?	<p>There is no guaranteed allocation of MCN7 under the Reinvestment Offer but Macquarie will endeavour to give priority to Applications under the Reinvestment Offer over other Applications in determining the allocation of MCN7.</p> <p>See section 8.6.2 for information on the allocation policy.</p>
3.1.13 Will all Applications under the Reinvestment Offer be accepted?	<p>MGL does not guarantee to accept Applications under the Reinvestment Offer. If your Application under the Reinvestment Offer is not accepted the relevant MCN3 will remain on issue in accordance with the MCN3 Terms.</p> <p>See section 8.6.2 for information on the allocation policy.</p>
3.1.14 Why have the MCN3 Terms been amended?	<p>MGL has amended the MCN3 Terms to facilitate the Reinvestment Offer, including to enable the resale of Reinvestment MCN3 to the MCN3 Purchaser on the Issue Date for \$100 per Reinvestment MCN3.</p> <p>The amended MCN3 Terms were lodged by MGL with the ASX on 19 August 2024.</p>
3.1.15 What are the tax implications of having my MCN3 reinvested and will any brokerage or stamp duty be payable?	<p>A general outline of the taxation implications for certain Australian investors participating in the Offer (including through the Reinvestment Offer) can be found in the Australian taxation summary in section 6.</p> <p>No brokerage or stamp duty is payable on the sale of your MCN3 to MGL or your Application for MCN7 provided that no person obtains, either alone or with an associate, an interest of 90% or more in MGL. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded.</p> <p>MCN3 holders who choose to sell their MCN3 on market through their broker may be required to pay applicable brokerage (and applicable GST).</p> <p>The taxation implications of participating in the Reinvestment Offer will depend on an investor's individual circumstances. You should refer to the Australian taxation summary in section 6.2 and obtain your own taxation advice before you dispose of MCN3 or invest in MCN7 (including through the Reinvestment Offer).</p>
3.1.16 What will happen if I don't participate in the Reinvestment Offer or the Reinvestment Offer does not proceed?	<p>If you do not participate in the Reinvestment Offer, or your Application under the Reinvestment Offer is not accepted, your MCN3 will remain on issue in accordance with the MCN3 Terms. Under the MCN3 Terms, MGL may elect to exchange, redeem or resell the MCN3 on 16 December 2024, subject to APRA's prior written approval, further conditions and MGL's absolute discretion. No decision to exchange, redeem or resell MCN3 on 16 December 2024 has yet been made.</p> <p>Following completion of the Reinvestment Offer, it is expected that the number of MCN3 quoted on ASX will significantly reduce. This may affect the liquidity of the market for MCN3 and their market price.</p>

Topic	Summary
3.2 Options available to Eligible MCN3 Holders	
3.2.1 Option 1 – apply through a Syndicate Broker to reinvest your MCN3 in MCN7	<ul style="list-style-type: none"> • If you are an Eligible MCN3 Holder and you are an Australian resident client of a Syndicate Broker, you may apply to participate in the Reinvestment Offer through a Syndicate Broker. • You may apply to reinvest MCN3 registered in your name at 7.00pm (AEST) on 14 August 2024 in MCN7. You may also choose to apply for more MCN7. • You will not be required to pay the Application Payment unless you apply for more MCN7 than the number of MCN3 registered in your name at 7.00pm (AEST) on 14 August 2024. • You should contact a Syndicate Broker for instructions on how to submit an Application and, if applicable, the Application Payment.
3.2.2 Option 2 – sell your MCN3 on market through your broker	<ul style="list-style-type: none"> • You may choose to sell your MCN3 on market through your broker or otherwise at the prevailing market price in the usual course. • The market price of MCN3 is subject to change from time to time. Up-to-date information about the market price of MCN3 can be obtained from www.asx.com.au (ASX code “MQGPC”). • Under this option, you may have to pay brokerage and may receive a price greater or less than the face value of \$100 per MCN3. • Following completion of the Reinvestment Offer, it is expected that the number of MCN3 quoted on ASX will significantly reduce. This may affect the liquidity of the market for MCN3 and their market price.
3.2.3 Option 3 – purchase MCN7 through a Syndicate Broker	<p>Eligible MCN3 Holders who do not wish to participate in the Reinvestment Offer may apply for MCN7 through a Syndicate Broker if they wish.</p>
3.2.4 Option 4 – take no action	<ul style="list-style-type: none"> • Eligible MCN3 Holders are not required to participate in the Reinvestment Offer and as such are not required to take any action. • If you do not participate in the Reinvestment Offer, your MCN3 will remain on issue in accordance with the MCN3 Terms. • Under the MCN3 Terms, MGL may elect to exchange, redeem or resell MCN3 on 16 December 2024, subject to APRA’s prior written approval, further conditions and MGL’s absolute discretion. No decision to exchange, redeem or resell MCN3 on 16 December 2024 has yet been made.

3.3 Risks associated with participating in the Reinvestment Offer

If you are an Eligible MCN3 Holder and you apply under the Reinvestment Offer, you may receive an allocation of MCN7. As such, you will be subject to the risks associated with an investment in MCN7 and in MGL, many of which are outside the control of MGL and its Directors. These risks are outlined in section 5 and should be considered before you apply under the Reinvestment Offer.

Although there are similarities between MCN3 and MCN7, the Reinvestment Offer is not a simple rollover into an identical investment. MCN7 and MCN3 have different benefits and risks, which must be evaluated separately (see section 2). See section 3.4 below for a summary of the key differences between MCN3 and MCN7.

The \$100 per Reinvestment MCN3 to which Eligible MCN3 Holders who successfully participate in the Reinvestment Offer are entitled to receive from the MCN3 Purchaser may be less than the ASX trading price of MCN3. Additionally, the Margin for MCN7 may be lower than the margin for MCN3. The trading price for MCN7 may be lower than the trading price of MCN3 or less than \$100.

Therefore, rather than participating in the Reinvestment Offer, it is possible that Eligible MCN3 Holders may obtain a better financial outcome by selling their MCN3 on market and subsequently investing the proceeds in MCN7 on market or not reinvesting at all.

Following completion of the Reinvestment Offer, it is expected that the number of MCN3 quoted on ASX will significantly reduce. This may affect the liquidity of the market for MCN3 and their market price.

3.4 Key differences between MCN3 and MCN7

There are a number of differences between MCN3 and MCN7 of which you should be aware before deciding to reinvest your MCN3 under the Reinvestment Offer. The following table describes the key features of the MCN3 and MCN7 and highlights the main differences between them. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to apply for MCN7.

Topic	MCN3	MCN7
Issuer	MGL	MGL
Legal form	Mandatorily convertible note	Mandatorily convertible note
Face value	\$100	\$100
ASX code	MQGPC	MQGPG
Term	Perpetual ⁽¹⁾	Perpetual ⁽²⁾
Margin	4.00%	The Margin is 2.65% which was determined under a Bookbuild.
Distributions	Floating rate. As a result, distributions will most likely change every 3 months.	Floating rate. As a result, Distributions will most likely change every 3 months.
	Frankable.	Frankable.
	The amount of cash distribution will be lower where the distribution is franked.	The amount of cash Distribution will be lower where the Distribution is franked.
Distribution payment conditions	Distribution will be made unless: <ul style="list-style-type: none">• MGL, in its absolute discretion, determines that the distribution is not payable;	Distribution will be made unless: <ul style="list-style-type: none">• MGL, in its absolute discretion, determines that the Distribution is not payable;

⁽¹⁾ Unless redeemed, exchanged or written-off earlier. Subject to the satisfaction of certain conditions, the MCN3 will be mandatorily exchanged on the mandatory exchange date.

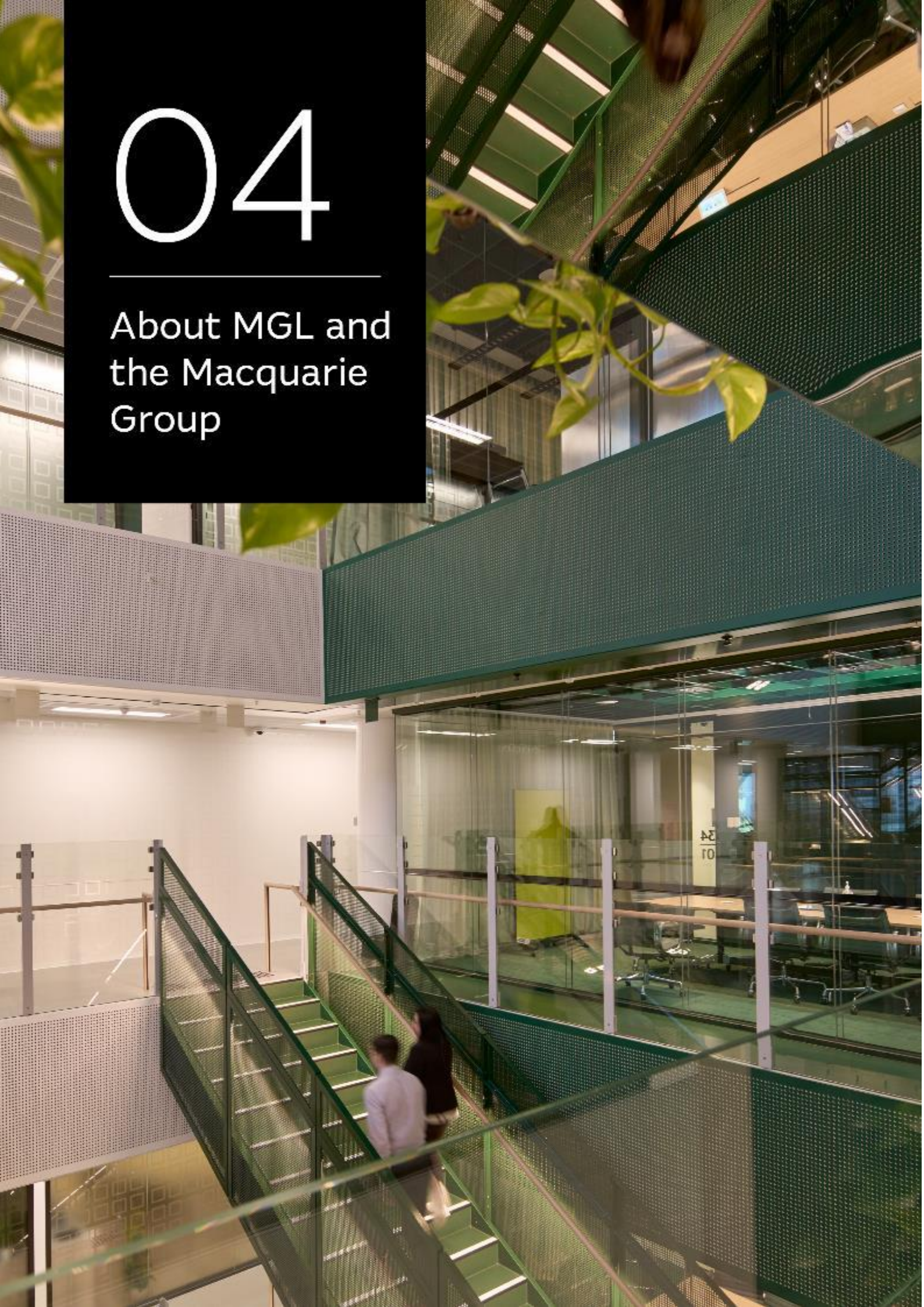
⁽²⁾ Unless Redeemed, Exchanged or Written-Off earlier. Subject to the satisfaction of certain conditions, the MCN7 will be mandatorily Exchanged on the Mandatory Exchange Date.

Topic	MCN3	MCN7
	<ul style="list-style-type: none"> • payment of the distribution would result in MGL breaching APRA's capital adequacy requirements applicable to it; • payment of the distribution would result in MGL becoming, or likely to become, insolvent for the purposes of the Corporations Act; or • APRA objects to the payment of the distribution. 	<ul style="list-style-type: none"> • payment of the Distribution would result in MGL breaching APRA's capital adequacy requirements applicable to it; • payment of the Distribution would result in MGL becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or • APRA objects to the payment of the Distribution.
Redemption/resale	MGL may elect to redeem or resell on 16 December 2024, 16 June 2025 and 15 December 2025 ⁽¹⁾ , subject to APRA approvals.	MGL may elect to Redeem or Resell on 15 December 2031, 15 June 2032 and 15 December 2032, subject to APRA approvals.
Conversion/exchange	MGL must exchange for Ordinary Shares on 15 December 2027 if the exchange conditions are satisfied. MGL may elect to exchange for Ordinary Shares on 16 December 2024, 16 June 2025 or 15 December 2025 if the exchange conditions are satisfied.	MGL must Exchange for Ordinary Shares on 15 December 2034 if the Exchange Conditions are satisfied. MGL may elect to Exchange for Ordinary Shares on 15 December 2031, 15 June 2032 or 15 December 2032 if the Exchange Conditions are satisfied.
MGL ordinary share price for first mandatory exchange condition	Greater than \$63.93 (being 56% of the MCN3 issue date VWAP)	Greater than 56% of the Issue Date VWAP
MGL ordinary share price for the second mandatory exchange condition	Greater than \$57.65 (being 50.505% of the MCN3 issue date VWAP)	Greater than 50.505% of the Issue Date VWAP
Exchange or Write-Off on Non-Viability Event	Yes	Yes
Ranking in a winding up of MGL	Ahead of Ordinary Shares, equally with other MCN3 and equal ranking obligations (including MCN4, MCN5, MCN6 and MCN7) but behind all other MGL creditors. Ranking may be affected by a Non-Viability Event.	Ahead of Ordinary Shares, equally with other MCN7 and Equal Ranking Obligations (including MCN3, MCN4, MCN5, MCN6) but behind all Senior Creditors of MGL. Ranking may be affected by a Non-Viability Event.
Protected under the Financial Claims Scheme	No	No

⁽¹⁾ Due to the business day convention, the scheduled optional exchange dates are deferred from 15 December 2024 to 16 December 2024 and from 15 June 2025 to 16 June 2025.

04

About MGL and the Macquarie Group



4. About MGL and the Macquarie Group

4.1 Introduction

MGL is listed in Australia and is regulated by APRA, the Australian banking regulator, as a non-operating holding company of MBL, an ADI.

The Macquarie Group's activities are also subject to supervision by various other regulatory agencies around the world.

The Macquarie Group's breadth of expertise covers asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advice, access to capital and principal investment. The diversity of its operations, combined with a strong capital position and robust risk management framework, has contributed to Macquarie's 55-year record of unbroken profitability.

The Macquarie Group works with government, institutional, corporate and retail clients and counterparties around the world, providing a diversified range of products and services. It has established leading market positions as a global specialist in a wide range of sectors, including renewables, infrastructure, resources, commodities and energy.

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

As at 31 March 2024, the Macquarie Group employed over 20,600⁽¹⁾ people and had total assets of A\$403.4 billion and total equity of A\$34.0 billion. For the year ended 31 March 2024, Macquarie Group's net operating income was A\$16.9 billion and profit attributable to ordinary equity holders of MGL was A\$3.5 billion, with 66% of the Macquarie Group's total operating income (excluding earnings on capital and other corporate items) derived from regions outside Australia and New Zealand.⁽²⁾

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

4.2 Reporting and disclosing obligations

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

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

- the 2024 Annual Report most recently provided to ASX by MGL (on 3 May 2024);
- the 2024 Interim Financial Report most recently provided to ASX by MGL (on 3 November 2023);
- any continuous disclosure notices given by MGL after the release of the 2024 Annual Report and before the lodgement of this Prospectus with ASIC; and
- the MGL Constitution.

More information about MGL and the Macquarie Group and its businesses can be found at www.macquarie.com. During the Offer Period, you can obtain a copy of the above documents free of charge at www.macquarie.com or by phoning the MCN7 Offer Information Line on 1800 883 072 (within Australia) or on +61 1800 883 072 (International).

⁽¹⁾ This figure includes staff employed in certain operationally segregated subsidiaries.

⁽²⁾ Operating income is classified as 'international' with reference to the geographic location from which the operating income is reported from a management perspective. This may not be the same geographic location where the operating income is recognised for reporting purposes. For example, operating income generated by work performed for clients based overseas but recognised in Australia for reporting purposes could be classified as 'international' income. Income earned in the Corporate segment is excluded from the analysis of international income.

4.3 Organisational structure

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

The Bank Group includes MBL and its subsidiaries. Activities are undertaken by:

- Banking & Financial Services; and
- Commodities & Global Markets (certain assets of the Credit Markets business and certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Bank Group).

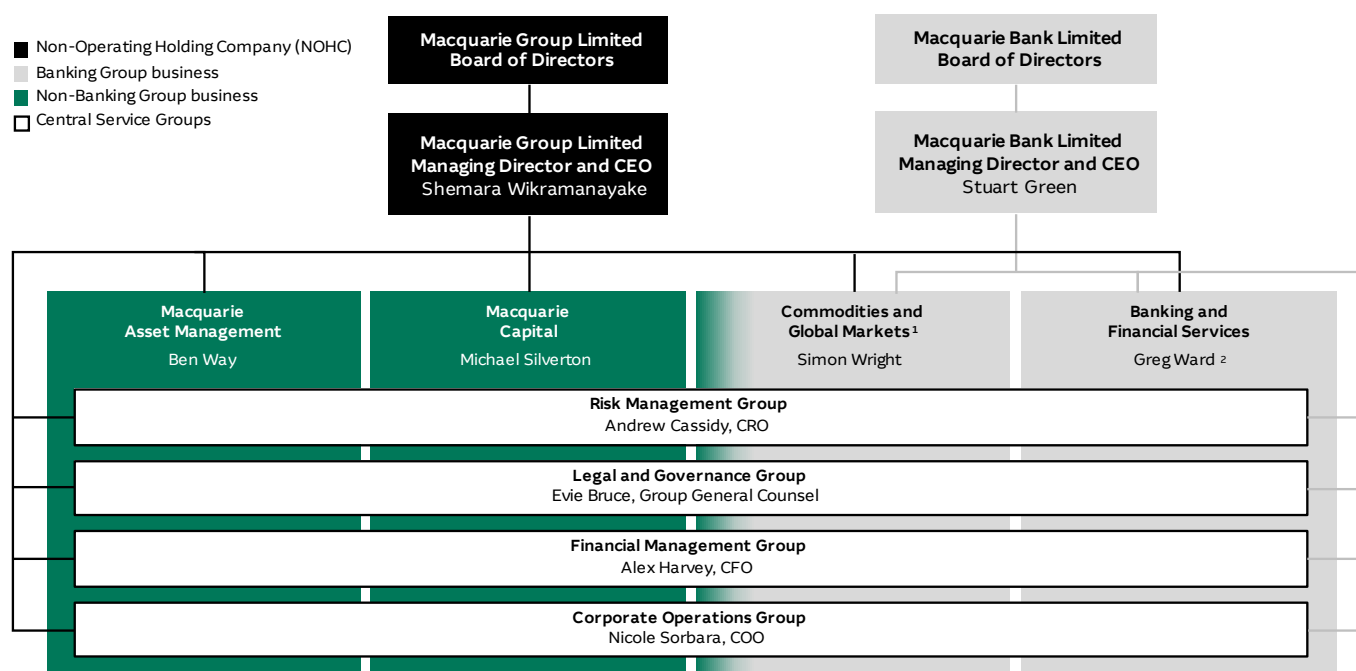
The Non-Bank Group consists of MGL, MFHPL and its subsidiaries and MAMHPL and its subsidiaries. Activities are undertaken by:

- Macquarie Asset Management;
- Macquarie Capital; and
- those assets and activities in Commodities and Global Markets which are not in the Bank Group, as described above.

The Bank Group provides services to both the Bank Group and the Non-Bank Group through the Corporate segment. The Corporate segment is not considered an operating group and includes the following Central Service Groups: Corporate Operations Group, Financial Management Group, Risk Management Group, Legal and Governance Group and Central Executive. Services include: risk management, finance, technology, operations, group treasury, human resources, workplace, legal and corporate governance, corporate affairs, taxation services, strategy, operational risk management, data and transformation, resilience and global security, central executive services, and other services as may be agreed from time to time.

Items of income and expense within the Corporate segment include the net result of managing the Macquarie Group's liquidity and funding requirements, earnings on capital and the residual accounting volatility relating to economically hedged positions where hedge accounting is applied as well as accounting volatility for other economically hedged positions where hedge accounting is not applicable. Other items of income and expenses include earnings from investments, changes in central overlays to impairments or valuation of assets, unallocated head office costs and costs of Central Service Groups, Macquarie Group's performance-related profit share and share-based payments expense and income tax expense.

MGL has established a corporate governance framework and risk management framework applying to Macquarie Group to meet APRA's prudential requirements. Where required, MBL and its subsidiaries have adopted certain Macquarie Group policies and frameworks that are appropriate having regard to its business and specific requirements or established specific policies and frameworks for the Banking Group. The Bank Group and the Non-Bank Group operate as separate sub-groups within MGL with clearly identifiable businesses, separate capital requirements and discrete funding programs. Although the Bank Group and the Non-Bank Group operate as separate sub-groups, both are integral to Macquarie Group's identity and strategy as they assist Macquarie Group in continuing to pursue value adding and diversified business opportunities while meeting its obligations under APRA rules. The following diagram shows the current organisational structure of the Macquarie Group and reflects the composition of the Bank Group and Non-Bank Group.



As at 30 June 2024.

1. Certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking group.

2. The current Group Head of BFS is also the Deputy Group CEO.

Members of the MGL Board are listed at section 4.5.

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

4.4 Business strategies

The growth of Macquarie's global operations over 55 years reflects its philosophy to expand selectively, focusing on specialist areas where Macquarie brings deep expertise to address areas of unmet need on behalf of clients and communities in line with Macquarie's purpose and longstanding operating principles. Macquarie offers its teams significant operating freedom balanced by limits on risk. Alignment of interests is a longstanding feature, demonstrated by willingness to both invest alongside clients and closely align the interests of shareholders and staff.

This approach has helped Macquarie to grow into a diversified global business, conducting a broad range of activities and creating enduring franchises where it has differentiated perspectives. Macquarie's approach has not been to place big bets, but to expand adjacently, taking learnings from one market to another, or using expertise built in one part of a sector to grow into another.

This philosophy is reflected in its flexible approach to allocating capital. Macquarie relies on its teams who are close to their markets and clients to drive ideas, setting out both the opportunity they have identified but also the associated risks and how they plan to manage them, with the teams in the business remaining accountable for the long-term outcomes they deliver. Teams at the centre of the organisation assess the case being made, including second line review of risks, before allocating capital with a view to maintaining diversification across its activities while seeking an acceptable risk adjusted return for each project, based on its specific characteristics.

- **Our Purpose - why we exist:** Empowering people to innovate and invest for a better future
- **Our Principles - how we do business:** Opportunity, Accountability and Integrity
- **Our Strategy - is developed from the bottom up:** Across Macquarie Asset Management, Banking and Financial Services, Commodities and Global Markets and Macquarie Capital
- **Our core business** involves utilising our human capital to realise opportunities, backed by a strong balance sheet: Evolution driven by: Addressing unmet client and community needs, building enduring franchises from positions of deep expertise, managing diversified businesses across regions and service offerings to deliver consistent returns through the cycle, pursuing evolutionary

growth opportunities adjacent to existing businesses, ensuring accountability and entrepreneurial endeavour from staff, maintaining a strong and conservative balance sheet with diversified sources of funding, adopting a disciplined approach to risk management, underpinned by a sound risk culture and embedded across Operating and Central Service Groups

- **Supported from the centre:** Corporate Operations Group, Financial Management Group, Risk Management Group and Legal and Governance Group

4.5 MGL Board

The MGL Board comprises:

- Glenn Stevens AC, Chair
- Shemara Wikramanayake, Managing Director and Chief Executive Officer
- Jillian Broadbent AC
- Philip Coffey
- Michelle Hinchliffe
- Susan Lloyd-Hurwitz
- Rebecca McGrath
- Mike Roche

The roles and responsibilities of the MGL Board are set out in the Board Charter. The Board Charter and further information on the MGL Board, including the directors' experience, qualifications and expertise, is available at section 7.4 and at www.macquarie.com.

4.6 Management of Macquarie Group's businesses

The members of MGL's Executive Committee are:

- Shemara Wikramanayake, Managing Director and Chief Executive Officer
- Greg Ward, Deputy Managing Director and Head of Banking and Financial Services Group
- Evie Bruce, Group General Counsel and Head of Legal and Governance Group
- Andrew Cassidy, Chief Risk Officer and Head of Risk Management Group
- Stuart Green, MBL Managing Director and Chief Executive Officer
- Alex Harvey, Chief Financial Officer and Head of Financial Management Group
- Michael Silverton, Head of Macquarie Capital Group
- Nicole Sorbara, Chief Operating Officer and Head of Corporate Operations Group
- Ben Way, Head of Macquarie Asset Management Group
- Simon Wright, Head of Commodities and Global Markets Group

4.7 Financial information about the Macquarie Group

The summary consolidated statement of financial position data as at 31 March 2023 and 31 March 2024 and income statement data for the financial years ended 31 March 2023 and 31 March 2024 presented in this section have been derived from the Macquarie Group's March 2024 financial report. These statements of financial position and income statement have been prepared in accordance with Macquarie Group's accounting policies which are detailed in the Macquarie Group's 2024 Annual Financial Report contained in the 2024 Annual Report and should be read in conjunction with the significant accounting policies contained in the March 2024 financial report. Investors should note that past performance is not a reliable indicator of future performance. These statements of financial position and income statement have not been adjusted for events or transactions occurring in the normal course of business since the last financial reporting date, 31 March 2024 including transactions which are not material in the context of the Offer and transactions which are yet to settle. Some of these events or transactions may be significant, which may impact the financial information of MGL. MGL issues market announcements for these material events or transactions as part of its continuous disclosure requirements.

The statutory financial information for the financial years ended 31 March 2023 and 31 March 2024 was audited by PricewaterhouseCoopers (PwC) in accordance with the Australian Auditing Standards.

4.7.1 Macquarie Group's consolidated income statement

	31 Mar 2023 \$m	31 Mar 2024 \$m
Interest and similar income		
Effective interest rate method	9,751	15,751
Other	388	741
Interest and similar expense	(7,111)	(13,033)
Net interest income	3,028	3,459
Fee and commission income	6,400	6,249
Net trading income	7,573	5,448
Share of net losses from associates and joint ventures	(113)	(49)
Net credit impairment (charges)/reversals	(388)	134
Net other impairment (charges)/reversals	(66)	235
Net other operating income	2,688	1,411
Net operating income	19,122	16,887
Employment expenses	(7,703)	(7,723)
Brokerage, commission and fee expenses	(1,028)	(1,071)
Non-salary technology expenses	(1,092)	(1,163)
Other operating expenses	(2,307)	(2,104)
Total operating expenses	(12,130)	(12,061)
Operating profit before income tax	6,992	4,826
Income tax expense	(1,824)	(1,291)
Profit after income tax	5,168	3,535
Loss/(profit) attributable to non-controlling interest	14	(13)
Profit attributable to ordinary equity holders of Macquarie Group Limited	5,182	3,522
	Cents per share	Cents per share
Basic earnings per share	1,353.7	916.6
Diluted earnings per share	1,316.3	911.4

4.7.2 Macquarie Group's consolidated statement of financial position and pro-forma position

	As at 31 March 2023 \$m	As at 31 March 2024 \$m	Pro Forma as at 31 March 2024 \$m
Assets			
Cash and bank balances	45,656	31,855	32,333
Cash collateralised lending and reverse repurchase agreements	54,323	58,416	58,416
Trading assets	16,881	27,924	27,924
Margin money and settlement assets	25,256	24,117	24,117
Derivative assets	36,114	24,067	24,067
Financial investments	21,874	24,378	24,378
Held for sale assets	921	2,204	2,204
Other assets	10,438	12,638	12,638
Loan assets	158,572	176,371	176,371
Interests in associates and joint ventures	5,574	6,969	6,969
Property, plant and equipment and right-of-use assets	6,639	8,134	8,134
Intangible assets	3,827	4,254	4,254
Deferred tax assets	1,797	2,077	2,077
Total assets	387,872	403,404	403,882
Liabilities			
Cash collateralised borrowing and repurchase agreements	18,737	12,599	12,599
Trading liabilities	4,810	5,044	5,044
Margin money and settlement liabilities	27,482	28,423	28,423
Derivative liabilities	32,790	25,585	25,585
Deposits	134,714	148,416	148,416
Held for sale liabilities	173	407	407
Other liabilities	12,512	14,472	14,472
Issued debt securities and other borrowings	109,461	119,878	119,878
Deferred tax liabilities	196	383	383
Total liabilities excluding loan capital	340,875	355,207	355,207

	As at 31 March 2023 \$m	As at 31 March 2024 \$m	Pro Forma as at 31 March 2024 \$m
Loan capital	12,891	14,201	14,679
Total liabilities	353,766	369,408	369,886
Net assets	34,106	33,996	33,996
Equity			
Contributed equity	12,407	11,372	11,372
Reserves	3,302	3,891	3,891
Retained earnings	17,446	18,218	18,218
Total capital and reserves attributable to the ordinary equity holders of Macquarie Group Limited	33,155	33,481	33,481
Non-controlling interests	951	515	515
Total equity	34,106	33,996	33,996

The March 2024 pro forma position has been calculated assuming the issuance of \$1.5 billion MCN7 (less \$22.1m external fees payable) and the assumed redemption of \$1 billion of MCN3.¹ On 20 August 2024, MBL issued a \$1.25 billion Tier 2 capital issuance which is not reflected in the pro-forma calculation.

4.7.3 Capital position

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

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

- The Bank Group's minimum Tier 1 capital requirement, based on a percentage of risk-weighted assets (RWA) plus Tier 1 deductions using prevailing APRA ADI Prudential Standards; and
- The Non-Bank Group's capital requirement, calculated using Macquarie's ECAM.

Transactions internal to Macquarie are eliminated.

Eligible regulatory capital of Macquarie consists of ordinary share capital, retained earnings and certain reserves plus eligible hybrid instruments. Eligible hybrid instruments as at 31 March 2024 include the Macquarie Additional Capital Securities (MACS), Macquarie Bank Capital Notes 2 (BCN2), Macquarie Bank Capital Notes 3 (BCN3), MCN3, MCN4, MCN5 and MCN6. MCN7 will qualify for inclusion as Eligible Capital.

The Macquarie Group regulatory capital surplus calculation as at 31 March 2024 (including a pro forma showing the impact of the Offer at \$1.5 billion with external expenses of \$22.1m and the assumed redemption of \$1 billion of MCN3¹) is set out in the table below.

¹ Under the MCN3 Terms, MGL may elect to exchange, redeem or resell the MCN3 on 16 December 2024, subject to APRA's prior written approval, further conditions and MGL's absolute discretion. No decision to exchange, redeem or resell MCN3 on 16 December 2024 has yet been made.

	APRA Basel III as at 31 March 2024 \$m	APRA Basel III Pro Forma as at 31 March 2024 \$m
Macquarie Group eligible capital		
Bank Group Gross Tier 1 capital	23,799	23,799
Non-Bank Group eligible capital	15,542	16,020
Eligible Capital	39,341	39,819
Macquarie Group capital requirement:		
Bank Group capital requirement		
<i>Risk-Weighted Assets (RWA) ⁽¹⁾</i>	128,938	128,938
<i>Capital required to cover RWA ⁽²⁾</i>	13,538	13,538
<i>Tier 1 deductions</i>	3,645	3,645
Total Bank Group capital requirement	17,183	17,183
Total Non-Bank Group capital requirement	11,492	11,492
Total Macquarie capital requirement	28,675	28,675
Macquarie regulatory capital surplus	10,666	11,144

⁽¹⁾ In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA internal to Macquarie are eliminated (Mar 24: \$A1,101 million).

⁽²⁾ The Bank Group regulatory requirements are calculated in accordance with Prudential Standard APS 110 Capital Adequacy (APS 110), at 10.5% of RWA. This includes the industry minimum Tier 1 requirement of 6.0%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB). The CCyB of the Bank Group at Mar 24 is 0.71%, this is rounded to 0.75% for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end.

4.7.4 Regulatory capital developments – APRA Discussion Paper on Additional Tier 1 Capital

In September 2023, APRA released a discussion paper entitled “Enhancing bank resilience: Additional Tier 1 Capital in Australia” (“**APRA Discussion Paper**”). In the APRA Discussion Paper, APRA states that it is exploring the effectiveness of Additional Tier 1 Capital in Australia. Potential options raised by APRA include:

- improving the key design features of Additional Tier 1 Capital (including potentially increasing capital trigger event threshold requirements from the current 5.125% to a higher level) so it more effectively absorbs losses;
- changing the required level or mix of regulatory capital requirements to reduce reliance on Additional Tier 1 Capital; and
- changes to diversify the investor base for Additional Tier 1 Capital instruments away from domestic retail investors.

APRA has sought feedback from stakeholders on the questions outlined in the APRA Discussion Paper and has indicated that following discussions with the Council of Financial Regulators, it intends to formally consult in 2024 on any proposed amendments to relevant Prudential Standards.

APRA has indicated that in implementing any options, there would be a transition time to enable issuers to adjust to new requirements and that this would include transition time if needed for existing Additional Tier 1 instruments to be replaced to ensure an orderly adjustment. The APRA Discussion Paper does not specifically cover Eligible Capital, and it is currently unclear whether (and to what extent) any changes to the eligibility criteria for Additional Tier 1 Capital will apply to Eligible Capital.

Until APRA’s proposed changes (if any) are known, it is not possible to state what their impact (if any) might be on the MCN7 or the Macquarie Group. Some of the risks that could result are described in section 5.2.2.1.

The image shows a modern, multi-story atrium. A central staircase with orange steps and railings leads up and down. The atrium is surrounded by glass railings and white structural columns. The top of the atrium has a glass roof. The overall design is clean and modern.

05

Investment risks

5. Investment risks

This section describes the risks associated with an investment in MCN7 and/or the Macquarie Group.

MGL believes that the following investment considerations may affect the investment returns under MCN7 issued under the Offer. These investment considerations are not intended to be exhaustive and are contingencies which may or may not occur and MGL is not in a position to express a view on the likelihood of any such contingency occurring.

Investment considerations which MGL believes may be material for the purpose of assessing the risks associated with an investment in MCN7 and the market for MCN7 generally are also described below.

MGL believes that the investment considerations described below represent the key risks inherent in investing in MCN7 issued under the Offer, but MGL may be unable to pay interest, principal or other amounts on or in connection with any MCN7, and MCN7 may not be able to be Exchanged, Redeemed or Resold for other reasons which may not be considered significant risks by MGL based on information currently available to it or which it may not currently be able to anticipate.

Before applying for MCN7, you should also read the detailed information set out elsewhere in this Prospectus and seek professional guidance from your financial adviser or other independent and qualified professional adviser as to the risks and investment considerations arising from an investment in MCN7, the appropriate tools to analyse such an investment, and the suitability of such an investment in the context of your particular circumstances.

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

5.1 Risks associated with investing in MCN7

5.1.1 Investments in MCN7 are an investment in MGL

Investments in MCN7 are an investment in MGL and may be affected by the ongoing performance, financial position and solvency of MGL and the Macquarie Group. MCN7 are not deposit liabilities and are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of under the Banking Act. MCN7 are not guaranteed by any government, government agency or

compensation scheme of Australia or by any other person or any other jurisdiction.

5.1.2 Suitability

MCN7 are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the MCN7 Terms and risks of investing in MCN7 and consider whether it is an appropriate investment for your particular circumstances.

If you are a Retail Investor and you wish to participate in the Offer, you must seek professional advice as to whether you are within the MCN7 Target Market and whether an investment in MCN7 is appropriate given your particular objectives, financial situation and needs.

For more information on the MCN7 Target Market see section 8.2.

5.1.3 Market price and liquidity of MCN7

MCN7 may trade at a market price below their Issue Price. The market price of MCN7 may fluctuate due to various factors, including poor financial performance by MGL and the Macquarie Group, a change in the Macquarie Group's financial position, investor perceptions, worldwide economic conditions, interest rates, movements in the market price of Ordinary Shares, foreign exchange rates, debt market conditions, the availability of better rates of return on other securities or investments and other factors that may affect the Macquarie Group's financial performance and position.

The market price of MCN7 may be negatively affected by a number of factors, including changes in laws, including laws relating to the taxation treatment of MCN7, including franking, or if pursuant to the DDO Legislation, ASIC exercises its product intervention powers in relation to MCN7 or comparable securities issued by MGL or other entities, or the outcome of the consultation foreshadowed by the APRA Discussion Paper (see section 5.2.2.1).

Where MCN7 are to be Exchanged, Redeemed or Resold for any reason, the announcement of these events may have a significant impact on the market price and/or liquidity of MCN7 and Ordinary Shares.

Financial markets are subject to volatility risk. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market. Volatility risk applies to the market price of both MCN7 and Ordinary Shares. You should carefully consider the impact of volatility risk on the potential

market price of MCN7 and Ordinary Shares before deciding to invest in MCN7.

Although MCN7 are to be quoted on ASX, there is no guarantee that a liquid market will develop for them. The market for MCN7 may be less liquid than the market for Ordinary Shares or other comparable securities. As a consequence, MCN7 Holders who wish to sell their MCN7 may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for MCN7.

In addition, there is no guarantee that MCN7 will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

5.1.4 Market Price and liquidity of Ordinary Shares

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

Upon Exchange, MCN7 Holders will generally receive approximately \$101 worth of Ordinary Shares per MCN7, based on the VWAP (which is calculated by reference to the daily volume weighted average sale price of Ordinary Shares) over a period of ASX Trading Days immediately preceding the Exchange Date. At the time they are issued, the market price of the Ordinary Shares will likely vary from that used to determine the Exchange Number and consequently the value of Ordinary Shares received will be more or less than \$101. The number of Ordinary Shares to be received by an MCN7 Holder in respect of its aggregate holding of MCN7 will be rounded down to a whole number (with entitlements of the MCN7 Holder to a part only of an Ordinary Share disregarded).

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

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

Where MCN7 are Exchanged for Ordinary Shares, there may be no liquid market for Ordinary Shares at the time of Exchange, or the market may be less liquid than that for comparable securities issued by other entities at the time of Exchange. As a consequence, MCN7 Holders who wish to sell the Ordinary Shares

they may receive may be unable to do so at an acceptable price, or at all, if the market for Ordinary Shares is illiquid.

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

5.1.5 Distributions may not be paid

There is a risk that Distributions may not be paid. The MCN7 Terms do not oblige MGL to pay Distributions, which are only payable at MGL's discretion.

If:

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

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

MGL may issue securities or enter into financing which restrict it from paying Distributions. Reduced capital adequacy levels in MGL could also restrict MGL's ability to pay Distributions.

Distributions are non-cumulative (that is, if not paid, they do not accrue), so if a Distribution is not paid for any reason, MCN7 Holders will have no right to receive that Distribution in the future. MCN7 Holders have no remedy for any non-payment.

In addition, the MCN7 Terms do not contain events of default and, accordingly, failure to pay a Distribution when scheduled will not constitute an event of default. Further, in the event that MGL does not pay a Distribution when scheduled, a Holder:

- has no right to apply for any member of the Macquarie Group to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of any member of the Macquarie Group merely on the grounds that MGL does not pay a Distribution when scheduled; and
- may not exercise any right of set-off and will have no offsetting rights or claims on MGL.

However, if a Distribution is not paid when scheduled for any reason and unless MGL subsequently pays the relevant Distribution in full within 10 Business Days of the applicable Distribution Payment Date, a Dividend Restriction will apply to

MGL. This Dividend Restriction means that MGL must not, subject to certain exceptions, without the approval of a Special Resolution of MCN7 Holders determine, declare or pay a dividend on any Ordinary Shares, or undertake any Buy-Back or Capital Reduction, until and including the next Distribution Payment Date. However, the Dividend Restriction does not restrict MGL from making Distributions on, or buying-back or returning capital on, its equal ranking securities. In addition, the Dividend Restriction applies only until the next quarterly Distribution Payment Date.

5.1.6 Changes in Distribution Rate

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

As the Reference Rate varies, there is a risk that the Distribution Rate payable will become less attractive when compared to the rates of return available on comparable securities issued by the Macquarie Group or other entities or other investments. There is a risk that a Reference Rate may not be available when required. Where this amounts to a Reference Rate Disruption Event, then, subject to APRA's prior written approval, MGL shall use as the Reference Rate such alternative reference rate as it may determine and shall make such adjustments to the MCN7 Terms as it determines are reasonably necessary to calculate Distributions in accordance with such alternative reference rate (see section 2.1.5).

5.1.7 MGL does not guarantee any particular rate of return on MCN7 Distributions may or may not be franked

Distributions are expected to be franked at the same rate as Ordinary Shares. However, there is no guarantee that this level of franking will continue to apply for the life of MCN7 and it is possible that at some time in the future Distributions on MCN7 may not be franked, or may be partially franked to a different level, or fully franked.

MGL's ability to frank Distributions on MCN7 is affected by the level of available franking credits and MGL's distributable profits. MGL's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which Macquarie Group makes profits and pays tax, the applicable Australian corporate tax rate and the amount of other frankable distributions. MGL's distributable profits may also be impacted by a wide range of factors, including its level of earnings and other distributions it makes.

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

5.1.8 Use of franking credits by MCN7 Holders

The value and availability of franking credits to an MCN7 Holder will differ depending on that MCN7 Holder's particular tax circumstances. MCN7 Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution, and the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund of tax after the end of the income year will depend upon the tax position of the individual MCN7 Holder.

An MCN7 Holder's entitlement to franking benefits may be denied where MGL, as issuer of the instrument, is entitled to a tax deduction in a foreign jurisdiction on Distributions if the so-called "anti-hybrid" rule in section 207-158 of the Tax Act ("**Anti-hybrid Rule**") applies. MGL does not anticipate being entitled to any foreign income tax deductions in relation to Distributions paid on the MCN7. As such, the Anti-hybrid Rule should not apply to deny an MCN7 Holder the benefit of either franking credits or tax offsets in relation to Distributions. However, the determination of foreign income tax deductions is complex and if such a foreign income tax deduction entitlement arises, the cash Distribution will not be adjusted or grossed up in the event that the franking credits are denied under the Anti-hybrid Rule. Further, the denial of franking benefits under the Anti-hybrid Rule would not give rise to a Tax Event.

Investors should refer to the taxation summary in section 6 and seek professional advice in relation to their tax position.

5.1.9 Risks upon Exchange for Ordinary Shares

Ordinary Shares are a different type of investment from MCN7. For example, dividends on Ordinary Shares are not determined by a formula. Ordinary Shares rank behind the claims of all other securities and debts of MGL in a Winding Up of MGL. Ordinary Shares trade in a manner that is likely to be more volatile than that of MCN7 and the market price is expected to be more sensitive to changes in the performance, prospects and business of the Macquarie Group.

Other events and conditions may affect the ability of MCN7 Holders to trade or dispose of Ordinary Shares issued on Exchange. For example, the willingness or ability of ASX to accept the Ordinary Shares issued on Exchange for quotation or any practical issues which affect that quotation, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time.

5.1.10 MCN7 are perpetual and Exchange, Redemption or Resale may not occur

If not Redeemed, Exchanged, Resold or Written-Off beforehand, MCN7 are scheduled to be Exchanged for Ordinary Shares on 15 December 2034, subject to the Exchange Conditions being satisfied. However, there is a risk that not all of the Exchange

Conditions will be satisfied. For example, if there is a large fall in the Ordinary Share price when compared to the Issue Date VWAP, the First Exchange Condition may not be satisfied. The Issue Date VWAP may only be adjusted for divisions, consolidations or reclassifications of MGL's share capital and bonus issues of Ordinary Shares. There are no adjustments for other capital transactions undertaken by MGL (e.g. pro rata issues, share placements) which might reduce the Ordinary Share price. The MCN7 Terms do not limit the ability of MGL to undertake such capital transactions or any similar action that may adversely affect the position of MCN7 Holders.

If Exchange does not occur on the Scheduled Mandatory Exchange Date, Exchange will then occur on the next quarterly Distribution Payment Date when all Exchange Conditions are satisfied. There is no guarantee the Exchange Conditions will ever be satisfied and the Exchange may never occur. In this case Distributions will continue to be paid on MCN7, subject to MGL's discretion to pay Distributions and the other Payment Conditions. However, where an Exchange has not occurred, the market price and liquidity of MCN7 may be affected and MCN7 Holders who wish to sell their MCN7 may not be able to do so at an acceptable price, or at all. As such, MCN7 are a perpetual instrument and MCN7 Holders may never receive any return of their investment, either as cash or Ordinary Shares.

5.1.11 Exchange, Redemption or Resale at the option of MGL

MGL may elect to Exchange, Redeem or arrange a Resale on a Scheduled Optional Exchange Date, or the occurrence of a Tax Event or Regulatory Event. Whether any action takes place or which action is taken at these times is entirely at the option of MGL (subject to various restrictions and conditions). These choices (and consequently whether MCN7 Holders receive cash or Ordinary Shares) may be disadvantageous to MCN7 Holders and may not coincide with their individual preference or intended investment outcomes. MCN7 Holders have no right to request any of Exchange, Redemption or Resale at any time. Whilst, as at the date of this Prospectus, no Regulatory Events or Tax Events are expected by MGL, these events are beyond the control of MGL and could occur at any future time. Any Exchange, Redemption or Resale at the option of MGL is subject to various restrictions and conditions, including, in the case of Redemption, that the MCN7 to be Redeemed are replaced with securities forming part of Eligible Capital of the same or better quality from APRA's perspective, under conditions that are sustainable for MGL's income capacity or that APRA is satisfied that the capital position of MGL is sufficient after the MCN7 are Redeemed. APRA must give written approval for any Redemption of MCN7. Whilst APRA approval is not required to give a Resale Notice, the terms of appointment of a Nominated Party may require APRA approval. The granting of this approval is at the complete discretion of APRA.

APRA has recently stated that, consistent with its prudential requirements, where it considers any replacement capital to be more expensive (including because of higher credit margins), APRA may not approve a Redemption unless MGL satisfies it as to the economic and prudential rationale for the Redemption and that the Redemption will not create an expectation that other regulatory capital instruments will be redeemed in similar circumstances. The matters to which APRA may have regard in considering whether to give its approval are not limited and may change.

As a consequence, Exchange, Redemption or Resale may not occur, or could occur at a time not previously contemplated by MCN7 Holders. This may disadvantage MCN7 Holders and not coincide with their individual preferences or intended investment outcomes. The rate of return at which MCN7 Holders may reinvest their funds may be lower than the Distribution Rate on MCN7.

5.1.12 Cash payment only in limited circumstances

MCN7 Holders will only receive a cash payment for their MCN7 where MGL chooses to Redeem or Resell MCN7. This choice of Redeeming or Reselling MCN7 is only available on specific dates or upon the occurrence of specific events and is entirely at the discretion of MGL. Further, these options are subject to conditions and restrictions, including requiring the written approval of APRA. It is not certain whether or not these conditions will be met or the relevant events will occur, that APRA would give any approval, or that MGL would choose to Redeem or Resell MCN7 (or instead elect that MCN7 will be Exchanged (if possible at the relevant time)). As a consequence, there is no certainty that MCN7 Holders will receive a cash payment for their MCN7.

5.1.13 Exchange on an Acquisition Event

MGL is an ASX listed company, which may be affected by merger and acquisition activity, including the possibility of being acquired by or merged with another company, which may constitute an Acquisition Event. If an Acquisition Event occurs, an Exchange must occur (unless, the Directors determine that (a) on the Acquisition Exchange Date MGL will be, or will be likely to be, Delisted (except where, despite MGL being Delisted, the exchange would be in the best interests of Holders as a whole) or (b) the Exchange Number of ordinary Shares to be issued in exchange for an MCN7 (as if it were not limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date) would exceed the Maximum Exchange Number applicable to an Acquisition Exchange Date and accordingly the MCN7 Holders may receive less than their Issue Price worth of Ordinary Shares (except where, despite the Exchange Number being limited to the Maximum Exchange Number applicable to an Acquisition Exchange Date, the Directors determine that the Exchange would be in the best interest of the MCN7 Holders taken as a whole)).

Such an Exchange could occur at a time not previously contemplated by MCN7 Holders, which may disadvantage MCN7

Holders and not coincide with their individual preferences or intended investment outcomes. Additionally, where the Exchange occurs because the Directors have determined it is in the MCN7 Holders best interests as a whole, that determination may not take into account the position of individual MCN7 Holders and may disadvantage individual MCN7 Holders.

5.1.14 Impact of a Non-Viability Event

If a Non-Viability Event occurs, MGL must immediately Exchange all or some MCN7 for Ordinary Shares. This could occur at any time and accordingly, is not subject to any Exchange Conditions.

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

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

As the occurrence of a Non-Viability Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that may give rise to this event. APRA has not provided specific or comprehensive guidance as to how it would determine non-viability, or what would constitute equivalent support to a public sector injection of capital. However, APRA has indicated that non-viability is likely to arise prior to the insolvency of an ADI Non-viability could be expected to include serious impairment of MGL's financial position and solvency, or potential loss of investor and/or customer confidence with respect to MGL's overall financial resilience. However, APRA's conception of non-viability may not be confined to these matters and APRA's position on these matters may change over time.

Non-viability may arise as a result of many factors including factors which impact the business, operation and financial condition of MGL. See the discussion of risks associated with MGL and the Macquarie Group, below. As a consequence, if a Non-Viability Event occurs, there are many ways and a greater likelihood that an MCN7 Holder may lose all or some of their investment.

If a Non-Viability Event occurs, all or some MCN7 on issue will be immediately Exchanged into Ordinary Shares. Exchange will occur automatically, without the need for any further action and MGL will treat MCN7 Holders as though the Exchange has occurred. MGL expects that any ASX trades in MCN7 that have not settled on the date of a Non-Viability Event will continue to settle in accordance with the normal ASX settlement, although the seller will be treated as having delivered and the buyer will be treated as having acquired Ordinary Shares into which the MCN7 have been Exchanged. Alternatively, trading in MCN7 and Ordinary Shares may be halted and unsettled transfers of MCN7 may not be

registered. This disruption in trading may cause the MCN7 Holder to suffer a loss and be unable to deal in MCN7.

MCN7 Holders may not have prior notice of a Non-Viability Event and Exchange in these circumstances is not subject to the Exchange Conditions being satisfied. The Ordinary Shares that will be issued may not be quoted at the time of issue or at all and may not be tradable.

The number of Ordinary Shares that an MCN7 Holder will receive on an Exchange following a Non-Viability Event is determined by the MCN7 Terms and is not determined by APRA or by the ranking of the MCN7 in a winding-up if APRA were not to determine a Non-Viability Event. Rather, the number of Ordinary Shares that an MCN7 Holder will receive on an Exchange following a Non-Viability Event is calculated from a five ASX Trading Day VWAP prior to the Non-Viability Exchange Date and subject to the Maximum Exchange Number applicable to a Non-Viability Exchange Date. The Maximum Exchange Number is set by reference to the Ordinary Share price prevailing in the 20 ASX Trading Days immediately preceding the Issue Date of the MCN7. The Issue Date VWAP and hence the Maximum Exchange Number may only be adjusted for divisions, consolidations or reclassifications of MGL's share capital and bonus issues of Ordinary Shares. There are no adjustments for other capital transactions undertaken by MGL (e.g. pro rata issues, share placements) which might reduce the Ordinary Share price. The MCN7 Terms do not limit the ability of MGL to undertake capital transactions or any similar action that may adversely affect the position of MCN7 Holders.

If a Non-Viability Event occurs the market price of Ordinary Shares may be volatile. Accordingly, an MCN7 Holder may receive significantly less than \$100 worth of Ordinary Shares per MCN7 and may suffer a loss as a result.

This is because:

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

There is no obligation on MGL to issue any Relevant Securities, or to maintain on issue any Relevant Securities that it has issued or may decide to issue in the future. As a result, if a Non-Viability Event requiring the Exchange of only some but not all Relevant Securities occurs, the relative impact on MCN7 Holders will depend on the amount of Relevant Securities other than MCN7 (if any) that are on issue at that time. In addition, MCN7 Holders should be aware that there is no requirement that the rights attaching to Ordinary Shares be cancelled or limited before Relevant Securities are subject to loss absorption.

The Maximum Exchange Number applicable to the Exchange of MCN7 may be different from the maximum exchange number applicable to Relevant Securities. The greater the amount of Relevant Securities that are required to be exchanged, the more likely that the market price of Ordinary Shares may be adversely affected as a result of the exchange. As a result, the number of Ordinary Shares issued to a MCN7 Holder may be higher or lower than the number of Ordinary Shares issued to a holder of other Relevant Securities with the same principal amount.

5.1.15 Impact of failure to Exchange leading to Write-Off

If the relevant MCN7 are not Exchanged within 5 Business Days of the Non-Viability Exchange Date then the Ordinary Shares will not be issued and the relevant MCN7 will be Written-Off. This may occur for any reason, regardless of whether such reason is within or outside the control of MGL, including if MGL is prevented by applicable law, order of any court, action of any government authority from issuing Ordinary Shares. As at the date of this Prospectus, such laws could include Shareholding Laws (broadly, laws that relate to financial sector shareholdings, foreign acquisitions and takeovers and company takeovers). Other such laws may in future be specified by regulations made under the Banking Act. The circumstances in which Exchange might not occur cannot be exhaustively described, and it is possible that future laws or regulations could further limit the circumstances in which MCN7 Holders are entitled to hold Ordinary Shares.

In such cases, the MCN7 Holder will not receive any Ordinary Shares in respect of these MCN7, have no further claim on MGL and suffer a loss of their investment, and as a result, are likely to be worse off than holders of Ordinary Shares. The laws and circumstances under which an Inability Event arises may change and the change may be adverse to the interests of MCN7 Holders and MGL.

Recent changes to the law have given statutory recognition to conversion and write-off provisions in regulatory capital instruments such as MCN7, subject to limited exceptions (such as Shareholding Laws and other such laws that are in future specified by regulations made under the Banking Act).

5.1.16 Ordinary Shares issued to a Sale Agent

If MCN7 are to be Exchanged and:

- the MCN7 Holder has notified MGL that it does not wish to receive Ordinary Shares;
- the MCN7 are held by a person whose registered address is outside of Australia or who MGL believes is not an Australian resident and MGL believes the issue of Ordinary Shares would not be permitted by law or would be permitted only after compliance with conditions which MGL considers, in its absolute discretion, are not acceptable or are unduly onerous;

- MGL does not have the necessary information to issue the Ordinary Shares to a particular MCN7 Holder;
- a FATCA withholding is required to be made in respect of any Ordinary Shares to be delivered as a result of Exchange; or
- MGL believes it is not permitted to issue all or some Ordinary Shares to a particular MCN7 Holder under any Australian or foreign law which limits or restricts the number of shares in MGL which a person may hold; then

MGL will use reasonable endeavours to appoint one or more Sale Agents and, if a Sale Agent (or if applicable, Sale Agents) are appointed then, subject to applicable law and provided that MGL, the Trustee and any Sale Agent are satisfied that the Ordinary Shares otherwise to be Exchanged may lawfully be issued and sold by the relevant Sale Agent without having to take steps which any of MGL, the Trustee or the relevant Sale Agent regard as onerous, MGL will instead issue the relevant Ordinary Shares to the relevant Sale Agent which will at the first reasonable opportunity sell the Ordinary Shares (together with Ordinary Shares of each other MCN7 Holder similarly affected) and pay to the relevant MCN7 Holder its proportionate share of the net proceeds actually received from the sale (after deducting applicable brokerage, stamp duty and other taxes, charges and expenses).

If MGL appoints any Sale Agent to receive the issue of, and sell, Ordinary Shares in relation to an Exchange event, the appointment of any Sale Agent is to the exclusion of the Trustee (unless the Trustee is appointed as Sale Agent). In other words, in such a situation, the Trustee will have no role in connection with the sale of the relevant Ordinary Shares or the distribution of the sale proceeds. Instead, the sale process will be conducted by the Sale Agent (or if applicable, Sale Agents). Your personal information (such as your name, contact details, account details and identification information) will be given to the Trustee and Sale Agent (or if applicable, Sale Agents) for the purposes of the sale. None of MGL, the Trustee, any Sale Agent nor any other person will owe any duties or obligations under the MCN7 Terms or Trust Deed to MCN7 Holders in connection with the Ordinary Shares issued to, and sold by, any Sale Agent.

MGL, the Trustee and any Sale Agent give no assurance as to whether a sale will be achieved or the price at which it may be achieved and each have no liability to MCN7 Holders for any loss suffered as a result of the sale of Ordinary Shares. The issue of the Ordinary Shares to any Sale Agent will satisfy all obligations of MGL in respect to the MCN7.

In these circumstances the sale of Ordinary Shares is beyond the control of the MCN7 Holder and may disadvantage the individual MCN7 Holder and not coincide with their individual preferences or intended investment outcomes. The amount received in respect of this sale may be less than the investment of the MCN7 Holder.

If either or both of MGL and any Sale Agent is of the opinion that Ordinary Shares cannot be issued to the Sale Agent (or issue would require onerous steps to be taken) or otherwise to the MCN7 Holder within 5 Business Days of a Non-Viability Exchange Date, then the relevant MCN7 will be Written-Off.

In the case of an Exchange on any other date, if MGL or any Sale Agent is of the opinion that the issue of Ordinary Shares to the Sale Agent cannot be made in accordance with applicable laws (or would require onerous steps to be taken), the issue of Ordinary Shares is deferred and the relevant MCN7 remain on issue until the Ordinary Shares are issued or the relevant MCN7 Redeemed. However, six months after the Exchange Date the rights of the relevant MCN7 Holder cease, other than the right to receive any net proceeds of the sale of Ordinary Shares issued to any Sale Agent before that time.

5.1.17 Restrictions on rights and ranking in a Winding Up

MCN7 are issued by MGL under the terms of the Trust Deed (including the MCN7 Terms). An MCN7 Holder has no claim on MGL in respect of the MCN7 except as provided in the MCN7 Terms and in the Trust Deed. For further information on the relevant provisions of the Trust Deed see section 7.1.

MCN7 are unsecured and subordinated obligations of MGL. In the event of a Winding Up of MGL and assuming that MCN7 have not been Exchanged, Redeemed or Resold and are not required to be Written-Off due to a Non-Viability Event, MCN7 Holders will be entitled to claim for the Liquidation Amount of each MCN7 equal to \$100 for each MCN7. The claim for the Liquidation Amount ranks equally with Equal Ranking Obligations but is subordinated to Senior Creditors. If, on a Winding Up of MGL:

- there is a shortfall of funds to pay all amounts ranking senior to MCN7, MCN7 Holders will not receive any of the Liquidation Amount; and
- all amounts ranking senior to MCN7 have been paid but there is a shortfall of funds to pay all amounts ranking equally with MCN7, MCN7 Holders may not receive all (or any) of the Liquidation Amount.

If the MCN7 have been Exchanged (including following the occurrence of a Non-Viability Event), MCN7 Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding Up.

Where a Non-Viability Event occurs, if for any reason (for example due to applicable laws, order of a court or action of any government authority) Exchange of any MCN7 has not occurred within 5 Business Days following such an event, then those MCN7 are Written-Off (that is, the MCN7 Holder's rights (including to Distributions) in relation to those MCN7 are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date (even though Ordinary Shares remain on issue)). The MCN7 Holder's investment will lose

all of its value and the MCN7 Holder will not receive any Ordinary Shares or other compensation.

MCN7 may pay a higher rate of distribution than comparable securities and instruments which are not subordinated. However, there is a greater risk that an MCN7 Holder would lose all or some of their investment in MCN7 should MGL become insolvent or in a Winding Up of MGL. Where MCN7 are Written-Off, as Ordinary Shares will still be on issue, an MCN7 Holder is likely to be worse off than a holder of Ordinary Shares.

5.1.18 Other securities issued by MGL

MCN7 do not in any way restrict MGL from issuing further Ordinary Shares, other securities (including securities that rank equally with or ahead of the MCN7) or from incurring further debt. MGL's obligations under MCN7 are subordinate to Senior Creditors and obligations preferred by law. Accordingly, the obligations of MCN7:

- will not be satisfied unless MGL can satisfy in full all of its other obligations ranking senior to MCN7; and
- may not be satisfied in full unless MGL can also satisfy in full all of its other obligations ranking equally with MCN7.

Future issues of securities or debts by MGL may dilute the claim of MCN7 Holders or reduce the value of their investment or liquidity of MCN7. The future issue of such securities may be on terms such that they would be exchanged, converted or written-off other than on a proportionate basis with the MCN7 and affect the proportions of MCN7 Exchanged or Written-Off due to a Non-Viability Event.

An investment in MCN7 carries no right to participate in any future issue of securities of any kind issued by MGL.

No prediction can be made as to the effect, if any, which future issues of securities by MGL may have on the market price or liquidity of MCN7 or the likelihood of payments being made on MCN7.

MCN7 do not prevent MGL from redeeming or otherwise repaying its other securities it may have on issue from time to time, including other securities which rank equally with or junior to MCN7 (other than to the extent the Dividend Restriction applies).

An investment in MCN7 carries no right to be Redeemed or otherwise be repaid at the same time as MGL redeems or otherwise repays other securities.

5.1.19 Credit rating risk relating to securities

MGL's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by its credit ratings, including any long-term credit ratings (see section 5.2.1.6 for more information) or the ratings assigned to any class of its securities. Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Even though MCN7

will not be rated, such changes could adversely affect the market price, liquidity and performance of MCN7 or Ordinary Shares received on Exchange.

5.1.20 Regulatory treatment

MCN7 will be eligible for inclusion in Eligible Capital of MGL, which currently qualify as regulatory capital of MGL for APRA purposes.

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

- any of the MCN7 are not eligible for inclusion as Eligible Capital;
- additional requirements in connection with the MCN7 would be imposed on MGL or the Macquarie Group which MGL determines to be materially adverse to MGL; or
- to have any of the MCN7 outstanding would be unlawful or impractical or that MGL or the Macquarie Group would be exposed to a more than de minimis increase in its costs in connection with those MCN7.

If a Regulatory Event occurs, MGL may be entitled to Exchange, Resell or, with the written approval of APRA, Redeem MCN7.

As a consequence, Exchange, Redemption or Resale may occur at any time and at a time not previously contemplated by MCN7 Holders, which may disadvantage MCN7 Holders and not coincide with their individual preferences or intended investment outcomes. The rate of return at which MCN7 Holders may reinvest their funds or receive in connection with any Ordinary Shares, may be lower than the Distribution Rate on MCN7.

The choice of Exchange, Redemption or Resale when they are available, is entirely at the option of MGL. The choice of these actions (and consequently whether MCN7 Holders receive cash or Ordinary Shares) may be disadvantageous to MCN7 Holders and may not coincide with their individual preference or intended investment outcomes.

There is a risk that the outcome of the consultation foreshadowed in the APRA Discussion Paper might result in APRA determining that MCN7 should not be included in Eligible Capital, either immediately or after some transitional period. Such an outcome could result in MGL deciding that a Regulatory Event has occurred. Such an outcome may also affect the market price and liquidity of MCN7.

5.1.21 Tax consequences

A general outline of the tax consequences of investing in MCN7 for certain potential investors who are Australian residents for tax purposes is set out in the taxation summary in section 6.1. This summary is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor. Accordingly, potential investors should seek independent advice concerning their own individual tax position.

If a change is made or announced in a law or regulation, or a judicial decision, or an administrative pronouncement, ruling or challenge from a government authority which was not expected at the time of issue of MCN7, which has an adverse effect on MGL in the amount of taxes, assessments or other governmental charges in connection with MCN7, or affects the withholding treatment of MCN7 or whether any Distribution would be frankable, then a Tax Event may occur.

If a Tax Event occurs, MGL may be entitled to Exchange, Resell or, with the written approval of APRA, Redeem MCN7.

As a consequence, Exchange, Redemption or Resale may occur at any time and at a time not previously contemplated by MCN7 Holders, which may disadvantage MCN7 Holders and not coincide with their individual preferences or intended investment outcomes. The rate of return at which MCN7 Holders may reinvest their funds may be lower than the Distribution Rate on MCN7.

The choice of Exchange, Redemption or Resale when they are available, is entirely at the option of MGL. The choice of these actions (and consequently whether MCN7 Holders receive cash or Ordinary Shares) may be disadvantageous to MCN7 Holders and may not coincide with their individual preferences or intended investment outcomes.

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

5.1.22 Powers of APRA

Under the Banking Act, APRA has power to issue directions to MGL. These powers of APRA are broad and may be exercised to intervene in the performance of obligations and the exercise of rights under the MCN7 (see further section 5.2.2).

The Banking Act gives APRA extensive powers to facilitate the resolution of the entities that it regulates (and their subsidiaries) in times of distress. Powers given to APRA include oversight, management and directions powers in relation to MGL, MBL and other Macquarie Group members, and powers with respect to statutory management. The Banking Act also gives statutory recognition to provisions for the conversion or write-off of an instrument such as the MCN7.

In addition, APRA has powers to require the compulsory transfer of all or part of the business of MGL pursuant to the *Financial Sector (Transfer and Restructure) Act 1999* (Cth) ("**FSTR Act**"). This power arises in circumstances where APRA has decided to make a compulsory transfer of the business of, or shares in, MBL. A transfer under the FSTR Act overrides anything in any contract or agreement to which MGL is a party, including the MCN7 Terms.

These powers of APRA may be exercised in a way which adversely affects the ability of MGL to comply with its obligations in respect of the MCN7 (including in connection with the Exchange of MCN7), and this may adversely affect the position of MCN7 Holders.

Holders should also be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Banking Act) may not be publicly disclosed.

The Banking Act does not impose on APRA a requirement to ensure that, in the exercise of its powers, holders of regulatory capital securities (such as the MCN7) are no worse off than they would be in an insolvency.

5.1.23 Accounting standards

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

5.1.24 Shareholding limits

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

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

MCN7 Holders should take care to ensure that their holding of MCN7 (and any Ordinary Shares that they could be Exchanged for) does not breach any applicable restrictions on ownership.

Where, on an Exchange, the issue of any Ordinary Shares to any particular MCN7 Holder (either directly or indirectly) is prevented by law, MGL may be unable to Exchange those MCN7 and they will be Written-Off.

5.1.25 FATCA withholding and information reporting

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a reporting regime and potentially a 30% withholding tax with respect to certain payments. The Australian Government and the US Government signed an intergovernmental agreement (“**IGA**”) in respect of FATCA on 28 April 2014, providing an alternative means for Australian financial institutions to comply with FATCA. Under the IGA, Australian financial institutions that may be involved in the MCN7 payment processes, such as custodians or nominees, may be required to provide the Australian Taxation Office (“**ATO**”) with information about investors. As such, certain information may be requested from MCN7 Holders or beneficial owners of MCN7 which may be provided to the ATO. MGL is not currently a foreign financial

institution (“**FFI**”). MGL does not anticipate itself or any financial institutions involved in the payment processes being obliged to deduct any withholding for or on account of FATCA, but there can be no assurance that MGL or any relevant financial institution will not be required to deduct or withhold amounts on payments made to MCN7 Holders as a result of FATCA in the future.

If an amount was to be deducted or withheld in respect of FATCA from payments on MCN7 or deliveries of Ordinary Shares made in respect of MCN7, neither MGL nor any other person would, pursuant to the MCN7 Terms, be required to pay additional amounts as a result of the deduction or withholding. As a result, MCN7 Holders may receive less Distributions, principal or Ordinary Shares than expected.

FATCA is particularly complex. Investors should consult their own tax advisers to determine how these rules may apply to payments they will receive under MCN7, particularly if they are a U.S. person or have financial dealings with a U.S. person.

5.1.26 Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information in Tax Matters (“**CRS**”) may require financial institutions involved in the MCN7 payment processes, such as custodians or nominees, to report information regarding MCN7 to their local tax authority and follow related due diligence procedures. MCN7 Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. The Australian Government has enacted legislation amending, among other things, the *Taxation Administration Act 1953* (Cth) to give effect to the CRS. The CRS applies to Australian financial institutions with effect from 1 July 2017.

5.1.27 Amendment of MCN7 Terms or Trust Deed

In certain circumstances, MGL may, with APRA’s prior written approval where required, amend the MCN7 Terms or Trust Deed without the approval of MCN7 Holders or the Trustee. These circumstances include where MGL is of the reasonable opinion that the amendments do not materially adversely affect the interests of the MCN7 Holders as a whole. In this instance, MGL must give at least 35 days’ prior notice of the proposed amendment to the Trustee. If the Trustee notifies MGL that the proposed amendment may be materially adverse to the interests of MCN7 Holders as a whole, the proposed amendment must be approved by an Ordinary Resolution.

MGL may also, with APRA’s prior written approval where required, amend the MCN7 Terms or Trust Deed if the amendment has been approved by a Special Resolution of MCN7 Holders and the Trustee. Amendments under these arrangements are binding on all MCN7 Holders, despite the fact that an individual MCN7 Holder may not agree with the amendment, has voted against making the amendment or may be disadvantaged by the amendment.

In addition, Holders do not have voting or other rights in relation to Ordinary Shares (unless their MCN7 are Exchanged for Ordinary Shares). There is a risk that Holders may be adversely affected by corporate decisions made by MGL.

MGL may also, with APRA's prior written approval, amend the MCN7 Terms in circumstances where the Reference Rate ceases to be available and replace the Reference Rate with an alternative rate that MGL considers appropriate, and make certain other amendments to the MCN7 Terms (in each case, acting in good faith and in a commercially reasonable manner after consultation with such sources of market practice as it considers appropriate). Such amendments could adversely affect the interests of MCN7 Holders.

APRA's prior written approval of an amendment is required where the amendment may cause the MCN7 to cease to be Eligible Capital.

5.1.28 Design and distribution obligations and ASIC product intervention power

On 5 April 2019, the DDO Legislation was enacted. The DDO Legislation comprises the DDO Regime and Product Intervention Order Regime. The DDO Regime imposes additional obligations on MGL regarding the design and distribution of certain financial products offered to Retail Investors (including MCN7), and the Product Intervention Order Regime grants product intervention powers to ASIC if it believes significant consumer detriment may occur.

The obligations under the DDO Regime took effect from 5 October 2021. These obligations apply to the issue of MCN7 but do not apply to secondary market trading of MCN7.

The Product Intervention Order Regime gives ASIC a significant, proactive power to issue a product intervention order if it believes that a financial product has resulted in or will, or is likely to, result in significant detriment to Retail Investors. It is uncertain whether ASIC would perceive there to be any significant consumer detriment in relation to MCN7 or similar securities. The Product Intervention Order Regime requires ASIC to undertake a consultation process before it makes a product intervention order.

The impact of these obligations and powers remains uncertain, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like MCN7. These changes may also affect the liquidity of funding instruments (including instruments like MCN7), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

5.2 Risks associated with MGL and the Macquarie Group

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

Risks associated with MGL and the Macquarie Group are relevant to an investment in MCN7 because they may adversely affect MGL's ability to fulfil its obligations under the MCN7 Terms, the market value of MCN7 and the market value of, and any dividends paid on, Ordinary Shares issued on an Exchange of MCN7.

Risks may affect one or more of Macquarie Group's businesses.

5.2.1 Macro-economic risks

5.2.1.1 Global credit, market and geopolitical conditions

The Macquarie Group's business and results of operation have been and may be adversely affected by financial markets, global credit and other economic and geopolitical challenges generally.

The Macquarie Group's businesses operate in and depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities. In particular, uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, the level and volatility of interest rates, constrained access to funding, uncertainty concerning government shutdowns and debt ceilings, fluctuations or other significant changes in both equity and capital market activity, supply chain disruptions and labour shortages have adversely affected and may continue to adversely affect transaction flow in a range of industry sectors. These factors could also adversely affect the Macquarie Group's access to, and costs of, funding and in turn may negatively impact its liquidity and competitive position. Recent stress in the global banking sector, including bank failures, has heightened the risk of volatility in global markets.

Global markets may also be adversely affected by the current or anticipated impact of climate change, extreme weather events or natural disasters, the emergence or continuation of widespread health emergencies or pandemics, cyberattacks or campaigns, military conflicts, including the Russia-Ukraine conflict, the Israeli-Palestinian conflict and escalating hostilities throughout the Middle East, terrorism or other geopolitical events such as rising tensions between the United States and China, and concerns about a potential conflict involving Taiwan. The Russia-Ukraine conflict and the conflict in the Middle East have caused, and may continue to cause, supply shocks in energy, food and other commodities markets, disruption to global shipping lanes and supply chains, increased inflation, cybersecurity risks, increased volatility in commodity, currency and other financial markets, risk of recession in Europe and heightened geopolitical tensions.

Actions taken by central banks, including changes to official interest rate targets, balance sheet management and government-sponsored lending facilities are beyond the Macquarie Group's control and difficult to predict. Sudden changes in monetary policy could lead to financial market volatility and are likely to affect market interest rates and the

value of financial instruments and other assets and liabilities, and can impact the Macquarie Group's customers.

The Macquarie Group's trading income may be adversely affected during times of subdued market conditions and client activity. Increased market volatility can lead to trading losses or cause the Macquarie Group to reduce the size of its trading activities in order to limit its risk exposure.

Market conditions, as well as declines in asset values, may cause the Macquarie Group's clients to transfer their assets out of the Macquarie Group's funds or other products or their brokerage accounts and result in reduced net revenues.

The Macquarie Group's funds management fee income, including base and performance fees, may be adversely affected by volatility in equity values and returns from its managed funds. The value and performance of the Macquarie Group's loan portfolio may also be adversely affected by deteriorating economic conditions.

The Macquarie Group's returns from asset sales may also decrease if economic conditions deteriorate. In addition, if financial markets decline, revenues from the Macquarie Group's products are likely to decrease. In addition, increases in volatility increase the level of the Macquarie Group's risk weighted assets and increase the Macquarie Group's capital requirements.

Concerns about, or a default by, one or more institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions, financial instruments losing their value and liquidity, and interruptions to capital markets that may further affect the Macquarie Group. Negative perceptions about the soundness of a financial institution can result in counterparties seeking to limit their exposure and depositors withdrawing their deposits, which can happen more quickly than in the past due to the rapid dissemination of negative information through social media channels and other advances in technology, further weakening the institution. Recent bank failures in the United States and Europe have heightened these concerns. The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries that Macquarie Group interacts with on a daily basis. If any of the Macquarie Group's counterpart financial institutions fail, the Macquarie Group's financial exposures to that institution may lose some or all of their value. Any of these events would have a serious adverse effect on the Macquarie Group's liquidity, profitability and value.

5.2.1.2 Liquidity constraints

The Macquarie Group's ability to operate its businesses could be impaired if its liquidity is constrained.

Liquidity is essential to the Macquarie Group's business.

Inadequate liquidity, or even the perception that its liquidity is inadequate, would pose a serious risk to Macquarie Group's ability to operate. The Macquarie Group's liquidity may be impacted at any given time as a result of various factors, including deposit losses, market disruptions, macroeconomic shocks, increases to liquidity and regulatory capital requirements due to legal and regulatory changes, restrictive central bank actions such as quantitative tightening that may reduce monetary supply and increase interest rates, the insolvency of a major market participant or systemically important financial institution, any idiosyncratic event impacting its reputation and/or business, any other unexpected cash outflows or higher-than-anticipated funding needs. The uncertainties surrounding these factors could undermine confidence in the Macquarie Group or the financial system as a whole.

Factors beyond the Macquarie Group's control, such as periods of market stress, a fall in investor confidence or financial market illiquidity may increase its funding costs and reduce its access to conventional funding sources. Additionally, from time to time, regulations that impose increased liquidity requirements on financial institutions may be adopted. These regulations may require us to hold larger amounts of highly liquid assets and/or constrain the Macquarie Group's ability to raise funding or deploy capital. Further, the Macquarie Group's ability to liquidate assets may be impaired if there is not generally a liquid market for such assets, as well as in circumstances where other market participants are seeking to sell similar otherwise generally liquid assets at the same time, as is likely to occur in a liquidity or other market crisis or in response to changes in law or regulation.

Macquarie Group may need to raise funding from alternative sources if its access to stable and lower cost sources of funding, such as customer deposits and the equity and debt capital markets, is reduced. Those alternative sources of funding could be more expensive or also limited in availability. The Macquarie Group's funding costs could also be negatively affected by actions that it may take in order to satisfy its mandated liquidity coverage and net stable funding ratios or other regulatory requirements.

The Macquarie Group's failure to effectively manage its liquidity could constrain its ability to fund or invest in its businesses and thereby adversely affect its business, results of operations, prospects, financial performance or financial condition.

5.2.1.3 Credit rating risk

The failure of Macquarie Group entities to maintain credit ratings could adversely affect the Macquarie Group's cost of funds, liquidity, competitive position and access to capital markets.

If Macquarie Group entities fail to maintain its current credit ratings, this could adversely affect the cost of funds, liquidity, competitive position, the willingness of counterparties to transact with the Macquarie Group and its ability to access capital markets

or trigger obligations under certain bilateral provisions in some of its trading and collateralised financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with such entities or require them to post collateral. Termination of a Macquarie Group entity's trading and collateralised financing contracts could cause it to sustain losses and impair its liquidity by requiring it to find other sources of financing or to make significant cash payments or securities movements.

5.2.1.4 Foreign exchange risk

Changes and increased volatility in currency exchange rates may adversely impact the Macquarie Group's financial results and its financial and regulatory capital positions.

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

Although the Macquarie Group seeks to carefully manage its exposure to foreign currencies, it is still exposed to exchange risk. The risk becomes more acute during periods of significant currency volatility. Insofar as the Macquarie Group is unable to hedge or has not completely hedged its exposure to currencies other than the Australian Dollar, its reported profit and foreign currency translation reserve would be affected.

In addition, because the Macquarie Group's regulatory capital position is assessed in Australian dollars, its capital ratios may be adversely impacted by a depreciating Australian Dollar, which increases the capital requirement for assets denominated in currencies other than Australian dollars.

5.2.1.5 Other market, asset and interest rate risk

The Macquarie Group's businesses are subject to the risk of loss associated with price volatility in the equity markets and other markets in which they operate.

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

The Macquarie Group trades in foreign exchange, interest rate, commodity, bullion, energy, securities and other markets and are an active price maker in the derivatives market. Certain financial

instruments that the Macquarie Group holds and contracts to which it is a party are complex and these complex structured products often do not have readily available markets to access in times of liquidity stress. Additionally, a number of the markets the Macquarie Group trade in, and in particular the energy markets, have or may experience increased levels of volatility as a result of uncertainty and supply chain disruptions related to ongoing developments, such as the Russia-Ukraine conflict, the conflict in the Middle East and rising interest rates. In addition, reductions in equity market prices or increases in interest rates may reduce the value of Macquarie Group's clients' portfolios, which in turn may reduce the fees it earns for managing assets in certain parts of its business. Increases in interest rates or attractive prices for other investments could cause the Macquarie Group's clients to transfer their assets out of its funds or other products. Interest rate risk arises from a variety of sources, including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the Macquarie Group.

5.2.1.6 Trading loss risks, market volatility and physical commodity activities

The Macquarie Group's business is subject to risks including trading losses, risks associated with market volatility and the risks associated with its physical commodities activities. Macquarie Group's commodities business is exposed to price movements in the underlying commodities. The Macquarie Group employs a variety of techniques and processes to manage these risks, including hedging, but it may not fully hedge its risk, and its risk management techniques may not be as effective as it intends for a variety of reasons, including unforeseen events occurring outside its risk modelling. For example, some products may have limited market liquidity and access to derivative markets may become constrained during periods of volatile commodity market conditions, increasing the cost of hedging instruments. Macquarie Group's counterparty risk may also be elevated at times of high volatility because its counterparties may be more likely to be under financial stress, increasing Macquarie Group's exposure to potential losses as a result of those counterparties defaulting or failing to perform their obligations.

While most of its commodities markets activities involve financial exposures, from time to time the Macquarie Group will also have physical positions, which expose the Macquarie Group to the risks of owning and/or transporting commodities, some of which may be hazardous. Commodities involved in its intermediation activities and investments are also subject to the risk of unforeseen or catastrophic events, which are likely to be outside of its control. These risks may include accidents and failures with transportation and storage infrastructure, determinations made by exchanges, extreme weather events or other natural disasters, leaks, spills or release of hazardous substances, disruptions to global supply chains and shipping operations, changes to local legislation and regulation, government action (for example,

energy price caps or emergency measures) or hostile geopolitical events. The occurrence of any of these events may prevent the Macquarie Group from performing under its agreements with clients, may impair its operations or financial results and may result in litigation, regulatory action, negative publicity or other reputational harm. While the Macquarie Group seeks to insure against these potential risks, insurance may be uneconomic to obtain, it may not be adequate to cover all its losses or it may not cover some of these risks. There may also be substantial costs in complying with extensive and evolving laws and regulations relating to its commodities and risk management related activities and investments, including, changes to laws and regulations relating to energy and climate change and increasingly complex sanctions regimes implemented by countries globally. All of these have increased the risk and uncertainty in some areas of the commodities sector, by prohibiting the continuation of, or requiring significant restructuring of, large and complex transactions and potentially affecting planned exit strategies.

5.2.1.7 Funding constraints of investors and clients

The Macquarie Group generates a portion of its income from the sale of assets to third parties. If buyers are unable to obtain financing to purchase assets that the Macquarie Group currently holds or purchases with the intention to sell in the future, the Macquarie Group may be required to hold assets for longer than intended or sell assets at lower prices than it historically would have expected to achieve, which may lower its rate of return on these investments and require funding for periods longer than anticipated.

In addition, the Non-Bank Group has historically derived a portion of its income from mergers and acquisitions advisory fees, which are typically paid upon completion of a transaction. Clients that engage in mergers and acquisitions often rely on access to credit markets to finance their transactions. The lack of available credit and the increased cost of credit may adversely affect the size, volume and timing of the Macquarie Group's clients' merger and acquisition transactions, particularly large transactions, and may also adversely affect the Macquarie Group's financial advisory and underwriting businesses.

5.2.1.8 Inflation risks

Inflation has had, and could continue to have, a negative effect on the Macquarie Group's business, results of operations and financial condition.

Inflationary pressures have affected economies, financial markets and market participants worldwide. Central bank responses to inflationary pressures have resulted in higher market interest rates and aggressive balance sheet policy, which has contributed and may continue to contribute to elevated financial and capital market volatility and significant changes to asset values. The Macquarie Group expects elevated levels of inflation may result in higher labour costs and other operating costs, thus putting pressure on the Macquarie Group's expenses. Central bank actions

in response to elevated inflation may lead to slow economic growth and increase the risk of recession, which could adversely affect the Macquarie Group's clients, businesses and results of operations.

5.2.1.9 Climate change risk

The Macquarie Group's businesses could suffer losses due to climate change. Climate change is systemic in nature and is a significant long-term driver of both financial and non-financial risks. Climate change related impacts include physical risks from changing climatic conditions which could result from increased frequency and/or severity of adverse weather events. Such disasters could disrupt the Macquarie Group's operations or the operations of customers or third parties on which it relies. Over the longer term, these events could impact the ability of its clients or customers to repay their obligations, reduce the value of collateral, negatively impact asset values and result in other effects. Additionally, climate change could result in transition risks such as changes to laws and regulations, technology development and disruptions and changes in consumer and market preferences towards low carbon goods and services. These factors could restrict the scope of the Macquarie Group's existing businesses, limit its ability to pursue certain business activities and offer certain products and services, amplify credit and market risks, negatively impact asset values, result in litigation, regulatory scrutiny and/or action, negative publicity or other reputational harm and/or otherwise adversely impact the Macquarie Group, its business or its customers.

Climate risks can also arise from the inconsistencies and conflicts in the manner in which climate policy and financial regulation is implemented in the regions where the Macquarie Group operates, including initiatives to apply and enforce policy and regulation with extraterritorial effect. Legislative or regulatory uncertainties and changes are also likely to result in higher regulatory, compliance, credit, reputation and other risks and costs.

The Macquarie Group's ability to meet its climate-related goals, targets and commitments, including its goal to achieve net zero emissions in its own business operations across Scope 1 and 2 by FY2025 and its goal to align its financing activity with the global goal of net zero emissions by 2050, is subject to risks and uncertainties, many of which are outside of its control, such as technological advances, public policies and challenges related to capturing, verifying, analysing and disclosing emissions and climate-related data. Failure to effectively manage these risks could adversely affect the Macquarie Group's business, prospects, reputation, financial performance or financial condition.

5.2.2 Legal and regulatory risks

5.2.2.1 Change in laws, regulation and regulatory policy

Many of the Macquarie Group's businesses are highly regulated and they could be adversely affected by temporary and permanent changes in law, regulations and regulatory policy.

The Macquarie Group operates various kinds of businesses across multiple jurisdictions or sectors, which are regulated by more

than one regulator. Additionally, some members of the Macquarie Group own or manage assets and businesses that are regulated. Banking regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not holders of MGL's securities or creditors. In addition, as a diversified financial institution, many of the Macquarie Group's businesses are subject to financial services regulation other than prudential banking regulation, as well as laws, regulations and oversight specific to the industries applicable to the Macquarie Group's businesses and assets. Failure to comply with any laws or regulations which the Macquarie Group are subject to could adversely affect its business, prospects, reputation or financial condition.

Regulatory agencies and governments frequently review and revise banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies, including fiscal and trade policies. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could substantially affect the Macquarie Group or its businesses, the products and services the Macquarie Group offers or the value of its assets, or have unintended consequences or impacts across the Macquarie Group's business. These may include imposing more stringent liquidity requirements and capital adequacy, increasing tax burdens generally or on financial institutions or transactions, limiting the types of financial services and products that can be offered and/or increasing the ability of other providers to offer competing financial services and products, as well as changes to prudential regulatory requirements. Global economic conditions and increased scrutiny of the governance, culture, remuneration and accountability in the banking sector have led to increased supervision and regulation, as well as changes in regulation in the markets in which the Macquarie Group operates and may lead to further significant changes of this kind. Health, safety, environmental and social laws and regulations can also change rapidly and significantly. The occurrence of any adverse health, safety, environmental or social event, or any changes, additions to, or more rigorous enforcement of, health, safety, environmental and social standards could have a significant impact on operations and/or result in material expenditures.

In some countries in which Macquarie Group does business or may in the future do business, in particular in emerging markets, the laws and regulations are uncertain and evolving, and it may be difficult for the Macquarie Group to determine the requirements of local laws in every market. The Macquarie Group's inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on its businesses in that market but also on its reputation generally.

In addition, regulation is becoming increasingly extensive and complex, and in many instances requires the Macquarie Group to make complex judgments, which increases the risk of non-compliance. Some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their

regulation. The nature and impact of future changes are unpredictable, beyond the Macquarie Group's control and may result in potentially conflicting requirements, resulting in additional legal and compliance expenses and changes to its business practices that adversely affect its profitability.

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

An example might be the outcome of any consultation foreshadowed by the APRA Discussion Paper. There is a risk that the outcome could include measures that limit the issue or distribution of regulatory capital instruments by insurers or banks in the future, including their ability to be traded on a listed market and that might affect the liquidity and market price of regulatory capital instruments, including MCN7.

The Macquarie Group is subject to laws that authorise regulatory bodies to block or reduce the flow of funds from subsidiaries to the Macquarie Group. Restrictions or regulatory action of that kind could impede access to funds that the Macquarie Group needs to make payments on its obligations, including debt obligations, including MCN7, or dividend payments. In particular, the availability of MBL's funding to meet the obligations of MGL or the Non-Bank Group is subject to regulatory restrictions.

5.2.2.2 Financial crime risk

The Macquarie Group is subject to the risk of loss as a result of not complying with laws governing financial crime, including sanctions.

The Macquarie Group is subject in its operations worldwide to laws and regulations relating to corrupt and illegal payments, counter-terrorism financing, anti-bribery and corruption and adherence to anti-money laundering obligations, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The geographical diversity of its operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that a member of the Macquarie Group may be found in violation of these laws. Emerging financial crime risk typologies could also limit the Macquarie Group's ability to track the movement of funds thereby heightening the risk of breaching financial crime related laws, sanctions or bribery and corruption laws. The Macquarie Group's ability to comply with relevant laws is dependent on its detection and reporting capabilities, control processes and oversight accountability. Additionally, the current sanctions environment remains dynamic and constantly evolving. Increasingly complex sanctions and disclosure regimes, which often differ or are not aligned across countries, could adversely affect the Macquarie Group's business activities and investments, as well as expose the Macquarie Group to compliance risk and reputational harm.

A failure to comply with these requirements and expectations, even if inadvertent, or resolve any identified deficiencies could subject the Macquarie Group to significant penalties, revocation,

suspension, restriction or variation of conditions of operating licenses, adverse reputational consequences, a breach of its contractual arrangements, litigation by third parties (including potentially class actions) or limitations on its ability to do business.

5.2.2.3 Increased governmental and regulatory scrutiny or negative publicity.

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and Macquarie Group's business operations, capital, liquidity, financial and non-financial risk management and other matters, has increased dramatically in recent years. The political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, to increased regulatory scrutiny, enforcement actions and litigation. Responding to and addressing such matters, regardless of the ultimate outcome, is time-consuming, expensive, can adversely affect investor confidence and can divert the time and effort of the Macquarie Group's staff (including senior management) from its business.

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

5.2.2.4 Litigation and regulatory actions

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

5.2.2.5 Interest rate benchmark risks

The Macquarie Group may not manage risks associated with the replacement of interest rate benchmarks effectively.

LIBOR and other interest rate benchmarks (collectively, the "IBORs") have been the subject of ongoing national and international regulatory scrutiny and reform. The LIBOR

administrator ceased publication of non-USD LIBOR and one-week and two-months USD LIBOR on a permanent or representative basis on December 31, 2021, and ceased publication of all other USD LIBOR tenors on July 1, 2023. The transition away from and discontinuance of established benchmark rates and the adoption of alternative reference rates ("ARR") by the market may pose a number of risks for the Macquarie Group, its clients, and the financial services industry more widely. These include, but are not limited to (i) Conduct risks – where, by undertaking actions to transition away from using the IBORs, the Macquarie Group faces conduct risks which may lead to client complaints, regulatory sanctions or reputational impact; (ii) Legal and execution risks – relating to documentation changes required for new ARR products and for the transition of legacy contracts to ARRs; (iii) Financial risks and pricing risks – any changes in the pricing mechanisms of financial instruments linked to IBOR or ARRs which could impact the valuations of these instruments; and (iv) Operational risks – due to the potential need for the Macquarie Group, its clients and the market to adapt information technology systems, operational processes and controls to accommodate one or more ARRs for a large volume of trades. Any of these risks may have a material adverse effect on the Macquarie Group's business, results of operations, financial condition and prospects.

5.2.2.6 Counterparty credit risk

Failure of third parties to honour their commitments in connection with the Macquarie Group's trading, lending and other activities may adversely impact its business.

The Macquarie Group is exposed to potential losses as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. The Macquarie Group is also exposed to potential concentration risk arising from individual exposures or other concentrations including to industries or countries. The Macquarie Group assumes counterparty risk in connection with its lending, trading, derivatives and other businesses where it relies on the ability of third parties to satisfy their financial obligations to it in full and on a timely basis. The Macquarie Group's recovery of the value of the resulting credit exposure may be adversely affected by a number of factors, including declines in the financial condition of the counterparty, the value of collateral the Macquarie Group holds and the market value of counterparty obligations the Macquarie Group holds. Changes to sanctions laws may affect the credit condition of Macquarie Group's counterparties, with those whose businesses were developed around the ability to trade in or utilise now-sanctioned commodities more likely to have been negatively affected. Consumers have been and may continue to be negatively impacted by inflation, resulting in drawdowns of savings or increases in household debt. Higher interest rates, which have increased debt servicing costs for some businesses and households, may adversely impact credit quality, particularly in a period of low or negative economic growth. If the macroeconomic environment worsens, Macquarie Group's credit portfolio and allowance for credit losses could be adversely impacted. The Macquarie Group is also subject to the risk that its

rights against third parties may not be enforceable in all circumstances. The Macquarie Group's inability to enforce its rights may result in losses.

5.2.2.7 Impairments in loans, investments, funds management assets and other assets

The Macquarie Group may experience impairments in loans, investments, fund management assets and other assets. Credit and other impairments and provisions may be required in future periods depending upon the credit quality of its counterparties or if the market value of assets similar to those held were to decline. Credit and other impairment charges may also vary following a change to the inputs or forward looking information used in the determination of expected credit losses.

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

In addition, market volatility may impact the value of the Macquarie Group's investments including in its funds. Future valuations, in light of factors then prevailing, may result in impairments to the Macquarie Group's investments. At the time of any sale of the Macquarie Group's investments, the price it ultimately realises will depend on the demand in the market at the time and may be materially lower than their current market value. Any of these factors could require the Macquarie Group to make further write-downs on its investments and other assets, which may be significant and may have an adverse effect on its businesses, prospects, results of operations and financial condition in future periods.

5.2.3 Operational risks

5.2.3.1 Staff recruitment and retention

The Macquarie Group's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its ability to operate its businesses efficiently and profitably, and to maintain an effective risk management framework.

The Macquarie Group's employees are its most important resource, and its performance largely depends on the talents and efforts of highly skilled individuals. The Macquarie Group's continued ability to compete effectively in its businesses and to expand into new business areas and geographic regions depends on its ability to retain and motivate its existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees has historically been intense. Remuneration costs required to attract and retain employees may increase and the competitive market for talent may further intensify. Recent employment conditions have made the competition to hire and retain qualified employees more

challenging and costly. Attrition rates may also be impacted by factors such as changes in worker expectations, concerns and preferences, including an increased demand for remote work options and other flexibility in the post COVID-19 environment.

In order to attract and retain qualified employees, the Macquarie Group must compensate such employees at or above market levels. Typically, those levels have caused employee remuneration to be the Macquarie Group's greatest expense as its performance-based remuneration has historically been cash and equity based and highly variable. As a regulated entity, MGL may be subject to limitations on remuneration practices (which may or may not affect its competitors). These limitations may require the Macquarie Group to further alter its remuneration practices in ways that could adversely affect its ability to attract and retain qualified and talented employees.

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

5.2.3.2 Operational and process failure risk

The Macquarie Group may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failure in internal or external operational systems and infrastructures, people and processes.

The Macquarie Group's businesses depend on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. While the Macquarie Group employs a range of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, the Macquarie Group may, in the course of its activities, incur losses. There can be no assurance that the risk management processes and strategies that the Macquarie Group has developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances. For a further discussion of Macquarie Group's risk management policies and procedures, see "Risk Management" in section 2 of the Macquarie Group's 2024 Annual Report and Note 36 to its 2024 annual financial statements.

The Macquarie Group also faces the risk of operational failure, termination or capacity constraints of any of the counterparties or financial intermediaries it uses to facilitate its securities or derivatives transactions. Any such failure, termination or constraint could adversely affect the Macquarie Group's ability to effect or settle transactions, service its clients, manage its exposure to risk, meet its obligations to counterparties or expand its businesses or result in financial loss or liability to its clients and counterparties, impairment of its liquidity, disruption of its businesses, regulatory intervention or reputational damage.

As the Macquarie Group's client base, business activities and geographical reach expands, developing and maintaining its operational systems and infrastructure becomes increasingly challenging. The Macquarie Group must continuously update these systems to support its operations and growth, which may entail significant costs and risks of successful integration. The Macquarie Group's financial, accounting, data processing or technology assets may fail to operate properly or be disrupted as a result of events that are wholly or partially beyond its control, such as a malicious cyberattack or a disruption event at a third-party supplier.

The Macquarie Group's businesses manage a large volume of sensitive data and rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in its data management systems and technology, and in those managed, processed and stored by third parties on behalf of it. Inadequate data governance, management and control across the data lifecycle, which include the capture, processing, retention, publication, use, archiving and disposal of data, could lead to poor decision making in the provision of credit as well as affecting its data management regulatory obligations, all of which may cause the Macquarie Group to incur losses or lead to regulatory actions. The Macquarie Group is subject to laws, rules and regulations in a number of jurisdictions regarding compliance with its privacy policies and the disclosure, collection, use, sharing and safeguarding of personally identifiable information of certain parties, such as its employees, customers, suppliers, counterparties and other third parties, the violation of which could result in litigation, regulatory fines and enforcement actions. Furthermore, a breach, failure or other disruption of the Macquarie Group's data management systems and technology, or those of its third-party service providers, could lead to the unauthorised or unintended release, misuse, loss or destruction of personal or confidential data about its customers, employees or other third parties in the Macquarie Group's possession. A purported or actual unauthorised access or unauthorised disclosure of personal or confidential data could materially damage the Macquarie Group's reputation and expose it to liability for violations of privacy and data protection laws.

The Macquarie Group is exposed to the risk of loss resulting from the failure of internal or external processes and systems, such as from the disruption or failure of Macquarie Group's IT systems, or from external suppliers and service providers, including public and private cloud-based technology platforms. Such operational risks may include theft and fraud, failure to effectively implement employment practices and inadequate workplace safety, improper business practices, mishandling of client moneys or assets, client suitability and servicing risks, product complexity and pricing, and valuation risk or improper recording, evaluating or accounting for transactions or breaches of Macquarie Group's internal policies and regulations. There is increasing regulatory and public scrutiny concerning the appropriate management of data and the resilience of outsourced and offshore activities and their associated risks. If the Macquarie Group fails to manage these risks appropriately, it may incur financial losses and/or regulatory intervention and penalties and damage to its

reputation which may impact its ability to attract and retain clients who may or may not be directly affected.

The Macquarie Group is also exposed to the risk of loss and adverse impact to its external stakeholders, resulting from its business activities, including the actions or inactions of its employees, contractors and external service providers operating in markets globally. Conduct risks can arise from human errors, lack of reasonable care and diligence exercised or intentional malfeasance, fraud and other misconduct, including the misuse of client information in connection with insider trading or for other purposes, even if promptly discovered and remediated, can result in reputational damage and material losses and liabilities for the Macquarie Group.

Whilst the Macquarie Group have a range of controls and processes to minimise its conduct risk exposure and identify and manage employee behaviours in line with its risk management policies, it is not always possible to deter or prevent employee misconduct. The precautions the Macquarie Group takes to prevent and detect this activity may not be effective in all cases, which could result in financial losses, regulatory intervention and reputational damage.

5.2.3.3 Cyber and information security risk

A cyber-attack, information or security breach, or a technology disruption event of Macquarie Group or of a third-party supplier could adversely affect Macquarie Group's ability to conduct its business, manage its exposure to risk or expand its businesses. A cyber-attack may also result in the disclosure or misuse of confidential or proprietary information and an increase in Macquarie Group's costs to maintain and update operational and security controls and infrastructure.

The Macquarie Group's businesses depend on the security and efficacy of its data management systems and technology, as well as those of third parties with whom it interacts or on whom it relies. To access its network, products and services, its customers and other third parties may use personal mobile devices or computing devices that are outside of its network environment and are subject to their own cybersecurity risks. While the Macquarie Group seeks to operate in a control environment that limits the likelihood of a cyber and information security incident, and to ensure that the impact of a cyber and information security incident can be minimised by information security capability and incident response, there can be no assurances that the Macquarie Group's security controls will provide absolute security against a dynamic external threat environment.

Cyber and information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology, the increase in remote working arrangements, and the increased sophistication and activities of attackers (including hackers, organised criminals, terrorist organisations, hostile state-sponsored activity, disgruntled individuals, activists and other external parties). These risks have grown more acute due to advances in artificial intelligence, such as the use of machine learning and generative artificial

intelligence, which has allowed malicious actors to develop more advanced social engineering attacks, including targeted phishing attacks. Global events and geopolitical instability may increase security threats targeted at financial institutions. Targeted social engineering attacks are becoming more sophisticated and are extremely difficult to prevent and require the exercise of sound judgment and vigilance by Macquarie Group's employees when it is targeted by such attacks. The techniques used by hackers change frequently and may not be recognised until launched or until after a breach has occurred. Additionally, the existence of cyber-attacks or security breaches at its supplier may also not be disclosed to the Macquarie Group in a timely manner.

Despite efforts to protect the integrity of the Macquarie Group's systems through the implementation of controls, processes, policies and other protective measures, there is no guarantee that the measures the Macquarie Group continue to take will provide absolute security or recoverability given that the techniques used in cyber-attacks are complex, executed rapidly, frequently evolving, and as a result are difficult to prevent, detect, and respond to.

Due to increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber-attack or other information or security breach that significantly degrades, deletes, or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including the Macquarie Group. This consolidation, interconnectivity and complexity increases the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated. Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect the Macquarie Group's ability to effect transactions, service its clients, manage its exposure to risk or expand its businesses.

Macquarie Group's ability to implement effective controls measures to prevent or minimise damage that may be caused by information security threats is challenged because perpetrators are well resourced, deploying highly sophisticated techniques, including artificial intelligence based attacks, which are evolving rapidly. Cyber-attacks or other information or security breaches, whether directed at the Macquarie Group or third parties, may result in a material loss or have adverse consequences for the Macquarie Group, including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, violations of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in its security measures and additional compliance costs, all of which could have a material adverse impact on the Macquarie Group.

5.2.3.4 Staff Risks

The Macquarie Group's operations rely on its ability to maintain an appropriately staffed workforce, and on the competence, engagement, health, safety and wellbeing of employees and contractors.

The Macquarie Group's ability to operate its businesses efficiently and profitably, to offer products and services that meet the expectations of its clients and customers, and to maintain an effective risk management framework is highly dependent on its ability to staff its operations appropriately and on the competence, integrity and health, safety and wellbeing of its employees and contractors.

The Macquarie Group's operations could be impaired if the measures it takes to ensure the health, safety and wellbeing of its employees and contractors are ineffective, or if any external party on which it relies fails to take appropriate and effective actions to protect the health and safety of its employees and contractors.

5.2.3.5 Environmental and social risk

The Macquarie Group could suffer losses due to hostile, catastrophic or unforeseen events, including due to environmental and social factors.

The Macquarie Group is subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events (such as persistent winter storms or protracted droughts), leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks, and military conflict. Any significant environmental change or external event has the potential to disrupt business activities, impact the Macquarie Group's operations or reputation, increase credit risk and other credit exposures, damage property and otherwise affect the value of assets held in the affected locations and the Macquarie Group's ability to recover amounts owing to it.

The occurrence of any such events may prevent the Macquarie Group from performing under agreements with clients, may impair operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm. Any such long-term, adverse environmental or social consequences could prompt the Macquarie Group to exit certain businesses altogether. In addition, such an event or environmental change (as the case may be) could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets.

The Macquarie Group also faces increasing public scrutiny, laws and regulations related to environmental, social and governance ("ESG") factors, including concerns in respect of "greenwashing" practices. The Macquarie Group's risk damage to its brand and reputation if it fails to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, respecting the rights of Indigenous Peoples, support for local communities, corporate governance and transparency and considering ESG factors (including human rights breaches such as modern slavery) where relevant when conducting its businesses, including under its investment and procurement processes. The Macquarie Group is also subject to competing demands from different stakeholder groups with divergent views on such ESG-related factors, including by governmental and regulatory officials in various geographical markets in which

it operates and invests. Failure to effectively manage these risks, including managing ESG-related expectations across varied stakeholder interests, may result in breaches of the Macquarie Group's statutory obligations and harm to its reputation, and could adversely affect its business, prospects, reputation, financial performance or financial condition.

5.2.3.6 Insurance risk

Failure of the Macquarie Group's insurance carriers or its failure to maintain adequate insurance cover could adversely impact its results of operations.

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

5.2.3.7 Custodian Risk

The Macquarie Group is subject to risks in using custodians.

Certain products the Macquarie Group manage depend on the services of custodians to carry out certain securities transactions. Securities held at custodians are typically segregated. In the event of the insolvency of a custodian, the Macquarie Group might not be able to recover equivalent unsegregated assets in full as the beneficiaries of these products will rank among the custodian's unsecured creditors. In addition, the cash held with a custodian in connection with these products will not be segregated from the custodian's own cash, and the creditors of these products will therefore rank as unsecured creditors in relation to the cash they have deposited.

5.2.4 Strategic risks

The Macquarie Group's business may be adversely affected by a failure to adequately manage the risks associated with strategic opportunities and new businesses, including acquisitions, and the exiting or restructuring of existing businesses.

The Macquarie Group is continually evaluating strategic opportunities and undertaking acquisitions of businesses, some of which may be material to its operations. The Macquarie Group's completed and prospective acquisitions and growth initiatives may cause it to become subject to unknown liabilities of the acquired or new business, and additional or different regulations.

Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on the Macquarie Group's legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. A number of the Macquarie Group's recent and planned business initiatives and further expansions of existing businesses are likely to bring it into contact with new clients, new asset classes and other new products or new markets. These business activities expose the Macquarie Group to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of

interest, regulatory scrutiny of these activities, potential political pressure, increased credit-related and operational risks, including risks arising from IT systems and reputational concerns with the manner in which these businesses are being operated or conducted.

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

5.2.4.1 Reputation risk

The Macquarie Group's business depends on its brand and reputation.

The Macquarie Group believes that its reputation in the financial services markets and the recognition of the Macquarie brand by its customers are important contributors to its business. Many companies in the Macquarie Group and many of the funds managed by entities owned, in whole or in part, by the Macquarie Group use the Macquarie name.

The Macquarie Group may be adversely affected by negative publicity or poor financial performance in relation to any of the entities using the Macquarie name, including any Macquarie-managed fund or funds that Macquarie has promoted or is associated with. Investors and lenders may associate such entities and funds with the name, brand and reputation of the Macquarie Group and other Macquarie-managed funds. If funds that use the Macquarie name or are otherwise associated with Macquarie-managed infrastructure assets, such as roads, airports, utilities and water distribution facilities that people view as community assets, are perceived to be managed inappropriately, those managing entities could be subject to criticism and negative publicity, harming the Macquarie Group's reputation and the reputation of other entities that use the Macquarie name.

5.2.4.2 Competitive pressure

Competitive pressure, both in the financial services industry as well as in the other industries in which the Macquarie Group operates, could adversely impact its business.

The Macquarie Group faces significant competition from local and international competitors, which compete vigorously in the markets and sectors across which the Macquarie Group operates. The Macquarie Group competes, both in Australia and

internationally, with asset managers, retail and commercial banks, private banking firms, investment banking firms, brokerage firms, internet based firms, commodity trading firms and other investment and service firms as well as businesses in adjacent industries in connection with the various funds and assets it manages and services it provides. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently.

In addition, digital technologies and business models are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital payment services and open data banking, that challenge, and could potentially disrupt, traditional financial services. The Macquarie Group faces competition from established providers of financial services as well as from businesses developed by non-financial services companies. The Macquarie Group believes that it will continue to experience pricing pressures in the future as some of its competitors seek to obtain or increase market share.

The widespread adoption and rapid evolution of new technologies, including process automation, machine learning and artificial intelligence, analytic capabilities, self-service digital trading platforms and automated trading markets, internet services and digital assets, such as central bank digital currencies, cryptocurrencies (including stablecoins), tokens and other crypto assets, clearing and settlement processes could have a substantial impact on the financial services industry. As such new technologies evolve and mature, Macquarie Group's businesses and results of operations could therefore be adversely impacted.

Any consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power which may enhance the competitive position of the Macquarie Group's competitors. In addition to mergers and acquisitions pursued for commercial reasons, consolidation may also occur as a result of bank regulators encouraging or directing stronger institutions to acquire weaker institutions to preserve stability. The effect of competitive market conditions, especially in the Macquarie Group's main markets, products and services, may lead to an erosion in its market share or margins.

5.2.4.3 Conflicts of interest

Conflicts of interest could limit the Macquarie Group's current and future business opportunities.

As the Macquarie Group expands its businesses and its client base, it increasingly has to address potential or perceived conflicts of interest, including situations where its services to a particular client conflict with, or are perceived to conflict with, its own proprietary investments or other interests or with the interests of another client, as well as situations where one or more of its businesses have access to material non-public

information that may not be shared with other businesses within the Macquarie Group. While the Macquarie Group believes it has adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses, appropriately dealing with conflicts of interest is complex and difficult, and its reputation could be damaged and the willingness of clients or counterparties to enter into transactions may be adversely affected if Macquarie Group fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to claims by and liabilities to clients, litigation or enforcement actions.

5.2.4.4 Fund Performance

The Macquarie Group's dependence on the revenue it generates from managing funds and transacting with the assets it manages exposes it to risk.

The Macquarie Group's financial condition and results of operations are directly and indirectly affected by the results of the funds or the assets it manages. The Macquarie Group's revenue from Assets under Management is derived principally from three sources: (i) management fees, based on the size of its funds; (ii) incentive income, based on the performance of its funds; and (iii) investment income based on its investments in the funds, which are referred to as its "principal investments". If any of the Macquarie Group's funds perform poorly due to market conditions or the Macquarie Group's underperformance, the Macquarie Group's revenue and results of operations may decline. If the return of a fund is negative in any period, this may also have a long-term effect on incentive income. This is because a deficit against a performance benchmark will usually be carried forward until the deficit has been eliminated. In addition, in some cases investors may withdraw their investments in these funds or may decline to invest in future funds the Macquarie Group establishes.

5.2.5 Tax

The Macquarie Group's business operations expose it to potential tax liabilities that could have an adverse impact on its results of operations and reputation.

The Macquarie Group are exposed to costs and risks arising from the manner in which the Australian and international tax regimes may be applied, enforced and/or amended, both in terms of its own tax compliance and the tax aspects of transactions on which it works with clients and other third parties. The Macquarie Group's international, multi-jurisdictional platform increases its tax risks.

5.2.6 Accounting standards

Changes in accounting standards, policies, interpretations, estimates, assumptions and judgments could have a material impact on the Macquarie Group's financial results.

The Macquarie Group accounting policies are fundamental to how it records and reports its financial position and results of operations. These policies require the use of estimates, assumptions and judgements that affect the reported value of

the Macquarie Group's assets or liabilities and results of operations. Management is required to determine estimates and apply subjective and complex assumptions and judgements about matters that are inherently uncertain. Changes in those estimates, assumptions and judgements are accounted for prospectively as a change in accounting estimate unless it is determined that either (i) the determination thereof was in error or (ii) the accounting policy which sets out the application of those estimates, assumptions and judgements has changed, in which case the previous reported financial information is re-presented.

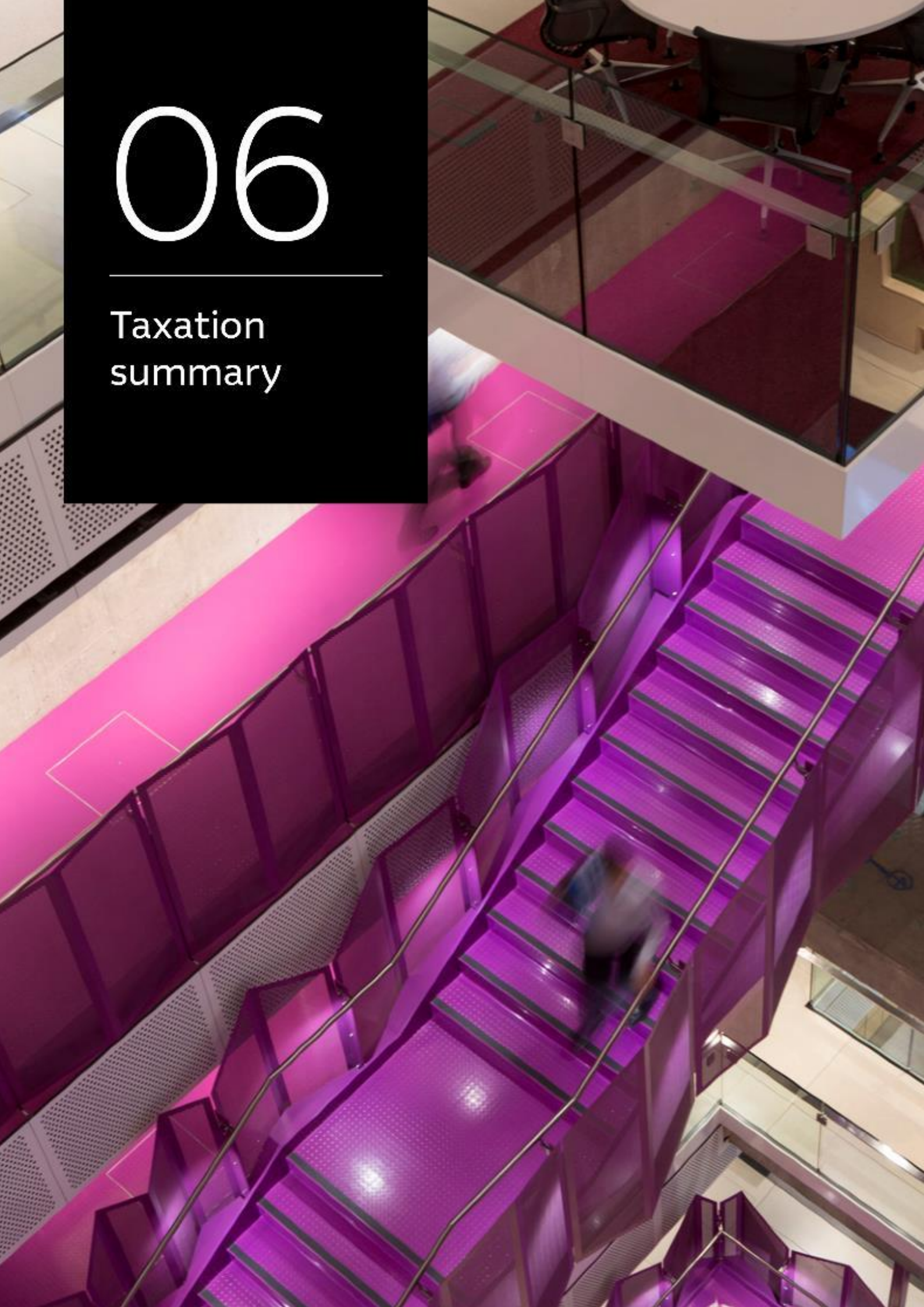
Accounting standard setting bodies issue new accounting standards and interpretations in response to outreach activities,

evolving interpretations, application of accounting principles as well as changes in market developments. Regulators and the Macquarie Group's independent external auditor may also change its interpretations from time to time. These changes may be difficult to predict in terms of their nature and timing. The application of new requirements and interpretations may impact how the Macquarie Group prepares and report its financial statements and in some cases require the Macquarie Group to apply a new or revised standard or interpretation retrospectively, resulting in a requirement to re-present its previously reported financial information.

The description of risks in this section 5 is not exhaustive and you should read this prospectus in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in MCN7.

06

Taxation summary



6. Taxation summary

6.1 Summary of Australian tax consequences for MCN7 Holders

The following is a summary of the Australian tax consequences for certain Australian resident MCN7 Holders who subscribe for MCN7 under the Offer.

This summary is not intended to be exhaustive and you should seek advice from your own financial or tax adviser or other professional adviser before deciding to invest in MCN7. In particular, this summary does not consider the consequences for MCN7 Holders who:

- are not Australian residents for tax purposes;
- are Australian residents but acquire and/or hold the MCN7 through a permanent establishment outside Australia;
- acquire MCN7 otherwise than under the Offer;
- hold MCN7 in their business of share trading or dealing in securities, or who otherwise hold their MCN7 on revenue account or as trading stock; or
- are subject to the “taxation of financial arrangements” provisions in Division 230 of the Tax Act in relation to their holding of MCN7.

This summary is not intended to be, nor should it be constituted as being, investment, legal or tax advice to any particular MCN7 Holder.

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

6.1.1 Class ruling sought on MCN7

MGL has applied to the ATO for a Class Ruling to confirm certain Australian tax consequences for Australian resident MCN7 Holders. The ATO will only issue a Class Ruling after the issue of MCN7. When issued, copies of the Class Ruling will be available from www.macquarie.com and on the ATO website.

6.1.2 Distributions on MCN7

MCN7 should constitute non-share equity interests and Distributions under the MCN7 Terms should constitute non-share dividends that are frankable.

MCN7 Holders should include such Distributions in their assessable income. Generally, provided that an MCN7 Holder is a “qualified person” (see below) and the ATO does not make a determination under certain anti-avoidance rules (see below), an MCN7 Holder should include any franking credits in their assessable income and be entitled to a tax offset equal to the franking credits received.

An MCN7 Holder that is an individual or complying superannuation fund may be able to receive a tax offset refund from the ATO in a particular year if the franking credits attached to the dividend exceed the tax payable on the MCN7 Holder’s total taxable income.

An MCN7 Holder that is a company should be entitled to a franking credit and a tax offset in respect of any franking credits attached to a Distribution. However, the company will not be entitled to a tax offset refund of the excess franking credits. Rather, the surplus franking credits may be converted to a tax loss which can be carried forward to future years (subject to the corporate MCN7 Holder satisfying certain loss carry forward rules).

MCN7 Holders who are residents of Australia for tax purposes who are neither individuals nor trustees of complying superannuation funds nor companies should consider how they should be treated in relation to the taxation of the Distributions. Such MCN7 Holders include exempt bodies and the trustees of trusts other than complying superannuation funds.

Holding period rule

Under the “holding period rule”, in order to qualify for a franking offset MCN7 Holders are required to hold their MCN7 “at risk” for a continuous period of at least 90 days (excluding the days of acquisition and disposal) during the period beginning on the day after the MCN7 is acquired and ending on the 90th day after the day that the MCN7 becomes ex-distribution (commonly referred to as the “primary qualification period”).

If an MCN7 Holder, or an associate, is obliged to make a “related payment” which has the effect of passing on the benefit of the Distribution to other entities, the MCN7 Holder will also be required to hold their MCN7 “at risk” for at least 90 days during the period from 90 days before to 90 days after MCN7 become ex-distribution.

To be held “at risk”, an MCN7 Holder must effectively retain 30% or more of the risks and benefits associated with holding MCN7. This may be affected by any risk management strategies undertaken by an MCN7 Holder in relation to their MCN7 (for example, by the use of limited recourse loans, options or other derivatives).

An MCN7 Holder that holds their MCN7 at risk for at least the primary qualification period and does not make a related payment or undertake any risk management strategies should satisfy the “holding period rule” in relation to the franking credits included in the Distribution.

The “holding period rule” does not apply to MCN7 Holders that are individuals if the total amount of the tax offsets in respect of franked distributions to which the MCN7 Holder is entitled to, in a particular income year, is \$5,000 or less, provided they are not under an obligation to make a “related payment” as described above. In this instance, the MCN7 Holder should be entitled to the benefit of franking credits whether or not their MCN7 are held at risk for the requisite period of time.

Anti-avoidance rules

There are anti-avoidance rules that may apply in certain circumstances to deny the benefit of franking credits to MCN7 Holders.

One such rule, being the so called “anti-hybrid” rule in section 207-158 of the Tax Act (“**Anti-hybrid Rule**”), applies when the issuer of the instrument (here, MGL) is entitled to a deduction in a foreign jurisdiction in relation to distributions paid on the instrument. MGL does not anticipate being entitled to any foreign income tax deductions in relation to Distributions paid on the MCN7. As such, the Anti-hybrid Rule should not apply to deny an MCN7 Holder the benefit of either franking credits or tax offsets in relation to Distributions. However, the determination of foreign income tax deductions is complex and if such a foreign income tax deduction entitlement arises, the cash Distribution will not be adjusted or grossed up in the event that the franking credits are denied under the Anti-hybrid Rule.

Another rule is in section 177EA of the Tax Act which is intended to apply to prevent schemes that are entered into for the purpose of obtaining a franking benefit and this purpose is more than an incidental purpose of entering into the scheme. Under this rule, the ATO may make a determination based on a number of objective factors as to whether a scheme has such a purpose.

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

Having regard to the objective factors which the ATO may consider under section 177EA and in light of the High Court’s decision in the *Mills* case, MGL does not expect section 177EA to apply to Distributions on MCN7.

MGL also does not expect any other anti-avoidance provisions to apply to Distributions on MCN7, subject to the particular circumstances of an MCN7 Holder.

The Australian Parliament has also recently passed the *Treasury Laws Amendment (2023 Measures No. 1) Act 2023* (Cth). The Act includes a provision which is targeted at certain arrangements where a franked distribution is funded, directly or indirectly, by an issue of equity interests. If the provision applies, the relevant distribution would be unfrankable. The provision should not apply to Distributions on the MCN7. This conclusion is consistent with Example 5.4 in the Explanatory Memorandum to the Treasury Laws Amendment (2023 Measures No. 1) Bill 2023, which concludes that the provision should generally not apply to distributions on non-share equity interests issued by an APRA regulated entity with an established practice of paying franked distributions on its ordinary shares and non-share equity interests (such as MGL).

6.1.3 CGT cost base and acquisition date for MCN7

The cost base (or reduced cost base) of each MCN7 acquired by an MCN7 Holder should include \$100 (being the Issue Price of each MCN7) and any non-deductible incidental costs (e.g. broker fees, adviser fees) associated with the acquisition and disposal of MCN7. This will be relevant in determining the capital gain or capital loss arising on a disposal of MCN7 (discussed further below).

Each MCN7 will be taken to have been acquired by an MCN7 Holder on the Issue Date.

6.1.4 Exchange of MCN7 into Ordinary Shares

Specific capital gains tax provisions under the Tax Act should apply to disregard any gain or loss that may arise on Exchange of MCN7 into Ordinary Shares such that the gain or loss is effectively deferred.

As a consequence, the MCN7 Holder's cost base in the Ordinary Shares acquired on Exchange should be equal to their cost base in MCN7. The Ordinary Shares are taken to be acquired at the date of the relevant exchange event for capital gains tax purposes (including for the purposes of determining the 12 month ownership period for the "CGT Discount Concession" discussed below).

6.1.5 Write-Off of MCN7

If Exchange has not occurred, for any reason, within 5 Business Days of a Non-Viability Exchange Date, an MCN7 Holder's rights under the MCN7 will be Written-Off and will terminate for no consideration.

A CGT event will happen for MCN7 Holders if and when MCN7 are Written-Off. As no consideration will be received by MCN7 Holders for their Written-Off MCN7, where the MCN7 have no market value for tax purposes, MCN7 Holders should make a capital loss equal to the reduced cost base of their Written-Off MCN7.

6.1.6 Sale of MCN7 on ASX

Any gain or loss on the sale of MCN7 on ASX by an MCN7 Holder should be included in the calculation of the MCN7 Holder's taxable income.

The Class Ruling application has requested that the ATO confirm that MCN7 should not constitute "traditional securities" and MGL expects that the Class Ruling will conclude that MCN7 are not "traditional securities". On this basis, any gains or losses made by MCN7 Holders on the sale of MCN7 should be taxed under the CGT rules.

CGT Discount Concession

Where an MCN7 Holder realises a capital gain on disposal of MCN7, certain MCN7 Holders who have held their MCN7 for at least 12 months prior to disposal (excluding the days of acquisition and disposal) should be eligible for the 50% CGT discount (for individuals and trusts) or 33 1/3% CGT discount (for complying superannuation funds) on any capital gain made on disposal.

The Government has announced that "managed investment trusts" ("**MITs**") and "attribution MITs" ("**AMITs**") will no longer be entitled to the CGT discount at the trust level. This change was previously scheduled to apply from 1 July 2020, but has now been delayed and will instead apply for income years commencing on or after the date that is three months from the date of Royal Assent of the enabling legislation. While there can be no certainty at this time in relation to when this change will come into effect, the Government has indicated that it is committed to legislating this measure. Once this change comes into effect, MITs and AMITs that derive capital gains will continue to be able to distribute those amounts as capital gains that may be subject to the CGT discount in the hands of those beneficiaries who are entitled to the CGT discount. Investors should monitor any potential changes on an ongoing basis.

Where a capital loss is realised on the sale of MCN7, the capital loss is generally only deductible against capital gains, but can be carried forward for use in a later year.

6.1.7 Resale of MCN7

MGL may elect to Resell MCN7 in certain circumstances. For each MCN7 subject to a Resale, an MCN7 Holder will be entitled to receive the Resale Price (which is equal to the Issue Price) from the Nominated Party. A Resale will constitute a disposal of MCN7 by the MCN7 Holder for CGT purposes. Accordingly, an MCN7 Holder may realise a capital gain or capital loss on such disposal to the extent that the Resale proceeds are greater or less than the MCN7 Holder's cost base or reduced cost base for the MCN7.

If MCN7 have been held for at least 12 months prior to the Resale (excluding the days of acquisition and disposal), a qualifying MCN7 Holder (an individual, qualifying trust or complying superannuation fund) may be entitled to the CGT discount concession in respect of any capital gain arising on disposal, in the manner discussed in section 6.1.6 above.

6.1.8 Redemption of MCN7

MGL may also elect to Redeem MCN7 in certain circumstances, in which case MGL must pay a cash amount equal to the Redemption Price in respect of each MCN7.

Redemption of MCN7 will be a CGT event and give rise to a capital gain if the proceeds exceed the MCN7 Holder's CGT cost base of the MCN7. Conversely, a capital loss will result if the proceeds are less than the MCN7 Holder's reduced cost base.

The Redemption proceeds will be an amount equal to the Issue Price of each MCN7, unless the market value of an MCN7 on the Redemption Date (determined as if Redemption of the MCN7 had not occurred or been proposed to occur) is greater or less than the Issue Price. In that case, the greater or lesser market value amount will be deemed to be the capital proceeds of the Redemption, instead of the Issue Price actually received (refer to guidance issued by the ATO in Practical Compliance Guideline PCG 2021/1). Based on that guidance, where the MCN7 are Redeemed on the first Scheduled Optional Exchange Date, the ATO should accept that the market value of each MCN7 (and therefore the Redemption proceeds) is equal to the Issue Price of the MCN7.

The Redemption proceeds should not be treated as a dividend on the basis that they will be debited against an amount standing to the credit of MGL's non-share capital account. A qualifying MCN7 Holder (an individual, qualifying trust or complying superannuation fund) may be entitled to the CGT discount concession for any capital gain, in the manner discussed in section 6.1.6 above.

6.1.9 Ordinary Shares following Exchange

The dividends received on Ordinary Shares should give rise to similar tax consequences outlined in section 6.1.2 in relation to Distributions on MCN7.

Any gain or loss realised on the sale of Ordinary Shares should be taxable under the CGT rules. As outlined above, the Ordinary Shares acquired on Exchange will be taken to have been acquired on the date of Exchange. This means that the Ordinary Shares would need to be held for at least 12 months after the date of Exchange in order for eligible MCN7 Holders (individuals, qualifying trusts and complying superannuation funds) to qualify for the CGT discount concession on the disposal of Ordinary Shares.

6.1.10 Provision of TFN and/or ABN

MCN7 Holders may choose to provide their tax file number, Australian Business Number or a relevant exemption to MGL.

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

6.1.11 GST

GST should not be payable on the issue, receipt, disposal, Exchange, Redemption or Resale of MCN7.

6.1.12 Stamp duty

Under current law, no stamp duty should be payable by an MCN7 Holder on the issue, transfer, Redemption, Exchange or Resale of MCN7 as long as MGL is listed, its shares are quoted on ASX at all relevant times and no person (alone or with associates) will acquire or hold a 90% or more interest in MGL. The stamp duty legislation generally requires the interests of associates to be included in working out whether the threshold is reached. In some circumstances, the interests of unrelated entities can also be aggregated together in working out whether the threshold is reached.

6.2 Summary of tax consequences for Eligible MCN3 Holders who participate in the Reinvestment Offer

Under the Reinvestment Offer, Eligible MCN3 Holders who elect to participate in the Reinvestment Offer may direct the proceeds of their Reinvestment MCN3 to be reinvested in a corresponding number of MCN7. This will be effected via a payment direction to the MCN3 Purchaser to pay the sale proceeds to MGL and MGL to apply the sale proceeds for the Reinvestment MCN3 (\$100 per MCN3) as the Application Payment for MCN7.

We have set out below some high-level comments in relation to Eligible MCN3 Holders who are subject to Class Ruling CR 2018/26 and who participate in the Reinvestment Offer. This summary is not exhaustive and you should seek advice from your own financial or tax adviser or other professional adviser before deciding to participate in the Reinvestment Offer.

In particular, this summary does not consider the consequences for Eligible MCN3 Holders who:

- are not Australian residents for tax purposes;
- are Australian residents but acquired and/or hold the MCN3 through a permanent establishment outside Australia;
- acquired MCN3 otherwise than under the initial offer;
- hold MCN3 in their business of share trading or dealing in securities, or who otherwise hold their MCN3 on revenue account or as trading stock; or
- are subject to the "taxation of financial arrangements" provisions in Division 230 of the Tax Act in relation to their holding of MCN3.

6.2.1 CGT consequences for Eligible MCN3 Holders

A CGT event will occur for Eligible MCN3 Holders upon sale of their Reinvestment MCN3 to the MCN3 Purchaser.

Eligible MCN3 Holders may make a capital gain if their capital proceeds from the disposal are more than their cost base for their Reinvestment MCN3 or may make a capital loss if their capital proceeds are less than their reduced cost base for their Reinvestment MCN3:

-
- *Cost base or reduced cost base:* the first element of an Eligible MCN3 Holder's cost base, or reduced cost base, for their Reinvestment MCN3 should be the amount paid by the Eligible MCN3 Holder for their Reinvestment MCN3. Certain other non-deductible incidental costs associated with the acquisition or disposal of the Reinvestment MCN3 (e.g. broker fees, adviser fees) may be included in the cost base or reduced cost base.
 - *Capital proceeds:* the capital proceeds that will be received by an Eligible MCN3 Holder from the sale of their Reinvestment MCN3 to the MCN3 Purchaser should be \$100 per Reinvestment MCN3.

A qualifying Eligible MCN3 Holder (an individual, qualifying trust or complying superannuation fund) may be entitled to the CGT discount concession in relation to any capital gain realised on the sale of their Reinvestment MCN3. In this regard, the CGT discount concession outlined in section 6.1.6 above in relation to disposals by MCN7 Holders should be equally applicable to disposals by holders of Reinvestment MCN3.

6.2.2 CGT cost base and acquisition date for MCN7 acquired under the Reinvestment Offer

The amount of an Eligible MCN3 Holder's disposal proceeds that is applied in subscribing for MCN7 under the Reinvestment Offer should be included in the Eligible MCN3 Holder's cost base (and reduced cost base) for the purposes of determining any future capital gain or capital loss on the disposal, Exchange, Redemption or Resale of MCN7.

Each MCN7 acquired by an Eligible MCN3 Holder under the Reinvestment Offer will be taken to have been acquired by that holder on the Issue Date.

07

Additional
information



7. Additional information

This section provides information about a number of other matters not covered elsewhere in this Prospectus.

7.1 Trust Deed

MGL has entered into the Trust Deed with the Trustee. The MCN7 Terms are set out as a schedule to the Trust Deed. A copy of the Trust Deed can be obtained from www.macquarie.com/MCN7.

In accordance with the requirements in Chapter 2L of the Corporations Act, the Trustee will act as note trustee for the MCN7 Holders under the Trust Deed. All MCN7 Holders are bound by the terms of the Trust Deed.

All payment, Exchange and other obligations under the MCN7 are the direct obligations of MGL. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, or Related Bodies Corporate guarantee, or are otherwise responsible for, the payment, Exchange or any other obligation of MGL under the MCN7.

The Trustee is not responsible for monitoring any breach of the Trust Deed, the MCN7 Terms, the occurrence of any event which may trigger an Exchange or the activities, financial position, business or status of MGL except as required by law. In this regard, the Trustee is subject to certain statutory duties imposed on it under Chapter 2L of the Corporations Act including to:

- exercise reasonable diligence to ascertain whether:
 - the property of MGL that is or should be available will be sufficient to repay the amounts lent by MCN7 Holders in respect of MCN7 when such amounts become due; and
 - MGL has breached the MCN7 Terms, the Trust Deed or the provisions of Chapter 2L of the Corporations Act; and
- unless the Trustee is satisfied a breach of the MCN7 Terms, the Trust Deed or the provisions of Chapter 2L of the Corporations Act is not materially prejudicial to the MCN7 Holders' interests, do everything in its power to ensure MGL remedies any breach which is known to the Trustee.

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

7.1.1 Appointment of Trustee and declaration

The Trustee has been appointed under the Trust Deed and holds on trust for itself and the MCN7 Holders:

- a trust settlement sum of \$10;
- the right to enforce, on behalf of MCN7 Holders, MGL's obligations to pay amounts payable under the MCN7 Terms and under the Trust Deed;
- the right to enforce, on behalf of MCN7 Holders, all other duties and obligations of MGL under the MCN7 Terms, the provisions of the Trust Deed and Chapter 2L of the Corporations Act; and
- any other property and benefits which the Trustee from time to time receives or holds on such trust (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Transaction Documents).

7.1.2 MGL undertakings

MGL has undertaken to the Trustee (on behalf of each MCN7 Holder) that it will, amongst other things:

- pay any amounts due and payable in respect of MCN7 (subject to any obligation of MGL to Exchange or Write-Off any MCN7);
- comply with its obligations under the MCN7 Terms, and comply with all laws applicable to it (including Chapter 2L of the Corporations Act) where failure to do so would have or be likely to have a material adverse effect in relation to the MCN7; and
- comply with any conditions imposed by ASX in connection with the MCN7 except to the extent those conditions may cause the MCN7 to cease to be Relevant Securities forming part of Eligible Capital.

7.1.3 Trustee limitation of liability

The Trustee is not liable to MGL, MCN7 Holders or any other person in any capacity other than as Trustee of the Trust. A liability of the Trustee is limited to and can be enforced against the Trustee only to the extent to which the Trustee is actually indemnified out of the Trust Fund in respect of that liability.

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

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

The Trustee is not obliged to do or refrain from doing anything under the Trust Deed or MCN7 Terms unless the Trustee's liability is limited in the same manner as set out in the Trust Deed (which is summarised in this section 7.1.3).

7.1.4 Action by Trustee

The Trustee is required, at all times, to act in accordance with its obligations under the MCN7 Terms, the Trust Deed, the Corporations Act and applicable law. Subject to the MCN7 Terms and to section 283DA(h) of the Corporations Act, the Trustee must take action to enforce its rights and the rights of MCN7 Holders under the Trust Deed and the MCN7 Terms in accordance with their terms where all the following conditions are met and is not required to act in accordance with any direction from the MCN7 Holders or any of them unless:

- the Trustee is requested in writing to take action by MCN7 Holders who hold between them at least 25% of the outstanding principal amount of MCN7 then outstanding or it has been so directed by a Special Resolution of the MCN7 Holders;
- the Trustee is indemnified to its reasonable satisfaction against all actions to which it may render itself liable by taking such action and costs which it may incur and all management time spent by employees or officers of the Trustee in relation to such action; and
- the action is permitted under the Transaction Documents.

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

7.1.5 Direct action by MCN7 Holder

No MCN7 Holder is entitled to proceed directly against MGL to enforce the performance of any of the provisions of the Trust Deed or the MCN7 Terms (including any rights, powers or remedies in connection with the MCN7, whether arising under the Trust Deed or any other Transaction Document), unless the Trustee, having become bound to proceed, fails to do so within 14 days and such failure is continuing, in which case any MCN7 Holder may itself institute proceedings against MGL for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so. Any such proceeding must be brought in the name of the MCN7 Holder and not the Trustee.

MCN7 Holders should be aware that, even if action is taken by the Trustee in accordance with the MCN7 Terms, the Trust Deed, the Corporations Act or applicable law, there can be no guarantee that such action will ensure the performance of all (or any) of MGL's obligations under the MCN7 Terms. Further, MCN7 Holders should be aware that the Trustee may not take any action to enforce any obligation of MGL in connection with the MCN7 unless the enforcement of that obligation is in accordance with the MCN7 Terms, the Trust Deed and applicable law. Neither the Trustee nor any MCN7 Holder may exercise any powers in a manner inconsistent with the Trust Deed and the MCN7 Terms.

7.1.6 Fees and expenses

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

- its reasonable costs, charges and expenses incurred in connection with the negotiation, preparation and execution of the Trust Deed, this Prospectus and the MCN7 Terms and any subsequent consent, agreement, approval, waiver or amendment relating to the Transaction Documents;
- all costs, charges, expenses, losses and other liabilities it incurs in connection with exercising, enforcing or preserving, or attempting to exercise, enforce or preserve, rights under the Trust Deed and the MCN7 Terms; and

-
- all losses, costs, charges and expenses and other liabilities it suffers or properly incurs which arise out of, or in the course of, acting as the trustee of the Trust, except where such expenses are incurred by the Trustee as a direct result of a Trustee Default.

7.1.7 Retirement and removal

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

- the Trustee is in material breach of its obligations under the Trust Deed or the MCN7 Terms and has not rectified the breach within 7 Business Days of receiving a notice from MGL specifying the breach and requesting that it be remedied;
- a Trustee Default has occurred and is continuing;
- the Trustee ceases to carry on business or becomes subject to an insolvency event (such as being placed in liquidation, being wound-up or dissolved) or a receiver or similar official is appointed to it;
- the Trustee is no longer permitted to act as a trustee under the Corporations Act;
- any licence, consent, authorisation or similar thing the Trustee is required to hold to carry out its obligations under the Trust Deed is revoked or not renewed; or
- MGL is authorised or requested to do so by a Special Resolution of the MCN7 Holders.

In addition, MGL must take all reasonable steps to replace the Trustee as soon as practicable after it becomes aware that the Trustee has ceased to exist, has not been validly appointed, cannot be a trustee under section 283AC of the Corporations Act or has failed or refused to act as trustee.

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

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

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

7.1.8 Meetings

A meeting of MCN7 Holders has the power to:

- by Ordinary Resolution, give directions to the Trustee as to, or authorise, ratify or confirm anything the Trustee has done or omitted to do in respect of, the performance or exercise of any of its duties, rights, powers and remedies under the Trust Deed or MCN7; and
- by Special Resolution:
 - approve the release of the Trustee from liability for anything done or omitted to be done by the Trustee or any other person before the release is given; and
 - approve alterations to the Trust Deed or amendments to the MCN7 Terms (subject to the other conditions described in section 5.1.27 being complied with).

To the extent any matter arising from a meeting of MCN7 Holders may cause the MCN7 to cease to be Relevant Securities forming part of Eligible Capital, such matter requires the prior written approval of APRA.

Each MCN7 Holder is entitled to one vote on a show of hands. On a poll, each MCN7 Holder is entitled to one vote for each MCN7 with respect to which it is the registered holder.

To the extent permitted by law, the Trustee is not liable to an MCN7 Holder, MGL or any other person for acting on directions, authorisations, resolutions or confirmations given by the MCN7 Holders.

An MCN7 Holder has no entitlement to attend or vote at a general meeting of MGL or to receive a copy of the MGL annual report or other financial information sent to holders of Ordinary Shares.

7.2 Offer Management Agreement (“OMA”)

MGL has entered into an OMA with the Joint Lead Managers. Macquarie Capital (Australia) Limited is sole Arranger and a Joint Lead Manager. Under the OMA, the Joint Lead Managers have agreed to conduct a Bookbuild for the purpose of establishing the Margin. The Joint Lead Managers have entered into the OMA with MGL on an arm's length basis and do not accept any fiduciary obligations to, or any fiduciary, relationship with, any investor or potential investor in MGL, in connection with the Offer or otherwise.

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

7.2.1 Fees

The fees payable to the Joint Lead Managers are set out in section 7.6.

7.2.2 Representations, warranties and undertakings under the OMA

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

7.2.3 Termination events

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

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

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

- an adverse change in the assets, liabilities, financial position or performance, profits, losses, or prospects of the Macquarie Group (in so far as the position of an entity in the Macquarie Group affects the overall position of MGL);
- a change in senior management as described in this Prospectus or the Board of Directors of MGL other than the appointment of an additional Director to the MGL Board, or a change in the constitution of MGL;
- a change in law is introduced or proposed to be introduced (other than a law or proposal which has been announced before the date of the OMA) which does or is likely to prohibit or adversely regulate the Offer, capital issues, or stock markets or adversely affect the tax treatment of MCN7; or
- one of the following occurs:

-
- a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on the ASX, London Stock Exchange or New York Stock Exchange is suspended or limited for more than one day on which that exchange is open for trading; or
 - there is a suspension or limitation in trading in MGL's securities on ASX (other than in connection with the Bookbuild);
 - after the successful completion of the Bookbuild:
 - there is an outbreak of hostilities or major escalation of existing hostilities involving any one or more of Australia, the United States, the United Kingdom, Hong Kong, China, any member of the European Union, Japan or Singapore or the declaration by any of these countries of a war, or a major terrorist attack is perpetrated on any of those countries; or
 - the declaration of a national emergency by any of the United Kingdom, Hong Kong, China, any member of the European Union, Japan or Singapore, or the occurrence of any major calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia, the United States or the United Kingdom, excluding where any of these events occur or escalate in connection with the COVID-19 pandemic;
 - a warranty granted by MGL contained in the OMA is not true or correct;
 - the occurrence of a review trigger set out in the Target Market Determination or an event or circumstance that would reasonably suggest that the Target Market Determination is no longer appropriate; or
 - MGL amends the Target Market Determination or makes a new target market determination for Notes in accordance with section 994B of the Corporations Act which replaces the Target Market Determination.

7.2.4 Indemnity

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

7.3 Summary of rights attaching to Ordinary Shares

Ordinary Shares will be issued to MCN7 Holders on certain events – see sections 2.3, 2.4, 2.7 and 2.8 for further details of Exchange and when it may occur.

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

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

The key rights attaching to Ordinary Shares are as follows:

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

-
- the right to participate in a winding up of MGL at the discretion of the liquidator.

7.4 Interests and benefits of MGL's Directors

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

Glenn R Stevens AC

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

Independent Chair since 10 May 2022

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

Chair of the Board Nominating Committee

Experience

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

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

Other current positions

Mr Stevens serves on the Board of NSW Treasury Corporation. He is a Director of the Anika Foundation and the Lowy Institute, Deputy Chair of the Temora Aviation Museum and a volunteer pilot for Angel Flight.

Shemara R Wikramanayake

BCom, LLB (UNSW)

Managing Director and Chief Executive Officer since December 2018

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

Experience

Shemara Wikramanayake has been Macquarie Group's Managing Director and CEO since late 2018.

Shemara joined Macquarie in 1987 in Macquarie Capital in Sydney. In her time at Macquarie, Shemara has worked in six countries and across several business lines, establishing and leading Macquarie's corporate advisory offices in New Zealand, Hong Kong and Malaysia, and the infrastructure funds management business in the US and Canada. Shemara has also served as Chair of the Macquarie Group Foundation.

As Head of Macquarie Asset Management for 10 years before her appointment as CEO, Shemara led a team of 1,600 staff in 24 markets. Macquarie Asset Management grew to become a world-leading manager of infrastructure and real assets and a top 50 global public securities manager. Before joining Macquarie, Shemara worked as a corporate lawyer at Blake Dawson Waldron in Sydney. She holds Bachelor of Commerce and Bachelor of Laws degrees from UNSW and completed the Advanced Management Program at Harvard Business School in 1996.

Other current positions

Shemara sits on the World Bank's Global Commission on Adaptation and Private Sector Investment Lab and was a founding CEO of the United Nations Climate Finance Leadership Initiative (CFLI). She currently leads emerging markets workstreams for CFLI and the Glasgow Financial Alliance for Net Zero (GFANZ), is a member of the Monetary Authority of Singapore's International Advisory Panel and Global Investors for Sustainable Development (GISD) Alliance and was a member of the Australian Universities Accord Panel of Eminent Australians which conducted the Australian Universities Accord Review.

Jillian R Broadbent AC

BA (Maths & Economics) (Sydney)

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

Chair of the Board Remuneration Committee

Member of the Board Risk Committee

Member of the Board Nominating Committee

Experience

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

Ms Broadbent was also a Member of the Reserve Bank of Australia Board between 1998 and 2013 and has previously served as Chair of the Board of Clean Energy Finance Corporation (CEFC), and as a director of ASX Limited, SBS, Coca Cola Amatil Limited, Woodside Petroleum Limited, Qantas Airways Limited, Westfield Management Limited, Woolworths Group Limited and the National Portrait Gallery of Australia.

Other current positions

Ms Broadbent is a director of the Sydney Dance Company, the National Portrait Gallery Board Foundation, the Seaborn Broughton & Walford Foundation and the Lowy Institute.

Philip M Coffey

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

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

Chair of the Board Risk Committee

Member of the Board Governance and Compliance Committee

Member of the Board Nominating Committee

Experience

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

He has successfully led operations based in Australia, New Zealand, the United States, the United Kingdom and Asia, and has extensive experience in financial markets, funds management, balance sheet management and risk management. He began his career at the Reserve Bank of Australia and has also held executive positions at AIDC Limited and Citigroup. Mr Coffey previously served as a director of Clean Energy Finance Corporation.

Other current positions

Mr Coffey is a Non-Executive Director of Lendlease Corporation Limited and Goodstart Early Learning Ltd.

Michelle A Hinchliffe

BCom (UQ), FCA, ACA

Independent Voting Director since March 2022 (of Macquarie Bank since March 2022)

Chair of the Board Audit Committee

Member of the Board Governance and Compliance Committee

Member of the Board Nominating Committee

Experience

Michelle Hinchliffe has more than 35 years' professional experience within the financial services sector in the United Kingdom and Australia, with extensive experience in leading large global teams in the provision of external audit, internal audit and advisory services to clients across financial services.

Michelle was the Global Lead Audit Partner for a number of global banking institutions as well as the Head of Audit, KPMG UK from September 2017 to April 2019 and then Chair of Audit, KPMG UK from May 2019 to September 2021. During the period from May 2019 to February 2022 she was a board member of KPMG UK. Prior to this she was the Head of Financial Services for KPMG Australia, where she was also a member of the board.

Other current positions

Ms Hinchliffe is a Non-Executive Director of BHP Group Limited, Santander UK plc and Santander UK Group Holdings plc.

Susan J Lloyd-Hurwitz

BA (Hons) (USYD), MBA (Distinction), INSEAD

Independent Voting Director since June 2023 (of Macquarie Bank since July 2023)

Member of the Board Audit Committee

Member of the Board Remuneration Committee

Member of the Board Nominating Committee

Experience

Susan Lloyd-Hurwitz has significant expertise in the global investment and real estate sectors. She served as the CEO of Mirvac for more than a decade and prior to that was the Managing Director of Europe for LaSalle Investment Management.

Susan was the National President for the Property Council of Australia, a director of the Business Council of Australia, and Chair of the Green Building Council of Australia.

Other current positions

Ms Lloyd-Hurwitz is a director of Rio Tinto and Spacecube. She is Chair of the Australian National Housing Supply & Affordability Council and the Australian Centre for Gender Equality and Inclusion @ Work Advisory Board, President of Chief Executive Women, and a Global Board member at INSEAD.

Rebecca J McGrath

BTP (Hons) (UNSW), MAppSc (ProjMgt) (RMIT), FAICD

Independent Voting Director since January 2021 (of Macquarie Bank since January 2021)

Chair of the Board Governance and Compliance Committee

Member of the Board Risk Committee

Member of the Board Nominating Committee

Experience

Rebecca McGrath is an experienced professional company director and Chair, with substantial international business experience. She spent 25 years at BP plc. where she held various executive positions, including Chief Financial Officer Australasia and served as a member of BP's Executive Management Board for Australia and New Zealand.

Ms McGrath has served as a director of Goodman Group, CSR Limited, Big Sky Credit Union and Incitec Pivot Ltd, and as Chair of Oz Minerals Limited, Scania Australia Pty Limited and Kilfinan Australia. She is a former member of the JP Morgan Advisory Council. She has attended executive management programmes at Harvard Business School, Cambridge University and MIT in Boston.

Other current positions

Ms McGrath is Chair of Investa Wholesale Funds Management Limited and Investa Office Management Holdings Pty Limited, and a Non-Executive Director of Djerriwarrh Investments Limited.

She is a member of the national Board of the Australian Institute of Company Directors, a member of the ASIC Corporate Governance Consultative Panel and a member of the Australian British Chamber of Commerce Advisory Council. She is also a Non-Executive Director of Melbourne Business School.

Mike Roche

BSc (UQ), GAICD, FIA (London), FIAA

Independent Voting Director since January 2021 (of Macquarie Bank since January 2021)

Member of the Board Audit Committee

Member of the Board Remuneration Committee

Member of the Board Risk Committee

Member of the Board Nominating Committee

Experience

Mike Roche has over 40 years' experience in the finance sector as a highly skilled and experienced provider of strategic, financial, mergers and acquisitions, and capital advice to major corporate, private equity and government clients. He held senior positions with AXA Australia as a qualified actuary and Capel Court/ANZ Capel Court.

Mr Roche spent more than 20 years at Deutsche Bank and was Head of Mergers and Acquisitions (Australia and New Zealand) for 10 years where he advised on major takeovers, acquisitions, privatisations, and divestments. He stepped down as Deutsche Bank's Chair of Mergers and Acquisitions (Australia and New Zealand) in 2016. He was a member of the Takeovers Panel for two terms from 2008 to 2014.

Other current positions

Mr Roche is a Non-Executive Director of Wesfarmers Limited, MaxCap Group Pty Ltd and Te Pahau Management Limited, and Managing Director of M R Advisory Pty Ltd.

He is co-founder, and a director of, the Sally Foundation.

Directors' relevant interests

The interests of Directors on 23 August 2024 in Macquarie securities are listed in the table below:

Name & Position	Equity Participation			Other relevant interests	
	MGL ordinary shares	RSUs held in MEREP ⁽¹⁾	PSUs held in MEREP ⁽¹⁾	Direct & Indirect Interests	Number held
Executive Voting Director					
S.R. Wikramanayake	1,268,581	508,088	84,241	Macquarie Agriculture Fund – Crop Australia units	2,000,000
Independent Directors					
J.R. Broadbent	16,062	–	–	Macquarie Group Capital Notes 3 (MCN3)	7,177
				Macquarie Group Capital Notes 4 (MCN4)	4,000
				Macquarie Bank Capital Notes 2 (BCN2)	1,500
P.M. Coffey	8,895			Macquarie Walter Scott Global Equity Fund Units	408,699.89
M.A. Hinchliffe	2,800	–	–	–	–
S.J. Lloyd-Hurwitz	880				
R.J. McGrath	3,817	–	–	–	–
M. Roche	7,000	–	–	–	–
G.R. Stevens	5,847	–	–		

(b) These Restricted Share Units (RSUs) and Performance Share Units (PSUs) were issued pursuant to the Macquarie Group Employee Retained Equity Plan (MEREP) and are subject to the vesting, forfeiture and other conditions applied to grants of awards to Macquarie Group Executive Directors, as described in the 2024 Annual Report.

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

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

Non-Executive Director (“NED”) Board and Board Committee Fees are set acknowledging the level required to appropriately remunerate highly qualified NEDs who have the relevant skills and experience to govern as a member of the Board. The CEO is not remunerated separately for acting as an Executive Voting Director.

NEDs are remunerated for their services from the maximum aggregate amount approved by shareholders for this purpose. MGL shareholders approved the current limit (\$5.0 million per annum) at MGL's 2019 Annual General Meeting. Board and Board Committee fees are reviewed annually. Separate fees may also be paid for additional responsibilities that may arise on an ad hoc basis.

Michelle Hinchliffe will be paid \$6,300 for additional director services performed in connection with the preparation of this Prospectus. Other than as set out in the Original Prospectus, no amount (whether in cash, Ordinary Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any Director or proposed Director of MGL:

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

7.5 Consents to be named

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

- the Arranger;
- each Joint Lead Manager;
- each Co-Manager;
- the Trustee;
- the MCN3 Purchaser;
- PricewaterhouseCoopers Securities Ltd;
- PricewaterhouseCoopers;
- King & Wood Mallesons;
- Allens; and
- Link Market Services Limited.

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

7.6 Interests and benefits of advisers

Macquarie Capital (Australia) Limited has acted as Arranger, and each of Macquarie Capital (Australia) Limited, ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, E&P Capital Pty Limited, Morgans Financial Limited, National Australia Bank Limited, Ord Minnett Limited, Shaw and Partners and Westpac Institutional Bank (a division of Westpac Banking Corporation) have acted as Joint Lead Managers to the Offer, in respect of which they will receive fees from MGL. The estimated aggregate fees payable by MGL to the Arranger and Joint Lead Managers are \$19.9 million (exclusive of GST).

The Joint Lead Managers and their respective affiliates are involved in a wide range of financial services and businesses in respect of which they may receive fee and other benefits and out of which conflicting interests or duties may arise. These services and businesses may include securities trading, brokerage activities or the provision of finance, including in respect of securities of, or loans to, Macquarie Group entities. In the ordinary course of these activities, each of the Joint Lead Managers and their respective affiliates may at any time hold long or short positions and may trade or take or enforce security, for its own account or the accounts of investors. The Joint Lead Managers have represented to MGL that they will manage any conflicts in connection with their role as Joint Lead Managers in compliance with their legal obligations.

Fees payable to the Trustee for acting as trustee under the Trust Deed are described in section 7.1.6.

Allens has acted as tax adviser to MGL in relation to the Offer. In respect of this work, MGL estimates that it will pay approximately \$66,000 (excluding disbursements and GST) to Allens for work up to the date of the Original Prospectus. Further amounts may be paid to Allens under its normal time-based charges.

PricewaterhouseCoopers Securities Ltd has acted as accounting adviser to MGL in relation to the Offer and has performed specific procedures relating to certain financial matters disclosed in this Prospectus. In respect of this work, MGL estimates that it will pay approximately \$100,000 (excluding disbursements and GST) to PricewaterhouseCoopers Securities Ltd for work up to the date of the Original Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd under its normal time-based charges.

King & Wood Mallesons have acted as Australian legal adviser to MGL in relation to the Offer and have performed work in relation to drafting the MCN7 Terms and transaction documents, advised on the due diligence and verification program and performed due diligence required on legal matters. In respect of this work, MGL estimates that it will pay approximately \$375,000 (excluding disbursements and GST) to King & Wood Mallesons for work up to the date of the Original Prospectus. Further amounts may be paid to King & Wood Mallesons under its normal time-based charges.

Except as set out in this Prospectus:

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

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

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

7.7 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer size is \$1.5 billion, then the total external expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as other expenses related to this Prospectus and the Offer) are expected to be \$22.1 million. All of these expenses have been, or will be, borne by MGL.

7.8 ASX and ASIC relief

7.8.1 ASX

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

- confirmation that the MCN7 Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- confirmation that ASX does not consider MCN7 preference securities for the purposes of ASX Listing Rules 6.4 – 6.7;
- confirmation that the addition of an early distribution payment right in relation to MCN3 does not breach ASX Listing Rule 6.10; and
- confirmation that Exchange, Resale, Redemption or Write-Off of MCN7 is appropriate and equitable for the purposes of ASX Listing Rule 6.12.

7.8.2 ASIC

MGL has obtained relief from ASIC from section 734(2) of the Corporations Act to enable MGL to provide certain of its securityholders with details on the structure of the Offer before the release of the Original Prospectus.

MGL also obtained relief from ASIC from the provisions of Division 5A of Part 7.9 of the Corporations Act in relation to unsolicited offers to enable MGL to conduct the Reinvestment Offer (subject to certain conditions).

7.9 Foreign selling restrictions

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The offer and sale of MCN7 and Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person except in transactions exempt from, or not subject to, the registration requirements under the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Each Applicant, and any person for whose benefit such Applicant is applying, and each person to whom the Offer is made under this Prospectus, by accepting delivery of this Prospectus or MCN7, will have represented, agreed and acknowledged that:

- the offer and sale of MCN7 and Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities authority in any state or other jurisdiction of the United States;

- any MCN7 it acquires in the Offer (including the Reinvestment Offer) will be acquired in an “offshore transaction” (as defined in Regulation S under the U.S. Securities Act) outside the United States in compliance with the requirements of Regulation S under the U.S. Securities Act;
- it is not in the United States and it is not a U.S. Person and it is not acting for the account or benefit of a U.S. Person;
- it will not offer, sell, pledge or transfer any MCN7 or Ordinary Shares in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable laws of any state or other jurisdiction of the United States;
- it is not engaged in the business of distributing securities or, if it is, it agrees that it will not offer or sell in the United States or to, or for the account or benefit of, a U.S. Person (i) any MCN7 it acquires in the Offer (including the Reinvestment Offer) at any time; or (ii) any MCN7 it acquires other than in the Offer (including the Reinvestment Offer) until 40 days after the settlement of the MCN7, except in a transaction exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A (if available) or Regulation S under the U.S. Securities Act. Notwithstanding the foregoing and the immediately preceding paragraph, it may sell MCN7 in standard (regular way) brokered transactions on the ASX where neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States or a U.S. Person;
- it, its affiliates and any person acting on its or their behalf, at or prior to confirmation of sales of any MCN7 will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases any MCN7 from it or them until 40 days after the date on which the MCN7 are allocated in the Offer (including the Reinvestment Offer), a confirmation or notice substantially to the following effect:

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

- it has not and will not send this Prospectus and any Application Form, or any other material relating to the Offer (including the Reinvestment Offer) to any person in the United States; and
- MGL and the Joint Lead Managers will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements and agrees that, if any of such representations, agreements and acknowledgements are no longer accurate, it will promptly notify MGL, and if it is acquiring any MCN7 as fiduciary or agent for one or more accounts, it has full power to make the foregoing representations, agreements and acknowledgements on behalf of each such account.

7.10 Acknowledgements

By submitting an Application, each Applicant is deemed to:

- acknowledge having personally received an electronic copy of this Prospectus accompanying the Application (and any supplementary or replacement prospectus);
- acknowledge they have been informed that they should read the Prospectus in full;
- agree to be bound by the MCN7 Terms;
- agree to the terms of the Offer and provide authorisation to be registered as the holder of MCN7 and, on Exchange, become a member of MGL and to be bound by the terms of the MGL Constitution;
- acknowledge that, in some circumstances, MGL may not pay Distributions or any other amount payable on the MCN7;
- apply for, and agreed to being allocated, the number of MCN7 set out in or determined in accordance with their Application;
- declare that all details provided by them and statements made by them in their Application are complete and accurate;
- declare, to the extent they are a natural person, that they are at least 18 years of age;
- authorise MGL and the Joint Lead Managers to do anything on behalf of the Applicant(s) that is necessary for MCN7 to be allocated to them;

-
- acknowledge that once received by the Registrar or MGL, their Application may not be varied or withdrawn except as allowed by law;
 - acknowledge that if the amount of any Application Payment is insufficient to pay for the number of MCN7 that the Applicant has applied for, then MGL may, in consultation with the Joint Lead Managers determine that the Applicant has applied for such lower number of MCN7 as the cleared Application Payment will pay for;
 - acknowledge that the information contained in this Prospectus (or any supplementary or replacement prospectus) and the Application is not personal investment advice or a recommendation that MCN7 are suitable for the Applicant;
 - declare that (if they are a Retail Investor) they have received personal advice from a qualified financial adviser in connection with the Offer;
 - declare that the Applicant is a resident of Australia or otherwise, to the best of their knowledge and belief, a person to whom the Offer can be made, and MCN7 issued, in accordance with all applicable foreign securities laws and section 7.9;
 - acknowledge that any Application may be rejected without giving any reason, including where the Application is not properly completed; and
 - acknowledge that MCN7 are not protected accounts or deposit liabilities for the purposes of the Banking Act and that investments are subject to investment risk, including possible delays in repayment and loss of income and principal invested and that none of MGL, MBL or any other member of the Macquarie Group or any other person in any way guarantees or stands behind the capital value or performance of MCN7.

In addition, each person submitting an Application in respect of the Reinvestment Offer is deemed to:

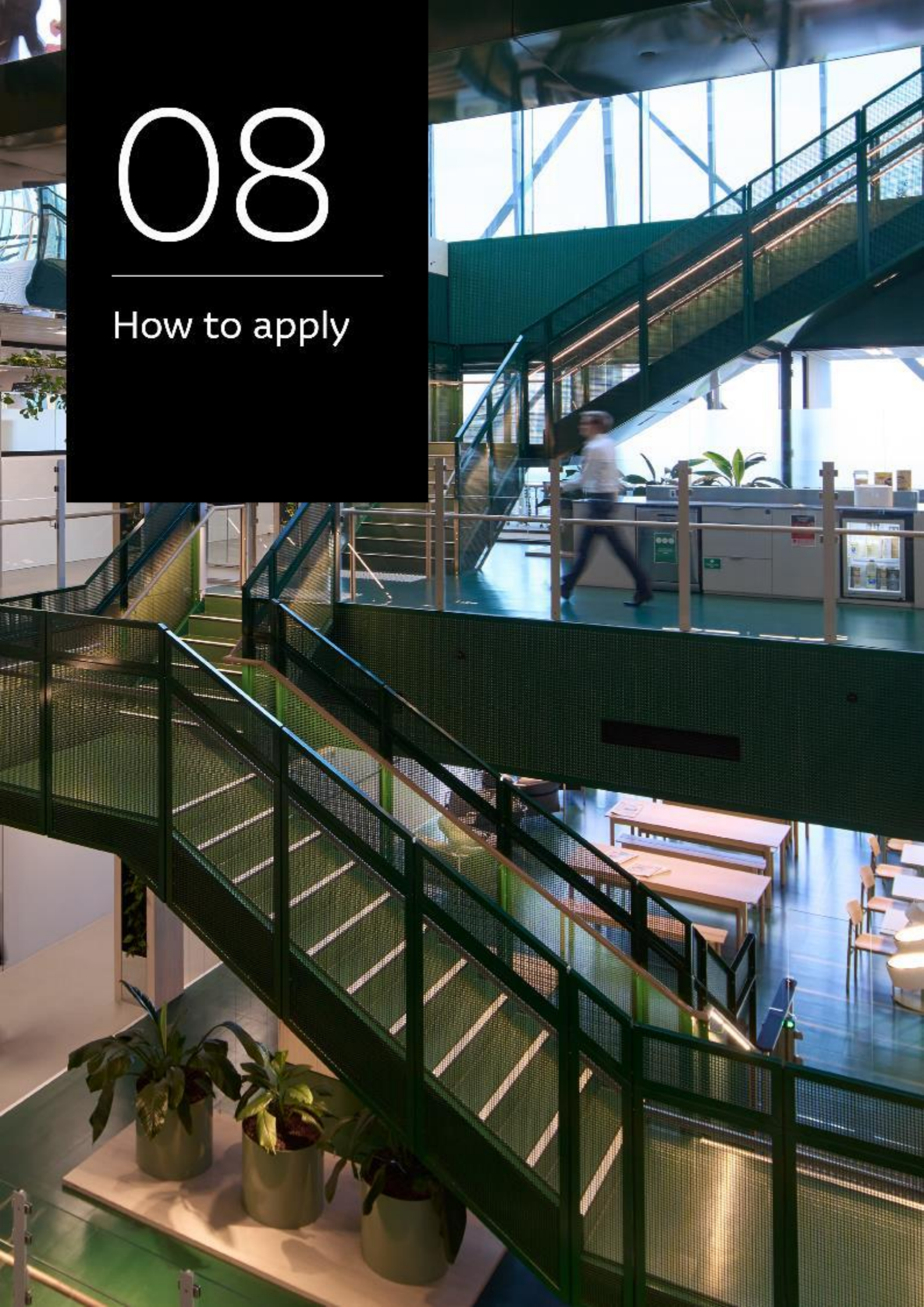
- declare that they are the holder of the number of MCN3 specified in the Application;
- declare the MCN3 are free and clear of any encumbrances;
- direct the MCN3 Purchaser to pay the MCN3 resale proceeds to MGL and authorise MGL and the Joint Lead Managers (or any person acting on their behalf) to complete and execute any documents and take all other actions necessary to reinvest their MCN3;
- have agreed to not to transfer or dispose of the number of MCN3 specified in the Application;
- have agreed to indemnify MGL for all costs or losses it incurs as a result of them selling or disposing of the MCN3 specified in the Application if they do sell or dispose of any of those MCN3; and
- have agreed to the application of a holding lock on the number of MCN3 specified in the Application and authorised MGL and its related bodies corporate and its respective officers to request the application of a holding lock to those MCN3.

7.11 Directors consent to lodgement

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

08

How to apply



8. How to apply

8.1 The Offer

The Offer is for the issue of MCN7 with a face value of \$100 per MCN7 to raise approximately \$1.5 billion.

There will not be an MGL securityholder offer for MCN7. Applications for MCN7 (including Applications under the Reinvestment Offer) can only be made through Syndicate Brokers. A list of the appointed Joint Lead Managers and Co-Managers who are Syndicate Brokers to the Offer can be found on the front cover and in the Corporate Directory of this Prospectus.

All MCN7 will be issued under and subject to the disclosure in this Prospectus.

8.2 MCN7 Target Market

Macquarie has made the Target Market Determination for MCN7 in accordance with its obligations under the DDO Regime. The Target Market Determination is available at www.macquarie.com/MCN7.

The Target Market Determination describes, among other things, the class of Retail Investors that comprise the target market for MCN7 (“**MCN7 Target Market**”) being Retail Investors who:

- are seeking to acquire an investment product with the ability to generate income;
- are not seeking capital growth;
- are able to bear the risks associated with an investment in MCN7, which are summarised in section 1.3 and detailed in section 5, in particular, the lack of certainty as to payment of distributions and potential loss of all or some of the capital invested in MCN7;
- do not require certainty as to repayment of capital invested within a specific investment timeframe; and
- seek the ability to dispose of MCN7 by sale on a licensed securities exchange, at the price available on the exchange.

If you are a Retail Investor and wish to apply for MCN7, you:

- must seek professional advice as to whether you are within the MCN7 Target Market and whether an investment in MCN7 is suitable for you in light of your particular investment objectives, financial situation and needs; and
- can only apply for MCN7 if you are within the MCN7 Target Market and have received personal advice from a qualified financial adviser.

If you have any questions about the Offer, MCN7, or the MCN7 Target Market, you should contact your Syndicate Broker or a qualified financial adviser.

8.3 Structure of the Offer

The Offer comprises:

- an Institutional Offer to Institutional Investors; and
- a Broker Firm Offer made to Australian resident clients of Syndicate Brokers who are either:
 - a Wholesale Investor; or
 - a Retail Investor within the MCN7 Target Market who has received personal advice from a qualified financial adviser; and
- a Reinvestment Offer made to Eligible MCN3 Holders.

MCN7 may also be offered (as part of the Institutional Offer) in certain permitted jurisdictions outside Australia where such Offer is made, and accepted, in accordance with the laws of such jurisdictions.

The Offer does not contain a specific offer for MGL securityholders.

8.4 Obtaining a Prospectus

During the Offer Period, an electronic version of this Prospectus will be available at www.macquarie.com/MCN7.

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

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

Applications must be made through your Syndicate Broker. Please contact your Syndicate Broker for further information on the application process.

No cooling off rights apply to an Application for MCN7. You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

8.5 Applying for MCN7

Applications (including under the Reinvestment Offer) must be made through your Syndicate Broker. Please contact your Syndicate Broker for further information on the application process. No Applications can be made directly to Macquarie.

The Offer does not contain a specific offer for MGL securityholders.

The Closing Dates set out below are indicative only. The Offer may close early so you are encouraged to consider submitting your Application as soon as possible after the Opening Date.

8.5.1 Broker Firm Offer

Who can apply?	When to apply	How to apply
The Broker Firm Offer is available to Australian resident clients of a Syndicate Broker who are either (1) a Wholesale Investor or (2) a Retail Investor within the MCN7 Target Market who has received personal advice from a qualified financial adviser.	<ul style="list-style-type: none">• Applications will only be accepted during the Offer Period, which opens on Tuesday, 27 August 2024.• The Closing Date for the Broker Firm Offer is expected to be 5:00pm (AEST) on Monday, 9 September 2024.• You must contact your Syndicate Broker directly for instructions on how to participate in the Broker Firm Offer.• No cooling off rights apply to an Application for MCN7. You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.	Contact your Syndicate Broker for instructions.

8.5.2 Reinvestment Offer

Who can apply?	When to apply	How to apply
The Reinvestment Offer is available to Eligible MCN3 Holders who wish to reinvest their MCN3, including those who wish to apply for additional MCN7	<ul style="list-style-type: none">• Applications will only be accepted during the Offer Period, which opens on Tuesday, 27 August 2024.• The Closing Date for the Reinvestment Offer is expected to be 5:00pm (AEST) on Monday, 9 September 2024.• You must contact your Syndicate Broker directly for instructions on how to participate in the Reinvestment Offer.• The options available to Eligible MCN3 Holders are outlined in section 3.	Contact your Syndicate Broker for instructions.

8.5.3 Applications by Institutional Investors

If you are an Institutional Investor, you must have received an allocation of MCN7 from a Joint Lead Manager prior to the close of the Bookbuild. MGL reserves the right to not accept Applications that appear to be Applications from Institutional Investors where they have not been received through a Joint Lead Manager.

8.5.4 Brokerage, commission and stamp duty

You do not have to pay brokerage on your Application for MCN7.

You do not have to pay stamp duty on your Application for MCN7 provided that you and your associates do not obtain an interest of 90% or more in MGL. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of MCN7 on ASX.

8.5.5 Minimum Application

The amount you have to pay for each MCN7 is \$100. You must apply for a minimum of 50 MCN7, which is a minimum investment of \$5,000.

There is no minimum number of MCN3 that you must hold to be able to participate in the Reinvestment Offer. However, if you are an Eligible MCN3 Holder and hold 50 MCN3 or fewer at 7:00pm (AEST) on 14 August 2024, you can still apply to participate in the Reinvestment Offer but you must apply to reinvest all your MCN3 in MCN7 if you wish to participate in the Reinvestment Offer. If you are an Eligible MCN3 Holder and own more than 50 MCN3, you can:

- reinvest all of your MCN3; or
- apply for a minimum number of 50 MCN7 (\$5,000).

8.6 Bookbuild and allocation policy

8.6.1 Bookbuild

The Bookbuild was a process conducted by the Joint Lead Managers before the Opening Date. In this process, the Bookbuild participants were invited to lodge bids for a number of MCN7. On the basis of those bids, MGL and the Joint Lead Managers determined the Margin and the allocations to Bookbuild participants (being Syndicate Brokers and Institutional Investors).

8.6.2 What is the allocation policy?

Allocations to Syndicate Brokers and Institutional Investors were agreed by MGL and the Joint Lead Managers following completion of the Bookbuild.

Allocations to individual Applicants (including in respect of Applicants under the Reinvestment Offer) will be determined by their Syndicate Broker. Priority is intended to be given to Applicants applying to reinvest their MCN3, however this priority will not extend to Applications for additional MCN7 by Eligible MCN3 Holders.

8.6.3 How will the final allocation policy be announced?

Allocations to Syndicate Brokers and Institutional Investors were advised to those investors under the Bookbuild.

Applicants will be able to confirm their allocation through the Syndicate Broker from whom they received their allocation. After issuance, Applicants will also be able to email the Registrar at MCN7Offer@linkmarketservices.com.au or telephone the MCN7 Offer Information Line on 1800 883 072 (within Australia) or on +61 1800 883 072 (International) (Monday to Friday 8:30pm – 7:30pm AEST) to confirm their allocation.

However, if you sell MCN7 before receiving a Holding Statement, you do so at your own risk, even if you confirmed your firm allocation through a Syndicate Broker.

8.7 Other information

8.7.1 About the Trustee

The Trustee has not authorised or caused the issue of this Prospectus and has not been involved in the preparation of any part of this Prospectus. Neither the Trustee nor any of its Related Bodies Corporate makes any representations as to the truth or accuracy of the contents of this Prospectus. To the maximum extent permitted by law, the Trustee expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name. The Trustee has relied upon MGL for the accuracy of the contents of this Prospectus. Neither the Trustee nor any of its Related Bodies Corporate makes any representations as to the performance of the MCN7, the payment of interest or the redemption or exchange of the MCN7. Neither the Trustee nor any of its Related Bodies Corporate warrants the future performance of MGL or any return on any MCN7 or other investment made under this Prospectus. The MCN7 are not liabilities of the Trustee or any of its Related Bodies Corporate.

8.7.2 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, MCN7 or the Offer or otherwise to permit a public offering of MCN7 in any jurisdiction outside of Australia.

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

This Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the U.S. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the U.S or to, or for the account or benefit of, any U.S. Person. The offer and sale of MCN7 and the Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the U.S. and may not be offered or sold in the U.S. except in transactions exempt from, or not subject to, the registration requirements under the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the U.S. Each person submitting an Application will be deemed to have acknowledged that they are aware of the restrictions referred to in this section 8.7.2 and to have represented and warranted that they are able to apply for and acquire MCN7 in compliance with those restrictions.

8.7.3 Application to ASX for quotation of MCN7

MGL has applied to ASX for MCN7 to be quoted on ASX.

If ASX does not grant permission for MCN7 to be quoted, MCN7 will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

8.7.4 CHESS and issuer sponsored holdings

MGL has applied for MCN7 to participate in CHESS. No certificates will be issued for MCN7. MGL expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders will be despatched to successful Applicants by Friday, 20 September 2024.

8.7.5 Normal settlement trading and selling MCN7 on market

It is expected that MCN7 will begin trading on ASX on a normal settlement basis on Tuesday, 17 September 2024 under ASX Code MQGPG. Deferred settlement will not occur.

You are responsible for confirming your holding before trading in MCN7. If you are a successful Applicant and sell your MCN7 before receiving your Holding Statement, you do so at your own risk.

You can contact your Syndicate Broker to enquire about your allocation. After the Issue Date, you may also email the Registrar at MCN7Offer@linkmarketservices.com.au or call the MCN7 Offer Information Line on 1800 883 072 (within Australia) or on +61 1800 883 072 (International) (Monday to Friday 8:30am – 7:30pm AEST) to enquire about your allocation.

8.7.6 Provision of TFN and/or ABN

When your Holding Statement is mailed to you, you will also be mailed instructions on how to provide your TFN and/or ABN should you wish to do so (see section 6).

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

8.7.7 Provision of bank account details for payments

MGL will only pay Distributions to Australian investors directly into an Australian dollar account of an Australian financial institution nominated by you at any time before close of business on the record date in respect of that payment. MGL will not pay Distributions on the MCN7 by cheque. Investors who are not Australian residents may be eligible to opt in to receive payments converted into foreign currency and paid to their local bank account through OFX Limited.

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

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

- you nominate a suitable Australian dollar account maintained in Australia with a financial institution to which the payment may be credited. Such payments will only be made periodically, likely monthly;
- MGL determines that it is permitted to refuse any claim in respect of the payment on account of the expiry of the time limit for claims specified in the MCN7 Terms; or
- MGL is entitled or obliged to deal with the amount in accordance with the law relating to unclaimed moneys.
- No interest is payable in respect of any delay in payment.

8.7.8 Discretion regarding the Offer

MGL reserves the right not to proceed with, and may withdraw, the Offer, or any part of it, at any time before the issue of MCN7 to successful Applicants.

If the Offer, or any part of it, does not proceed, all relevant Application Payments will be refunded (without interest) as soon as practicable.

MGL and the Joint Lead Managers also reserve the right to close the Offer (or any part of it) early, extend the Offer (or any part of it), accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer MCN7 than applied or bid for. This is at MGL's discretion and MGL is under no obligation to exercise that discretion in any particular way.

Investors should also note that no cooling off rights (whether by law or otherwise) apply to an Application for MCN7. This means that, in most circumstances, Applicants may not withdraw their Applications once submitted.

8.8 Privacy statement

In connection with an Application, you are required to provide personal information to MGL and the Registrar. MGL and the Registrar collect, hold and use personal information to assess your Application for MCN7, service your needs as an MCN7 Holder, provide facilities and services that you request, provide you with marketing materials, carry out appropriate administration in relation to your MCN7 holding and to comply with legislative and regulatory requirements, including complaint handling, crime prevention and investigation.

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

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

If you become an MCN7 Holder, the Corporations Act requires MGL to include information about MCN7 Holders (including name, address and details of the securities held) in its public register ("Register"). The information contained in the Register must be retained, even if you cease to be an MCN7 Holder. Information contained in the Register is also used to facilitate and process payments including Distributions and

corporate communications (including MGL's financial results, annual reports and other information that MGL wishes to communicate to MCN7 Holders) and to help ensure compliance by MGL with legal and regulatory requirements.

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

For details about the personal information handling practices of the Registrar, including collection, use, disclosure and how you may access and correct your personal information and raise privacy concerns, visit Link Market Services Limited ("**Link**") at <http://www.linkmarketservices.com.au> for a copy of the Link Group condensed privacy statement, or contact Link by phone on +61 1800 502 355 (free call within Australia), 9.00am to 5.00pm (AEST), Monday to Friday to request a copy of Link's complete privacy policy.

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

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

8.9 Trustee – Privacy Policy

The Trustee may collect your personal information for the primary purpose of providing trustee services in relation to the MCN7 and for ancillary purposes detailed in its privacy policy.

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

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

You may obtain a copy of the Trustee's privacy policy at <https://www.eqt.com.au/global/privacystatement>.

8.10 Enquiries

You can email the Registrar at MCN7Offer@linkmarketservices.com.au or call the MCN7 Offer Information Line on 1800 883 072 (within Australia) or on +61 1800 883 072 (International) (Monday to Friday 8:30am – 7:30pm AEST, during the Offer Period) if you:

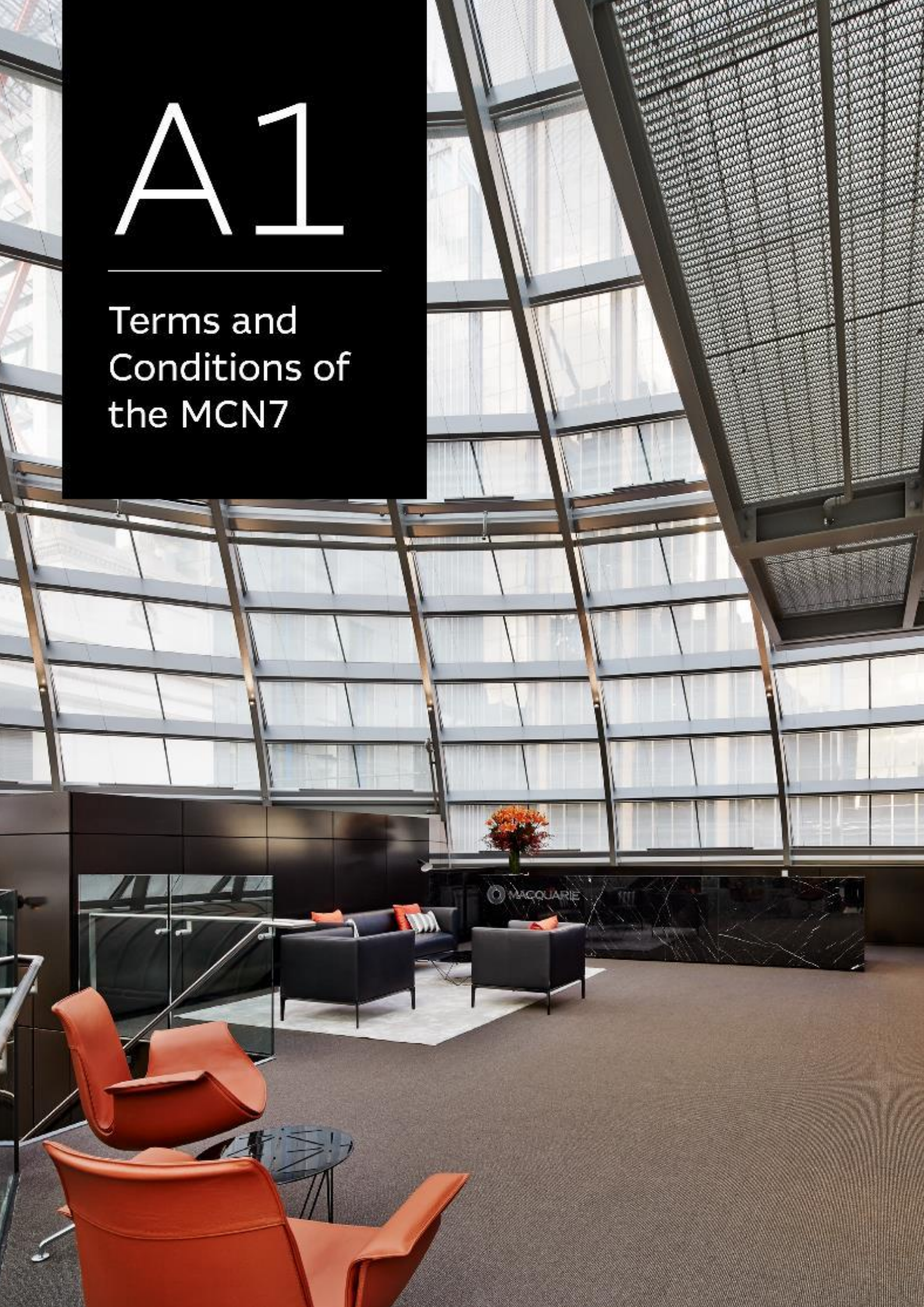
- have further questions on how to apply for MCN7; or
- have any other questions about the Offer.

If you are unclear in relation to any matter relating to the Offer or are uncertain whether MCN7 are a suitable investment for you, you must consult your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

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

A1

Terms and
Conditions of
the MCN7



A1. Terms and Conditions of the MCN7

These Terms have been established pursuant to, and are incorporated by reference into, the MCN7 Trust Deed. In the event of any inconsistency between the MCN7 Trust Deed and these Terms, the provisions of these Terms shall prevail.

1. Form and ranking

1.1 Issue Price

Each Macquarie Group Capital Note 7 (“**MCN7**”) is issued fully paid for an issue price of A\$100 (“**Issue Price**”).

1.2 Form

- (a) The MCN7 are fully paid, unsecured, subordinated notes of the Issuer which are mandatorily convertible into Ordinary Shares.
- (b) Subject, if required by these Terms, to the prior written consent of APRA, each MCN7 may be:
 - (i) Redeemed or Resold by the Issuer; or
 - (ii) Exchanged for fully paid Ordinary Shares,in accordance with these Terms.
- (c) The MCN7 cannot be Redeemed, Resold or Exchanged at the option of a Holder.
- (d) The MCN7 do not represent protected accounts of an ADI or any member of the Macquarie Group for the purposes of the Banking Act or any similar law of any jurisdiction and nor do they represent deposits with, or deposit liabilities of, any member of the Macquarie Group for any other purposes of the Banking Act or the laws of any jurisdiction.
- (e) Except for a claim made on the Issuer in accordance with these Terms and the MCN7 Trust Deed, a Holder has no claim on any member of the Macquarie Group for payment of any amount or the performance of any obligation in respect of any MCN7 held by that Holder.
- (f) The MCN7 are not obligations of the Australian Government or of any other government and, in particular, are not guaranteed or insured by the Commonwealth of Australia or any government, government agency or compensation scheme in any jurisdiction or by any other person.
- (g) The MCN7 are constituted by the MCN7 Trust Deed of which these Terms form part.

1.3 Entries in the Register

The MCN7 are issued when they are entered in the Register.

1.4 CHESS

The MCN7 will be lodged into and dealt with in CHESS. While the MCN7 remain in CHESS:

- (a) the rights and obligations of a person holding the MCN7; and
- (b) all dealings (including transfers and payments) in relation to the MCN7 within CHESS,

will be subject to and governed by the ASX Settlement Operating Rules (but without affecting any provisions of these Terms which may cause the MCN7 to cease to be Relevant Securities forming part of Eligible Capital).

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

1.5 Ranking

Subject to the MCN7 Trust Deed, and except to the extent mandatorily provided by law, each MCN7 ranks for payment, and ranks in a Winding Up of the Issuer:

- (a) senior to Ordinary Shares;
- (b) equally with all other MCN7 in all respects;

- (c) equally with all Equal Ranking Obligations; and
- (d) subordinate to all Senior Creditors in respect of distributions and payments in a Winding Up of the Issuer.

1.6 Independent obligations

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

1.7 No other rights

Except as expressly provided in these Terms in respect of Exchange, MCN7 confer no rights on a Holder to:

- (a) subscribe for securities of any kind, or to participate in any bonus issues of securities of any kind, of the Issuer or any other member of the Macquarie Group; or
- (b) to otherwise participate in the profits or property of the Issuer or any other member of the Macquarie Group, except by receiving payments as set out in these Terms.

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

2. Distributions

2.1 Distributions

Subject to these Terms, each MCN7 entitles the Holder as at a Record Date to receive on each Distribution Payment Date a cash distribution for the Distribution Period ending on that Distribution Payment Date ("**Distribution**") calculated according to the following formula:

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

where:

"**Distribution Payment Date**" means, in respect of an MCN7:

- (a) each 15 March, 15 June, 15 September and 15 December commencing on 16 December 2024 until (but not including) the date on which that MCN7 has been Redeemed or Exchanged in accordance with these Terms; and
- (b) the Redemption Date or, subject to clause 8.6(c), the Resale Date or an Exchange Date, except where the Exchange is on account of a Non-Viability Event;

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

(Reference Rate + Margin) × Franking Adjustment Factor

where:

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

- (i) subject to paragraph (ii), 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 Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Alternative Reference Rate; and
 - (C) in making the determinations under paragraphs (A) and (B) above, shall act in good faith and in a commercially reasonable manner after consultation with such sources of market practice as it considers appropriate.

For the purposes of the foregoing:

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

- (A) subject to paragraph (B) below, the first day of the Distribution Period; and
- (B) where an MCN7 is Resold on a day which is not a scheduled quarterly Distribution Payment Date, the first day of the Distribution Period preceding the Resale Date.
- (iv) **“Reference Rate Disruption Event”** means that the Issuer determines, after consultation with such sources of market practice as it considers appropriate, that 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 MCN7; and
- (v) **“Alternative Reference Rate”** means a rate other than the rate described in paragraph (i) above that is generally accepted in the Australian market as the successor to the Reference Rate, or if there is no such rate:
 - (A) a reference rate that is, in the Issuer’s opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of MCN7; or
 - (B) such other reference rate as the Issuer considers appropriate having regard to available comparable indices.
- (b) **“Franking Adjustment Factor”** means:

$$\frac{(1 - T)}{1 - [T \times (1 - F)]}$$
 where:
 - (i) **“F”** means the Franking Rate; and
 - (ii) **“T”** means the Tax Rate;
- (c) **“Margin”** means the rate (expressed as a percentage per annum) determined under the Bookbuild; and
- “N”** means, for a Distribution Period, the number of days in that Distribution Period; and
- “Record Date”** means, for any payment of Distributions:
 - (a) the date which is 11 Business Days before the relevant Distribution Payment Date;
 - (b) such other date as is determined by the Issuer, in its absolute discretion, and announced to the Holders on ASX and which is before the Record Date which would have been determined under paragraph (a) above; or
 - (c) such other date as may be required by, or agreed by the Issuer with, ASX.

2.2 Business Days

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

2.3 Distribution payment conditions

The payment of any Distribution will be made unless:

- (a) the Issuer, in its absolute discretion, determines that the Distribution is not payable to Holders;
- (b) payment of the Distribution would result in the Issuer breaching APRA’s capital adequacy requirements applicable to it;
- (c) payment of the Distribution would result in the Issuer becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (d) APRA objects to the payment of the Distribution.

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

2.4 Non-payment of Distributions

- (a) Distributions are non-cumulative. If all or any part of any Distribution is not paid because of clause 2.3, the Issuer has no liability to pay the unpaid amount of the Distribution and Holders have no claim or entitlement in respect of any person in respect of such non-payment and such non-payment does not constitute an event of default however described, determined or defined.
- (b) No interest accrues on any unpaid Distributions and the Holders have no claim or entitlement in respect of interest on any unpaid Distributions.
- (c) If all or any part of a Distribution will not be paid in whole or part because of clause 2.3, the Issuer must give notice to the Trustee, Registrar and ASX promptly after determining or becoming aware that payment will not be made.

2.5 Dividend Restriction

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

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

 - (i) determine, declare or pay any Ordinary Share Dividend; or
 - (ii) undertake any Buy-Back or Capital Reduction.
- (b) The Dividend Restriction does not apply:
 - (i) in connection with any employment contract, employee equity plan, other benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of a member of the Macquarie Group;
 - (ii) in connection with the Issuer or a member of the Macquarie Group purchasing Ordinary Shares:
 - (A) in connection with transactions for the account of customers of a member of the Macquarie Group; or
 - (B) with the prior written approval of APRA, in connection with the distribution or trading of any securities of the Issuer or any other shares in the capital of the Issuer in the ordinary course of business; or
 - (iii) to the extent that at the time a Distribution has not been paid on the relevant Distribution Payment Date, the Issuer is legally obliged to pay on or after that date an Ordinary Share Dividend or is legally obliged to complete on or after that date a Buy-Back or Capital Reduction.

3. Scheduled Mandatory Exchange

3.1 Scheduled Mandatory Exchange

Subject to this clause 3 and clauses 4.8 and 16, the Issuer must Exchange all (but not some) of the MCN7 for Ordinary Shares in accordance with clause 9 on the Mandatory Exchange Date.

3.2 Mandatory Exchange Date

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

- (a) 15 December 2034 (the **“Scheduled Mandatory Exchange Date”**) (a **“Scheduled Mandatory Exchange”**); or
- (b) any Distribution Payment Date (within the meaning of paragraph (a) of the definition of that term) after the Scheduled Mandatory Exchange Date (a **“Deferred Mandatory Exchange Date”**),

(each a **“Relevant Mandatory Exchange Date”**) on which the Exchange Conditions relevant to those dates as described in clause 3.3 are satisfied, unless the MCN7 have been or will be Redeemed or Exchanged before that date.

3.3 Exchange Conditions

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

-
- (a) the Daily VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Mandatory Exchange Date (or, if that day is not an ASX Trading Day, the last ASX Trading Day prior to that day) is greater than 56% of the Issue Date VWAP (“**First Exchange Condition**”);
 - (b) the VWAP during the 20 ASX Trading Days immediately preceding (but not including) the Relevant Mandatory Exchange Date is such that the number of Ordinary Shares to be issued (calculated in accordance with clause 9.1 as if it were not limited by the Maximum Exchange Number applicable to the Relevant Mandatory Exchange Date) is less than or equal to the Maximum Exchange Number applicable to a Relevant Mandatory Exchange Date (“**Second Exchange Condition**”);
 - (c) no Suspension Event applies in respect of the Relevant Mandatory Exchange Date (“**Third Exchange Condition**”); and
 - (d) the Issuer is not Delisted as at the Relevant Mandatory Exchange Date (“**Fourth Exchange Condition**”),
- together, the “**Exchange Conditions**”.

3.4 Mandatory Exchange Notices

- (a) Between the 25th and 21st Business Day (inclusive) before a Relevant Mandatory Exchange Date, the Issuer will notify Holders as to whether or not the First Exchange Condition is satisfied in relation to that Relevant Mandatory Exchange Date and, if it is not, that Exchange will not occur.
- (b) If the First Exchange Condition is satisfied in relation to that Relevant Mandatory Exchange Date, and any of the other Exchange Conditions are not satisfied in relation to a Relevant Mandatory Exchange Date, the Exchange will not occur and the Issuer will notify Holders on or as soon as practicable after the Relevant Mandatory Exchange Date that Exchange did not occur.

Failure to give a notice when required by this clause 3.4 (including where in accordance with clause 13 such notice takes effect only after the last date for the giving of that notice) does not affect the obligations of the Issuer and the Holders to Exchange each MCN7 for Ordinary Shares when required in accordance with these Terms.

4. Non-Viability Event Exchange

4.1 Non-Viability Event

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

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

4.2 Exchange on account of a Non-Viability Event

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

- (a) in the case of a Non-Viability Event described in clause 4.1(a), some or all MCN7 in the amount determined in accordance with clause 4.3; or
- (b) in the case of a Non-Viability Event described in clause 4.1(a), all MCN7.

4.3 Determination of number of MCN7 to be Exchanged

In determining the number of MCN7 which must be Exchanged in accordance with this clause 4 the following applies:

- (a) the aggregate face value of all Relevant Securities subject to Loss Absorption must equal the amount APRA has notified the Issuer (or if APRA has not notified the Issuer of that amount, the amount determined by the Issuer) to be necessary to satisfy APRA that the Issuer will not become non-viable;
- (b) Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption before other Relevant Securities are subject to Loss Absorption (unless the terms of such other Relevant Securities otherwise provide); and
- (c) MCN7 and other Relevant Securities that are Equal Ranking Obligations must be subject to Loss Absorption on a proportionate basis (unless the terms of any such other security provide for that security to be subject to Loss Absorption other than on a proportionate basis with MCN7 and other such securities), or such other basis as the Issuer considers fair

and reasonable (subject to such adjustment as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any MCN7 or other Relevant Securities that are Equal Ranking Obligations),

provided always that nothing in the making of the determination or the adjustments is to delay or impede the immediate Exchange of the MCN7 on the Non-Viability Exchange Date.

4.4 Treatment of Holders

- (a) If, in accordance with clauses 4.2 and 4.3, only some MCN7 are to be Exchanged:
 - (i) the Issuer will endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect of marketable parcels and other similar considerations and the need to effect the Exchange immediately; and
 - (ii) where the specified currency of Relevant Securities that are Equal Ranking Obligations is not the same for all such Relevant Securities, the Issuer may treat them as if converted into a single currency of the Issuer's choice at the rate of exchange that is specified in the terms of such securities or at such other rate as the Issuer in good faith considers reasonable.
- (b) In determining the identity of the Holder at the time that the Exchange is to take effect on the Non-Viability Exchange Date the Issuer may make any decision as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of MCN7 that have not been settled or registered at that time.

4.5 Exchange is automatic and irrevocable

If a Non-Viability Event has occurred and all or some of the MCN7 are required to be Exchanged in accordance with clause 4.2, then, subject to clause 4.6:

- (a) Exchange of the relevant MCN7 will be taken to have occurred in accordance with clause 9 immediately upon the date of occurrence of the Non-Viability Event;
- (b) none of the following shall prevent, impede or delay the Exchange of the MCN7 as required by clause 4.2:
 - (i) any failure to or delay in the conversion or write-off of other securities issued as Relevant Securities;
 - (ii) any failure to or delay in giving a Non-Viability Exchange Notice;
 - (iii) any failure or delay in quotation of the Ordinary Shares to be issued on or arising from the Exchange;
 - (iv) any requirement to select or adjust the amount of the MCN7 to be Exchanged in accordance with clause 4.3; or
 - (v) any obligation to treat Holders proportionately or any right to make determinations or adjustments in accordance with clause 4.4; and
- (c) from the Non-Viability Exchange Date the Issuer shall, subject to clause 15.2(b), treat the Holder in respect of its MCN7 as the holder of the Exchange Number of Ordinary Shares and will take all such steps, including updating any register, required to record the Exchange.

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

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

4.7 Non-Viability Exchange Notices

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

A Non-Viability Exchange Notice must specify:

- (a) the details of the Non-Viability Event to which the Non-Viability Exchange Notice relates;
- (b) the date on which the Exchange occurred; and
- (c) the number of MCN7 Exchanged and the number of other Relevant Securities and other Relevant Securities that are Equal Ranking Obligations that are subject to Loss Absorption.

Failure to give a Non-Viability Exchange Notice when required by this clause 4.7 (including where in accordance with clause 13 such notice takes effect only after the Non-Viability Exchange Date) does not affect the obligations of the Issuer and the Holders to Exchange each MCN7 for Ordinary Shares when required in accordance with these Terms or affect or impede the Exchange in any way.

4.8 Priority of Exchange obligations

An Exchange on account of a Non-Viability Event takes place on the relevant date, and in the manner required by clause 9 notwithstanding anything in clauses 3, 5, 6, 7, 8 or 16 (and any Optional Exchange Notice, Acquisition Exchange Notice, Redemption Notice or Resale Notice in respect of the MCN7 given before the Non-Viability Exchange Date but in respect of which the Exchange, Redemption or Resale has not completed will be taken to be revoked and of no force or effect).

5. Optional Exchange

5.1 Optional Exchange

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

- (a) Exchange all or some of the MCN7 on any Scheduled Optional Exchange Date; and
- (b) Exchange all or some of the MCN7 following the occurrence of a Tax Event or a Regulatory Event.

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

5.2 Scheduled Optional Exchange Dates

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

- (a) 15 December 2031 (the **"First Scheduled Optional Exchange Date"**); and
- (b) 15 June 2032 (the **"Second Scheduled Optional Exchange Date"**); and
- (c) 15 December 2032 (the **"Third Scheduled Optional Exchange Date"**),

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

5.3 Contents of the Optional Exchange Notice

An Optional Exchange Notice must specify:

- (a) in the case of an Optional Exchange Notice given following the occurrence of a Tax Event or Regulatory Event, the details of the Tax Event or Regulatory Event to which the Optional Exchange Notice relates; and
- (b) the date on which the Exchange is to occur (an **"Optional Exchange Date"**), which:
 - (i) in the case of Exchange on a Scheduled Optional Exchange Date, is the relevant Scheduled Optional Exchange Date falling no earlier than 25 Business Days after the date of the Optional Exchange Notice;
 - (ii) in the case of a Tax Event or Regulatory Event, will be a day no earlier than 25 Business Days nor more than 60 Business Days after the date of the Optional Exchange Notice; or
 - (iii) in any case, is such other date as APRA may require.

5.4 Optional Exchange Restriction

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

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

5.5 Conditions to Exchange occurring once elected by the Issuer

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

- (a) the Exchange Date will be deferred until the first Distribution Payment Date (within the meaning of paragraph (a) of the definition of that term) on which:
 - (i) the Daily VWAP on the 25th Business Day immediately preceding (but not including) that Distribution Payment Date (or, if that day is not an ASX Trading Day, the last ASX Trading Day prior to that day) is greater than 25% of the Issue Date VWAP; and
 - (ii) each of the Second Exchange Condition (tested on the basis of the Maximum Exchange Number applicable to an Optional Exchange Date), the Third Exchange Condition and the Fourth Exchange Condition would be satisfied if that Distribution Payment Date were a Relevant Mandatory Exchange Date for the purposes of clause 3, (the “**Deferred Exchange Date**”);
- (b) the Issuer must Exchange the MCN7 on the Deferred Exchange Date (unless the MCN7 are Exchanged or Redeemed earlier in accordance with these Terms); and
- (c) until the Deferred Exchange Date, all rights attaching to the MCN7 will continue as if the Optional Exchange Notice had not been given.

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

6. Acquisition Event Exchange

6.1 Exchange on account of an Acquisition Event

If an Acquisition Event occurs, subject to clause 4.8, the Issuer must Exchange all but not some of the MCN7 in accordance with this clause 6, unless the Directors determine that:

- (a) as at the Acquisition Exchange Date the Issuer will be, or will be likely to be, Delisted (except where, despite the Issuer being Delisted, the Exchange would be in the best interests of Holders as a whole); or
- (b) the Exchange Number of Ordinary Shares to be issued in Exchange for an MCN7 (calculated in accordance with clause 9.1 as if it were not limited by the Maximum Exchange Number applicable to an Acquisition Exchange Date) would exceed the Maximum Exchange Number applicable to an Acquisition Exchange Date (except where, despite the Exchange Number being limited to the Maximum Exchange Number applicable to an Acquisition Exchange Date, the Directors determine that the Exchange would be in the best interests of Holders as a whole).

Exchange on account of an Acquisition Event is not subject to any Exchange Conditions or other conditions except as expressly provided in this clause 6.1.

6.2 Acquisition Exchange Notice

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

- (a) details of the Acquisition Event to which the notice relates; and
- (b) if an Exchange is to occur:
 - (i) the date on which the Exchange is to occur (an “**Acquisition Exchange Date**”), which is to be:
 - (A) no later than the 2nd Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid, scheme or arrangement concerned;
 - (B) such other earlier date as the Issuer may reasonably determine having regard to the best interests of Holders as a whole and the timing of the Acquisition Event concerned (provided that the Acquisition

-
- Exchange Date must be at least 25 Business Days after the date of the Acquisition Exchange Notice); or
- (C) such other date as APRA may require; and
- (ii) whether any Distribution will be paid in respect of the MCN7 on the Acquisition Exchange Date; or
- (c) otherwise, the reason why an Exchange is not to occur.

7. Optional Redemption

7.1 Optional Redemption

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

- (a) Redeem all or some of the MCN7 on a Scheduled Optional Exchange Date; or
- (b) Redeem all or some of the MCN7 following the occurrence of a Tax Event or a Regulatory Event.

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

Holders should not expect that APRA’s approval will be given for any Redemption of the MCN7.

7.2 Redemption conditions

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

- (a) the MCN7 which are to be Redeemed are replaced, concurrently with the Redemption or beforehand, with securities forming part of Eligible Capital of the same or better quality from APRA’s perspective, and the replacement of those MCN7 is done under conditions which are sustainable for the income capacity of the Level 3 Group; or
- (b) APRA is satisfied that the capital position of the Level 3 Group is sufficient after the MCN7 are Redeemed.

7.3 Contents of the Redemption Notice

A Redemption Notice must specify:

- (a) in the case of Redemption following the occurrence of a Tax Event or Regulatory Event, the details of the relevant Tax Event or Regulatory Event;
- (b) the date on which the Redemption is to occur (the “**Redemption Date**”), which:
 - (i) in the case of a Scheduled Optional Exchange Date, will be the next Scheduled Optional Exchange Date falling no earlier than 5 Business Days after the date of the Redemption Notice; and
 - (ii) in the case of a Tax Event or Regulatory Event, will be a day no earlier than 5 Business Days nor more than 60 Business Days after the date of the Redemption Notice; and
- (c) if less than all of the outstanding MCN7 are to be Redeemed, the proportion of each Holder’s holding which is to be Redeemed.

7.4 Redemption Price

On the Redemption Date:

- (a) each MCN7 being Redeemed will be Redeemed by payment of the Issue Price of that MCN7 (the “**Redemption Price**”) to the relevant Holder recorded on the Register at 10:00am on the Redemption Date (or such other time required by the ASX Listing Rules); and
- (b) Distributions from (and including) the immediately preceding Distribution Payment Date and up to (but excluding) the Redemption Date will be paid in respect of the MCN7 being Redeemed on such date, to the extent the conditions of payment of Distributions under clause 2.3 are met.

7.5 No right of Holders to require Redemption

No MCN7 can, or will, be Redeemed at the option of a Holder.

7.6 Effect of Redemption

Upon the Redemption Price being paid (or taken to be paid in accordance with clause 11) and any Distribution payable on the Redemption Date, all other rights conferred, or restrictions imposed, by each MCN7 being Redeemed on that date will no longer have effect and that MCN7 will be cancelled.

7.7 Partial Redemption or Resale

If some but not all of the outstanding MCN7 are Redeemed in accordance with this clause 7 or Resold in accordance with clause 8, the Issuer must select the MCN7 to be Redeemed or Resold:

- (a) in a manner that is, in the opinion of the Issuer, fair and reasonable; and
- (b) in compliance with any applicable law, directive or requirement of ASX.

8. Resale

8.1 Issuer may give Resale Notice

On any date on which it may issue a Redemption Notice, in lieu of such Redemption Notice, the Issuer may, in its sole discretion, issue to each Holder a notice (a “**Resale Notice**”) specifying that all or some of each Holder’s holding of the MCN7 will be Resold.

A Resale Notice to a Holder must specify:

- (a) the date on which the Resale is to occur (the “**Resale Date**”), which:
 - (i) in the case of a Scheduled Optional Exchange Date, will be the next Scheduled Optional Exchange Date falling no earlier than 5 Business Days after the date of the Resale Notice; and
 - (ii) in the case of a Tax Event or Regulatory Event, will be a day no earlier than 5 Business Days nor more than 60 Business Days after the date of the Resale Notice; and
 - (b) the name of each Nominated Party to whom that Holder’s offer under clause 8.3 is being made and, where there is more than one Nominated Party, the basis for determining the MCN7 to be purchased by each Nominated Party, and any special provisions to be applied if there is a Non-Completing Nominated Party; and
 - (c) any conditions that will apply to the Resale,
- and, subject to clauses 4.8, 8.2, 8.6 and 16, once given is irrevocable.

8.2 Appointment of Nominated Party

- (a) The Issuer may not appoint itself or a Related Entity of the Issuer as a Nominated Party.
- (b) The Issuer may appoint one or more Nominated Parties for the Resale on such terms as may be agreed between the Issuer and the Nominated Parties (and, to the extent any such conditions may cause the MCN7 to cease to be Eligible Capital, with the prior written approval of APRA) including:
 - (i) as to the conditions of any Resale, the procedures for settlement of such Resale and the circumstances in which the Resale Notice may be amended, modified, added to or restated;
 - (ii) as to the substitution of another entity (not being the Issuer or a Related Entity of the Issuer) as Nominated Party if, for any reason, the Issuer is not satisfied that the Nominated Party will perform its obligations under this clause 8; and
 - (iii) as to the terms on which any MCN7 acquired by a Nominated Party may be Exchanged or otherwise dealt with.
- (c) If the Issuer appoints more than one Nominated Party in respect of a Resale, all or any of the MCN7 held by a Holder which are being Resold may be purchased for the Resale Price by any one or any combination of the Nominated Parties, as determined by the Issuer.

8.3 Irrevocable offer to sell

- (a) If the Issuer gives a Resale Notice in accordance with clause 8.1 each Holder on the Resale Date is taken to irrevocably offer to sell the MCN7 that are the subject of the Resale Notice to the Nominated Party or Nominated Parties on the Resale Date for a purchase price per MCN7 equal to the Issue Price of that MCN7 (the “**Resale Price**”).

- (b) Subject to payment of the Resale Price on the Resale Date and any other conditions to the Resale specified in the Resale Notice, each MCN7 which is to be Resold will be transferred to the relevant Nominated Party or Nominated Parties free from any Encumbrance.
- (c) Clause 11 applies to the payment of the Resale Price as if references in clause 11 to the Issuer were references to the Nominated Party.

8.4 Effect of transfer

The transfer will convey to the relevant Nominated Party all rights to:

- (a) Distributions payable on the MCN7 in respect of any Distribution Payment Date arising after the Resale Date;
- (b) be issued with Ordinary Shares on Exchange on or after the Resale Date; and
- (c) any Redemption Price payable on or after the Resale Date,

but excluding any Distribution payable on the MCN7 in respect of any Distribution Payment Date on or before the Resale Date, which, to the extent the conditions of payment of Distribution under clause 2.3 are met, shall be paid by the Issuer to the Holder of the MCN7 entitled to such amounts as otherwise provided in these Terms.

8.5 Terms after Resale

If any MCN7 are Resold in accordance with these Terms, subject to clause 8.2, these Terms will apply in all respects to the MCN7 held by the Nominated Party on and from the Resale Date.

8.6 Nominated Party not completing

If, for any reason, a Nominated Party does not pay the Resale Price in full on the relevant Resale Date (a “**Non-Completing Nominated Party**”):

- (a) unless the Resale Price is paid in full within 2 Business Days following the Resale Date, the Resale Notice will be void insofar as it relates to MCN7 referable to the Non-Completing Nominated Party and any obligations of the Holder and Non-Completing Nominated Party in respect of the Resale of the MCN7 that is the subject of the Resale Notice will terminate;
- (b) the Holder will continue to hold the MCN7 that are the subject of the Resale Notice which are referable to the Non-Completing Nominated Party; and
- (c) the Issuer has no liability for the Non-Completing Nominated Party not paying the Resale Price and the Resale Date will not be a Distribution Payment Date unless:
 - (i) such date would otherwise have been a Distribution Payment Date; or
 - (ii) a Distribution is paid on that date to Holders whose MCN7 have been transferred to a Nominated Party on or within 2 Business Days following that date.

8.7 No right of Holders to require Resale

No MCN7 can, or will, be Resold at the option of a Holder.

9. Exchange Mechanics

9.1 Exchange

On an Exchange Date, subject to clauses 4.8, 9.14 and 9.17, the Issuer will allot and issue the Exchange Number of Ordinary Shares to the Holders (or as they may direct) for each MCN7 held by the Holder.

The “**Exchange Number**” will be calculated by the Issuer in accordance with the following formula:

$$\text{Exchange Number} = \frac{\text{Issue Price}}{0.99 \times \text{Exchange Date VWAP}}$$

subject to the Exchange Number being no greater than the Maximum Exchange Number, where:

- (a) “**Exchange Date VWAP**” (expressed in Australian Dollars) means the VWAP during the VWAP Period;

- (b) **“VWAP”** means, subject to any adjustment under clauses 9.3 or 9.4, for a period or relevant number of days, the average of the Daily VWAPs (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days; and
- (c) **“VWAP Period”** means, for the purposes of calculating the Exchange Date VWAP and the Exchange Number:
- (i) in the case of an Exchange on a Relevant Mandatory Exchange Date or an Optional Exchange Date, the 20 ASX Trading Days immediately preceding, but not including, that Exchange Date;
 - (ii) in the case of an Exchange on account of an Acquisition Event, the lesser of 20 ASX Trading Days and the number of ASX Trading Days that Ordinary Shares are entitled to trade on ASX after the occurrence of the Acquisition Event immediately preceding, but not including, the Acquisition Exchange Date; and
 - (iii) in the case of an Exchange on account of a Non-Viability Event, the 5 ASX Trading Days immediately preceding, but not including, the Non-Viability Exchange Date; and
- (d) the **“Maximum Exchange Number”** will be calculated by the Issuer on the Issue Date in accordance with the following formula for each MCN7 held by the Holder:

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

where:

- (i) **Exchange Floor Price** means Issue Date VWAP multiplied by the Relevant Percentage;
- (ii) **Issue Date VWAP** is the VWAP during the 20 ASX Trading Days immediately preceding, but not including, the Issue Date (as such number may be adjusted under clauses 9.5, 9.6 or 9.7); and
- (iii) **Relevant Percentage** is:
 - (A) if the Exchange is occurring on a Relevant Mandatory Exchange Date, 50%; and
 - (B) if the Exchange is occurring on any other Exchange Date, 20%.

Each Holder’s rights (including to payment of Distributions other than the Distribution (if any) payable on the Exchange Date) in relation to each MCN7 that is being Exchanged will be immediately and irrevocably terminated for an amount equal to the Issue Price of that MCN7 and the Issuer will apply that Issue Price by way of payment for the subscription for the Ordinary Shares to be allotted and issued under this clause 9.1. Each Holder is taken to have irrevocably directed that any amount payable under this clause 9.1 is to be applied as provided for in this clause 9.1 and no Holder has any right to payment in any other way.

If the total number of Ordinary Shares to be allotted to a Holder in respect of their aggregate holding of MCN7 upon Exchange includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

9.2 Holder information

Each Holder agrees to provide to the Issuer (and, where clause 9.14 applies, the Sale Agent) any information necessary or desirable to give effect to an Exchange.

9.3 Adjustments to VWAP

For the purposes of calculating VWAP in these Terms:

- (a) where, on some or all of the ASX Trading Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and the MCN7 will be Exchanged for Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the ASX Trading Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (**“Cum Value”**) equal to:
 - (i) in case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act and eligible to receive a franked distribution;
 - (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 9.3(a)(i) and which is traded on ASX on any of those ASX Trading Days, the volume weighted average sale price of all such

- entitlements sold on ASX during the VWAP Period on the ASX Trading Days on which those entitlements were traded; or
- (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Directors; and
- (b) where, on some or all of the ASX Trading Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and the MCN7 will be Exchanged for Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the ASX Trading Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

9.4 Adjustments to VWAP for divisions and similar transactions

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

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

where:

- (i) “A” means the aggregate number of Ordinary Shares immediately before the Reclassification; and
- (ii) “B” means the aggregate number of Ordinary Shares immediately after the Reclassification.
- (b) Any adjustment made by the Issuer in accordance with clauses 9.3 and 9.4(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be notified to all Holders as soon as reasonably practicable following its determination by the Issuer.

9.5 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clauses 9.3 and 9.4(a) during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 9.6 and 9.7; and
- (b) if so made, will correspondingly cause an adjustment to the Maximum Exchange Number.

9.6 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clause 9.6(b) below, if the Issuer makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

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

where:

- (i) “V” means the Issue Date VWAP applying immediately after the application of this formula;
- (ii) “V₀” means the Issue Date VWAP applying immediately prior to the application of this formula;
- (iii) “RN” means the number of Ordinary Shares issued pursuant to the bonus issue; and
- (iv) “RD” means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue.
- (b) Clause 9.6(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purpose of clause 9.6(a), an issue will be regarded as a pro rata issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.

-
- (d) No adjustments to the Issue Date VWAP will be made under this clause 9.6 for any offer of Ordinary Shares not covered by clause 9.6(a), including a rights issue or other essentially pro rata issue.
 - (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 9.6(a) shall not in any way restrict the Issuer from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

9.7 Adjustment to Issue Date VWAP for divisions and similar transactions

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

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

where:

- (i) “A” means the aggregate number of Ordinary Shares immediately before the Reclassification; and
 - (ii) “B” means the aggregate number of Ordinary Shares immediately after the Reclassification.
- (b) Each Holder acknowledges that the Issuer may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

9.8 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 9.6 and 9.7, no adjustment shall be made to the Issue Date VWAP where such cumulative adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect. Any adjustment not made in accordance with this clause 9.8 shall be carried forward and taken into account in determining whether any subsequent adjustment shall be made.

9.9 Announcement of adjustment to Issue Date VWAP

If the Issuer determines an adjustment to the Issue Date VWAP under clauses 9.6 and 9.7, such an adjustment will be:

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

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

9.10 Listing of Ordinary Shares

The Issuer agrees to use all reasonable endeavours to list the Ordinary Shares issued or arising from an Exchange on ASX.

9.11 Status of Ordinary Shares

The Ordinary Shares issued or arising from an Exchange will rank equally with all other fully paid Ordinary Shares.

9.12 Effect of Exchange

When an Exchange of an MCN7 occurs all other rights conferred or restrictions imposed on that MCN7 under these Terms will no longer have effect (except for rights relating to a Distribution which is payable but has not been paid on or before the Exchange Date) and the MCN7 is cancelled.

9.13 Failure to Exchange

- (a) Subject to clauses 9.14(g) and 9.17, if, in respect of an Exchange of an MCN7, the Issuer fails to issue the Ordinary Shares in respect of an MCN7 to, or in accordance with the instructions of, the relevant Holder on the applicable Exchange Date or to the Sale Agent where clause 9.14 applies, that MCN7 remains on issue (and, without limitation, clause 2 applies) until:
 - (i) the Ordinary Shares are issued to, or in accordance with the instructions of, that Holder or, where clause 9.14 applies, to the Sale Agent; or
 - (ii) that MCN7 is Redeemed in accordance with these Terms,

and the remedies of the Trustee and a Holder in respect of that failure are limited to seeking an order for specific performance of the Issuer's obligations to issue Ordinary Shares.

- (b) This clause 9.13 does not affect the obligation of the Issuer to deliver the Ordinary Shares or of the Holder to transfer MCN7 when required in accordance with these Terms.

9.14 Holders whose Ordinary Shares are to be sold

Subject to clause 9.17, if any MCN7 of a Holder are required to be Exchanged and if:

- (a) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of the Exchange (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Exchange Date;
- (b) the MCN7 are held by a Foreign Holder;
- (c) for any reason (whether or not due to the fault of a Holder):
- (i) the Issuer does not receive any information required by it in accordance with these Terms so as to impede the Issuer from issuing the Ordinary Shares to the Holder on the Exchange Date; or
 - (ii) a FATCA Withholding is required to be made in respect of any Ordinary Shares to be delivered as a result of that Exchange; or
- (d) the Issuer is of the opinion that under an Applicable Shareholding Law the Holder is prohibited from acquiring some or all of the Exchange Number of Ordinary Shares on the Exchange Date, (to the extent it is so prohibited, an **"Ineligible Holder"**),

then the Issuer will use reasonable endeavours to appoint a **"Sale Agent"** (which is not the Issuer or any Related Body Corporate of the Issuer) on such terms as the Issuer considers reasonable, who will act in accordance with paragraph (f) where the Issuer, the Trustee and the Sale Agent can be satisfied that the obligation in paragraph (f) may be performed in respect of the relevant Holder and the relevant Ordinary Shares in accordance with all applicable laws and without the Issuer, the Trustee or the Sale Agent having to take steps which any of them regard as onerous.

On the Exchange Date:

- (e) where paragraph (a), (b) or (d) applies, the Issuer will issue the Exchange Number of Ordinary Shares to the Holder only to the extent (if at all) that:
- (i) where paragraph (a) applies, the Holder's notice referred to in paragraph (a) indicates the Holder wishes to receive them;
 - (ii) where paragraph (b) applies, the Issuer is satisfied that the laws of both Australia and the Foreign Holder's country of residence permit the issue of the Exchange Number of Ordinary Shares to the Foreign Holder as contemplated by this clause 9 (but as to which the Issuer is not bound to enquire), either unconditionally or after compliance with conditions which the Issuer, in its absolute discretion, regards as acceptable and not unduly onerous; and
 - (iii) where paragraph (d) applies, the issue would result in the Holder receiving the maximum number of Ordinary Shares the Holder is permitted to acquire in compliance with an Applicable Shareholding Law as at the Exchange Date;
- (f) otherwise, subject to paragraph (g) and clause 9.17, the Issuer will issue:
- (i) where paragraph (a), (b) or (d) applies, the balance of the Exchange Number of Ordinary Shares; or
 - (ii) where paragraph (c) applies, the Exchange Number (in full),

in respect of that Holder to the Sale Agent on the terms that, at the first reasonable opportunity to sell the Ordinary Shares, the Sale Agent will arrange for their sale and pay to the relevant Holder on a date determined by the Sale Agent a cash amount equal to the Attributable Proceeds of the relevant Holder or, where paragraph (c)(ii) applies, the Sale Agent will deal with the Ordinary Shares in accordance with FATCA. The issue of Ordinary Shares to the Sale Agent will satisfy all obligations of the Issuer in connection with the Exchange, the MCN7 will be deemed Exchanged and will be dealt with in accordance with clause 9.1 and, on and from the issue of Ordinary Shares, the rights of a Holder the subject of this clause

9.14 are limited to its rights in respect of the Ordinary Shares or the Attributable Proceeds as provided in this clause 9.14; and

- (g) where paragraph (f) applies in respect of a Holder and a Sale Agent is unable to be appointed, or either or both of the Issuer and the Sale Agent is of the opinion that the issue of Ordinary Shares to the Sale Agent and subsequent sale in accordance with paragraph (f) cannot be undertaken in accordance with an Applicable Shareholding Law or other applicable law (or can be undertaken in accordance with an Applicable Shareholding Law or applicable law only after the Issuer or the Sale Agent take steps which either or both the Issuer and the Sale Agent regard as onerous), then:
 - (i) in respect of a Non-Viability Exchange Date, but without in any way limiting clause 9.17, if either or both of the Issuer and the Sale Agent is of the opinion that the issue of Ordinary Shares cannot be undertaken within 5 Business Days of the Non-Viability Exchange Date to the Sale Agent in accordance with paragraph (f) or otherwise to the relevant Holder in accordance with this clause 9, then the relevant MCN7 will be Written-Off; or
 - (ii) in respect of an Exchange Date other than a Non-Viability Exchange Date:
 - (A) the issue of Ordinary Shares to the Sale Agent in accordance with paragraph (f) shall occur as soon as practicable after the Issuer is able to issue the relevant Ordinary Shares to the Sale Agent in accordance with an Applicable Shareholding Law and other applicable laws (and without the Issuer or the Sale Agent taking steps which either or both of the Issuer and the Sale Agent regard as onerous); and
 - (B) on and from the Exchange Date, the MCN7 of the relevant Holder remain on issue (and, without limitation, clause 2 applies) until the first to occur of:
 - (aa) the issue of the relevant Ordinary Shares in accordance with paragraphs (f) and (g)(ii)(A) or otherwise to that relevant Holder in accordance with this clause 9;
 - (ab) the relevant MCN7 are Redeemed in accordance with these Terms; or
 - (ac) the date which is 6 months after the Exchange Date, upon which date an Exchange will not occur in respect of the balance of the Holder's MCN7 at that date and such MCN7 will be automatically cancelled for no consideration.

Nothing in this clause 9.14 shall affect the Exchange of MCN7 to a Holder which is not a person to which any of paragraphs (a) to (d) (inclusive) applies.

9.15 No duty on sale

For the purpose of clause 9.14, none of the Issuer, the Trustee, the Sale Agent or any other person owes any obligations or duties to the Holders in relation to the price at which Ordinary Shares are sold or has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.

9.16 No right of Holders to require Exchange

No MCN7 can, or will, be Exchanged at the option of a Holder.

9.17 Write-Off on failure to perform Exchange

- (a) Notwithstanding any other provisions of this clause 9, if, for any reason (including, without limitation, an Inability Event) an MCN7 which, but for this clause 9.17 would be required to be Exchanged, has not been Exchanged within 5 Business Days of the Non-Viability Exchange Date, then Exchange of that MCN7 will not occur and that MCN7 will instead be Written-Off.
- (b) The Issuer must give notice to Holders if that Exchange has not occurred by operation of this clause 9.17, but failure to give that notice shall not affect the operation of this clause 9.17.

10. Acknowledgements and appointments

10.1 Acknowledgements

Each Holder, by subscribing for, purchasing or otherwise acquiring an MCN7:

-
- (a) is taken to have notice of, and irrevocably agrees to be bound by, the terms of the MCN7 Trust Deed and these Terms;
 - (b) upon an Exchange, consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer;
 - (c) agrees that any Redemption, Resale or Exchange shall occur on a Redemption Date, Resale Date or Exchange Date (as the case may be) in accordance with these Terms;
 - (d) agrees that it is obliged to accept the Ordinary Shares in respect of its MCN7 upon an Exchange Date, notwithstanding anything which might otherwise affect the Exchange including:
 - (i) any change in the financial position of the Issuer or the Macquarie Group since the Issue Date;
 - (ii) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally;
 - (iii) it being impossible or impracticable to list the Ordinary Shares on ASX; or
 - (iv) it being impossible or impracticable to sell or otherwise dispose of the Ordinary Shares;
 - (e) acknowledges and agrees that Exchange must occur immediately on the occurrence of a Non-Viability Event and that may result in disruption or failures in trading or dealings in the MCN7;
 - (f) acknowledges and agrees that:
 - (i) if Exchange does not occur in the circumstances contemplated in clauses 9.14(g) or 9.17, each MCN7 will be Written-Off; and
 - (ii) each of clause 9.14(g) and 9.17 is a fundamental term of the MCN7 and where it applies, no other conditions or events will affect its operation;
 - (g) agrees to provide to the Issuer any information that the Issuer considers necessary or desirable, or to take any and all such action as is within the reasonable control of that Holder, to give effect to a Redemption, Resale or an Exchange;
 - (h) acknowledges and agrees that it has:
 - (i) no right to request a Redemption, Resale or an Exchange;
 - (ii) to the fullest extent permitted by law:
 - (A) no right to initiate the Winding Up of the Issuer or any other member of the Macquarie Group or to have any such entity placed in administration; or
 - (B) to cause a receiver or receiver and manager to be appointed in respect of any such entity, on the grounds that a Distribution or any other amount is not paid or the Issuer is or may become unable to pay it; and
 - (iii) no rights against any member of the Macquarie Group in connection with the MCN7 except as expressly provided in these Terms and under the MCN7 Trust Deed;
 - (i) acknowledges and agrees that these Terms contain no events of default (however described, determined or defined). Accordingly (but without limitation), failure to pay in full, for any reason, a Distribution on the scheduled Distribution Payment Date will not constitute an event of default; and
 - (j) acknowledges and agrees it has no remedies on account of a failure by the Issuer to issue Ordinary Shares in accordance with clause 9 other than (and subject always to clauses 9.14(g) and 9.17) to seek specific performance of the obligation to issue the Ordinary Shares.

10.2 Appointment of attorneys, agents and directions

Each Holder irrevocably:

- (a) appoints each of the Issuer, the Issuer's Authorised Officers and any liquidator, administrator, statutory manager or other similar official of the Issuer (each an "**Appointed Person**") severally to be the attorneys of the Holder and the agents of the Holder, with the power in the name and on behalf of the Holder to:
 - (i) do all such acts and things (including, without limitation, signing all documents, instruments or transfers or instructing CHESS) as may, in the opinion of the Appointed Person, be necessary or desirable to be done in order to:

- (A) give effect to, record or perfect a Redemption, Resale or Exchange in accordance with clauses 3, 4, 5, 6, 7, 8 and 9 or, where clauses 9.14(g) and 9.17 apply, a Write-Off in accordance with that clause; or
- (B) facilitate the performance or observance of the obligations of the Holder arising in connection with any such Redemption, Resale or Exchange in accordance with clauses 3, 4, 5, 6, 7, 8 and 9 or, where clauses 9.14(g) and 9.17 apply, a Write-Off in accordance with that clause; and
- (ii) appoint in turn its own agent or delegate; and
- (b) authorises and directs the Issuer and/or the Registrar to make such entries in the Register, including amendments and additions to the Register, which the Issuer and/or the Registrar may consider necessary or desirable to record:
 - (i) a Redemption, Resale or an Exchange; or
 - (ii) where clause 9.14(g) or 9.17 applies, a Write-Off in accordance with that clause.

The power of attorney given in this clause 10.2 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable and shall survive and not be affected by the subsequent disability or incapacity of the Holder (or, if such Holder is an entity, by its dissolution or termination). An Appointed Person shall have no liability in respect of any acts duly performed in accordance with the power of attorney given in this clause 10.2.

11. Payments to Holders

11.1 Currency of payments

All payments of amounts in respect of any MCN7 will be made in Australian Dollars.

11.2 Calculation of payments

All calculations of payments will be rounded to the nearest four decimal places (with 0.00005 being rounded to 0.0001). For the purposes of making any payment in respect of a Holder's aggregate holding of MCN7, any amount less than A\$0.01 will be disregarded.

11.3 Payments and issues and deliveries of securities subject to laws

All payments and issues and deliveries of securities are subject in all cases to:

- (a) compliance by the Issuer with applicable laws; and
- (b) any applicable fiscal or other laws in the place of payment, issue or delivery, but without prejudice to the provisions of clause 11.4.

No commissions or expenses shall be charged to the Holders in respect of such payments (except in respect of the calculation of Attributable Proceeds in accordance with clause 9.14(f)).

11.4 Deductions

- (a) The Issuer, the Trustee, the Sale Agent and any financial institutions or intermediaries through which payments are made or securities issued or delivered, may withhold or deduct from any amount payable or securities issuable or deliverable to a Holder the amount of any withholding, deduction or other tax, duty or levy required by law to be withheld or deducted in respect of such payment, including, without limitation:
 - (i) any withholding or deduction of taxes, interest or penalties required under FATCA ("**FATCA Withholding**"); or
 - (ii) where the Issuer, the Trustee, the Sale Agent and any financial institution or intermediary (as applicable) has reasonable grounds to suspect that a Holder or a beneficial owner of any MCN7 (or any financial institution or intermediary through which the payment is to be made) may be subject to a FATCA Withholding in respect of the payment of that amount.

For the avoidance of doubt, any withholding or deduction required under FATCA is a tax, the withholding or deduction of which is required by applicable law for purposes of this clause 11.

- (b) In addition, where Ordinary Shares are required to be delivered to a Holder upon an Exchange, and the Issuer is required or entitled to make a FATCA Withholding, then the Issuer is entitled to deal with any Ordinary Shares comprising that FATCA Withholding in accordance with clause 9.14.

-
- (c) Each Holder shall be deemed to authorise the Issuer, the Trustee, the Sale Agent and any financial institutions or intermediaries through which payments are made to deal with payments, securities to be issued or delivered and the Holder's MCN7 in accordance with FATCA, including remitting, or otherwise dealing with, any amounts or securities comprising a FATCA Withholding, or reporting payment or account or other information to the IRS or other relevant revenue or taxing authority in accordance with the applicable requirements under FATCA.
- (d) If any withholding or deduction is required by applicable law, the Issuer, the Trustee or the Sale Agent, (as applicable) must remit the full amount required to be withheld or deducted, or remit or otherwise deal with the total number of securities, to or as required by the relevant revenue or taxing authority within the time allowed for such remittance or dealing without incurring a penalty under the applicable law.
- (e) If:
- (i) a withholding or deduction is made in accordance with this clause 11;
 - (ii) the amount of the withholding or deduction is, or number of or rights in respect of securities withheld are, accounted for by the Issuer, the Trustee or the Sale Agent (as applicable) to the relevant revenue or taxing authority; and
 - (iii) the balance of the amount payable has been paid, or the balance of the securities to be issued or delivered are issued or delivered, to the Holder,
- then the Issuer's or the Trustee's (or Sale Agent's) (as applicable) obligation to make the payment to the Holder is taken to have been satisfied in full.

11.5 No set-off

A Holder has no right to set-off or net against any amounts owing by it to a member of the Macquarie Group against any claims owing by the Issuer or another member of the Macquarie Group to such Holder. The Issuer has no right to set-off or net against any amounts owing by it to a Holder in respect of the MCN7 against any claims owing by the Holder to it or any member of the Macquarie Group.

11.6 Payment method

Subject to clauses 11.1 and 11.3, all moneys payable by the Issuer to a Holder will be paid by:

- (a) direct credit to an Australian dollar bank account maintained in Australia with a financial institution (excluding credit card accounts), notified by the Holder to the Registrar by close of business on the Record Date in respect of that payment; or
- (b) if no such account is notified, any other method as the Issuer determines.

11.7 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
- (c) has made reasonable efforts to locate a Holder but is unable to do so,

the amount of the unsuccessful payment will be held by the Issuer for the Holder as a non-interest bearing deposit with a bank selected by the Issuer until the first to occur of the following:

- (i) the Holder or any legal personal representative of the Holder claims the amount;
- (ii) the Issuer determines as permitted by clause 11.9 to refuse any claim in respect of the amount, in which case the Issuer may treat the amount as its own; or
- (iii) the Issuer is entitled or obliged to deal with the amount in accordance with the legislation relating to unclaimed moneys.

When this clause 11.7 applies the amount payable in respect of the MCN7 shall be treated as having been paid on the date scheduled for payment and Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due.

11.8 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

11.9 Time limit for claims

A claim against the Issuer for a payment under an MCN7 is void unless made within 5 years from the date on which payment first became due.

12. Title and transfer of MCN7

12.1 Title

Title to an MCN7 passes when details of the transfer are recorded in the Register.

12.2 Effect of entries in the Register

Each entry in the Register for an MCN7 constitutes an entitlement to the benefits given to the Holder under these Terms and the MCN7 Trust Deed in respect of the MCN7.

12.3 Register conclusive as to ownership

An entry in the Register in relation to an MCN7 constitutes conclusive evidence that the person so entered is the absolute owner of that MCN7, subject to correction for fraud or error.

12.4 Non-recognition of interests

- (a) Except as required by clause 9 and by law, and save as provided below, the Issuer and the Registrar must treat the person entered in the Register in respect of an MCN7 as the absolute owner of that MCN7.
- (b) No notice of any trust, Encumbrance or other interest in, or claim to, any MCN7 will be entered in the Register. None of the Issuer or the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any MCN7, except as ordered by a court of competent jurisdiction or required by law.
- (c) This clause 12.4 applies whether or not a payment has been made when scheduled on an MCN7 and despite any notice of ownership, trust, Encumbrance or other interest in the MCN7.

12.5 Joint Holders

Where two or more persons are entered in the Register as joint Holders of an MCN7 then they are taken to hold the MCN7 jointly, but the Registrar is not bound to register more than four persons as joint Holders of an MCN7.

12.6 Transfers

A Holder may transfer an MCN7:

- (a) in accordance with the rules and regulations of CHES;
- (b) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act (or as the Issuer may otherwise accept); or
- (c) subject to clause 1.4, by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registrar with any evidence the Registrar requires to prove title to or the right to transfer the MCN7.

The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with MCN7.

12.7 Transferee takes subject to terms

A transferee of, or any person claiming, an interest in an MCN7 takes subject to these Terms and the MCN7 Trust Deed.

12.8 Other transfers void

A purported transfer otherwise than in accordance with these Terms and the MCN7 Trust Deed or grant of an interest in an MCN7 otherwise than by way of transfer is, to the fullest extent permitted by law, void.

12.9 Issuer may request holding lock or refuse to register transfer

If MCN7 are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar (as the case may be) to apply a holding lock to prevent a transfer of MCN7 approved by and registered on the CS Facility's electronic subregister or MCN7 registered on an issuer-sponsored subregister (as the case may be); or
- (b) refuse to register a transfer of any MCN7.

12.10 Issuer must request holding lock or refuse to register transfer

- (a) The Issuer must request the CS Facility Operator or the Registrar (as the case may be) to apply a holding lock to prevent a transfer of MCN7 approved by and registered on the CS Facility's electronic subregister or MCN7 registered on an issuer-sponsored subregister (as the case may be) if the Corporations Act or the ASX Listing Rules require the Issuer to do so.
- (b) The Issuer must refuse to register any transfer of any MCN7 if the Corporations Act or the ASX Listing Rules require the Issuer to do so.

12.11 Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 12.9 and 12.10, the Issuer requests the application of a holding lock to prevent a transfer of MCN7 or refuses to register a transfer of MCN7, it must, within 2 months after the date on which the transfer was lodged with it, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer (if any). Failure to give such notice does not, however, invalidate the decision of the Issuer.

12.12 Delivery of instrument

If an instrument is used to transfer any MCN7 according to clause 12.6, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the MCN7.

12.13 Refusal to register

- (a) A transferor of an MCN7 is deemed to remain a Holder until the transfer is Registered and the name of the transferee is entered in the Register.
- (b) The Issuer may refuse to register a transfer of any MCN7 if:
 - (i) such registration would contravene these Terms; or
 - (ii) the Corporations Act or any other law or regulation binding on the Issuer forbids registration.

If the Issuer refuses to register a transfer, the Registrar must give the lodging party notice of the refusal and the reasons for it within 5 Business Days after the date on which notice of the transfer was delivered to it.

12.14 No liability to persons other than Holders

The Issuer is not liable to pay any amount to any person claiming an interest in an MCN7 in connection with that MCN7 other than the Holder.

13. Notices and other communications

13.1 Notices to Holders

All notices and other communications to Holders must be in writing and must be:

- (a) left at the address of or sent by prepaid post (airmail, if appropriate) to the address of the Holder as shown on the Register;
- (b) (if available) issued to Holders through CHESS in accordance with any applicable rules and regulations of CHESS;
- (c) so long as the MCN7 are quoted on ASX, by publication of an announcement on ASX;
- (d) given by an advertisement published in the Australian Financial Review, The Australian or in any other newspaper nationally circulated within Australia;
- (e) sent by email or electronic message to the electronic address (if any) of the Holder as shown on the Register; or

-
- (f) given in any other way agreed between the Issuer and any Holder (and in agreeing in such way, the Issuer and such Holders may have regard to the dates by which notice is to be given under these Terms).

13.2 Notices to the Issuer or the Trustee

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

- (a) if to the Issuer left at the address, or sent by prepaid post (airmail, if appropriate) to the address, set out below:

Name: Macquarie Group Limited

Address: 1 Elizabeth Street
Sydney NSW 2000
Australia

Attention: Company Secretary

- (b) if to the Trustee, addressed as specified from time to time in accordance with the MCN7 Trust Deed; and
- (c) given in any other way reasonably determined by the Issuer or, in the case of clause 13.2(b), the Trustee and notified to Holders.

For the purposes of this clause 13.2, the Issuer's address for notices and other communications is the address set out above or as otherwise notified by the Issuer to Holders.

13.3 When effective

Communications take effect from the time they are received or taken to be received under clause 13.4 (whichever happens first) unless a later time is specified.

13.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, the day immediately following the day on which the notice was posted;
- (b) if addressed and transmitted to the Issuer or the Trustee in accordance with clause 13.2, on the Business Day following its transmission;
- (c) if sent by e-mail, to the electronic address in respect of the Holder as specified in accordance with clause 13.1, on the day following its transmission to that electronic address;
- (d) if issued to Holders through CHESS, on the date of the issuance unless the sender receives an automated message that the e-mail has not been delivered;
- (e) if announced on ASX, on the date of the announcement; or
- (f) if published in a newspaper, on the first date that publication has been made in the required newspaper.

13.5 Receipt outside business hours

Despite clauses 13.3 and 13.4, if communications are received or taken to be received under clause 13.4 after 5:00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9:00am in the place of receipt on the next Business Day and take effect from that time unless a later time is specified.

13.6 Effect of failure to give notice

If the Issuer is required to give a notice in relation to any act, matter or determination, the accidental omission to give that notice to a Holder does not invalidate the notice in relation to Holders generally, or affect the validity of that act, matter or determination.

14. Amendment of Terms

14.1 Amendment without consent

Subject to complying with the Corporations Act and all other applicable laws and directives, the Issuer may amend these Terms and the MCN7 Trust Deed, with the prior written approval of APRA (to the extent any such amendment may cause the MCN7 to cease to be Relevant Securities forming part of Eligible Capital) but without the consent of the Holders or the Trustee:

-
- (a) if the Issuer is of the opinion that the amendment is:
- (i) of a formal, minor or technical nature;
 - (ii) made to correct any ambiguity or any manifest or proven error;
 - (iii) expedient for the purpose of enabling the MCN7 to be listed for quotation or to retain a listing on any Stock Exchange, to be cleared or settled through any clearing system or to retain clearance and settlement through any clearing system or to be offered for sale, Resold, or subscribed for, under the laws for the time being in force in any place;
 - (iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority;
 - (v) in respect of any time or notice period stated, required or permitted in respect of any Exchange, as is necessary or appropriate to give effect to such Exchange without such amendment materially adversely affecting the interests of Holders as a whole; or
 - (vi) made to:
 - (A) alter the terms of any MCN7:
 - (aa) to be or other otherwise to remain as a Relevant Security forming part of Eligible Capital; or
 - (ab) to align them with any other Relevant Security eligible for inclusion as Eligible Capital issued after the issue date of such MCN7 and is necessary or desirable to enable the Issuer to continue to treat such MCN7 as Eligible Capital; or
 - (B) alter the definition of Relevant Securities on account of the issue (after the date of any MCN7) of any other Relevant Securities forming part of Eligible Capital; or
 - (C) give effect to any agreement with the Nominated Party to which MCN7 have been Resold; or
- (b) generally, in any case, where in the Issuer's reasonable opinion, the amendment does not, taken as a whole and in conjunction with all other amendments (if any) made contemporaneously with the amendments, materially adversely affect the interests of Holders as a whole,

provided that, notwithstanding anything else in this clause 14.1, any amendments which may have an adverse effect on the Trustee's personal rights and obligations under the Transaction Documents must first be approved by the Trustee in writing (such approval not to be unreasonably withheld or delayed).

The Issuer must give the Trustee notice of any proposed amendment under clause 14.1(b) (a "**Proposed Amendment Notice**") at least 35 days (or such lesser period as may be acceptable to the Trustee (acting reasonably)) prior to making the amendment. If the Trustee (acting reasonably) has notified the Issuer that it has determined that an amendment proposed to be made by the Issuer under clause 14.1(b) (taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment) may be materially adverse to the interests of Holders as a whole, which notice shall be given as soon as practicable and in any event within 35 days of the date of the Proposed Amendment Notice, the Issuer may not make that amendment unless an Ordinary Resolution is passed in favour of the amendment.

14.2 Amendment without consent where Approved Acquirer

Without limiting clause 14.1, subject to complying with the Corporations Act and all other applicable laws and directives, the Issuer may make amendments to these Terms and the MCN7 Trust Deed, with the prior written approval of APRA (to the extent any such amendments may cause the MCN7 to cease to be Relevant Securities eligible for inclusion as Eligible Capital) but without the consent of the Holders or the Trustee which are, in the Issuer's reasonable opinion, necessary and appropriate to effect the substitution of the Approved Acquirer as the issuer of Ordinary Shares whenever MCN7 are required to be Exchanged in the manner contemplated by these Terms, including without limitation:

- (a) amendments to the definition of "Exchange" such that, unless APRA otherwise agrees, on the Exchange Date:
 - (i) each MCN7 that is to be Exchanged will be automatically transferred by each Holder free from Encumbrance to the Approved Acquirer (or another subsidiary of the Approved Acquirer which is a holding company of the Issuer on the Exchange Date) (the "**Transferee**");

- (ii) each Holder will be issued a number of ordinary shares in the capital of the Approved Acquirer equal to the Exchange Number; and
- (iii) as between the Issuer and the Transferee, the MCN7 held by the Transferee as a result of the transfer will be Exchanged for a number (rounded down to the nearest whole number) of Ordinary Shares the aggregate value of which equals the aggregate Issue Price of the transferred MCN7;
- (b) amendments and additions to the definitions of “Acquisition Event”, “Macquarie Group”, “Regulatory Event” and “Tax Event”; and
- (c) amendments and additions to any term defining the rights of Holders if the Exchange is not effected which is appropriate for the MCN7 to be or to remain as Relevant Securities eligible for inclusion as Eligible Capital,

provided that, notwithstanding anything else in this clause 14.2, any amendments which may have an adverse effect on the Trustee's personal rights and obligations under the Transaction Documents must first be approved by the Trustee in writing (such approval not to be unreasonably withheld or delayed).

14.3 Amendment with consent

Without limiting clauses 14.1 and 14.2, the Issuer may, with APRA's prior written approval (to the extent any such amendment may cause the MCN7 to cease to be Relevant Securities eligible for inclusion as Eligible Capital), amend these Terms or the MCN7 Trust Deed, if the amendment has been approved by a Special Resolution and by the Trustee in writing.

14.4 Meanings

In this clause 14, “**amend**” includes modify, cancel, alter, adjust or add to and “**amendment**” has a corresponding meaning.

14.5 Notice of amendments

Any amendment of these Terms or the MCN7 Trust Deed made in accordance with this clause 14 must be promptly notified by the Issuer to Holders.

15. General provisions

15.1 Enforcement of the MCN7 Trust Deed and the Terms

- (a) Subject to paragraph (b) below, only the Trustee may enforce the provisions of the MCN7 Trust Deed or these Terms and only in accordance with their terms and subject to the limitations and to the protections afforded to the Trustee set out in the MCN7 Trust Deed.
- (b) No Holder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of the MCN7 Trust Deed or these Terms unless:
 - (i) the Trustee, being entitled and having become bound to take proceedings in accordance with the MCN7 Trust Deed, fails to do so within 14 days; and
 - (ii) such failure is continuing,
 and then only in accordance with their terms and subject to the limitations set out in the MCN7 Trust Deed.

15.2 Voting and meetings

- (a) The MCN7 Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including any amendment of these Terms which requires the consent of Holders.
- (b) Holders will have no voting rights in respect of any member of the Macquarie Group.
- (c) Subject to applicable law, Holders are not entitled to be provided with copies of:
 - (i) any notices of general meetings of the Issuer; or
 - (ii) other documents (including annual reports and financial statements) sent by the Issuer to holders of Ordinary Shares or other securities (if any) in the Issuer.

15.3 Listing

The Issuer must use its best endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of the MCN7 on ASX on or as soon as possible after the Issue Date and maintain quotation on ASX until all MCN7 have been Exchanged, Redeemed or Written-Off.

15.4 Purchases

Subject to APRA's prior written approval and applicable law, any member of the Macquarie Group may purchase MCN7 at any time and at any price. Such MCN7 may, at the option of the acquirer, be held, resold or cancelled.

16. Winding Up

16.1 Ranking in Winding Up

- (a) If an order of a court of competent jurisdiction in Australia is made (other than an order successfully appealed or permanently stayed within 60 days), or an effective resolution passed, for the Winding Up of the Issuer in Australia, the Issuer is liable to redeem each MCN7 for its Liquidation Amount in accordance with, and subject to, this clause 16.
- (b) In the Winding Up of the Issuer in Australia, a Holder is entitled, subject to the terms of the MCN7 Trust Deed and to this clause 16, to claim on a subordinated basis in accordance with clauses 1.5 and 16.1(c) for payment in cash of an amount equal to the Liquidation Amount but has no further or other claim on the Issuer in the Winding Up.
- (c) In a Winding Up of the Issuer in Australia:
 - (i) Holders shall be entitled to prove only for any sums payable in respect of the MCN7 as a debt which are subject to, and contingent upon the prior payment in full of, the Senior Creditors;
 - (ii) Holders shall be entitled to claim for payment in cash of an amount equal to the Liquidation Amount and that claim ranks equally with all Equal Ranking Obligations; and
 - (iii) Holders waive, to the fullest extent permitted by law, any right to prove in any such Winding Up as a creditor ranking for payment in any other manner.

16.2 Agreements of Holders as to subordination

Each Holder irrevocably agrees:

- (a) that this clause 16 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a preference share which is an Equal Ranking Obligation would not be entitled to such interest;
- (c) not to exercise any voting or other rights as a creditor in any Winding Up or administration of the Issuer in any jurisdiction:
 - (i) until after all Senior Creditors have been paid in full; or
 - (ii) otherwise in a manner inconsistent with the ranking and subordination contemplated by clauses 1.5 and 16.1;
- (d) that it must pay or deliver to the liquidator or administrator any amount or asset received on account of its claim in any Winding Up or administration of the Issuer in any jurisdiction in respect of the MCN7 in excess of its entitlement under clauses 1.5 and 16.1;
- (e) that it must pay in full all liabilities it owes the Issuer before it may receive any amount or asset on account of its claim in any Winding Up or administration in any jurisdiction in respect of an MCN7; and
- (f) that the debt subordination effected by clauses 1.5 and 16.1 is not affected by any act or omission of the Issuer or a Senior Creditor which might otherwise affect it at law or in equity.

16.3 No charge

Nothing in clause 1.5 or this clause 16 shall be taken to:

- (a) create a charge or security interest on or over any right of the Holder; or
- (b) require the consent of any Senior Creditor to any amendment of these Terms.

17. Governing law, jurisdiction and service of documents

17.1 Governing law

The MCN7, including these Terms, are governed by, and shall be construed in accordance with, the laws of New South Wales, Australia.

17.2 Jurisdiction

The Issuer irrevocably agrees for the benefit of the Holders that the courts of New South Wales, Australia are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the MCN7 and accordingly has submitted to the non-exclusive jurisdiction of the courts of New South Wales.

17.3 Service of process

Without preventing any other method of service, any document in any action may be served on the Issuer by being delivered or left at its registered office or principal place of business.

18. Interpretation and definitions

18.1 Interpretation

Unless otherwise specified or the contrary intention appears:

- (a) a reference to a clause or paragraph is a reference to a clause or paragraph of these Terms;
- (b) if a calculation is required under these Terms, the result of the calculation will be rounded to four decimal places (with 0.00005 being rounded to 0.0001);
- (c) headings and bold typeface are for convenience only and do not affect the interpretation of these Terms;
- (d) the singular includes the plural and vice versa;
- (e) a reference to a statute, ordinance, directive, code, law, prudential standard or the rules of any Stock Exchange includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them and references to law includes statutes, ordinances, directives, codes or regulations and other instruments under them and common law and principles of equity having general application;
- (f) a reference to the “**Corporations Act**” as it relates to the Issuer is to that Act as may be modified in relation to the Issuer by the Australian Securities and Investments Commission;
- (g) if under these Terms an event must occur on a stipulated day, or a day is stipulated, which is not a Business Day, then, except in the cases of a Non-Viability Event and a Non-Viability Exchange Date, the stipulated day will be taken to be the next Business Day;
- (h) a reference to “**Australian Dollars**”, “**AUD**”, “**A\$**” or “**cents**” is a reference to the lawful currency of Australia;
- (i) calculations, elections and determinations made by or on behalf of the Issuer or the Directors under these Terms are binding on Holders in the absence of manifest or proven error or fraud;
- (j) a reference to a party to an agreement, deed, authority or other instrument includes a reference to any successor, replacement, assignee, substitute or addition of the party according to that agreement, deed, authority or instrument;
- (k) any references to the requirements of APRA or any other prudential regulatory requirements will apply to the Issuer only if the Issuer is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time;
- (l) any requirement for APRA’s consent or approval will apply only so long as MCN7 form part of Eligible Capital and if APRA requires that such consent or approval be given at the relevant time;
- (m) any requirements for the prior approval or consent of APRA for a particular course of action to be taken by the Issuer do not imply that APRA has given its consent or approval to the particular action as of the Issue Date;
- (n) a reference to accounting standards is a reference to the accounting standards as defined in the Corporations Act and a reference to an accounting term is a reference to that term as it is used in those accounting standards, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;

- (o) a reference to an agreement, deed or other instrument includes a reference to that agreement, deed or instrument as amended, modified, added to or restated from time to time;
- (p) the terms “**takeover bid**”, “**relevant interest**”, “**scheme of arrangement**”, “**buy-back**”, “**subsidiary**” and “**holding company**” when used in these Terms have the meaning given in the Corporations Act;
- (q) a reference to the “interests of Holders as a whole” will, if MCN7 are held beneficially by a Nominated Party, be a reference to the interests of Holders other than the Nominated Party;
- (r) the words “**includes**” or “**including**”, “**for example**” or “**such as**” do not exclude a reference to other items, whether of the same class or genus or not;
- (s) if the principal securities exchange on which the Ordinary Shares are quoted is other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined term in such rules (as the case may be);
- (t) a reference to any term defined by APRA shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term;
- (u) where these Terms refer to a person's opinion or to a person's regard or consideration or being satisfied with respect to any step, act, matter or thing, that opinion, regard, consideration or satisfaction may be held, formed or made by the person in the person's absolute discretion;
- (v) for the purposes of clause 14.1, in determining whether an amendment is not materially adverse to, or does not materially adversely affect, the interests of Holders as a whole, the taxation and regulatory capital consequences to Holders (or any class of Holders) and other special consequences which are personal to a Holder (or any class of Holders) do not need to be taken into account.

18.2 Definitions

In these Terms, the following meanings apply unless the contrary intention appears:

Acquisition Event means:

- (a) a takeover bid is made to acquire all or some of the Ordinary Shares and the offer is, or becomes, unconditional and as a result of the bid the bidder (and its associates as defined in section 12 of the Corporations Act) has a relevant interest in more than 50% of the Ordinary Shares on issue;
- (b) a court approves a scheme of arrangement which, when implemented, will result in a person (and its associates as defined in section 12 of the Corporations Act) having a relevant interest in more than 50% of the Ordinary Shares on issue; or
- (c) a person together with its associates as defined in section 12 of the Corporations Act;
 - (i) acquires or comes to hold beneficially more than 50% of the voting shares (as defined in the Corporations Act) in the capital of the Issuer; or
 - (ii) enters into an agreement to beneficially acquire more than 50% of the voting shares (as defined in the Corporations Act) in the capital of the Issuer and the agreement to acquire is, or becomes, unconditional,

(for the purposes of this definition, each an “**event**”), other than as part of a solvent reorganisation of the relevant entity where the persons holding relevant interests in the ordinary equity capital (being listed on the ASX) of the bidder or other person (“**Approved Acquirer**”) acquiring a relevant interest in more than 50% of the Ordinary Shares on issue or beneficially acquiring more than 50% of the voting shares in the capital of the Issuer are, or will be, substantially the same, and in substantially the same proportions, as the persons who held relevant interests in the Ordinary Shares or who held beneficially voting shares in the capital of the Issuer immediately prior to the event where:

- (i) the event is initiated by the Directors or would not, in the Issuer's reasonable opinion, otherwise be materially adverse to the interests of Holders as a whole; and
- (ii) the Approved Acquirer agrees for the benefit of Holders to:
 - (A) issue listed ordinary share capital in all circumstances where the Issuer would have otherwise been obliged to issue Ordinary Shares as contemplated by these Terms;
 - (B) use all reasonable endeavours to ensure continued quotation of the MCN7 on a Stock Exchange; and

-
- (C) comply with the obligations and restrictions as apply to the Issuer in connection with the MCN7 (with all necessary and appropriate modifications);

Acquisition Exchange Date has the meaning given in clause 6.2;

Acquisition Exchange Notice has the meaning given in clause 6.2;

ADI means an authorised deposit-taking institution under the Banking Act;

Adjustment Notice has the meaning given in clause 9.9;

Alternative Reference Rate has the meaning given in clause 2.1;

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

Appointed Person has the meaning given in clause 10.2;

Approved Acquirer has the meaning given in the definition of Acquisition Event;

APRA means the Australian Prudential Regulation Authority or any authority succeeding to its powers and responsibilities;

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires;

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

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time;

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

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

Attributable Proceeds means, in respect of a Holder to whom clause 9.14(f) applies, an amount equal to the Proceeds per Share multiplied by the number of Ordinary Shares issued and sold in accordance with clause 9.14(f) in respect of that Holder;

Authorised Officer means a person appointed by the party to act as an authorised officer for the purposes of these Terms by notice to the Issuer;

Banking Act means the Banking Act 1959 (Cth);

BBSW means, for a Distribution 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 Distribution Period which rate ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am (Sydney time) (or such other time at which such rate is accustomed to be so published) on the Determination Date; or
- (b) if the Issuer determines that such rate (expressed as a percentage per annum) as is described in paragraph (a) above:
 - (i) is not published by midday (or such other time that the Issuer considers appropriate on that day); or
 - (ii) 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.

Bookbuild means the process conducted prior to the opening of the Offer where brokers and investors bid for the MCN7 and, on the basis of those bids, the Issuer, in consultation with the joint lead managers to the Offer, determines the Margin;

Business Day means a day which is (i) a business day within the meaning of the ASX Listing Rules; and (ii) for the purpose of determining an Exchange Date (other than a Non-Viability Exchange Date) or the calculation or payment of a Distribution or of any other sum, a day on which banks are open for general business in Sydney, Australia;

Buy-Back means a transaction involving the acquisition by the Issuer of its Ordinary Shares pursuant to an offer made in its discretion in accordance with the provisions of Part 2J of the Corporations Act;

Capital Reduction means a reduction in capital initiated by the Issuer in its discretion in respect of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act;

Change in Law has the meaning given to it in the definition of Regulatory Event;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd (ACN 008 504 532), or any system that replaces it relevant to the MCN7 (including in respect of the transfer or Exchange of MCN7);

Control has the meaning given in the Corporations Act;

Corporations Act means the Corporations Act 2001 (Cth);

CS Facility has the same meaning as “Prescribed CS Facility” in the Corporations Act;

CS Facility Operator means the operator of a CS Facility;

Cum Value has the meaning given in clause 9.3;

Daily VWAP means the volume weighted average sale price (rounded to the nearest full cent) of Ordinary Shares sold on ASX on a day but does not include any “Crossing” transacted outside the “Open Session State”, or any “Special Crossing” transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares;

Deferred Exchange Date has the meaning given in clause 5.5;

Deferred Exchange Notice has the meaning given in clause 5.5;

Deferred Mandatory Exchange Date has the meaning given in clause 3.2;

Delisted means, in respect of the Issuer and an Exchange Date:

- (a) that Ordinary Shares have ceased to be listed or admitted to trading on ASX (and continue not to be listed or admitted to trading on that date); or
- (b) an Inability Event applies on the relevant date preventing the Exchange of the MCN7 of Holders generally;

Determination Date has the meaning given in clause 2.1;

Directors means some or all of the Voting Directors (as defined in the Issuer’s constitution) of the Issuer acting as a board;

Distribution has the meaning given in clause 2.1;

Distribution Payment Date has the meaning given in clause 2.1;

Distribution Period means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However:

- (a) the first Distribution Period commences on (and includes) the Issue Date; and
- (b) the final Distribution Period ends on (and excludes) the Exchange Date, Redemption Date or Resale Date, as applicable;

Distribution Rate has the meaning given in clause 2.1;

Dividend Restriction has the meaning given in clause 2.5;

Eligible Capital has the same meaning as “eligible capital” in the conditions in the schedule to the NOHC Authority or the equivalent concept in any subsequent or replacement authority given by APRA in favour of the Issuer or in any prudential standard determined by APRA relevant to the definition of the capital of the Issuer;

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

Equal Ranking Obligations means any present or future obligation of, or claim against, the Issuer that exists or may arise in connection with:

- (a) the MCN3;
- (b) the MCN4;
- (c) the MCN5;
- (d) the MCN6; or
- (e) any other:
 - (i) preference share, security or capital instrument issued by the Issuer; or
 - (ii) obligation of, or claim against, the Issuer in respect of a preference share, security or capital instrument issued by a member of the Macquarie Group,
 - (iii) which preference share, security, capital instrument of, or obligation or claim against, the Issuer ranks, or is expressed to rank, equally with the MCN7 or any other Equal Ranking Obligation;

Exchange means, in respect of an MCN7, the allotment and issue of Ordinary Shares in respect of that MCN7 in accordance with and subject to clause 9, and “**Exchangeable**”, “**Exchanged**” and “**Exchanging**” have corresponding meanings;

Exchange Conditions has the meaning given in clause 3.3;

Exchange Date means a Mandatory Exchange Date, Non-Viability Exchange Date, Optional Exchange Date or Acquisition Exchange Date on which the MCN7 must be Exchanged (any relevant Exchange Conditions applicable to that date having been met);

Exchange Date VWAP has the meaning given in clause 9.1;

Exchange Floor Price has the meaning given in clause 9.1;

Exchange Number has the meaning in clause 9.1;

FATCA means the Foreign Account Tax Compliance Act provisions set out in sections 1471 through to 1474 of the US Internal Revenue Code (“**Code**”) (and including any current or future regulations or official interpretations thereof issued in respect of these provisions, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices or similar laws implementing an inter-governmental approach on such provisions and any agreement entered into by the Issuer pursuant to or in connection with any of the foregoing);

FATCA Withholding has the meaning given in clause 11.4;

First Exchange Condition has the meaning given in clause 3.3;

First Optional Exchange Restriction has the meaning given in clause 5.4;

First Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Foreign Holder means a Holder whose address in the Register is a place outside Australia or who the Issuer otherwise believes may not be a resident of Australia;

Fourth Exchange Condition has the meaning given in clause 3.3;

Franking Adjustment Factor has the meaning given in clause 2.1;

Franking Rate means the franking percentage, as defined under Part 3-6 of the Tax Act, for a Distribution as at the relevant Distribution Payment Date (expressed as a decimal) multiplied by the proportion of the relevant Distribution that is frankable;

Holder means a person Registered as the holder of an MCN7;

Inability Event means any of the Issuer or any of its Related Bodies Corporate is prevented by applicable law, an order of any court, an action of any government authority (including regarding the insolvency, Winding Up or other external administration of the Issuer or a Related Body Corporate), or for any other reason, from observing and performing their obligations in respect of an Exchange (including in connection with the issue of Ordinary Shares);

Ineligible Holder has the meaning given in clause 9.14;

IRS means the Internal Revenue Service of the United States of America;

Issue Date means the date the MCN7 are issued, expected to be 16 September 2024;

Issue Date VWAP has the meaning given in clause 9.1;

Issue Price has the meaning given in clause 1.1;

Issuer means Macquarie Group Limited (ACN 122 169 279), a company incorporated under the laws of Australia;

Level 3 Group means the Issuer and such other entities included from time to time in the calculation of the Issuer's capital requirements on a Level 3 basis (or its equivalent, in either case, as defined by APRA from time to time);

Liquidation Amount means an amount equal to the Issue Price;

Loss Absorption means, in respect of a security, any conversion or exchange (by whatever method) into ordinary shares or writing-off of that security in accordance with their terms or by operation of law when APRA gives a notice described in clause 4.1 (including an Exchange or Write-Off of MCN7);

Macquarie Group means the Issuer and each entity it Controls;

Mandatory Exchange Date has the meaning given in clause 3.2;

Margin has the meaning given in clause 2.1;

Maximum Exchange Number has the meaning given in clause 9.1;

MCN3 means the subordinated notes of the Issuer described as the "Macquarie Group Capital Notes 3" and issued under a trust deed entitled "MCN3 Trust Deed" dated 7 May 2018 (as amended);

MCN4 means the subordinated notes of the Issuer described as the "Macquarie Group Capital Notes 4" and issued under a trust deed entitled "MCN4 Trust Deed" dated 25 February 2019 (as amended);

MCN5 means the subordinated notes of the Issuer described as the "Macquarie Group Capital Notes 5" and issued under a trust deed entitled "MCN5 Trust Deed" dated 15 February 2021 (as amended);

MCN6 means the subordinated notes of the Issuer described as the "Macquarie Group Capital Notes 6" and issued under a trust deed entitled "MCN6 Trust Deed" dated 28 June 2022 (as amended);

MCN7 has the meaning given in clause 1.1;

MCN7 Trust Deed means the trust deed in respect of MCN7 dated on or about 19 August 2024, as amended from time to time;

NOHC Authority means the authority to be a non-operating holding company of an authorised deposit-taking institution given by APRA in favour of the Issuer on 5 September 2007 (as amended from time to time) under the Banking Act;

Nominated Party means, subject to clause 8.2, one or more third parties selected by the Issuer in its absolute discretion;

Non-Completing Nominated Party has the meaning given in clause 8.6;

Non-Exchange Test Date has the meaning given in clause 5.4;

Non-Viability Event has the meaning given in clause 4.1;

Non-Viability Exchange Date means the date of occurrence of the Non-Viability Event;

Non-Viability Exchange Notice has the meaning given in clause 4.7;

Offer means the invitation made under the Prospectus by the Issuer for persons to subscribe for the MCN7;

Optional Exchange Date has the meaning given in clause 5.3;

Optional Exchange Notice has the meaning given in clause 5.1;

Optional Exchange Restrictions has the meaning given in clause 5.4;

Ordinary Resolution means:

- (a) a resolution passed at a meeting of Holders by a majority of at least 50% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the consent in writing of Holders holding at least 50% of the MCN7 then on issue;

Ordinary Share means a fully paid ordinary share in the capital of the Issuer;

Ordinary Share Dividend means any interim, final or special dividend payable in accordance with the Corporations Act and the constitution of the Issuer in respect of Ordinary Shares;

Proceeds per Share means, in respect of Ordinary Shares issued and sold in accordance with clause 9.14(f), an amount equal to the net proceeds of the sale of such Ordinary Shares, actually received after deducting any applicable brokerage, stamp duties and other taxes, charges and expenses, divided by the number of such Ordinary Shares issued and sold;

Prospectus means the prospectus for the Offer;

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

Record Date has the meaning given in clause 2.1;

Redemption means, in respect of an MCN7, the MCN7 is redeemed by payment in accordance with and subject to clause 7 and clause 11 and "Redeem", and "Redeemed" have the corresponding meanings;

Redemption Date has the meaning given in clause 7.3;

Redemption Notice has the meaning given in clause 7.1;

Redemption Price has the meaning given in clause 7.4;

Reference Rate has the meaning given in clause 2.1;

Reference Rate Disruption Event has the meaning given in clause 2.1;

Register means the register, including any branch register, of Holders established and maintained by, or on behalf of, the Issuer;

Registered means recorded in the Register;

Registrar means a person appointed by the Issuer to maintain the Register;

Regulatory Event means:

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

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

- (i) any of the MCN7 are not eligible for inclusion as Eligible Capital;
- (ii) additional requirements (including regulatory, capital, financial, operational or administrative requirements) would be imposed in connection with the MCN7 which the Issuer determines to be materially adverse to the Issuer; or
- (iii) to have any of the MCN7 outstanding would be unlawful or impractical or would cause the Issuer to be exposed to a more than de minimis increase in its costs in connection with those MCN7;

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

Related Entity has the meaning given to it by APRA from time to time;

Relevant Mandatory Exchange Date has the meaning given in clause 3.2;

Relevant Percentage has the meaning given in clause 9.1;

Relevant Security means a security of the Issuer that, in accordance with its terms or by operation of law, may require Loss Absorption if APRA gives a notice described in clause 4.1 (including the MCN3, MCN4, MCN5, MCN6 and the MCN7);

Resale means the transfer of MCN7 to one or more Nominated Parties in accordance with clause 8.1 and “**Resell**” and “**Resold**” have the corresponding meanings;

Resale Date has the meaning given in clause 8.1;

Resale Notice has the meaning given in clause 8.1;

Resale Price has the meaning given in clause 8.3;

Sale Agent means person appointed by the Issuer to sell Ordinary Shares in accordance with clause 9.14, and includes an agent of that person;

Scheduled Mandatory Exchange has the meaning given in clause 3.2;

Scheduled Mandatory Exchange Date has the meaning given in clause 3.2;

Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Second Exchange Condition has the meaning given in clause 3.3;

Second Optional Exchange Restriction has the meaning given in clause 5.4;

Second Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Senior Creditors means all present and future creditors of the Issuer whose claims are:

- (a) entitled to be admitted in the Winding Up of the Issuer; and
- (b) not expressed to rank equally with, or subordinate to, the claims of the Holders under these Terms;

Special Resolution means:

- (a) a resolution passed at a meeting of Holders duly convened and held (or by way of postal ballot) in accordance with the MCN7 Trust Deed by the affirmative vote of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the consent in writing of Holders holding at least 75% of the MCN7 then on issue in accordance with the MCN7 Trust Deed;

Stock Exchange means ASX or such other stock or securities exchange on which the MCN7 may be listed from time to time;

Suspension Event means, in respect of a date, trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:

- (a) at least 5 consecutive Business Days prior to that date; and
- (b) that date;

Tax Act means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as the context requires;

Tax Event means that, on or after the Issue Date, the Issuer receives an opinion of nationally recognised legal counsel or other nationally recognised tax adviser in Australia experienced in such matters, that there is more than an insubstantial risk which the Issuer determines to be unacceptable that, as a result of a Tax Event Trigger and in connection with MCN7:

- (a) a more than *de minimis* franking debit will arise in the franking account of the Issuer in respect of any Distribution (the terms “franking debit” and “franking account” being within the meaning of Division 205 of the Tax Act) in addition to any franking debit that would, or is expected to, arise from the relevant Distribution in the absence of the Tax Event Trigger;
- (b) any Distribution would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act; or

-
- (c) the Issuer is or will become exposed to more than a *de minimis* increase in its costs (including without limitation through the imposition of any taxes, duties, assessments, or other governmental charges or the loss of any deductions);

Tax Event Trigger means:

- (a) an amendment to, change in or announcement that there will be a change in, any laws or regulations affecting taxation in the Commonwealth of Australia or any State or Territory of Australia;
- (b) a judicial decision interpreting, applying or clarifying any laws or regulations affecting taxation in the Commonwealth of Australia or any State or Territory of Australia;
- (c) an administrative pronouncement, ruling, confirmation, advice or action that represents an official position, including a clarification of an official position of the governmental authority or regulatory body making the administrative pronouncement or taking any action, in each case, affecting taxation in the Commonwealth of Australia or any State or Territory of Australia; or
- (d) a challenge asserted or threatened in writing in connection with an audit or investigation of the Issuer in connection with MCN7 by the Australian Tax Office or other relevant taxing authority in the Commonwealth of Australia or any State or Territory of Australia,

which amendment, change or announcement that there will be a change, or which action or clarification or challenge occurs, on or after the Issue Date and was not expected by the Issuer as at the Issue Date;

Tax Rate means the Australian corporate tax rate applicable to the franking account of the Issuer on the relevant Distribution Payment Date (expressed as a decimal);

Terms means these terms and conditions;

Third Exchange Condition has the meaning given in clause 3.3;

Third Scheduled Optional Exchange Date has the meaning given in clause 5.2;

Transaction Documents means:

- (a) the MCN7 Trust Deed (including these Terms); and
- (b) any other document agreed by the parties to the MCN7 Trust Deed to be a Transaction Document for the purposes of the MCN7 Trust Deed (and provided that no such agreement will be made if the document may cause the MCN7 to cease to be Relevant Securities forming part of Eligible Capital unless the written approval of APRA to the agreement has been obtained);

Transferee has the meaning given in clause 14.2;

Trustee means Equity Trustees Limited ACN 004 031 298 or any replacement trustee under the MCN7 Trust Deed from time to time;

VWAP has the meaning given in clause 9.1;

VWAP Period has the meaning given in clause 9.1;

Winding Up means, with respect to an entity, the winding up, termination or dissolution of the entity, but does not include any winding up, termination or dissolution for the purposes of a consolidation, amalgamation, merger or reconstruction (the terms of which have been approved by the shareholders of the entity or by a court of competent jurisdiction) under which the continuing or resulting entity effectively assumes the entire obligations of the entity in respect of the MCN7; and

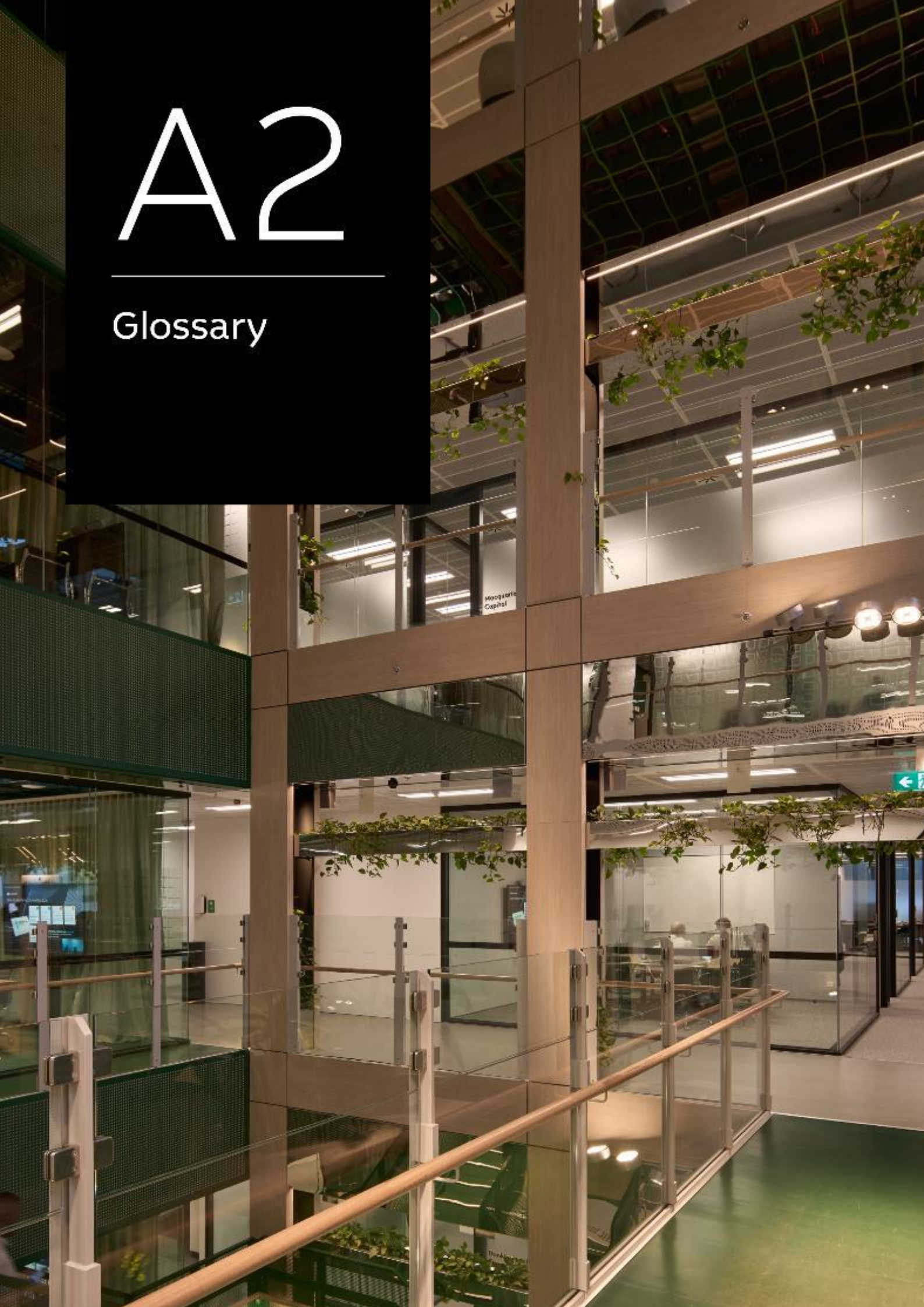
Written-Off means, in respect of an MCN7, that the Holder's rights under that MCN7 (including to payment of the Liquidation Amount and Distributions and to be Exchanged) are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and "**Write-Off**" has a corresponding meaning.

18.3 Inconsistency with ASX Listing Rules and ASX Settlement Operating Rules

So long as the MCN7 are quoted on ASX and in CHESS, these Terms as they relate to those MCN7 are to be interpreted in a manner consistent with applicable ASX Listing Rules and ASX Settlement Operating Rules (together, the "**Rules**"), except to the extent that an interpretation consistent with those Rules may cause the MCN7 to cease to be Relevant Securities forming part of Eligible Capital.

A2

Glossary



A2. Glossary

This Appendix provides a glossary of key terms and abbreviations used throughout this Prospectus and the Application Form. There is also a list of further defined terms in clause 18.2 of the MCN7 Terms immediately prior to this glossary commencing on page 138.

Term	Meaning
ABN	Australian Business Number as defined in <i>A New Tax System (Australian Business Number) Act 1999</i> (Cth).
ACN	Australian Company Number as defined in the Corporations Act.
Acquisition Event	Broadly occurs where a change of control of MGL occurs, by takeover bid or scheme of arrangement or otherwise. Acquisition Event is discussed in section 2.8.1. For the full definition, see clause 18.2 of the MCN7 Terms.
Acquisition Exchange Date	The date on which an Exchange on account of an Acquisition Event is to occur. For the full definition, see clause 6.2 of the MCN7 Terms.
Additional Tier 1 Capital	“Additional Tier 1 Capital” or its equivalent, in either case, as defined by APRA from time to time.
ADI	Authorised deposit-taking institution as defined in the Banking Act.
Applicant	An Australian resident client of a Syndicate Broker who is either a (1) Wholesale Investor or (2) a Retail Investor within the MCN7 Target Market who has received personal advice from a qualified financial adviser and who lodges an Application in accordance with this Prospectus.
Application	A valid application for MCN7 in accordance with this Prospectus.
Application Form	The application form accompanying this Prospectus which Syndicate Brokers may require Applicants under the Broker Firm Offer to complete.
Application Payment	The amount payable on each Application, being the Issue Price multiplied by the number of MCN7 applied for.
Approved Acquirer	Broadly means a person who acquires a relevant interest in more than 50% of Ordinary Shares on issue and agrees for the benefit of MCN7 Holders to issue listed ordinary share capital in all circumstances where MGL would otherwise have been obliged to issue Ordinary Shares under the MCN7 Terms. See further section 2.11.9. For the full definition, see clause 18.2 of the MCN7 Terms.
APRA	Australian Prudential Regulation Authority or any authority succeeding to its powers and responsibilities.
APRA Discussion Paper	The Discussion Paper released by APRA in September 2023 entitled “Discussion Paper – Enhancing bank resilience: Additional Tier 1 Capital in Australia”, described in section 4.7.4.
Arranger	Macquarie Capital (Australia) Limited (ACN 123 199 548).
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by it, as the context requires.
ASX Listing Rules	The listing rules of ASX as amended, varied or waived (whether in respect of MGL or generally) from time to time.
ASX Trading Day	A business day within the meaning of the ASX Listing Rules on which trading in Ordinary Shares takes place.
ATO	The Australian Taxation Office.

Term	Meaning
Bank Group	That part of the Macquarie Group that is subject to the full suite of APRA's banking regulations, and which includes MBL and its subsidiaries.
Banking Act	<i>Banking Act 1959</i> (Cth).
Basel III	Reforms released by the Basel Committee on Banking Supervision, in December 2010 (as revised), in order to raise the level and quality of regulatory capital in the global banking system.
BBSW	Broadly, the rate designated "BBSW" in respect of prime bank eligible securities having a tenor that corresponds to the length of the relevant Distribution Period as published by ASX (or a successor), or if such rate is not published by the usual time or there is an obvious error, such other rate that MGL determines as appropriate. For the full definition, see clause 18.2 of the MCN7 Terms.
BCN2	The subordinated notes described as the "Macquarie Bank Capital Notes 2" issued by MBL in 2020.
BCN3	The subordinated notes described as the "Macquarie Bank Capital Notes 3" issued by MBL in 2021.
Bookbuild	The process described in section 8.6.1 to determine the Margin.
Broker Firm Offer	The offer under which an Applicant may receive a firm allocation from their Syndicate Broker.
Business Day	A day which is (a) a business day within the meaning of the ASX Listing Rules; and (b) for the purpose of determining an Exchange Date (other than a Non-Viability Exchange Date) or the calculation or payment of a Distribution or of any other sum, a day on which banks are open for general business in Sydney, Australia.
Buy-Back	A transaction involving the acquisition by MGL of Ordinary Shares pursuant to an offer made in its discretion in accordance with the provisions of Part 2J of the Corporations Act.
Capital Reduction	A reduction in capital initiated by MGL in its discretion in respect of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd (ACN 008 504 532) or any system that replaces it relevant to the MCN7 (including in respect of the transfer or Exchange of such MCN7).
Closing Date	The last date by which Applications will be accepted, which is expected to be: <ul style="list-style-type: none"> • for the Reinvestment Offer, 5:00pm (AEST) on Monday, 9 September 2024; and • for the Broker Firm Offer, 5:00pm (AEST) on Monday, 9 September 2024.
Co-Managers	Macquarie Equities Limited, Bell Potter Securities Limited, LGT Crestone Wealth Management Limited, JBWere Limited and Wilsons Advisory and Stockbroking Limited.
Common Equity Tier 1 Trigger	Broadly, where conversion is required when certain ratios of the prudentially regulated capital of an issuer that is an ADI fall below a level specified in the terms of the relevant instrument.
Corporations Act	<i>Corporations Act 2001</i> (Cth). A reference to the Corporations Act includes relevant regulations, modifications and exemptions.
Daily VWAP	In summary, the volume weighted average sale price of Ordinary Shares sold on ASX on a day, excluding certain trades. For the full definition, see clause 18.2 of the MCN7 Terms.
DDO Legislation	The <i>Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019</i> (Cth), which provides for the DDO Regime and the Product Intervention Order Regime.
DDO Regime	The design and distribution obligations regime contained Part 7.8A of the Corporations Act.

Term	Meaning
Deferred Mandatory Exchange Date	Broadly, and in circumstances where any of the Exchange Conditions is not satisfied on the Scheduled Mandatory Exchange Date, the next quarterly Distribution Payment Date after the Scheduled Mandatory Exchange Date on which all of the Exchange Conditions are satisfied. For the full definition, see clauses 3.2 and 3.3 of the MCN7 Terms.
Delisted	<p>Broadly occurs in respect of MGL and an Exchange Date where:</p> <ul style="list-style-type: none"> • Ordinary Shares have ceased to be listed or admitted to trading on ASX and the cessation is continuing on the relevant date; or • an Inability Event applies on the relevant date preventing Exchange. <p>For the full definition, see clause 18.2 of the MCN7 Terms.</p>
Directors	Some or all of the Voting Directors (as defined in the MGL Constitution) of MGL.
Distribution	Broadly, a cash distribution payable on MCN7. For the full definition, see clause 2.1 of the MCN7 Terms.
Distribution Payment Date	<p>Broadly, in respect of an MCN7, (a) each 15 March, 15 June, 15 September and 15 December commencing on 16 December 2024 until (but not including) the date on which that MCN7 has been Redeemed or Exchanged, and (b) the Redemption Date, Resale Date or an Exchange Date (except where the Exchange is on account of a Non-Viability Event).</p> <p>If any of these scheduled dates is not a Business Day, then the Distribution Payment Date will be the next day which is a Business Day. For the full definition, see clauses 2.1 and 2.2 of the MCN7 Terms.</p>
Distribution Period	<p>Each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However:</p> <ul style="list-style-type: none"> • the first Distribution Period commences on (and includes) the Issue Date; and • the final Distribution Period ends on (and excludes) the Exchange Date, Redemption Date or Resale Date, as applicable.
Distribution Rate	$(\text{Reference Rate} + \text{Margin}) \times \text{Franking Adjustment Factor}$.
Dividend Restriction	The restrictions summarised in section 2.1.9 and set out in clause 2.5 of the MCN7 Terms.
Eligible Capital	Has the same meaning as “eligible capital” in the conditions in the schedule to the NOHC Authority or the equivalent concept in any subsequent or replacement authority given by APRA in favour of MGL or in any prudential standard determined by APRA relevant to the definition of the capital of MGL.
Eligible MCN3 Holders	<p>An MCN3 Holder who is:</p> <ul style="list-style-type: none"> • a registered holder of MCN3 at 7.00pm (AEST) on 14 August 2024 (relevant MCN3 must also be held on the Closing Date for the Reinvestment Offer); • shown on the applicable register as having an address in Australia; • not in the United States or acting as a nominee for, or for the account or benefit of, a person in the United States or otherwise prevented from receiving the Reinvestment Offer or MCN7 under the laws of any jurisdiction; and • are an Institutional Investor or a client of a Syndicate Broker who is either a Wholesale Investor or a Retail Investor who has received personal advice from a qualified financial adviser in relation to your investment in MCN7.
Equal Ranking Obligations	<p>Any present or future obligation of, or claim against, MGL that exists or may arise in connection with:</p> <ul style="list-style-type: none"> • MCN3; • MCN4; • MCN5; • MCN6; and

Term	Meaning
	<ul style="list-style-type: none"> any other <ul style="list-style-type: none"> preference share, security or capital instrument issued by MGL; or obligation of, or claim against, MGL in respect of a preference share, security or capital instrument issued by a member of the Macquarie Group, <p>which preference share, security, capital instrument of, or obligation or claim against MGL ranks, or is expressed to rank, equally with the MCN7 or any other Equal Ranking Obligation.</p> <p>For the full definition, see clause 18.2 of the MCN7 Terms.</p>
Exchange	Broadly, the allotment and issue of Ordinary Shares in exchange for an MCN7. “Exchangeable”, “Exchanged” and “Exchanging” have corresponding meanings. For the full definition, see clauses 9 and 18.2 of the MCN7 Terms.
Exchange Conditions	The conditions which must be satisfied before Exchange will occur upon a Mandatory Exchange Date. These are outlined in section 2.3.3 (as modified in some cases as outlined in sections 2.4, 2.7 and 2.8). For the full definition, see clause 3.3 of the MCN7 Terms.
Exchange Date	A Mandatory Exchange Date, Non-Viability Exchange Date, Optional Exchange Date or Acquisition Exchange Date on which the MCN7 must be Exchanged (any relevant Exchange Conditions applicable to that date having been met).
Exchange Number	The number of Ordinary Shares to be issued on Exchange as described in section 2.3.4 (as modified in some cases as outlined in sections 2.4, 2.7 and 2.8). For the full definition, see clause 9.1 of the MCN7 Terms.
FATCA	Broadly, the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code, as amended. For the full definition, see clause 18.2 of the MCN7 Terms.
FATCA Withholding	Any withholding or deduction of taxes, interest or penalties required under FATCA.
First Exchange Condition	In summary, the Daily VWAP on the 25 th Business Day immediately preceding (but not including) the Relevant Mandatory Exchange Date is greater than 56% of the Issue Date VWAP. For the full definition, see clause 3.3 of the MCN7 Terms.
First Optional Exchange Restriction	In summary, the Daily VWAP on the second Business Day before the date on which an Optional Exchange Notice is to be sent by MGL is less than or equal to 25% of the Issue Date VWAP. For the full definition, see clause 5.4 of the MCN7 Terms.
Foreign Holder	An MCN7 Holder whose address on the Register is a place outside Australia, or who MGL otherwise believes may not be a resident of Australia.
Fourth Exchange Condition	In summary, MGL is not Delisted as at the Relevant Mandatory Exchange Date. For the full definition, see clause 3.3 of the MCN7 Terms.
Franking Adjustment Factor	$(1 - \text{Tax Rate}) / [1 - \text{Tax Rate} \times (1 - \text{Franking Rate})]$ <p>For the full definition, see clause 2.1 of the MCN7 Terms.</p>
Franking Rate	The franking percentage, as defined under Part 3-6 of the Tax Act, for a Distribution as at the relevant Distribution Payment Date (expressed as a decimal) multiplied by the proportion of the relevant Distribution that is frankable.
GST	Has the meaning given in section 195-1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Holding Statement	A statement issued to issuer sponsored MCN7 Holders by the Registrar which sets out the number of MCN7 issued to that MCN7 Holder.

Term	Meaning
Inability Event	Broadly, MGL or any of its Related Bodies Corporate is prevented by applicable law, or order of any court, or action of any government authority (including regarding the insolvency, Winding Up or other external administration of MGL or a Related Body Corporate) or for any other reason, from observing and performing its obligations in respect of an Exchange (including in connection with the issue of Ordinary Shares). For the full definition, see clause 18.2 of the MCN7 Terms.
Institutional Investors	An investor to whom the Joint Lead Managers reasonably believe MCN7 are able to be offered under applicable laws without the need for any prospectus, product disclosure statement, registration or other formality (other than a registration or formality required of MGL which MGL is willing to comply with).
Institutional Offer	The offer of MCN7 under this Prospectus to Institutional Investors who have received a firm allocation from the Joint Lead Managers.
Issue Date	The date the MCN7 are issued, expected to be Monday, 16 September 2024.
Issue Date VWAP	In summary, the VWAP during the 20 ASX Trading Days immediately preceding, but not including, the Issue Date. For the full definition, see clause 9.1 of the MCN7 Terms.
Issue Price	\$100.00
Joint Lead Managers	Macquarie Capital (Australia) Limited, ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, E&P Capital Pty Limited, Ord Minnett Limited, Morgans Financial Limited, National Australia Bank Limited, Shaw and Partners Limited and Westpac Institutional Bank (a division of Westpac Banking Corporation).
Liquidation Amount	An amount equal to the Issue Price.
Loss Absorption	Any conversion or exchange (by whatever method) into ordinary shares or writing-off of a security in accordance with its terms or by operation of law when APRA gives a notice triggering a Non-Viability Event (including an Exchange or Write-Off of MCN7).
Macquarie Group	MGL and its subsidiaries.
Macquarie Level 3 Group	MGL and those of its controlled entities included by APRA from time to time in the calculation of MGL's minimum capital requirement on a Level 3 basis.
Mandatory Exchange	An Exchange in accordance with clause 3 of the MCN7 Terms.
Mandatory Exchange Date	Broadly, 15 December 2034 or the next quarterly Distribution Payment Date after that date on which the Exchange Conditions are satisfied. For the full definition, see clause 3.2 of the MCN7 Terms.
Margin	2.65% per annum.
Maximum Exchange Number	The number of Ordinary Shares calculated in accordance with the formula in clause 9.1 of the MCN7 Terms.
MBL	Macquarie Bank Limited (ABN 46 008 583 542).
MCN3	The subordinated notes described as the "Macquarie Group Capital Notes 3" issued by MGL in 2018.
MCN3 Holder	A person registered as the holder of a MCN3.
MCN3 Purchaser	Citigroup Global Markets Australia Pty Limited (ACN 003 114 832) (or a permitted successor).
MCN3 Terms	Terms and conditions of the MCN3, as amended effective as of 19 August 2024.

Term	Meaning
MCN4	The subordinated notes described as the “Macquarie Group Capital Notes 4” issued by MGL in 2019.
MCN5	The subordinated notes described as the “Macquarie Group Capital Notes 5” issued by MGL in 2021.
MCN6	The subordinated notes described as the “Macquarie Group Capital Notes 6” issued by MGL in 2022.
MCN7	Macquarie Group Capital Notes 7, being fully paid, subordinated, non-cumulative, unsecured, mandatorily convertible notes of MGL which are to be issued under this Prospectus.
MCN7 Holder	A person registered as the holder of an MCN7.
MCN7 Target Market	The class of Retail Investor that comprises the target market for MCN7 as set out in the Target Market Determination and described in section 8.2.
MCN7 Terms	The terms of MCN7 attached as a schedule to the Trust Deed, and as also set out in Appendix 1.
MGL or Issuer	Macquarie Group Limited (ABN 94 122 169 279).
MGL Board	All or some of the Voting Directors (as defined in the MGL Constitution) of MGL acting as a board.
MGL Constitution	The constitution of MGL as amended from time to time.
MGL Shareholder	A registered holder of Ordinary Shares.
NOHC	Non-operating holding company.
NOHC Authority	The authority to be a non-operating holding company of an authorised deposit taking institution given by APRA in favour of MGL on 5 September 2007 (as amended from time to time) under the Banking Act.
Nominated Party	Broadly, one or more third parties nominated by MGL to purchase all or some MCN7 under a Resale. For the full definition, see clauses 8.2 and 18.2 of the MCN7 Terms.
Non-Bank Group	All entities in the Macquarie Group other than the entities in the Bank Group.
Non-Exchange Test Date	In summary, the second Business Day before the date on which an Optional Exchange Notice is to be sent by MGL. For the full definition, see clause 5.4 of the MCN7 Terms.
Non-Viability Event	<p>A Non-Viability Event will occur if APRA has notified the Issuer in writing that:</p> <ul style="list-style-type: none"> • Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the Issuer would become non-viable; or • it has determined that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.
Non-Viability Exchange Date	The date of occurrence of the Non-Viability Event.
Offer	The invitation made under this Prospectus by MGL for persons to subscribe for MCN7.
Offer Management Agreement or OMA	The offer management agreement between the Arranger, the Joint Lead Managers and MGL in relation to the Offer as described in section 7.2.
Offer Period	The period from the Opening Date to the applicable Closing Date.
Opening Date	The opening date of the Offer, being Tuesday, 27 August 2024.

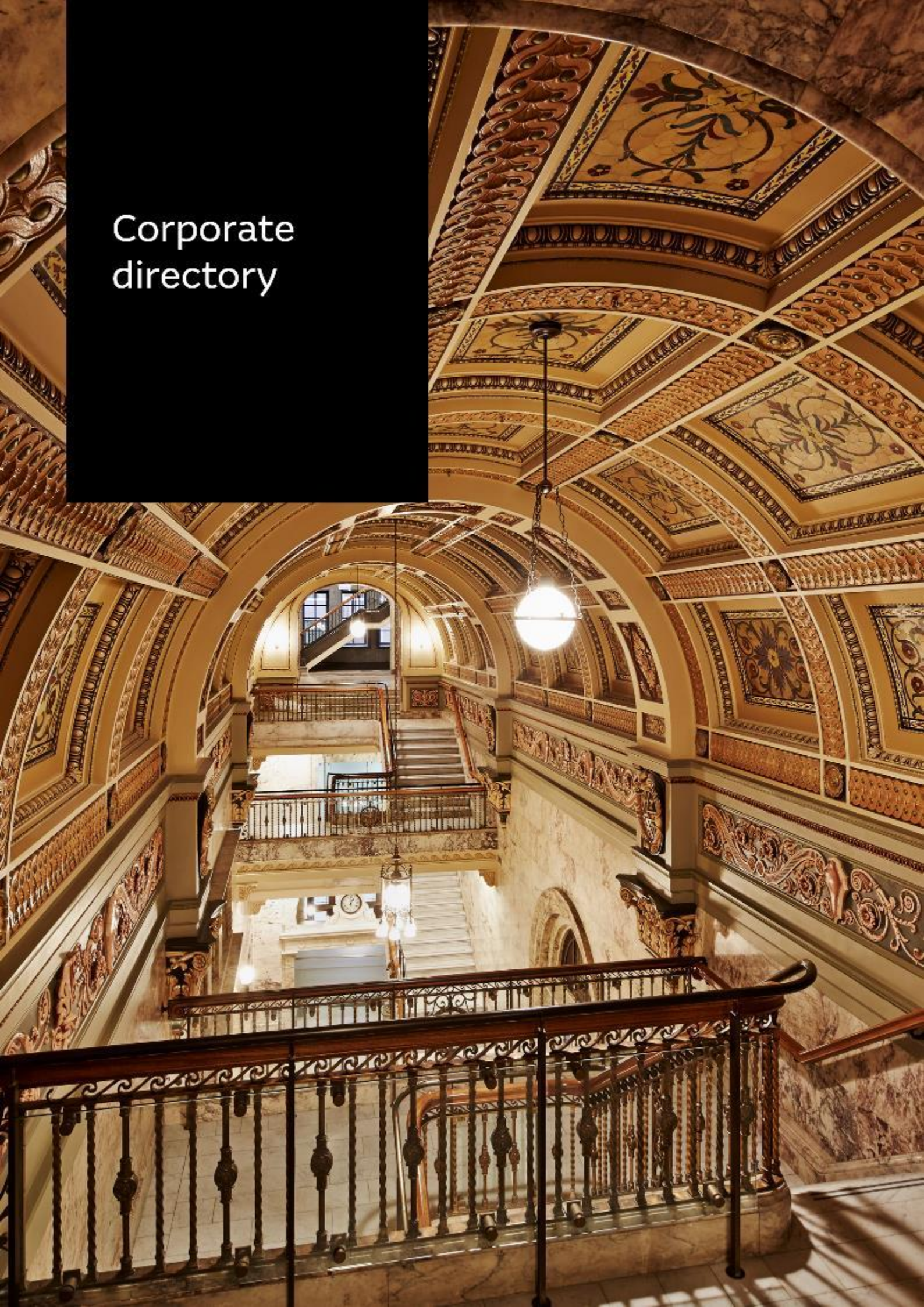
Term	Meaning
Optional Exchange	An Exchange at the option of MGL under clause 5 of the MCN7 Terms.
Optional Exchange Date	The date on which an Exchange at the option of MGL may occur. For the full definition, see clause 5.3 of the MCN7 Terms.
Optional Exchange Notice	In summary, a notice issued to MCN7 Holders by which an Exchange at the option of MGL is effected. For the full definition, see clause 5.1 of the MCN7 Terms.
Optional Exchange Restrictions	The conditions which must be satisfied before MGL can elect to Exchange. These are outlined in section 2.4.4. For the full definition, see clause 5.4 of the MCN7 Terms.
Ordinary Resolution	Broadly, a resolution passed at a meeting of MCN7 Holders (or by way of postal ballot) by a majority of at least 50% of the votes cast, or the consent in writing of MCN7 Holders holding at least 50% of the MCN7 then on issue.
Ordinary Share	A fully paid ordinary share in the capital of MGL.
Original Prospectus	The Prospectus dated 19 August 2024 and lodged with ASIC on that date, which this Prospectus replaces.
Payment Conditions	The conditions which must be satisfied before the payment of Distributions on MCN7. These are outlined in section 2.1.2.
Product Intervention Order Regime	The product intervention order regime contained Part 7.9A of the Corporations Act.
Prospectus	This prospectus for the Offer.
Redemption	Broadly, the process through which MGL repays the Issue Price and an MCN7 is redeemed under the MCN7 Terms. “Redeem” and “Redeemed” have corresponding meanings. For the full definition, see clause 18.2 of the MCN7 Terms.
Redemption Date	The date on which the Redemption is to occur. For the full definition, see clause 7.3 of the MCN7 Terms.
Reference Rate	Broadly, BBSW, or if a Reference Rate Disruption Event occurs, an alternative reference rate that MGL considers appropriate. For the full definition, see clause 2.1 of the MCN7 Terms.
Reference Rate Disruption Event	Broadly, where BBSW has been discontinued or has ceased to be calculated or administered or is no longer generally accepted in the Australian market for securities such as MCN7. For the full definition, see clause 2.1 of the MCN7 Terms.
Register	The register, including any branch register, of MCN7 Holders established and maintained by, or on behalf of, MGL.
Registrar	A person appointed by MGL to maintain the Register, currently Link Market Services Limited.
Regulatory Event	<p>Broadly occurs when, as a result of a change of law or regulation (or the interpretation thereof) on or after the Issue Date, the Issuer determines that:</p> <ul style="list-style-type: none"> • any of the MCN7 are not eligible for inclusion as Eligible Capital; • additional requirements would be imposed in connection with the MCN7 which MGL determines to be materially adverse to MGL; or • to have any of the MCN7 outstanding would be unlawful or impractical or would cause MGL to be exposed to a more than de minimis increase in its costs in connection with those MCN7. <p>For the full definition, see clause 18.2 of the MCN7 Terms.</p>

Term	Meaning
Reinvestment Date	16 September 2024.
Reinvestment MCN3	MCN3 held by an Eligible MCN3 Holder that are, or are to be, reinvested in MCN7, under the terms of the Reinvestment Offer.
Reinvestment Offer	The invitation to Eligible MCN3 Holders to reinvest their MCN3 into MCN7 under this Prospectus.
Related Body Corporate	Has the meaning given in the Corporations Act.
Relevant Mandatory Exchange Date	Broadly, the Scheduled Mandatory Exchange Date, and each Deferred Mandatory Exchange Date. For the full definition, see clause 3.2 of the MCN7 Terms.
Relevant Percentage	When calculating the Maximum Exchange Number, if the relevant Exchange is occurring on a Relevant Mandatory Exchange Date, 50%, otherwise 20%.
Relevant Security	A security of MGL that, in accordance with its terms or by operation of law, may require Loss Absorption if APRA gives a notice triggering a Non-Viability Event (including MCN3, MCN4, MCN5, MCN6 and the MCN7).
Resale	Broadly, the compulsory transfer of MCN7 by MCN7 Holders following the issue by MGL of a Resale Notice to MCN7 Holders, to one or more third parties under the MCN7 Terms. Resold and Resell have corresponding meanings. For the full definition, see clauses 8.1 and 18.2 of the MCN7 Terms.
Resale Date	The date on which a Resale is to occur. For the full definition, see clause 8.1 of the MCN7 Terms.
Resale Notice	A notice given in accordance with the MCN7 Terms specifying that all or some of an MCN7 Holder's holding of the MCN7 will be Resold.
Resale Price	With respect to an MCN7, a purchase price equal to the Issue Price of that MCN7. For the full definition, see clause 8.3 of the MCN7 Terms.
Retail Investor	A person who is a "retail client" under the Corporations Act.
Sale Agent	A person appointed by MGL to sell Ordinary Shares in accordance with clause 9.14 of the MCN7 Terms, and includes an agent of that person. See clause 9.14 of the MCN7 Terms for further detail.
Scheduled Mandatory Exchange Date	15 December 2034.
Scheduled Optional Exchange Date	Broadly, 15 December 2031, 15 June 2032 and 15 December 2032. If any of these scheduled dates is not a Business Day, then the Scheduled Optional Exchange Date will be the next day which is a Business Day. For the full definition, see clause 5.2 of the MCN7 Terms.
Second Exchange Condition	Broadly, the VWAP during the 20 ASX Trading Days immediately preceding (but notwithstanding) a Relevant Mandatory Exchange Date is such that the number of Ordinary Shares to be issued would be less than or equal to the Maximum Exchange Number applicable to the Mandatory Exchange Date. For the full definition, see clause 3.3 of the MCN7 Terms.
Second Optional Exchange Restriction	MGL is Delisted as at the Non-Exchange Test Date. For the full definition, see clauses 5.4 and 18.2 of the MCN7 Terms.
Senior Creditors	All present and future creditors of MGL whose claims are: <ul style="list-style-type: none"> a. entitled to be admitted in the Winding Up of MGL; and b. not expressed to rank equally with, or subordinate to, the claims of the MCN7 Holders under the MCN7 Terms.

Term	Meaning
Shareholding Laws	Any of the following: <ul style="list-style-type: none"> a. the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth); b. the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth); or c. Chapter 6 of the Corporations Act.
Special Resolution	Broadly, a resolution passed at a meeting of MCN7 Holders (or by way of postal ballot) by a majority of at least 75% of the votes validly cast by MCN7 Holders in person or by proxy and entitled to vote on the resolution. For the full definition, see clause 18.2 of the MCN7 Terms.
Suspension Event	In respect of a date, trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes: <ul style="list-style-type: none"> a. at least 5 consecutive Business Days prior to that date; and b. that date.
Syndicate Broker	Any of the Joint Lead Managers (or their affiliated retail brokers) and any other co-manager or participating broker in the Offer appointed by the Joint Lead Managers.
Target Market Determination	The target market determination for MCN7 issued by MGL in accordance with its obligations under the DDO Regime.
Tax Act	The <i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth), as the context requires.
Tax Event	Broadly, MGL receives professional advice that, as a result of a change in law or regulation affecting taxation in Australia, after the Issue Date, there is a more than insubstantial risk which MGL determines to be unacceptable that, in connection with MCN7: <ul style="list-style-type: none"> • a more than <i>de minimis</i> additional franking debit will arise in the franking account of MGL in respect of any Distribution; or • MGL would be exposed to a more than <i>de minimis</i> increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other government charges or the loss of any deductions); or • any Distribution would not be frankable. For the full definition and the related definition of “Tax Event Trigger”, see clause 18.2 of the MCN7 Terms.
Tax Rate	The Australian corporate tax rate applicable to the franking account of MGL on the relevant Distribution Payment Date (expressed as a decimal).
TFN	Tax File Number.
Third Exchange Condition	No Suspension Event applies in respect of the Relevant Mandatory Exchange Date. For the full definition, see clause 3.3 of the MCN7 Terms.
Transaction Document	Broadly, the Trust Deed, the MCN7 Terms and any other document agreed by the Trustee and MGL to be a transaction document. The full definition is set out in the Trust Deed.
Trust	The trust constituted by the Trust Deed.
Trust Deed	The trust deed in respect of MCN7, as amended from time to time.
Trust Fund	Broadly, the assets held by the Trustee that are the subject of the Trust. The full definition is set out in the Trust Deed.
Trustee	Equity Trustees Limited (ACN 004 031 298), or any replacement trustee under the Trust Deed from time to time.

Term	Meaning
Trustee Default	Has the meaning given in section 7.1.3.
United States or U.S.	United States of America.
U.S. Person	Has the meaning given to that term in Rule 902(k) under the U.S. Securities Act.
U.S. Securities Act	U.S. Securities Act of 1933.
VWAP	Broadly, the average of the Daily VWAPs during the VWAP Period, subject to adjustments. For the full definition, see clause 9.1 of the MCN7 Terms.
VWAP Period	Broadly, the period for which the VWAP is calculated. For the full definition, see clause 9.1 of the MCN7 Terms.
Wholesale Investor	A person who is not a Retail Investor.
Winding Up	Broadly means the winding up, termination or dissolution of an entity (subject to certain exclusions). For the full definition, see clause 18.2 of the MCN7 Terms.
Written-Off	In respect of an MCN7, the MCN7 Holders' rights under that MCN7 (including to payment of the Liquidation Amount and Distributions and to be Exchanged) are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Exchange Date and "Write-Off" has a corresponding meaning.

Corporate directory



Corporate directory

Registered Office and Head Office of MGL

Macquarie Group Limited

Level 1, 1 Elizabeth Street
Sydney NSW 2000
www.macquarie.com

Legal Adviser

King & Wood Mallesons

Level 27, Collins Arch
447 Collins Street
Melbourne VIC 3000

Tax Adviser

Allens

Level 28, Deutsche Bank Place
Corner Hunter & Phillip Streets
Sydney NSW 2000

Accounting Adviser

PricewaterhouseCoopers Securities Ltd

One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Trustee

Equity Trustees Limited

Level 4, 7 Macquarie Place
Sydney NSW 2000

Registrar

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

Arranger

Macquarie Capital (Australia) Limited

Level 1, 1 Elizabeth Street
Sydney NSW 2000

Joint Lead Managers

Macquarie Capital (Australia) Limited

Level 1, 1 Elizabeth Street
Sydney NSW 2000

ANZ Securities Limited

ANZ Centre Melbourne, Level 9, 833 Collins Street
Docklands VIC 3008

Citigroup Global Markets Australia Pty Limited

Level 23, Citigroup Centre, 2 Park Street
Sydney NSW 2000

Commonwealth Bank of Australia

Level 8, Commonwealth Bank Place North
1 Harbour Street
Sydney NSW 2000

E&P Capital Pty Limited

Level 9, Mayfair Building
171 Collins Street
Melbourne VIC 3000

Morgans Financial Limited

Level 29, Riverside Centre, 123 Eagle Street
Brisbane QLD 4000

National Australia Bank Limited

2 Carrington Street Sydney NSW 2000

Ord Minnett Limited

Grosvenor Place
Level 18, 225 George Street Sydney NSW 2000

Shaw and Partners Limited

Level 7, Chifley Tower, 2 Chifley Square
Sydney NSW 2000

Westpac Institutional Bank (a division of Westpac Banking Corporation)

Level 3, 275 Kent Street
Sydney NSW 2000

