This document is a Supplementary Product Disclosure Statement (‘Supplement’).

This SPDS is dated 28 April 2010 and supplements the Product Disclosure Statement dated 7 February 2008 and the Supplementary Product Disclosure Statement dated 20 April 2010 (together, the “PDS”) and together, they establish the terms of issue of the Self Funding Instalments referred to below. The terms of the PDS continue in full force and effect except to the extent that those terms are modified by this SPDS. You should read this SPDS together with the PDS. Words defined in the PDS have the same meaning when used in this SPDS.

This SPDS supersedes and replaces the SPDS dated 21 April 2010.

Section 1

Key Information

| Issuer:          | Macquarie Bank Limited  
|                 | ABN 46 008 583 542 and  
|                 | AFSL 237502             |
| Registrar:      | Computershare Investor Services Pty Limited  
|                 | Level 3, 60 Carrington Street  
|                 | Sydney NSW 2000, Australia  
|                 | Phone: 1300 85 05 05      
|                 | Website: www-au.computershare.com |
| Interest Drawdown Dates: | The Interest Drawdown Dates for each Series of Instalments referred to in this SPDS are 30 June 2011, 29 June 2012, 28 June 2013 and 30 June 2014. |

An application to the ASX for the taking of such action as is necessary to enable the Self Funding Instalments referred to in this SPDS to be traded on the ASX will be made within 7 days of the date of this SPDS.

Section 2

Details of the Self Funding Instalments

Please note that the details of each Series of Instalments referred to in this SPDS are only valid as at the close of business on 27 April 2010 and may change throughout their term in accordance with the Terms. Current details for any Series can be obtained by contacting your stockbroker or adviser or contacting Macquarie (see the Directory for details).
<table>
<thead>
<tr>
<th>ASX Code</th>
<th>Underlying Share</th>
<th>Loan Amount (per Instalment)</th>
<th>Hot / Regular*</th>
<th>Maturity Date</th>
<th>Minimum Shareholder Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGKSMC</td>
<td>AGL Energy Limited</td>
<td>$7.50</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>750</td>
</tr>
<tr>
<td>AMPSMC</td>
<td>AMP Limited</td>
<td>$3.30</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>1,500</td>
</tr>
<tr>
<td>ANZSMC</td>
<td>Australia and New Zealand Banking Group Limited</td>
<td>$13.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>500</td>
</tr>
<tr>
<td>ASXSMC</td>
<td>ASX Limited</td>
<td>$17.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
</tr>
<tr>
<td>BHPSMC</td>
<td>BHP Billiton Limited</td>
<td>$22.00</td>
<td>Regular</td>
<td>30/06/2015</td>
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<tr>
<td>BXBSMC</td>
<td>Brambles Limited</td>
<td>$3.60</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>1,500</td>
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<tr>
<td>CBASMC</td>
<td>Commonwealth Bank of Australia</td>
<td>$29.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
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<tr>
<td>CCLSMC</td>
<td>Coca-Cola Amatil Limited</td>
<td>$6.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>1,000</td>
</tr>
<tr>
<td>CPUSMC</td>
<td>Computershare Limited</td>
<td>$6.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>750</td>
</tr>
<tr>
<td>CSLSMC</td>
<td>Crown Limited</td>
<td>$18.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
</tr>
<tr>
<td>FGLSMC</td>
<td>Foster's Group Limited</td>
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<td>Regular</td>
<td>30/06/2015</td>
<td>2,000</td>
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<tr>
<td>IAGSMC</td>
<td>Insurance Australia Group Limited</td>
<td>$2.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>2,750</td>
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<tr>
<td>IPLSMC</td>
<td>Incitec Pivot Limited</td>
<td>$1.70</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>3,000</td>
</tr>
<tr>
<td>LEISMC</td>
<td>Leighton Holdings Limited</td>
<td>$19.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
</tr>
<tr>
<td>NABSMC</td>
<td>National Australia Bank Limited</td>
<td>$14.00</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
</tr>
<tr>
<td>NCMSMC</td>
<td>Newcrest Mining Limited</td>
<td>$17.50</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
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<tr>
<td>ORGSMC</td>
<td>Origin Energy Limited</td>
<td>$8.50</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>500</td>
</tr>
<tr>
<td>ORISMC</td>
<td>Orica Limited</td>
<td>$13.50</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
</tr>
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<td>QANSMC</td>
<td>Qantas Airways Limited</td>
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<td>Regular</td>
<td>30/06/2015</td>
<td>3,500</td>
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<tr>
<td>QBESMC</td>
<td>QBE Insurance Group Limited</td>
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<td>Regular</td>
<td>30/06/2015</td>
<td>750</td>
</tr>
<tr>
<td>STOSMC</td>
<td>Santos Limited</td>
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<td>Regular</td>
<td>30/06/2015</td>
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<td>TLSSMC</td>
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<td>Regular</td>
<td>30/06/2015</td>
<td>3,250</td>
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<td>Westpac Banking Corporation</td>
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<td>30/06/2015</td>
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<td>WDCSMC</td>
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<td>WESSMC</td>
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<td>30/06/2015</td>
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<td>WOWSMC</td>
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<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
</tr>
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<td>WPLSMC</td>
<td>Woodside Petroleum Limited</td>
<td>$23.50</td>
<td>Regular</td>
<td>30/06/2015</td>
<td>250</td>
</tr>
</tbody>
</table>
Section 3

Additional Information

- The Hot/Regular categorisation of an Instalment has been calculated by dividing the Loan Amount (per Instalment) as set out in this SPDS, by the official closing price of the relevant Underlying Share on the ASX on 27 April 2010. You should be aware that the categorisation of an Instalment as Hot or Regular may change materially throughout the term of an Instalment as the Loan Amount of the Instalment and the price of the Underlying Share change. You can obtain the current categorisation by contacting your stockbroker or adviser or contacting Macquarie (see the Directory for details);

- The minimum Investment Amount per Series for a Cash Application is $5,000, provided however that each Cash Application must related to a total minimum Investment Amount of $20,000;

- The Offer Period for each Series of Instalments referred to in this SPDS will close on the date which is two weeks prior to the Maturity Date of that Series, unless otherwise specified by Macquarie. Macquarie retains the right not to issue or sell any more Instalments at any time;

- The initial issue size for each Series referred to in this SPDS is 10,000,000; and

- Information about the Macquarie Group’s potential conflicts of interest in relation to the Underlying Shares referred to in this SPDS can be obtained by visiting www.macquarie.com/disclosures.

Experienced Investors

You should not invest in Instalments unless you:

- are familiar with shares, securities, options, warrants, leveraged investments and investment in shares and securities generally; and

- understand and are comfortable with the risks associated with an investment in Instalments.

An investment in Instalments does not suit investors seeking a traditional investment product (such as a direct investment in shares). There is a material risk that you could lose all of the money that you invest in Instalments.

Further Advice Recommended

Investing in Instalments involves financial and other risks and is only suitable for you if:

- an investment in Instalments does not represent a significant part of your investment portfolio or program; and

- you fully understand the risks associated with an investment in Instalments.

Before you invest in Instalments, you should:

- carefully read all of the PDS and this SPDS;

- seek professional legal, taxation and financial advice to determine whether an investment in Instalments is right for you; and

- carefully consider the potential benefits of, and the risks associated with, an investment in Instalments, in light of your particular investment needs, objectives and financial and taxation circumstances.

Further details about the risks associated with Instalments are set out in Section 4 of the PDS.

Diversification and Risk

As well as considering the risks associated with an investment in Instalments, you should also consider how an investment in Instalments fits into your overall investment portfolio. By diversifying your investment portfolio, you can reduce your exposure to failure or underperformance of any one investment, investment manager or asset class.

Superannuation Considerations

Trustees of superannuation funds must formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their superannuation fund and must act in the best interests of the members of their fund. This includes ensuring that they are familiar with the risks involved in, and have in place adequate risk management procedures to manage the risks associated with, an investment in Instalments prior to making such an investment.

In this context, trustees should give careful consideration to whether leveraged investments generally, and in particular highly leveraged investments, are an appropriate investment for the superannuation fund. Relevant to this consideration will be the risks of a leveraged investment as described in Section 4.2 of the PDS and other relevant factors such as the diversification of the assets of the superannuation fund, and the overall leverage of the superannuation fund.

Macquarie recommends trustees obtain independent legal, financial and taxation advice before making any investment decision. In particular, given that you could lose all of the money you invest in Instalments, trustees should carefully consider how much they want to invest in Instalments having regard to the size of the superannuation fund, the diversification of the superannuation fund’s investments, and the overall level of leverage (or gearing) within the superannuation fund.
Directory

ISSUER
Macquarie Bank Limited

No. 1 Martin Place
Sydney NSW 2000
Australia

1800 803 010
instalments@macquarie.com.au

REGISTRAR
Computershare Investor Services Pty Limited

Level 3
60 Carrington Street
Sydney NSW 2000
Australia

1 300 364 060

SECURITY TRUSTEE
Belike Nominees Pty Limited

No. 1 Martin Place
Sydney NSW 2000
Australia

MACQUARIE INSTALMENTS INFORMATION LINE

1800 803 010

Macquarie Instalments
Product Disclosure Statement

MACQUARIE BANK LIMITED

7 February 2008
Macquarie Bank Limited
ABN 46 008 563 542 AFSL 237502
IMPORTANT NOTICE
This is a Product Disclosure Statement (PDS).
The date of this PDS is 7 February 2008.

This PDS and any updated information (updated as set out below), constitute the general terms and conditions that govern the issue by Macquarie of Macquarie Instalments. This PDS is not a stand-alone document and is not itself an offer capable of acceptance. The additional terms relating to each Series of Instalments will be set out in a Supplementary Product Disclosure Statement (SPDS) which will be supplemental to, and should be read together with, this PDS.

The SPDS for the Series will accompany this PDS. If it does not, please contact Macquarie on 1800 803 010.

APPLICATIONS

The Instalments to which this PDS (and any SPDS) relate will only be issued on Acceptance of an Application Form included in, derived from or accompanying, this PDS. If you wish to invest in Instalments, you must:
- complete an Application Form which accompanies this PDS or a copy of this PDS printed off www.macquarie.com.au/instalments; or
- if available, complete an online Application Form available through www.macquarie.com.au/instalments.

More information on how to apply is set out in Section 10.

Foreign jurisdictions

No action has been taken to register or qualify any Series of Instalments, or to permit a public offering of any Series of Instalments, in any jurisdiction outside of Australia.

This PDS and any SPDS for the Series is not an offer or invitation to any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this PDS and any SPDS for the Series outside Australia may be restricted by law. Persons who come into possession of this PDS and any SPDS for the Series who are not in Australia should seek advice on and observe such restrictions. Any failure to comply with such restrictions may be a violation of applicable securities laws.

In particular, no Series of Instalments has been or will be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”), or the laws of any State of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, a US Person (as defined in Regulation S under the US Securities Act).

Capitalised terms

The information in this PDS is current as at the date of this PDS but may change. Where such change is not materially adverse to you, Macquarie may update the information by posting a notice on its website at www.macquarie.com.au/instalments. If you would like a free paper copy of updated information or any SPDS, please contact Macquarie on 1800 803 010.

This PDS (and any SPDS relating to this PDS) has been prepared and issued by Macquarie as issuer. Any other parties distributing this product are only doing so as a distributor for Macquarie. You should only rely on information in this PDS and any SPDS for the Series. No person is authorised to give any information or to make any representation about any Series of Instalments that is contained in this PDS or the relevant SPDS. Any such information or representation may not be relied on as having been authorised by Macquarie.

UNDERLYING LISTED ENTITIES

References in this PDS or any SPDS to any Listed Entity are only included for the purposes of disclosing the Underlying Shares to which a Series of Instalments may relate and the issuer of those Underlying Shares. Such references are not an express or implied endorsement by any Listed Entity of the Instalments. No Listed Entity accepts any responsibility for any statement in this PDS or any SPDS or assumes any liability in respect of the Instalments.

Macquarie has prepared this PDS and the SPDS for the Series using only publicly available information. No Listed Entity has been involved in its preparation or given any information specifically to Macquarie for the purpose of its preparation. Nothing in this PDS or the SPDS for the Series can be relied on as implying that there has been no change in the affairs of any Listed Entity or Macquarie since the date of this PDS or the relevant SPDS (as the case may be), or as a representation as to the future in relation to any Listed Entity or Macquarie.

Information in this PDS and the SPDS for the Series about any Listed Entity has not been independently verified. Accordingly, Macquarie does not accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. You should make your own enquiries.

Nothing in this PDS or any SPDS is an express or implied endorsement by Macquarie of an investment in the Shares of any Listed Entity.

Glossary

In Section 9 it is a Glossary in which various words and phrases used in this PDS (and any SPDS) are defined. If you do not understand a word or phrase you should refer to the Glossary. Capitalised words that are used in this PDS have the meaning set out in the Glossary, unless the context requires otherwise. Unless stated otherwise (a) all dollar amounts and performance data in this PDS are quoted in Australian dollars; and (b) all references to time are to Sydney time.

Experienced investors

You should not invest in Instalments unless you:
- are familiar with shares and options and with leveraged investment in equity securities generally;
- understand and are comfortable with the risks of investing in Instalments.

Further details recommended

An investment in Instalments involves financial and other risks and is only suitable for you if (i) an investment in Instalments does not represent your complete investment portfolio or programme and (ii) you fully understand the risks of investing in Instalments. Before making an investment in Instalments, you should:
- carefully read all of this PDS and the SPDS for the Series;
- seek professional legal, taxation and financial advice to determine whether an investment in Instalments is right for you; and
- carefully consider the potential benefits and the risks involved in investing in Instalments, in light of your particular investment needs, objectives and financial and taxation circumstances.

Further details about the risks of investing in Instalments are set out in Section 4.

TRADING DIVERSIFICATION

As well as considering the risks, you should also consider how an investment in Instalments fits into your overall investment portfolio. By diversifying your investment portfolio, you can reduce your exposure to failure or underperformance of any one investment, manager or asset class.

UNDERLYING SHARES

You are responsible for selecting the Underlying Shares for any Instalments that you acquire. As such, the performance of any Instalment will depend mainly on investment decisions made by you.

Admission to trading status on the ASX

Unless stated otherwise in an SPDS, an application will be made to the ASX to enable the Series of Instalments referred to in the relevant SPDS to be admitted to trading status on the ASX within seven days of the date of the relevant SPDS. The fact that the ASX may admit a Series of Instalments to trading status from time to time is not to be taken in any way as an indication of the merits of Macquarie or the Instalments.

The ASX does not warrant the accuracy or truth of the contents of this PDS or the SPDS for the Series. In admitting the Instalments to trading status and not objecting to the Terms, the ASX has not authorised or caused the issue of this PDS or the SPDS for the Series and is not in any way a party to, or concerned in, authorising or causing the issue of this PDS or the SPDS for the Series, or the making of offers or invitations with respect to any Series of Instalments. The ASX takes no responsibility for the contents of this PDS or the SPDS for the Series. The ASX makes no representation as to whether this PDS, the SPDS for the Series or the Terms comply with the Corporations Act or the ASX Market Rules.

To the extent permitted by law, the ASX will be under no liability for any claim, whatsoever, including for any financial or consequential loss or damage suffered by you or any other person, where that claim arises wholly or substantially out of reliance on any information contained in this PDS or the SPDS for the Series, or any error in, or omission from, this PDS or the relevant SPDS.
This document is a Supplementary Product Disclosure Statement (‘Supplement’).

This Supplement is dated 20 April 2010.

This Supplement updates certain information in the Product Disclosure Statement dated 7 February 2008 (‘PDS’) and replaces the Supplement dated 30 December 2009. The terms of the PDS continue in full force and effect except to the extent that those terms are expressly modified by this Supplement. You should read this Supplement together with the PDS (including the Supplementary Product Disclosure Statement for the Series of Instalments you want to acquire). Words defined in the PDS have the same meaning when used in this Supplement.

UPDATES TO THE PRODUCT DISCLOSURE STATEMENT DATED 7 FEBRUARY 2008

1. In the second row of the table in the ‘At a Glance’ section of the PDS (entitled ‘Instalments’), the words ‘You can also acquire Instalments on the secondary market (eg the ASX).’ are deleted and replaced as follows:

   ‘You may also be able to acquire Instalments on the secondary market (eg the ASX).’

2. Section 1.4 of the PDS is deleted and replaced as follows:

   ‘1.4
   What are some of the significant risks of investing in Instalments?

   This section is not intended to be a comprehensive summary of all the risks of investing in Instalments, but highlights certain risks that we encourage you to consider in detail and discuss with your financial adviser. More detailed information about the risks of investing in Instalments is set out in Section 4 of the PDS.

   You should not invest in Instalments unless you:
   - are familiar with shares, securities, leveraged investments, warrants, options and investment in equity securities generally; and
   - understand and are comfortable with the risks of an investment in Instalments.

   An investment in Instalments does not suit investors seeking a traditional investment product (such as a direct investment in shares).’
Some of the significant risks of investing in Instalments include the following:

- The adverse performance of the Underlying Share decreasing the value of your investment in an Instalment. For example, the value of the Underlying Share declining over the term of the Instalment (see Section 4.1).

In recent times, markets have experienced more volatile conditions and volatility in some markets increased to very high levels. Investing in highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider the risk of additional volatility before making any investment decision;

- Instalments incorporate a high level of leverage (compared to a direct investment in the relevant Underlying Share), particularly in the case of Hot Instalments, and should therefore be considered a high risk investment (see Section 4.2).

This high level of leverage means that there is a material risk that you could lose some or all of the money you have invested in Instalments. This will happen, in general terms, if the value of the Underlying Share at Maturity of the Instalment is equal to or less than the Loan Amount of the Instalment (keeping in mind that the Loan Amount of the Instalment may change through its term, depending on the type of Instalment you invest in).

You should also be aware that the more highly geared your Instalment is, the riskier your investment will be;

- for Income Instalments and Self Funding Instalments, an additional Variable Interest Amount is payable on each Interest Drawdown Date during the term. This Variable Interest Amount is automatically paid by increasing your Loan Amount, and is dependent on the Variable Interest Rate at that time (see Section 4.2.3);

- for Resetting Instalments, on each Annual Reset Date, you may be required to pay a Variable Interest Amount, a Fixed Interest Amount and a Borrowing Fee, together with any reduction in the Loan Amount of your Resetting Instalments from your own funds if you wish to continue holding your Resetting Instalments. If you fail to make the required payments, Macquarie may enforce its Security Interest and terminate some or all of your Resetting Instalments to recover this amount (see Section 4.3);

- in general terms, to break even in relation to an investment in an Instalment, the Underlying Share must increase by:
  - any amounts paid to acquire the Instalment (eg, the Variable Interest Amount, Fixed Interest Amount and Borrowing Fee paid on Application); plus
  - any increase (or subtract any decrease) in the Loan Amount over the term of the Instalment; plus
  - in the case of Resetting Instalments, any amounts paid on an Annual Reset Date (eg, the Variable Interest Amount, Fixed Interest Amount and Borrowing Fee payable on each Annual Reset Date).

In addition, you should take into account relevant taxation considerations and the time value of money (see Section 4.2.4);

- time decay, which means that the value of an Instalment may decrease over its term as the time remaining to its Maturity Date decreases (even if the value of the Underlying Share stays the same or moves in a favourable direction) (see Section 4.2.5);

- the potential conflicts of interest that Macquarie may have (see Section 4.4);

- the exercise by Macquarie of any of the discretions Macquarie has in relation to your Instalments (eg adjustments to your Instalments for certain corporate actions or other events) (see Section 4.5);

- in certain circumstances (which includes events nominated by Macquarie and which may be beyond your control), an Instalment may be terminated early (see Section 4.5.1);

- if Macquarie fails to perform its obligations in relation to the Instalments (eg paying you any money that Macquarie owes you) (see Section 4.8); and
trading in the Instalments on the ASX may be illiquid and/or may be suspended from time to time, including at the request of Macquarie (see section 4.9).

Instalments are a speculative investment and involve a degree of risk, including the risk that you may lose some or all of the money you invest. As with any investment decision, you should carefully consider the significant risks that may affect the value of your investment in an Instalment and obtain independent legal, financial and taxation advice before making any investment decision.

3. The last paragraph of Section 1.7 ‘How do I acquire Instalments?’ is deleted and replaced as follows:

‘On the ASX:
You may also be able to acquire Instalments on the ASX or through an off-market transfer (see Sections 4.9 and 5.10 for more information).’

4. In Section 3.6.1 ‘The Variable Interest Rate’, the reference to ‘2.5%pa.’ is, in the case of Self Funding Instalments and Income Instalments issued on or after 20 April 2010 only, deleted and replaced with ‘5%pa.’.

5. Section 3.8.1 of the PDS is deleted and replaced with the following:

‘3.8.1 Fees and payments to your adviser
In addition to the fees referred to in the Adviser Fee Table (on the following page), a member of the Macquarie Group may also make additional discretionary payments to your financial adviser. These additional payments (if any) are based on a number of factors including the volume of Instalments or other Macquarie Group products sold to your financial adviser’s clients and the relationship between your financial adviser and the Macquarie Group. As these factors may be unrelated to your Instalments and are not deducted from your investment, it is not possible to express these payments as a percentage of your investment in Instalments. These payments are made using the Macquarie Group’s own resources. You should ask your financial adviser for more information about any such arrangements.

Macquarie or any member of the Macquarie Group may from time to time also provide or receive non-monetary benefits, sometimes known as ‘soft dollar commissions’. These may be provided to (or received from), for example, financial advisers or brokers. These benefits may include, but are not restricted to, research and market information, free or subsidised services, accommodation, broking arrangements, software and sponsorship of seminars and conferences. These benefits, when provided, will be paid by Macquarie or the relevant member of the Macquarie Group out of their own resources.

Your adviser is not Macquarie’s agent
Although Macquarie may pay a commission to your adviser, or other parties who introduce you to Macquarie Instalments (eg, the providers of general advice), such parties are NOT Macquarie’s agent or representative, and Macquarie accepts no responsibility for the conduct of, or any statements made by, such persons.'
<table>
<thead>
<tr>
<th>Type of Fee or Cost</th>
<th>Amount</th>
<th>How and When Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adviser Placement Fee</td>
<td>Trading Instalments, Income Instalments and Resetting Instalments Up to 1.65% (incl GST) of the Loan Amount (per Instalment) at the time of Acceptance of your Application, depending on the term of the Instalment. Self Funding Instalments Up to 3.3% (incl GST) of the Loan Amount (per Self Funding Instalment) at the time of Acceptance of your Application, depending on the term of the Self Funding Instalment.</td>
<td>This amount may be paid by Macquarie to your adviser or broker following your investment. It is paid at Macquarie’s discretion.</td>
</tr>
<tr>
<td>Adviser Discretionary Placement Fee</td>
<td>Up to 0.55% (incl GST) of the Loan Amount (per Instalment) at the time of calculation.</td>
<td>This amount may be paid by Macquarie to your adviser or broker following your investment. It is paid at Macquarie’s discretion out of Macquarie’s own funds.</td>
</tr>
<tr>
<td>Adviser Trailing Payment (Self Funding Instalments only)</td>
<td>Up to 0.275%pa (incl GST) of the Loan Amount (per Self Funding Instalment) at the time of calculation.</td>
<td>This amount may be paid annually by Macquarie to your adviser or broker. It is paid at Macquarie’s discretion out of Macquarie’s own funds.</td>
</tr>
<tr>
<td>Adviser Discretionary Trailing Payment</td>
<td>Up to 0.55%pa (incl GST) of the Loan Amount (per Instalment) at the time of calculation.</td>
<td>This amount may be paid annually by Macquarie to your adviser or broker. It is paid at Macquarie’s discretion out of Macquarie’s own funds.</td>
</tr>
<tr>
<td>Adviser Reset Commission (Resetting Instalments)</td>
<td>Up to 1.1% (incl GST) of the Revised Loan Amount per Resetting Instalment.</td>
<td>This amount may be paid by Macquarie to your adviser or broker following an Annual Reset Date. It is paid at Macquarie’s discretion.</td>
</tr>
</tbody>
</table>

Note: Adviser fees for Instalments are paid by Macquarie on the basis that if you change your adviser and notify Macquarie in writing of that change, any adviser fees payable after such notification, will be paid to your new adviser only.
6. New Sections 4.2.4 and 4.2.5 are inserted in Section 4 of the PDS ‘Risks you Should Consider’ as follows:

4.2.4
Break even considerations

This example is an illustrative example only, and is not a recommendation, guarantee or prediction by Macquarie as to the results to be expected from investing in Macquarie Instalments. In particular, it is important to note that:

(i) the below analysis does not take into account taxation considerations or the time value of money and assumes that there are no other applicable fees and costs other than the amount paid to acquire the Instalments (eg any amounts paid directly to an adviser by the investor in connection with the acquisition of the Instalments are not taken into account);

(ii) the rounding used in this example has been used for the purposes of simplifying this example only, and may be different from the rounding that will actually be used by Macquarie in relation to any Instalments that you hold; and

(iii) while this example relates to Self Funding Instalments, equivalent considerations would apply to any investment you make in any other kind of Instalment available under this PDS (subject to differences between the different types of Instalments). In particular:

- while Ordinary Dividends are used to reduce the Loan Amount for a Self Funding Instalment, for other Instalment types, Ordinary Dividends are paid to Holders (subject to any deduction for Tax); and

- for Resetting Instalments, a Variable Interest Amount, Fixed Interest Amount and Borrowing Fee may be payable on each Annual Reset Date during the term of the Resetting Instalment and these amounts would need to be factored into any consideration of the performance required from your investment in an Instalment in order for you to break even.

In assessing the merits of any investment you propose to make in Macquarie Instalments, it is very important that you understand the performance required of your investment in order for you to break even. We therefore recommend that, before you invest, you seek independent taxation and financial advice to assist you in assessing the merits and prospects of any investment you propose to make in Macquarie Instalments.

An investor acquires 1,000 Self Funding Instalments (SFIs) over shares in XYZ Ltd in July 2010 (ASX Code: XYZSMF), which have a remaining term of approximately five years (Maturity Date of 30 June 2015). At this time, XYZ shares are trading at $50.50 and the Loan Amount of the SFI is $25.25. The price of each SFI, as calculated by Macquarie, is:

\[
\text{SFI Price} = \text{Underlying Share Price} - \text{Loan Amount} + \text{Variable Interest Amount} + \text{Fixed Interest Amount} + \text{Borrowing Fee}
\]

\[
= \$50.50 - \$25.25 + \$2.00 + \$3.50 + \$0.50
\]

\[
= \$31.25
\]

The total cost of the 1,000 SFIs is therefore $31,250 ($31.25 x 1,000 Instalments).

Assume that, over the five years, XYZ pays the following yearly dividends:

<table>
<thead>
<tr>
<th>Ex-dividend Date</th>
<th>Ordinary Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2011</td>
<td>$1.70</td>
</tr>
<tr>
<td>January 2012</td>
<td>$1.70</td>
</tr>
<tr>
<td>January 2013</td>
<td>$1.70</td>
</tr>
<tr>
<td>January 2014</td>
<td>$1.70</td>
</tr>
<tr>
<td>January 2015</td>
<td>$1.70</td>
</tr>
</tbody>
</table>

Based on a stock price of $50.50, this is equivalent to a dividend yield of approximately 3.37%.
Assume that, over the term, the Variable Interest Amounts (determined by Macquarie) were as follows:

<table>
<thead>
<tr>
<th>Interest Drawdown Date</th>
<th>Variable Interest Amount*</th>
<th>Variable Interest Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2011</td>
<td>$2.31</td>
<td>8.92%pa</td>
</tr>
<tr>
<td>30 June 2012</td>
<td>$2.44</td>
<td>9.19%pa</td>
</tr>
<tr>
<td>30 June 2013</td>
<td>$2.59</td>
<td>9.41%pa</td>
</tr>
<tr>
<td>30 June 2014</td>
<td>$2.73</td>
<td>9.58%pa</td>
</tr>
</tbody>
</table>

* The Variable Interest Amount and Rates are indicative only. Actual Variable Interest Amounts and Rates may differ materially.

In these circumstances, the Loan Amount of each SFI will have increased on each Interest Drawdown Date by the relevant Variable Interest Amount and will have decreased on each ex-dividend date by the amount of the relevant Ordinary Dividend (Ordinary Dividends are used to reduce the Loan Amount of a Self Funding Instalment only).

Therefore on the Maturity Date, the Loan Amount is equal to $26.82, which is calculated as follows:

\[
\text{Loan Amount} = \text{Initial Loan Amount} + \text{Variable Interest Amounts}^\wedge - \text{Dividend Amounts}
\]

\[
= $25.25 + ($2.31 + $2.44 + $2.59 + $2.73) - ($1.70 \times 5)
\]

\[
= $26.82
\]

In order for the investor to break even on the SFI investment at Maturity of the SFIs (30 June 2015), the value of an XYZ Share would have had to increase by:

1. an amount equal to the initial Variable Interest Amount, the Fixed Interest Amount and the Borrowing Fee paid on acquisition;

   \[
   \text{PLUS}
   \]

2. the amount of any increase in the Loan Amount over the term of the Instalment (or, where the Loan Amount decreases over the term of the Instalment, less any decrease in the Loan Amount over the term).

In this regard, it is particularly important for the investor to consider their expectations about:

(a) the amount of any future dividends of the Underlying Share (if any) over the term of the Instalment;

(b) the level and direction of future interest rates over the term of the Instalment; and

(c) the value of the Underlying Share at the Maturity of the investment.

In the example referred to above, as:

(i) the initial Variable Interest Amount was $2.00, the Fixed Interest Amount was $3.50 and the Borrowing Fee was $0.50 on acquisition; and

(ii) the Loan Amount increased by $1.57 over the term of the Instalment,

XYZ will need to have increased over the term of the Instalment by $7.57 (being $2.00 + $3.50 + $0.50 + $1.57) in order for the investor to break even in relation to their investment. Based on XYZ having an initial price of $50.50 at the time of investment, this means that XYZ will need to have increased to $58.07 at the Maturity of the investment (or approximately 14.99% over the term, rounded to two decimal places).

Assume that, at Maturity of the SFIs, XYZ was trading at $58.07 and the investor elected not to repay the Loan Amount of $26.82 (per Instalment). In these circumstances, the investor would have been entitled to receive an Assessed Value Payment calculated as (per Instalment):

\[
= \$58.07 - \$26.82
\]

\[
= \$31.25
\]

Based on the investor’s holding of 1,000 XYZSMF Instalments, the investor would have been entitled to receive a total Assessed Value Payment of $31,250 ($31.25 x 1,000 Instalments), which is just enough to recover the initial cost of the investment.

It is important to note that if the value of XYZ at Maturity had been less than $58.07, the Assessed Value Payment received by the investor would have been less than the investor’s original investment amount of $31,250.

\^ excludes the Variable Interest Amount paid on acquisition.
4.2.5
Time decay

The value of an Instalment may, in part, be determined by the length of time remaining to the Maturity Date of that Instalment. This is because the more time an Instalment has until its Maturity Date, the more time there is for the value of the Underlying Share to move above the Loan Amount of the Instalment. As the time to the Maturity Date of an Instalment decreases, the value of an Instalment may also decrease, given that there is less time for the value of the Underlying Share to move in a beneficial direction. This is known as 
time decay. You should also be aware that:

1. the value of an Instalment may decrease due to time decay even if the value of the Underlying Share remains the same or moves in a positive direction; and

2. time decay may occur at a greater rate (and consequently the value of your Instalment may decrease at a greater rate) as the Maturity Date of the Instalment gets closer.

7. A new Section 4.5.1 is inserted in Section 4 of the PDS ‘Risks you Should Consider’ as follows:

‘4.5.1
Early Maturity Dates

When Macquarie issues you with an Instalment, it does so on the basis that:

1. it is able to effectively manage its risk of providing you with that Instalment; and

2. it is able to continue to effectively service any Instalment that you hold (for example, continuing to have the Instalments quoted on the ASX).

However, some matters are beyond the control of Macquarie and any change from the circumstances existing on the date the Instalment was first listed by Macquarie could have an adverse effect on Macquarie’s ability to:

1. effectively manage its risk of providing you with that Instalment (eg, hedging the risk of providing you with a limited recourse loan); and

2. continue to effectively service any Instalment that you hold.

For this reason, it is necessary that Macquarie has the right to terminate your Instalments prior to their stated Maturity Date. The events that may lead to an early termination of your Instalments are called ‘Extraordinary Events’.

Where an Extraordinary Event occurs with respect to your Instalments, your Instalments may be terminated by us prior to their original Maturity Date.

You should:

- refer to Section 5.8.1 for more information about Extraordinary Events and Early Maturity Dates.

- Be aware that the events that constitute an Extraordinary Event are decided by us and may include events that are beyond your control.’

8. Section 4.8 of the PDS ‘Counterparty risk’ is amended by deleting the words:

‘In this regard, section 13A(3) of the Banking Act 1959 (Cth) provides that if Macquarie becomes unable to meet its obligations, the assets of Macquarie in Australia shall be used to meet its deposit liabilities in Australia in priority to all its other liabilities including the obligations under the Instalments.’

and replacing them with:

‘In this regard, section 13A(3) of the Banking Act 1959 (Cth) provides that if Macquarie becomes unable to meet its obligations, Macquarie’s assets in Australia shall be available to meet its liabilities in relation to protected accounts, certain costs owed to the Australian Prudential Regulatory Authority, and other types of deposits in priority to all of Macquarie’s other obligations, including the obligations of Macquarie in relation to an Instalment.’

9. Section 4.9.1 of the PDS ‘Possible illiquidity of trading market’ is deleted and replaced as follows:

‘4.9.1
Possible illiquidity of trading market

You should be aware that there is no indication as to how the Instalments will trade in the secondary market (eg the ASX) or whether that market will be liquid or illiquid. As a consequence, you may not be able to sell your Instalments at a price acceptable to you. Macquarie has no obligation to sell an Instalment to any person.’
10. Section 4.9.2 of the PDS ‘Suspension of trading in instalments’ is deleted and replaced as follows:

‘4.9.2
Suspension of trading in Instalments

Trading in Instalments on the ASX may be halted or suspended by the ASX in accordance with the ASX Market Rules. This may occur, for example, whenever the ASX deems such action appropriate to protect investors or if Macquarie fails to comply with the ASX Market Rules or the Terms. Macquarie may also request the ASX to suspend trading of the Instalments on the ASX at any time, including due to:

1. our internal trading restrictions or requirements (eg where the Macquarie Group is advising in relation to a proposed takeover); or

2. legal or other regulatory reasons.’

11. Section 5.8.3 of the PDS ‘What is a Hedging Disruption?’ is deleted and replaced as follows:

‘5.8.3
What is a Hedging Disruption?

(a) For any Series of Trading Instalments, Income Instalments and Self Funding Instalments first issued on or after 20 April 2010, a Hedging Disruption occurs where:

(i) Macquarie would incur (whether due to internal trading restrictions, legal or regulatory issues or otherwise) a materially increased amount of tax, duty, expense or fee (as compared with circumstances existing on the Listing Date of an Instalment) to, or is unable to:

(1) acquire, establish, substitute, maintain or dispose of any Hedge Positions; or

(2) realise, recover or remit the proceeds of any such Hedge Positions; or

(ii) due to the:

(1) adoption of, or any change in, any applicable law or regulation, including any tax law; or

(2) any change in the interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by a taxing authority),

Macquarie determines in good faith that:

(3) it has or will become illegal for Macquarie to hold, acquire or dispose of any Hedge Positions or to give effect to any provision of the Terms; or

(4) Macquarie has or will incur a materially increased cost in performing its obligations in respect of an Instalment (including due to any increase in tax liability, decrease in tax benefit or other adverse effect on Macquarie’s tax position); or

(iii) it is announced that an Underlying Share for an Instalment, or all, or substantially all, of the assets of the relevant Listed Entity are, or will be, nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

(iv) it is announced that an Underlying Share for an Instalment will be de-listed or cease quotation and will not be immediately re-listed or commence quotation on another exchange acceptable to Macquarie;

(v) there is any change announced to any applicable short selling laws in Australia, or any government or regulatory interpretation thereof;

(vi) Macquarie is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) the number of Underlying Shares or Hedge Positions Macquarie determines necessary in order for Macquarie to hedge its positions with respect to an Instalment at a Stock Loan Rate commercially acceptable to Macquarie. In determining whether a Stock Loan Rate is commercially acceptable to Macquarie, Macquarie may consider any changes to the Stock Loan Rate which have occurred since the Listing Date of the relevant Series.

(b) For (1) any Series of Trading Instalments, Income Instalments and Self Funding Instalments first issued before 20 April 2010 and (2) for all Resetting Instalments, a Hedging Disruption occurs where it becomes impossible for Macquarie to hedge its exposure pursuant to the Instalments due to any of the following occurring:
(i) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries;

(ii) there is any material disruption in commercial banking or security settlement, security lending or security clearance services in any of those countries; or

(iii) trading in all securities quoted or listed on ASX, the London Stock Exchange, or the relevant Underlying Share, is suspended or limited in a material respect for at least one full day on which the relevant exchange is open for trading.

12. Section 6.2.1 of the PDS is deleted and replaced as follows:

‘6.2.1
Deductibility of Variable Interest Amount and Fixed Interest Amount

To the extent that you use the Loan Amount to acquire property for the purpose of producing assessable income, the Fixed Interest Amount and Variable Interest Amount (together, the Interest Amount), reduced by the amount reasonably attributable to the cost of capital protection under Division 247 of the Tax Act, will be deductible under section 8-1 of the Tax Act. Interest on any portion of the Loan Amount applied to prepay the deductible proportion of the Interest Amount will also be deductible where the Loan is applied for the purposes of producing assessable income.

The amount reasonably attributable to the cost of capital protection for an income year under Division 247 of the Tax Act will be equal to the excess (if any) of:

(a) the Interest Amount for that income year, being the Variable Interest Amount prepaid in the income year, together with either the Fixed Interest Amount prepaid in the income year (for Resetting Instalment only) or the pro rata portion of the Fixed Interest Amount prepaid at the time of acquisition that is referable to the income year (for all other Macquarie Instalments); and

(b) an amount (the Benchmark Amount) calculated by multiplying the Loan Amount by the Benchmark Rate.

The Benchmark Rate under the law as currently enacted is the Reserve Bank of Australia’s Indicator Rate for Personal Unsecured Loans - Variable Rate at the time the Interest Amount was incurred. If the Interest Amount is paid more than once in any income year, the Benchmark Amount should be calculated on a pro rata basis based on the number of days in each relevant Interest Period.

However, you should be aware that changes were announced to Division 247 of the Tax Act under a Press Release issued as part of the Federal Budget handed down by the Australian Government on 13 May 2008. The effect of such proposed changes, if enacted, is as follows:

(i) if you enter into an Instalment under this PDS, or acquire an Instalment on the ASX, on or after 7:30pm (Sydney time) on 13 May 2008, the applicable Benchmark Rate is the Reserve Bank of Australia’s indicator variable rate for standard housing loans; and

(ii) if you entered into an Instalment under this PDS, or acquire an Instalment on the ASX, prior to 7:30pm (Sydney time) on 13 May 2008, the applicable Benchmark Rate is the Reserve Bank of Australia’s indicator variable rate for personal unsecured loans. This rate will continue to apply for a period of up to five years or the life of the product, whichever is the shorter. Following this period, the applicable Benchmark Rate will change to the Reserve Bank of Australia’s indicator variable rate for standard housing loans.

Part (ii) above is particularly relevant for you if you are a Holder of existing Instalments with a remaining term of greater than five years. In these circumstances, the effect of the proposed changes may be that the applicable Benchmark Rate for the next five years is the Reserve Bank of Australia’s indicator variable rate for personal unsecured loans and for the remainder of the term the applicable Benchmark Rate is the Reserve Bank of Australia’s indicator variable rate for standard housing loans.
If you are a Cash Applicant or secondary market purchaser, you should therefore be entitled to a deduction for the Interest Amount (reduced by the amount reasonably attributable to the cost of capital protection as described above) to the extent that the Loan Amount is applied for the purpose of acquiring Underlying Shares from which you expect to derive assessable dividend or trust income or is otherwise applied to prepay the deductible proportion of the Interest Amount.

Similarly, if you are a Rollover Applicant you should be entitled to a deduction for the Interest Amount (reduced by the amount reasonably attributable to the cost of capital protection as described above) to the extent that you apply the Loan Amount to pay the Final Instalment on a Prior Series Instalment that you acquired for the purpose of producing non-capital gains assessable income, or to pay the deductible proportion of the Interest Amount or Borrowing Fee.

13. Section 6.8.1 of the PDS ‘Transfer of Underlying Shares to Holder’ is amended by including the following paragraph at the end thereof:

‘On 10 March 2010 the Government announced that it will introduce legislation to confirm the income tax treatment of ‘traditional instalment warrants’. Specifically, it will legislate to treat the owner of a “traditional instalment warrant” over an exchange-traded security as the owner of the listed security. The amended legislation will confirm that the repayment of the Loan and the transfer of the legal title to the Underlying Shares from the Security Trustee will not give rise to any CGT consequences. The legislation will reflect the ATO’s long-standing acceptance that the transfer of the Underlying Shares will not give rise to any CGT consequences. As such, the generally accepted tax treatment of Macquarie Instalments should remain unchanged.’

14. Section 6.12.5 of the PDS ‘Taxation of Financial Arrangements (TOFA)’ is deleted and replaced as follows:

‘6.12.5 Taxation of Financial Arrangements (TOFA)’

On 26 March 2009, the ‘Taxation of Financial Arrangements (TOFA)’ legislation was enacted. The legislation contains amendments to the Tax Act as it applies to ‘financial arrangements’. As each Instalment constitutes a ‘financial arrangement,’ the TOFA regime may have some implications for the tax treatment of the Loan and Interest Amounts to the extent that the thresholds set out below are met.

One of the main features of the TOFA regime is to tax gains from financial arrangements on a revenue basis and, where a gain is sufficiently certain at commencement to arise from the arrangement, or becomes sufficiently certain during the term to arise, on an accruals basis over the term of the arrangement. Where a gain from a financial arrangement is not and does not become sufficiently certain to arise prior to that private purposes, or to acquire assets for the sole purpose of deriving capital gains, the amount of interest which is incurred which relates to that amount may not be allowed as a deduction. Further, a change in your purpose or use of the Loan Amount could lead to a loss of interest deductions. You should seek independent advice on the deductibility of interest in your particular circumstances.’

Similarly, in respect of Resetting Instalments, if you receive a Reset Cashback on an Annual Reset Date, you will be entitled to a deduction for interest (reduced by the amount reasonably attributable to the cost of capital protection as described above) only to the extent that you apply that amount to an assessable income-producing purpose, eg acquiring income producing assets such as shares or units in a trust, where it is expected that dividends or distributions or other non-capital gains assessable income will be derived from the investment.

The purpose for which the Macquarie Instalment is acquired will be a matter determined in your individual circumstances. To the extent that any part of the Loan Amount is applied for non-assessable income producing purposes, or
time that it is to be realised, the gain will be taxed on a realisation basis. Alternatively, the TOFA regime allows for certain taxpayers to elect to apply one of a number of alternative methods for the purpose of calculating gains and losses from financial arrangements.

The TOFA provisions only apply to income years commencing on or after 1 July 2010 unless an election to adopt the TOFA provisions early has been made. Further, the TOFA provisions do not apply to certain investors, including (a) individuals (b) superannuation entities and managed investment schemes with assets of less than $A100,000,000 (c) Authorised Deposit-taking Institutions, securitisation vehicles or other financial sector entities with an aggregate turnover of less than $A20,000,000 and (d) other entities with aggregated turnover of less than $A100,000,000, financial assets of less than $A100,000,000 and assets of less than $A300,000,000, unless the investor makes a specific election for the provisions to apply or the arrangement is considered to be a ‘qualifying security’ for the purposes of the Tax Act. A Macquarie Instalment should not be a ‘qualifying security’.

The provisions will not tax gains on trust units that are interests in managed investment schemes or equity interests for tax purposes, or shares that are equity interests for tax purposes, on an accruals or realisation basis.

The TOFA provisions are complex and, to the extent that they apply, their application is dependent on the particular investor’s facts and circumstances. Accordingly, Macquarie strongly recommends that investors take independent taxation advice in respect of Macquarie Instalments.

15. Section 7.1 of the PDS is deleted and replaced as follows:

`7.1 About Macquarie

Macquarie Bank Limited (‘Macquarie Bank’) is an authorised deposit-taking institution under s9 of the Banking Act 1959 (Cth). Macquarie Bank is a wholly-owned subsidiary of Macquarie Group Limited (‘MQG’). MQG, which is the ultimate listed parent of the Macquarie Group, is listed on the ASX and is regulated by APRA as a non-operating holding company of an authorised deposit-taking institution.

Further information about the Macquarie Group structure and Macquarie Bank is available from macquarie.com.au. Information disclosed to ASX by MQG can be viewed on the ASX website: asx.com.au (listing code MQG).

Disclosure obligations

Macquarie Bank is a disclosing entity under the Corporations Act and has a continuous disclosure obligation under that Act and the ASX Listing Rules. This means that, subject to certain exceptions, Macquarie Bank must disclose to ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Macquarie Bank’s quoted securities (Macquarie Income Securities). Copies of the information disclosed to ASX can be viewed on the ASX website: asx.com.au (ASX code: MBLHB).

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

Documents available

Macquarie Bank will provide a copy, free of charge, of its most recent publicly available financial reports and interim reports to any person who requests such copies by contacting Macquarie Bank (see the Directory for details). These documents may also be available online at: macquarie.com.au/shareholdercentre.

Updated information

You can obtain up-to-date information about Macquarie Bank by referring to: macquarie.com.au/shareholdercentre.’

16. Section 7.8 of the PDS ‘Anti-money laundering regulations’ is deleted and replaced as follows:

`7.8 Anti-money laundering regulations

If you acquire an Instalment:

(a) you undertake:

(i) that you will not knowingly do anything to put us or the Security Trustee in breach of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, rules and other subordinate instruments ("AML/CTF Laws");
(ii) to notify us if you become aware of anything that would put us or you in breach of AML/CTF Laws;

(iii) if requested, to provide additional information and assistance, and comply with all reasonable requests, to facilitate our compliance, and the Security Trustee’s compliance, with AML/CTF Laws in Australia or any equivalent laws in any overseas jurisdiction;

(b) You represent that you are not aware, and have no reason to suspect, that:

(i) the money used to fund your investment in an Instalment is derived from or related to money laundering, terrorism financing or similar or related activities (“Illegal Activities”); and

(ii) the proceeds of any investment made in connection with an Instalment will fund Illegal Activities;

(c) you consent to us and the Security Trustee disclosing, in connection with AML/CTF Laws, any of your Personal Information that we have (as defined in the Privacy Act 1988 (Cth)); and

(d) you acknowledge and agree that:

(i) we, and the Security Trustee, are subject to AML/CTF Laws;

(ii) in certain circumstances we and/or the Security Trustee may be obliged to freeze or block an account or Instalment where it is used in connection with Illegal Activities or suspected Illegal Activities;

(iii) freezing or blocking or the taking of such other action can arise as a result of the monitoring that is required by AML/CTF Laws;

(iv) you will be required to indemnify us, and the Security Trustee, if we, or the Security Trustee, are found liable to a third party in connection with the freezing or blocking of any Instalment or any associated account;

(v) we, and the Security Trustee, retain the right not to provide any service or Instalments to any person that we, or the Security Trustee, decide, that we do not wish to supply.’

17. The Glossary in Section 9 of the PDS is amended by the inclusion (in alphabetical order) of the following additional definitions:

‘Early Maturity Date’ means the new Maturity Date notified to a Holder, as described in Section 5.8.1 of the PDS.

‘Hedge Positions’ means any transaction(s) or asset(s) Macquarie considers reasonably necessary to hedge the risk (whether market risk, foreign exchange risk or any other form of risk) of entering into and performing its obligations with respect to an Instalment or a Series.

‘Listing Date’ means, in relation to a Series of Instalments, the date on which such Series commences quotation on the ASX.

‘Stock Loan Rate’ means the rate which Macquarie is, or would be, obliged to pay to a party to enter into an arrangement whereby Macquarie can borrow the number of Underlying Shares or Hedge Positions it reasonably deems necessary to hedge its position with respect to an Instalment or a Series.”

18. In the definition of ‘Variable Interest Rate’, the reference to ‘2.5%’ is, in the case of Self Funding Instalments and Income Instalments issued on or after 20 April 2010 only, deleted and replaced with ‘5%’.

Important Information

The information in this Supplement has been prepared without taking into account your objectives, financial situation and particular needs. Accordingly, before making a decision to acquire Macquarie Instalments, you should consider whether such an investment is appropriate having regard to your objectives, financial situation and particular needs, and consult your adviser or broker. You should read this Supplement and the PDS (including the Supplementary Product Disclosure Statement for the Series of Instalments you want to acquire) and consider them before making any decision as to whether to acquire Macquarie Instalments.
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<td>Section 12</td>
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<tr>
<td></td>
<td></td>
<td>Solicitor/Accountant Certificate</td>
</tr>
</tbody>
</table>
To find information on the topics listed below, see the Section number listed. These “highlights” indicate the kind of information you can find in this PDS, but are not intended to be a complete summary. You should read all of this PDS carefully and seek professional legal, taxation and financial advice to determine whether an investment in Instalments is appropriate for you.

<table>
<thead>
<tr>
<th>More Info</th>
<th>Section 7.1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td><strong>Macquarie Bank Limited (ABN 46 008 583 542 and AFSL 237502)</strong>&lt;br&gt;No. 1 Martin Place&lt;br&gt;Sydney NSW 2000 Australia&lt;br&gt;<strong>Phone:</strong> 1800 803 010&lt;br&gt;<strong>Email:</strong> <a href="mailto:instalments@macquarie.com.au">instalments@macquarie.com.au</a>&lt;br&gt;<strong>Website:</strong> <a href="http://www.macquarie.com.au/instalments">www.macquarie.com.au/instalments</a></td>
</tr>
</tbody>
</table>

| Instalments | **Macquarie’s ASX-traded Instalments provide you with a way of:**
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td><strong>borrowing to invest in new Shares (Cash Application);</strong></td>
</tr>
<tr>
<td>(2)</td>
<td><strong>borrowing against Shares that you already hold (Shareholder Application); and</strong></td>
</tr>
<tr>
<td>(3)</td>
<td><strong>maintaining a leveraged exposure to a Share that you already have under an Instalment (Rollover Application).</strong></td>
</tr>
</tbody>
</table>

You can also acquire Instalments on the secondary market (eg. the ASX).

Each Instalment provides you with:
\[\text{■ a limited recourse loan from Macquarie (Loan);}\]
\[\text{■ a Beneficial Interest in the Underlying Share which is held on trust for you by the Security Trustee;}\]
\[\text{■ the ability to benefit from any Dividends and related franking credits (subject to eligibility and any deduction for Tax);}\]
\[\text{■ the ability to obtain full legal title to the Underlying Share at any time by repaying the Loan; and}\]
\[\text{■ an investment that may be sold on the ASX prior to Maturity.} \]

| Types of Instalments | **This PDS relates to four different types of Instalments:**
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Trading Instalments;</strong></td>
</tr>
<tr>
<td>2.</td>
<td><strong>Income Instalments;</strong></td>
</tr>
<tr>
<td>3.</td>
<td><strong>Self Funding Instalments; and</strong></td>
</tr>
<tr>
<td>4.</td>
<td><strong>Resetting Instalments.</strong></td>
</tr>
</tbody>
</table>

The main differences between each type of Instalment relate to how the Instalment acts during its term (eg. how Dividends are treated, whether additional amounts are payable during the term and whether the Loan is reset annually).

| The Loan | **When you acquire an Instalment, you will receive a limited recourse Loan from Macquarie. Where the amount of the Loan is between:**
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>■ 40%–70% of the Underlying Share price on the date of the SPDS for the Series, the Instalments are often described as being “Regular Instalments”; and</td>
<td>Section 5.2</td>
</tr>
<tr>
<td>■ over 70% of the Underlying Share price on the date of the SPDS for the Series, the Instalments are often described as being “Hot Instalments”.</td>
<td>Section 4.2</td>
</tr>
</tbody>
</table>

Regular and Hot Instalments give you the opportunity to choose between a moderately or highly geared exposure to the performance of the Underlying Share.

The amount of the Loan specified in the SPDS is only valid on the date of that SPDS and may change in accordance with the Terms. You should also note that the effective gearing of an Instalment will change as the Underlying Share price and the current loan amount (“Loan Amount”) change. You can obtain the current Loan Amount for a Series by contacting your stockbroker or adviser or online at [www.macquarie.com.au/instalments](http://www.macquarie.com.au/instalments).

If you want to receive the Underlying Share, you can repay the Loan at any time up to (and including) the Maturity of the Instalment.
### Superannuation Considerations

Trustees of superannuation funds must formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their superannuation fund and must act in the best interests of the members of their fund. This includes ensuring that they are familiar with the risks involved in, and have in place adequate risk management procedures to manage the risks associated with, Instalments prior to making such an investment.

In this context, trustees should give careful consideration to whether leveraged investments generally, and particularly highly leveraged investments, are an appropriate investment for the superannuation fund.

Relevant to this consideration will be the risks of a leveraged investment as described in Sections 1.4 and 4.2 and factors such as the diversification of the assets of the fund and the overall level of leverage of the fund.

### On Application

There are three types of Application which can be made for an Instalment:

<table>
<thead>
<tr>
<th>Cash Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ you pay the First Payment (as determined by Macquarie);</td>
</tr>
<tr>
<td>■ the First Payment is used to pay the Variable Interest Amount, the Fixed Interest Amount and the Borrowing Fee due;</td>
</tr>
<tr>
<td>■ the balance of the First Payment together with the Loan is used to acquire the Underlying Share which is then held on trust for you; and</td>
</tr>
<tr>
<td>■ Macquarie issues the Instalments to you.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholder Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ you transfer your Shares to the Security Trustee;</td>
</tr>
<tr>
<td>■ the Loan is used to pay the Variable Interest Amount, the Fixed Interest Amount and the Borrowing Fee due (to the extent available);</td>
</tr>
<tr>
<td>■ you receive the balance of the Loan proceeds (if any) to reinvest in additional Macquarie Instalments or to use for other business or investment purposes; and</td>
</tr>
<tr>
<td>■ Macquarie issues the Instalments to you.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rollover Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ the Loan for your new Instalments is used to repay the loan (&quot;Final Instalment&quot;) on your Prior Series Instalments (to the extent available) and the Underlying Share is then held on trust for your new Instalment;</td>
</tr>
<tr>
<td>■ you pay the Variable Interest Amount, the Fixed Interest Amount and Borrowing Fee due from the Loan and any Prior Series Rebate (to the extent available); and</td>
</tr>
<tr>
<td>■ you either (1) receive the balance of the Loan proceeds and any Prior Series Rebate (if any) to reinvest in additional Macquarie Instalments or to use for other business or investment purposes, or (2) pay to Macquarie the amount by which the Final Instalment on the Prior Series Instalment and the Variable Interest Amount, Fixed Interest Amount and Borrowing Fee due for your new Instalment exceeds the Loan Amount of your new Instalment and any Prior Series Rebate.</td>
</tr>
</tbody>
</table>
What happens during the term?

Each type of Instalment offered under this PDS operates differently during its term.

### Trading Instalments
- all Ordinary Dividends paid (subject to any deduction for Tax) on the Underlying Share will be paid to you in cash;
- any Special Dividends paid (subject to any deduction for Tax) on the Underlying Share will be used to reduce your Loan Amount;
- subject to eligibility, you may also be entitled to any franking credits attached to those Dividends; and
- no further Variable Interest Amounts, Fixed Interest Amounts or Borrowing Fees are payable during the term of your Trading Instalment.

### Income Instalments
- all Ordinary Dividends paid (subject to any deduction for Tax) on the Underlying Share will be paid to you in cash;
- any Special Dividends paid (subject to any deduction for Tax) on the Underlying Share will be used to reduce your Loan Amount;
- subject to eligibility, you may also be entitled to any franking credits attached to those Dividends; and
- on each Interest Drawdown Date, an additional Variable Interest Amount is payable. Each additional Variable Interest Amount is automatically paid by increasing the Loan Amount of your Income Instalment.

### Self Funding Instalments
- all Ordinary Dividends and Special Dividends paid (subject to any deduction for Tax) on the Underlying Share will be used to reduce your Loan Amount;
- subject to eligibility, you may also be entitled to any franking credits attached to those Dividends; and
- on each Interest Drawdown Date, an additional Variable Interest Amount is payable. Each additional Variable Interest Amount is automatically paid by increasing the Loan Amount of your Self Funding Instalment.

### Resetting Instalments
- all Ordinary Dividends paid (subject to any deduction for Tax) on the Underlying Share will be paid to you in cash;
- any Special Dividends paid (subject to any deduction for Tax) on the Underlying Share will be used to reduce your Loan Amount;
- subject to eligibility, you may also be entitled to any franking credits attached to those Dividends;
- on each Annual Reset Date, the Loan Amount of your Resetting Instalment may be reset in accordance with the Annual Reset Procedure, and a Variable Interest Amount, Fixed Interest Amount and Borrowing Fee will be payable; and
- in some circumstances, Macquarie may choose to terminate a Series of Resetting Instalments on the Annual Reset Date rather than reset them.

You can also choose to sell your Instalments on the ASX.

What happens at Maturity?

You can choose to:
- sell your Instalments;
- roll your Instalments into a new Series of Macquarie Instalments over the same Underlying Shares (if available) by making a Rollover Application;
- repay the Loan for each Instalment and receive the Underlying Share; or
- do nothing, and receive an Assessed Value Payment (if any).

### More Info
- Section 1.2
- Sections 1.2 and 2
- Section 4.9
- Section 3.3
- Section 5.3
- Section 5.4
The following fees and costs may be payable by you in connection with your investment in Instalments:

**Variable Interest Amounts**
A Variable Interest Amount is payable by you when you acquire an Instalment. The Variable Interest Amount is calculated on acquisition based on the Loan Amount, the Variable Interest Rate (as determined by Macquarie) and the number of days in the relevant Variable Interest Period.

If you hold an Income Instalment or Self Funding Instalment, additional Variable Interest Amounts may be payable during the term (which are automatically paid by increasing your Loan Amount).

If you hold a Resetting Instalment, additional Variable Interest Amounts may be payable on each Annual Reset Date (from the Revised Loan Amount (if sufficient) or via a cash payment).

**Fixed Interest Amounts**
A Fixed Interest Amount is payable by you when you acquire an Instalment. The Fixed Interest Amount is calculated on acquisition based on the Loan Amount, the Fixed Interest Rate (as determined by Macquarie) and the number of days in the Fixed Interest Period.

If you hold a Resetting Instalment, additional Fixed Interest Amounts may be payable on each Annual Reset Date (from the Revised Loan Amount (if sufficient) or via a cash payment).

**Borrowing Fees**
The Borrowing Fee is the cost to you of obtaining the Loan and is payable when you buy an Instalment by making an Application under this PDS.

If you hold a Resetting Instalment, additional Borrowing Fees may be payable on each Annual Reset Date (from the Revised Loan Amount (if sufficient) or via a cash payment).

**Other fees and costs**
Other fees and charges may also be payable by you in connection with your Instalments.

---

**Adviser remuneration**
Macquarie may pay (out of its own funds) placement and other fees to participating organisations of the ASX and other licensed dealers and advisers in connection with your Instalments.

**Taxation considerations**
The taxation outcomes associated with an investment in Instalments will depend on your individual circumstances.

**Underlying Shares**
Instalments are available over a wide variety of ASX listed securities, as specified in the SPDS for the Series.

**ASX Instalment code**
Each Series of Instalments has a unique ASX code which will be specified in the SPDS for the Series.

**Maturity Date**
The Maturity Date for a Series of Instalments will be specified in the SPDS for the Series. In some circumstances, the Maturity Date may be brought forward.

**Offer Period opens**
At the time and date specified in the SPDS for the Series. The Offer Period may continue past the ASX listing date and will close on Macquarie giving notice to the ASX.

**Issue size per Series**
As specified in the SPDS for the Series. Macquarie may, with the ASX’s consent, increase or decrease the issue size for any Series.

**Registrar**
Computershare Investor Services
Level 3, 60 Carrington Street,
Sydney NSW 2000, Australia
**Phone:** 1300 364 060
**Website:** www-au.computershare.com
Investment Overview

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What are the tax implications of investing in Instalments?

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How do I acquire Instalments?

1.1
What are Instalments?

Macquarie’s ASX-traded Instalments provide you with a way of:

(1) borrowing to invest in new Shares (Cash Application);

(2) borrowing against Shares that you already hold (Shareholder Application); and

(3) maintaining a leveraged exposure to a Share that you already have under a Macquarie Instalment (Rollover Application).

That is, Instalments provide you with a way of getting leveraged or geared exposure to the performance of a particular Share for a fraction of the price of the Share itself.

What do I get if I acquire an Instalment?

An Instalment provides you with:

- a limited recourse loan from Macquarie (Loan) (see Section 5.2);

- a Beneficial Interest in the Underlying Share which is held on trust for you by the Security Trustee;

- the ability to benefit from any Dividends and related franking credits (subject to eligibility and any deduction for Tax) (see Section 3.9.1);

- the ability to obtain full legal title to the Underlying Share at any time by repaying the Loan (see Section 5.3); and

- an investment that may be sold on the ASX prior to Maturity (see Section 4.9).

More information

If you require more background information about instalment warrants, you should read the ASX booklet “Understanding Trading and Investment Warrants” which is available from the ASX or Macquarie, or speak to your financial adviser.
What types of Instalments are offered under this PDS?

The main differences between the different types of Instalments are set out in the table below (please see Section 3 for more information about the costs of each type of Instalment).

<table>
<thead>
<tr>
<th>Type of Instalment</th>
<th>Term</th>
<th>Ordinary Dividends</th>
<th>Special Dividends</th>
<th>Variable Interest Amounts</th>
<th>Fixed Interest Amounts</th>
<th>Borrowing Fees</th>
<th>Annual Reset Feature (Section 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading Instalments</strong></td>
<td>Generally 3–18 months when issued</td>
<td>Paid to the Holder in cash*</td>
<td>Used to reduce the Loan Amount of the Instalment*</td>
<td>Paid once, when you acquire the Instalment</td>
<td>Paid once, when you acquire the Instalment</td>
<td>Paid once, when you acquire the Instalment</td>
<td>Not Applicable</td>
</tr>
<tr>
<td><strong>Income Instalments</strong></td>
<td>Generally 1–3 years when issued</td>
<td>Paid to the Holder in cash*</td>
<td>Used to reduce the Loan Amount of the Instalment*</td>
<td>Paid when you acquire the Instalment, and automatically paid by increasing your Loan Amount on each subsequent Interest Drawdown Date</td>
<td>Paid once, when you acquire the Instalment</td>
<td>Paid once, when you acquire the Instalment</td>
<td>Not Applicable</td>
</tr>
<tr>
<td><strong>Self Funding Instalments</strong></td>
<td>Generally 5–10 years when issued</td>
<td>Used to reduce the Loan Amount of the Instalment*</td>
<td>Used to reduce the Loan Amount of the Instalment*</td>
<td>Paid when you acquire the Instalment, and automatically paid by increasing your Loan Amount on each subsequent Interest Drawdown Date</td>
<td>Paid once, when you acquire the Instalment</td>
<td>Paid once, when you acquire the Instalment</td>
<td>Not Applicable</td>
</tr>
<tr>
<td><strong>Resetting Instalments</strong></td>
<td>Generally 5–10 years when issued</td>
<td>Paid to the Holder in cash*</td>
<td>Used to reduce the Loan Amount of the Instalment*</td>
<td>Paid when you acquire the Instalment, and on each subsequent Annual Reset Date</td>
<td>Paid when you acquire the Instalment and on each subsequent Annual Reset Date</td>
<td>Paid when you acquire the Instalment and on each subsequent Annual Reset Date</td>
<td>Applicable, see Section 2</td>
</tr>
</tbody>
</table>

* Subject to any deduction for Tax (see Section 3.9.1). These Dividends may have franking credits which may be, subject to eligibility, used to offset your tax.
Additional considerations

Before investing in **Income Instalments** or **Self Funding Instalments** you should also be aware that:

- changes in the Variable Interest Rate during the term of the Income Instalment or Self Funding Instalment will affect the future Variable Interest Amounts payable in relation to your Instalment (eg. higher or lower Variable Interest Amounts); and

- each Variable Interest Amount payable on an Interest Drawdown Date increases the Loan Amount of your Income Instalment or Self Funding Instalment and therefore increases the amount you need to pay in order to receive the Underlying Share.

Before investing in **Resetting Instalments**, you should also be aware that:

- changes in the Fixed and/or Variable Interest Rate during the term of the Resetting Instalment will affect the future Variable Interest Amounts and Fixed Interest Amounts payable in relation to your Resetting Instalments (eg. higher or lower Variable Interest Amounts and/or Fixed Interest Amounts);

- on each Annual Reset Date you may be required to pay a Variable Interest Amount, a Fixed Interest Amount and a Borrowing Fee, together with any reduction in the Loan Amount of your Resetting Instalments from your own funds if you wish to continue holding your Resetting Instalments. If you fail to make the required payments, Macquarie may enforce its Security Interest and terminate some or all of your Resetting Instalments to recover this amount; and

- Macquarie may terminate your Resetting Instalments on an Annual Reset Date.

Please refer to Section 2 for more information on Resetting Instalments and the Annual Reset Procedure.

1.3 What are some of the benefits of investing in Instalments?

An investment in Instalments gives you:

- a convenient way to make a new investment in Shares and, at the same time, enhance your exposure to any capital growth and Dividends of those Shares (**Cash Application**);

- a convenient way to defer funding the loan (or part thereof) of an Instalment you already hold from your own funds by rolling over into a new Instalment, if available, and accessing a new Loan (**Rollover Application**);

- the potential to earn greater returns (including enhanced dividend yields and franking credits) than an equivalent monetary investment in the Underlying Share because of the leverage (gearing) incorporated in Instalments;

- the ability to benefit from Dividends and related franking credits (subject to eligibility and any deduction for Tax) (see Section 3.9.1);

- the option to repay the Loan Amount for each Instalment at any time on or before Maturity and receive the Underlying Share;

- a level of capital protection through the limited recourse nature of the Loan;

- a convenient tax statement sent to you annually;

- a flexible investment that may be sold on the ASX prior to Maturity (see Section 4.9); and

- an investment which may be an eligible investment for superannuation entities (including self-managed super funds) if made via a Cash Application, Rollover Application or if purchased in the secondary market. **Superannuation entities cannot make Shareholder Applications.** Trustees of superannuation funds should carefully consider whether leveraged investments generally, and particularly highly leveraged investments, are an appropriate investment for the fund having regard to the whole of the circumstances of their superannuation fund and the interests of the members of their fund (see Section 7.3).

1.4 What are some of the significant risks of investing in Instalments?

As with any investment decision, you need to consider an investment in Instalments carefully and in light of your individual circumstances. Before making any investment decision, you should read Section 4 of this PDS (and the SPDS for the Series that you want to invest in) for more detailed information about the risks of Instalments.
Some of the significant risks of investing in Instalments are:

- the Underlying Share performing adversely over time and decreasing the value of your investment (see Section 4.1);
- the leverage (gearing) incorporated in your Instalment magnifying your losses. The more highly geared your Instalment is, the riskier your investment will be (see Section 4.2);
- for Income Instalments and Self Funding Instalments, an additional Variable Interest Amount is payable on each Interest Drawdown Date during the term. This Variable Interest Amount is automatically paid by increasing your Loan Amount, and is dependent on the Variable Interest Rate at that time (see Section 4.2.3);
- for Resetting Instalments, on each Annual Reset Date you may be required to pay a Variable Interest Amount, a Fixed Interest Amount and a Borrowing Fee, together with any reduction in the Loan Amount of your Resetting Instalments from your own funds if you wish to continue holding your Resetting Instalments. If you fail to make the required payments, Macquarie may enforce its Security Interest and terminate some or all of your Resetting Instalments to recover this amount (see Section 4.3);
- the potential conflicts of interest which Macquarie may have (see Section 4.4); and
- Macquarie exercising any of the discretions it has under the Terms (see Section 4.5).

1.6 What are the tax implications of investing in Instalments?

Depending on your individual circumstances, the taxation implications of investing in Instalments may include:

- deductions for interest prepaid;
- deductions for any Borrowing Fees paid;
- assessable income from Dividends;
- subject to eligibility, potential franking credits which may be used to offset your tax; and
- the ability to roll either your existing Shares or Prior Series Instalments into Instalments without “disposing” of your Shares for capital gains tax purposes (eg. Shareholder Applications and Rollover Applications).

See Section 6 of this PDS for more information.

1.7 How do I acquire Instalments?

Before you invest in Instalments it is important that you read and understand this PDS and the SPDS for the Series.

Making an Application under this PDS:

If you wish to invest in Instalments, you can:

- complete the Application Form which is included in, accompanying, or derived from, this PDS (or a copy of this PDS available from www.macquarie.com.au/instalments); or
- if available, complete an online Application Form through www.macquarie.com.au/instalments.

An Application Form and further instructions on how to apply are set out in Section 10 of this PDS.

On the ASX:

You can also acquire Instalments on the ASX or through an off-market transfer (see Sections 4.9 and 5.10 for more information).
2.1
The Annual Reset Procedure – Resetting Instalments only

2.1.1 What is the Annual Reset Procedure?
The Annual Reset Procedure allows Macquarie to either:
1. continue your Series of Resetting Instalments and reset the Loan Amount of your Resetting Instalments; or
2. terminate your Series of Resetting Instalments, with effect from the next Annual Reset Date.

2.1.2 How is the Loan Amount reset?
Whether the Loan Amount of your Resetting Instalments is reset to a higher or lower level, or remains the same, will depend on the performance of the Underlying Share since the last Annual Reset Date.

Generally, Macquarie will look at the price of the Underlying Share approximately 20 Business Days prior to an Annual Reset Date to determine whether the Loan Amount will be revised. If the Underlying Share has performed positively, your Loan Amount may be increased. If the Underlying Share has performed negatively, your Loan Amount may be decreased. Macquarie may also elect to leave your Loan Amount unchanged.

If your Loan Amount is reset, the Loan Amount of your Series will generally be reset to a level which is approximately:
- for Regular Resetting Instalments, 40 – 70%; and
- for Hot Resetting Instalments, over 70%,
of the Underlying Share price prevailing approximately 20 Business Days prior to the Annual Reset Date.

2.1.3 What happens if my Loan Amount is reset?
Where the Loan Amount of your Resetting Instalments is reset under the Annual Reset Procedure, a new Loan Amount will be advanced (the “Revised Loan Amount”) and the Loan Amount of the Resetting Instalment immediately prior to the Annual Reset Date will need to be repaid.

As a result, you may receive a Reset Cashback (RC) from Macquarie or may be required to make a Reset Payment (RP) to Macquarie. Whether an amount is payable to, or by, you will be determined as follows:

\[ \text{RC(RP)} = \text{RLA} - \text{LA} - \text{ARC} \]

where:
- \( \text{RLA} \) = the Revised Loan Amount;
- \( \text{LA} \) = the Loan Amount (prior to the Annual Reset Date); and
- \( \text{ARC} \) = the Annual Reset Costs.

If the calculation of this amount produces a positive number, you will be entitled to receive a Reset Cashback. If the amount is a negative amount, you will have to make a Reset Payment to Macquarie equal to that amount. If the amount is zero, no amount will be received or paid.

2.1.4 What are the Annual Reset costs?
The Annual Reset Costs include the Variable Interest Amount, the Fixed Interest Amount and the Borrowing Fee (see Section 3.5.3) payable on the relevant Annual Reset Date.

2.1.5 What happens if I am eligible to receive a Reset Cashback?
Any Reset Cashback which you are eligible to receive in relation to a Resetting Instalment will be either:

(a) paid directly to you if you instruct Macquarie to do so (you will need to sign a Consumer Credit Code declaration for this purpose); or
(b) if you do not give Macquarie this instruction prior to the Annual Reset Date, automatically reinvested in additional Resetting Instalments pursuant to the Instalment Reinvestment Plan (see Section 2.2).

2.1.6 What happens if I have to make a Reset Payment?
If you owe Macquarie a Reset Payment, you must pay to Macquarie the Reset Payment in cleared funds by the Annual Reset Date for each Resetting Instalment held. If you make the Reset Payment, you will retain your full holding of Resetting Instalments, and your Loan Amount per Resetting Instalment will be adjusted to the Revised Loan Amount on the Annual Reset Date.

If you do not make the Reset Payment and have not repaid the Loan in cleared funds on the Annual Reset Date, Macquarie may determine that your Loan is immediately repayable on the Annual Reset Date, either in whole or in part and may enforce its Security Interest to recover this amount (i.e. some or all of your Resetting Instalments may be terminated).

2.1.7 What happens if my Resetting Instalments are terminated?
If Macquarie elects to terminate your Resetting Instalments on an Annual Reset Date, that Annual Reset Date will be the Maturity Date for those Resetting Instalments, and the Loan will be repayable on that Annual Reset Date (see “What happens at Maturity” in At a Glance).

2.1.8 Is the Annual Reset Procedure optional?
The Annual Reset Procedure is compulsory for all Resetting Instalments. If you do not want your Resetting Instalments to go through the Annual Reset Procedure, you may be able to:
1. sell your Resetting Instalments on the ASX;
2. roll your Resetting Instalments into a Series of Macquarie Instalments not undergoing the Annual Reset Procedure, if available, by making a Rollover Application (see Section 3.3); or
3. give a Completion Notice and repay the Loan (see Section 5.3), before the Annual Reset Date.

2.1.9 How do I know what election Macquarie has made?
Approximately 20 Business Days prior to an Annual Reset Date, Macquarie may send you a reminder that an Annual Reset Date is approaching and advise you of things such as the number of Resetting Instalments you have, whether your Resetting Instalments are to be terminated on the Annual Reset Date, or, if not, the Revised Loan Amount and indicative figures for the Variable Interest Amount, Fixed Interest Amount and Borrowing Fee payable. Macquarie’s decisions on these matters will be effective regardless of whether you receive such notice or not.

2.1.10 Can I use my Reset Cashback from one Series to make a Reset Payment on another Series of Resetting Instalments?
If you:
1. will receive a Reset Cashback with respect to one or more of your Series of Resetting Instalments; and
2. have to make a Reset Payment with respect to one or more of your Series of Resetting Instalments,
you can notify Macquarie that you wish to have your Reset Cashback applied against your Reset Payment. In this case, you will either:
1. receive a net Reset Cashback equal to the amount by which any Reset Cashbacks payable to you exceed any Reset Payments payable by you; or
2. pay a net Reset Payment equal to the amount by which any Reset Payments payable by you exceed any Reset Cashbacks payable to you.

If you are entitled to receive a net Reset Cashback, the net Reset Cashback will be either paid to you or reinvested in accordance with the Instalment Reinvestment Plan (see Section 2.2).

If you have to make a net Reset Payment and do not make this payment, Macquarie may terminate some or all of your Resetting Instalments and enforce its Security Interest to recover this amount (see Section 5.16).
Section 2
Annual Reset Procedure

2.1.11 What if I do nothing for the Annual Reset Date?
If you do nothing, the Reset Cashback and Reset Payment provisions described in this Section 2.1 will be applied to your Resetting Instalments on a Series by Series basis (that is, if you are owed a Reset Cashback under one Series of Resetting Instalments, that Reset Cashback will be reinvested under the Instalment Reinvestment Plan and if you fail to make a Reset Payment in respect of a Series of Resetting Instalments, Macquarie may terminate some or all of your Resetting Instalments in that Series and enforce its Security Interest to recover that amount (see Section 5.16)).

2.1.12 Deferred Settlement trading and the Annual Reset Procedure
You should be aware that Resetting Instalments may trade on a Deferred Settlement basis immediately following an Annual Reset Date, and at other times during their term. Please see Section 4.9.4 for more information about the effect of Deferred Settlement.

2.2 The Instalment Reinvestment Plan

If you hold Resetting Instalments, you will automatically participate in the Instalment Reinvestment Plan unless you instruct Macquarie prior to the Annual Reset Date that you do not wish to participate.

Under the Instalment Reinvestment Plan, the Reset Cashback will be automatically reinvested by you in additional Resetting Instalments, on the following terms:

- the reinvestment will apply to all Resetting Instalments held by you for which a Reset Cashback is payable;
- you can only participate in respect of those Resetting Instalments for which you are required to pay the Annual Reset Costs on the Annual Reset Date;
- the Reset Cashback will not be automatically invested and Macquarie will not deliver additional Resetting Instalments to you if you do not appear on the Register on the Annual Reset Date (whether as a result of any delays in settlement or otherwise);
- except in the case of rounding adjustments for the Series (as explained below), the Resetting Instalments delivered under the Instalment Reinvestment Plan will form part of the same Series with exactly the same terms and conditions as those Resetting Instalments which gave rise to the Reset Cashback, other than their Effective Date;
- the price used to determine the number of Resetting Instalments delivered to you will be the Primary Offer Price of the Resetting Instalments at any time during the six Business Days after the Annual Reset Date;
- the number of Resetting Instalments in a Series delivered to you under the Instalment Reinvestment Plan will be determined by dividing the Reset Cashback due to you from that Series by the Primary Offer Price (referred to above) for that Series. Any fractional amounts of Resetting Instalments will be rounded down to the nearest whole number; and
- all rounding adjustments for all Series of Resetting Instalments held by you will be aggregated and applied for reinvestment (in accordance with the procedure set out above) in such Series of Resetting Instalments as Macquarie determines and which you already hold. Any resulting rounding adjustment after this further reinvestment will be donated to a charity of Macquarie’s choice, except where you are a superannuation entity.

Can the Instalment Reinvestment Plan be amended?
Macquarie may amend or discontinue the Instalment Reinvestment Plan at any time, either in respect of a particular Series of Resetting Instalments or generally. In such circumstances, Macquarie will notify the ASX on or before the Annual Reset Date.
Before purchasing Instalments, you should make sure you understand the costs associated with your investment. You should consult with your stockbroker or financial adviser if you are uncertain as to the level of costs which might apply to your investment.

The figures and examples used in this Section are provided for illustrative purposes only and should not be taken as an indication or commitment by Macquarie as to the level of costs that will actually apply to your Instalments. Also, the examples do not account for any brokerage or commission you may be charged by your adviser in connection with your Instalments.

The information in this Section 3 applies to all types of Instalments offered under this PDS. You should refer to Section 1.2 for more information about each type of Instalment offer under this PDS.

This PDS does not specify the amount of the First Payment for Cash Applicants, the Shareholder Cashback for Shareholder Applicants, the Rollover Amount for Rollover Applicants, the Variable Interest Amounts, the Fixed Interest Amounts, the Variable Interest Rates, the Fixed Interest Rates or the Borrowing Fees. This is because these amounts are determined by reference to a number of variable factors at the relevant time. You can find out indicative amounts for each Series of Instalments at any time up until the Maturity Date by contacting Macquarie on 1800 803 010.

3.1
Cash Applications

Cash Applicants make the First Payment to Macquarie when they apply for an Instalment. The First Payment (FP) for each Instalment is calculated as follows:

\[
FP = USP - LA + VIA + FIA + BF
\]

where:

USP = the Underlying Share price (at the time of Acceptance of the Application);
LA = the Loan Amount;
VIA = the Variable Interest Amount;
FIA = the Fixed Interest Amount; and
BF = the Borrowing Fee.
Example
This example is illustrative only.

Macquarie has issued Trading Instalments over XYZ Shares that have a Maturity Date of 28 September 2008 and a Loan Amount per Instalment of $7.10. Assume on 16 April 2008, the XYZ Share price (at the time of Acceptance of a Cash Application) is $9.00 per Share, the Variable Interest Amount is $0.29, the Fixed Interest Amount is $0.16 and the Borrowing Fee is $0.11. The calculation of the First Payment (per Instalment) payable on Application is:

\[
FP = \$9.00 - \$7.10 + \$0.29 + \$0.16 + \$0.11 = \$2.46
\]

3.2 Shareholder Applications
Shareholder Applicants transfer their Shares to the Security Trustee which are then held on trust for the Holder by the Security Trustee subject to the Terms. The Shareholder Applicant may then receive a Shareholder Cashback, which can be used to reinvest in additional Macquarie Instalments or for other business or investment purposes. Shareholder Applicants potentially receive a Shareholder Cashback \(SC\) for each Instalment calculated as follows:

\[
SC = LA - VIA - FIA - BF
\]

where:
LA = the Loan Amount;
VIA = the Variable Interest Amount;
FIA = the Fixed Interest Amount; and
BF = the Borrowing Fee.

The Shareholder Cashback is payable by Macquarie to the Shareholder Applicant following Acceptance of the Shareholder Application. If the Shareholder Cashback was a negative number, the Shareholder Applicant will be required to pay that amount to Macquarie (as directed by Macquarie).

Example
This example is illustrative only.

Macquarie has issued Self Funding Instalments over XYZ Shares that have a Maturity Date of 28 June 2013 and a Loan Amount per Instalment of $15.00. Assume on 2 May 2008 the applicable Variable Interest Amount is $0.21, the Fixed Interest Amount is $1.55 and the Borrowing Fee is $0.31. The calculation of the Shareholder Cashback (per Instalment) is:

\[
SC = \$15.00 - \$0.21 - \$1.55 - \$0.31 = \$12.93
\]

As the Shareholder Cashback is positive, this amount would be payable by Macquarie to the Shareholder Applicant following Acceptance of the Shareholder Application.

Please note that superannuation entities, including self-managed super funds, cannot make Shareholder Applications (see Section 7.3).

3.3 Rollover Applications
Rollover Applicants may receive from, or may be required to pay to, Macquarie a Rollover Amount on making a Rollover Application, depending on a number of factors including the difference in the Loan Amount of the new Instalment and the amount of the Final Instalment of the Prior Series Instalment. The Rollover Amount \(RA\) is calculated as follows:

\[
RA = LA + PSR - OL - VIA - FIA - BF
\]

where:
LA = the Loan Amount;
PSR = the Prior Series Rebate (if any);
OL = the Final Instalment on the Prior Series Instalment;
VIA = the Variable Interest Amount;
FIA = the Fixed Interest Amount; and
BF = the Borrowing Fee.
Where the Rollover Amount is a positive number, that amount is payable to the Rollover Applicant following Acceptance of the Rollover Application and can be used to reinvest in additional instalments or for other business or investment purposes. Where the Rollover Amount is a negative number, the Rollover Applicant will be required to pay that amount to Macquarie (as directed by Macquarie).

**Example**

*This example is illustrative only.*

On 4 July 2008, the Applicant holds Prior Series Instalments over XYZ Shares issued by Macquarie that the Applicant would like to roll into new Trading Instalments over XYZ Shares issued by Macquarie.

The new Trading Instalments have a Maturity Date of 18 December 2008 and a Loan Amount per Instalment of $25.50. Also, a Variable Interest Amount of $0.99, a Fixed Interest Amount of $0.70 and a Borrowing Fee of $0.52 apply to the new Trading Instalments.

The Prior Series Instalment has a Final Instalment of $23.00 and Macquarie determines the Prior Series Rebate to be $0.26.

The calculation of the Rollover Amount (per Instalment) is:

\[
RA = \$25.50 + \$0.26 - \$23.00 - \$0.99 - \$0.70 - \$0.52
\]

\[
= \$0.55
\]

As the Rollover Amount is a positive number, this amount would be payable by Macquarie to the Rollover Applicant following Acceptance of the Rollover Application.

3.4

**Amounts payable on acquisition**

**3.4.1**

**The Variable Interest Amount (on Application and secondary market acquisitions)**

A Variable Interest Amount is payable for each Instalment on the date your Application is Accepted, or, where you are a Transferee, on the day you buy the Instalment in the secondary market (in either case, the “Effective Date”). The formula for calculating the Variable Interest Amount (VIA) for each Instalment on acquisition is:

\[
VIA = VIR \times \frac{LA \times VIP}{365}
\]

where:

- **VIR** = the Variable Interest Rate applicable to the Instalment (see Section 3.6.1);
- **LA** = the Loan Amount; and
- **VIP** = the number of days in the Variable Interest Period.

**What is the Variable Interest Period?**

The Variable Interest Period for the purposes of the above calculation depends on the type of Instalment, as set out below:

1. for Trading Instalments, the period from (and including) the Effective Date to (and excluding) the Maturity Date;
2. for Income Instalments and Self Funding Instalments, the period from (and including) the Effective Date to (and excluding) the earlier of the next Interest Drawdown Date and the Maturity Date (as the case may be); and
3. for Resetting Instalments, the period from (and including) the Effective Date to (and excluding) the earlier of the next Annual Reset Date and the Maturity Date (as the case may be).
Example

This example is illustrative only.

Macquarie has issued Income Instalments over XYZ Shares that have a Maturity Date of 30 June 2010 and a Loan Amount per Instalment of $5.00. Assume on 16 December 2008, the applicable Variable Interest Rate is 9.00%pa. and the next Interest Drawdown Date is 30 June 2009. The calculation of the Variable Interest Amount (per Instalment) is:

\[
\text{VIA} = 9.00\% \times \frac{\$5.00 \times 196}{365} = \$0.24
\]

How is the Variable Interest Amount paid when an Instalment is acquired?

The Variable Interest Amount (per Instalment) is payable:

(a) for Cash Applicants – from your First Payment (see Section 3.1);

(b) for Shareholder Applicants – out of your Loan proceeds or, if the Loan proceeds are insufficient, by you making an additional payment to Macquarie (see Section 3.2);

(c) for Rollover Applicants – out of your Loan proceeds and any Prior Series Rebate or, if the Loan proceeds and any Prior Series Rebate are insufficient, by you making an additional payment to Macquarie (see Section 3.3); and

(d) for a Transferee when an Instalment is purchased in the secondary market (ie. the ASX) – from the Transferee’s Loan (see Section 3.7.2).

3.4.2

The Fixed Interest Amount (on Application and secondary market acquisitions)

A Fixed Interest Amount is payable for each Instalment on the date your Application is Accepted, or, where you are a Transferee, on the day you buy the Instalment in the secondary market (in either case, the “Effective Date”). The formula for calculating the Fixed Interest Amount (FIA) for each Instalment on acquisition is:

\[
\text{FIA} = \text{FIR} \times \frac{\text{LA} \times \text{FIP}}{365}
\]

where:

FIR = the Fixed Interest Rate applicable to the Instalment (see Section 3.6.2);

LA = the Loan Amount; and

FIP = the number of days in the Fixed Interest Period.

What is the Fixed Interest Period?

The Fixed Interest Period for the purposes of the above calculation depends on the type of Instalment, as set out below:

(1) for Trading Instalments, Income Instalments and Self Funding Instalments, the period from (and including) the Effective Date to (and excluding) the Maturity Date; and

(2) for Resetting Instalments, the period from (and including) the Effective Date to (and excluding) the earlier of the next Annual Reset Date and the Maturity Date (as the case may be).

Example

This example is illustrative only.

Macquarie has issued Resetting Instalments over XYZ Shares that have a Maturity Date of 19 May 2016 and a Loan Amount per Instalment of $12.50. Assume on 9 October 2008, the applicable Fixed Interest Rate is 8.50%pa. and the next Annual Reset Date is 19 May 2009. The calculation of the Fixed Interest Amount (per Instalment) is:

\[
\text{FIA} = 8.50\% \times \frac{\$12.50 \times 222}{365} = \$0.65
\]
How is the Fixed Interest Amount paid when an Instalment is acquired?

The Fixed Interest Amount (per Instalment) is payable:

(a) for Cash Applicants – from your First Payment (see Section 3.1);

(b) for Shareholder Applicants – out of your Loan proceeds or, if the Loan proceeds are insufficient, by you making an additional payment to Macquarie (see Section 3.2);

(c) for Rollover Applicants – out of your Loan proceeds and any Prior Series Rebate or, if the Loan proceeds and any Prior Series Rebate are insufficient, by you making an additional payment to Macquarie (see Section 3.3); and

(d) for a Transferee when an Instalment is purchased in the secondary market (i.e. the ASX) – from the Transferee’s Loan (see Section 3.7.2).

3.4.3
The Borrowing Fee (on Application)

A Borrowing Fee may be payable to Macquarie when you buy an Instalment by making an Application under this PDS. The Borrowing Fee will be a percentage of your Loan Amount, as determined by Macquarie at the time the Borrowing Fee is due. The relevant Borrowing Fee percentage will depend on the type of Instalment you hold:

(a) for Trading, Resetting and Income Instalments – up to 1.5375% depending on the Series; and

(b) for Self Funding Instalments – up to 3.075% depending on the Series.

The Borrowing Fee may be reduced at Macquarie’s discretion.

The formula for calculating the Borrowing Fee (BF) for each Instalment on Application is:

$$BF = F \times LA$$

where:

$F =$ the Borrowing Fee percentage applicable to the Instalment; and

$LA =$ the Loan Amount at the time the Borrowing Fee is due.

Example

This example is illustrative only.

Macquarie has issued Self Funding Instalments over XYZ Shares that have a Maturity Date of 28 June 2013 and a Loan Amount per Instalment of $14.00. Assume on 12 February 2008, the applicable Borrowing Fee percentage is 2.05%. The calculation of the Borrowing Fee (per Instalment) is:

$$BF = 2.05\% \times 14.00 = 0.29$$

How is the Borrowing Fee paid on Application?

The Borrowing Fee (per Instalment) is payable:

(a) for Cash Applicants – from your First Payment (see Section 3.1);

(b) for Shareholder Applicants – out of your Loan proceeds or, if the Loan proceeds are insufficient, by you making an additional payment to Macquarie (see Section 3.2); and

(c) for Rollover Applicants – out of your Loan proceeds and any Prior Series Rebate or, if the Loan proceeds and any Prior Series Rebate are insufficient, by you making an additional payment to Macquarie (see Section 3.3).

3.5
Amounts payable during the term

Whether any additional Variable Interest Amounts, Fixed Interest Amounts or Borrowing Fees are payable by you during the term of your Instalment, depends on the type of Instalment you hold.

3.5.1
Trading Instalments

No additional Variable Interest Amounts, Fixed Interest Amounts or Borrowing Fees are payable during the term of a Trading Instalment.
3.5.2 Income Instalments and Self Funding Instalments

Additional Variable Interest Amounts will be payable on each Interest Drawdown Date during the term of any Income Instalments or Self Funding Instalments that you hold. Each additional Variable Interest Amount is automatically paid by increasing the Loan Amount of your Income Instalment or Self Funding Instalment. The formula for calculating each additional Variable Interest Amount (VIA) on each Interest Drawdown Date is:

\[
VIA = \frac{VIR \times LA \times VIP}{365}
\]

where:
- \(VIR\) = the Variable Interest Rate applicable to the Instalment (see Section 3.6.1);
- \(LA\) = the Loan Amount (plus the amount required to fund the Variable Interest Amount and any interest thereon); and
- \(VIP\) = the Variable Interest Period, in this case the number of days from (and including) the relevant Interest Drawdown Date to (and excluding) the earlier of the next Interest Drawdown Date and the Maturity Date.

Example

This example is illustrative only.

Macquarie has issued Income Instalments over XYZ Shares that have a Maturity Date of 30 June 2011 and a Loan Amount per Instalment (after the drawdown of the Variable Interest Amount and any interest thereon) of $11.00. Assume on 18 March 2008, the applicable Variable Interest Rate (as determined by Macquarie) is 8.50% pa. and the next Interest Drawdown Date is 30 June 2008. The calculation of the Variable Interest Amount (per Instalment) is:

\[
VIA = \frac{8.50\% \times 11.00 \times 104}{365} = \$0.27
\]

How is the Variable Interest Amount paid on an Interest Drawdown Date?

The Variable Interest Amount (per Instalment) payable is automatically paid by drawing down a further amount under the Loan and applying that portion of the Loan Amount for that purpose. No cash payments in respect of the Variable Interest Amount are required from you.

3.5.3 Resetting Instalments

Annual Reset Costs (ARC), consisting of a Variable Interest Amount (VIA), a Fixed Interest Amount (FIA) and a Borrowing Fee (BF), will be payable for each Resetting Instalment on each Annual Reset Date. The formulas for calculating these amounts on each Annual Reset Date are:

\[
ARC = VIA + FIA + BF
\]

\[
VIA = \frac{VIR \times RLA \times VIP}{365}
\]

\[
FIA = \frac{FIR \times RLA \times FIP}{365}
\]

\[
BF = \frac{F \times RLA}{365}
\]

where:
- \(VIR\) = the Variable Interest Rate applicable to the Instalment (see Section 3.6.1);
- \(FIR\) = the Fixed Interest Rate applicable to the Instalment (see Section 3.6.2);
- \(F\) = the Borrowing Fee percentage applicable to the Instalment;
- \(RLA\) = the Revised Loan Amount that will apply to your Instalment from the Annual Reset Date as a result of the Annual Reset Procedure (see Section 2.1);
- \(VIP\) = the Variable Interest Period, in this case the number of days from (and including) the Annual Reset Date to (and excluding) the earlier of the next Annual Reset Date and the Maturity Date; and
- \(FIP\) = the Fixed Interest Period, in this case the number of days from (and including) the Annual Reset Date to (and excluding) the earlier of the next Annual Reset Date and the Maturity Date.

The Borrowing Fee percentage for a Resetting Instalment on each Annual Reset Date will be up to 1.025% of the Revised Loan Amount. The Borrowing Fee may be reduced at Macquarie’s discretion.
Example

This example is illustrative only.

Macquarie has issued Resetting Instalments over XYZ Shares that have a Maturity Date of 17 November 2016 and an Annual Reset Date of 17 November each year until the Maturity Date. Assume that on 17 November 2008, the Revised Loan Amount is $11.00, the next Annual Reset Date is 17 November 2009, the Variable Interest Rate is 9.55%pa., the Fixed Interest Rate is 6.52%pa. and the Borrowing Fee percentage is 1.025% (as determined by Macquarie). The calculation of the Annual Reset Costs (per Instalment) is:

\[
\text{VIA} = 9.55\% \times \frac{11.00 \times 365}{365} = 1.05
\]

\[
\text{FIA} = 6.52\% \times \frac{11.00 \times 365}{365} = 0.72
\]

\[
\text{BF} = 1.025\% \times 11.00 = 0.11
\]

so:

\[
\text{ARC} = 1.05 + 0.72 + 0.11 = 1.88
\]

How are the Annual Reset Costs paid on an Annual Reset Date?

The Annual Reset Costs (per Instalment) are payable from the Holder's Revised Loan Amount, or to the extent necessary, any Reset Payment made by the Holder.

See Section 2 for more information on the Annual Reset Procedure and how each of these amounts is paid on the Annual Reset Date.

3.6 Fixed and Variable Interest Rates

3.6.1 The Variable Interest Rate

The Variable Interest Rate is used (as shown in Sections 3.4 and 3.5) to determine each Variable Interest Amount payable in relation to your Instalment. The Variable Interest Rate applicable to your Instalment will be determined by Macquarie on the date the Variable Interest Amount is payable and, in the case of an Interest Drawdown Date, by reference to the BBSY Rate plus a margin of up to 2.5%pa. (at Macquarie’s discretion). Upward or downward movements in market interest rates are likely to have a corresponding effect on the Variable Interest Rate.

3.6.2 The Fixed Interest Rate

The Fixed Interest Rate is used (as shown in Sections 3.4 and 3.5) to determine each Fixed Interest Amount payable in relation to your Instalments. The Fixed Interest Rate applicable to your Instalments will be determined by Macquarie on the date the Fixed Interest Amount is payable. The table below shows:

- some of the factors which may affect the Fixed Interest Rate applicable to your Instalments; and
- how changes in those factors (assuming all other variables are constant) may affect the level of the Fixed Interest Rate.

\[
\begin{array}{|c|c|c|}
\hline
\text{Variable} & \text{Change in} & \text{Effect on} \\
& \text{Variable} & \text{Fixed} \\
& & \text{Interest Rate} \\
\hline
\text{Underlying Share Price} & ▲ & ▼ \\
\text{Volatility of Share Price} & ▲ & ▲ \\
\text{Current Loan Amount} & ▼ & ▼ \\
\text{Market Interest Rates} & ▲ & ▼ \\
\hline
\end{array}
\]

You should be aware that:

1. other factors including current and forecasted economic conditions (eg. inflation) may affect the level of the Fixed Interest Rate; and
2. there may be simultaneous moves in two or more of the variables listed above.

3.7 Purchases and sales of Instalments on the secondary market

3.7.1 Factors affecting the value of Instalments on the ASX

The price (or value) of Instalments on the ASX (the secondary market) is not fixed and will vary depending on a number of factors. The table on the following page shows:

- some of the factors which may affect the value of Instalments in the secondary market; and
- how changes in those factors (assuming all other variables are constant) may affect the value of Instalments in the secondary market.
### Table: Effect of Variable Changes on Value in Secondary Market

<table>
<thead>
<tr>
<th>Variable</th>
<th>Change in Variable</th>
<th>Effect on Value in Secondary Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Share Price</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Time Remaining To Maturity and/or the next Annual Reset Date or Interest Drawdown Date (if applicable)</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Variable Interest Rate</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Fixed Interest Rate</td>
<td>▲</td>
<td>▲</td>
</tr>
</tbody>
</table>

You should be aware that:

1. other factors including current and forecasted economic conditions (eg. inflation) may affect the value of Instalments; and
2. there may be simultaneous moves in one or more of the variables listed above.

### 3.7.2 Secondary market purchases

If an Instalment is purchased on the ASX (eg. the secondary market):

1. the seller will receive a refund of the Variable Interest Amount and Fixed Interest Amount relating to the period from the date of sale to the date to which the Variable Interest Amount and Fixed Interest Amount (as applicable) have been prepaid. These amounts will be used to repay part of the seller’s Loan;
2. where the sum of the Variable Interest Amount and Fixed Interest Amount for the buyer’s Instalments is greater than the sum of the Variable Interest Amount and Fixed Interest Amount refunded to the seller, Macquarie will pay to the seller the Break Cost. The Break Cost will be used to repay part of the seller’s Loan; and
3. where the sum of the Fixed Interest Amount and Variable Interest Amount for the buyer’s Instalments is less than the sum of the Variable Interest Amount and Fixed Interest Amount refunded to the seller, the seller will pay to Macquarie the Break Cost. The Break Cost will be added onto and will form part of the seller’s Loan.

The buyer will then receive a Loan from Macquarie equal to the current Loan Amount of the Instalment which is used to:

1. prepay the Variable Interest Amount and Fixed Interest Amount due in respect of the Instalment acquired (see Section 3.4 for information on the relevant calculations); and
2. repay the balance of the seller’s Loan.

### Example

*This example is illustrative only.*

Assume the seller originally purchased a Trading Instalment over XYZ Shares on 25 March 2008 with a Maturity Date of 25 September 2008 and a Loan Amount per Instalment of $11.00. The Variable Interest Rate and Fixed Interest Rate applicable to this Instalment on this date were 9.50%pa. and 6.50%pa., respectively.

Assume that on 4 June 2008, the Variable Interest Rate and Fixed Interest Rate have risen to 9.95%pa. and 7.10%pa., the Loan Amount has remained at $11.00, and the seller decides to sell the Instalment.

#### Seller’s interest refund

The seller’s interest refund (IR) is calculated as:

\[
IR = \left( \text{VIR} \times LA \times \frac{D}{365} \right) + \left( \text{FIR} \times LA \times \frac{D}{365} \right)
\]

\[
= \left( 9.50\% \times $11.00 \times \frac{113}{365} \right) + \left( 6.50\% \times $11.00 \times \frac{113}{365} \right)
\]

\[
= $0.54
\]

where:

- **VIR** = the Variable Interest Rate at which the Variable Interest Amount was prepaid on the Instalment;
- **FIR** = the Fixed Interest Rate at which the Fixed Interest Amount was prepaid on the Instalment;
- **LA** = the current Loan Amount; and
- **D** = the number of days from (and including) the date of sale to (and excluding) the date to which the Fixed Interest Amount or Variable Interest Amount (as the case may be) have been prepaid.
Buyer’s Interest Amounts

The buyer prepays:

1. the Variable Interest Amount for the relevant Variable Interest Period (see Section 3.4). Using the formula from Section 3.4, the buyer’s Variable Interest Amount (VIA) is calculated as:

\[
VIA = \frac{9.95\% \times 11.00 \times 113}{365} = \$0.34
\]

2. the Fixed Interest Amount for the relevant Fixed Interest Period (see Section 3.4). Using the formula from Section 3.4, the buyer’s Fixed Interest Amount (FIA) is calculated as:

\[
FIA = \frac{7.10\% \times 11.00 \times 113}{365} = \$0.24
\]

Seller’s Break Cost

As the sum of the Fixed Interest Amount and Variable Interest Amount applicable to the buyer’s Instalment is greater than the refund of the Fixed Interest Amount and Variable Interest Amount to the seller, a Break Cost (BC) is payable by Macquarie to the seller, calculated as:

\[
BC = IA - IR
\]

\[
= \$0.58 - \$0.54 = \$0.04
\]

where:

\[
IA = \text{the sum of the Fixed Interest Amount and Variable Interest Amount paid by the buyer; and}
\]

\[
IR = \text{the sum of the Fixed Interest Amount and Variable Interest Amount refunded to the seller.}
\]

On the date of sale of the Instalment, the buyer will drawdown a Loan equal to the Loan Amount of $11.00. From the Loan proceeds, $0.58 is paid to Macquarie as a prepayment of the Variable Interest Amount ($0.34) and the Fixed Interest Amount ($0.24) and the remainder of $10.42 is used to repay the seller’s Loan. The refund of the Variable Interest Amount ($0.32) and the Fixed Interest Amount ($0.22) to the seller (total $0.54) plus the Break Cost ($0.04) are used to repay the balance of the seller’s Loan of $11.00.

3.8

Adviser remuneration

3.8.1

Fees and payments to your Adviser

In addition to the fees referred to in the Adviser Fee Table (on the following page), a member of the Macquarie Group may also make additional discretionary payments to your financial adviser. These additional payments (if any) are based on a number of factors including the volume of Instalments or other Macquarie Group products sold to your financial adviser’s clients and the relationship between your financial adviser and the Macquarie Group. As these factors may be unrelated to your Instalments and are not deducted from your investment, it is not possible to express these payments as a percentage of your investment in Instalments. These payments are made using the Macquarie Group’s own resources. You should ask your financial adviser for more information about any such arrangements.

Macquarie or any member of the Macquarie Group may from time to time also provide or receive non-monetary benefits, sometimes known as “soft dollar commissions”. These may be provided to (or received from), for example, financial advisers or brokers. These benefits may include, but are not restricted to, research and market information, free or subsidised services, accommodation, broking arrangements, software and sponsorship of seminars and conferences. These benefits, when provided, will be paid by Macquarie or the relevant member of the Macquarie Group out of their own resources.
<table>
<thead>
<tr>
<th>Type of Fee or Cost</th>
<th>Amount</th>
<th>How and When Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adviser Placement Fee</td>
<td>Trading Instalments, Income Instalments and Resetting Instalments</td>
<td>This amount may be paid by Macquarie to your adviser or broker following your investment. It is paid at Macquarie’s discretion out of Macquarie’s own funds.</td>
</tr>
<tr>
<td></td>
<td>Up to 1.65% (incl. GST) of the Loan Amount (per Instalment) at the time of Acceptance of your Application, depending on the term of the Instalment.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Self Funding Instalments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Up to 3.3% (incl. GST) of the Loan Amount (per Self Funding Instalment) at the time of Acceptance of your Application, depending on the term of the Self Funding Instalment.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Example</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assume your Application for 10,000 Trading Instalments with a Loan Amount (per Instalment) of $2.00 is Accepted and the applicable Adviser Placement Fee percentage is 1.65% (incl. GST).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In this case the Adviser Placement Fee paid to your adviser by Macquarie (out of Macquarie’s own funds) will be $330.00 ($2.00 x 10,000 x 1.65%) incl. GST.</td>
<td></td>
</tr>
<tr>
<td>Adviser Discretionary Payment</td>
<td>Up to 1.1% (incl. GST) of the Loan Amount (per Instalment) at the time of calculation.</td>
<td>This amount may be paid by Macquarie to your adviser or broker following your investment. It is paid at Macquarie’s discretion out of Macquarie’s own funds.</td>
</tr>
<tr>
<td></td>
<td>Example</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assume you have 5,000 Instalments with a Loan Amount (per Instalment) of $4.50 and the applicable Adviser Discretionary Payment percentage is 1.1% (incl. GST).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In this case the Adviser Discretionary Payment paid to your adviser by Macquarie (out of Macquarie’s own funds) will be $247.50 ($4.50 x 5,000 x 1.1%) incl. GST.</td>
<td></td>
</tr>
<tr>
<td>Adviser Trailing Payment (Self Funding Instalments)</td>
<td>Up to 0.275%pa. (incl. GST) (and in some cases up to 0.55%pa. (incl. GST)) of the Loan Amount (per Self Funding Instalment) at the time of calculation.</td>
<td>This amount may be paid annually by Macquarie to your adviser or broker. It is paid at Macquarie’s discretion out of Macquarie’s own funds.</td>
</tr>
<tr>
<td></td>
<td>Example</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assume you have 1,000 Self Funding Instalments with an applicable Adviser Trailing Payment percentage of 0.275%pa. (incl. GST) and the Loan Amount (per Instalment) at the time of calculation is $6.50.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In this case the Adviser Trailing Payment paid to your adviser by Macquarie (out of Macquarie’s own funds) will be $17.88 ($6.50 x 1,000 x 0.275%) incl. GST.</td>
<td></td>
</tr>
<tr>
<td>Adviser Reset Commission (Resetting Instalments)</td>
<td>Up to 1.1% (incl. GST) of the Revised Loan Amount per Resetting Instalment.</td>
<td>This amount may be paid by Macquarie to your adviser or broker following an Annual Reset Date. It is paid at Macquarie’s discretion out of Macquarie’s own funds.</td>
</tr>
<tr>
<td></td>
<td>Example</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assume that you hold 6,500 Resetting Instalments that will, as of the upcoming Annual Reset Date, have a Revised Loan Amount (per Instalment) of $7.25 and the applicable Adviser Reset Commission percentage is 1.1% (incl. GST).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In this case the Adviser Reset Commission paid to your adviser by Macquarie (out of Macquarie’s own funds) will be $518.38 ($7.25 x 6,500 x 1.1%) incl. GST.</td>
<td></td>
</tr>
</tbody>
</table>

Note: Adviser fees for Instalments are paid by Macquarie on the basis that if you change your adviser and notify Macquarie in writing of that change, any adviser fees payable after such notification, will be paid to your new adviser only.
3.8.2 Other fees

When you buy Instalments or continue to hold existing Instalments, your adviser or broker may charge you commission or other fees, including brokerage. Any fees or expenses payable in relation to buying Instalments or continuing to hold Instalments may depend on, among other things, your arrangements with your adviser or broker.

3.9 Other fees, costs and expenses

3.9.1 Equalisation Amount

Where:

(1) in relation to a Self Funding Instalment, an Ordinary Dividend or Special Dividend is paid; or
(2) in relation to a Trading Instalment, Income Instalment or Resetting Instalment, a Special Dividend is paid,

which is not fully franked and you are a non-resident, have not provided a TFN or ABN to Macquarie, or have not notified us of a relevant exemption:

■ the Security Trustee may be required to withhold an amount of Tax from the relevant Dividend and pay such Tax to the ATO;

■ the remainder of the relevant Dividend will be used to reduce the Loan Amount of your Instalments. The reduction in your Loan Amount will be effective from the ex-dividend date relevant to that Dividend;

■ Macquarie will pay to you an amount equal to such Tax withheld (Equalisation Amount) which will also be used to reduce the Loan Amount of your Instalments; and

■ you will be required to pay Macquarie the Equalisation Amount within five Business Days of the ex-date for the relevant Dividend. If you fail to pay the Equalisation Amount, Macquarie may enforce its Security Interest and terminate some or all of your Instalments to recover this amount.

Example

This example is illustrative only.

The table below shows how the Loan Amount will vary for a hypothetical Instalment over XYZ Shares, assuming XYZ pays an unfranked Special Dividend of 4 cents per Share with an ex-dividend date of 19 February 2010.

<table>
<thead>
<tr>
<th>TFN Provided</th>
<th>TFN Not Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount immediately before Special Dividend</td>
<td>$1.24</td>
</tr>
<tr>
<td>19 February 2010 – unfranked Special Dividend of $0.04</td>
<td>($0.04)</td>
</tr>
<tr>
<td>Equalisation Amount advanced by Macquarie (per Instalment)</td>
<td>Nil</td>
</tr>
<tr>
<td>Reduced Loan Amount</td>
<td>$1.20</td>
</tr>
<tr>
<td>Equalisation Amount owing by Holder (per Instalment)</td>
<td>Nil</td>
</tr>
</tbody>
</table>

* Net of withholding tax on the dividend for a resident tax payer where TFN/ABN was not provided (and an exemption does not apply). This example assumes a tax rate of 46.5%.

The Holder is required to pay the Equalisation Amount of $0.0186 per Instalment to Macquarie within five Business Days of 19 February 2010 (being the ex-date for the Special Dividend).

3.9.2 Stamp duty

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

3.9.3 Taxes

Where the Security Trustee receives a demand or assessment for any Tax in respect of your Instalments or your Underlying Shares, the Security Trustee may pay that amount and you must pay an amount equal to such Tax to the Security Trustee on demand.

If GST becomes payable by Macquarie or the Security Trustee in connection with any supply made to you under or in connection with this PDS, then Macquarie or the Security Trustee may require you to pay an additional amount on account of GST.

3.9.4 Other costs

If you do nothing at Maturity, or Macquarie enforces its Security Interest in respect of your Instalments, other fees, costs and expenses incurred in connection with the sale of the Underlying Share (ie. any brokerage or tax) must be paid by you (see Section 5.4).

If you elect to make any payment by direct debit or cheque, a processing fee may be payable if there are insufficient funds in your nominated account.
Risks you Should Consider

An investment in Instalments is risky and may decrease as well as increase in value. Instalments should not be seen as predictable low-risk investments. Before investing in Instalments you should carefully consider the significant risks that may affect the performance and value of your investment. You should be aware that you may lose some or all of the money you invest in Instalments.

This Section is not a comprehensive summary of all the risks of investing in Instalments but highlights particular risks that Macquarie encourages you to consider in detail and discuss with your financial adviser.

Your investment may be exposed to risks including the following risks which have been divided into categories:

(1) risks specific to Instalments (Sections 4.1 to 4.10); and

(2) general risks (Sections 4.11 to 4.13).

You should only consider investing in Instalments if you have experience in options, warrants and leveraged transactions. Before making any investment decision, you should carefully consider, with your adviser, whether Instalments are appropriate for you.

RISKS SPECIFIC TO INSTALMENTS

4.1 Factors affecting the value of Instalments

The value at which you can buy or sell Instalments is likely to be affected by factors such as the Loan Amount, the price of the Underlying Share, the volatility of that price, the future expected Dividends, the time remaining to the earlier of the next Interest Drawdown Date (if any), Annual Reset Date (if any) and the Maturity Date, market interest rates and other factors and general risks applicable to trading on the ASX. Instalments may become significantly less valuable during their term and, in certain circumstances, you may lose some or all of the money you invested.

In particular, increases in the Variable Interest Rate and/or Fixed Interest Rate may increase the amount of any Variable Interest Amount and/or Fixed Interest Amount that you have to pay during the term of your Income Instalments, Self Funding Instalments and Resetting Instalments.
4.2 Leveraged Investment

4.2.1 Leverage

Compared to a direct holding in the Underlying Share, losses and gains on Instalments can be magnified because of the Loan (leverage) incorporated within the Instalments and the interest you pay on the Loan. If the Underlying Share price performs negatively, or even stays the same, the value of an Instalment will decrease at a greater rate than the Share.

As an example, assume you have $10,000 to invest, XYZ Shares are trading at $10.00 and Instalments issued by Macquarie over XYZ Shares with a Loan Amount of $6.00 are trading at $5.00. This means that you can either invest your $10,000 directly in 1,000 XYZ Shares or you can invest in 2,000 Instalments and get exposure to the performance of 2,000 XYZ Shares. As the Instalments in this case have provided exposure to double the number of XYZ Shares, if the XYZ Share price falls to $9.00, the value of your investment in Instalments may fall by up to double the amount that a direct investment in the Shares would have fallen.

If you purchase Instalments with a higher level of gearing you will generally be required to pay a greater amount of interest, hence you will generally require the Underlying Share price to increase by a greater amount to make a profit from your investment than if you had purchased an Instalment with a lower level of gearing. In the same way, the value of your Instalment could decrease even if the Underlying Share price increases if such increase is not sufficient to cover your accrued interest costs.

Leverage is determined by dividing the current Loan Amount by the Underlying Share price. The higher the leverage of your Instalments, the riskier your investment will be. You should consider the risks of leverage and seek independent financial advice prior to investing in Instalments.

4.2.2 Variable leverage

The initial gearing levels shown for a Series of Instalments in the At a Glance table are only valid on the date of the SPDS for that Series. As the Loan Amount and the Underlying Share price change throughout the term of the Instalment, the gearing level may change materially.

As an example, assume that on the date of the relevant SPDS, XYZ Shares are trading at $10.00 and Regular Instalments over XYZ Shares are issued with a Loan Amount of $6.00, resulting in an initial gearing level of 60%. Two months later, XYZ Shares have fallen in value to $6.50 while the Loan Amount of the Regular Instalment has stayed at $6.00. This would mean that the current gearing level of the Regular Instalment has increased to approximately 92% ($6.00/$6.50) making the investment highly leveraged and therefore riskier than it was when the Instalment was first issued.

You can obtain the current Loan Amount for a Series by contacting your stockbroker or adviser or online at www.macquarie.com.au/instalments.

4.2.3 Increasing the Loan Amount by the Variable Interest Amount

On each Interest Drawdown Date for an Income Instalment and Self Funding Instalment, an additional Variable Interest Amount is payable. Each additional Variable Interest Amount is automatically paid by drawing down on the Loan of your Income Instalment or Self Funding Instalment and applying the additional Loan Amount for that purpose (see Section 3.5).

As each Variable Interest Amount payable on an Interest Drawdown Date increases the Loan Amount of your Income Instalment or Self Funding Instalment, each time a Variable Interest Amount is added to your Loan Amount:

1. your Instalment becomes more highly leveraged; and
2. the amount you need to pay in order to receive the Underlying Share increases by the Variable Interest Amount.
4.3 Resetting Instalments – amounts payable on an Annual Reset Date

For Resetting Instalments, on each Annual Reset Date you may be required to pay a Variable Interest Amount, a Fixed Interest Amount and a Borrowing Fee, together with any reduction in the Loan Amount of your Resetting Instalments from your own funds if you wish to continue holding your Resetting Instalments. If you fail to make the required payments, Macquarie may enforce its Security Interest and terminate some or all of your Resetting Instalments to recover these amounts (see Section 2.1).

4.4 Potential conflicts of interest

You should be aware that Macquarie will generally hedge its exposure under Instalments, though is not obliged to. Macquarie’s hedging activities may be conducted in Shares, futures contracts, options or other derivatives related to the Underlying Share. Macquarie may effect or unwind a substantial part of its hedging positions as the Instalment approaches its Maturity Date or at other times throughout the term of the Instalment. Such hedging activities may affect the value of the Underlying Share and the Instalments.

Other conflicts of interest may also arise in relation to Instalments. Please see Section 7.2 for more information about potential conflicts of interests and other activities of members of the Macquarie Group.

4.5 Macquarie’s discretions

You should note that the Terms confer a number of discretions on Macquarie which could affect the value of your Instalments. These include the powers to:

■ bring the Maturity Date forward on the occurrence of an Extraordinary Event (see Section 5.8);
■ determine what adjustments may be appropriate to your Instalments in the case of a corporate action (see Section 5.9); and
■ vary or make adjustments to the Terms of the Instalments without your consent (see Section 5.11).

You do not have the power to direct Macquarie about the exercise of any discretion. However, many of the discretions may only be exercised by Macquarie with the consent of the ASX.

4.6 Entitlement to franking credits

Your entitlement to franking credits is subject to certain conditions being satisfied. Failure to satisfy these conditions may deny you the benefit of any franking credits that may be attached to any Dividends you receive in relation to your Instalments (see Section 6.5).

4.7 Non-provision of a TFN/ABN

You are not legally required to provide your TFN or ABN, however, if you do not (and no exemption applies or you are a non-resident) and:

1) in relation to a Self Funding Instalment, an Ordinary Dividend or Special Dividend is paid; or

2) in relation to a Trading Instalment, Income Instalment or Resetting Instalment, a Special Dividend is paid,

which is not fully franked:

■ the Security Trustee may be required to withhold an amount of Tax from the relevant Dividend and pay such Tax to the ATO;
■ the remainder of the relevant Dividend will be used to reduce the Loan Amount of your Instalments;
■ Macquarie will pay to you an amount equal to such Tax withheld (Equalisation Amount) which will also be used to reduce the Loan Amount of your Instalments; and
■ you will be required to pay Macquarie the Equalisation Amount within five Business Days of the ex-date for the relevant Dividend.

The Equalisation Amount is not subject to the limited recourse provision of the Loan Agreement. Macquarie has the right to recover the Equalisation Amount by receiving payment directly from you or, if you fail to pay this amount, by enforcing its Security Interest and terminating some or all of your Instalments to recover this amount.

An obligation to pay the Equalisation Amount could give rise to further complications if you are a superannuation entity (see Section 7.3).
4.8 Counterparty risk

Macquarie

The value of your Instalments depends on, among other things, the ability of Macquarie to perform its obligations under the Terms. The obligations of Macquarie under the Instalments:

- are not deposit liabilities;
- are not guaranteed by any other party; and
- are unsecured contractual obligations of Macquarie which will rank equally with Macquarie’s other unsecured contractual obligations and unsecured debt (other than liabilities mandatorily preferred by law).

In this regard section 13A(3) of the Banking Act 1959 (Cth) provides that if Macquarie becomes unable to meet its obligations, the assets of Macquarie in Australia shall be used to meet its deposit liabilities in Australia in priority to all its other liabilities including the obligations under the Instalments.

You must make your own assessment of the ability of Macquarie to meet its obligations. A description of Macquarie is set out in Section 7.1 to assist you in making this assessment.

Security Trustee

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

The value of the Instalments depends on, among other things, the ability of the Security Trustee to fulfill its obligations under the Terms.

4.9 Trading risks

4.9.1 Possible illiquidity of trading market

You should be aware that there is no indication as to how the Instalments will trade in the secondary market or whether that market will be liquid or illiquid. However, Macquarie has market-making obligations under Section 10 of the ASX Market Rules which it must comply with for each Series that is listed on the ASX.

4.9.2 Suspension of trading in Instalments

Trading in Instalments on the ASX may be halted or suspended by the ASX in accordance with the ASX Market Rules. This may occur, for example, whenever the ASX deems such action appropriate to protect investors or if Macquarie fails to comply with the ASX Market Rules or the Terms.

4.9.3 De-listing or suspension of Shares

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

4.9.4 Deferred Settlement

A Series of Instalments may, if so specified in the SPDS for the Series, commence quotation on the ASX initially on a Deferred Settlement basis. The SPDS will specify the date on which normal trading of the Instalments on the ASX is expected to begin. Instalments may also trade on a Deferred Settlement basis at other times throughout their term, including immediately following an Annual Reset Date in the case of a Series of Resetting Instalments.

What is the effect of Deferred Settlement?

Where Deferred Settlement applies to a Series of Instalments, all trades of that Series before the Deferred Settlement Period ends will not settle until the day which is generally three Business Days (on the relevant clearance system) after the Instalments commence trading on the ASX on a normal basis (the “Deferred Settlement Date”). Accordingly if you buy a Series of Instalments which is trading on a Deferred Settlement basis on the ASX, you will not make a payment until the Deferred Settlement Date and conversely the seller will not receive payment until the Deferred Settlement Date.
Section 4
Risks you Should Consider

4.10 Taxation considerations

The taxation considerations summarised in Section 6 of this PDS are based on a number of assumptions which are set out in Section 6.1. In considering the potential taxation outcomes of investing in Instalments, it is important that you consider the applicability of those assumptions in relation to your investment in Instalments.

The taxation outcome of investing in Instalments depends on your individual circumstances and Macquarie recommends you seek independent taxation advice which takes into account your personal circumstances before making any investment decision.

4.12 Past performance of the Shares

Past performance of the Shares is not a reliable guide to future performance which may differ materially.

4.13 Change of law

Changes to laws or their interpretation, or government administrative practices, including taxation and corporate regulatory laws and practices, could have a negative impact on the returns of an Instalment.

GENERAL RISKS

4.11 Investment decisions

It is impossible in a document of this type to take into account what you currently have, and what you want and need for your financial future. Accordingly, nothing in this PDS is a recommendation by us or any other member of the Macquarie Group about an investment in Instalments, any particular Listed Entity or any other financial product. You should not rely on this PDS as the sole basis for any investment decision in relation to Instalments and any particular Listed Entity, but should obtain additional information about the Listed Entity, and where necessary, obtain independent financial and tax advice.
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Consent to recording
This Section is a summary of some of the terms governing the Instalments. The complete terms (Terms) are set out in the Trust Deed (a copy of which is available from Macquarie) and the Loan Agreement (a sample of which is in Section 8). You should read and understand the Terms before investing in Instalments. You should also obtain professional advice which takes into account your particular investment needs, objectives and financial circumstances. In the event of any inconsistency between this summary and the Terms, the Terms will prevail.

5.1 Applications

5.1.1 How to apply
Information on how to apply is set out in Section 10.

5.1.2 Acceptance of an Application
Subject to the satisfaction of various conditions subsequent (including the payment by you of any monies owing and the transfer by you (if you are a Shareholder Applicant) of the relevant Shares to the Security Trustee), Acceptance of your Application will occur when:

(a) the Loan Agreement is executed and Macquarie instructs the Registrar to issue the Instalments to you; or

(b) Macquarie notifies you (or your agent) of your Application Number, whether by mail or otherwise. If Macquarie gives such advice by mail it will be taken to have been given on Macquarie posting the advice, whichever is first to occur.

Macquarie may accept or reject your Application (in its absolute discretion and for any reason (in whole or in part)). Macquarie may also accept Applications for less than the specified minimum application.

5.1.3 Application monies
Any application monies held by Macquarie prior to the Acceptance of an Application will be held in a non-interest bearing trust account or as otherwise specified in the SPDS for the Series.

5.1.4 Confirmation
If your Application is successful, as soon as practicable after you have been registered as the Holder of the Instalments, the Registrar will send you a Holding Statement and confirmation confirming:

■ the number and Series of Instalments issued to you;

■ the allocation of the Loan Amount and other details relating to the Loan, including the Variable Interest Amount, the Fixed Interest Amount and the Effective Date;

■ if you are a Shareholder or Rollover Applicant, the amount of any cash paid to, or paid by, you (as the case may be); and

■ the amount of any Borrowing Fee paid by you.

5.2 The Loan
Macquarie is offering to make a limited recourse Loan available to you, which will be secured by a mortgage over the Underlying Share.

5.2.1 What does “limited recourse Loan” mean?
The Loan is limited recourse meaning that if you do not repay the Loan at Maturity, the only action Macquarie can take is to enforce its Security Interest, sell the Underlying Share, and use the sale proceeds to repay the Loan. If the sale proceeds of the Underlying Share are less than the amount of the Loan, you do not have to pay the rest of the Loan to Macquarie (see Section 5.4).

Note: the Equalisation Amount (see Section 3.9.1) is not subject to the limited recourse provisions of the Loan Agreement.

5.2.2 What is the amount of the Loan?
The amount of the Loan for each Instalment is variable. It is set on the date of the SPDS for the Series (see “Initial Loan Amount per Instalment” in the relevant SPDS) and may afterwards be adjusted in accordance with the Terms. Every adjustment to the Loan Amount will be notified to you via an announcement to the ASX.

You can obtain the current Loan Amount at any time by telephoning Macquarie on 1800 803 010 or your financial adviser or stockbroker. You can also refer to www.macquarie.com.au/instalments.
5.2.3 What is the Loan used for when I first acquire the Instalment?

Cash Applications

For Cash Applications, the Loan proceeds, together with a portion of your First Payment, will be used to acquire the Underlying Share.

Shareholder Applications

For Shareholder Applications, the Loan proceeds will be used (to the extent available):

1. to pay the Variable Interest Amount and Fixed Interest Amount due (see Section 3.4);
2. to pay the Borrowing Fee due (see Section 3.4); and
3. if the balance of the Loan proceeds after the allocations described above is greater than zero, you can elect to reinvest that balance in additional Instalments, otherwise, that amount will be paid to you in cash. Any amount paid to you must be used for business or investment purposes. If the balance of the Loan after the allocations described above is a negative amount then you must pay that amount to Macquarie before your Application will be Accepted.

Rollover Applications

For Rollover Applications, the Loan proceeds will be used (to the extent available):

1. to pay the Fixed Interest Amount and Variable Interest Amount due (see Section 3.4);
2. to pay the Borrowing Fee due (see Section 3.4);
3. to pay the Final Instalment in relation to all Prior Series Instalments for which your Application has been Accepted; and
4. if the balance of the Loan Amount (plus any Prior Series Rebate) after the allocations described above is greater than zero, you can elect to reinvest that balance in additional Instalments, otherwise, that amount will be paid to you in cash. Any amount paid to you must be used for business or investment purposes. If the balance of the Loan (plus any Prior Series Rebate) after the allocations described above is a negative amount then you must pay that amount to Macquarie before your Application will be Accepted.

Loans to Holders who acquire Instalments on the secondary market

If you acquire Instalments on the ASX or off-market, your Loan will be used to pay the Fixed Interest Amount and Variable Interest Amount due and to repay the previous Holder’s Loan (see Section 3.7).

5.2.4 What is the Fixed Interest Rate and the Variable Interest Rate?

The Fixed Interest Rate and Variable Interest Rate may differ depending on the Underlying Share and the particular Instalment (see Section 3.6).

5.3 Completion Notices and repaying the Loan

5.3.1 What is the effect of giving a Completion Notice?

If you deliver a valid Completion Notice (see below) and repay the Loan:

1. the Security Interest in respect of the relevant Underlying Share will be discharged;
2. the relevant Instalment will be cancelled; and
3. Macquarie will organise for the Underlying Share to be transferred to you within 20 Business Days of the date on which you gave a valid Completion Notice.

5.3.2 How do I give a Completion Notice and repay the Loan?

If you wish to give a Completion Notice for Instalments that you hold, you must:

1. lodge with Macquarie, no later than 6.00pm (Sydney time) on the Maturity Date, a duly completed Completion Notice; and
2. repay the Loan to Macquarie (the proceeds of such payment must be received by Macquarie in cleared funds within five Business Days of the day the Completion Notice is given to Macquarie).
5.3.3 Who can give a Completion Notice and repay the Loan?

A Completion Notice may be given by:

1. the person who appears on the Register as the Holder of the relevant Instalment at the time the Completion Notice is given; or

2. a person who, although not registered as the Holder when the Completion Notice is given, is entitled to be registered as the Holder of the Instalment (i.e., a purchaser on the ASX), provided that person becomes the registered Holder within five Business Days of the day the Completion Notice was given.

A Completion Notice given by such person will be recognised as effective provided that no other Completion Notice is given in respect of the same Instalment by a person who, to the knowledge of, or in the reasonable opinion of, Macquarie, became entitled to be registered as the Holder at a later time than the person who gave the earlier Completion Notice.

5.3.4 Can I give a Completion Notice and repay the Loan before Maturity?

You may give a Completion Notice and repay the Loan for any Instalments that you hold at any time before Maturity. There is no interest refund if you repay the Loan early.

5.3.5 Do I have to give a Completion Notice and repay the Loan?

You do not have to give a Completion Notice or repay the Loan (see Section 5.4).

5.3.6 What if I do not repay the Loan in full?

If you do not repay the Loan for all Instalments covered by the Completion Notice, Macquarie will treat your Completion Notice as only relating to the number of Instalments for which you have repaid the Loan. For example, assume you have 10,000 Instalments with a Loan Amount of $1.00 per Instalment. If you give a Completion Notice in respect of all 10,000 Instalments but only pay $9,000 as a repayment of the Loan, Macquarie will treat your Completion Notice as only relating to 9,000 Instalments.

Macquarie and the Security Trustee may determine which of your Instalments and Underlying Shares the Completion Notice will relate to.

5.3.7 What if the Underlying Share is trading on a Deferred Settlement basis?

If the Underlying Share or the Instalment are trading on a Deferred Settlement basis at the time you give a Completion Notice, the Completion Notice shall not be deemed to be given until the end of the Deferred Settlement Period.

5.3.8 What if the Underlying Share includes a fraction of a Share?

Any fractions of Shares which are included in your Instalments are disregarded in relation to the giving of a Completion Notice.

5.4 Failure to repay the Loan

If you:

1. do not give a valid Completion Notice as and when required (which is accepted by Macquarie); or

2. give a valid Completion Notice and Macquarie does not receive your Loan repayment in cleared funds within five Business Days of the date on which the Completion Notice was given,

Macquarie may sell the Underlying Shares pursuant to the Security Interest and your Instalments may be cancelled. In these circumstances, you may receive an Assessed Value Payment equal to the greater of:

(a) the sale proceeds of the Underlying Share less the Secured Monies (see Section 5.16); and

(b) zero.
Example

This example is illustrative only.

Assume you have not given a valid Completion Notice on Maturity. Assume the sale proceeds of the Underlying Share were $1.85 and the Secured Monies are $0.8685 (which includes the Loan Amount of $0.85 and the costs of sale equal to 1% of the sale proceeds). You will receive (per Instalment) the greater of:

(a) Sale Proceeds less the Secured Monies

\[
\text{Sale Proceeds less the Secured Monies} = \frac{1.85 - (0.85 + 0.0185)}{0.9815}; \text{ and}
\]

(b) zero

You would therefore receive a payment of $0.9815 per Instalment and your Instalments would be cancelled. Should the sale proceeds be less than the Secured Monies, you would not have received any payment and your Instalments would have been cancelled (see Section 5.2.1).

5.5 Failure by Macquarie or the Security Trustee

You may give a default notice to Macquarie if:

(1) the Security Trustee fails to deliver the Underlying Share to you within 20 Business Days of Macquarie receiving an effective Completion Notice and your Loan repayment in cleared funds; or

(2) if Macquarie fails to pay the Final Instalment on a Prior Series Instalment where your Rollover Application has been Accepted.

On receipt of the default notice, Macquarie must pay you the Liquidated Damages Amount (if any) within 10 Business Days of the day on which the Liquidated Damages Amount can be determined. The Liquidated Damages Amount (LDA) is calculated as:

\[
\text{LDA} = 1.1 \times \text{Market Value of Underlying Share}
\]

In these circumstances, the Market Value of the Underlying Share is the Weighted Average Sale Price of the Shares on the ASX on the five Trading Days following the date the effective Completion Notice was given or on which Macquarie failed to pay the Final Instalment.

Once the Liquidated Damages Amount is paid by Macquarie, your Instalment will be cancelled, you will no longer have a Beneficial Interest in the Underlying Share and Macquarie and the Security Trustee will have no further obligations to you.

Example

This example is illustrative only.

Assume it is the Maturity Date of your Instalments and you have delivered a valid Completion Notice and have repaid the Loan. Assume the Market Value of the Underlying Share is $3.60. If the Security Trustee does not deliver the Underlying Shares to you within 20 Business Days of the Completion Notice becoming effective, Macquarie will pay you the Liquidated Damages Amount calculated as:

\[
\text{LDA} = 1.1 \times \text{Market Value of Underlying Share}
\]

\[
= 1.1 \times 3.60
\]

\[
= 3.96 \text{ per Instalment}
\]

5.6 Dividends and other tax information

5.6.1 Dividends and franking credits

Dividends

The treatment of Ordinary Dividends and cash Special Dividends for Instalments is set out in Section 1.2 of this PDS. Please be aware that where an Ordinary Dividend or Special Dividend is applied to reduce the Loan Amount of your Instalments, the reduction in your Loan Amount will be effective from the ex-dividend date relating to that Ordinary Dividend or Special Dividend.

Franking credits

Subject to eligibility, you may also be entitled to any franking credits attached to any Dividends paid in relation to the Underlying Share (see Section 1.6 and 6).

5.6.2 Other distributions

Other Accretions to an Underlying Share will not be distributed but will form part of the Underlying Share, subject to the Security Interest. To the extent such Accretion arises pursuant to a corporate action described in Section 5.9, such Accretion may be dealt with in accordance with the relevant provision of Section 5.9.
5.6.3 Share benefit plans

Unless expressly provided for in the SPDS for the Series, investing in Instalments does not allow you to benefit from, or participate in, any plans conducted by a Listed Entity for the reinvestment of Dividends or the investment or receipt of other benefits in place of Dividends including, among other things, discount cards.

5.6.4 Tax information

The Security Trustee must, at Macquarie’s direction, take all reasonable action to disclose to you information necessary to determine your entitlement to any franking credit, or tax offset and shall provide you with a statement disclosing that information at least once a year.

5.6.5 Record Times

Macquarie must ensure that the Registrar fixes Record Times for Instalments at the same time (or as near as possible) as the time fixed by the relevant Listed Entity for a distribution, entitlement or delivery in respect of an Underlying Share.

Division 4 of Part 7.11 of the Corporations Act and Corporations Regulation 7.11.39 of the Corporations Act apply as far as possible to determine your entitlement to distributions, entitlements or deliveries.

5.6.6 Trustee Holders

Unless you otherwise notify the Registrar, if you hold Instalments you warrant to the Security Trustee that your Instalments are not held by you in your capacity as a trustee of a trust estate. If you hold Instalments as trustee of a trust, you must immediately notify the Registrar and, if required, provide to the Security Trustee all information required for the Security Trustee to comply with its obligations under Division 6D of the Tax Act.

5.6.7 Distributions after the Maturity Date

If a distribution is paid to the Security Trustee after the Maturity Date in respect of an Underlying Share for which a valid Completion Notice has been given or which has been disposed of by distribution by the Security Trustee or by Macquarie, then the cash amount of the distribution will be payable by the Security Trustee to you (unless you have not paid all outstanding monies to Macquarie, in which case such amount shall be retained by Macquarie), but not otherwise.

5.7 No voting rights

As a Holder of Instalments, you are not entitled (in that capacity) to receive any annual reports or notices of meetings of the relevant Listed Entity or attend, speak or vote at any meeting of members (or class of members) of the relevant Listed Entity.

The Security Trustee will not exercise any right to vote in respect of any Underlying Share (whether in its own right or on your behalf).

5.8 Extraordinary Events and Early Maturity Dates

5.8.1 What are the consequences of an Extraordinary Event?

The Maturity Date for your Instalments may be brought forward (with the consent of the ASX) if an Extraordinary Event occurs. If your Instalments are affected, Macquarie will give you at least 10 Business Days written notice of the new Maturity Date and you may also be entitled to a refund of any Variable Interest Amount prepaid.

5.8.2 What are Extraordinary Events?

Macquarie, with the consent of the ASX, treat any of the following events as an Extraordinary Event:

(a) if a buy-back or withdrawal offer is made for an Underlying Share;

(b) if an Underlying Share is the subject of an announcement of an intention to either make a takeover offer, or enter into a scheme of arrangement or quasi-scheme of arrangement or merger in the nature of a scheme of arrangement (including in the case of Stapled Securities, a proposal to unstaple those Securities or otherwise alter the staple arrangement);

(c) if the Underlying Share is the subject of offers made under a takeover offer;

(d) if the Underlying Share is de-listed, withdrawn from admission to trading status, or suspended on the ASX;

(e) if the applicable Series of Instalments are de-listed, withdrawn from admission to trading status, or suspended on the ASX (other than as a result of the actions of Macquarie);
(f) if a Trust Tax Change occurs, or in Macquarie’s reasonable opinion is expected to occur (see Section 5.17);

(g) a Hedging Disruption occurs; or

(h) the Loan Amount on any day is equal to zero.

5.8.3 What is a Hedging Disruption?
A Hedging Disruption occurs where it becomes impossible for Macquarie to hedge its exposure pursuant to the Instalments due to either of the following occurring:

1. a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is any material disruption in commercial banking or security settlement, lending or clearance services in any of those countries; or
2. trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange, or the relevant Underlying Share, is suspended or limited in a material respect for at least one full day on which the relevant exchange is open for trading.

5.8.4 The interest refund
If the Maturity Date of your Instalments is brought forward due to an Extraordinary Event, Macquarie will refund to you a pro-rata portion of any Variable Interest Amount prepaid. The Variable Interest Amount refunded to you will be calculated as follows:

\[ IR = LA - DLA \]

where:

- \( IR \) = the interest refund;
- \( LA \) = the Loan Amount; and
- \( DLA \) = the present value of the Loan Amount, calculated by discounting the Loan Amount back to the early Maturity Date from the date to which the Variable Interest Amount has been prepaid, using a discount rate equal to the BBSY Rate for the relevant discount period plus 1%pa.

Example
This example is illustrative only.
Assume that an Extraordinary Event is called by Macquarie for Trading Instalments issued over XYZ Shares. The Trading Instalment has a Loan Amount of $2.15, and the present value of the Loan Amount is $2.085.

You will receive (per Instalment) a refund of the Variable Interest Amount equal to:

\[ \text{Loan Amount less the present value of the Loan Amount} \]
\[ = 2.15 - 2.085 \]
\[ = 0.065 \]

You would therefore receive an interest refund of $0.065 per Instalment.

5.8.5 Takeover offers
If a takeover offer is made for an Underlying Share, Macquarie may (with the consent of the ASX) fix an early Maturity Date for your Instalments. This may enable you to repay the Loan, receive the Underlying Share and potentially participate in the takeover offer. You should, however, be aware that the terms of the takeover offer and/or the provisions of the Corporations Act may mean that Underlying Shares you receive are not able to participate in the takeover offer. Macquarie gives no guarantee or assurance that the Shares you receive will be able to participate in any takeover offer.

5.9 Corporate actions
Although many of the events listed in this Section 5.9 may also constitute an Extraordinary Event, Macquarie may elect to deal with such events in accordance with this Section 5.9.

5.9.1 Takeover offers
A takeover offer for the Underlying Share will not be accepted by the Security Trustee, other than a compulsory acquisition (see Section 5.9.4).
5.9.2
Buy backs
If the Underlying Share is subject to a buy back or withdrawal offer, the Security Trustee will generally reject such an offer unless otherwise directed by Macquarie.

Macquarie may (at its discretion) give you the opportunity to participate in the offer (see Section 5.9.4).

5.9.3
Rights issues
If a Listed Entity makes a rights issue in relation to the Underlying Share, the Security Trustee is not obliged to take any action in respect of the rights issue but may (at its discretion) take Reasonable Action to confer a benefit on the Holder arising from the rights issue.

5.9.4
Other corporate actions
If the Underlying Share is subject to:
■ a compulsory acquisition;
■ a scheme of arrangement, quasi-scheme of arrangement or merger in the nature of a scheme of arrangement;
■ a buy back or withdrawal offer which Macquarie allows you to participate in, and you have directed Macquarie to accept the offer;
■ a consolidation, subdivision or similar reconstruction;
■ a bonus issue;
■ an arrangement whereby the Listed Entity reduces its share capital and makes any cash payment in respect of the Underlying Share;
■ a rights issue in relation to which the Security Trustee takes Reasonable Action; or
■ any other event which Macquarie determines (in its reasonable opinion) to have a dilutive or concentrative effect on the theoretical value of the Underlying Share,
the Instalments and the proceeds and property received in respect of such corporate action may be dealt with in accordance with Section 5.9.5 below.

5.9.5
Adjustments to Instalments
If an event specified in Section 5.9.4 occurs, Macquarie or the Security Trustee at Macquarie’s direction (as the case may be) may do any one or more of the following as permitted by the Trust Deed:
■ issue new Instalments to you over an Underlying Share which is different to the Underlying Share immediately prior to the event occurring;
■ sell all or any property received as a result of such event in such manner and at such times as Macquarie or the Security Trustee may determine in its absolute discretion and distribute the net proceeds of such sale in accordance with the Order of Payment as soon as practicable;
■ retain some or all of the property received as a result of such event so as to comprise, or form part of, an Underlying Share;
■ distribute some or all of the cash receipts received as a result of such event in accordance with the Order of Payment;
■ take Reasonable Action;
■ reconstruct (where required, with the consent of the ASX) a Series of Instalments, including without limitation, dividing the Instalments into a greater number of Instalments, or consolidating the Instalments into a lesser number of Instalments; or
■ with the consent of the ASX, make any other adjustment to the commercial terms of the Instalment including the Loan Amount, the Underlying Share, the number of Instalments you hold, or any other variable relevant to the exercise, settlement, payment or other terms of the Instalments.
5.9.6 What is the Order of Payment?

The payment of the proceeds of a sale or disposal of the Underlying Share or of a surplus or other amount received by Macquarie or the Security Trustee under the Trust Deed in the following order:

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

2. the Secured Monies, to Macquarie (see Section 5.16.2); and

3. any balance, to you (without interest and in full discharge of all liability of the Security Trustee and Macquarie to you).

5.9.7 What is Reasonable Action?

Reasonable Action is action taken or omitted to be taken by Macquarie or the Security Trustee (which is taken after consultation with Macquarie) which is lawful, practicable, does not create a risk of liability for Macquarie or the Security Trustee unacceptable to it and is otherwise reasonable.

5.9.8 Reductions or distributions of capital – no cancellation of Underlying Shares

If the Listed Entity reduces its capital without making any distribution to its shareholders and without cancelling Shares, neither Macquarie nor the Security Trustee will have any obligation or liability as a consequence.

5.9.9 Takeover offers for Instalments

The Security Trustee has no obligation to respond to any offer made to acquire all outstanding Instalments. The Security Trustee may take Reasonable Action in such circumstances, and has no liability to you for doing so (see Section 5.9.7).

5.10 Transfers of Instalments

5.10.1 Transfers

No fee will be charged for the registration of a Transfer of Instalments.

Transfers:

1. must be Proper ASTC Transfers or a Prescribed Transfer in accordance with the Trust Deed, the Corporations Act, the applicable ASX Market Rules and the ASTC Rules otherwise the Registrar will not register the Transfer;

2. take effect when the Register is updated. If the Registrar refuses to register a Transfer, the Holder must be notified within five Business Days after the Transfer is lodged (failure to give such notice does not invalidate the refusal to register); and

3. may be effected on the ASX in accordance with the ASX Market Rules and the Terms, subject to at least a minimum Marketable Parcel being transferred.

Each Transfer of an Instalment will also transfer the Beneficial Interest of the seller in the Underlying Share to the buyer, subject to the Security Interest.

See Section 3.7 for more information about Transfers.

5.10.2 CHESS Transfers

The Instalments can be transferred electronically on the Clearing House Electronic Sub-register System (CHESS) without the need for paper documentation. The Australian Securities & Investments Commission has issued Class Order 02/312 under section 1075A(1) of the Corporations Act, the effect of which is that each Series of Instalments will be financial products able to be transferred through CHESS under Division 4 of Part 7.5 of the Corporations Act.
5.11 Amendment of the Terms

5.11.1 How can the Terms be varied?
The Terms can be varied in a number of circumstances including:

- in the event of corporate actions (see Section 5.9) and Dividends or other Distributions (see Section 5.6);
- where the Change is:
  1. necessary in the opinion of Macquarie to comply with any statutory or other legal requirements, or any requirement of the ASX;
  2. to rectify any defect, manifest error or ambiguity in the Terms, provided that such Change does not materially prejudice the interests of Holders;
  3. to permit the Transfer of Instalments by any other method not set out in the Terms;
  4. in the case of an adjustment (including any corporate action) or an Extraordinary Event; or
  5. where, in the reasonable opinion of Macquarie, the Change does not materially prejudice the interests of Holders, and such Change has been consented to by the ASX; or
- where the Change is authorised by Holders in accordance with the Terms and has been consented to by the ASX.

You should also be aware that the Trust Deed is to be interpreted so as to conform with the ASX Market Rules and the ASTC Rules. As a result, any change to the ASX Market Rules and/or the ASTC Rules may affect the way the Trust Deed is interpreted.

5.11.2 Approval by Holders
To obtain the approval of Holders of a Series, Macquarie must:

- notify every Holder of the proposed Change;
- give each Holder a document setting out the reasons for, and any advantages and disadvantages of, the proposed Change; and
- give each Holder a ballot paper allowing the Holder to vote for or against the Change.

Each Holder will have one vote for each Instalment held and the voting period may not be less than 10 Business Days from the day on which the last notice of the proposed Change is sent to a Holder. Approval of Holders of the relevant Series is only obtained where such Change is approved by not less than 75% of Holders who cast valid votes.

5.11.3 Can Holders seek approval to a Change of the Terms?
No. Holders of a Series are not permitted to propose and seek the approval of other Holders to any proposed Change to the Terms.

5.11.4 Votes by Macquarie Group as Holder
Where Macquarie and its associates hold Instalments, they may not vote in relation to any proposed Change unless such Instalments are held by it as trustee or nominee for a Holder, in which case they shall only be permitted to vote in the manner directed by the Holder.

5.11.5 Can the Terms be amended in any way?
The provisions of the Terms must not be amended for any purpose referred to in Section 5.19, nor amended in a manner which adversely affects the rights of Holders to receive distributions and associated tax benefits, give a Completion Notice, repay the Loan or receive the Underlying Share.
5.12 The Register

5.12.1 The Register
Macquarie will arrange (at its own cost) for a Register of Holders of each Series of Instalments to be established and maintained at the offices of the Registrar (see Directory on the back cover). The Register will be open at all reasonable times during business hours for inspection by any Holder. The Register will comprise the Issuer Sponsored Sub-register and, as the Instalments will be CHESS Approved Securities, the CHESS Sub-register established in respect of each Series of Instalments.

In order to hold Instalments on the CHESS Sub-register, you will need to be either a participant in CHESS or be sponsored by a participant in CHESS. If you are not a CHESS participant or not sponsored by a CHESS participant, any Instalments held by you will be entered on to the Issuer Sponsored Sub-register.

5.12.2 No Notice of Trust
Unless required by law, no notice of any trust will be entered in the Register. Macquarie will recognise the Holder as the absolute owner of the Instalment and of the Beneficial Interest, and all persons may act accordingly.

5.12.3 Joint Holders
If there are joint Holders of an Instalment, and one of those joint Holders dies, the surviving Holder will be the only person recognised by Macquarie as having any interest in that Instalment.

5.12.4 Property in Instalments
Property in Instalments is situated at the place where the Register is situated.

5.13 Holding Statements

5.13.1 No certificates issued for Instalments
Macquarie will not issue you with a certificate evidencing your title to an Instalment but will comply with the ASTC Rules and the ASX Market Rules about the issue of notices relating to Instalments.

5.13.2 Holding Statements
CHESS will generate a Holding Statement for each Instalment issued (or subsequently transferred) to you (as required by the Corporations Act, the ASX Market Rules and the ASTC Rules). The Holding Statement will state your Holder Identification Number (HIN) in the case of a CHESS holding or your Shareholder Reference Number (SRN) in the case of an Issuer Sponsored Holding. A Holding Statement will also be issued to you after the end of any month during which there has been a change in the balance of your holding.

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

5.14 The Trust Deed

5.14.1 The Trust Deed
Macquarie and Belike Nominees Pty Limited are parties to the Trust Deed. The Trust Deed, the Nominee Deed and the Loan Agreement set out the terms of issue of the Instalments offered under this PDS. If you hold Instalments you are bound by the Terms, so you should read them before making any decision to invest.

5.14.2 Where can I get a copy of the Trust Deed and Nominee Deed?
The Trust Deed (which includes as a schedule the form of the Nominee Deed) is available for inspection at the Registry. A copy of the Trust Deed is available free of charge to prospective Applicants and Holders of Instalments, or for a fee of $10 each to other persons. Please contact Macquarie for more information.
5.15 The Security Trustee

5.15.1 Security Trustee a member of the Macquarie Group

The Security Trustee is a wholly owned subsidiary of Macquarie. Macquarie does not guarantee that the Security Trustee will perform or comply with its obligations under the Trust Deed (see Section 4.8).

5.15.2 Obligations and duties of the Security Trustee

The Trust Deed sets out the obligations and duties of the Security Trustee and includes a range of provisions limiting the responsibilities and liabilities of the Security Trustee. In particular the Security Trustee:

- will hold each Underlying Share and Accretion transferred to it as bare trustee for you on a Separate Trust until the Maturity Date or, if earlier, the repayment of the Loan;
- must not pool the interests or property of, or in, each Separate Trust, however, it may aggregate holdings in certain circumstances and deposit monies in respect of the Separate Trusts into the same bank account;
- is not required to monitor Listed Entities, Macquarie or the Registrar;
- has no responsibility for any acts or omissions of a nominee appointed pursuant to the Nominee Deed, nor for any breach of the Nominee Deed or the Trust Deed caused by the nominee;
- is not required to prepare accounts or tax returns for the Separate Trusts; and
- is not liable for the neglect, dishonesty or default of Macquarie, you or any other person.

5.15.3 Liability of the Security Trustee

The Security Trustee’s liability is limited to the extent to which the liability can be satisfied under the Trust Deed out of the property of the Separate Trusts except for a liability arising in certain circumstances (for example as a result of the Security Trustee’s dishonesty, wilful breach of trust or gross negligence).

5.15.4 Payments to the Security Trustee

The Security Trustee has no recourse to the Separate Trusts for any remuneration or reimbursement of expenses except in limited circumstances. The Security Trustee is entitled to reimbursement by Macquarie in respect of all liabilities incurred by it in connection with the administration of the Separate Trusts and execution of its duties and functions under the Trust Deed.

5.15.5 Replacement of the Security Trustee

If the Security Trustee resigns or breaches the Trust Deed, Macquarie may appoint a replacement approved by the ASX in accordance with the Terms.

5.16 The Security Interest

5.16.1 What is the Security Interest?

The Security Trustee will grant an equitable mortgage over the property of each Separate Trust (including each Underlying Share and all Accretions) in favour of Macquarie. The Security Interest secures the repayment of the Secured Monies, and, subject to the Trust Deed, Macquarie has a first right to recover the Secured Monies from the sale proceeds of the Underlying Share.

No Encumbrance (except for the Security Interest) may be created in respect of the property of each Separate Trust.

5.16.2 What are the Secured Monies?

The Secured Monies include:

- the Loan proceeds;
- any Reset Payment due in respect of Resetting Instalments (Section 2.1);
- the Equalisation Amount (if any) (see Section 3.9.1);
- any Taxes which the Security Trustee pays on your behalf;
- any other amounts owing to Macquarie in connection with an Instalment; and
- all fees, costs and Taxes incurred by Macquarie in relation to the sale of an Underlying Parcel.
5.16.3 When can the Security Interest be enforced?
Macquarie may enforce its Security Interest if:
■ the Loan is not repaid by the Maturity Date;
■ any Reset Payment due in respect of Resetting Instalments is not paid on the Annual Reset Date (Section 2.1);
■ the Equalisation Amount is not received by Macquarie within five Business Days of the ex-date for the relevant Dividend giving rise to the Equalisation Amount;
■ you fail to pay any Taxes for which you are liable (see Section 3.9.3); or
■ you fail to pay any other monies owing to Macquarie on the due date for payment.

5.17 Trust Tax Change

5.17.1 What is a Trust Tax Change?
A Trust Tax Change occurs when there is any change to the Tax Act whereby trustees are taxed in a manner similar to companies, trust distributions are taxed in a manner similar to corporate distributions, or any other change which has a material financial impact on the Instalments.

5.17.2 What are the consequences of a Trust Tax Change?
In the event a Trust Tax Change occurs, or, in Macquarie's reasonable opinion, is expected to occur, Macquarie may, with the consent of the ASX either:
(1) treat such event as an Extraordinary Event (see Section 5.8); or
(2) take such other Reasonable Action as may be appropriate in the circumstances. The Security Trustee and you agree to provide any necessary co-operation.

5.18 Compulsory disposal of Underlying Share
If the Security Trustee is legally required to sell an Underlying Share in respect of which you have a Beneficial Interest, the proceeds of sale will be applied by the Security Trustee in accordance with the Order of Payment (see Section 5.9.6) and on the completion of the sale, the relevant Instalment will cease to exist. In these circumstances, the Security Trustee may determine which of the Underlying Shares will be retained and remain subject to the Security Interest.

5.19 No third party interests
No person may control the transfer or disposal of an Underlying Share (other than in accordance with the Trust Deed and Nominee Deed).

5.20 Provision of information
You are required to provide information reasonably requested by Macquarie or the Security Trustee, and you must provide the Registrar, on request, with details of your holdings of Shares.

5.21 Consent to recording
You agree to Macquarie recording all telephone conversations about Instalments, and the retention and use of such tape recordings as evidence of the content of the conversation in any proceedings.
Section 6.1 Assumptions

Section 6.2 Variable Interest Amount and Fixed Interest Amount

Section 6.3 Borrowing Fee

Section 6.4 Acquisition of Macquarie Instalments

Section 6.5 Holding Macquarie Instalments

Section 6.6 Annual Reset Date – Resetting Instalments

Section 6.7 Disposal of Macquarie Instalments on the secondary market

Section 6.8 Completion of Macquarie Instalments – repayment of the Loan

Section 6.9 No Completion Notice – expiry of Macquarie Instalments

Section 6.10 Discount CGT

Section 6.11 Part IVA

Section 6.12 Other tax issues

Section 6.13 Goods and Services Tax

This summary has been prepared by Clayton Utz and outlines the main Australian income tax implications for Investors who apply for Macquarie Instalments pursuant to this PDS, or who acquire Macquarie Instalments on the Australian Stock Exchange (“ASX”). The information in this summary is of a general nature only and does not purport to constitute legal or tax advice.

Taxation issues are complex and taxation laws, their interpretation and associated administrative practices may change over the term of an investment in the Macquarie Instalments.

Macquarie does not provide financial or tax advice and this PDS cannot address all of the taxation issues which may be relevant to a particular Investor. Each Investor must take full and sole responsibility for their own investment in the Macquarie Instalments, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of that investment.

As the taxation implications for each potential Investor may be different, Macquarie recommends that each prospective Investor obtains their own independent professional taxation advice on the full range of taxation implications applicable to their own individual facts and circumstances.

6.1 Assumptions

This summary of taxation implications assumes:

- you are an Australian resident for tax purposes;
- you will acquire the Macquarie Instalments as an Applicant or on the ASX on or after the date of this PDS;
- you will hold the Macquarie Instalments on capital account and will not be a person who is carrying on a business of either trading in securities or investing in securities in the course of which you regularly acquire and dispose of securities;
- at all times the Security Trustee will be an Australian resident and management and control of the Separate Trust will be in Australia;
- the Macquarie Instalments will be denominated in Australian dollars;
- if you are a Shareholder or Rollover Applicant you will apply any Shareholder Cashback or Rollover Amount for the purposes of producing assessable income;
- the Underlying Share will be an ordinary share in a company that is an Australian resident for tax
purposes or a unit in a unit trust that is a resident trust estate;

- the Underlying Share will be listed for quotation on the ASX;
- it is expected that assessable distributions will be made in respect of the Underlying Shares;
- the Security Trustee will not enter into any positions in relation to the Underlying Share other than acquiring legal title;
- you will not enter into any positions in relation to the Beneficial Interest in the Underlying Share other than the Loan and the “delta” of the Loan will be greater than or equal to -0.70 at all times to Maturity; and
- all transactions you or the Security Trustee enter into with Macquarie in relation to the Macquarie Instalments will be at prevailing market prices and otherwise on arm’s length terms.

This summary is based on Australian taxation laws in force and administrative practices generally accepted as at the date of this PDS. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated. Future changes in taxation laws, their interpretation or associated administrative practices could affect the taxation treatment of Macquarie Instalments.

All references in this summary to legislative provisions are to provisions of the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997 (together, the Tax Act).

6.2 Variable Interest Amount and Fixed Interest Amount

6.2.1 Deductibility of Variable Interest Amount and Fixed Interest Amount

To the extent that you use the Loan Amount to acquire property for the purpose of producing assessable income, the Fixed Interest Amount and Variable Interest Amount (together, the Interest Amount), reduced by the amount reasonably attributable to the cost of capital protection under Division 247 of the Tax Act, will be deductible under section 8-1 of the Tax Act. Interest on any portion of the Loan Amount applied to prepay the deductible proportion of the Interest Amount will also be deductible where the Loan is applied for the purposes of producing assessable income.

The amount reasonably attributable to the cost of capital protection for an income year under Division 247 of the Tax Act will be equal to the excess (if any) of:

(a) the Interest Amount for that income year, being the Variable Interest Amount prepaid in the income year, together with either the Fixed Interest Amount prepaid in the income year (for Resetting Instalment only) or the pro rata portion of the Fixed Interest Amount prepaid at the time of acquisition that is referable to the income year (for all other Macquarie Instalments); over

(b) an amount (the Benchmark Amount) calculated by multiplying the Loan Amount by the Benchmark Rate. The Benchmark Rate is the Reserve Bank of Australia’s Indicator Rate for Personal Unsecured Loans - Variable Rate at the time the Interest Amount was incurred. If the Interest Amount is paid more than once in any income year, the Benchmark Amount should be calculated on a pro rata basis based on the number of days in each relevant Interest Period.

If you are a Cash Applicant or secondary market purchaser, you should therefore be entitled to a deduction for the Interest Amount (reduced by the amount reasonably attributable to the cost of capital protection as described above) to the extent that the Loan Amount is applied for the purpose of acquiring Underlying Shares from which you expect to derive assessable dividend or trust income or is otherwise applied to prepay the deductible proportion of the Interest Amount.

Similarly, if you are a Rollover Applicant you should be entitled to a deduction for the Interest Amount (reduced by the amount reasonably attributable to the cost of capital protection as described above) to the extent that you apply the Loan Amount to pay the Final Instalment on a Prior Series Instalment that you acquired for the purpose of producing non-capital gains assessable income, or to pay the deductible proportion of the Interest Amount or Borrowing Fee.

If, as a Shareholder Applicant or Rollover Applicant, you receive a Shareholder Cashback or a Rollover Amount, you will be entitled to a deduction for interest (reduced by the amount reasonably attributable to the cost of capital protection as described above) in respect of that portion of the Loan Amount only to the extent that you apply that amount to an assessable income-producing purpose, eg. acquiring income producing assets such as shares or units in a trust, where it is expected that dividends or distributions or other non-capital gains assessable income will be derived from the investment.
Similarly, in respect of Resetting Instalments, if you receive a Reset Cashback on an Annual Reset Date, you will be entitled to a deduction for interest in respect of that portion of the Loan Amount (reduced by the amount reasonably attributable to the cost of capital protection as described above) only to the extent that you apply that amount to an assessable income-producing purpose, eg. acquiring income-producing assets such as shares or units in a trust, where it is expected that dividends or distributions or other non-capital gains assessable income will be derived from the investment.

The purpose for which the Macquarie Instalment is acquired will be a matter determined in your individual circumstances. To the extent that any part of the Loan Amount is applied for non-assessable income producing purposes, or private purposes, or to acquire assets for the sole purpose of deriving capital gains, the amount of interest which is incurred which relates to that amount may not be allowed as a deduction. Further, a change in your purpose or use of the Loan Amount could lead to a loss of interest deductions. You should seek independent advice on the deductibility of interest in your particular circumstances.

6.2.2 Timing of deductions
Any deduction for Interest you prepay should be allowed in the income year in which the Interest is incurred if it is less than $1,000 or if all of the following are satisfied:

(a) you are either a small business entity (being an entity that carries on business and has a turnover of less than $2 million per annum) who does not elect for the deduction to be apportioned, or an individual who incurs the interest otherwise than in the course of carrying on a business;

(b) the interest period (being the Fixed Interest Period or the Variable Interest Period as appropriate) is 12 months or less and ends before the end of the following income year; and

(c) the Underlying Shares are shares in a listed company or units in a unit trust that has 300 or more beneficiaries and is a widely held unit trust for the purposes of Schedule 2F of the Tax Act, and, if you receive a Shareholder Cashback, Rollover Amount or Reset Cashback, that amount is applied to acquire such shares or units, or an interest in real property, from which you can reasonably expect to derive dividends, trust income or rent.

In all other circumstances (including if you are a small business entity and make an election for deductions to be apportioned), deductions for the prepaid interest will be apportioned on a straight line basis over the relevant interest period.

6.2.3 Refund of Interest Amount
Any refund of prepaid interest received as a result of the application of an Ordinary Dividend or a Special Dividend to reduce the Loan Amount, or on early Maturity or transfer of a Macquarie Instalment, will be included in your assessable income to the extent that you were previously entitled to a deduction for payments of the interest as outlined in paragraphs 6.2.1 and 6.2.2 above.

6.3 Borrowing Fee
The Borrowing Fee paid for obtaining the Loan from Macquarie will be deductible to the extent that the Loan Amount is applied to acquire the Underlying Shares and/or pay the deductible proportion of the Interest Amount or is otherwise applied for the purpose of producing assessable income. The amount of any deduction will be spread over the lesser of five years or the term of the Loan. For Trading Instalments, Income Instalments and Self Funding Instalments, the term of the Loan will be equal to the term to Maturity of the Instalments. For Resetting Instalments the term of the Loan will be 12 months. However, if you incur total borrowing expenses in any year of $100 or less you may deduct those costs in the year they are incurred.

6.4 Acquisition of Macquarie Instalments
6.4.1 Cash Applicants
On Acceptance of your Cash Application, you will acquire a Beneficial Interest in the Underlying Share. For capital gains tax (CGT) purposes, your cost base and reduced cost base in the Beneficial Interest in the Underlying Share will be the amount paid by the Security Trustee to acquire the Underlying Share. This will be equal to the sum of the First Payment (reduced by the amount applied to pay the Borrowing Fee), plus the Loan Amount (less the Interest Amount).
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6.4.2 Shareholder Applicants

The acquisition of a Macquarie Instalment as a Shareholder Applicant and the transfer of your Underlying Share to the Security Trustee will not give rise to a disposal of your Underlying Share for CGT purposes. You will therefore retain your original cost base and reduced cost base and original acquisition date in the Beneficial Interest in the Underlying Share.

If any part of the Interest Amount is treated as reasonably attributable to the cost of capital protection (as described in Section 6.2.1 above), you will be treated as also having acquired a notional put option. Your cost base in the notional put option will be any part of the Interest Amounts incurred at the time of acquisition or during the term of the Macquarie Instalment that are treated as reasonably attributable to the cost of capital protection (as described in Section 6.2.1 above).

6.4.3 Rollover Applicants

Rolling a Prior Series Instalment into a Macquarie Instalment will not give rise to a disposal of the Underlying Share for CGT purposes. If you are a Rollover Applicant you will therefore retain the original cost base and reduced cost base and original acquisition date in the Beneficial Interest in the Underlying Share as described in the offer document for the Prior Series Instalment.

If any part of the Interest Amount is treated as reasonably attributable to the cost of capital protection (as described in Section 6.2.1 above), you will be treated as also having acquired a notional put option. Your cost base in the notional put option will be any part of the Interest Amounts incurred at the time of acquisition or during the term of the Macquarie Instalment that are treated as reasonably attributable to the cost of capital protection (as described in Section 6.2.1 above).

6.4.4 Secondary market purchaser (Transferee)

If you are a Transferee of a Macquarie Instalment you will acquire the Beneficial Interest in the Underlying Share on the contract date for transfer of the Macquarie Instalment. Your cost base in that asset will be equal to the sum of the price paid to acquire the Macquarie Instalment and your Loan Amount, less your Interest Amount.

If any part of the Interest Amount is treated as reasonably attributable to the cost of capital protection (as described in Section 6.2.1 above), you will be treated as also having acquired a notional put option. Your cost base in the notional put option will be any part of the Interest Amounts incurred at the time of acquisition or during the term of the Macquarie Instalment that are treated as reasonably attributable to the cost of capital protection (as described in Section 6.2.1 above).

6.4.5 Modifications to cost base of Underlying Shares

Where the Underlying Shares comprise units in a unit trust (other than a public trading trust or a corporate unit trust) and you receive a tax deferred distribution (see below at 6.5.3), the amount of the distribution may reduce the cost base of the Underlying Shares.

If you incur Break Costs on transfer of a Macquarie Instalment (see below at 6.7.2) these may be included in the cost base of your Underlying Shares.

If you give a Completion Notice, repay the Loan and obtain legal title to the Underlying Shares, any stamp duty and other incidental costs of transfer will also be included in the cost base of those Underlying Shares (see below at 6.8).

If the limited recourse provisions of the Loan are relied upon, any notional put option arising under Division 247 will be treated as having been exercised. The cost base of the notional put option will be included in your cost base in the Beneficial Interest in the Underlying Shares disposed of (see below at 6.9.2).
6.5 Holding Macquarie Instalments

6.5.1 Dividends and franking credits

Dividends paid in respect of the Underlying Shares during the term of the Macquarie Instalment will be included in your assessable income.

Provided you are a “qualified person” in respect of the dividends and none of the imputation anti-avoidance provisions apply, your assessable income will include any franking credits attaching to the dividends and you will be entitled to a tax offset equal to the amount of franking credits attaching to the dividends. This tax offset may be applied against your tax liability for the relevant income year.

If you are a resident individual or complying superannuation fund who receives franking tax offsets in excess of your tax liability, you should be entitled to a refund of those excess tax offsets. If you are a company you will not be entitled to a refund of any excess franking tax offsets, but may convert any excess tax offsets into tax losses. If you are a company, you will also credit your franking account with the amount of any franking credits received.

If you are not a “qualified person”, or the imputation anti-avoidance provisions apply, you will not be entitled to a tax offset as outlined above. In these circumstances you should be entitled to a deduction equal to the amount of franking credits included in your assessable income.

6.5.2 Qualified persons

You will be a “qualified person” in respect of a dividend paid on an Underlying Share if you have held your interest in the Underlying Share “at risk” for a continuous period of at least 45 days (excluding the days of acquisition and disposal of that interest) during the period commencing on the day after the day you acquired your interest in the relevant Underlying Share (in the case of a Shareholder or Rollover Applicant, the Commissioner may treat this period as commencing on the day the Shares are transferred to the Security Trustee), and ending on the 45th day after the ex-date for that dividend.

If you are under a related payment obligation in relation to a particular dividend (broadly, an obligation to pay away the benefit of the distribution received), the 45-day rule is modified so that the relevant holding period instead commences on the 45th day before the ex-date for that dividend.

For the purposes of determining whether an interest in an Underlying Share has been held for 45 days or more, any days on which you have materially diminished risks of loss or opportunities for gain in relation to the Underlying Share will be excluded (but will not break the continuity of the ownership period). For these purposes, your risk of loss or opportunity for gain will be taken to have been materially diminished on any day that your net position in relation to the Underlying Share has a “delta” of less than 0.3.

The net delta of a Macquarie Instalment will vary throughout its term as a result of change in a number of variables, including Share price, dividends and volatility. It will also be affected by the limited recourse feature of the Macquarie Instalment, which will be a short position with a negative delta.

Provided that neither you nor the Security Trustee acquire any further positions in relation to the Underlying Shares, the net delta of your position will be calculated only on the date of acquisition of the Macquarie Instalments and, if you are under a related payment obligation, on the 45th day prior to the ex-date for the relevant dividend. You or your adviser should contact Macquarie if you wish to confirm the net delta of the Macquarie Instalment.

Alternatively, you may be a “qualified person” if you are an individual, you are not under a related payment obligation and your franking tax offset entitlements in any given income year do not exceed $5,000.

6.5.3 Trust Income

Where the Underlying Shares are units in a trust that is not a public trading trust or corporate unit trust, you will include in your assessable income a proportion of the net income of the trust.

Where the net income of the trust includes dividend income, and a franked distribution flows indirectly to you, you will also be entitled to your share of any franking credits attaching to the dividend provided that both you and the trustee of the trust are “qualified persons” in relation to the dividend and no other imputation anti-avoidance provisions apply. Where the requirements of these provisions are met, you will be entitled to a tax offset equal to your share of the franking credits as described in paragraph 6.5.1 above. You should obtain your own independent tax advice in respect of any entitlement to franking credits flowing indirectly through a trust.
Where the income of a trust exceeds the net taxable income of that trust (e.g., where the trust claims tax deductions for amounts that do not represent cash outlays, such as depreciation), and that excess is distributed to the beneficiaries of the trust, the excess distribution constitutes what is typically referred to as a “tax deferred distribution”. Any such tax deferred distribution received in respect of the Underlying Shares will not be included in your assessable income, but will reduce your cost base in the Beneficial Interest in the Underlying Shares and will therefore be taken into account in determining any capital gain or loss on their disposal. Where the amount of the tax deferred distribution exceeds your cost base, the excess will be treated as a capital gain.

Where the net income of a trust includes an amount attributable to a capital gain made by the trust, your share of that amount will also be treated as a capital gain in your hands and will be available to offset any capital losses. Where the trust’s capital gain is a discount capital gain, this amount will be required to be grossed up before applying any capital losses. If you are an individual, trust or complying superannuation entity and the capital gain is a discount capital gain of the trust, you will be entitled to reduce the capital gain remaining following the application of capital losses by the relevant discount percentage (see also paragraph 6.10).

Where the net income of a trust includes foreign income, you must also include in your assessable income an amount representing your share of any foreign tax paid in respect of that income. You should be entitled to a credit for the foreign tax paid up to the amount of Australian tax payable on the double-taxed amounts of income. Excess foreign tax credits can be applied against tax payable in respect of other foreign income in the same class of income or carried forward to future years to be used against tax on foreign income in the same class. For income years commencing on or after 1 July 2008, you should be entitled to a foreign income tax offset equal to the foreign tax paid up to the greater of $1,000 and the Australian tax payable on the double-taxed amounts and other non-Australian sourced assessable income. The offset will not be separated into different classes of income, and there will be no ability to carry forward excess amounts of foreign income tax paid (although there will be a limited ability to make use of existing surpluses of foreign tax credits). The foreign income tax offset may be applied to reduce Australian tax payable but is not refundable.

6.5.4
Distributions from a public trading trust or corporate unit trust

Where the Underlying Shares are units in a trust that is a public trading trust or corporate unit trust for the purposes of the Tax Act, distributions in respect of the Underlying Shares will be treated as dividends for tax purposes and the discussion in paragraphs 6.5.1 and 6.5.2 will apply to determine whether you are entitled to any franking credits attached to the distributions on the units.

6.6
Annual Reset Date – Resetting Instalments

6.6.1
Annual Reset Costs

On each Annual Reset Date, you will be required to pay the Annual Reset Costs, which will comprise the Interest Amount and a Borrowing Fee. The taxation treatment of these items is discussed in paragraphs 6.2 to 6.3 above.

6.6.2
Reset Payment/Cashback

Any Reset Payment you make because of a reduction in the Loan Amount will not be deductible to you. Similarly, any Reset Cashback you receive because of an increase in the Loan Amount will not be included in your assessable income.

6.6.3
Annual Reset Procedure

If you do not want to go through the Annual Reset Procedure, you may dispose of your Resetting Instalments on the secondary market, repay the Loan, roll your Resetting Instalment into another series of Resetting Instalment, or do nothing (in which case Macquarie may exercise its power of sale under the Security Interest). The consequences of each alternative are discussed in further detail at 6.7 to 6.9 below.
6.7 Disposal of Macquarie Instalments on the secondary market

6.7.1 Disposal of Underlying Shares
Disposal of a Macquarie Instalment on the secondary market will result in the disposal of the Beneficial Interest in the Underlying Share.

A capital gain will be made in respect of the Beneficial Interest in the Underlying Share where the capital proceeds received upon the disposal of the Beneficial Interest exceed its cost base. Where the capital proceeds receivable upon disposal of the Beneficial Interest in the Underlying Share are less than its reduced cost base, a capital loss will be made. The capital proceeds received in respect of the disposal of the Beneficial Interest in the Underlying Share will equal the actual sale price of the Macquarie Instalment plus the amount of the Transferee's Loan Amount (less the amount of interest prepaid by the Transferee) plus the amount of any Break Costs receivable as discussed in paragraph 6.7.2 below.

6.7.2 Break Cost
A Break Cost payable by you on transfer of a Macquarie Instalment will be a cost of selling the Macquarie Instalment. If you receive the Break Cost on transfer it will be included in the calculation of your capital proceeds as set out in the preceding paragraph.

6.7.3 Expiry of the notional put option
If a Macquarie Instalment is disposed of on the secondary market, any notional put option arising by virtue of Division 247 of the Tax Act will be treated as having expired unexercised. A CGT event will occur at that time. As there will be no capital proceeds received in respect of this expiry, a capital loss will be made equal to your reduced cost base in that asset at that time.

6.8 Completion of Macquarie Instalments – repayment of the Loan

6.8.1 Transfer of Underlying Shares to Holder
The repayment of the Loan and the transfer of the legal title to the Underlying Shares from the Security Trustee should not give rise to any CGT consequences. In addition to the amounts outlined in 6.4 above, your cost base and reduced cost base in the Underlying Shares will also include any Taxes or other incidental transfer costs incurred in respect of the Security Trustee's transfer of legal title to the Underlying Shares.

6.8.2 Expiry of the notional put option
If you give a Completion Notice and repay the Loan such that the limited recourse feature of the Loan is not relied upon, any notional put option arising by virtue of Division 247 of the Tax Act will be treated as having expired unexercised. A CGT event will occur at that time. As there will be no capital proceeds received in respect of this expiry, a capital loss will be made equal to your reduced cost base in that asset at that time.

6.9 No Completion Notice – expiry of Macquarie Instalments

6.9.1 Exercise of Security Interest and disposal of Underlying Share
If you do not give a Completion Notice, Macquarie may exercise its power of sale under the Security Interest and dispose of the Underlying Shares. This will give rise to a CGT event in respect of the Beneficial Interest in the Underlying Shares.

If the sale proceeds obtained exceed the Loan Amount this may give rise to a capital gain or loss on the date of disposal equal to the difference between the proceeds of sale of the Underlying Shares (comprising the Assessed Value Payment payable by Macquarie to you (if any) plus the Loan Amount repayable and any other selling costs or Secured Monies deducted by Macquarie prior to remitting the proceeds to you) and your cost base or reduced cost base in the Underlying Shares.
If the sale proceeds are less than the Loan Amount so that the limited recourse feature of the Loan is relied upon, any notional put option arising under Division 247 of the Tax Act will be treated as having been exercised. In these circumstances the discussion in paragraph 6.9.2 below will apply.

If the sale proceeds are less than the Loan Amount and you have not been treated under Division 247 of the Tax Act as having acquired a notional put option, a capital loss may arise. In calculating any such capital loss, it is likely that the Commissioner would seek to reduce the cost base of the Underlying Shares by the amount of the shortfall in payment of the Loan Amount.

6.9.2 Exercise of notional put option

If you have been treated under Division 247 of the Tax Act as having acquired a notional put option and the sale proceeds obtained by Macquarie on exercise of the Security Interest are less than the Loan Amount so that the limited recourse feature of the Loan is relied upon, the notional put option will be treated as having been exercised and you will make a capital gain or loss equal to the difference between the capital proceeds received in respect of the disposal of the Underlying Share and your cost base or reduced cost base in that asset. For these purposes, the cost base of the notional put option will be included in your cost base and reduced cost base in the Beneficial Interest in the Underlying Shares disposed of. The capital proceeds of the Beneficial Interest in the Underlying Shares disposed of will be the Loan Amount. Any capital gain or loss arising as a result of the exercise of the notional put option will be disregarded.

6.10 Discount CGT

Any capital gain realised on disposal of an Underlying Share on transfer of a Macquarie Instalment on the ASX, or on completion or expiry of a Macquarie Instalment, will be treated as a discount capital gain if you are an individual, a complying superannuation entity, or a trust and you have held the Underlying Share (either directly or via the Macquarie Instalment) for at least 12 months prior to the relevant CGT event (not including the dates of acquisition and disposal). If available, the CGT discount reduces the nominal capital gain by 50% for individuals and trusts, and by 33⅓% for complying superannuation entities.

6.11 Part IVA

Part IVA is the general anti-avoidance provision of the Tax Act. It applies where the dominant purpose of the taxpayer (or any other person) in entering into a “scheme” is to obtain a “tax benefit”. A “tax benefit” is relevantly defined as:

(a) an amount not being included in assessable income where, but for the scheme, that amount would reasonably be expected to have been included; or

(b) an amount being allowable as a deduction where, but for the scheme, that amount would not reasonably be expected to have been allowable.

The application of Part IVA to a particular taxpayer can only be conclusively determined on an examination of that taxpayer’s individual circumstances. Nevertheless, the following comments are able to be made for a typical Holder.

For the purposes of Part IVA, the dominant purpose of such a Holder subscribing for a Macquarie Instalment, being the only relevant “scheme”, should be seen to include:

(a) obtaining the potential to profit from the sale of the Macquarie Instalment or the Shares delivered at completion;

(b) the borrowing of funds under the Loan to be applied as the Holder directs in the case of a Shareholder or Rollover Applicant; and

(c) the receipt of dividends or distributions and other benefits attaching to ownership of the Shares.

We do not believe that it could be reasonably concluded that the dominant purpose of a typical Holder in investing in a Macquarie Instalment would be to obtain tax deductions for the Interest Amount. Further, a typical Holder should have not more than an incidental purpose of obtaining imputation benefits and section 177EA of the Tax Act should not therefore apply to deny those benefits to a Holder.
6.12 Other tax issues

6.12.1 TFN/ABN withholding
The Security Trustee may be required to withhold an amount from any dividends or trust distributions paid in respect of the Underlying Shares if you do not provide the Security Trustee with your TFN or ABN (where applicable) or proof of exemption.

6.12.2 Equalisation Amount
Payment of the Equalisation Amount should not give rise to any taxation consequences.

6.12.3 Other events
During the term of the Macquarie Instalments, there may be events or circumstances relating to the particular Underlying Shares that give rise to tax implications which are not discussed here. You should obtain your own advice in relation to those events or circumstances.

6.12.4 Rollover Applicants’ treatment of prior Series Instalments
The rollover of a Prior Series Instalment should not give rise to a disposal of the Beneficial Interest in the Underlying Shares or any capital gain or loss in respect of these assets.

An amount will also be included in your assessable income to the extent that any Prior Series Rebate is attributable to a refund of interest prepaid in respect of the Prior Series Instalment for which you have previously claimed a deduction.

6.12.5 Taxation of financial arrangements (TOFA)
The Tax Laws Amendment (Taxation of Financial Arrangements) Bill 2007 (TOFA) contains proposed amendments to the Tax Act as it applies to “financial arrangements”. As the proposed provisions are currently drafted, each Instalment would constitute a “financial arrangement”.

One of the main features of the proposed TOFA regime is to tax gains from financial arrangements on a revenue basis and, where a gain is sufficiently certain at commencement to arise from the arrangement, or becomes sufficiently certain during the term to arise, on an accruals basis over the term of the arrangement. Where a gain from a financial arrangement is not and does not become sufficiently certain to arise prior to the time that it is to be realised, the gain will be taxed on a realisation basis. Alternatively, the TOFA Bill provides for certain taxpayers to elect to apply one of a number of alternative methods for the purpose of calculating gains and losses from financial arrangements.

If enacted in their current form, the proposed amendments should not apply to investors who are individuals, or other non-financial entities with an annual turnover of less than $100 million, where the arrangement does not give rise to a deferral of income. Further, the provisions will not tax gains on trust units that are interests in managed investment schemes or equity interests for tax purposes, or shares that are equity interests for tax purposes, on an accruals or realisation basis.

The proposed provisions, in their current form, do not appear to be intended to apply to the Underlying Shares but may have some implications for the taxation treatment of the Loan and Interest Amounts.

The TOFA Bill was introduced into parliament on 20 September 2007. Although this Bill lapsed when Parliament was prorogued for the federal election on 24 November 2007, it is expected that the Bill will be re-introduced in 2008. You should obtain your own advice in relation to the introduction and potential applicability of the TOFA proposals in light of your own individual facts and circumstances.

6.13 Goods and Services Tax
The A New Tax System (Goods and Services Tax) Act 1999 and related legislation impose a goods and services tax (GST) on certain “supplies”. The A New Tax System (Goods and Services Tax) Regulations 1999 identify a range of supplies that are financial supplies on which GST is not payable.

The issue of Instalments, provision of the Loan, acquisition of an Underlying Share by the Security Trustee, transfer of Shares by a Shareholder Applicant, transfer of a Prior Series Instalment or Shares by a Rollover Applicant to the Security Trustee, transfer of an Instalment and transfer of an Underlying Share to you will not give rise to a liability for GST.

The receipt of the balance of the Loan proceeds by a Shareholder Applicant or the receipt or payment of the balance of the Loan by a Rollover Applicant, Annual Reset Costs in relation to a Resetting Instalment, the Borrowing Fee and the Interest Amount, and the payment of dividends or distributions to you should not attract GST.

However, if GST becomes payable by Macquarie or the Security Trustee in connection with any supply made to you under or in connection with this PDS, then Macquarie or the Security Trustee (where appropriate) can require you to pay an additional amount on account of GST.
About Macquarie

Macquarie Bank Limited ("Macquarie Bank") is an authorised deposit-taking institution under s9 of the Banking Act 1959 (Cth).

Formation of Macquarie Group Limited as a non-operating holding company (NOHC)

Macquarie Group Limited ("MQG") has been established as a non-operating holding company and the ultimate listed parent for the Macquarie Group. The new Macquarie Group structure was formally implemented on 13 November 2007. Under the new structure, MQG, which is listed on the ASX, is regulated by APRA as a non-operating holding company of an authorised deposit-taking institution. Macquarie Bank is a wholly owned subsidiary of MQG and remains a licensed Australian bank, regulated by APRA.

Further information about the Macquarie Group structure and Macquarie Bank is available on our website www.macquarie.com.au.

Rating Agencies

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

The rating agencies do not independently verify information provided to them by Macquarie Bank, and therefore, the rating agencies make no representation or warranty with respect to the accuracy of their ratings. The rating agencies have not been involved in the preparation, or authorised the issue, of this PDS.

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

Accordingly, each investor should conduct their own evaluation of the Macquarie Instalments and consult with their investment adviser.

Ratings are subject to change or withdrawal at any time, at each rating agency’s sole discretion.
Disclosure obligations

Macquarie Bank is a disclosing entity under the Corporations Act and has a continuous disclosure obligation under that Act and the ASX Listing Rules. This means that, subject to certain exceptions, Macquarie Bank must disclose to ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Macquarie Bank’s securities. Copies of the information disclosed to the ASX can be viewed on the ASX website, www.asx.com.au.

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

Documents available

Macquarie will provide a copy, free of charge, of its most recent publicly available financial reports and interim reports to any person who requests such copies during the Offer Period in relation to the PDS, by contacting Equity Markets Group, Macquarie Group Limited, No. 1 Martin Place, Sydney, NSW Australia, telephone number: 1800 803 010.

These documents are also able to be reviewed online at: www.macquarie.com.au/shareholdercentre.

Updated information

You can obtain up-to-date information about Macquarie, including financial information and ratings, by referring to www.macquarie.com.au/shareholdercentre.

7.2 Potential conflicts of interests

7.2.1 Activities of the Macquarie Group

Potential conflicts of interest arise because some of the entities involved in this offer are related parties. The Security Trustee (Belike Nominees Pty Ltd) is a wholly owned subsidiary of Macquarie and has one or more directors who are also senior executives of Macquarie.

Macquarie and other members of the Macquarie Group may hold shares or units in members of the Macquarie Group and/or hold Shares, Instalments and other financial products related or linked to Shares and Instalments. The directors and employees of Macquarie and other members of the Macquarie Group may receive remuneration based on the issue or performance of the Instalments, in whole or in part.

Macquarie and other members of the Macquarie Group may buy and sell (whether as principal or agent) financial products related to Shares and Instalments or the Listed Entities. The directors and employees of Macquarie and other members of the Macquarie Group may also hold directorships in the Listed Entities.

Members of the Macquarie Group may have business relationships or alliances (including joint ventures) with any of the Listed Entities and/or be a substantial shareholder of any of the Listed Entities. In addition, members of the Macquarie Group may from time to time advise any of the Listed Entities in relation to activities unconnected with the Instalments which may or may not affect the value of the Listed Entities or its Shares. Such relationships and advisory roles may include:

- acting as manager or joint lead manager in relation to the offering or placement of rights, options or other securities including Shares;
- underwriting the offering or placement of rights, options or other securities including Shares;
- advising in relation to mergers, acquisitions or takeover offers; and
- acting as general financial adviser in respect of, without limitation, corporate advice, financing, funds management and property and other services.

Macquarie may also have a commercial relationship with various senior executives of a Listed Entity and may sell financial products to, or advise, such senior executives in relation to Shares and Instalments or matters unconnected with Shares or Instalments.

These activities may have an effect on the value of Shares and/or the Instalments.

More information relating to Macquarie’s association with any Listed Entity will be included in the SPDS for the Series.
7.2.2 Dealings in relation to Instalments

Members of the Macquarie Group may apply for Instalments to facilitate market making activities that may be undertaken in relation to the Instalments.

Members of the Macquarie Group reserve the right to buy back Instalments that have been issued or to facilitate those Instalments being either cancelled or resold by Macquarie. Instalments may also be issued after the commencement of trading on the ASX if the issue is not fully subscribed. Macquarie reserves the right to issue more Instalments in each Series without your consent, subject to the consent of the ASX.

The Security Trustee may deal with the Underlying Shares in any manner permitted under the Trust Deed, including the transfer of Shares to members of the Macquarie Group. These dealings, and any subsequent dealings undertaken in relation to such Shares or Instalments, may affect the value of the Underlying Shares and consequently the Instalments.

7.3 Superannuation considerations

Superannuation funds, such as self managed superannuation funds, can only borrow money in limited circumstances and are restricted in the types of investments that they can make by the Superannuation Industry (Supervision) Act 1993 (SIS Act).

Under an amendment to the SIS Act contained in Tax Laws Amendment (2007 Measures No 4) Act 2007 (SIS Act Amendment) (effective from 24 September 2007), the trustee of a superannuation fund is not prohibited from borrowing money or maintaining a borrowing of money under an arrangement which (relevantly) has the following features:

- the money is or has been applied to acquire an asset;
- the asset (or a replacement of it) ("underlying asset") is not an asset which the superannuation fund is prohibited by the SIS Act or any other law from acquiring;
- the underlying asset is held on trust so that the superannuation fund acquires a beneficial interest in it;
- the superannuation fund has a right to acquire legal ownership of the underlying asset by making one or more payments after acquiring the beneficial interest; and
- the rights of the lender against the superannuation fund for default on the borrowing (including interest and any related charges) are limited to rights relating to the underlying asset.

In addition, effective from 24 September 2007, an investment meeting the requirements of the borrowing exception set out above will not be an in-house asset of the fund provided the underlying asset would not be an in-house asset of the fund if it were held directly.

An investment in Instalments will also have to comply with other requirements under the SIS Act. While not an exhaustive list, the key requirements of that superannuation law include:

- the prohibition on acquiring assets from related parties;
- 5% limit on “in-house” assets; and
- the prohibition on giving a charge over an asset of the fund. In particular, the Australian Prudential Regulation Authority and the Australian Tax Office have determined that a Shareholder Application (whereby a superannuation fund uses its existing equity holdings to purchase instalment warrants) involves the fund placing a charge over an asset of the fund (Joint Press Release of 16 December 2002).

A super fund trustee that contravenes any of these requirements may lose the tax concessions available to their fund under Australian taxation laws. Any person who is involved in the contravention may also commit an offence that may involve the payment of criminal penalties.

Super fund trustees must also formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their super fund and must act in the best interest of the members of their fund. This includes ensuring they are familiar with the risks involved in, and have in place adequate risk management procedures to manage the risks associated with, Instalments prior to making such investment.
If you are a superannuation fund, you should not consider investing in Instalments unless you are able to provide Macquarie with a TFN or ABN. If the Security Trustee is required to withhold an amount of Tax from a Dividend which is not fully franked (for example where you have not provided a TFN or ABN and an exemption does not apply or you are a non-resident) and Macquarie reduces the Loan Amount of your Instalment by the amount of Tax withheld, such amount will be a debt immediately due from you on a full recourse basis. As a result, you may be deemed to be borrowing in contravention of section 67 of the SIS Act if you do not provide your TFN or ABN to Macquarie.

Instalments should be considered as derivative instruments for risk management purposes. You will need to ensure there is sufficient liquidity in trust funds to repay the Loan (or have a considered approach in place to determine not to) and, for the purpose of investment strategy reporting, treat an investment in Instalments as a full exposure to the relevant Underlying Shares.

You should obtain your own advice as to whether Instalments are an appropriate investment for your superannuation fund.

7.4 Substantial shareholders, takeovers and associations

The acquisition of an Instalment may have implications for you (particularly substantial shareholders) under Chapters 6, 6A and 6C of the Corporations Act. The precise implications depend on your particular circumstances.

The following summary of the law as at the date of this PDS is intended to assist you in identifying some possible practical obligations that may arise as a result of holding an Instalment. Your obligations will, however, be affected by your individual circumstances and you should obtain your own advice.

As soon as you are issued an Instalment, you will have a relevant interest in each Underlying Share in which you have a Beneficial Interest. Disclosure obligations (including obligations on substantial shareholders) and limitations on acquisitions, under Chapters 6, 6A and 6C of the Corporations Act, may affect you in respect of acquiring, holding and disposing of an Instalment.

ASIC has granted a modification of Chapter 6 and Chapter 6C of the Corporations Act such that neither Macquarie nor the Security Trustee will be deemed to have a relevant interest in the Underlying Shares through their involvement in the Instalments structure. ASIC Class Order CO 02/927 modifies the Corporations Act so that the Security Trustee is not regarded as having a relevant interest in an Underlying Share under the Trust Deed for the purposes of Chapters 6 and 6C.

7.5 Foreign Holders

The acquisition of an Instalment may also have implications for you under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA). The following very general summary of FATA in relation to an acquisition of an Instalment is not exhaustive and is not legal advice. You should not rely solely on this Section, and should seek your own legal advice in relation to your proposed investment including, but not limited to, those matters referred to below.

Under FATA, the Treasurer of Australia may prohibit a proposed acquisition of Shares in an Australian corporation or interests in the assets of an Australian business where the result of the acquisition would be that a foreign person, together with their associates, would have an interest of at least 15% of the issued Shares in the corporation (or interests in the assets of an Australian business), or two or more foreign persons (together with their associates) would in aggregate have an interest of at least 40% of the issued Shares in the corporation or the assets of the Australian business. Furthermore, if such an acquisition has already occurred, the Treasurer may order the person who acquired the Shares or interests in the assets to dispose of them to an approved person. The concepts of acquisition, interest, associate and foreign person are very widely defined in FATA.

FATA also requires certain persons to give the Treasurer prior notice of their intention to make certain acquisitions. For the purposes of FATA, the acquisition of an Instalment will constitute an acquisition by the Holder of the Underlying Share.

Foreign ownership of Shares in Australian companies may also be restricted under other Commonwealth or State legislation, or under Government policy. You should make your own enquiries.
7.6 Shareholding limits or restrictions
Some Listed Entities may be subject to legislation which prescribes maximum shareholding limits for shareholders or other restrictions which may prohibit or limit the interests in that Listed Entity that you may acquire. You should inform yourself of the restrictions that may apply to your investment in Instalments.

7.7 National Guarantee Fund
Claims against the National Guarantee Fund may only be made in respect of trading in Instalments between brokers on the ASX. You cannot make a claim against the National Guarantee Fund in relation to either the issue of Instalments by Macquarie under this PDS or the settlement obligations of Macquarie arising from you repaying the Loan or the expiry of an Instalment.

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

7.8 Anti-money laundering regulations
We may require you to provide appropriate detailed proof of your identity as well as documented evidence of the source of proceeds being used for your investment in Instalments.

Such proof and evidence may be considered necessary by us to ensure that we fulfil our anti-money laundering obligations. Failure to provide such proof and evidence may result in the early termination of your Instalments.

7.9 Enquiries and complaints
We have procedures for dispute resolution, and they are available to you free of charge. You may make a complaint relating to Instalments directly to us in writing. We will always acknowledge any complaint promptly and provide a substantive response within no more than 45 days. If the outcome is unsatisfactory, you may refer your complaint to the Banking and Financial Services Ombudsman at:

Banking and Financial Services Ombudsman
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 780 808
Fax: (03) 9613 7345
bfso.org.au

7.10 No cooling-off period
There is no cooling-off period when you acquire Instalments.

7.11 Privacy statement
By completing the Application Form, you agree to us collecting and using personal information about you to process your Application, and administer and manage the products and services we provide to you. This includes monitoring, auditing and evaluating those products and services, modelling data, data testing, communicating with you and dealing with any complaints or enquiries.

You need not give us any personal information requested in the Application Form or in any other document or communication relating to the products or services we supply you. However, if you do not provide us with complete information, we may not be able to process your Application or provide you with an appropriate level of service.

You agree to allow us to provide access to your personal information to members of the Macquarie Group as well as external service providers (including those located offshore), which provide services in connection with our products and services, for example, mail houses and professional advisers.
If an adviser’s stamp appears on your Application Form (or you subsequently notify us of a new adviser), we may supply that adviser with information about your investments.

We may also disclose your personal information:

- if, acting in good faith, we believe that the law requires or permits us to do so;
- if you consent; or
- to any person proposing to acquire an interest in our business.

We and other members of the Macquarie Group may use your personal information to offer products or services that may be of interest to you unless you request us not to.

Under the Privacy Act 1988, you may request access to your personal information that we hold. You can contact us to make such a request or for any other reason relating to the privacy of your personal information by telephoning us on the telephone number, or by writing to us at the address, listed in the Directory.

Our privacy statement and details on how you may access or update your personal information can be accessed at www.macquarie.com.au/au/privacy_policy.htm.

7.12 Ethical considerations

We do not take labour standards or social, environmental or ethical considerations into account when selecting, retaining or realising the Instalments.

7.13 Consents

Clayton Utz has given and not withdrawn its consent to be named in this PDS in the form and context in which it is named. Clayton Utz has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS (or any statement on which a statement in this PDS is based), and takes no responsibility for any part of this PDS other than Section 6.

7.14 Disclaimers

Belike Nominees Pty Limited (Security Trustee) has not had any involvement in the preparation of any part of this PDS, other than being named as Security Trustee. The Security Trustee has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS (or any statement on which a statement in this PDS is based), and expressly disclaims and takes no responsibility for any part of this PDS.

Computershare Investor Services Pty Limited (Registrar) has not had any involvement in the preparation of any part of this PDS, other than being named as Registrar. The Registrar has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS (or any statement on which a statement in this PDS is based), and expressly disclaims and takes no responsibility for any part of this PDS.
Set out below is a sample of the Loan Agreement which you will enter into if you are a successful Applicant or Transferee. By entering into the Loan Agreement, you represent that you will use the Loan proceeds for business or investment purposes only.

LOAN AGREEMENT

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

Macquarie is pleased to accept your Application for a Loan in respect of each Instalment, the number of which is identified in your Application or Transfer (as the case may be) or such lesser number as may be determined by Macquarie.

Macquarie acknowledges that you have appointed the Security Trustee as your nominee in respect of any of your Shares to which your Application relates. For valuable consideration, on you entering into this Loan Agreement, Macquarie will issue to you, or register the transfer to you of, the number and type of Instalments identified in your Application or Transfer (or such lesser number as may be determined by Macquarie) and any Instalments which you are entitled to receive under the Instalment Reinvestment Plan. The terms and conditions of the Instalments are set out in the Terms as that term is defined on the Product Disclosure Statement dated 7 February 2008 as amended or supplemented from time to time (“PDS”).

Unless the context requires otherwise, definitions in the PDS and the Trust Deed (as that term is defined in the PDS) apply. In the case of a joint Application, “you” means each Applicant on a joint and several basis.

1. Loan

1.1 Effective Date

(a) In consideration for the payment of the Borrowing Fee (unless you are a Transferee), Macquarie will make a Loan available to you:

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

(ii) where you are a Transferee, on the date you buy the Instalments,

in either case, the Effective Date (unless paragraph (b) below applies).

(b) If the Underlying Shares are trading on a Deferred Settlement basis, Macquarie will make the Loan available to you and/or apply the proceeds of the Loan only after the Deferred Settlement Period ends and the relevant Shares are transferred to the Security Trustee. In this case the date on which this occurs shall be deemed to be the Effective Date.

1.2 Drawings

(a) If you are an Applicant or a Transferee, you give notice on the Effective Date that you wish to drawdown under the Loan an amount equal to the Loan Amount (as may be adjusted for Break Costs); and

(b) You also give notice that you wish to make the drawdowns contemplated in paragraph 1.9 of this Loan Agreement.

1.3 Repayment

(a) The Loan Amount must be repaid in cleared funds within five Business Days of the later of:

(i) the date on which a Completion Notice is given; and

(ii) the Maturity Date.

You may also repay the Loan in respect of a Resetting Instalment on any Annual Reset Date provided your payment is received by Macquarie in cleared funds by the Annual Reset Date.

(b) Any amount you pay to Macquarie together with:

(i) in the case of Self Funding Instalments, any Dividend; and

(ii) in the case of any other Instalment, any Special Dividend,

will be held and used by Macquarie for the purpose of repaying the Loan (or part thereof as the case may be) as set out in the Trust Deed, the PDS and any SPDS for the Series.

(c) If you do not repay the Loan in accordance with paragraph 1.3(a) of this Loan Agreement in respect of all of your Instalments, Macquarie’s only remedy is to enforce the Security Interest described below in relation to the relevant Instalment.

(d) You acknowledge that the Maturity Date may alter in the manner referred to in the Trust Deed, the PDS (and any SPDS for the Series).
1.4 Interest Amounts
(a) You must pay interest at a fixed rate for each Variable Interest Period occurring during the Loan term. The Interest Amount (IA) payable in respect of each Variable Interest Period will be calculated in accordance with the following formula:

\[ IA = VIA + \left( \frac{FIA \times VIP}{FIP} \right) \]

where:
- \( VIA \) = the Variable Interest Amount for the Variable Interest Period determined in accordance with paragraph 1.5;
- \( FIA \) = the Fixed Interest Amount determined in accordance with paragraph 1.6;
- \( VIP \) = the number of days in the Variable Interest Period determined in accordance with paragraph 1.5; and
- \( FIP \) = the number of days in the Fixed Interest Period determined in accordance with paragraph 1.6.

(b) The Interest Amount must be paid by paying:
(i) the Variable Interest Amount in accordance with paragraph 1.5(a)(i); and
(ii) the Fixed Interest Amount in accordance with paragraph 1.6.

1.5 Variable Interest Amounts
(a) A Variable Interest Amount must be paid:
(i) in advance by each Applicant and Transferee on the Effective Date, calculated in accordance with paragraph 1.5(b); and
(ii) by the Holder of an Income Instalment and/or Self Funding Instalment on each Interest Drawdown Date applicable to the relevant Instalment, calculated in accordance with paragraph 1.5(d); and
(iii) by the Holder of a Resetting Instalment on each Annual Reset Date applicable to the relevant Resetting Instalment, calculated in accordance with paragraph 1.5(e).

(b) The formula for calculating the amount of the Variable Interest Amount (VIA) payable pursuant to paragraph 1.5(a)(i) above is:

\[ VIA = \frac{VIR \times LA \times VIP}{365} \]

where:
- \( VIR \) = the Variable Interest Rate applicable to the Instalment;
- \( LA \) = the Loan Amount; and
- \( VIP \) = the number of days in the Variable Interest Period.

(c) For the purposes of paragraph 1.5(b), Variable Interest Period means:
(i) for Trading Instalments, the period from (and including) the Effective Date to (and excluding) the Maturity Date;
(ii) for Income Instalments and Self Funding Instalments, the period from (and including) the Effective Date to (and excluding) the earlier of the next Interest Drawdown Date and the Maturity Date (as the case may be); and
(iii) for Resetting Instalments, the period from (and including) the Effective Date to (and excluding) the earlier of the next Annual Reset Date and the Maturity Date (as the case may be).

(d) The formula for calculating the amount of the Variable Interest Amount (VIA) payable pursuant to paragraph 1.5(a)(ii) above is:

\[ VIA = \frac{VIR \times LA \times FIP}{365} \]

where:
- \( VIR \) = the Variable Interest Rate applicable to the Instalment;
- \( LA \) = the Loan Amount (plus the amount required to fund the Variable Interest Amount and any interest thereon); and
- \( VIP \) = the Variable Interest Period, in this case the number of days from (and including) the relevant Interest Drawdown Date to (and excluding) the earlier of the next Interest Drawdown Date and the Maturity Date.
The formula for calculating the amount of the Variable Interest Amount (VIA) payable pursuant to paragraph 1.5(a)(iii) above is:

\[ \text{VIA} = \text{VIR} \times \text{RLA} \times \frac{\text{VIP}}{365} \]

where:
- \( \text{VIR} \) = the Variable Interest Rate applicable to the Instalment;
- \( \text{RLA} \) = the Revised Loan Amount that will apply to your Instalment as a result of the Annual Reset Procedure; and
- \( \text{VIP} \) = the Variable Interest Period, in this case the number of days from (and including) the upcoming Annual Reset Date to (and excluding) the earlier of the following Annual Reset Date and the Maturity Date.

1.6 Fixed Interest Amounts

(a) A Fixed Interest Amount must be paid:

(i) in advance by each Applicant and Transferee on the Effective Date, calculated in accordance with paragraph 1.6(b); and

(ii) by the Holder of a Resetting Instalment on each Annual Reset Date applicable to the relevant Resetting Instalment, calculated in accordance with paragraph 1.6(c).

(b) The formula for calculating the amount of the Fixed Interest Amount (FIA) payable pursuant to paragraph 1.6(a)(i) above is:

\[ \text{FIA} = \text{FIR} \times \text{LA} \times \frac{\text{FIP}}{365} \]

where:
- \( \text{FIR} \) = the Fixed Interest Rate applicable to the Instalment;
- \( \text{LA} \) = the Loan Amount; and
- \( \text{FIP} \) = the number of days in the Fixed Interest Period.

(d) For the purposes of this paragraph 1.6, the Fixed Interest Period is:

(i) for Trading Instalments, Income Instalments and Self Funding Instalments, the period from (and including) the Effective Date to (and excluding) the Maturity Date; and

(ii) for Resetting Instalments, the period from (and including) the Effective Date or the Annual Reset Date (as the case may be) to (and excluding) the earlier of the next Annual Reset Date and the Maturity Date (as the case may be).

1.7 Refunds of Variable Interest Amount

Part of the Variable Interest Amount is refundable if:

(a) the Maturity Date is brought forward due to the occurrence of an Extraordinary Event or a Special Dividend is paid which has the effect of reducing the Loan Amount of the relevant Instalment to, or below, zero. The amount of interest refunded to you will be calculated as follows:

\[ \text{IR} = \text{LA} - \text{DCP} \]

where:
- \( \text{IR} \) = the interest refund;
- \( \text{LA} \) = the Loan Amount; and
- \( \text{DCP} \) = the present value of the Loan Amount, calculated by discounting the Loan Amount back to the accelerated Maturity Date from the date to which the Variable Interest Amount has been prepaid, using a discount rate equal to the BBSY Rate for the discount period plus 1%pa.

Any refund of interest will be applied first to reduce the Loan Amount of the relevant Instalment.
(b) the Loan Amount is reduced by a Special Dividend (other than as referred to in paragraph 1.7(a) above). The amount of interest refunded to you will be calculated as follows:

$$IR = SD - DSD$$

where:
- **IR** = the interest refund;
- **SD** = the Special Dividend; and
- **DSD** = the present value of the Special Dividend, calculated by discounting the Special Dividend back to the ex-date for the Special Dividend from the date to which the Variable Interest Amount has been prepaid, using a discount rate equal to the BBSY Rate for the discount period plus 1%pa.

Any refund of interest will be used to reduce the Loan Amount and will take effect from the relevant ex-dividend date related to that Special Dividend.

1.8 Borrowing Fee

(a) As consideration for obtaining the Loan, a Borrowing Fee must be paid:

(i) by each Applicant on the Effective Date, calculated in accordance with paragraph 1.8(b); and

(ii) by the Holder of a Resetting Instalment on each Annual Reset Date applicable to the relevant Resetting Instalment, calculated in accordance with paragraph 1.8(c).

(b) The formula for calculating the amount of the Borrowing Fee (**BF**) payable pursuant to paragraph 1.8(a)(i) above is:

$$BF = F \times LA$$

where:
- **F** = the Borrowing Fee percentage applicable to the Instalment; and
- **LA** = the Loan Amount.

(c) The formula for calculating the amount of the Borrowing Fee (**BF**) payable pursuant to paragraph 1.8(a)(ii) above is:

$$BF = F \times RLA$$

where:
- **F** = the Borrowing Fee percentage applicable to the Instalment; and
- **RLA** = the Revised Loan Amount that will apply to your Instalment as a result of the Annual Reset Procedure.

1.9 Directions

(a) Applicants

You irrevocably authorise and direct Macquarie to apply the Loan Amount as follows for each Instalment applied for or (for Resetting Instalments) issued to you under the terms of the Instalment Reinvestment Plan:

(i) to acquire the Underlying Share (for Cash Applicants and Applicants under the Instalment Reinvestment Plan);

(ii) to pay the Variable Interest Amount, Fixed Interest Amount and Borrowing Fee due on the Effective Date (for Shareholder and Rollover Applicants);

(iii) to pay any Final Instalment due on any Prior Series Instalment (for Rollover Applicants); and

(iv) with the balance to be paid to you in cash (if any), or reinvested in additional Macquarie Instalments.

(b) During the Term

If you hold Income Instalments or Self Funding Instalments, you irrevocably authorise and direct the Security Trustee as your nominee to:

(i) give notice that you wish to drawdown under the Loan for each Income Instalment or Self Funding Instalment (as the case may be) held on the Interest Drawdown Date the Variable Interest Amount; and

(ii) pay to Macquarie, as a prepayment of interest for the next Variable Interest Period, the Variable Interest Amount.

The Loan Amount of the Income Instalment or Self Funding Instalment (as the case may be) will then be increased by such Variable Interest Amount.
(c) **Drawdown for Partly Paid Share**

You irrevocably authorise the Security Trustee to give notice that you wish to drawdown under the Loan:

(i) an amount necessary to pay any amount due, or call made by the relevant Listed Entity, in relation to any partly paid Share; and

(ii) plus, in the case of a Self Funding Instalment or Income Instalment, interest on that amount (and any interest thereon), calculated as if such amount were a Variable Interest Amount payable in respect of such Self Funding Instalment or Income Instalment (as the case may be), and date of the drawdown referred to in this paragraph were an Interest Drawdown Date.

The Loan Amount of your Instalment will be increased by the amount of such drawdown where such drawdown is accepted by Macquarie.

(d) **Transfers**

If an Instalment is sold before its Maturity Date, the following will apply:

(i) Part of the Variable Interest Amount and Fixed Interest Amount prepaid by the Transferor will be refunded. The interest that is refundable to the Transferor will be calculated on a pro rata basis based on the number of days remaining in the Variable Interest Period and the Fixed Interest Period (as applicable) and the Fixed Interest Rate and Variable Interest Rate (as applicable) applying to the Transferor’s Loan at the time at which the Variable Interest Amount and Fixed Interest Amount (as applicable) were prepaid.

(ii) The Variable Interest Amount and Fixed Interest Amount payable on the Loan by the Transferee will be calculated in accordance with paragraphs 1.5(a)(i) and 1.6(a)(i).

(iii) A Break Cost (representing the cost to Macquarie or the Transferor of the other breaking the funding arrangements) will also be payable by Macquarie to the Transferor (if the sum of the Fixed Interest Amount and the Variable Interest Amount refunded to the Transferor is less than the sum of the Fixed Interest Amount and Variable Interest Amount applying to the Transferee’s Loan) or by the Transferor to Macquarie (if the sum of the Fixed Interest Amount and the Variable Interest Amount refunded to the Transferor is greater than the sum of the Fixed Interest Amount and the Variable Interest Amount applying to the Transferee’s Loan). If the sum of the Fixed Interest Amounts and the Variable Interest Amounts applying to each of the Transferor’s and the Transferee’s Loans are the same no Break Cost will be payable.

(iv) The Transferor and Macquarie irrevocably direct that:

1. the amount of any Break Costs payable shall be added to (if payable by the Transferor) or applied against (if payable by Macquarie) the Transferor’s Loan; and
2. any refunds of the Variable Interest Amount and Fixed Interest Amount owed by Macquarie to the Transferor be used by Macquarie in partial satisfaction of the Transferee’s Loan to the extent of the refund due.

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

1. a portion of the new Loan to the Transferee be paid to Macquarie to prepay the Variable Interest Amount and Fixed Interest Amount payable in advance on the Transferee’s Loan for the unexpired portion of the Variable Interest Period and Fixed Interest Period (as the case may be); and
2. the remainder of the Loan to the Transferee be used in repaying the net amount due by the Transferor to Macquarie on transfer of the Instalment.

1.10 **Limited recourse**

Your liability to Macquarie for repayment of the Loan is limited to the total amount received by Macquarie in relation to the Underlying Shares relating to the Instalments held by you (whether by exercising its power of sale or otherwise). Macquarie will not take any action against you in relation to the Loan to recover any amount beyond enforcing the Security Interest referred to below. For the avoidance of doubt, this paragraph 1.10 does not apply to your liability for the Equalisation Amount (if any) under the Trust Deed.
1.11 Annual Reset Procedure – Resetting Instalments

Approximately 20 Business Days prior to an Annual Reset Date, Macquarie will nominate whether a Series of Resetting Instalments will either:

(a) continue and whether a new Loan Amount (Revised Loan Amount) will be advanced and apply as of the Annual Reset Date. Macquarie may also provide each Holder with indicative figures for the Annual Reset Costs payable; or

(b) terminate on the Annual Reset Date.

Generally, Macquarie will look at the price of the Underlying Share approximately 20 Business Days prior to an Annual Reset Date to determine whether the Loan Amount will be revised upward or downward.

Continuation of Resetting Instalments

Where a Series of Resetting Instalments will be continued as of an Annual Reset Date, a Holder may receive a Reset Cashback (RC) from Macquarie or may be required to make a Reset Payment (RP) to Macquarie. Whether an amount is payable to, or by, a Holder will be determined as follows:

\[ RC(RP) = RLA - LA - ARC \]

where:

RLA = the Revised Loan Amount which will be advanced and apply to the Resetting Instalment as a result of the Annual Reset Procedure;

LA = the Loan Amount (prior to the Annual Reset Date); and

ARC = the Annual Reset Costs.

If the calculation of this amount produces a positive number, the Holder will be entitled to receive a Reset Cashback. If the calculation of this amount produces a negative number, the Holder will be obliged to make a Reset Payment to Macquarie equal to that amount. If the amount calculated is zero, no amount will be received or payable by the Holder.

Reset Cashback

Any Reset Cashback will be either:

(a) paid directly to a Holder if the Holder instructs Macquarie to do so (the Holder may need to sign a Consumer Credit Code declaration for this purpose). If the Holder provides this instruction, Macquarie will send the Holder a cheque or procure payment to the Holder a cheque or procure payment to the Holder of such amount within ten Business Days of the Annual Reset Date; or

(b) if the Holder does not give Macquarie this instruction prior to the Annual Reset Date, automatically reinvested in additional Resetting Instalments pursuant to the Instalment Reinvestment Plan (see Section 2.2).

Reset Payment

If a Holder owes Macquarie a Reset Payment, the Holder must pay to Macquarie the Reset Payment in cleared funds by the Annual Reset Date for each Resetting Instalment held. If the Holder makes the Reset Payment, the Holder will retain their full holding of Resetting Instalments, and the Holder’s Loan Amount per Resetting Instalment will be adjusted to the Revised Loan Amount (in accordance with the drawdown and repayment directions described below).

If the Holder does not make the Reset Payment and has not repaid the Loan in cleared funds by the Annual Reset Date, then, subject to Macquarie’s rights of set-off, Macquarie may, in its absolute discretion, determine that the Holder’s Loan (in relation to all or part of the Holder’s Instalments) is immediately repayable on the Annual Reset Date, either in whole or in part and may enforce the Security Interest to recover this amount.

Revised Loan Amount – Notice of Drawdown and Direction

Unless the Holder repays the Loan in cleared funds by the Annual Reset Date, the Holder irrevocably authorises the Security Trustee as the Holder’s nominee, to give notice to Macquarie that the Holder wishes to drawdown under the Loan, for each Instalment held on the Annual Reset Date, the Revised Loan Amount, and irrevocably authorises and directs the Security Trustee to apply the Revised Loan Amount and any Reset Payment (to the extent available) as follows:

(1) to repay the Loan Amount of the Instalment immediately prior to the Annual Reset Date;

(2) to pay to Macquarie the Annual Reset Costs; and
(3) If Macquarie has not received a valid instruction to pay any Reset Cashback to the Holder, to pay to Macquarie the amount of any Reset Cashback which is automatically reinvested in additional Resetting Instalments under the Instalment Reinvestment Plan (see Section 2.2).

Annual Reset Costs
You may at Macquarie’s discretion, have to pay the Annual Reset Costs on each Annual Reset Date. The Annual Reset Costs will be payable by you if you elect on the Annual Reset Date to continue to hold your Instalments. Holders may be required to contact Macquarie to confirm the exact figures for the Annual Reset Costs.

Termination of Instalments
If Macquarie decides to terminate a particular Series of Resetting Instalments as of an Annual Reset Date, the Loan will become immediately repayable on that Annual Reset Date and that Annual Reset Date will be the Maturity Date of that Series of Instalments.

1.12
Tax
If you are required to deduct any tax from any payment (except a tax on Macquarie’s overall net income), then:

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

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

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

If GST is payable on any supply made by or through Macquarie under or in connection with this Loan Agreement, you agree to pay an additional amount to Macquarie equal to the GST payable (and any GST payable on such increased amount) and otherwise indemnify Macquarie for any GST payable.

2. General

2.1
Acknowledgement
You acknowledge that the Security Trustee has mortgaged to Macquarie the Mortgaged Property. The Security Interest secures the due and punctual repayment of the Secured Monies and is granted in consideration of Macquarie agreeing to make the Loan available to you.

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

2.2
Exercise of Powers
If the Holder does not repay the Loan in relation to an Instalment on or before the Maturity Date or pay any other amount on its due date for payment, or becomes bankrupt or insolvent, Macquarie may appoint a Receiver, enforce its Security Interest and sell the Mortgaged Property, exercise the Security Trustee’s rights comprised in the Mortgaged Property and exercise any other power granted by law to mortgagees in accordance with the Terms and apply the proceeds in repayment of the Secured Monies. To the extent permitted by law the Security Trustee has dispensed with any notice or lapse of time required by any law for the enforcement of the Security Interest or the exercise of any power by Macquarie under this Loan Agreement or the Trust Deed.

2.3
Further assurances
You agree to take all steps, execute all documents and do everything reasonably required by Macquarie to give effect to the transactions contemplated by this Loan Agreement.

2.4
Notices
Clause 34 of the Trust Deed is deemed to be incorporated into this Loan Agreement, except that any reference in that clause to the words “Trust Deed” shall be deemed to be a reference to “this Loan Agreement” for the purposes of this Loan Agreement.

2.5
Stamp duty
Macquarie agrees to pay all stamp duty payable on this Loan Agreement. You agree to promptly provide to Macquarie any information Macquarie reasonably requests to assist in the calculation and payment of any such stamp duty.
2.6 Assignment
Macquarie may novate, assign or sub-participate this Loan Agreement and any or all of its rights under this Loan Agreement at any time. You may not do any of the above (other than in accordance with the Trust Deed) at any time.

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

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

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

2.10 Amendment
This Loan Agreement may be amended by Macquarie for a Series of Instalments where the Change is:

(1) necessary in the opinion of Macquarie to comply with any statutory or other requirements of law or any requirement of the ASX;

(2) to rectify any defect, manifest error or ambiguity provided such Change does not materially prejudice the interests of Holders;

(3) where, in the reasonable opinion of Macquarie, the amendment does not materially prejudice the interests of Holders;

(4) to provide for the consequences of any adjustment (including any corporate action) or Extraordinary Event; or

(5) the terms of the Change are authorised by a resolution of Holders (the procedure for which is set out in the Trust Deed); and

such Change has been consented to the ASX.

Executed as an agreement in Sydney.

Yours faithfully,

On behalf of Macquarie Bank Limited
I accept the above offer.

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

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

Important
You should not sign this declaration unless this Loan is wholly or predominantly for business or investment purposes. By signing this declaration you may lose your protection under the Consumer Credit Code.

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

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

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

9.1 ASX terminology

The terminology used in this PDS and the Trust Deed varies from the terminology used in Section 10 of the ASX Market Rules, as follows:

- **Completion Notice** corresponds to exercise notice;
- **Instalment** corresponds to warrant;
- **Maturity Date** corresponds to expiry date; and
- **Terms** corresponds to Terms of Issue.

9.2 Other definitions

The following definitions shall apply:

**ABN** means Australian Business Number.

**Acceptance** means acceptance by Macquarie of an Application, which shall occur on the earlier of either of the events specified in Section 5.1.2 occurring, and **Accepted** has a corresponding meaning.

**Accretion** means all rights, accretions and entitlements attaching to the Shares after the date of issue of the corresponding Instalments including, without limitation, all Distributions (other than cash dividends or distributions and reductions or distributions of capital), Shares, units, notes, options or other securities exercisable, declared, paid or issued in respect of the Shares but excluding Non-Accretion Benefits.

**Adviser Discretionary Payment** means the fee so named and described in Section 3.8.1.

**Adviser Fee Table** means the table in Section 3.8.1.

**Adviser Placement Fee** means the fee so named and described in Section 3.8.1.

**Adviser Reset Commission** means the fee so named and described in Section 3.8.1.

**Adviser Trailing Payment** means the fee so named and described in Section 3.8.1.

**AFSL** means Australian Financial Services Licence.

**Annual Reset Costs** means the Variable Interest Amount, Fixed Interest Amount and Borrowing Fee payable in relation to a Resetting Instalment on an Annual Reset Date.

**Annual Reset Date** means each date specified as such for a particular Series of Resetting Instalments in the relevant SPDS.

**Annual Reset Procedure** means, with respect to a Resetting Instalment, the procedure described in paragraph 1.11 of the Loan Agreement.

**Applicant** means a person who makes an Application and includes a joint applicant.

**Application** means an application, whether oral or in writing, to Macquarie for a Loan and Instalments (including, when made, any application which is made pursuant to the Instalment Reinvestment Plan).

**Application Form** means an application form for Instalments included in, derived from, or otherwise accompanying, this PDS.

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

**Assessed Value Payment** means, with respect to an Instalment, the amount described in Section 5.4.

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532) and the clearing and settlement facility prescribed by regulations made under section 761A of the Corporations Act.

**ASTC Rules** means the operating rules of the ASTC clearing and settlement facility, as amended from time to time.

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

**ASX Listing Rules** means the listing rules of ASX.

**ASX Market Rules** means the market rules of ASX regulating, among other things, trading in Warrants on the ASX.

**ATO** means the Australian Taxation Office.

**AUD** and **Australian Dollars** means the legal currency of Australia.

**BBSY Rate** means the bid rate percent per annum for the relevant period (as applicable) shown on Reuters Monitor System page “BBSY” (or another page that replaces the BBSY page on that system) on or about 10:15am.

**Beneficial Interest** means the beneficial interest of a Holder in a particular Underlying Share.
**Borrowing Fee** means the borrowing fee payable to Macquarie:

(a) in the case of all Instalments, on Acceptance of an Application; and

(b) in the case of Resetting Instalments, on each Annual Reset Date,
as specified by Macquarie from time to time.

**Break Cost** means the amount payable by either a Transferor or Macquarie to the other in consideration for the other agreeing to an early repayment of the Loan.

**Business Day** means a Trading Day on which banks are open for business in Sydney and Melbourne, other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day and Boxing Day.

**Cash Application** means an Application pursuant to which the Applicant pays the First Payment in cash to Macquarie:

(a) on lodgement of the completed Application Form; or

(b) in the case of a person that holds a Resetting Instalment, in accordance with the terms of the Instalment Reinvestment Plan,

and **Cash Applicant** has a corresponding meaning.

**Change** means a modification, variation, alteration or deletion from or addition to the Terms.

**CHESS** means the Clearing House Electronic Subregister System.

**CHESS Approved Securities** means an Approved Financial Product as that term is defined in the ASTC Rules.

**CHESS Sub-register** means the register maintained in CHESS for recording the ownership of Instalments.

**Completion Notice** means a notice substantially in the form of, or to the effect of, the form in Section 11.

**Consumer Credit Code** means the Consumer Credit (Queensland) Act 1994 and the Consumer Credit Regulation (Queensland) 1995, as in force from time to time.

**Corporations Act** means the Corporations Act 2001 (Cth).

**CUFFS** means CHESS Units of Foreign Securities being a unit of a financial product of an issuer, whose place of incorporation does not recognise CHESS as a system that can transfer and register legal title to financial products, registered in the name of CHESS Depository Nominees Pty Limited.

**Deferred Settlement** has the meaning attributed to it by the ASX Listing Rules.

**Deferred Settlement Period** means the period during which Deferred Settlement operates in relation to the trading of the Shares equivalent to the Underlying Shares or the Instalments.

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

**Directory** means the directory set out on the back cover of this PDS.

**Distribution** means a distribution or dividend payable in relation to a Share, and in respect of Stapled Securities, includes any distribution, dividend or repayment of interest.

**Dividend** or **dividend** means in relation to a Listed Entity, a dividend or other distribution of income of the Listed Entity.

**Effective Date** has the meaning given in paragraph 1.1 of the Loan Agreement.

**Encumbrance** means an interest or power:

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

or

(b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

**Equalisation Amount** means an amount equal to the amount of Tax withheld by the Security Trustee from:

(a) in relation to Trading Instalments, Self Funding Instalments and Resetting Instalments, a Special Dividend; and

(b) in relation to Self Funding Instalments, any Dividend,

and remitted to the ATO.
Extraordinary Event is explained in Section 5.8.

Final Instalment means the final instalment or completion payment of a Prior Series Instalment.

Financial Market means a financial market that is:
(a) a prescribed financial market as defined in section 9 of the Corporations Act; or
(b) conducted by a foreign body approved in writing by ASIC for the purposes of item 14 of section 611 of the Corporations Act,
as those provisions may be amended or replaced from time to time.

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

Fixed Interest Amount means the relevant amount of interest payable in respect of the Loan in accordance with paragraph 1.6 of the Loan Agreement.

Fixed Interest Period means the relevant period described in paragraph 1.6 of the Loan Agreement (as the context may require).

Fixed Interest Rate means the fixed interest rate applying on the Effective Date, and in the case of a Resetting Instalment, on the Annual Reset Date, as determined by Macquarie.

Glossary means Section 9 of this PDS.

Hedging Disruption has the meaning set forth in Section 5.8.3.

Holder means the person recorded in the Register as the Holder of an Instalment from time to time.

Holder Identification Number or HIN has the meaning given in the ASTC Rules.

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

Hot Instalment means an Instalment which, on the date of the SPDS for the Series, has a Loan Amount over 70% of the Underlying Share price.

Income Instalment means an Instalment:
(a) in relation to which Special Dividends only are applied to reduce the Loan Amount; and
(b) which has, or had, one or more Interest Drawdown Dates.

Instalment see the definition of “Macquarie Instalment”.

Instalment Receipt means a security issued in relation to a Listed Entity which evidences, or by which the holder of that security obtains, the beneficial interest in a Share of that Listed Entity, and may, on payment of one or more instalments, obtain the legal interest in that Share (other than Macquarie Instalments).

Instalment Reinvestment Plan means, in respect of Resetting Instalments, the plan whereby any Reset Cashback payable to Holders on an Annual Reset Date is invested in additional Instalments, as described in the Loan Agreement and Section 2.2.

Interest Amount means the relevant amount of interest payable in respect of the Loan in accordance with paragraph 1.4 of the Loan Agreement.

Interest Drawdown Date means each date specified as such for a particular Series of Instalments in the relevant SPDS.

Issuer Sponsored Holding has the meaning set out in the ASTC Rules.

Issuer Sponsored Sub-register means the register maintained by Macquarie for the purposes of recording the Holders of a particular Series of Instalments.

Liquidated Damages Amount means the amount described in Section 5.5.

Listed Entity means an entity listed on a Financial Market, the Shares of which are the subject of Instalments offered by Macquarie, or any one or more of those entities.

Loan means each loan made by Macquarie to a successful Applicant or Transferee under the Loan Agreement.

Loan Agreement means the Loan Agreement, a sample form of which is set out in Section 8 of the PDS.

Loan Amount means the amount of the Loan for an Instalment, as initially specified in the SPDS and as adjusted in accordance with the Terms from time to time.

Macquarie, we or us means Macquarie Bank Limited (ABN 46 008 583 542).

Macquarie Group means Macquarie, its related bodies corporate, its officers, directors, employees, agents (or that of any of its related bodies corporate) or any one of them as the case may require.
Macquarie Instalment or Instalment means the instalments offered under this PDS and the SPDS for that Series, each of which is a Warrant (as that term is used in the ASX Market Rules or Subregulation 1.0.02(1) of the Corporations Regulations 2001) issued pursuant to the Trust Deed, which entitles the Holder to repay the Loan and obtain the legal interest in the corresponding Underlying Shares.

Market Value means the market value of an Underlying Share determined pursuant to clause 13.9 of the Trust Deed.

Marketable Parcel means at least one Instalment.

Maturity means, in respect of each Instalment, the maturity of the Instalment, which occurs on the Maturity Date for the Instalment.

Maturity Date means the Maturity Date for the relevant Series specified in the relevant SPDS, or an early Maturity Date arising as a result of an Extraordinary Event.

Mortgaged Property means any property mortgaged by the Security Trustee in favour of Macquarie and includes all the Security Trustee’s rights in, to, under and derived from the Shares and any Accretion.

Nominated Account means the account nominated by the Applicant in the Application Form.

Nominee Deed means a declaration of trust executed by the Security Trustee substantially in the form of schedule 3 of the Trust Deed.

Non-Accretion Benefit means in relation to Instalments in any Series, any right, accretion or entitlement attaching to or relating to the Shares corresponding to the Instalments which is identified by Macquarie in the PDS or SPDS for the relevant Series as not constituting an Accretion or which are distributed by a Listed Entity other than on a pro-rata basis (and which Macquarie agrees to be a Non-Accretion Benefit).

Non-Accretion Benefits Nominee Deed means a declaration of trust executed by the Security Trustee substantially in the form set out in schedule 4.

Order of Payment is explained in Section 5.9.6.

Ordinary Dividend all Dividends other than Special Dividends.

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

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

Prior Series Instalments means instalment warrants issued by Macquarie other than the Series for which a Rollover Application is being made.

Prior Series Rebate means the amount (if any) calculated by Macquarie as the value of the holder’s put option (if any) and any interest refund relating to a Prior Series Instalment.

Product Disclosure Statement or PDS means this product disclosure statement.

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

Reasonable Action has the meaning set out in Section 5.9.7.

Receiver means a receiver or receiver and manager.

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

Register means the register of Holders of Instalments in respect of a particular Series and includes the relevant CHESS Sub-register and Issuer Sponsored Sub-register established under the ASTC Rules.

Registrar has the meaning set out in the SPDS for the Series, or any registrar appointed by Macquarie with the consent of the Security Trustee.

Regular Instalment means an Instalment which, on the date of the SPDS for the Series, has a Loan Amount which is around 40–70% of the Underlying Share price.

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

Reset Cashback means, in respect of a Resetting Instalment, the amount (if any) by which the Revised Loan Amount exceeds the Loan Amount of the Resetting Instalment immediately prior to the Annual Reset Date and the Annual Reset Costs.
**Reset Payment** means, in respect of a Resetting Instalment, the amount (if any) by which the Loan Amount of the Resetting Instalment immediately prior to the Annual Reset Date and the Annual Reset Costs exceed the Revised Loan Amount.

**Resetting Instalment** means an Instalment which has, or had, one or more Annual Reset Dates.

**Revised Loan Amount** means, in respect of a Resetting Instalment, the Loan Amount that will apply to that Resetting Instalment as of an Annual Reset Date as determined in accordance with the Annual Reset Procedure.

**Rollover Amount** the amount payable to, or by, a Rollover Applicant, as described in Section 3.3.

**Rollover Application** means an Application under which the Applicant holds Prior Series Instalments over Shares of a Listed Entity which correspond to the Underlying Share for the Series of Instalments the subject of the Application and directs payment of the Final Instalment on those Prior Series Instalments from the Loan Amount of the new Instalments applied for and **Rollover Applicant** has a corresponding meaning.

**Secured Monies** means the Loan proceeds and all fees, costs, charges, liabilities, Tax and expenses incurred by and payable to Macquarie under the Trust Deed directly in relation to the relevant Underlying Shares and the sale thereof, including the Equalisation Amount and any amounts due pursuant to Clause 30 of the Trust Deed.

**Security Interest** means the equitable mortgage held by Macquarie in respect of the Mortgaged Property to secure repayment of the Secured Monies.

**Security Trustee** means the trustee of the Separate Trusts.

**Self Funding Instalment** means an Instalment:

(a) in relation to which all Dividends are applied to reduce the Loan Amount; and

(b) which has, or had, one or more Interest Drawdown Dates.

**Separate Trust** means each trust established under the Nominee Deed.

**Series** means all Instalments issued under this PDS which have the same unique identifier on the ASX.

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

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

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

(c) CUFS;

(d) an ETF Financial Product (as defined in the ASTC Rules);

(e) a financial product (as defined in section 761A of the Corporations Act); or

(f) any other Approved Financial Product (as defined in the ASTC Rules),

and

(g) where the context permits, includes an Instalment Receipt; and

(h) where the context requires, includes Accretions in respect of the Share.

**Shareholder Application** means an Application under which the Applicant transfers Shares to the Security Trustee to hold pursuant to the terms of an Instalment and **Shareholder Applicant** has a corresponding meaning.

**Shareholder Cashback** means, in respect of a Shareholder Application for an Instalment, an amount equal to the Loan Amount of the Instalment minus the Variable Interest Amount, Fixed Interest Amount and the Borrowing Fee payable on Acceptance of a Shareholder Application.

**Shareholder Reference Number** or **SRN** means the identifier used to identify your holding of Instalments on the Issuer Sponsored Sub-register.

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

(a) special, abnormal, extraordinary, additional or extra;

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

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

(d) part of a buy back; or

are otherwise characterised by the ASX as a special dividend.
**Stapled Security** means any combination of two or more Shares stapled together such that those Shares cannot be dealt with separately.

**Supplementary Product Disclosure Statement or SPDS** means each relevant supplementary product disclosure statement to the PDS.

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


**Terms** means the Trust Deed and the Loan Agreement.

**TFN** means Tax File Number.

**Trading Day** has the meaning given to it in section 2.10 of the ASX Market Rules but excluding days which the ASX for the purposes of settlement declares to be a trading day notwithstanding that there is to be no official meeting on that day or that dealings between brokers are suspended on that day.

**Trading Instalment** means an Instalment which has, or had, no Interest Drawdown Dates or Annual Reset Dates.

**Transfer** means the transfer of an Instalment pursuant to clause 7 of the Trust Deed.

**Transfer Form** means the form in schedule 2 of the Trust Deed or any other form or transfer approved by Macquarie and ASX and provided that any such instrument has been duly executed by the Transferor and the Transferee.

**Transferee** means a person to whom there is a Transfer of an Instalment.

**Transferor** means a person who Transfers an Instalment.

**Trust Deed** means the Trust Deed for Instalments made between Macquarie and the Security Trustee and dated on or about 6 February 2008, as amended from time to time.

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

**Underlying Share** has the same meaning as Underlying Parcel in the Trust Deed, and means one Share and all Accretions in respect of that Share, disregarding fractions for Instalments or Prior Series Instalments held by a particular Holder encumbered only by the Security Interest, as varied pursuant to the Trust Deed.

**Variable Interest Amount** means the relevant amount of interest payable in respect of the Loan in accordance with paragraph 1.5 of the Loan Agreement.

**Variable Interest Period** means the relevant period described in paragraph 1.5 of the Loan Agreement (as the context may require).

**Variable Interest Rate** means the variable interest rate applying on the Effective Date, and:

(a) in the case of a Resetting Instalment, on the Annual Reset Date; and

(b) in the case of an Income Instalment or Self Funding Instalment, on the Interest Drawdown Date,

as determined by Macquarie, provided that in respect of an Interest Drawdown Date, such rate shall not exceed the BBSY Rate plus up to 2.5%.

**Warrant** has the meaning given in the ASX Market Rules or subregulation 1.0.02(1) of the Corporations Regulations 2001.

**Weighted Average Sale Price** means an amount calculated in accordance with clause 13.10 of the Trust Deed.
**Section 11**  
**Completion Notice**

Only complete this form if you want to repay the Loan Amount and receive the Underlying Shares.

Dear Sir/Madam

This is to notify you that, I/we, being the Holder or being entitled to be registered as the Holder of the number and type of Macquarie Instalments specified below and issued in accordance with the Terms summarised in the Product Disclosure Statement dated 7 February 2008 ("PDS") and any relevant Supplementary Product Disclosure Statement ("SPDS"), as issued by Macquarie Bank Limited, hereby give a Completion Notice in respect of those Macquarie Instalments.

This notice is, as required by the Terms, accompanied by the required instruments including a cheque or payment method for the repayment of the Loan Amount (see Method of Payment below).

I/WE, THE HOLDER(S) OR, BEING THE PERSON(S) ENTITLED TO BE REGISTERED AS THE HOLDER(S), OF THE MACQUAIRE INSTALMENTS SPECIFIED BELOW, HEREBY GIVE A COMPLETION NOTICE IN RESPECT OF THOSE MACQUAIRE INSTALMENTS WHICH WERE ISSUED IN ACCORDANCE WITH THE RELEVANT PRODUCT DISCLOSURE STATEMENT ISSUED BY MACQUAIRE BANK LIMITED AND ANY RELEVANT SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT (TOGETHER THE "PDS").

HOLDER:

<table>
<thead>
<tr>
<th>HIN/SRN</th>
<th>PID</th>
<th>ASX Instalment Code</th>
<th>Number of Instalments Held</th>
<th>Loan Amount per Instalment ($)</th>
<th>TOTAL PAYMENT DUE ($)</th>
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Please note: the Shares to be delivered to your account will be registered as an Issuer Sponsored Holding unless full HIN and PID details are provided in which case the Shares will be delivered to your CHESS sponsored account.

**Method of Payment**

This Completion Notice must be accompanied by payment. You may pay by:

- [ ] Bpay – please complete the "Bpay Reference Number" section below;
- [ ] Direct debit – please complete the “Direct Debit Authority & Bank Account Details” section below;
- [ ] Enclosing a cheque payable to "Macquarie Bank – Instalment Warrants"; or
- [ ] Third party payments cannot be accepted. Cheques and bank account details must be in the same name as the Instalment holder.

Call Macquarie on 1800 803 010 if you have any difficulties locating your number.

Please note: Form is not complete until signed (PTO)
Direct Debit Authority & Bank Account Details

Complete this section if you want Macquarie to deduct funds to pay the Loan Amount directly from your bank account.

We are unable to direct debit from accounts for the following institutions: Bank of Queensland, Suncorp Metway, BT Portfolio Services, Bankwest. Please provide an alternative account, or select another payment option.

I/we understand and acknowledge that in providing the direct debit/credit instructions to Macquarie Bank Limited ABN 46 008 583 542 that:

- I/we authorise and request Macquarie Bank Limited (“Macquarie”) ABN 46 008 583 542 (User ID 161320), until further notice in writing, to debit or credit my/our account with any amounts which I/we may instruct Macquarie to debit in connection with Macquarie Instalments, through BECS (Bulk Electronic Clearance System);
- I/we understand that this direct debit and credit request is made in favour of Macquarie;
- I/we understand and acknowledge that I/we have read and understood the terms and conditions of the Direct Debit Request Service Agreement set out over the page.

Third party accounts will not be accepted. The bank account must be in the same name as the Instalment Holder.

NAME OF BANK OR FINANCIAL INSTITUTION

BRANCH ADDRESS

ACCOUNT NAME

BSB NUMBER                      ACCOUNT NUMBER

Signature of Holders

ALL SIGNATORIES MUST ATTACH AND RETURN WITH THIS FORM, A COPY OF CURRENT PHOTO ID CLEARLY SHOWING THEIR SIGNATURE EG AUSTRALIAN DRIVERS LICENSE OR PASSPORT. PLEASE ENSURE THE SIGNATURE ON THE FORM EXACTLY MATCHES THE SIGNATURE ON THE ID PROVIDED. IF THE HOLDING IS IN MORE THAN ONE NAME, ALL OF THE HOLDERS MUST SIGN. TWO COMPANY OFFICERS MUST SIGN UNLESS THE COMPANY HAS A SOLE DIRECTOR AND SECRETARY.

PRINT NAME

SIGNATURE 1

X

CAPACITY (DIRECTOR/SECRETARY/SOLE DIRECTOR & SECRETARY)

OCCUPATION

EMAIL

PHONE NUMBER

DATE

SIGNATURE 2

X

CAPACITY (DIRECTOR/SECRETARY/SOLE DIRECTOR & SECRETARY)

OCCUPATION

EMAIL

PHONE NUMBER

DATE

Completion Notices may be faxed to Macquarie on (02) 8232 5764 and Macquarie may act on your instructions received by fax. Macquarie does, however, require that you send in your original Completion Notice for our records.

email to: instalments@macquarie.com.au
fax to: 02 8232 5764
mail to: Macquarie Instalments
        GPO Box 3466, SYDNEY NSW 2001

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This form is to be completed by a qualified solicitor or accountant.

Complete this form using BLACK INK and print well within the boxes in CAPITAL LETTERS. Please do not use correction fluid and make sure you initial any changes.

I certify that:

1. I am one of the following (please tick applicable):
   
   (a) a member of the Australian Society of Certified Practising Accountants who is entitled to use the post-nominals “CPA” or “FCPA”, and is subject to and complies with the Society’s continuing professional development requirements;
   
   (b) a member of the Institute of Chartered Accountants in Australia who is entitled to use the post-nominals “CA” or “FCA”, and is subject to and complies with the Institute’s continuing professional education requirements;
   
   (c) a member of the National Institute of Accountants who is entitled to use the post-nominals “MNI” or “FNIA”, and is subject to and complies with the Institute’s continuing professional education requirements; or
   
   (d) a solicitor, being a person currently on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner.

2. The following is the true name of the Trust or Partnership:

Being established pursuant to a trust deed or partnership agreement dated __/__/____

Of:

STREET NO. & NAME

SUBURB

STATE POSTCODE

3. The Trust or Partnership referred to in this Certificate is in existence as at the date this Certificate.

SIGNATURE OF SOLICITOR / ACCOUNTANT

DATE __/__/____

NAME OF SOLICITOR / ACCOUNTANT

ADDRESS OF SOLICITOR / ACCOUNTANT

STREET NO. & NAME

SUBURB

STATE POSTCODE
This is a Product Disclosure Statement (PDS).

The date of this PDS is 7 February 2008.

IMPORTANT NOTICE

This PDS and any updated information (updated as set out below), constitute the general terms and conditions that govern the issue by Macquarie of Macquarie Instalments. This PDS is not a stand-alone document and is not of itself an offer capable of acceptance. The additional terms relating to each Series of Instalments will be set out in a Supplementary Product Disclosure Statement (SPDS) which will be supplemental to, and should be read together with, this PDS.

The SPDS for the Series will accompany this PDS. If it does not, please contact Macquarie on 1800 803 010.

Applications

This disclosure to which this PDS (and any SPDS) relate will only be issued on Acceptance of an Application Form included in, derived from or accompanying, this PDS. If you wish to invest in Instalments, you must:

- complete an Application Form which accompanies this PDS or a copy of this PDS printed off www.macquarie.com.au/instalments; or
- if available, complete an online Application Form available through www.macquarie.com.au/instalments.

More information on how to apply is set out in Section 10.

Foreign jurisdictions

No action has been taken to register or qualify any Series of Instalments, or to permit a public offering of any Series of Instalments, in any jurisdiction outside of Australia.

This PDS and any SPDS for the Series is not an offer or invitation to any person, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this PDS and any SPDS for the Series outside Australia may be restricted by law. Persons who come into possession of this PDS and any SPDS for the Series who are not in Australia should seek advice on and observe such restrictions. Any failure to comply with such restrictions may be a violation of applicable securities laws.

In particular, no Series of Instalments has been or will be registered under the United States Securities Act of 1933, as amended (the "US Securities Act"), or the laws of any State of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, a US Person (as defined in Regulation S under the US Securities Act).

Copyright

The information in this PDS is current as at the date of this PDS but may change. Where such change is not materially adverse to you, Macquarie may update the information by posting a notice on its website at www.macquarie.com.au/instalments; or, if you would like a free paper copy of updated information or any SPDS, please contact Macquarie on 1800 803 010.

This PDS (and any SPDS relating to this PDS) has been prepared and issued by Macquarie as issuer. Any other parties distributing this product are only doing so as a distributor for Macquarie. You should only rely on information in this PDS and any SPDS for the Series. No person is authorised to give any information or to make any representation about any Series of Instalments that is not contained in this PDS or the relevant SPDS.

Any such information or representation may not be relied on as having been authorised by Macquarie.

Underlying Listed Entities

References in this PDS or any SPDS to any Listed Entity are only included for the purposes of identifying the Underlying Shares to which a Series of Instalments may relate and the issuer of those Underlying Shares. Such references are not an express or implied endorsement by any Listed Entity of the Instalments. No Listed Entity accepts any responsibility for any statement in this PDS or any SPDS or assumes any liability in respect of the Instalments.

Macquarie has prepared this PDS and the SPDS for the Series using only publicly available information. No Listed Entity has been involved in its preparation or given any information specifically to Macquarie for the purpose of its preparation. Nothing in this PDS or the SPDS for the Series can be relied on as implying that there has been no change in the affairs of any Listed Entity or Macquarie since the date of this PDS or the relevant SPDS (as the case may be), or as a representation as to the future in relation to any Listed Entity or Macquarie.

Information in this PDS and the SPDS for the Series about any Listed Entity has not been independently verified. Accordingly, Macquarie does not accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. You should make your own enquiries.

Nothing in this PDS or any SPDS is an express or implied endorsement by Macquarie of an investment in the Shares of any Listed Entity.

Glossary

In Section 9 is a Glossary in which various words and phrases used in this PDS and any SPDS are defined. If you do not understand a word or phrase you should refer to the Glossary.

Capitalised words that are used in this PDS have the meaning set out in the Glossary, unless the context requires otherwise.

Unless stated otherwise (i) all dollar amounts and performance data in this PDS are quoted in Australian dollars; and (ii) all references to time are to Sydney time.

Experienced investors

You should not invest in Instalments unless you:

- are familiar with shares and options and with leveraged investment in equity securities generally; and
- understand and are comfortable with the risks of investing in Instalments.

Further details about the risks of investing in Instalments are set out in Section 4.

View Diversification

As well as considering the risks, you should also consider how an investment in Instalments fits into your overall investment portfolio. By diversifying your investment portfolio, you can reduce your exposure to failure or underperformance of any one investment, manager or asset class.

UNDERLYING SHARES

You are responsible for selecting the Underlying Shares for any Instalments that you acquire. As such, the performance of any Instalment will depend mainly on investment decisions made by you.

Admission to trading status on the ASX

Unless stated otherwise in an SPDS, an application will be made to the ASX to enable the Series of Instalments referred to in the relevant SPDS to be admitted to trading status on the ASX within seven days of the date of the relevant SPDS. The fact that the ASX may admit a Series of Instalments to trading status from time to time is not to be taken in any way as an indication of the merits of Macquarie or the Instalments.

The ASX does not warrant the accuracy or truth of the contents of this PDS or the SPDS for the Series. In admitting the Instalments to trading status and not objecting to the Terms, the ASX has not authorised or caused the issue of this PDS or the SPDS for the Series and is not in any way a party to, or concerned in, authorising or causing the issue of this PDS or the SPDS for the Series, or the making of offers or invitations with respect to any Series of Instalments. The ASX takes no responsibility for the contents of this PDS or the SPDS for the Series. The ASX makes no representation as to whether this PDS, the SPDS for the Series or the Terms comply with the Corporations Act or the ASX Marked Rules.

To the extent permitted by law, the ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by you or any other person, where that claim arises wholly or substantially out of reliance on any information contained in this PDS or the SPDS for the Series, or any error in, or omission from, this PDS or the relevant SPDS.
This Financial Services Guide ("FSG") is an important document in which we (Macquarie Bank Limited – referred to throughout this FSG as “Macquarie Bank”, “we” or “us”) outline:

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

This FSG should assist you in deciding whether to use any of our products or services. If you choose to use any of our products or services, you may also receive other documents about those products or services, which you should read carefully.

Other documents you might receive

Statement of Advice (“SoA”) and Statement of Additional Advice (“SoAA”)

If we give you advice that takes into account your circumstances and goals, you should usually receive an SoA outlining:

- the advice;
- the basis on which it is given; and
- information about fees, commissions and associations, related to the provision of the advice.

Where you receive additional advice that adds to an existing SoA, you should usually receive an SoAA.

Record of Advice (“RoA”)

In some cases it is not practical to provide an SoA (eg. where we give you advice about a basic deposit product). In these cases, we will keep a record of the advice we have given you (a RoA), which we will keep for seven years after we give you the advice. You can ask for a copy of a RoA at any time until we destroy it.

Product Disclosure Statement (“PDS”)

A PDS is a document (or group of documents) that describes a financial product. A PDS contains important information to assist you to make a decision about the product it describes. You should receive and review the PDS produced by us before you make an investment decision about our products, or a product we recommend.
making a market in:
- derivatives
- foreign exchange contracts
- bonds and debentures
- other financial products
- holding a financial product or interests in a financial product for you directly or indirectly.

We can also assist you in relation to products offered by other financial institutions as well as other members of the Macquarie group of companies.

Personal advice
We will only give personal advice to you if you secure the services of one of our Strategic Financial Planners. We will not give you personal advice in our regular updates or marketing material.

We will not give you personal advice when you visit our website or contact our Client Services Centre.

Before we can give you appropriate personal advice, you will need to give us details of your personal objectives, current financial situation, needs and any other relevant information. You can choose not to provide this information, but any advice we give you will be general in nature and may not be appropriate to your objectives, financial situation and needs. You should read the warnings contained in SoA or SoAA carefully before making any decision relating to a financial product.

If we give you personal advice we will maintain a record of your personal profile, including details of your objectives, financial situation and needs. We will also maintain records of any recommendations made to you. For information on how to access these records, please refer to the section “Your privacy” below.

How you can give us instructions
You can usually give us instructions by telephone, mail, email, fax or via our website. There may be special instruction arrangements for some products and services – details of which will be explained in the relevant PDS.

How we are paid
If you invest in a product we provide, or on which we have advised you, Macquarie will receive remuneration in relation to your investment in that product, which may be based on the value of your holdings. This remuneration may include upfront fees and management fees (which includes transaction, ongoing and if applicable any borrowing costs), brokerage or advisory fees. In some situations exit fees, account fees and transaction fees may apply. The remuneration we will receive for the products we offer will be set out in the PDS for that particular product.

When we advise you about products offered by another member of the Macquarie Group and you acquire that product, then that member will receive remuneration.

The table below is a summary of the range of commissions we may receive from product issuers (including other members of the Macquarie group of companies) for referring clients who purchase their products:

<table>
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<th>Commissions</th>
<th>Description</th>
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<tbody>
<tr>
<td>Upfront Fee</td>
<td>Up to 3% of the amount you invest</td>
</tr>
<tr>
<td>Trailing Commission</td>
<td>Up to 0.80% of the ongoing value of your investment</td>
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How our staff are paid
Our employees and directors receive salaries, bonuses and other benefits from us, which may include commissions.

The PDS for the particular product will disclose further details of remuneration received by Macquarie Bank employees and directors or paid to financial advisers.

Your adviser is also required to tell you about remuneration and commissions they receive in the SoA (or SoAA) they must give to you when providing personal advice.

How we pay people who refer business to us
If we pay a fee or commission in relation to a referral, we will make a separate disclosure to you.

How we pay people who offer our products and services
You may receive advice in relation to the products and services we offer from financial advisers who do not work for Macquarie Bank. These advisers may receive commission from us in the range of 0.25% to 0.65% based on the value of your holdings.

The adviser’s remuneration is included in the fees you pay when investing in our products.

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

Compensation arrangements
Macquarie Bank holds a Professional Indemnity Insurance Policy, which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act.

Subject to its Terms and Conditions, the Policy provides cover for civil liability resulting from third party claims concerning the professional services provided by Macquarie Bank and its employees and representatives.

This policy covers professional services provided by employees and representatives of Macquarie Bank while they are in our employ, even where that employee or representative has subsequently left our employ.

How we handle complaints
Everyone at Macquarie is committed to providing our clients with the highest standard of products and services available. If you're unhappy with our products or our service, we would like you to tell us about it and let us know how you think we can fix it.

If you have a complaint about the service provided to you, you should:
- contact your nominated representative; or
- contact our Client Service Centre.

If your complaint is not satisfactorily resolved, contact:
Risk Management Group – Compliance
Macquarie Bank Limited
Level 16
1 Martin Place
SYDNEY NSW 2000
Fax: (02) 8232 4437

If you are not satisfied with our handling of your complaint, you can lodge a complaint with:
Financial Ombudsman Service
GPO Box 3
MELBOURNE VIC 3001
Email: info@fos.org.au
Tel: 1300 780 808
Fax: (03) 9613 6399
Website: fos.org.au

Website: fos.org.au

Fax: (02) 8232 4437

Email: info@fos.org.au
This Financial Services Guide (“FSG”) is an important document which we are required to give you as an Australian Financial Services Licensee. This FSG is intended to inform you of certain basic matters relating to our relationship, prior to providing you with a financial service. It is intended that this FSG should assist you in determining whether to use any of our products or services. If you choose to use any of our products or services, you may also receive other documents relating to the services or products which you should read carefully.

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

You can contact us by:
- calling us on (02) 8232 3333;
- emailing us using the contact directory on our website www.macquarie.com.au;
- visiting our website at www.macquarie.com.au; or
- writing to us at:
  PO Box 4294
  SYDNEY NSW 1164
  Fax: (02) 8232 7780

Our financial services and financial products
Belike Nominees Pty Ltd is authorised to offer the following financial services and financial products:
- dealing in:
  - basic deposit products;
  - non-basic deposit products;
  - derivatives;
  - foreign exchange contracts;
  - government debentures, stocks or bonds;
  - managed investment schemes;
  - securities; and
  - managed investment warrants; and
- holding a financial product or interests in a financial product for you directly or indirectly.

Information about Belike Nominees Pty Ltd
Any financial services offered to you will be provided by representatives of Belike Nominees Pty Ltd (“Belike”). Belike is part of the “Macquarie” Group of Companies, and as such is associated with other Macquarie entities. Belike provides financial services to you in connection with financial products issued by other Macquarie Group entities.
Compensation arrangements

Belike has the benefit of a Professional Indemnity Insurance Policy, which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act.

Subject to its Terms and Conditions, the Policy provides cover for civil liability resulting from third party claims concerning the professional services provided by Belike and its employees and representatives.

This Policy covers professional services provided by employees and representatives of Belike while they are in our employ, even where that employee or representative has subsequently left our employ.

Providing instructions to Belike

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

Payments to Belike for the services provided

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

Remuneration or other benefits received by Belike staff

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

Remuneration or benefits paid to those who refer clients to us

If we pay a fee or commission in relation to a referral, we will make a separate disclosure to you.

Personal information

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

Complaints handling

Belike is committed to offering a high standard of client service, and to maintaining our reputation for honesty and integrity. If our level of service or quality of products has failed to meet your expectations, we would like you to tell us about your concerns. Macquarie’s complaint handling process is designed to ensure that your concerns are treated seriously, and that your complaint is addressed promptly and fairly. Your complaint may be lodged either verbally or in writing, and will be dealt with in strict confidence. If you have a complaint about the service provided to you, you should contact us. If your complaint is not satisfactorily resolved, contact:

Risk Management Group Compliance
Macquarie Bank Limited
Level 16
No. 1 Martin Place
SYDNEY NSW 2000
Fax: (02) 8232 4437

If you are not satisfied with our handling of your complaint you may lodge a written complaint with:

Financial Ombudsman Service Ltd
GPO Box 3
Melbourne VIC 3001
Phone: 1300 780 808
Fax: (03) 9613 6399
Email: info@fos.org.au
www.fos.org.au
The matters covered by the FSG include:
- who we are and how we can be contacted;
- what services and types of products we are authorised to provide to you;
- how we (and any other relevant parties) are remunerated;
- details of any potential conflicts of interest;
- details of our internal and external dispute resolution procedures and how you can access them; and
- a description of our compensation arrangements.

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

This has been prepared by Macquarie Securities (Australia) Limited.

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

- **Product Disclosure Statement (“PDS”)**
  This will be provided by a licensee when a recommendation to acquire a particular financial product (other than securities), or offer to issue, or arrange the issue of, a financial product, is made. A PDS contains significant information necessary for you to make an informed decision about that product. This will not be provided by Macquarie Securities (Australia) Limited, but will generally be provided by other Macquarie Group entities.

Information about Macquarie Securities (Australia) Limited

Any financial services offered will be provided by representatives of Macquarie Securities (Australia) Limited. Macquarie Securities (Australia) Limited is part of the “Macquarie” Group of Companies, and as such is associated with other Macquarie entities. Macquarie Securities (Australia) Limited is a participant member of the Australian Securities Exchange and its associated licensed clearing and settlement facilities.

You may contact us by:
- calling 1800 803 010;
- emailing us using the Contact Directory in our website;
- visiting our website at macquarie.com.au;
- or writing to us at:
  Level 3
  No. 1 Martin Place
  SYDNEY NSW 2000
  Fax: (02) 8232 6882

Our financial services and financial products

Macquarie Securities (Australia) Limited is authorised, amongst other things, to offer the following financial services and financial products:
- dealing in:
  - Basic deposit products;
  - Non-basic deposit products;
  - Non-cash payment products;
  - Derivatives;
  - Foreign Exchange Contracts;
  - Government debentures, stocks and bonds;
  - Managed Investment Schemes (excluding investor directed portfolio services);
  - Managed Investment Warrants; and
  - Securities; and
- holding a financial product or interests in a financial product for you directly or indirectly.

We may provide an execution-only securities dealing service, a custodial service or general advice in the form of equities research to you in relation to financial products and financial services issued or provided to you by other members of the Macquarie Group of companies.

Compensation arrangements
Macquarie has the benefit of a Professional Indemnity Insurance Policy, which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act.

Subject to its Terms and Conditions, the Policy provides cover for civil liability resulting from third party claims concerning the professional services provided by Macquarie and its employees and representatives.

This Policy covers professional services provided by employees and representatives of Macquarie while they are in our employ, even where that employee or representative has subsequently left our employ.

Providing instructions to Macquarie Securities (Australia) Limited
Macquarie Securities (Australia) Limited may act on instructions of other Macquarie Group entities as well as yourself. You may need to contact the relevant Macquarie Group entity you are dealing with to provide instructions in relation to your financial product or service. Further details are provided in the relevant PDS (or other document which sets out the terms on which the financial product or service is offered or provided).

Payments to Macquarie Securities (Australia) Limited for the services provided
Macquarie Securities (Australia) Limited will not receive any direct remuneration from you for any services that it provides to you. However, Macquarie Securities (Australia) Limited may receive remuneration from other Macquarie Group entities for providing these services to you, and where this is the case, a separate disclosure will be made to you by the other Macquarie Group entity.

Remuneration or other benefits received by Macquarie Securities (Australia) Limited staff
Our employees and directors receive salaries, bonuses and other benefits from us. The PDS or prospectus (or other document which sets out the terms on which the financial product or service is offered or provided) for the particular product will disclose further details of remuneration received by Macquarie employees or paid to financial advisers.

Remuneration or benefits paid to those who refer clients to us
If we pay a fee or commission in relation to a referral, we will make a separate disclosure to you.

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

Complaints handling
Macquarie is committed to providing a high standard of client service and to maintaining our reputation for honesty and integrity. If our level of service or quality of products has failed to meet your expectations, we would like you to tell us about your concerns.

Macquarie’s complaint handling process is designed to ensure that your concerns are treated seriously and that your complaint is addressed promptly and fairly. Your complaint may be lodged either verbally or in writing, and will be dealt with in strict confidence.

If you have a complaint about the service provided to you, you should contact us. If your complaint is not satisfactorily resolved, contact:

Risk Management Group Compliance
Macquarie Bank Limited
Level 16
No. 1 Martin Place
SYDNEY NSW 2000
Fax: (02) 8232 4437

If you are not satisfied with our handling of your complaint you may lodge a written complaint with:

Financial Ombudsman Service Ltd
GPO Box 3
Melbourne VIC 3001
Phone: 1300 780 808
Fax: (03) 9613 6399
Email: info@fos.org.au
Web: fos.org.au

* Other than Macquarie Bank Limited ABN 46 008 583 542 (“MBL”), any Macquarie Group entity noted on this page is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). That entity’s obligations do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of that entity, unless noted otherwise.