

# Macquarie Capital Allocation Policy



## Introduction

**Macquarie Capital (Australia) Limited (“MacCap”)** is the investment banking arm of Macquarie Group that is licensed to provide a range of services to corporate clients, including advising on corporate actions and strategies as well as acting as lead manager, bookrunner and underwriter of financial instruments on capital markets transactions.

This policy applies to the allocation of securities to institutional, sophisticated, co-manager and wholesale investors (“**Institutional Clients**”) who have bid into a bookbuild conducted by MacCap and/or Commodities and Global Markets (“**CGM**”) on a primary and secondary ECM offer. This policy does not apply to the allocation of securities on a block trade of existing securities or to sub-underwriters on an ECM offer.

**Macquarie’s practice is to allocate securities in a fair and reasonable manner, having regard to Macquarie’s high standards, reputation and regulatory requirements to manage conflicts of interest appropriately.**

This policy is a summary of Macquarie’s Allocation Policy and is intended to give a brief overview of considerations and procedures Macquarie adopts to ensure that allocations are conducted in accordance with the Macquarie’s Allocation Policy.

## Allocation

### General Principles

Allocations should be made in a manner that is designed to:

- facilitate the objectives of the issuer (“Offeror”), which should be the primary consideration when making allocation recommendations;
- maximise the potential for a successful outcome;
- manage (or avoid) any conflict of interest;
- manage the interests of potential investors in the offering; and
- manage Macquarie’s interests in a manner not inconsistent with other allocation considerations.

Allocation decisions may not be influenced (or perceived to be influenced) by the potential for Macquarie to give or obtain a benefit outside of this process (e.g. awarding an investor an allocation in return for retaining or obtaining follow on services).

### Management of conflict of interests

Bids from and allocations to Macquarie related accounts or to Macquarie principal investments are subject to strict protocols to manage (or avoid) any conflicts of interest.

These protocols include (but are not limited to) treating such bids strictly on an arm’s length basis, with no priority of any sort and clearly identifying and separately disclosing these bids to the Offeror.

No Macquarie employees are permitted to bid into a bookbuild being run by MacCap/CGM.

### Allocations Considerations

An allocation will ordinarily reflect the Offeror’s objectives and requirements (for example between long term holders and providers of liquidity, clients in different sectors and geographical areas) with a view to achieving a successful offer, a fully allocated book, an orderly market in the Offeror’s securities, with sufficient liquidity and price stability. Macquarie will have a reasonable basis for allocation recommendations and ensure that they are consistent with the Offeror’s objectives.

Factors which may be considered in determining allocations include the following:

- Offeror objectives and preferences for the register, including in relation to category of investor, the size of the investor's bid, location of the investor and their credit worthiness;
- the extent to which the size of the investor's bid appears consistent with the investor's strategy, profile, objectives, known financial position and purchasing capacity. Excessive bids must be disregarded in bookbuild message statements of demand;
- nature and level of interest shown by the investor previously in the subject security, for example past dealings in the Offeror, participation in roadshows or other contacts;
- timing of receipt of the investor's bid (i.e. early or late in the bookbuild process);
- consideration of the possibility of an investor bidding for stock with strategic intentions that may not be in the Offeror's best interests e.g. stake building
- the investor's stated intentions and perceived credibility of such statements;
- any indication or reasonable belief that the investor has exaggerated the true extent of its interest in the expectation of being scaled back;
- the investor's potential hold period of the investment (i.e., intention to maintain or exit position);
- the investor's participation in past dealings in other securities offerings;
- the investor's category (e.g. hedge fund, tracker index fund etc.);
- the investor's main sector/business investment mandate;
- the investor's investment style (e.g. how to treat passive investment funds);
- the investor's compliance with legal, regulatory and jurisdictional restrictions including possible foreign ownership restrictions;
- selling restrictions (e.g. RegS/144A);
- commitments to participate received from an investor pre-launch (wall crossed where necessary); and
- the overall balance and shape of allocations in light of the register.

The factors above will be considered as a whole in determining allocations, although some factors (such as the Offeror's objectives, achieving a successful offer and a fully allocated book) may be weighted more heavily depending on the circumstances. The Offeror and Macquarie will determine allocations in accordance with the terms of the underwriting agreement / offer management agreement.

## Deal Communication Process

Bookbuild messages:

- will be communicated to clients by email or Bloomberg once approved by Syndication;
- will be true, accurate and factual, reflect genuine demand only, not be false or misleading and not include inflammatory, exaggerated language;
- may be provided throughout the bookbuild period at the discretion of Syndicate; and
- will be sent to Institutional Clients to correct any information that is or becomes inaccurate, as determined by Syndication.

Communication of Allocations:

- once the Sales team receive the allocations from the Syndicate team, they will confirm these allocations to their Institutional Clients by email, phone, text; and
- written Confirmation Letters will be sent to Institutional Client for execution and to be returned to CGM.

Further Information

Any questions relating to the information above can be directed to your deal team contact.