

MACQUARIE STEP FACILITY
PRODUCT DISCLOSURE STATEMENT
ISSUED 10 NOVEMBER 2011



MACQUARIE

IMPORTANT INFORMATION

Product Disclosure Statement

This Product Disclosure Statement (**PDS**) has been prepared and is issued by Macquarie Bank Limited (ABN 46 008 583 542 and AFSL 237502) (**MBL, we, us, Issuer**).

This PDS and any updated information (as set out below) contains the general terms and conditions that govern the issue by us of DPAs under the Macquarie Step Facility. This PDS is not however a stand alone document. The commercial terms of each Macquarie Step DPA available for investment from time to time under the Facility (eg Maturity Dates and Reference Asset) will be specified in a separate Term Sheet available from us.

Your decision to invest

You should not make any decision about whether to acquire or continue to hold a DPA unless you have received, read and understood this PDS (including any updates to this PDS, as described below) and the Term Sheet for that DPA.

You can request a paper or electronic copy of this PDS, any relevant Term Sheet and any updates to this PDS by contacting us (see the Directory for contact details). Investors who wish to establish a Facility and invest in a DPA must complete and return an Application Form and Series Form respectively. The Application Form and Series Forms are included in, derived from, or accompanying either a hardcopy or electronic version of this PDS and the relevant Term Sheet.

Changes and updates to this PDS

The information in this PDS is current as at the date it was prepared but may change from time to time. Where such information changes and such change is not materially adverse to you, we may update the information by posting a notice on our website (see the Directory for details). If you would like a free paper copy of any updated information, please contact us (see the Directory for details). Information available on our website at macquarie.com.au/step or any other websites referred to in this PDS does not form part of this PDS, unless otherwise stated.

The Offer

This PDS invites persons receiving the entire PDS in Australia (in either electronic or paper form) to apply for a Facility. Once your application for the Facility is approved, you may be able to invest in one or more DPAs made available by us from time to time.

Representations

We have not authorised any person (including other Macquarie Group companies) to give any information or to make any representations about the DPAs which is not in this PDS and, if given or made, such information or representation must not be relied on as having been authorised by us. Any other parties distributing this product are not our agent or representative and are doing so on their own behalf. We are not responsible for any advice or information given, or not given, to you by any party distributing this product and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage arising from you relying on any information that is not in this PDS when investing.

Investment standards

Unless otherwise stated, investment decisions for the Facility do not take into account labour standards, environmental, social or ethical considerations.

Cooling off period

There is no cooling off period in relation to any investment you make under the Facility.

About us

The value of any investment you make in a DPA depends on, among other things, whether we can and do perform our obligations.

Our obligations in relation to a DPA are not deposit liabilities of ours, and they are not guaranteed by any other party. They are unsecured contractual obligations which will rank equally with our other unsecured contractual obligations and with our unsecured debt (other than liabilities mandatorily preferred by law). In this regard section 13A(3) of the Banking Act 1959 (Cth) provides that in the event we become unable to meet our obligations, our assets in Australia shall be available to meet certain liabilities in priority to all of our other liabilities, including our obligations in relation to the DPA. Such preferred liabilities include, without limitation, certain debts and costs owed to the Australian Prudential Regulation Authority, liabilities in relation to protected accounts and any debts or liabilities to the Reserve Bank of Australia.

You must make your own assessment of our ability to meet our obligations under a DPA. You can obtain up-to-date information about us, including financial information, by contacting us (see the Directory at the end of this PDS for details).

You should only invest in a DPA after considering whether an investment in a DPA is suitable for you.

An investment in a DPA may not be suitable for you:

- if you do not have experience, and are unfamiliar with, investing in products (such as swap agreements) that provide indirect derivative exposure to shares, commodities, indices and managed funds, given that a DPA is not a traditional investment product (such as a direct investment in Australian shares) and;
- if you do not believe that the relevant Reference Asset will beneficially change in value over the term of your investment;
- if you do not intend to hold your investment to maturity and you are not willing to take the risk that you may lose all of your investment; or
- if you are not willing to take the risk that the performance of your investment may be insufficient to cover any fees and costs you have paid.

FURTHER ADVICE RECOMMENDED

The information in this PDS has been prepared without taking into account your objectives, financial situation or needs.

Before investing in a DPA, you should:

- carefully read all of this PDS and the relevant Term Sheet for that DPA;
- seek independent legal, taxation and financial advice to determine whether an investment in a DPA is right for you (remember, acting on inappropriate professional advice could lead to a poor result for you regardless of the performance of the DPA); and
- carefully consider the potential benefits of, and the risks associated with, that DPA in light of your particular investment needs, objectives and financial and taxation circumstances.

Further details about the risks associated with the Facility are set out in Sections 1.5 and 5 of this PDS.

DIVERSIFICATION AND RISK

As well as considering the risks associated with the Facility, you should also consider how an investment under the Facility 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 counterparty or asset class.

Glossary

A Glossary of capitalised terms appears in Section 9 of this PDS.

General

All dollar amounts referred to in this PDS are in Australian Dollars (**AUD**) unless otherwise stated.

Enquiries and complaints

See Section 8.4 of this PDS for more information.

Superannuation funds

Trustees of superannuation funds proposing to invest in a DPA should be aware of their obligation to formulate and implement an appropriate investment strategy for their fund and to act in the best interests of its members.

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This section summarises some of the features and risks of an investment in Macquarie Step. Further information about the topics summarised in this Section 1 can be found in the sections of the PDS referred to below.

Before deciding whether to invest, you should:

- read this PDS, the current Term Sheet and any updates to this PDS in full. The Term Sheet and any updates to this PDS can be found on our website at macquarie.com.au/step. You can obtain copies of information included on our website free of charge by contacting us on 1800 080 033; and
- obtain independent, legal, tax and financial advice to determine whether an investment in Macquarie Step is appropriate for you.

1.1. INVESTMENT OVERVIEW

You are invited to apply for a Macquarie Step Facility (**Facility**), which will allow you to invest in one or more deferred purchase agreements (**DPAs**) from one or more Macquarie Step Series (**Series**).

If you invest in a DPA, you enter into a deferred purchase agreement under which you agree to purchase a parcel of ASX-listed securities (the **Deliverable Securities**) from us for an agreed total purchase price (your **Investment Amount**) and to have those Deliverable Securities delivered at a later date (following the **Maturity Date**).

Throughout the term, each DPA will provide you with indirect exposure to the performance of one or more assets (together called a **Reference Asset**) over a period of time, as well as the benefit of protection of part or all of your Investment Amount if you hold your investment to maturity.

Following maturity, you will receive a parcel of Australian shares. The number of shares in the parcel will be based on your **Final Value**. Alternatively, if you elect to do so at maturity, you may sell the Deliverable Securities and receive the sale proceeds of those shares (the **Sale Proceeds**). The Final Value will be calculated as:

$$\begin{aligned} &\text{Final Value} \\ &= \\ &\text{Protected Value} \\ &+ \\ &\text{Performance Value} \end{aligned}$$

where:

- the **Performance Value** is any gain referable to the performance of the relevant Reference Asset for that DPA (see Section 1.3 of the PDS for more information).
- the **Protected Value** is the part of your Investment Amount that is protected if you hold your investment to maturity, regardless of the performance of the Reference Asset. For each DPA, it will be calculated as:

$$\begin{aligned} &\text{Protected Value} \\ &= \\ &\text{Protection Percentage} \\ &(\text{as specified in the relevant Term Sheet}) \\ &\times \\ &\text{Investment Amount} \end{aligned}$$

For more information about the DPA, including worked examples of the Final Value, see Sections 4 and 10 of the PDS.

The key terms of an investment in a DPA are described in more detail in Sections 1.2 to 1.7 of the PDS.

For a list of Series on Offer to investors at any point in time (including their Reference Asset, Performance Value and key dates), see the current Term Sheet available on our website at macquarie.com.au/step.¹

It is important to note that we may not offer Series representing all possible combinations of Reference Assets and Performance Values.

1. You can obtain a copy of information included on our website free of charge by contacting MBL on 1800 080 033.

1.2. REFERENCE ASSETS

Each DPA will give you exposure to a Reference Asset consisting of either a single underlying or a basket of two or more underlyings. If the Reference Asset is a basket, each underlying in that basket is referred to as a **Reference Asset Constituent**. The underlyings that may form all or part of a Reference Asset are described in Table 1. For more detailed descriptions of the underlyings, see Section 2 of the PDS.

Table 1: List of underlyings that may form all or part of a Reference Asset

Underlying	Asset type	Description	PDS section
S&P/ASX 200 Index	Equity index	200 leading companies by market capitalisation listed on the ASX at the relevant time.	2.1
S&P 500 Index	Equity index	500 leading companies by market capitalisation listed on either the New York Stock Exchange or NASDAQ at the relevant time.	2.2
Hang Seng H-Share Index ETF	Exchange-traded fund	An exchange-traded fund seeking to provide investment returns closely matching the performance of the Hang Seng China Enterprises Index.	2.3
Tracker Fund of Hong Kong	Exchange-traded fund	An exchange-traded fund seeking to provide investment returns closely matching the performance of the Hang Seng Index.	2.4
MSCI Taiwan Index	Equity index	A market capitalisation-weighted index of the Taiwanese equity market.	2.5
KOSPI 200 Index	Equity index	A market capitalisation-weighted index of the Korean equity market.	2.6
MSCI Singapore Index	Equity index	A market capitalisation-weighted index of the Singaporean equity market.	2.7
PIMCO Total Return Bond Fund	Unlisted managed fund	An actively-managed fund that aims to maximise total return while minimising risk by investing in intermediate-term, investment grade securities. The fund invests primarily in US government, mortgage and corporate bonds, but may have tactical allocations to municipal, high yield and non-US markets.	2.8
Commodities	Commodity	Any commodity traded on a spot market as at the date the relevant DPA is offered.	2.9
Australian listed securities	Equity	Any security listed on the Australian Securities Exchange (ASX) as at the date the relevant DPA is offered.	2.10
International listed securities	Equity	Any internationally-listed security as at the date the relevant DPA is offered.	2.11

If a Reference Asset is a basket consisting of more than one of the underlyings in Table 1, the weighting of each underlying (its **Weight**) will not necessarily be equal. The relevant Weights for a basket Reference Asset will be stated in the relevant Term Sheet. For more information see Section 3.1 of the PDS.

1.3. PERFORMANCE VALUES

Your exposure to a Reference Asset will be calculated according to a formula (the **Performance Value**). A list of Performance Values and their key features is summarised in Table 2.

Table 2: List of Performance Values

Performance Value	Key features	PDS section
Uncapped	Exposure to the performance of a Reference Asset above the Hurdle (subject to a Participation Rate). There is no cap limiting your potential gain.	3.2
Capped	Exposure to the performance of a Reference Asset above the Hurdle (subject to a Participation Rate), with a cap (called a Performance Cap) placed on the performance of the Reference Asset, limiting your potential gain at maturity.	3.3
Constituent Capped	Exposure to the performance of a basket Reference Asset (that is, a Reference Asset with multiple underlyings) above the Hurdle (subject to a Participation Rate), with a Performance Cap placed on the individual performance of each underlying in the Reference Asset, limiting your potential gain at maturity.	3.4
Short Capped	Beneficial exposure to the performance of a Reference Asset below the Hurdle (subject to a Participation Rate), meaning you will benefit if the Reference Asset decreases in value. A Performance Cap also applies to the performance of the Reference Asset, limiting your potential gain at maturity.	3.5

Each Performance Value will give exposure to the Reference Asset from the Exposure Start Date to the Exposure End Date (subject to certain factors described in Section 3.1 of the PDS). The length of time between these dates may be different to the period from the Issue Date to the Maturity Date (the **Term**) for your investment in a DPA, meaning that you will not necessarily be exposed to the relevant Reference Asset for a period of time equal to the Term.

Each Performance Value will have the following features:

- a **Hurdle**: the Hurdle is the level of the Reference Asset that must be attained before your Performance Value can be greater than zero. If the Reference Asset's performance has not reached the Hurdle, your Performance Value will be zero even if the Reference Asset has beneficially changed in value.
- a **Participation Rate**: the Participation Rate is a percentage representing the extent to which you participate in the performance of the Reference Asset (subject to the Hurdle and any applicable Performance Cap). The Participation Rate can have the effect of increasing your Performance Value (if it is over 100%) or reducing your Performance Value (if it is below 100%) relative to the performance of the Reference Asset.
- a **Performance Currency**: if the Performance Currency is not Australian dollars, your Performance Value will be converted from the Performance Currency to Australian dollars on the Last Exposure End Date.

Information about all of these features (as well as features specific to particular Performance Values and worked examples of how the Performance Values are calculated) is described in Section 3 of the PDS.

1.4. KEY DATES

The key dates are important for each DPA offered to you. They will be used for determining the Term of your investment and to determine factors that will affect the calculation of your Performance Value.

The key dates for a DPA will be listed in the relevant Term Sheet for the DPA and will include the following:

1. **Offer Open Date** and **Offer Close Date** (for more information see Section 1.7.3 of the PDS);
2. **Issue Date** (if your application for a DPA is successful, the date the DPA commences);
3. **Exposure Start Date** (the date your exposure to the Reference Asset is expected to commence);
4. **Exposure End Date** (the date your exposure to the Reference Asset is expected to cease);
5. **Maturity Date** (the date following which delivery of the Deliverable Securities will occur);
6. **Early Withdrawal Date(s)** (days on which you may be able to withdraw from a DPA prior to maturity);
7. **Early Withdrawal Notification Date(s)** (days by which you must submit an Early Withdrawal Notice to us to withdraw on the corresponding Early Withdrawal Date); and
8. **Term** (the period of time from the Issue Date to the Maturity Date).

1.5. SUMMARY OF KEY RISKS

All investments involve a degree of risk. This section is not intended to be a comprehensive summary of all of the risks associated with an investment under the Facility, but provides a summary of some of the key risks (disclosed in more detail in Section 5 of the PDS). You should read this section, Section 5 and any risks disclosed in the relevant Term Sheet carefully before deciding whether to invest.

You should be also aware that there may be other risks which could affect the performance of any investment you make under the Facility (eg risks associated with the underlying business of any Reference Asset that is a Security). As such, we recommend that you:

- speak to a financial adviser about the risks associated with any investment you propose to make under the Facility; and
- consider those risks in light of:
 - what you currently have, and what you want and need for your financial future; and
 - the potential investment returns you may realise from any investment you make under the Facility.

1.5.1. Poor performance

Your investment in a DPA will be adversely affected if the relevant Reference Asset performs in a way that is not beneficial to you. In times of global economic downturn, and high levels of volatility in equity and other markets, there is an increased risk that the relevant Reference Asset will not change sufficiently in value for you to make a gain on your investment. For more information see Section 5.1.1 of the PDS.

1.5.2. Counterparty risk

The value of any investment you make in a DPA depends on, among other things, whether we can and do perform our obligations under the DPA Terms in relation to that DPA. As you are an unsecured creditor of ours, if we fail to meet our obligations under the DPA Terms, you may not receive some or all of the money we owe you. For more information see Section 5.1.2 of the PDS.

1.5.3. Deliverable Security risk

If you have not elected to use the Sale Facility the Deliverable Securities you are entitled to receive (if any) will be delivered to you on the Delivery Date, which may be up to five CHES Business Days after the date on which we determine the number of Deliverable Securities you are entitled to receive. Accordingly, you will be exposed to any changes in the value of the Deliverable Securities between the date on which we determine the number of Deliverable Securities you are entitled to receive and when those securities are actually received by you. For more information see Section 5.1.3 of the PDS.

1.5.4. Early Termination risk

Your investment in a DPA may be terminated by us before its Maturity Date in a number of circumstances (outlined in more detail in Section 4.6.2 of the PDS). These may include a disruption in our ability to hedge our exposure in relation to a DPA, including an inability to effect redemptions in an underlying managed fund, or the announcement of the Reference Asset's de-listing or withdrawal of trading status from a Relevant Exchange. If an Early Termination occurs, you will receive the Early Termination Value in relation to your DPA, which may be less than your Investment Amount (and less than your Protected Value). Factors that may affect your Early Termination Value are outlined in Section 4.6.3 of the PDS. For more information see Sections 5.1.4 and 5.1.5 of the PDS.

1.5.5. Loss of protection

If you withdraw your investment early, or your investment is terminated early by us, the amount you are entitled to receive may be less than your Protected Value.

In addition, the value of your investment in a DPA is only protected on the Maturity Date up to the Protected Value (described in Section 1.1 of the PDS). If the Protection Percentage for your DPA is below 100%, the Protected Value will be lower than your initial Investment Amount, meaning you will potentially be exposed to a loss to the extent of the difference between your Investment Amount and your Protected Value. For more information see Section 5.1.5 of the PDS.

1.5.6. Inflation and the time value of money

You should be aware that the Protected Value you receive as part of your Final Value is unlikely to have the same real value as it would on the Issue Date due to the likely effect of inflation and the time value of money over the duration of your investment in a DPA.

What is the time value of money?

The idea that money is worth more now than the same amount in the future due to its potential earning capacity.

For example, assuming a 5% interest rate and ignoring taxes:

- AUD100 invested today will be worth AUD105 in one year (AUD100 multiplied by 1.05); and
- conversely, AUD100 received one year from now is only worth AUD95.24 today (AUD100 divided by 1.05).

1.5.7. Tax risk

The information provided in this PDS is not personal advice to any prospective investor in a DPA. You should seek your own independent advice on the taxation consequences of investing in a DPA, which takes into account your own personal circumstances. The information in Section 7 of the PDS in relation to the tax outcomes of investing in a DPA is based on a number of assumptions set out in Section 7.1 of the PDS. You should review these assumptions prior to investing in a DPA and consider how they may apply in the context of your proposed investment and your personal circumstances.

The Australian Taxation Office (ATO) has issued tax determinations regarding the taxation treatment of a deferred purchase agreement. A summary of the ATO views in these determinations is set out in Section 7 of the PDS. It is important that potential investors carefully review these comments with regard to the ATO views and the implications for a DPA with respect to their own particular circumstances, which may be different to those envisaged by the ATO.

The information relating to taxation in this PDS is based on the Tax Act, announcements by and on behalf of the Australian Government and the Commissioner of Taxation, and practice applicable, all as at the date of this PDS. Future changes in tax laws, or their interpretation, could affect the tax treatment of a DPA and its investor.

1.5.8. Foreign exchange risk (DPAs with a non-AUD Performance Currency only)

For an investment in a DPA with a Performance Currency that is not Australian dollars, the relevant foreign exchange rate (as determined by us) on the Last Exposure End Date will affect the Australian dollar value of the Performance Value you become entitled to (if any). This currency exchange rate will also affect any payment you are entitled to receive if you withdraw on an Early Withdrawal Date or your investment is terminated early as a result of an Early Termination Event occurring. The weaker the Performance Currency compared to AUD1.00 on the Last Exposure End Date, the lower the value of your Performance Value, and conversely the stronger the Performance Currency compared to AUD1.00 on the Last Exposure End Date, the higher the value of your Performance Value.

An investment in a DPA with a Performance Currency that is not Australian dollars may not be suitable for you if you do not have experience, and are unfamiliar with, investing in products that provide exposure to foreign exchange rates. See Section 5.1.6 of the PDS for more information.

As well as the risks of this particular product, you should also consider how an investment in this product fits into your overall portfolio. Diversification of your investment portfolio can be used as part of your overall risk management strategy and may help limit your exposure to failure or underperformance of any one investment, manager or asset class.

Your investment is subject to additional risks. Accordingly, before investing in a DPA you should consider carefully the risks outlined in Section 5 of the PDS and any risks disclosed in the relevant Term Sheet, as these may affect your decision to invest and the financial performance of your investment.

An investment in a DPA may not be suitable for you if you do not have experience, and are unfamiliar with, investing in structured products that provide indirect exposure to underlying assets using financial instruments, given that a DPA is not a traditional investment product (such as a direct investment in Australian shares).

1.6. FEES AND COSTS

Fees and costs (including withdrawal fees) may apply to your investment in a DPA. Additionally, although not charged by us, the performance of your investment may be affected by fees and costs that apply to the Reference Asset or any Reference Asset Constituent.

If you agree with your financial adviser, we may also pay initial fees to your financial adviser in respect of your investment in a DPA.

For more information on fees and costs, see Section 6 of the PDS.

1.7. FURTHER INFORMATION

1.7.1. Who may apply for a Facility?

Before you apply to establish a Facility, you must ensure that you have:

- (a) carefully read the PDS; and
- (b) consulted your professional legal, taxation and financial adviser, if you have one.

You may only establish a Facility if you are:

- (a) an individual of 18 years or older;
- (b) a company;
- (c) an incorporated body;
- (d) a government entity; or
- (e) a trustee or nominee of another entity, such as a family trust or superannuation fund,

and you receive the PDS in Australia.

For trustee applicants, please note that as a trust conducts all of its legal activities through its trustee, it is the trustee and not the trust who must apply.

We may require you to provide other supporting documentation before processing your Application Form.

1.7.2. How to apply for a Facility

Once you are satisfied that you meet the above requirements, you must apply to establish a Facility by completing and returning the Application Form included in this PDS or print, complete and return a copy of the Application Form from our website. For more information, see Section 11 of the PDS.

1.7.3. How to apply for a DPA

Once we have accepted your application for a Facility, we can accept an application by you for any DPA available through the Facility.

To apply for a DPA, visit our website at macquarie.com.au/step and read the current Term Sheet to see a list of any Series that are open at the time. You must then complete the Series Form attached to that Term Sheet and submit it to us on or after the Offer Open Date and before 3:00pm (Sydney time) on the Offer Close Date. You can obtain a copy of information included on our website free of charge by contacting us on 1800 080 033.

The Term Sheet includes the following information about a Series:

1. Reference Asset;
2. Performance Value;
3. Deliverable Security;
4. Protection Percentage;
5. Indicative Performance Cap (if applicable);
6. Hurdle;
7. Indicative Participation Rate;
8. Performance Currency (if not AUD); and
9. the key dates described in Section 1.4 of the PDS.

There are certain consequences that may occur if you apply to invest and you are or become a US citizen, reside in the US or have some other connection with the US. These consequences may potentially be adverse to you. Please see Section 11 of the PDS for further information.

We reserve the right to vary the dates and times related to an Offer without prior notice, and to accept late applications, reject applications and/or close or withdraw the Offer early. Any changes will be made available on our website at macquarie.com.au/step.

We make no representation that we will make Offers, that any DPAs with exposure to all or any particular underlying or Performance Value will be offered or that we will make Offers at any particular time.

If your Application Form and/or Series Form is received on the applicable Offer Close Date and we receive a large number of Application Forms on that date, there is no guarantee that your Application Form and/or Series Form will be processed or that your application to invest in a DPA will be successful. Accordingly, you are encouraged to submit your Application Form and/or Series Form prior to the relevant Offer Close Date.

1.7.4. Minimum Investment Amount

The Minimum Investment Amount you may invest in a DPA will be stated in the relevant Term Sheet. We reserve the right to lower the Minimum Investment Amount and accept investments in a DPA below this amount.

1.7.5. Further queries

If you have read this PDS, the relevant Term Sheet and all updates on our website, and have any questions, either before or after investing, please contact us on 1800 080 033.

2 / Reference Assets

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Each DPA available under the Facility will provide exposure to a Reference Asset, which will comprise one or more of the indices, listed securities, unlisted managed funds or commodities listed below. If your Reference Asset consists of more than one underlying, each of these underlyings is referred to as a **Reference Asset Constituent**.

The relevant Reference Asset for a DPA will be specified in a Term Sheet available on our website at macquarie.com.au/step. You can obtain a copy of information included on our website free of charge by contacting us on 1800 080 033.

It is however important to note that we do not recommend or endorse an investment in any Reference Asset. You are responsible for assessing the merits of investing in any DPA and the prospects of the Reference Asset that you will have exposure to as a result of such investment.

2.1. S&P/ASX 200 INDEX

The S&P/ASX 200 Index was first published on 31 March 2000 and is a market-capitalisation weighted and float-adjusted stock market index of Australian stocks listed on the ASX from Standard & Poor's.

2.2. S&P 500 INDEX

The S&P 500 Index has been published since 1957 and is a float weighted index of the prices of 500 publicly held companies with large market capitalisation that are actively traded on either the New York Stock Exchange or NASDAQ. Almost all of the shares included in the index are among the 500 largest US shares by market capitalisation.

2.3. HANG SENG H-SHARE INDEX ETF (HSHSI)

The HSHSI is an exchange-traded fund (ETF) established in Hong Kong. The fund's objective is to provide investment returns that match the performance of the Hang Seng China Enterprises Index (**H-Share Index**). The fund invests in constituent securities of the H-Share Index.

The HSHSI is an ETF, meaning that it is an investment fund that is listed and traded on a stock exchange and can be bought and sold in a similar manner to shares in a company that is listed and traded on a stock exchange.

There are certain risks associated with exposure to the HSHSI. See Sections 5.2.1 and 5.2.2 of the PDS for more information.

2.4. TRACKER FUND OF HONG KONG (TFHK)

The TFHK is an ETF registered in Hong Kong. The fund seeks to provide investment results that closely correspond to the performance of the Hang Seng Index through investing all, or substantially all, of the fund's assets in index shares in substantially the same weightings as they appear in the Hang Seng Index.

The TFHK is an ETF, meaning that it is an investment fund that is listed and traded on a stock exchange and can be bought and sold in a similar manner to shares in a company that is listed and traded on a stock exchange.

There are certain risks associated with exposure to the TFHK. See Section 5.2.2 of the PDS for more information.

2.5. MSCI TAIWAN INDEX

The MSCI Taiwan Index is a free float-adjusted market capitalisation weighted index that is designed to track the equity market performance of Taiwanese securities listed on the Taiwan Stock Exchange. The MSCI Taiwan Index is denominated in Taiwan dollars and takes into account price performance of the constituent stocks only. The MSCI Taiwan Index is constructed based on the MSCI Global Investable Market Indices Methodology, targeting a free float-market capitalisation coverage of 85%.

There are certain risks associated with exposure to the MSCI Taiwan Index. See Section 5.2.1 of the PDS for more information.

2.6. KOSPI 200 INDEX

The KOSPI 200 Index is a capitalisation weighted index of 200 Korean securities which make up 93% of the total market value of the Korea Stock Exchange.

There are certain risks associated with exposure to the KOSPI 200 Index. See Section 5.2.1 of the PDS for more information.

2.7. MSCI SINGAPORE INDEX

The MSCI Singapore Index is a free float-adjusted market capitalisation weighted index that is designed to track the equity market performance of Singapore securities listed on the Singapore Stock Exchange. The MSCI Singapore Index is denominated in Singapore dollars and takes into account price performance of the constituent stocks only. The MSCI Singapore Index is constructed based on the MSCI Global Investable Market Indices Methodology targeting a free float-market capitalisation coverage of 85%.

2.8. PIMCO TOTAL RETURN BOND FUND

The PIMCO Funds: Global Investors Series, plc, PIMCO Total Return Bond Fund (Administrative Class, Accumulation Shares) (**PIMCO Total Return Bond Fund**) is a diverse portfolio of intermediate-term, investment grade securities that is actively managed to maximise total return while minimising risk relative to its benchmark, the Barclays Capital U.S. Aggregate Index (**Benchmark**).

The fund invests primarily in US government, mortgage and corporate bonds, but may have tactical allocations to municipal, high yield and non-US markets.

The fund was launched on 31 January 1998 and is domiciled in Ireland. Its investment adviser is Pacific Investment Management Company LLC. The fund is a sub-fund of the PIMCO Funds: Global Investors Series plc, which is managed by PIMCO Global Advisors (Ireland) Limited.

Table 3: Overview of the PIMCO Total Return Bond Fund

Overview	The fund aims to maximise total return while minimising risk by actively managing a diverse portfolio of intermediate-term, investment grade securities.
Investment Strategy	<p>The fund's portfolio is actively managed by the underlying fund manager through the use of prudent risk management and seeks enhanced returns in all market conditions.</p> <p>The fund takes a long-term view and uses multiple concurrent strategies to provide potential for consistent outperformance of the Benchmark with minimal risk.</p>
Use of derivatives	<p>The fund may use derivatives such as futures, options and swap agreements, and may also enter into currency forward contracts.</p> <p>These derivatives will be used for both hedging and investment purposes. Derivatives may be used for:</p> <ul style="list-style-type: none">■ currency hedging;■ as a substitute for taking a position in the underlying asset where it is believed that such exposure represents better value than direct exposure;■ to tailor the fund's interest rate exposure to the underlying fund manager's interest rate outlook; and/or■ to gain exposure to the composition and performance of a particular index.
Borrowing	The fund may only borrow on a temporary basis and the aggregate amount of borrowing cannot exceed 10% of the net asset value of the fund.
Currency hedging	Currency exposure is hedged for the purposes of efficient portfolio management using spot and forward foreign exchange contracts and currency futures, options and swaps, subject to limits.

The PIMCO Total Return Bond Fund is an unlisted managed fund that does not invest primarily in equities or equity indices. This may have taxation implications. See Section 7.2.2 of the PDS for more information.

There are certain risks associated with exposure to the PIMCO Total Return Bond Fund. See Section 5.2.3 and 5.2.4 of the PDS for more information.

2.9. COMMODITIES

The Reference Asset may reference one or more commodities that are traded on a spot market as at the date the relevant DPA is offered. A description of the relevant commodity will be included in the Term Sheet for the relevant DPA.

There are certain risks associated with exposure to commodities. See Section 5.2.5 of the PDS for more information.

2.10. AUSTRALIAN LISTED SECURITIES

The Reference Asset may consist of one or more securities listed on the ASX as at the date the relevant DPA is offered. A description of the relevant security will be included in the Term Sheet for a DPA.

2.11. INTERNATIONAL LISTED SECURITIES

The Reference Asset may consist of one or more internationally listed securities as at the date the relevant DPA is offered. A description of the relevant security will be included in the Term Sheet for a DPA.

3 / Performance Values

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The Term Sheet and this section

The information in this section will need to be read together with the relevant Term Sheet available on our website at macquarie.com.au/step. You can obtain a copy of information included in the Term Sheet free of charge by contacting us on 1800 080 033.

The Term Sheet will set out the following information about the Performance Value for a DPA:

- the type of Performance Value for that DPA;
- indicative Performance Cap (if applicable);
- Hurdle;
- Performance Currency (if not AUD);
- indicative Participation Rate; and
- an indicative Exposure Start Date, Exposure End Date and Maturity Date.

In addition to the Performance Value, the Term Sheet will also set out the Reference Asset for each DPA.

As explained briefly in Section 1 of the PDS, the Final Value of your DPA is the sum of any Performance Value and any Protected Value.

This section explains how the elements of the Term Sheet and the performance of the Reference Asset are applied to calculate the Performance Value.

For an explanation of how the Performance Value and Protected Value are combined to determine your Final Value, see Section 4 of the PDS.

3.1. KEY PERFORMANCE VALUE TERMS

It is important that you refer to the Term Sheet for the DPA that you want to invest in to see which Performance Value calculation applies to that DPA.

The Performance Value calculation for every DPA will have the following components:

- a **Hurdle**: the Hurdle is the level of the Reference Asset that must be attained before your Performance Value can be greater than zero. If the Reference Asset's performance has not reached the Hurdle, your Performance Value will be zero even if the Reference Asset has performed favourably.
- a **Participation Rate**: the Participation Rate is a percentage representing the extent to which you participate in the performance of the Reference Asset (subject to the Hurdle and any applicable Performance Cap). The Participation Rate can have the effect of increasing your Performance Value (if it is over 100%) or reducing your Performance Value (if it is below 100%) relative to the performance of the Reference Asset.
- a **Performance Currency**: if the Performance Currency is not Australian dollars (**AUD**), your Performance Value will be converted from the Performance Currency to AUD on the Last Exposure End Date.

In addition, a Performance Value may have specific features, for example a Performance Cap. These features are described where applicable in the following sub-sections.

As the Performance Value depends on the performance of the Reference Asset for a DPA, you should be aware that there is no guarantee that the Performance Value for your DPA will be greater than zero.

The following examples are illustrative only and are not a guarantee or assurance by us of the results to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

What is the Reference Asset Valuation?

The Reference Asset Valuation is used in the calculation of all Performance Values. It represents the value of the relevant Reference Asset for a DPA at a given point in time. The Reference Asset Valuation is calculated in the same way for each Performance Value **except for the Constituent Capped Performance Value**, the calculation of which is explained in Section 3.4 of the PDS.

Movements in the Reference Asset Valuation between the **Exposure Start Date** and the **Exposure End Date** will determine the Performance Value for a DPA.

If the Reference Asset consists of a **single** underlying, the Reference Asset Valuation on the Exposure Start Date is its Start Price, and on the Exposure End Date is its Final Price.

For more detailed information about how the Start Price and Final Price are determined, see the Glossary in Section 9 of the PDS.

If the Reference Asset consists of **more than one** underlying (that is, multiple **Reference Asset Constituents**), the Reference Asset Valuation of the Reference Asset:

- equals 100 on the Exposure Start Date; and
- is the sum of the following for each Reference Asset Constituent as determined on its respective Exposure End Date:

$$\text{Weight} \times (\text{Final Price} \div \text{Start Price}) \times 100$$

For example, for a DPA with 3 Reference Asset Constituents, assume the following Weights, Start Price (on the relevant Exposure Start Date) and Final Price (on the relevant Exposure End Date):

Reference Asset Constituent	Weight	Start Price on the relevant Exposure Start Date	Final Price on relevant Exposure End Date
S&P/ASX 200 Index	50%	4000	4600
S&P 500 Index	30%	1200	1320
KOSPI 200 Index	20%	250	225

The Reference Asset Valuation on the Last Exposure End Date would be calculated as the sum of the following:

$$\text{S\&P/ASX 200 Index} = 50\% \times (4600 \div 4000) \times 100 = 57.5$$

$$\text{S\&P 500 Index} = 30\% \times (1320 \div 1200) \times 100 = 33$$

$$\text{KOSPI 200 Index} = 20\% \times (225 \div 250) \times 100 = 18$$

As $57.5 + 33 + 18 = 108.5$, the Reference Asset Valuation on the Last Exposure End Date is **108.5**.

Please note that Reference Asset Constituents within a Reference Asset may have different Exposure End Dates (for example, due to a Market Disruption Event affecting only one or some Reference Asset Constituents). Accordingly, the Exposure End Date for a Reference Asset Constituent may be different to the Exposure End Date specified in the Term Sheet. If this occurs:

- the Final Price for the Reference Asset Constituents not affected by the relevant event will be determined on the first Exposure End Date;
- the Reference Asset Valuation for the Reference Asset as a whole cannot be determined until the Final Price for each affected Reference Asset Constituent has been determined.

Currency exchange rates and your Performance Value

Each DPA may have a 'Performance Currency' as stated on the relevant Term Sheet for that DPA. If a Performance Currency is not stated with reference to a DPA in the Term Sheet, the Performance Currency for that DPA will be AUD.

If the Performance Currency for a DPA is non-AUD, then the relevant exchange rate (as determined by us) (the **Conversion FX**) is used to convert your Performance Value to AUD. In this situation, your Performance Value formula would be divided by the Conversion FX.

If the Performance Currency for a DPA is AUD, then the Performance Values in Sections 3.2 to 3.5 of the PDS will not be affected at the Last Exposure End Date by the Conversion FX, and the examples below will not apply to you.

The Conversion FX is the exchange rate on the Last Exposure End Date (as determined by us), expressed as the amount of the Performance Currency equal in value to AUD1.00 on the Last Exposure End Date.

Example 1

For example, assume that, for an investment in a DPA:

- your Performance Value using the relevant formula below prior to conversion for non-AUD Performance Currency is USD10,000;
- the Performance Currency is US dollars; and
- the Conversion FX is 1.05 (that is, AUD1.00 is worth 1.05 US Dollars).

This means that your final Performance Value would be calculated as:

$$\text{USD}10,000 \div 1.05 = \text{AUD}9,523.81.$$

Example 2

For example, assume that, for an investment in a DPA:

- your Performance Value using the relevant formula below prior to conversion for non-AUD Performance Currency is USD10,000;
- the Performance Currency is US dollars; and
- the Conversion FX is 0.95 (that is, AUD1.00 is worth 0.95 US Dollars).

This means that your final Performance Value would be calculated as:

$$\text{USD}10,000 \div 0.95 = \text{AUD}10,526.32.$$

As these examples indicate, if the Performance Currency is weaker relative to AUD on the Last Exposure End Date, the lower the value of your final Performance Value (as in example 1), and conversely if the Performance Currency is stronger relative to AUD on the Last Exposure End Date, the higher the value of your final Performance Value (as in example 2).

Your Performance Value is affected by the Conversion FX. See Section 5.1.6 of the PDS for further information.

3.2. UNCAPPED PERFORMANCE VALUE

3.2.1. Description of the Uncapped Performance Value

The Uncapped Performance Value provides you with exposure to the performance of the Reference Asset above the Hurdle (subject to a Participation Rate). In addition, if your Performance Currency is not AUD, your Performance Value will also be affected by the Conversion FX on the Last Exposure End Date (as described in more detail in Section 3.1 of the PDS).

3.2.2. How is the Uncapped Performance Value calculated?

The Uncapped Performance Value is calculated as follows:

Settlement Level	Performance Value
Below the Hurdle	0
Above the Hurdle	(Settlement Level – Hurdle) x Participation Rate x Investment Amount x Investment FX

where:

Investment FX = 1 if the Performance Currency is AUD, and if not AUD, is the exchange rate (as determined by us) expressed as the amount of the Performance Currency equal in value to AUD1.00 on the First Exposure Start Date.

The **Settlement Level** for an Uncapped Performance Value is $\text{End Level} \div \text{Start Level}$.

The **End Level** is the Reference Asset Valuation on the Exposure End Date.

The **Start Level** is the Reference Asset Valuation on the Exposure Start Date.

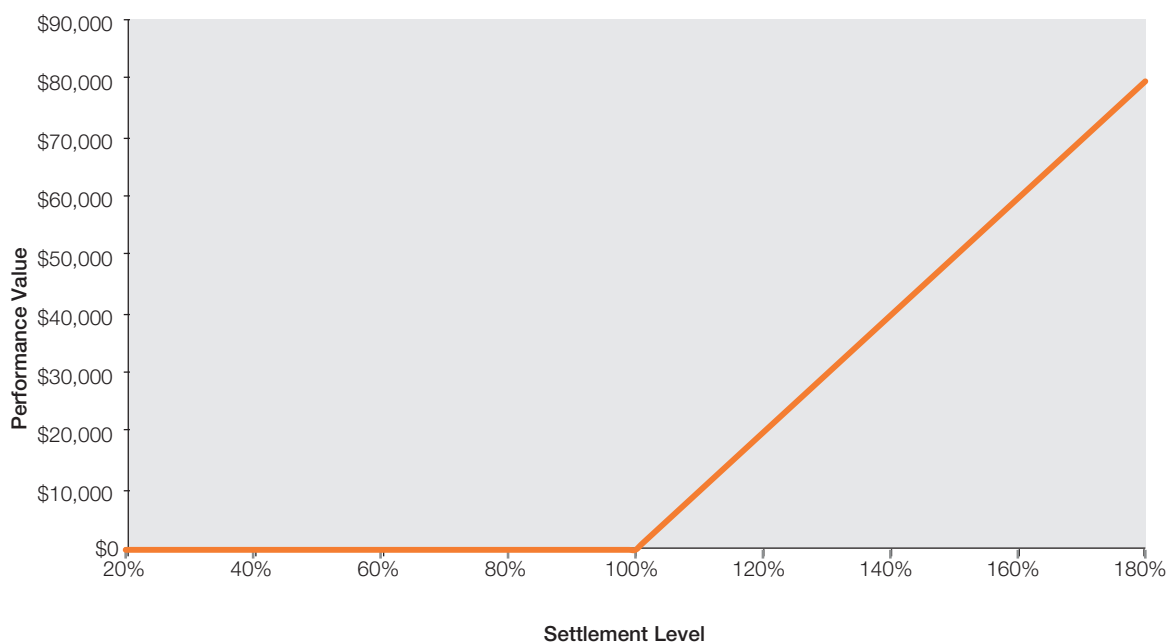
For a worked example of how the Reference Asset Valuation is calculated, as well as a description of the effect of the Hurdle and Participation Rate on the Performance Value, see Section 3.1 of the PDS.

The Uncapped Performance Value therefore allows you to benefit from increases in the Settlement Level of the Reference Asset. This means that:

- the higher the Settlement Level, the higher the Performance Value will be; and
- the lower the Settlement Level, the lower the Performance Value will be (down to zero).

This relationship between the Settlement Level of the Reference Asset and the Performance Value is shown in Figure 1 (assuming an Investment Amount of AUD100,000, a Participation Rate of 100%, Hurdle of 100% and an AUD Performance Currency).

Figure 1



Please note that if your Performance Currency is not AUD, your Performance Value will also be affected on the Last Exposure End Date by the Conversion FX (as explained in Section 3.1 of the PDS).

3.2.3. Worked examples

The following examples are illustrative only and are not a guarantee or assurance by us of the results to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

For the worked examples below, assume you invest AUD100,000 into an Uncapped Performance Value DPA and:

- the Performance Currency is AUD;
- the Reference Asset is XYZ Index, with a Start Price of 1,000, meaning the Reference Asset Valuation on the Exposure Start Date, and accordingly the Start Level, is also 1,000;
- the Hurdle is 100%;
- the Participation Rate is 100%; and
- the Investment FX is 1.00.

Scenario 1: Reference Asset rises in value

Assume further that:

- the Final Price of the Reference Asset is 1,100, meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 1,100.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 1,100 \div 1,000 = 110\%$$

As the Settlement Level is **above** the Hurdle, the Performance Value is calculated as:

$$\begin{aligned} \text{Performance Value} &= (\text{Settlement Level} - \text{Hurdle}) \times \\ &\text{Participation Rate} \times \text{Investment Amount} \times \text{Investment FX} \\ &= (110\% - 100\%) \times 100\% \times \text{AUD}100,000 \times 1.00 \\ &= \text{AUD}10,000 \end{aligned}$$

Scenario 2: Reference Asset falls in value

Now assume further that:

- the Final Price of the Reference Asset is 900 meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 900.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 900 \div 1,000 = 90\%$$

As the Settlement Level is below the Hurdle, the Performance Value is equal to AUD0.

3.3. CAPPED PERFORMANCE VALUE

3.3.1. Description of the Capped Performance Value

The Capped Performance Value provides you with exposure to the performance of the Reference Asset above the Hurdle (subject to a Performance Cap and a Participation Rate). In addition, if your Performance Currency is not AUD, your Performance Value will also be affected by the Conversion FX on the Last Exposure End Date (as described in more detail in Section 3.1 of the PDS).

3.3.2. How is the Capped Performance Value calculated?

The Capped Performance Value is calculated as follows:

Settlement Level	Performance Value
Below the Hurdle	0
Above the Hurdle and below the Performance Cap	(Settlement Level – Hurdle) x Participation Rate x Investment Amount x Investment FX
Above the Performance Cap	(Performance Cap – Hurdle) x Participation Rate x Investment Amount x Investment FX

where:

Investment FX = 1 if the Performance Currency is AUD, and if not AUD, is the exchange rate (as determined by us) expressed as the amount of the Performance Currency equal in value to AUD1.00 on the First Exposure Start Date.

The **Settlement Level** for a Capped Performance Value is $\text{End Level} \div \text{Start Level}$.

The **End Level** is the Reference Asset Valuation on the Exposure End Date.

The **Start Level** is the Reference Asset Valuation on the Exposure Start Date.

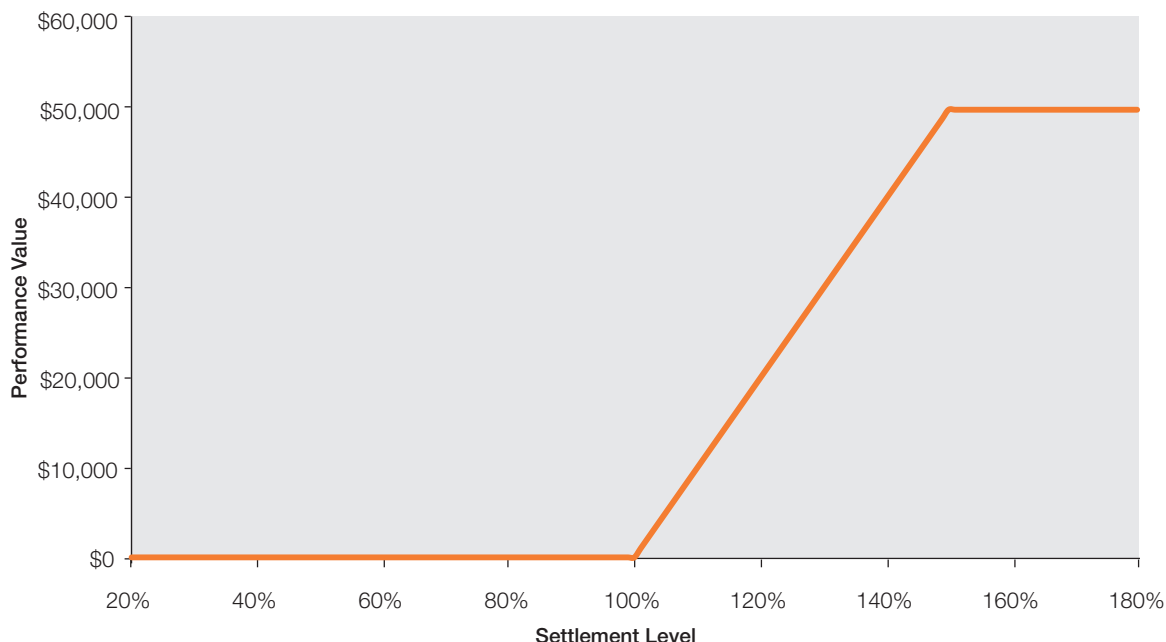
For a worked example of how the Reference Asset Valuation is calculated, as well a description of the effect of the Hurdle and Participation Rate on the Performance Value, see Section 3.1 of the PDS.

The Capped Performance Value therefore:

- allows you to benefit from increases in the value of the Reference Asset, up to the Performance Cap; and
- does not allow you to benefit from increases in the value of the Reference Asset above the Performance Cap, thereby limiting the gains you can realise from increases in the value of the Reference Asset.

The effect of the Hurdle and the Performance Cap on your ability to benefit from increases in the Settlement Level of the Reference Asset is shown in Figure 2 (assuming an Investment Amount of AUD100,000, a Participation Rate of 100%, Hurdle of 100%, Performance Cap of 150% and an AUD Performance Currency).

Figure 2



Please note that if your Performance Currency is not AUD, your Performance Value will also be affected on the Last Exposure End Date by the Conversion FX (as explained in Section 3.1 of the PDS).

3.3.3. Worked examples

The following examples are illustrative only and are not a guarantee or assurance by us of the results to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

For the worked examples below, assume that you invest AUD100,000 into a Capped Performance Value DPA and:

- the Performance Currency is AUD;
- the Reference Asset is XYZ Index, with a Start Price of 1,000, meaning the Reference Asset Valuation on the Exposure Start Date, and accordingly the Start Level, is also 1,000;
- the Hurdle is 100%;
- the Performance Cap is 120%;
- the Participation Rate is 100%; and
- the Investment FX is 1.00.

Scenario 1: The Reference Asset rises in value above the Performance Cap

Assume further that:

- the Final Price of the Reference Asset is 1,300, meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 1,300.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 1,300 \div 1,000 = 130\%$$

As the Settlement Level is above the Performance Cap, the Performance Value is calculated as:

$$\begin{aligned} \text{Performance Value} &= (\text{Performance Cap} - \text{Hurdle}) \times \text{Participation Rate} \times \text{Investment Amount} \times \text{Investment FX} \\ &= (120\% - 100\%) \times 100\% \times \text{AUD}100,000 \times 1.00 \\ &= \text{AUD}20,000 \end{aligned}$$

Scenario 2: The Reference Asset rises in value above the Hurdle but below the Performance Cap

Now assume further that:

- the Final Price of the Reference Asset is 1,100, meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 1,100.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 1,100 \div 1,000 = 110\%$$

As the Settlement Level is above the Hurdle and below the Performance Cap, the Performance Value is calculated as:

$$\begin{aligned} \text{Performance Value} &= (\text{Settlement Level} - \text{Hurdle}) \times \\ &\text{Participation Rate} \times \text{Investment Amount} \times \text{Investment FX} \\ &= (110\% - 100\%) \times 100\% \times \text{AUD}100,000 \times 1.00 \\ &= \text{AUD}10,000 \end{aligned}$$

Scenario 3: The Reference Asset falls in value below the Hurdle

Now assume further that:

- the Final Price of the Reference Asset is 900, meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 900.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 900 \div 1,000 = 90\%$$

As the Settlement Level is below the Hurdle, the Performance Value is equal to AUD0.

3.4. CONSTITUENT CAPPED PERFORMANCE VALUE

3.4.1. Description of the Constituent Capped Performance Value

The Constituent Capped Performance Value can only apply to a DPA which has a Reference Asset that includes more than one underlying (each a **Reference Asset Constituent**). It provides you with exposure to the performance of a Reference Asset above the relevant Hurdle, subject to a Performance Cap for each individual constituent of the Reference Asset. It is also subject to a Participation Rate. In addition, if your Performance Currency is not AUD, your Performance Value will also be affected by the Conversion FX on the Last Exposure End Date (as described in more detail in Section 3.1 of the PDS).

3.4.2. How is the Constituent Capped Performance Value calculated?

The Constituent Capped Performance Value is calculated as follows:

Settlement Level	Performance Value
Below the Hurdle	0
Above the Hurdle	(Settlement Level – Hurdle) x Participation Rate x Investment Amount x Investment FX

where:

Investment FX = 1 if the Performance Currency is AUD, and if not AUD, is the exchange rate (as determined by us) expressed as the amount of the Performance Currency equal in value to AUD1.00 on the First Exposure Start Date.

The **Settlement Level** for a Constituent Capped Performance Value is End Level ÷ Start Level.

The **End Level** is the Reference Asset Valuation on the Last Exposure End Date.

The **Start Level** is the Reference Asset Valuation on the First Exposure Start Date, which for any Constituent Capped Performance Value is 100.

A worked example of how the Reference Asset Valuation is calculated for the Constituent Capped Performance Value is set out in Section 3.4.3 of the PDS. A worked example of the Performance Value is set out in Section 3.4.4 of the PDS.

For a description of the effect of the Hurdle and Participation Rate on the Performance Value, see Section 3.1 of the PDS.

3.4.3. How is the Reference Asset Valuation for a Constituent Capped Performance Value calculated on the Exposure End Date?

The Reference Asset Valuation for Constituent Capped Performance Value is calculated differently to other Performance Values. The contribution of each Reference Asset Constituent to the Reference Asset Valuation is calculated as follows:

Final Price of constituent on relevant Exposure End Date	Reference Asset Valuation contribution
Below the Performance Cap Level for the constituent	$\frac{\text{Final Price}}{\text{Start Price}} \times \text{Weight} \times 100$
Above the Performance Cap Level for the constituent	Performance Cap x Weight x 100

Performance Cap Level = Performance Cap x Start Price for that constituent.

The Reference Asset Valuation is therefore the weighted sum of the performance of each constituent comprising the Reference Asset, subject to the relevant Performance Cap.

For the following examples assume that:

- Start Price of Asset A is 1,000;
- Performance Cap of Asset A is 120%;
- Weight of Asset A as a portion of the Reference Asset is 40%;
- Start Price of Asset B is 1,500;
- Performance Cap of Asset B is 120%; and
- Weight of Asset B as a portion of the Reference Asset is 60%.

Example 1 – One constituent is above its Performance Cap Level, while the other is below its Start Price

For this example, assume further that:

- Final Price of Asset A is 1,300; and
- Final Price of Asset B is 900.

As Asset A is above its Performance Cap Level of 1,200 (120% x 1,000) the contribution it makes to the Reference Asset Valuation is calculated as follows:

$$\begin{aligned} \text{Reference Asset Valuation contribution} &= \text{Performance Cap} \times \text{Weight} \times 100 \\ &= 120\% \times 40\% \times 100 \\ &= \mathbf{48} \end{aligned}$$

As Asset B is below its Performance Cap Level of 1,800 (120% x 1,500) the contribution it makes to the Reference Asset Valuation is calculated as follows:

$$\begin{aligned} \text{Reference Asset Valuation contribution} &= (\text{Final Price} \div \text{Start Price}) \times \text{Weight} \times 100 \\ &= (900 \div 1,500) \times 60\% \times 100 \\ &= \mathbf{36} \end{aligned}$$

The Reference Asset Valuation is now found by summing all contributions as follows:

$$\begin{aligned} \text{Reference Asset Valuation} &= \text{Contribution from Asset A} + \text{Contribution from Asset B} \\ &= 48 + 36 \\ &= \mathbf{84} \end{aligned}$$

The effect of the Performance Cap was to decrease the overall performance of the Reference Asset by limiting your ability to benefit from any gains in Asset A above its Performance Cap Level.

Example 2 – Both constituents are below their Performance Cap Level

For this example, assume further that:

- Final Price of Asset A is 1,100; and
- Final Price of Asset B is 1,350.

As Asset A is below its Performance Cap Level of 1,200 (120% x 1,000) the contribution it makes to the Reference Asset Valuation is calculated as follows:

$$\begin{aligned} \text{Reference Asset Valuation contribution} &= (\text{Final Price} \div \text{Start Price}) \times \text{Weight} \times 100 \\ &= (1,100 \div 1,000) \times 40\% \times 100 \\ &= 44 \end{aligned}$$

As Asset B is below its Performance Cap Level of 1,800 (120% x 1,500) the contribution it makes to the Reference Asset Valuation is calculated as follows:

$$\begin{aligned} \text{Reference Asset Valuation contribution} &= (\text{Final Price} \div \text{Start Price}) \times \text{Weight} \times 100 \\ &= (1,350 \div 1,500) \times 60\% \times 100 \\ &= 54 \end{aligned}$$

The Reference Asset Valuation is now found by summing all contributions as follows:

$$\begin{aligned} \text{Reference Asset Valuation} &= \text{Contribution from Asset A} + \text{Contribution from Asset B} \\ &= 44 + 54 \\ &= 98 \end{aligned}$$

This method of determining the Reference Asset Valuation therefore:

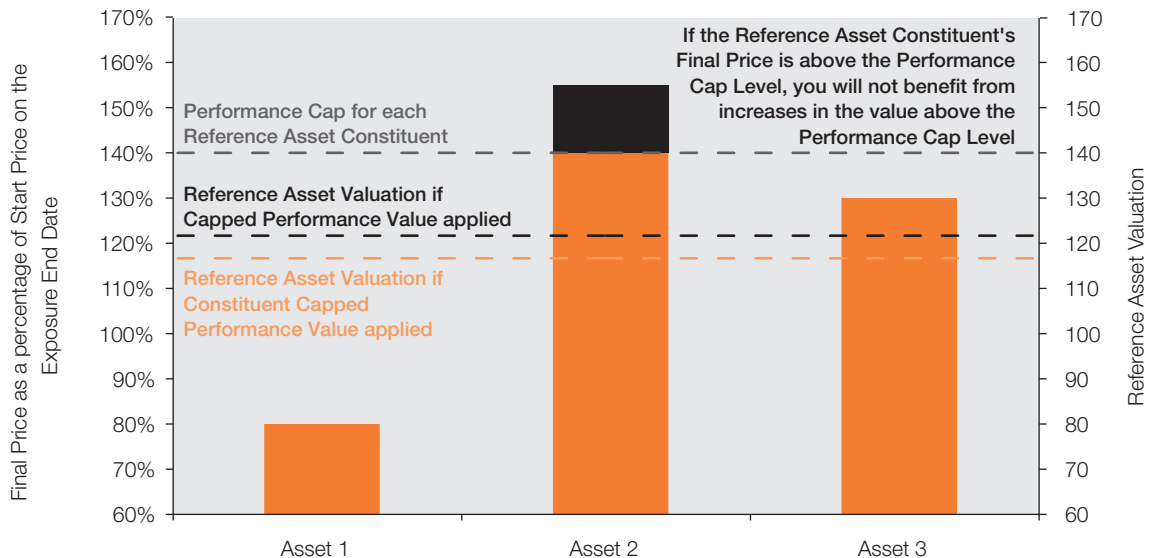
- allows you to benefit from increases in the value of the relevant Reference Asset Constituent up to the Performance Cap applicable to that Reference Asset Constituent; and
- does not allow you to benefit from increases in the value of the relevant Reference Asset Constituent above the Performance Cap, thereby limiting the gains you can realise from increases in the value of each Reference Asset Constituent.

The effect of the Performance Cap applicable to each Reference Asset Constituent on your ability to benefit from increases in the value of that Reference Asset Constituent is shown in Figure 3 (assuming a Performance Cap of 140% and equal Weight applies for each of the three Reference Asset Constituents). For more information see Section 5.1.10 of the PDS.

Please note that, for Figure 3:

- the levels of Assets 1, 2 and 3, and the Performance Cap line, are relative to the percentage figures on the left hand side of the chart; and
- the two Reference Asset Valuation lines are relative to the Reference Asset Valuation figures on the right hand side of the chart.

Figure 3



Please note that if your Performance Currency is not AUD, your Performance Value will also be affected on the Last Exposure End Date by the Conversion FX (as explained in Section 3.1 of the PDS).

3.4.4. Worked examples

For the worked examples below, assume you invest AUD100,000 into a Constituent Capped Performance Value DPA and:

- the Performance Currency is AUD;
- the Reference Asset is a basket of Australian listed securities, with a Reference Asset Valuation on the First Exposure Start Date of 100, meaning the Start Level is also 100;
- the Hurdle is 100%;
- the Participation Rate is 100%; and
- the Investment FX is 1.00.

Scenario 1: The Reference Asset increases in value above the Hurdle

Assume further that:

- the Reference Asset Valuation of the Reference Asset (calculated using the methodology described in Section 3.4.3 of the PDS) on the Exposure End Date is 110, meaning the End Level is also 110.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 110 \div 100 = 110\%$$

As the Settlement Level is above the Hurdle, the Performance Value is calculated as:

$$\begin{aligned} \text{Performance Value} &= (\text{Settlement Level} - \text{Hurdle}) \times \\ &\text{Participation Rate} \times \text{Investment Amount} \times \text{Investment FX} \\ &= (110\% - 100\%) \times 100\% \times \text{AUD}100,000 \times 1.00 \\ &= \text{AUD}10,000 \end{aligned}$$

Scenario 2: The Reference Asset falls in value below the Hurdle

Now assume further that:

- the Reference Asset Valuation of the Reference Asset on the Exposure End Date is 90, meaning the End Level is also 90.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 90 \div 100 = 90\%$$

As the Settlement Level is below the Hurdle, the Performance Value is equal to AUD0.

3.5. SHORT CAPPED PERFORMANCE VALUE

3.5.1. Description of the Short Capped Performance Value

The Short Capped Performance Value provides you with beneficial exposure to the negative performance (if any) of a Reference Asset below the Hurdle, subject to a Performance Cap and Participation Rate. This means that you will benefit if the value of the Reference Asset decreases. In addition, if your Performance Currency is not AUD, your Performance Value will also be affected by the Conversion FX on the Exposure End Date (as described in more detail in Section 3.1 of the PDS).

3.5.2. How is the Performance Value calculated?

The Short Capped Performance Value is calculated as follows:

Settlement Level	Performance Value
Above the Hurdle	0
Above the Performance Cap and below the Hurdle	(Hurdle – Settlement Level) x Participation Rate x Investment Amount x Investment FX
Below the Performance Cap	(Hurdle – Performance Cap) x Participation Rate x Investment Amount x Investment FX

where:

Investment FX = 1 if the Performance Currency is AUD, and if not AUD, is the exchange rate (as determined by us) expressed as the amount of the Performance Currency equal in value to AUD1.00 on the First Exposure Start Date.

The **Settlement Level** for a Short Capped Performance Value is $\text{End Level} \div \text{Start Level}$.

The **End Level** is the Reference Asset Valuation on the Exposure End Date.

The **Start Level** is the Reference Asset Valuation on the Exposure Start Date.

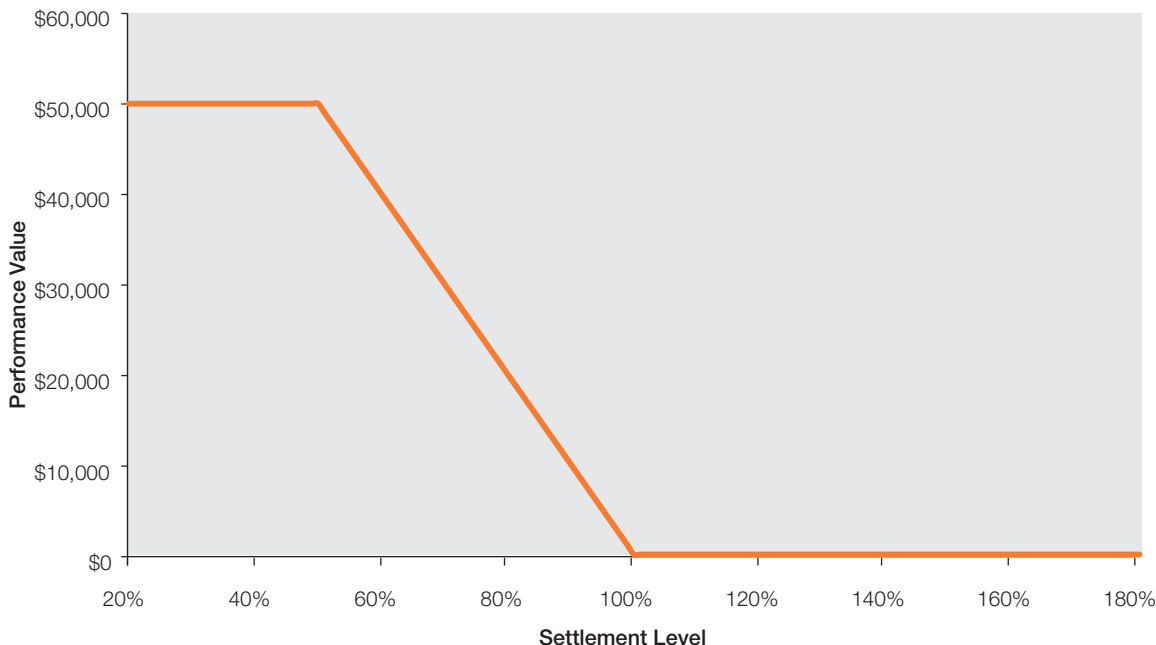
For a worked example of how the Reference Asset Valuation is calculated, as well as a description of the effect of the Hurdle and Participation Rate on the Performance Value, see Section 3.1 of the PDS.

The Short Capped Performance Value therefore:

- allows you to benefit from falls in the value of the Reference Asset below the Hurdle, down to the Performance Cap;
- does not allow you to benefit from falls in the value of the Reference Asset below the Performance Cap;
- does not allow you to benefit from falls in the value of the Reference Asset while the Reference Asset is above the Hurdle; and
- does not allow you to benefit from increases in the value of the Reference Asset above the Hurdle.

The effect of the Hurdle and the Performance Cap on your ability to benefit from falls in the Settlement Level of the Reference Asset is shown in Figure 4 (assuming an Investment Amount of AUD100,000, a Participation Rate of 100%, Hurdle of 100%, Performance Cap of 50% and an AUD Performance Currency).

Figure 4



Please note that if your Performance Currency is not AUD, your Performance Value will also be affected on the Last Exposure End Date by the Conversion FX (as explained in Section 3.1 of the PDS).

3.5.3. Worked examples

The following examples are illustrative only and are not a guarantee or assurance by us of the result to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

For the worked examples below, assume you invest AUD100,000 into a Short Capped Performance Value DPA and assume that:

- the Performance Currency is AUD;
- the Reference Asset is XYZ Index, with a Start Price of 1,000, meaning the Reference Asset Valuation on the Exposure Start Date, and accordingly the Start Level, is also 1,000;
- the Hurdle is 100%;
- the Performance Cap is 80%;
- the Participation Rate is 100%; and
- the Investment FX is 1.00.

Scenario 1: The Reference Asset increases in value

Assume further that:

- the Final Price of the Reference Asset is 1,100, meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 1,100.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 1,100 \div 1,000 = 110\%$$

As the Settlement Level is above the Hurdle, the Performance Value is equal to AUD0. This is because, in the case of a Short Capped Performance Value, you benefit when the Reference Asset falls below the Hurdle. In this case, the Reference Asset has increased above the Hurdle.

Scenario 2: The Reference Asset falls in value such that the Settlement Level is not below the Performance Cap

Now assume further that:

- the Final Price of the Reference Asset is 900, meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 900.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 900 \div 1,000 = 90\%$$

As the Settlement Level is above the Performance Cap and below the Hurdle, the Performance Value is calculated as:

$$\begin{aligned} \text{Performance Value} &= (\text{Hurdle} - \text{Settlement Level}) \times \\ &\text{Participation Rate} \times \text{Investment Amount} \times \text{Investment FX} \\ &= (100\% - 90\%) \times 100\% \times \text{AUD}100,000 \times 1.00 \\ &= \text{AUD}10,000 \end{aligned}$$

Scenario 3: The Reference Asset falls in value such that the Settlement Level is below the Performance Cap

Now assume further that:

- the Final Price of the Reference Asset is 700 meaning the Reference Asset Valuation on the Exposure End Date, and accordingly the End Level, is also 700.

For the purposes of calculating the Performance Value your Settlement Level will be calculated as:

$$\text{Settlement Level} = \text{End Level} \div \text{Start Level}$$

Therefore your Settlement Level will equal:

$$\text{Settlement Level} = 700 \div 1,000 = 70\%$$

As the Settlement Level is below the Performance Cap, the Performance Value is calculated as:

$$\begin{aligned} \text{Performance Value} &= (\text{Hurdle} - \text{Performance Cap}) \times \\ &\text{Participation Rate} \times \text{Investment Amount} \times \text{Investment FX} \\ &= (100\% - 80\%) \times 100\% \times \text{AUD}100,000 \times 1.00 \\ &= \text{AUD}20,000 \end{aligned}$$

4 / The deferred purchase agreement

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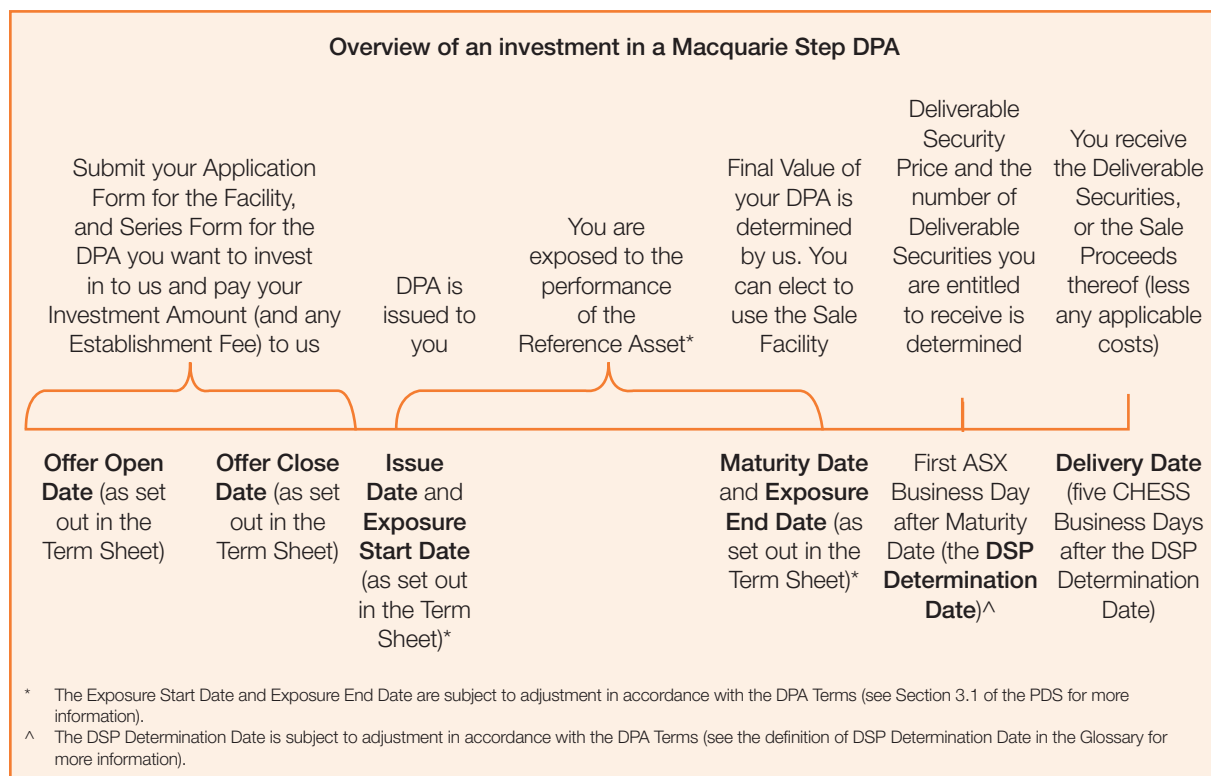
This Section is a summary of some of the features of the DPAs available under the Facility. The contractual terms of the DPAs are set out in the DPA Terms in Section 10 of the PDS. You should therefore ensure that you have read and understood the DPA Terms before (i) applying for the Facility, and (ii) submitting a Series Form for any DPA. We also recommend that you obtain independent legal, taxation and financial advice which takes into account what you currently have, and what you want and need for your financial future before making any investment decision.

4.1. WHAT IS A MACQUARIE STEP DEFERRED PURCHASE AGREEMENT?

Each DPA available under the Facility is a deferred purchase agreement between you and us where in general terms:

- you agree to purchase a parcel of ASX-listed securities (the **Deliverable Securities**) from us for a pre-agreed total purchase price which is paid upfront by you (your **Investment Amount**);
- the number of Deliverable Securities you will receive following maturity of your DPA will depend on:
 - (1) the Final Value of your investment, which may include:
 - a fixed amount equal to a percentage of your Investment Amount (the **Protected Value**) as described in Section 4.5 of the PDS; and
 - a variable amount (if any), calculated by reference to the performance of one or more indices, domestic or international listed securities, commodities or managed funds (the **Performance Value**) as described in Section 3 of the PDS; and
 - (2) the value of the Deliverable Securities at that time, as described in Section 4.3.3 of the PDS.

The structure of an investment in a DPA is set out in the following illustration:



Following the maturity of your investment, you will receive the Deliverable Securities (see Section 4.3.3 of the PDS). However, you may elect to instead sell them back to us and receive the Sale Proceeds (less any applicable costs) (see Section 4.4 of the PDS).

4.2. WHAT HAPPENS DURING THE TERM OF A DPA?

During the term of a DPA:

- you will not receive any distributions or other dividend income;
- the terms of your DPA may be adjusted in certain circumstances (see Section 4.7 of the PDS and clause 12 of the DPA Terms for more information);
- while the DPA is designed to be held to maturity, you have the right to elect to withdraw some or all of your investment in that DPA on an Early Withdrawal Date (if any) (see Section 4.6.1 of the PDS for more information about the risks to you of doing so); and
- we may elect to terminate your investment where an Early Termination Event occurs (see Section 4.6.2 of the PDS for more information).

4.3. WHAT HAPPENS ON THE MATURITY OF A DPA?

Following the maturity of your investment, you will receive the Deliverable Securities. However, you may elect to sell them back to us and receive the Sale Proceeds (less any applicable costs).

4.3.1. How is the number of Deliverable Securities I am entitled to receive calculated?

The number of Deliverable Securities you are entitled to receive in relation to the maturity of your investment in a DPA is calculated as follows:

Number of Deliverable Securities	=	$\frac{\text{Final Value}}{\text{Deliverable Security Price}}$
---	---	--

Where the number of Deliverable Securities is not a whole number:

- the number of Deliverable Securities will be rounded down to the nearest whole number; and
- we will pay you an amount (the **Rounding Amount**) equal to the value of any fraction of a Deliverable Security, calculated as follows:

Rounding Amount	=	Fraction of the Deliverable Security	x	the Deliverable Security Price
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Once the number of Deliverable Securities (and any applicable Rounding Amount) has been determined by us, we will, within five CHES Business Days:

- transfer the Deliverable Securities to either your nominee, a CHES holding in your name or an issuer-sponsored holding in your name; and
- pay any Rounding Amount to you.

If we fail to deliver the Deliverable Securities to you, you may be entitled to receive a Liquidated Damages Amount calculated as 1.1 x the Final Value (see clause 4.4 of the DPA Terms for more information).

4.3.2. How is the Final Value of a DPA calculated on maturity?

The Final Value for a DPA is calculated as:

Final Value	=	Protected Value (if any)	+	the Performance Value (if any)
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where the:

Protected Value	=	your Investment Amount	x	the relevant Protection Percentage
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Performance Value	=	the amount (if any) calculated by reference to the performance of the Reference Asset for that DPA. The Performance Value can be calculated in a number of different ways, as described in Section 3 of the PDS.
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As the Protected Value is not dependent on the performance of the Reference Asset for the relevant DPA, the Protected Value represents the minimum Final Value you should expect to receive on maturity of the DPA even if the Reference Asset performs poorly (see Section 4.5 of the PDS for more information).

4.3.3. How is the Deliverable Security Price of the Deliverable Security calculated?

The Deliverable Security Price for the Deliverable Securities will ordinarily be determined by us on the first ASX Business Day following the later of:

- (a) the date on which the Final Value of your DPA is determined; and
- (b) the Maturity Date,

but will not be higher than the highest traded price of the Deliverable Securities on the ASX on that day.

However, if for any reason a Market Disruption Event occurs on such ASX Business Day, we may (acting reasonably) nominate another time, or period of time, to determine the Deliverable Security Price, in which case the Deliverable Security Price will not be higher than the highest traded price of such Deliverable Securities at such time, or over such period.

4.3.4. Worked examples of the Final Value, Deliverable Securities and Rounding Amount

The following example is illustrative only and is not a guarantee or assurance by us of the results to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

Assume that:

- you invested AUD80,000 in a DPA with a Protection Percentage of 95%;
- on maturity the Performance Value of the Reference Asset for the DPA was AUD14,000;
- the Deliverable Security for the DPA is an ordinary share in XYZ Ltd;
- the highest traded price of XYZ Ltd on the ASX on the first ASX Business Day after the date the Final Value was determined was AUD3.20; and
- we determined the Deliverable Security Price to be AUD3.15.

The Final Value for your DPA is therefore calculated as:

$$\begin{aligned}\text{Final Value} &= \text{Protected Value (if any) + the Performance Value (if any)} \\ &= (\text{AUD80,000} \times 95\%) + \text{AUD14,000} \\ &= \text{AUD76,000} + \text{AUD14,000} \\ &= \text{AUD90,000}\end{aligned}$$

The number of Deliverable Securities is therefore calculated as:

$$\begin{aligned}\text{Number of Deliverable Securities} &= \frac{\text{Final Value}}{\text{Deliverable Security Price}} \\ &= \frac{\text{AUD90,000}}{\text{AUD3.15}} \\ &= 28,571.43 \\ &= 28,571 \text{ (rounded down to the nearest whole number)}\end{aligned}$$

As the number of Deliverable Securities has been rounded down, you will also be entitled to receive the value of that fraction of a Deliverable Security in cash (the **Rounding Amount**), calculated as:

$$\begin{aligned}\text{Rounding Amount} &= \text{Fraction of the Deliverable Security} \times \text{the Deliverable Security Price} \\ &= 0.43 \text{ of an XYZ Ltd share} \times \text{AUD3.15} \\ &= \text{AUD1.35 (rounded to two decimal places).}\end{aligned}$$

You would therefore be entitled to receive, within five CHES Business Days of the determination of the Deliverable Security Price:

1. 28,571 ordinary shares in XYZ Ltd; and
2. AUD1.35 in cash (note however that where you are entitled to receive an amount in cash less than AUD25, we may, instead of paying such amount to you, donate such monies to a charity of our choice as described in clause 16.5(c) of the DPA Terms).

4.4. SELLING THE DELIVERABLE SECURITIES

If you wish to sell the Deliverable Securities (if any) that you are entitled to receive in relation to the maturity of your investment in a DPA, you may elect to use the Sale Facility by giving us a Sell Instruction Form.

4.4.1. How do I give a Sell Instruction Form?

A form of Sell Instruction Form will be available on our website at macquarie.com.au/step. Unless we agree otherwise, each Sell Instruction Form must:

- be in writing, and duly signed by you;
- specify the relevant DPA to which the Sell Instruction Form relates;
- specify that you would like to sell all of the Deliverable Securities for that DPA;
- be received by us by 3:00pm (Sydney time) 10 Business Days prior to the Maturity Date of your DPA; and
- contain any other information requested by us.

4.4.2. What happens if I give a valid Sell Instruction Form?

If you give us a valid Sell Instruction Form in relation to a DPA, we will buy each Deliverable Security for that DPA from you for the Deliverable Security Price. This sale/purchase will occur on the date on which the Deliverable Security Price is determined, as described in Section 4.3.3 of the PDS.

You would then:

- be required to deliver all of the Deliverable Securities to us; and
- be entitled to receive an amount equal to:

(1) the sale proceeds of the Deliverable Securities, calculated as:

Sale Proceeds	=	Number of Deliverable Securities	x	Deliverable Security Price
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plus

(2) the **Rounding Amount** (if any) described in 4.3.1.

We will then pay this amount to you (less any applicable costs) within five CHESS Business Days of us determining the Deliverable Security Price by direct credit to your Nominated Account (or otherwise as per the DPA Terms).

4.4.3. Example of how the Sale Facility works

The following example is illustrative only and is not a guarantee or assurance by us of the results to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

Continuing with the example from Section 4.3.4 of the PDS where the Final Value is AUD90,000 and:

1. you were entitled to receive:
 - 28,571 ordinary shares in XYZ Ltd; and
 - AUD1.35 in cash as a Rounding Amount; and
2. the Deliverable Security Price was AUD3.15.

Assume now that you had also given us a valid Sell Instruction Form prior to 3:00pm (Sydney time) at least 10 Business Days prior to the Maturity Date of the DPA. In these circumstances, we would then purchase each of the Deliverable Securities from you for the Deliverable Security Price. In this example, this means that you would be entitled to receive:

(1) the Sale Proceeds of the Deliverable Securities, calculated as:

Sale Proceeds	=	Number of Deliverable Securities x Deliverable Security Price
	=	28,571 x AUD3.15
	=	AUD89,998.65

plus

(2) the **Rounding Amount** = AUD1.35

We would therefore pay you AUD90,000 (being AUD89,998.65 + AUD1.35) (less any applicable costs) within five Business Days of us determining the Deliverable Security Price by direct credit to your Nominated Account (or otherwise as per the DPA Terms).

4.5. IS THE VALUE OF MY INVESTMENT IN A DPA PROTECTED?

Whether some or all of your Investment Amount in a DPA is protected will depend on three things:

- (1) whether you hold your investment until maturity;
- (2) the Protection Percentage applicable to your DPA; and
- (3) whether we can, and do, perform our obligations in relation to your DPA.

4.5.1. The Protection Percentage

On maturity of your DPA, the number of Deliverable Securities or the Sale Proceeds (less applicable costs) you are entitled to receive will be determined by reference to the Final Value of your DPA. As described in Section 4.3.2 of the PDS, one part of the Final Value is the Protected Value, which is calculated as:

$$\text{Protected Value} = \text{your Investment Amount} \times \text{the Protection Percentage applicable to the DPA}$$

The Protected Value is therefore only dependent on your Investment Amount, and the Protection Percentage applicable to your DPA. The Protected Value therefore provides you with a minimum expected Final Value for your DPA on maturity of your investment, irrespective of the performance of the Reference Asset linked to that DPA.

The Protection Percentage applicable to your DPA will be set out in the relevant Term Sheet.

How does the Protection Percentage affect my Final Value?

If the Protection Percentage is less than 100%, the Protected Value will be less than your Investment Amount (which means the Final Value of your DPA might be less than your Investment Amount). Also, the lower the Protection Percentage, the lower the Protected Value that will apply to your investment at maturity.

Worked example: A Protection Percentage of 95%

If you use the Final Value formula in Section 4.3.4 of the PDS and assume:

- your Investment Amount in a DPA is AUD100,000;
- the Protection Percentage for the DPA is 95%; and
- the Reference Asset has fallen in value, leading to your Performance Value equalling AUD2,000;

your Final Value would be calculated as follows:

$$\text{Final Value} = \text{Protected Value} + \text{Performance Value}$$

where

$$\text{Performance Value} = \text{AUD2,000}$$

$$\text{Protected Value} = 95\% \times \text{AUD100,000} = \text{AUD95,000}$$

Accordingly, your Final Value would be $\text{AUD95,000} + \text{AUD2,000} = \text{AUD97,000}$.

This scenario demonstrates that a Protection Percentage of less than 100% could mean that your Final Value may be less than your Investment Amount, and that you may lose money on your investment even if the Performance Value is greater than zero (but not enough to increase your Final Value above your Investment Amount).

4.5.2. Investment needs to be held until maturity

As described in Section 4.3 of the PDS, you are only entitled to receive the Protected Value for a DPA at maturity. This means that if either:

- you elect to withdraw some or all of your investment in a DPA on any applicable Early Withdrawal Date (see Section 4.6 of the PDS for more information); or
- we elect to terminate your investment in a DPA as a result of an Early Termination Event occurring (see Section 4.6 of the PDS for more information),

the amount you receive in relation to your DPA, may be less than the Protected Value and your Investment Amount (or the relevant portion thereof in the case of a partial withdrawal or termination).

It is important to note that:

- your investment in a DPA is designed to be held to maturity and therefore may not be suitable for you if you intend to withdraw from your investment prior to its Maturity Date;
- the events that can cause an Early Termination Event to occur (and therefore cause us to terminate all of your investment in a DPA) may be beyond your control; and
- if you withdraw from your investment early, or we terminate your investment early as a result of an Early Termination Event, the amount you receive in relation to your investment may be less than the Protected Value (and your Investment Amount).

See Sections 4.6 and 5.1.4 of the PDS for more information.

4.5.3. Whether we can, and do, perform our obligations in relation to your DPA

As described in Section 4.3 of the PDS, on maturity of your DPA, the number of Deliverable Securities or the Sale Proceeds (less any applicable costs) you are entitled to receive will be determined by reference to the Final Value of your DPA. Whether you receive those Deliverable Securities, or the Sale Proceeds (less any applicable costs), depends in part on whether we have the financial ability to pay you that amount, or to buy those Deliverable Securities to deliver to you. If we do not have that ability, you may not receive the Deliverable Securities or the amount owed to you.

Before investing, it is therefore important that you make your own assessment of our ability to meet our obligations in relation to a DPA. A description of us is set out in Section 8.1 of the PDS and you can obtain up-to-date information about us, including financial information, by either referring to macquarie.com.au/shareholdercentre or by contacting us (see the Directory for details).

4.6. EARLY WITHDRAWAL/TERMINATION OF YOUR INVESTMENT IN A DPA

4.6.1. Early withdrawal of your investment in a DPA by you

You may only elect to withdraw all, or part, of your investment in a DPA on any Early Withdrawal Date applicable to that DPA (as specified in the Term Sheet for that DPA (if any)).

Your investment is designed to be held until maturity. It is important to note that:

- the Early Termination Value you may receive if your DPA is terminated early by us; or
- the Early Withdrawal Value you may receive if you withdraw from your investment early,

may be less than your Protected Value and your Investment Amount (or part thereof in the case of a partial Early Withdrawal).

This means that you may lose some or all of your Investment Amount.

It is also important to note that in the case of a partial withdrawal, the Protected Value applying to the remainder of your investment at maturity will be proportionately reduced to reflect any Early Withdrawals you have made.

How do I make an election to withdraw on an Early Withdrawal Date?

You can make an election to withdraw all, or part, of your investment in a DPA on any applicable Early Withdrawal Date by giving us an Early Withdrawal Notice. An Early Withdrawal Notice is available on our website, but generally, each Early Withdrawal Notice must:

- be in writing, and duly signed by you;
- be received by us by 3:00pm (Sydney time) on the relevant Early Withdrawal Notification Date (as specified in the relevant Term Sheet for that DPA (if any));
- specify the relevant DPA to which the Early Withdrawal Notice relates;
- specify the percentage of the value of your investment as at the relevant Early Withdrawal Date that you would like to withdraw;
- nominate if you are electing to use the Sale Facility to sell any Deliverable Securities that you become entitled to receive; and
- contain any other information requested by us.

Additional information relating to Early Withdrawal Notices

Some important things to know about giving an Early Withdrawal Notice:

- the minimum amount you may withdraw from a DPA at any one time is the Minimum Investment Amount (as specified in the Term Sheet for that DPA). If the percentage of the value of your investment specified in your Early Withdrawal Notice (as determined by us on the Early Withdrawal Date) would result in the remaining value of your investment being less than the Minimum Investment Amount, your Early Withdrawal Notice will not be accepted. In these circumstances we will however contact you to discuss your redemption request, and will allow you to submit an additional Early Withdrawal Notice that would satisfy the minimum withdrawal requirement;
- if you do not submit an Early Withdrawal Notice by 3:00pm Sydney time on the relevant Early Withdrawal Notification Date, your request will not be processed and you will continue to hold your investment. In this case, your Early Withdrawal Notice will not be processed until the following Early Withdrawal Notification Date;
- if processing your Early Withdrawal Notice would result in the value of your remaining investment in the DPA (as determined by us) falling below the Minimum Investment Amount, we may deem your Early Withdrawal Notice as relating to your entire investment in that DPA; and
- if an Early Withdrawal Notification Date falls on a day which is not a Business Day in Sydney, then you must submit your Early Withdrawal Notice to us on the last Business Day before that Early Withdrawal Notification Date.

What happens if I give a valid Early Withdrawal Notice?

If you return a validly completed Early Withdrawal Notice for a DPA to us by the required time:

- we will determine the Early Withdrawal Value of that part of your investment to which your Early Withdrawal Notice relates (or is deemed to relate) (see Section 4.6.3 of the PDS);
- we will determine the number of Deliverable Securities that you are entitled to receive in relation to that part of your investment to which your Early Withdrawal Notice relates as follows:

$$\text{Number of Deliverable Securities} = \frac{\text{Early Withdrawal Value}}{\text{Deliverable Security Price}}$$

where the Deliverable Security Price for the Deliverable Securities will be determined by us on the first ASX Business Day following the date on which the Early Withdrawal Value of your DPA is determined, but will not be higher than the highest traded price of the Deliverable Securities on the ASX on that day.

However, if for any reason a Market Disruption Event occurs on that ASX Business Day, we may (acting reasonably) nominate another time, or period of time, to determine the price of the Deliverable Securities, in which case the Deliverable Security Price will not be higher than the highest traded price.

- where the number of Deliverable Securities is not a whole number:
 - the number of Deliverable Securities will be rounded down to the nearest whole number; and
 - we will pay you an amount (the **Rounding Amount**) equal to the value of any fraction of a Deliverable Security, calculated as follows:

$$\text{Rounding Amount} = \text{Fraction of the Deliverable Security} \times \text{the Deliverable Security Price}$$

- once the number of Deliverable Securities (and any applicable Rounding Amount) has been determined by us, we will within five CHES Business Days:
 - transfer the Deliverable Securities to either your nominee, a CHES holding in your name or an issuer-sponsored holding in your name; and
 - pay to you any Rounding Amount; and
- if you have elected to use the Sale Facility in your Early Withdrawal Notice:
 - you will then sell each Deliverable Security to us for the Deliverable Security Price; and
 - within five CHES Business Days of us determining the Deliverable Security Price, we will pay you the Sale Proceeds of the Deliverable Securities (less any applicable costs), plus the Rounding Amount.

If we fail to deliver the Deliverable Securities to you, you may be entitled to receive a Liquidated Damages Amount calculated as 1.1 x the Early Withdrawal Value (see clause 4.4 of the DPA Terms for more information).

Example of an Early Withdrawal

The following example is illustrative only and is not a guarantee or assurance by us of the results to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

Assume that you invest AUD120,000 into a DPA with a Protection Percentage of 100% (that is, your Protected Value is AUD120,000), and on an Early Withdrawal Date assume that:

- the Early Withdrawal Value for your DPA is AUD100,000;
- the Deliverable Security is an ordinary share in XYZ Ltd;
- the highest traded price of XYZ Ltd on the ASX on the first ASX Business Day after the date the Early Withdrawal Value is determined is AUD3.20; and
- we have determined the Deliverable Security Price to be AUD3.18.

The number of Deliverable Securities is therefore calculated as:

$$\begin{aligned}
 \text{Number of Deliverable Securities} &= \frac{\text{Early Withdrawal Value}}{\text{Deliverable Security Price}} \\
 &= \frac{\text{AUD100,000}}{\text{AUD3.18}} \\
 &= 31,446.54 \\
 &= 31,446 \text{ (rounded down to the nearest whole number)}
 \end{aligned}$$

The Rounding Amount is therefore calculated as:

$$\begin{aligned}
 \text{Rounding Amount} &= \text{Fraction of the Deliverable Security rounded down} \times \text{the Deliverable Security Price} \\
 &= 0.54 \text{ of an XYZ Ltd share} \times \text{AUD3.18} \\
 &= \text{AUD1.72}
 \end{aligned}$$

If you have elected to use the Sale Facility in your Early Withdrawal Notice, we would then purchase from you each of the Deliverable Securities you are entitled to receive for the Deliverable Security Price. In this example, this means that you would be entitled to receive:

(1) the Sale Proceeds, calculated as:

$$\begin{aligned}
 \text{Sale Proceeds} &= \text{number of Deliverable Securities} \times \text{Deliverable Security Price} \\
 &= 31,446 \times \text{AUD3.18} \\
 &= \text{AUD99,998.28}
 \end{aligned}$$

plus

(2) the **Rounding Amount** = AUD1.72

You would therefore be entitled to receive AUD100,000 (being AUD99,998.28 + AUD1.72) from us within five CHES Business Days of the determination of the Deliverable Security Price.

As the example indicates, the Early Withdrawal Value of your investment in a DPA may be less than your initial Investment Amount and Protected Value. For more information, see Section 5.1.5 of the PDS.

4.6.2. Termination by us – Early Termination Events

Your investment in a DPA may be terminated by us where an Early Termination Event occurs.

Your investment is designed to be held until maturity. It is important to note that you will not have the benefit of the Protected Value if an Early Termination Event occurs. That is the Early Termination Value you may receive if your DPA is terminated early by us may be less than your Protected Value and your Investment Amount. This means that you may lose some or all of your Investment Amount.

What is an Early Termination Event?

The term “Early Termination Event” is defined in the Glossary in Section 9 of the PDS and includes events such as the occurrence of a Hedging Disruption.

Your investment in a DPA exposes us to market risk on the movement of the Reference Asset during the term. We try to hedge this risk in various ways but events may occur which disrupt our ability to do so (called a **Hedging Disruption**). A Hedging Disruption includes where:

- we are unable to acquire, substitute, maintain, unwind or dispose of, or realise the proceeds of, any transactions or assets we consider reasonably necessary to hedge our risk of providing you with a DPA;
- we have incurred, or will incur, a materially increased cost in either acquiring, substituting, maintaining, unwinding or disposing of, or realising the proceeds of, any transactions or assets we consider reasonably necessary to hedge our risk of providing you with a DPA;
- there is an announcement that a Reference Asset (or a Reference Asset Constituent forming part of a Reference Asset) for a DPA will be de-listed or have its trading status withdrawn from any Relevant Exchange; and
- we determine, on any day, that a holder of a Reference Asset or Reference Asset Constituent that is a Unit is, or would be, unable to either:
 - (i) effect a redemption of those Units; or
 - (ii) receive the proceeds of such redemption in cleared funds,

within eight Business Days of that day.

You should be aware that this is not a complete list of the events that may be considered by us to be an Early Termination Event, and you should refer to the definition of Early Termination Event in the Glossary for full details.

What happens if an Early Termination Event occurs in relation to a DPA?

If Early Termination occurs we may need to unwind a substantial part of our hedging activities. This may have an effect on the Early Termination Value you receive in relation to a DPA.

If an Early Termination Event occurs in relation to a DPA:

- we may declare that the DPA will terminate on a date earlier than its Maturity Date (the **Early Termination Date**);
- we will determine the Early Termination Value payable by us to you (if any) in relation to that termination (see Section 4.6.3 of the PDS for more information on how the **Early Termination Value** may be calculated); and
- we will pay the Early Termination Value (if any) to you within five Business Days of us calculating the Early Termination Value.

4.6.3. How is the Early Withdrawal Value and Early Termination Value calculated?

Both the Early Withdrawal Value and Early Termination Value are determined in the same way by us, taking into account factors we determine are relevant, including the value of a new investment in a DPA on substantially similar terms and adopting a substantially similar valuation methodology that was used on the Issue Date. When determining the value of a new investment in DPA, we will take into account the prevailing market conditions, including:

- (a) the value of the Reference Asset and any Reference Asset Constituent;
- (b) liquidity of the Reference Asset and any Reference Asset Constituent;
- (c) distributions and dividends of the Reference Asset and any Reference Asset Constituent that are forecast prior to the Exposure End Date;
- (d) term to the Maturity Date;
- (e) the volatility of the Reference Asset and any Reference Asset Constituent;
- (f) prevailing interest rates;
- (g) current FX rates;
- (h) FX volatility;
- (i) FX and equity correlation;
- (j) correlation between Reference Asset Constituents; and
- (k) all costs, expenses and losses or gains (if any) incurred by us in connection with the termination or reversal of any agreement entered into by us for the purposes of hedging our exposure in relation to the investment in the DPA that is being terminated or withdrawn from.

Examples of how these factors affect the Early Withdrawal Value and Early Termination Value are given below (note that if your DPA is linked to more than one Reference Asset Constituent, and/or your Reference Asset (or a Reference Asset Constituent forming part of your Reference Asset) is quoted in a currency other than AUD, there may be additional factors that will influence the value of your DPA):

Factor	Amount/ change in variable from Exposure Start Date	Effect on value of Uncapped Performance Value	Effect on value of Capped and Constituent Capped Performance Values	Effect on value of Short Capped Performance Value
Price of the reference asset	▲	Positive	Positive	Negative
Volatility of reference asset	▲	Positive	Positive or negative*	Positive or negative*
Distributions or dividends of the reference asset forecast prior to the Exposure End Date	▲	Negative	Negative	Positive
Interest rates	▲	Positive or negative*	Positive or negative*	Positive or negative*
Time to maturity	▼	Positive or negative*	Positive or negative*	Positive or negative*
Foreign exchange rate (that is, foreign currency equal in value to AUD1.00)	▲	Negative	Negative	Negative

* These factors may have either a positive or negative impact depending on where the Reference Asset is trading in relation to the Protection Percentage and Performance Cap.

Please note that these factors are unlikely to move in isolation and simultaneous changes in more than one variable may have opposite effects on the Early Withdrawal Value or Early Termination Value. Accordingly, Investors should not assume that a change in any one factor will result in a change to the Early Withdrawal Value or Early Termination Value. It is likely that these factors will move independently and concurrently and a change that might otherwise be caused by the movement in one factor could be partially or entirely offset by the movement in another. In addition, movements in some factors may have a greater effect on the Early Withdrawal Value or Early Termination Value than movements in other factors.

Both the Early Withdrawal Value and Early Termination Values may vary materially prior to the Maturity Date and may be less than your Investment Amount (and your Protected Value). You should also note that the Early Withdrawal Value and Early Termination Value will not necessarily represent the increase or decrease in the value of the Reference Asset since the relevant Exposure Start Date.

4.6.4. Effect of unwinding Hedging Positions on Early Withdrawal/Early Termination

When we enter into a DPA with you, this exposes us to market risk (that is, depending on market movements and conditions, we may gain or lose money). We try to hedge this risk in various ways. If:

- you elect to withdraw some or all of your investment in a DPA on any applicable Early Withdrawal Date (if any) (see section 4.6.1 of the PDS for more information); or
- we elect to terminate your investment in a DPA where an Early Termination Event occurs (see section 4.6.2 of the PDS for more information),

we will calculate the Early Withdrawal Value or Early Termination Value of your DPA. We will also need to unwind, or change, the way we have hedged. This may involve considerable cost to us, or may result in us making a gain, which in either event, we may pass on to you.

As such, the Early Withdrawal Value and Early Termination Value of your DPA will be affected by our hedging activities, and will be:

- increased by any gains; and
- decreased by all costs, expenses and losses; and

incurred or made by us in connection with the termination of any Hedge Positions (as defined in the Glossary) entered into by us in connection with your Macquarie Step DPA.

Factor	Amount	Effect on Early Withdrawal/Termination Value
Losses or costs incurred by us in unwinding our Hedge Positions	▲	▼
Gains or profits incurred by us in unwinding our Hedge Positions	▲	▲

Please note that the costs related to Early Withdrawal and Early Termination could be significant and represent a risk to you in relation to your investment in a DPA. An estimate of costs related to Early Withdrawal or Early Termination will be provided to you on request at the time you wish to effect an Early Withdrawal, or when Early Termination occurs.

4.7. ADJUSTMENTS TO THE TERMS OF A DPA

4.7.1. What is an Adjustment Event?

An Adjustment Event is defined in the Glossary and includes:

- a Special Dividend being declared in relation to a Reference Asset;
- a subdivision or consolidation of a Reference Asset (eg a single Reference Asset splits into two);
- a rights issue in relation to a Reference Asset;
- a takeover offer or merger in relation to a Reference Asset; and
- any other event which we determine may have a dilutive or concentrative effect on the value of a Reference Asset.

You should refer to the definition of Adjustment Event in the Glossary for full details about what events are considered to be an Adjustment Event.

4.7.2. What happens to my DPA if an Adjustment Event occurs?

If an Adjustment Event occurs (or we (acting reasonably) expect an Adjustment Event to occur) in relation to a DPA, we may:

- make any adjustment we consider appropriate to the terms of the DPA to account for the Adjustment Event and determine the effective date of such adjustments; or
- where we determine that:
 - it is not reasonably practicable to adjust the DPA in relation to the Adjustment Event; or

- if the DPA were to be adjusted in relation to the Adjustment Event, but we would either:
 - (i) not be able to continue to effectively manage our risk involved in maintaining the DPA on issue, on an ongoing basis; or
 - (ii) incur a material increase in costs in managing our risk involved in maintaining the DPAs on issue, on an ongoing basis,

then we may treat such Adjustment Event as an Early Termination Event and terminate that DPA prior to its Maturity Date (see Section 4.6.2 of the PDS).

4.7.3. General approaches to adjustments

As a general rule, the objective of any adjustment to a DPA will be, to the extent reasonably practicable, to ensure that the value of the DPA to you and to us after the adjustment is made is economically equivalent to the value of the DPA prior to that adjustment being made.

4.7.4. Examples of adjustments to the Reference Asset

The following example is illustrative only and is not a guarantee or assurance by us of the results to be expected from investing in a DPA. Actual results may differ materially. You should be aware that:

- actual adjustments may differ materially;
- under the DPA Terms, we may adjust the terms of a DPA (subject to Section 4.7.3 of the PDS) in any way we consider reasonably appropriate;
- nothing in this section limits the way in which we may adjust a DPA;
- you could lose some or all of the money you invest in a DPA; and
- even if you hold your investment until maturity, the performance of your investment may be insufficient to cover any fees and costs you have paid.

Please note that rounding differences may sometimes arise when a Reference Asset or Reference Asset Constituent is adjusted and these examples may not account for rounding differences.

Assume you invest AUD100,000 into an Uncapped Performance Value DPA and:

- the Performance Currency is AUD;
- the Reference Asset is comprised of two Securities – 60% HIJ and 40% KLM;
- the Start Price of HIJ is 500 and the Start Price of KLM is 700;
- the Final Price of HIJ is 480 and the Final Price of KLM is 900; and
- the Reference Asset Valuation on the Exposure Start Date, and accordingly the Start Level, is 100.

Example – Bonus issue of identical Securities

Assume a 1-for-5 bonus issue occurs in relation to the HIJ Securities (that is, eligible holders receive 1 additional HIJ Security for every 5 HIJ Securities held on the relevant date).

As a result of the bonus issue, the Reference Asset Valuation is adjusted as follows:

- due to there being 1 ÷ 5 (the bonus issue ratio) = 20% more Securities outstanding, the Start Price of HIJ Securities is reduced by dividing Start Price by (1 + 1 ÷ 5) = 1.2 in the Reference Asset Valuation calculation; and
- the Final Price will remain unchanged.

The table below summarises the pre- and post-adjustment as a result of us applying this adjustment factor to the Reference Asset Valuation:

	Calculation of Reference Asset Valuation had no adjustment occurred	Reference Asset Valuation following adjustment
Start Price of HIJ	500	$500 \div (1 + 1 \div 5) = 500 \div 1.2 = 416.67$
Start Price of KLM	700	700
Reference Asset Valuation contribution for HIJ	$60\% \times (480 \div 500) \times 100 = 57.60$	$60\% \times (480 \div 416.67) \times 100 = 69.12$
Reference Asset Valuation contribution for KLM	$40\% \times (900 \div 700) \times 100 = 51.43$	$40\% \times (900 \div 700) \times 100 = 51.43$
Reference Asset Valuation	$57.60 + 51.43 = 109.03$	$69.12 + 51.43 = 120.55$

4.8. THE BENEFICIAL FRACTION

4.8.1. What is the Beneficial Fraction?

If you enter into a DPA in that Series, you will also be entitled to a beneficial interest in a fraction of one (1) Security in the S&P/ASX 200 Index as at the date the relevant Series is offered, which will be listed in the Term Sheet for that Series, which will be held on trust for each investor in that Series by us (or a nominee nominated by us).

The beneficial interest held by each investor in a Series in relation to that share (the **Beneficial Fraction**) will be determined by reference to the total number of DPAs in that Series issued by us.

For example, assume an Investor has entered into a DPA in a Series in which there were a total of 70 DPAs issued by us to different investors and the relevant ASX-listed security is a share in Telstra Corporation Limited. The Investor’s Beneficial Fraction is therefore calculated as:

$$\begin{aligned} \text{Beneficial Fraction} &= 1 \div \text{Total number of DPAs in that Series issued} \times 1 \text{ share} \\ &= 1 \div 70 \times 1 \text{ share} \\ &= 0.014 \text{ share} \end{aligned}$$

The Beneficial Fraction for the investor in relation to their investment in a Series is therefore 0.014 of a share in Telstra Corporation Limited (ie less than one).

4.8.2. What are my rights in relation to the Beneficial Fraction?

On:

- the Maturity Date of your investment;
- any Early Termination Date applicable to your investment; or
- any Early Withdrawal Date that applies to all of your investment in a DPA,

or as soon as reasonably practicable thereafter, the Security in which your Beneficial Fraction is held will be sold at a price and time determined by us (or any the nominee appointed by us to hold the Security). The sale proceeds relating to the Beneficial Fraction will then be paid to you at the same time as you receive either:

- in the case of an Early Withdrawal that applies to all of your investment in a DPA or the Maturity Date, the Deliverable Securities for the DPA, or the Sale Proceeds; or
- in the case of an Early Termination of your investment, the Early Termination Value.

It is important to note that the Beneficial Fraction is not expected to be material in value, and may be less than AUD25 in value. In this case, such amount may not be paid to you, but may instead be donated to a charity of our choice (as described in clause 16.5(c) of the DPA Terms).

It is important to note that:

- the share to which your Beneficial Fraction relates may be adjusted from time to time in accordance with the DPA Terms;
- we have the right to retain any dividends or other distributions paid or declared with respect to the Beneficial Fraction; and
- you **are not** entitled to:
 - receive the benefit of any dividends, distributions or franking credits paid or declared;
 - receive notices of meetings and are not entitled to attend, speak or vote at any meeting of members; or
 - exercise any right to vote,

in relation to the Beneficial Fraction.

5 / Risks

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An investment in a DPA involves various risks that may adversely affect your return (if any). If you withdraw from a DPA prior to its Maturity Date or Early Termination occurring, these risks may also affect the value of your investment at that time. An investment in a DPA is not a traditional investment product (such as a direct investment in Australian shares), and may not suit investors who do not have experience with, and are unfamiliar with investing in products that provide indirect exposure (often referred to as derivative exposure) to Reference Assets using financial instruments such as deferred purchase agreements.

You should consider an investment in a DPA as involving financial risk and should therefore carefully consider all the following risk factors (together with other matters set out elsewhere in this PDS (including any risks set out in the relevant Term Sheet for a DPA)). These factors are not meant to be an exhaustive list of all potential risks associated with an investment in a DPA. As well as the risks of this particular product, you should also consider how an investment in this product fits into your overall portfolio. You should also consider whether the Investment Amount of any investment you make in a DPA is appropriate given the overall size of your investment portfolio. Diversification of your investment portfolio can be used as part of your overall portfolio risk management to limit your exposure to failure or underperformance of any one investment, investment manager or counterparty or asset class. In addition to reading the PDS in full, prospective investors should consult their own legal, tax and financial advisers regarding all of these risks.

5.1. DPA RISKS

5.1.1. Poor performance

The value of, and returns (if any) from, your investment in a DPA will depend on the performance of the Reference Asset relevant to your DPA. If the Reference Asset performs in a way that is not beneficial to you, you may not make a gain on your investment at maturity.

In times of global economic downturn, and high levels of volatility in equity and other markets, there is an increased risk that the relevant Reference Asset performs adversely. The value of the Reference Asset may go up or down by a material amount, even over a short period of time. Volatility in some markets may be at very high levels. Investing in such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider this additional volatility risk before making an investment in a DPA.

It is important to be aware that sharp, sudden adverse movements in the Reference Asset's value can significantly reduce your potential Performance Value, particularly where the movements occur on or immediately prior to the Exposure End Date. Similarly, where such movements occur on or immediately prior to an Early Withdrawal Date in relation to which you have given an Early Withdrawal Notice to us, such movements could significantly reduce your Early Withdrawal Value. This is notwithstanding any significant beneficial movement in the Reference Asset's value beforehand.

If your DPA's Performance Currency is non-AUD, the value of your investment in a DPA will also be affected by foreign exchange rates as described in Section 5.1.6 of the PDS.

5.1.2. Counterparty risk

The value of any investment you make in a DPA depends on, among other things, whether we can and do perform our obligations under the DPA Terms in relation to that DPA.

Our obligations under the DPA Terms:

- (a) are not deposit liabilities of ours;
- (b) are not guaranteed by any other party; and
- (c) are unsecured contractual obligations which will rank equally with our 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 we become unable to meet our obligations, our assets in Australia shall be available to meet our 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 our other obligations, including our obligations in relation to a DPA.

In the event of our insolvency or administration (as those terms are understood under the Corporations Act 2001 (Cth)), each DPA you have entered into under the Facility will terminate, in which case:

- (a) all DPAs that you have invested in will terminate; and
- (b) we will calculate the Early Termination Values (if any) payable by us to you in relation to each of those DPAs.

Note that the Early Termination Value does not include, and may be less than, the Protected Value.

The sum of each Early Termination Value (if any) will be payable by us to you within five Business Days of us determining that value, **but, as you would be an unsecured creditor of ours, you may not receive all (or any) of the money that we owe you.** In particular you should note that, as discussed above, certain liabilities of ours, including our deposit liabilities, will have priority over your claims against us in respect of any amounts that we may owe you under the Facility.

You must make your own assessment of our ability to meet our obligations under the Facility. A description of us is set out in Section 8.1 of the PDS. You can obtain up-to-date information about us, including financial information, by either referring to macquarie.com.au/shareholdercentre or by contacting us (see the Directory at the end of this PDS for details).

5.1.3 Deliverable Security risk

If you have not elected to use the Sale Facility, the Deliverable Securities you are entitled to receive (if any) will be delivered to you on the Delivery Date, which may be up to five CHES Business Days after the date on which we determine the number of Deliverable Securities you are entitled to receive. Accordingly, you will be exposed to any changes in the value of the Deliverable Securities between the date on which we determine the number of Deliverable Securities you are entitled to receive and when those securities are actually received by you.

5.1.4. Early Termination risk

Your investment in a DPA may be terminated by us prior to its Maturity Date in a number of circumstances outlined in Section 4.6.2 of the PDS. If Early Termination occurs in respect of a DPA:

- (a) you will not be entitled to receive the Protected Value for that DPA; and
- (b) we will calculate the Early Termination Value (if any) payable by us to you in relation to that DPA.

The sum of each Early Termination Value (if any) will be payable by us to you within five Business Days of us determining the Early Termination Value. It is important to note that the Early Termination Value may be less than your Protected Value (see Section 4.6.3 of the PDS for more information).

5.1.5. Loss of protection on Early Withdrawal or Early Termination

Your right to receive the Protected Value arises only on the Maturity Date of your investment.

As a result, if:

- (a) you withdraw some or all of your investment prior to the Maturity Date (see Section 4.6 of the PDS); or
- (b) your investment is terminated by us before its Maturity Date because an Early Termination Event occurs (see Section 4.6 of the PDS),

you will not be entitled to receive the Protected Value. In these circumstances you will only be entitled to receive the Early Withdrawal Value or Early Termination Value (as the case may be) as described in Section 4.6.3 of the PDS. It is important to note that the Early Withdrawal Value and Early Termination Value may be less than your Protected Value (and could be worthless).

5.1.6. Key risk specific to a DPA with a non-Australian dollar Performance Currency – Foreign exchange risk

For an investment in a DPA with a Performance Currency that is not Australian dollars, the relevant foreign exchange rate (as determined by us) on the Last Exposure End Date will affect the Australian-dollar value of the Performance Value you become entitled to (if any). This currency exchange rate will also affect any payment you are entitled to receive if you withdraw on an Early Withdrawal Date or your investment is terminated early as a result of an Early Termination Event occurring. The greater the amount of the Performance Currency equal to AUD1.00 on the Last Exposure End Date, the lower the value of your Performance Value, and conversely the lower the amount of the Performance Currency equal to AUD1.00 on the Last Exposure End Date, the higher the value of your Performance Value.

For example, assume that you invest AUD100,000 in a DPA with the following characteristics:

- an Uncapped Performance Value;
- a US Dollar Performance Currency;
- a Hurdle of 100%;
- a Participation Rate of 100%;
- a Settlement Level of 150%; and
- an Investment FX of 1.00 (that is, AUD1.00 equals USD1.00).

As the Settlement Level is above the Hurdle, using the formula in Section 3.2 of the PDS, your Performance Value prior to application of the Conversion FX would be:

$$(150\% - 100\%) \times 100\% \times 100,000 \times 1.00 = 50,000.$$

If the Conversion FX is 1.25 (that is, USD1.25 is equal to AUD1.00 on the Last Exposure End Date), your Performance Value would equal $50,000 \div 1.25 = \text{AUD}40,000$.

However, if the Conversion FX is 0.95 (that is, USD0.95 is equal to AUD1.00 on the Last Exposure End Date), your Performance Value would equal $50,000 \div 0.95 = \text{AUD}52,631.58$.

As these examples indicate, if the Performance Currency is weaker relative to AUD on the Last Exposure End Date, the lower the value of your Performance Value, and conversely if the Performance Currency is stronger relative to AUD on the Last Exposure End Date, the higher the value of your Performance Value. Foreign exchange rates can be volatile and may change significantly during your investment in a DPA. Accordingly, foreign exchange rates may have a significant effect on your Performance Value.

An investment in a DPA with a Performance Currency that is not Australian dollars may not be suitable for you if you do not have experience, and are unfamiliar with, investing in products that provide exposure to foreign exchange rates.

5.1.7. Indicative Performance Caps and Participation Rates

The maximum indicative Performance Caps and Participation Rates in a Term Sheet for a DPA may not reflect the final Performance Cap and Participation Rate for that DPA as determined by us (acting reasonably) on the Exposure Start Date. It is possible that your maximum potential return for any DPA may be lower than if the maximum indicative Performance Cap (if applicable) or indicative Participation Rate applied.

If the Performance Cap or Participation Rate for a DPA cannot be set within the indicative range on the relevant Term Sheet, we will not proceed with that Series of DPAs.

5.1.8. Issuer discretion risk

Investors should note that a number of provisions of the DPA Terms confer discretions on us which we will exercise in a reasonable manner. These discretions could affect the value of the DPA and include (but are not limited to) the discretion to determine:

- Final Prices and Start Prices of Reference Assets and Reference Asset Constituents (see the definitions of Final price and Start Price in the Glossary in Section 9 of the PDS);
- Investment FX and Conversion FX rates (see Section 3.1 of the PDS);
- Market Disruption Events (see the definition of Market Disruption Event in the Glossary in Section 9 of the PDS);
- Early Termination Events (see Section 4.6.2 of the PDS);
- Early Termination Value (see Section 4.6.3 of the PDS);
- Early Withdrawal Value (see Section 4.6.3 of the PDS); and
- Adjustment Events and any corresponding adjustments to the terms of a DPA (see Section 4.7 of the PDS and clause 6 of the DPA Terms).

5.1.9. Liquidity Risk

An investment in a DPA is designed to be held until the Maturity Date. Accordingly, you will only be able to voluntarily withdraw from a DPA on an Early Withdrawal Date or on the Maturity Date. If you believe the relevant Reference Asset will experience a change in value detrimental to you, you may not be able to change your investment strategy by withdrawing in a timely manner or at all.

For more information on withdrawing from the DPA prior to the Maturity Date, see Sections 4 and 5.1.4 of the PDS.

5.1.10. Key risk specific to a DPA with a Constituent Capped Performance Value – individual constituent capping

As described in Section 3.4 of the PDS, the Performance Value for a DPA with the Constituent Capped Performance Value is subject to caps on the individual performance of each constituent of the Reference Asset, and not to the performance of the entire Reference Asset. This means that the performance of the Reference Asset with a Constituent Capped Performance Value may be lower, and will not be higher, than the performance of the same Reference Asset where there is a Performance Cap applicable to the whole basket (such as a Capped Performance Value), rather than to each individual constituent.

5.1.11. Key risk specific to a DPA with a Protection Percentage of less than 100% - loss of part of Investment Amount

If the Protection Percentage for your DPA is less than 100%, there is no guarantee that you will receive at least your initial Investment Amount at maturity. You may lose all of that part of your Investment Amount that is not subject to the Protection Percentage.

5.1.12. Key risk specific to a DPA with a single security as Reference Asset – concentration risk

Exposure to a single underlying means that the poor performance of that underlying will have a greater effect on the performance of the relevant DPA than one poorly performing underlying within a Reference Asset consisting of a basket of Reference Asset Constituents.

5.2. RISKS SPECIFIC TO CERTAIN UNDERLYINGS

The risks in this Section 5.2 are specific to particular underlyings listed in Section 2 of the PDS. Table 4 sets out the risk subsections in this Section 5.2 applying to each underlying.

Table 4: Underlyings and their relevant risk sub-sections

Underlying	Sub-section(s)
Hang Seng H-Share Index ETF	5.2.1, 5.2.2
Tracker Fund of Hong Kong	5.2.2
MSCI Taiwan Index	5.2.1
KOSPI 200 Index	5.2.1
PIMCO Total Return Bond Fund	5.2.3, 5.2.4
Commodities	5.2.5

5.2.1. Emerging markets risk

If the Reference Asset (or Reference Asset Constituent) for a DPA has exposure to emerging markets, it means investors in that DPA are exposed to markets that are relatively immature and under-developed. There are significant risks associated with investing in such markets, including (without limitation) liquidity risks, the potential for capital flight, political risks, fraud and corruption, credit risk and increased transaction costs arising from factors such as exchange controls, restrictions on foreign investment and restrictions on the repatriation of capital.

Certain countries have historically experienced high rates of inflation, high interest rates, exchange rate changes, large amounts of external debt, balance of payments and trade difficulties, extreme poverty and unemployment. Countries within these regions may experience one or more of these conditions in the future. Governments within these countries may not be able to meet debt servicing obligations, to which that DPA may be exposed. The legal and regulatory environment within these regions is relatively diverse, and in some countries, under-developed, and therefore may not provide adequate investor protection.

The level of corporate governance and accounting and financial reporting requirements may also be deficient. In some countries within these regions, market infrastructure and technology is not as well developed as in Western countries and may increase the transaction costs of the Reference Assets (or Reference Asset Constituent), or compound any losses.

There is a possibility in certain countries of nationalisation, expropriation of assets, confiscatory taxation, political changes, governmental regulation, and social instability or diplomatic developments (including war) which could adversely affect the economies of these countries, and therefore the value or returns on your DPA.

Certain developing countries are especially large debtors to commercial banks and foreign governments. Investing in a DPA that provides exposure to debt obligations issued or guaranteed by developing governments or their agencies and instrumentalities involves a high degree of risk.

5.2.2. Exchange-traded fund risk

If a Reference Asset includes an ETF, it means investors in the relevant DPA will be exposed to the ETF-related risks outlined below.

Tracking error

ETFs aim to replicate the performance of market Indices. However, they are subject to tracking error; that is, they are unlikely to perfectly replicate the performance of the Index they seek to match.

Termination risk

Termination risk is the risk that the ETF may cease operation at any point prior to the scheduled Exposure End Date of your DPA. There is a risk that the investment managers of any of the ETFs will decide to discontinue the ETF, in which case Early Termination may occur in relation to the relevant DPA.

Termination of ETFs may be triggered by a variety of factors, including:

- the discontinuation of the index the ETF seeks to track;
- the revocation of the underlying fund manager's authorisation from the relevant index provider to track the index;
- if the underlying fund manager goes into liquidation or a receiver is appointed; or
- the ETF is de-listed.

5.2.3. Risks associated with managed funds and listed securities

Liquidity risk

Managed funds may be subject to a suspension in, or limits on the size of, redemptions over certain periods of time (known as **gating**). Listed securities may similarly be subject to a trading halt. Gating or a trading halt may affect our ability to hedge an investment in the DPA and may either trigger an Early Termination or a Market Disruption Event, in which case it may affect the calculation of the Final Value (and delay delivery of the Deliverable Securities) or Early Termination Value (and delay payment of this amount (if any)). For more information, see Sections 4.3 and 4.6 of the PDS.

Changes in law

Future changes in law, regulation, practice or policy, in the jurisdiction in which the fund or listed entity is domiciled, or in markets where it invests or has business activity, including changes to taxation, corporate, banking, financial, regulatory, property and money

laundry laws, may adversely affect the fund. In particular, funds and listed entities domiciled overseas are exposed to increased jurisdictional risks specific to their country of domicile. This may adversely affect returns to investors.

In addition, differences in laws between countries or jurisdictions may make it difficult for the underlying fund manager or listed entity to enforce legal agreements.

5.2.4. PIMCO Total Return Bond Fund risks

Interest rate risk

If nominal interest rates rise, the value of fixed income securities held by the fund are likely to decrease. Fixed income securities with longer duration tend to be more volatile than those with shorter duration.

Credit risk

The fund could lose money if the issuer or the guarantor of a fixed income security, or the counterparty to a derivatives contract, repurchase agreement or loan of portfolio securities is unable or unwilling to make principal and/or interest payments when due, or to otherwise honour its obligations. Fixed income securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Municipal bonds are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest.

Issuer risk

The value of a fixed income security may decline for a number of reasons relating to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Liquidity risk

The fund may invest in illiquid securities which are difficult to purchase or sell. This may reduce the returns of the fund because it may be unable to sell the illiquid securities at an advantageous time or price.

Derivatives risk

The fund may be subject to risks associated with derivatives. Derivatives are subject to a number of risks disclosed in this sub-section, including interest rate risk, credit risk, liquidity risk and management risk. There is also the risk of mispricing or improper valuation and the risk that changes in the value of the derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

Mortgage risk

Rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the fund's investment in mortgage-related securities may exhibit additional volatility. This is known as extension risk. In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the fund because the fund will have to reinvest that money at the lower prevailing interest rates.

Global investment risk

The fund may engage in the tactical allocation of investments into non-US markets. These could entail investment in securities of certain international jurisdictions that may experience more rapid and extreme changes in value. These assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. The securities markets of many countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of securities in many countries are usually not subject to a high degree of regulation.

The legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

Also, nationalisation, expropriation or confiscatory taxation, currency blockage, economic uncertainty, political changes or diplomatic developments could adversely affect the fund's investments, in which case the fund could lose its entire investment in that country.

Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated.

Currency risk

The fund is exposed to currency exchange risk. Changes in exchange rates may cause the value of the fund's investments to diminish or increase. Currency exchange rates fluctuate significantly over short periods of time. They are generally determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates also can be affected unpredictably by the intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments.

Exposure risk

Derivative transactions may subject the fund to additional risk exposures. Any transaction which will or may give rise to a future commitment on behalf of the fund will be covered either by the applicable underlying asset or by liquid assets.

Management risk

The fund is subject to management risk because it is an actively managed investment portfolio. The fund's investment adviser and underlying fund manager will apply investment techniques and risk analyses in making investment decisions for the fund, but there can be no guarantee that these will produce the desired results.

Custodial risk

The fund may invest in markets where custodian and/or settlement systems are not fully developed. The assets of the fund that are traded in such markets and which have been entrusted to sub-custodians where necessary, may be exposed to risk in circumstances whereby the custodian will have no liability.

Valuation risk

There may be difficulties with valuation of investments that are either unlisted, or listed on a market where the market prices are unrepresentative or unavailable. There is also a potential conflict of interest between the investment adviser's role in valuing the fund's investments and the fact it receives a fee that increases as the value of the fund increases.

Small-cap and mid-cap company risk

Investments in securities issued by companies with small and mid-capitalisation involve greater risk and volatility than investments in large-capitalisation companies due to narrower markets and more limited managerial and financial resources than large-capitalisation companies.

Short selling

Although the fund is not permitted to enter into short sales, it may use certain derivative techniques designed to produce the same economic effect as a short sale, for example through contracts for difference. As a result, as well as holding assets that may rise or fall with markets, the fund may also hold positions that rise as the market value falls, and fall as the market value rises.

High yield risk

The fund may invest in high yield securities and unrated securities of similar credit quality (commonly known as 'junk bonds'), and may be subject to greater levels of interest rate, credit and liquidity risk than funds that do not invest in such securities. These securities are considered predominantly speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for high yield securities and reduce the fund's ability to sell its high yield securities. If the issuer of a security is in default with respect to interest or principal payments, the fund may lose its entire investment.

Investing in Russian securities

Although investing in Russian securities does not constitute the principal investment focus of the fund (rather constituting an investment discretion of the fund), the fund may invest a portion of its assets in securities of issuers located in Russia. In addition to emerging markets risks, investments in securities of Russian issuers may involve a particularly high degree of risk and special considerations not typically associated with investing in more developed markets, many of which stem from Russia's continuing political and economic instability and the slow-paced development of its market economy. Investments in Russian securities could be considered highly speculative. Such risks and special considerations include:

- (a) delays in settling portfolio transactions and the risk of loss arising out of Russia's system of share registration and custody;
- (b) pervasiveness of corruption, insider trading and crime in the Russian economic system;
- (c) difficulties associated with obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information;
- (d) the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt;
- (e) the risk that the Russian tax system will not be reformed to prevent inconsistent, retroactive and/or exorbitant taxation or, in the alternative, the risk that a reformed tax system may result in the inconsistent and unpredictable enforcement of the new tax laws;
- (f) the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union;
- (g) the lack of corporate governance provisions applying in Russia generally; and
- (h) the lack of any rules or regulations relating to investor protection.

Russian securities are issued in book-entry form, with ownership recorded in a share register held by the issuer's registrar. Transfers are effected by entries to the books of registrars. Transferees of shares have no proprietary rights in respect of shares until the name appears in the register of shareholders of the issuer. The law and practice relating to registration of shareholdings are not well developed in Russia and registration delays and failures to register shares can occur. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The issuer therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

5.2.5. Commodity concentration risk

Exposure to a single commodity means that the poor performance of that commodity will have a greater effect on the performance of a relevant DPA than one poorly performing commodity in a basket of commodities.

5.3. GENERAL RISKS

5.3.1. Change of law and taxation

There may be changes to laws, or their interpretation, in Australia.

Changes in taxation, corporate, regulatory and money laundering laws could have a negative impact on the value of the DPA, and accordingly, returns to you.

Changes to applicable laws may delay the satisfaction of a withdrawal on an Early Withdrawal Date.

We reserve the right (but are not obliged) to take steps to limit or prevent such negative impacts of changes to laws or their interpretation, including altering its investments or, if possible, restructuring the DPA.

5.3.2. Past performance

The past performance of any Reference Asset to which any DPA has exposure is not a reliable indicator of future performance of either that Reference Asset or the DPA. Accordingly, it should not be relied upon as a basis for an investment decision.

5.3.3. Inflation and the time value of money

You should be aware that the Protected Value receivable on the Maturity Date is unlikely to have the same real value as it would on the date you invest in a DPA due to the likely effect of inflation and the time value of money for the duration of your investment in a DPA.

What is the time value of money?

The idea that money is worth more now than the same amount in the future, due to its potential earning capacity.

For example, assuming a 5% interest rate and ignoring taxes:

- AUD100 invested today will be worth AUD105 in one year (AUD100 multiplied by 1.05); and
- conversely, AUD100 received one year from now is only worth AUD95.24 today (AUD100 divided by 1.05).

5.3.4. Tax risk

You should refer to Section 7 of the PDS for information on the taxation consequences of an investment in the DPA. The information provided in Section 7 of the PDS in relation to the tax outcomes of investing in a DPA is based on a number of assumptions set out in Section 7.1 of the PDS. You should review these assumptions and consider how they may apply in the context of your proposed investment and your personal circumstances.

The information provided in this PDS is not personal advice to any prospective investor in a DPA. You should seek your own independent advice on the taxation consequences of investing in a DPA, which takes into account your particular circumstances.

The information relating to taxation in this PDS is based on the provisions of the Tax Act, announcements by and on behalf of the Australian Government and the Commissioner of Taxation, and practice applicable, all 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 not contemplated as at the date of this PDS.

Future changes in tax laws, or their interpretation, could affect the tax treatment of a DPA and its investor.

The ATO has issued two tax determinations regarding the taxation treatment of a deferred purchase agreement. A summary of the ATO views in these determinations is as set out in Section 7 of the PDS. It is important that potential investors carefully review these comments with regard to the ATO views and the implications for a DPA with respect to their own particular circumstances which may be different to those envisaged by the ATO.

5.4. HOW YOU CAN MANAGE RISK

You should seek to manage your investment risk in a number of ways, including by obtaining professional advice. Professional legal, taxation and financial advice can help you determine whether an investment in a deferred purchase agreement is appropriate for you, bearing in mind your investment objectives, financial and personal situation, risk tolerance and level of investment experience.

6 / Fees and costs

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This Section shows fees and other costs that you may be charged. These fees and costs may be payable by you, deducted from any money we owe you (including any return on your investment), or may be recovered by us exercising our rights under the DPA Terms.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

6.1. THE INVESTMENT AMOUNT

In order to invest in a DPA, you will need to pay to us the Investment Amount, plus any Establishment Fee (see Section 6.2 of the PDS for more information about the Establishment Fee). Provided you have paid your Investment Amount (and any applicable Establishment Fee) to us on or prior to the Issue Date of your Investment in a DPA, you should not need to make any further payments to us in relation to your investment (subject to Section 6.6 of the PDS and failed direct credits and debits).

It is important to be aware that:

1. we may profit from our ability to manage the underlying risk associated with your investment in a DPA and in acting in our role as issuer of the DPA; and
2. any profit we realise may be realised upfront (rather than accruing over the Term of the DPA).

6.2. ESTABLISHMENT FEE

If your adviser notifies us that you have agreed to your adviser receiving an Upfront Adviser Fee from us in relation to your investment in a DPA (see Section 6.4.1 of the PDS), we may charge you an Establishment Fee of up to 2.2% of your Investment Amount. This amount will be payable by you to us at the same time as you pay your Investment Amount to us.

For example, if your Investment Amount for a DPA is AUD50,000, and your financial adviser notifies us that you have agreed to your adviser receiving an Upfront Adviser Fee equal to 2.2% (including GST) of your Investment Amount, we may charge you an Establishment Fee of AUD1,100 (calculated as AUD50,000 x 2.2%).

The Establishment Fee payable by you will therefore be dependent on the amount of any Upfront Adviser Fee payable by us to your adviser in connection with your investment in a DPA. You should ensure that you speak to your financial adviser about the fees and costs they may charge you in connection with any investment you make in a DPA.

6.3. ADVISER REMUNERATION

Financial advisers may receive fees from us in relation to your investment in a DPA. Your financial adviser must disclose to you in a Financial Services Guide and/or a Statement of Advice all of the benefits and fees they receive from you and from the Macquarie Group in connection with your investment in a DPA.

Please note that we may, at our sole discretion, decline to pay fees to your financial adviser.

6.3.1. Upfront Adviser Fee

No Upfront Adviser Fee is payable by us to your financial adviser in connection with your investment in a DPA unless your financial adviser notifies us that you have agreed to your financial adviser receiving such a commission. In these circumstances, we may pay your financial adviser an Upfront Adviser Fee equal to a percentage of your Investment Amount, as notified to us by your financial adviser (up to a maximum of 2.2% including GST).

For example, if your Investment Amount for a Macquarie Step DPA is AUD50,000, and your financial adviser notifies us that you have agreed to your adviser receiving an Upfront Adviser Fee equal to 2.2% (including GST) of your Investment Amount, we may pay to your adviser AUD1,100 (including GST) (calculated as AUD50,000 x 2.2%) as an Upfront Adviser Fee.

6.3.2. Additional adviser payments

We or another member of the Macquarie Group may also make further discretionary payments to your financial adviser. These further payments (if any) are based on a number of factors including the volume of Macquarie Group products sold to your financial adviser's clients and the relationship between your financial adviser and the Macquarie Group. As the factors on which these payments are based may be unrelated to the Facility and are not recovered from the return you receive under the Facility, it is not possible to express these payments as a percentage of your investment in the Facility. These payments are made using the Macquarie Group's own resources and do not affect your Facility. You should ask your financial adviser for further details of any such arrangements.

You should ensure that you speak to your financial adviser about the fees and costs they may charge you in connection with any investment you make in a DPA.

6.3.3. Soft dollar benefits

To the extent permitted by law, we may also enter into arrangements with financial advisers to provide non-monetary or monetary benefits to brokers and financial advisers in addition to, or instead of, the fees discussed above. Examples of non-monetary benefits include invitations to conferences, professional development, accommodation or travel.

These benefits may be provided to advisers in addition to, or instead of, the Upfront Adviser Fee.

6.4. TAXES

Taxes are set out in Section 7 of the PDS. Unless otherwise stated, fees and costs that are expected to be subject to GST are stated as including GST. However, if GST were to become payable in connection with any supply made by us under or in connection with the DPA for which the consideration was not expressly stated to include GST, then we would be entitled to recover an additional amount on account of GST from you.

6.5. ASSIGNMENT OR TRANSFER OF DPA OBLIGATIONS

Under the DPA Terms, you may assign or otherwise transfer your obligations in respect of your DPA by paying an administration fee of AUD200 to us (as well as any stamp duty or applicable taxes) and providing any documentation required by us.

Once we have received all information and documentation required under clause 16.11(b) of the DPA Terms, this fee will be payable by way of direct debit from your Nominated Account.

6.6. OTHER FEES

Please note that we may also charge a processing fee of AUD50 on each failed direct debit from your Nominated Account or failed direct credit to your Nominated Account.

Please see clause 13 of the DPA Terms and Appendix A 'Direct debit request service agreement' for more information.

6.7. FEES SPECIFIC TO THE SERIES WITH EXPOSURE TO ETFS

If you invest in a Series with exposure to an ETF, you will be exposed to their associated management and trustee fees and costs. Although these fees are not charged directly to you, they are reflected in the value of the relevant Reference Asset during the Term of your investment.

As at 2 November 2011, total management and trustee fees for the ETFs ranged from 0.10%pa for the TFHK and 0.60%pa for the HSHSI.

6.8. FEES SPECIFIC TO THE PIMCO TOTAL RETURN BOND FUND

If you invest in a Series with exposure to the PIMCO Total Return Bond Fund, you will be exposed to their associated fees and costs. Although these fees are not charged directly to you, they are reflected in the value of the relevant Reference Asset during the Term of your investment.

The fees and costs associated with the PIMCO Total Return Bond Fund are outlined in Table 5 below.

Table 5: Fees associated with the PIMCO Total Return Bond Fund

Type of fee or cost	Description	How and when paid
Management fee	The underlying fund manager provides or procures investment advisory, administration, custody and other services in return for the fund paying a single management fee.	0.50%pa accrued on each dealing day and payable monthly in arrears.
Trail fee	<p>The trail fee is paid to the fund's distributor for personal services rendered to shareholders and maintenance of shareholder accounts, including compensation to, and expenses of, financial consultants or other employees of participating or introducing brokers, certain banks and other financial intermediaries who:</p> <ul style="list-style-type: none"> ■ assist in the processing of purchase or redemption requests or the processing of dividend payments; ■ provide information periodically to shareholders showing their positions in the fund's shares; ■ forward communication from the underlying fund manager to shareholders; ■ render ongoing advice concerning the suitability of particular investment opportunities offered by the fund in light of the shareholders' needs; ■ respond to inquiries from shareholders relating to such services; ■ train personnel in the provision of such services. <p>The services are provided directly by the Distributor or indirectly through brokerdealers, banks, financial intermediaries, or other intermediaries to all shareholders of Administrative Class shares.</p>	0.50%pa accrued on each dealing day and payable monthly in arrears.

6.9. EARLY WITHDRAWAL/EARLY TERMINATION

Please note that the costs related to Early Withdrawal and Early Termination could be significant and represent a risk to you in relation to your investment in a DPA. For an explanation of the factors that will influence the calculation of the amount you will receive in the event that you elect an Early Withdrawal or in the event of an Early Termination and an example of Early Withdrawal see Section 4.6 of the PDS.

7 / Taxation

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This tax summary outlines the key Australian income tax, stamp duty and goods and services tax (**GST**) implications arising for an Investor who invests in DPAs pursuant to this PDS. The information contained in this summary is of a general nature only. It does not constitute legal or tax advice and does not seek to address all of the tax issues that may be relevant to a particular Investor.

This summary does not consider the deductibility of funding costs in relation to Investors who borrow money to invest in one or more DPAs. Such investors should seek their own professional tax advice on this issue.

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

7.1. ASSUMPTIONS

This summary of the taxation implications for Investors assumes that:

- (a) you are an Australian resident for tax purposes;
- (b) you will not be carrying on a business of trading in securities or investing in securities in the ordinary course of which you regularly acquire and dispose of securities;
- (c) you will hold the Deliverable Securities on capital account;
- (d) your Protected Value does not exceed your Investment Amount;
- (e) the Deliverable Securities will be shares in an Australian resident company for tax purposes;
- (f) the market value of the Beneficial Fraction is less than AUD1.00 at all times during the period you hold a DPA;
- (g) there is nothing at the commencement of an investment that would indicate that you intend to elect to utilise the Sale Facility on the Maturity Date or withdraw on an Early Withdrawal Date; and
- (h) you do not acquire your investment in any DPA in substitution for economically equivalent investments that you would otherwise reasonably be expected to enter into.

This tax summary is based on current Australian tax laws and administrative practices generally accepted as at the date of this PDS as we expect the ATO to apply them. Future changes in tax laws, their interpretation or associated administrative practices, may impact upon the comments made in this summary and the tax treatment of Investors in a DPA.

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

7.2. THE DPA

7.2.1. Capital Account

Under the DPA, you agree to purchase the Deliverable Parcel (including the value of the Beneficial Fraction) and to accept delivery of the Deliverable Securities. In addition, you may, just prior to the Maturity Date, elect to utilise the Sale Facility and receive the Sale Proceeds.

In Taxation Determinations TD 2008/21 and TD 2008/22 (**Tax Determinations**), the Commissioner of Taxation has considered the tax treatment of deferred purchase agreements having particular features. The specific features of the deferred purchase agreements to which the Tax Determinations apply relevantly include (but are not limited to):

- the term of the deferred purchase agreement, being typically 3 to 5 years;
- the reference assets or reference indices, being a share market index or basket of indices; and
- the number and value of securities delivered following the maturity date (**Deliverable Securities**) being dependent on the performance of the reference assets or reference indices, and determined by increasing or decreasing the investment amount by the percentage change in this performance over the term.

In TD 2008/21, the Commissioner reached the view that a deferred purchase agreement with the terms described should not be treated for tax purposes in the same manner as a debt security. As a result, if you enter into a DPA with features consistent to those described in the Tax Determinations, and you satisfy the assumptions above, you should be subject to taxation under the capital gains tax (**CGT**) provisions of the Tax Act. Accordingly, any gain or loss arising in respect of the DPA should generally be treated as a capital gain or capital loss. Refer below for further discussion on the CGT consequences in relation to the DPA.

7.2.2. Revenue Account

If you invest in a DPA with features not contemplated by the Tax Determinations, the CGT consequences described further below may not be applicable. For example, features which may cause the tax treatment to differ from that described in the Tax Determinations relevantly include:

- a term of less than 3 years;
- Reference Assets that are not equities or equity indices, for example an unlisted managed fund that does not primarily invest in equities; or
- a Short Capped Performance Value.

Further, although not addressed in the Tax Determinations, your tax treatment may differ if you invest in a DPA having a Performance Currency other than AUD.

You should also be aware that your tax treatment may differ to that set out in the Tax Determinations where the assumptions set out in Section 7.1 of the PDS above are not valid. For example, if you invest in a DPA in the course of carrying on a business or as part of a business operation or commercial transaction with a purpose of profit-making. Investing in a DPA with the intention of disposing of the Deliverable Securities immediately upon delivery, eg through the Sale Facility, may be viewed as evidence of a profit-making purpose.

Whilst the law in this area is not clear, in each of the circumstances described above, the DPA or part of any gain or loss made from the DPA could be considered to be on revenue account. This would result in any gain or loss, or part of any gain or loss being assessable or deductible rather than being subject to the CGT rules.

Ultimately, whether the DPA is held on capital or revenue account will depend on the features of the DPA and your individual facts and circumstances. In deciding whether to invest in a Series which might have different features to the Tax Determinations or if the assumptions in Section 7.1 of the PDS do not apply to you, you should only make that investment if you are prepared for some or all of the return on that investment to be treated on revenue account and therefore not subject to CGT treatment.

The CGT implications discussed below do not practically apply to you if the DPA is considered to be held on revenue account or the gain is otherwise assessable.

7.2.3. Acquisition of the DPA

The DPA is a CGT asset which is taken to be acquired by you when you enter into the DPA. This is consistent with the Commissioner's view in TD 2008/22 that the bundle of rights acquired under a DPA is a separate CGT asset to the Deliverable Securities. The cost base of the DPA will include your Investment Amount plus any incidental costs of acquisition (less any Rounding Amount refunded to you in cash).

7.2.4. Maturity of the DPA

At the time of delivery of the Deliverable Securities your ownership of the DPA will come to an end, and, pursuant to TD 2008/22, this should result in a CGT event. You will make a capital gain if the capital proceeds you are taken to receive are greater than the cost base of the DPA. Alternatively, you will make a capital loss if the capital proceeds are less than the reduced cost base of the DPA.

Under Physical Delivery, the capital proceeds will be equal to the market value of the Deliverable Parcel on the Delivery Date. The market value of the Deliverable Parcel should broadly equal the Final Value, less the Rounding Amount (if any).

If at maturity you elect to use the Sale Facility, MBL will take delivery of the Deliverable Parcel as your nominee and sell them on your behalf. In this case, the capital proceeds from the disposal of the DPA will be the market value of the Deliverable Parcel on the Delivery Date. The market value of the Deliverable Parcel should broadly equal the Final Value, less the Rounding Amount (if any). The consequences of the disposal of the Deliverable Securities under the Sale Facility are set out in Section 7.3 of the PDS.

7.2.5. Early Withdrawal, Early Termination or Transfer

In the event of an Early Withdrawal, Early Termination or upon transfer of the DPA to a third party, a CGT event will occur. The capital proceeds in relation to an Early Withdrawal or Early Termination should be the market value of the Deliverable Securities delivered following the Early Withdrawal Date (determined at the time of delivery) or the Early Termination Value. The capital proceeds in relation to a transfer should be the amount you receive (or are deemed to have received) from the disposal.

You will realise a capital gain if the capital proceeds are greater than the cost base of the DPA, and you will realise a capital loss if the capital proceeds are less than the reduced cost base of the DPA.

If you elect to use the Sale Facility on Early Withdrawal, the capital proceeds will be the same as described at Section 7.2.4 of the PDS in relation to using the Sale Facility.

If you withdraw early or transfer the DPA to a third party, you should obtain your own independent tax advice to confirm that there are no unique facts or circumstances that would result in your investment in the DPA being held otherwise than on capital account.

7.2.6. CGT discount

Discount CGT treatment should be available in respect of any capital gain arising on maturity, Early Withdrawal, or Early Termination, provided you are an individual, trust or complying superannuation entity, and you have held the DPA for at least 12 months. For these purposes, the Commissioner accepts in TD 2008/22 that the DPA is taken to be acquired when you enter into the DPA. If you withdraw early or a Termination Event occurs within 12 months of the Issue Date, you will not be eligible for a CGT discount on any capital gain because you would not have held the DPA for at least 12 months.

If CGT discount treatment is available, any resulting capital gain will be reduced by 50% if you are an individual or trust (or 33 1/3% if you are a complying superannuation entity) after the application of any capital losses.

7.2.7. Capital loss

Any capital loss realised by you upon maturity, in the event of an Early Withdrawal or on termination of the DPA may be applied to offset capital gains (before applying any CGT discount) realised in the same income year, with any excess losses able to be carried forward to future income years.

7.2.8. Beneficial Fraction

When you acquire the DPA you will also acquire a fractional interest in one ASX-listed share (Beneficial Fraction) which is also a CGT asset. Your cost base in the Beneficial Fraction will include that part of your Investment Amount applied toward the acquisition of the Beneficial Fraction (generally, its market value). On the Maturity Date, your rights in respect of the Beneficial Fraction will end. However, as the value of the Beneficial Fraction is expected to be immaterial, any capital gain or loss in respect of the Beneficial Fraction should be negligible and therefore should not result in a material difference from the capital gain or loss in respect of the DPA calculated as referred to above.

7.3. THE DELIVERABLE SECURITIES

7.3.1. Acquisition of the Deliverable Securities

Under Physical Delivery, you are taken to have acquired the Deliverable Securities when they are delivered to you. The cost base of the Deliverable Securities should be their market value at that time, plus any incidental costs incurred in relation to the acquisition.

7.3.2. Disposal of the Deliverable Securities

A CGT event will occur when you sell the Deliverable Securities, whether under the Sale Facility or otherwise at some later point.

You will make a capital gain if the capital proceeds you receive or are taken to have received from the disposal of the Deliverable Securities are greater than their cost base.

You will make a capital loss if the capital proceeds are less than the reduced cost base of the Deliverable Securities.

If you sell the Deliverable Securities under the Sale Facility your capital proceeds will be equal to the Sale Proceeds you receive. This should be broadly equal to your cost base in the Deliverable Securities such that no material capital gain or loss is expected to arise.

7.3.3. CGT discount

Discount CGT treatment should be available in respect of any capital gain from the disposal of the Deliverable Securities, provided you are an individual, trust or complying superannuation entity, and you have held the Deliverable Securities for at least 12 months. For these purposes, the Commissioner accepts in TD 2008/22 that the Deliverable Securities are taken to be acquired when they are delivered to you.

If CGT discount treatment is available, any resulting capital gain will be reduced by 50% if you are an individual or trust (or 33 1/3% if you are a complying superannuation entity) after the application of any capital losses.

7.3.4. Capital loss

Any capital loss realised from the disposal of the Deliverable Securities may be applied to offset capital gains (before applying the CGT discount) realised in the same income year, with any excess losses able to be carried forward to future income years.

7.3.5. Tax File Number (TFN) withholding

If you take delivery of the Deliverable Securities and continue to hold these securities, you may be requested to provide your TFN, ABN or exemption details. You are not required to provide your TFN, ABN or exemption details, however if you do not, then tax may be withheld from any unfranked dividends at the highest marginal tax rate plus Medicare levy (currently 46.5%).

7.4. PART IVA

Part IVA of the Tax Act contains general anti-avoidance provisions which are capable of broad application and should be considered carefully in relation to any investment decision.

The anti-avoidance provisions give the Commissioner the power to issue a determination which effectively cancels a 'tax benefit' obtained by a taxpayer in connection with a 'scheme' where the dominant purpose of the taxpayer (or any other person) in entering into the scheme is to obtain the tax benefit.

The choice of Reference Asset could affect whether there is a tax benefit (for instance if it could be shown that you could have invested directly in the Reference Asset in a less tax efficient manner). However Part IVA should not be applied merely as a result of the inclusion of an interest in a foreign company or trust in the Reference Asset where the foreign company or trust primarily invests in equities.

In our view it is unlikely that Part IVA would have any application where an Investor's dominant purpose of entering into the DPA is to obtain exposure to the change in value of the Reference Asset (with a level of protection) and to acquire the Deliverable Parcel, and not to obtain any potential tax benefit.

The application of Part IVA to a taxpayer can only be conclusively determined in light of the taxpayer's own facts and circumstances. You should therefore seek your own independent professional tax advice on the potential application of Part IVA to your investment.

7.5. TAXATION OF FINANCIAL ARRANGEMENTS

The Taxation of Financial Arrangements (TOFA) regime in Division 230 of the Tax Act sets out the methods under which gains and losses from financial arrangements will be brought to account for tax purposes.

The broad objective of the TOFA regime is to treat gains and losses from financial arrangements on a revenue basis and in some cases on an accruals basis over the term.

The DPA may be a financial arrangement that is subject to TOFA, however TOFA should not apply to you if you are an individual, a superannuation fund with assets of less than AUD100 million, or a non-financial entity with an annual turnover of less than AUD100 million, financial assets of less than AUD100 million and total assets of less than AUD300 million, where the arrangement does not give rise to a deferral of income or deductions. Thus, MBL expects that the TOFA regime should not apply to such investors in respect of their investment in the DPA unless these investors specifically elect into the TOFA regime.

Prospective Investors should seek their own professional tax advice in relation to the potential application of the TOFA regime in light of their own individual facts and circumstances.

7.6. GST

GST should not be payable on the acquisition, ownership, delivery and ultimate disposal of the DPA or the Deliverable Securities. There should also be no GST payable in respect of the Establishment Fee. However, if GST were to become payable in connection with any supply made under or in connection with the DPA for which the consideration is not expressly stated to include GST, then we would be entitled to recover an additional amount on account of GST from you (including, for example, by recoupment from any Sale Proceeds payable to you).

7.7. STAMP DUTY

Under current laws, the acquisition of the DPA, the delivery of the Deliverable Securities and the ultimate sale of the Deliverable Securities should not result in a liability to ad valorem duty. If duty becomes payable by MBL in connection with the DPA, we can require you to pay such duty.

8 / Additional information

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8.1. ABOUT MACQUARIE BANK LIMITED

8.1.1. Macquarie Bank Limited

We are a wholly owned subsidiary of MGL, and a licensed Australian bank regulated by the Australian Prudential Regulation Authority. We are an authorised deposit-taking institution under the Banking Act 1959 (Cth). Our AFSL number is 237502.

8.1.2. Documents available

Further information about us (including the latest annual reviews, interim reports, annual financial reports and other financial information) is available at macquarie.com.au.

You may obtain copies of our interim and annual financial reports most recently lodged with the Australian Securities and Investments Commission by contacting us on 1800 080 033.

8.2. POTENTIAL CONFLICTS OF INTEREST

Companies in the Macquarie Group may buy and sell securities, including the Deliverable Securities and other financial products relating to any of them or a Reference Asset (or any Reference Asset Constituent), either as principal or agent.

Members of Macquarie Group may:

- have business relationships or alliances (including joint ventures) with the issuer of any Reference Asset or Reference Asset Constituent;
- from time to time engage in investment advisory or other activities for, or provide services to, the issuer of any Reference Asset (or any Reference Asset Constituent) in relation to matters unconnected with a DPA and which may or may not affect the value of a DPA;
- from time to time advise the issuer of any Reference Asset (or any Reference Asset Constituent) in relation to activities unconnected with the issue of a DPA, including (but not limited to) general corporate advice, financing, funds management and property and other services;

- receive remuneration based on the issue or performance of the Facility, in whole or in part;
- hold directorships in any issuer of a Reference Asset or Reference Asset Constituent;
- be a substantial shareholder of any issuer of any Reference Asset or Reference Asset Constituent; and
- have a commercial relationship with senior executives of the issuer of any Reference Asset or Reference Asset Constituent and may sell financial products to, or advise, such senior executives in relation to the Facility or matters unconnected with the Facility.

8.3. JOINT/CORPORATE APPLICANT COMMUNICATIONS

For joint Investors (if permitted to invest in the Offer), all instructions in relation to a jointly held investment in a DPA (including in relation to Applications and Early Withdrawal Notices) require the authority of all joint applicants or joint investors. Notices to joint Investors will be sent to the Investor first named in the Application Form. However, please note that if you are a joint investor, we will only accept requests for an Early Withdrawal from all joint investors.

8.4. ENQUIRIES AND COMPLAINTS

We have procedures in place to consider and deal with enquiries and complaints within 45 days of receiving them. If you have any enquiries or complaints you may contact us on 1800 080 033, or write to:

Macquarie Bank Limited
GPO Box 4294
Sydney NSW 1164

We are also a member of the Financial Ombudsman Service Ltd ABN 67 131 124 448. If you are not happy with the manner in which your complaint is dealt with by us, you may also write to:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

or:

Fax: (03) 9613 6399
Email: info@fos.org.au
Telephone: 1300 780 808

8.6. CONSENTS AND DISCLAIMERS

8.6.1. Consents

Clayton Utz

Clayton Utz has given and has not, before the issue of this PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

Korea Exchange

Korea Exchange has given and has not, before the issue of this PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

MSCI, Inc

MSCI, Inc has given and has not, before the issue of the PDS, withdrawn its written consent to the inclusion of the written descriptions of the MSCI Taiwan Index and MSCI Singapore Index in Sections 1.2 and 2 of the PDS, and to be named in this PDS in the form and context in which it is named.

PIMCO Global Advisors (Ireland) Limited

PIMCO Global Advisors (Ireland) Limited has given and has not, before the issue of the PDS, withdrawn its written consent to the inclusion of the written descriptions of the PIMCO Total Return Bond Fund, and to be named in this PDS in the form and context in which it is named.

Standard and Poor's Financial Services, LLC

Standard and Poor's Financial Services, LLC has given and has not, before the issue of the PDS, withdrawn its written consent to the inclusion of the written descriptions of the S&P/ASX 200 Index and S&P 500 Index, and to be named in this PDS in the form and context in which it is named.

8.6.2. Disclaimers

Standard and Poor's Financial Services, LLC

The Macquarie Step Facility is not sponsored, endorsed, sold or promoted by Standard & Poor's (**S&P**) or its third party licensors. Neither S&P nor its third party licensors makes any representation or warranty, express or implied, to the owners of the Macquarie Step Facility or any member of the public regarding the advisability of investing in securities generally or in the Macquarie Step Facility particularly or the ability of the S&P/ASX 200 Index and S&P 500 Index (each an **Index**) to track general stock market performance. S&P's and its third party licensor's only relationship to MBL is the licensing of certain trademarks and trade names of S&P and the third party licensors and of the Index which is determined, composed and calculated by S&P or its third party licensors without regard to MBL or the Macquarie Step Facility. S&P and its third party licensors have no obligation to take the needs of MBL or the owners of the Macquarie Step Facility into consideration in determining, composing or calculating the Index. Neither S&P nor its third party licensors is responsible for and has not participated in the determination of the prices and amount of the Macquarie Step Facility or the timing of the issuance or sale of the Macquarie Step Facility or in the determination or calculation of the equation by which the Macquarie Step Facility is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Macquarie Step Facility.

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MSCI, Inc

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Korea Exchange

1. KRX DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE KRX INDEXES OR ANY DATA INCLUDED THEREIN AND KRX SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN.
2. KRX DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE KRX INDEXES OR ANY DATA INCLUDED THEREIN TO THE LICENSEE, PURCHASERS OF THE FINANCIAL PRODUCTS LINKED TO KRX INDEXES, OR ANY OTHER PERSON OR ENTITY THAT USES THE KRX INDEXES OR ANY DATA INCLUDED THEREIN.
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5. KRX makes no representation or warranty, express or implied, to the owners of the financial products linked to KRX Indexes or any member of the public regarding the advisability of investing in securities generally or in the products particularly or the ability of the KRX Indexes to track general stock market performance (profitability).
6. KRX's only relationship to the Licensee is the licensing of certain trademarks and trade names of KRX and of the KRX Indexes which is determined, composed and calculated by KRX without regard to the Licensee or the content of the product.
7. KRX has no obligation to take the needs of the Licensee or the owners of the financial products linked to KRX Indexes into consideration in determining, composing or calculating the KRX Indexes. KRX is not responsible for and has not participated in the determination of the timing of the issuance or sale of the derivative products linked to KRX Indexes or in the determination or calculation of the equation by which the derivative products linked to KRX Indexes is to be converted into cash.
8. KRX has no obligation or liability to the owners of the financial products linked to KRX Indexes in connection with the administration, marketing or trading of the Product.
9. The disclaimers of KRX under this Section shall continue to be effective even after the termination of the Agreement.

9 / Glossary

Please note that in this PDS a reference to the singular includes the plural and vice versa (unless the context requires another meaning), and that where a word or phrase is defined, its other grammatical forms have a corresponding meaning. Headings are for convenience only and do not affect interpretation.

Term	Meaning
ABN	Australian Business Number.
Accretion	All money, dividends, interest, distributions, bonus shares, rights, issues, options, warrants, notes, convertible instruments, securities, units and other property, benefits or privileges or instruments of any kind whatsoever now or hereafter made, granted, issued or otherwise distributed in respect of, in substitution for, in addition to, or in exchange for, any property forming part of a Reference Asset and all rights consequent on any conversion, redemption, cancellation, reclassification, forfeiture, consolidation, subdivision, reduction of capital, liquidation or scheme of arrangement or takeover in connection with any property forming part of a Reference Asset.
Adjustment Event	<p>In relation to a Reference Asset, or Reference Asset Constituent, any one or more of the following:</p> <ul style="list-style-type: none"> (a) a subdivision, consolidation or reclassification of a Reference Asset or Reference Asset Constituent; (b) a distribution, issue or dividend to existing holders of a Reference Asset or Reference Asset Constituent (whether by way of bonus, capitalisation or other issue) of (i) an Accretion; or (ii) other property or rights granting the right to payment of dividends, distributions and/or the proceeds of liquidation of the relevant Issuing Entity (or any other entity); (c) a Special Dividend; (d) a call for payment by the Issuing Entity in relation to any Reference Asset or Reference Asset Constituent that is not fully paid; (e) a redemption, cancellation or re-purchase by the Issuing Entity or any of its related bodies corporate of a Reference Asset or Reference Asset Constituent, whether out of profits or capital and whether the consideration for such redemption, cancellation or repurchase is cash, Accretions or otherwise; (f) a tender offer, exchange offer or a takeover bid for a Reference Asset or Reference Asset Constituent, or any analogous offer; (g) a consolidation, amalgamation, de-merger, merger or binding share exchange of the Issuing Entity with, or into, another entity or person; (h) the Issuing Entity (i) instituting or having instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, (ii) consenting to, or (iii) having presented in relation to it a petition for its winding-up or liquidation; (i) it is announced that the Reference Asset or any of the Reference Asset Constituent will be de-listed from the Relevant Exchange but re-listed on another exchange acceptable to the Issuer; (j) in relation to any Reference Asset or Reference Asset Constituent that is an Index: <ul style="list-style-type: none"> (1) the Index Sponsor announces that it will make a material change in the formula for, or the method of calculating that Index, or materially modifies the Index in any other way; or (2) the Index Sponsor fails to calculate and announce a relevant Index or permanently cancels the Index; (k) any amendment or change to the terms, or cancellation, of an Adjustment Event previously announced by an Issuing Entity; and (l) any other event which the Issuer reasonably determines may have a dilutive or concentrative effect on the theoretical value of a Reference Asset or Reference Asset Constituent.

Term	Meaning
AFSL	Australian financial services licence.
Application	An application to us for the Facility by way of an Application Form.
Application Form	The application form to establish a Facility included in, derived from or accompanying this PDS.
ASX	ASX Limited (ABN 98 008 624 691) or the market conducted by ASX Limited, as the context requires.
ASX Business Day	A day which is a Business Day, and a day on which the ASX is open for its regular scheduled trading session.
ATO	Australian Taxation Office.
AUD	Australian dollars.
Beneficial Fraction	In relation to a DPA, has the meaning set out in Section 4.8 of the PDS.
Beneficial Fraction Value	The sale proceeds of the Beneficial Fraction for a DPA (as calculated by the Issuer (or its nominee)) on the earlier to occur of: <ul style="list-style-type: none"> (a) the Maturity Date of the DPA; (b) the Early Termination Date of the DPA; and (c) the Early Withdrawal Date in relation to all of the Investor's investment in that DPA, or as soon as reasonably practicable thereafter.
Beneficial Fraction Value Payment Date	Where the Beneficial Fraction Value is determined on: <ul style="list-style-type: none"> (a) the Maturity Date of the DPA, the Delivery Date for that DPA; (b) the Early Termination Date of the DPA, the Early Termination Payment Date for that DPA; and (c) the Early Withdrawal Date in relation to all of the Investor's investment in that DPA, the Delivery Date for that DPA.
Business Day	A day on which Australian banks are open for business in Sydney, other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day and Boxing Day.
Capped Performance Value	Has the meaning set out in Section 3.3 of the PDS.
Change	Any modification, variation, alteration or deletion of, or addition to, the DPA Terms or the Glossary.
CHESS	Clearing House Electronic Subregister System.
CHESS Business Day	A day which is a Business Day, and a day on which CHESS is able to execute settlement instructions.
Commissioner	The Commissioner of Taxation.
Commodity	Any soft commodity (eg coffee, sugar, wheat) or hard commodity (eg gold, silver, copper or gas) forming part or all of the Reference Asset for a DPA.
Confirmation	A document issued by us to an Investor that confirms the terms of that Investor's investment in a DPA.
Constituent Capped Performance	Has the meaning set out in Section 3.4 of the PDS.
Conversion Event	Any event beyond our reasonable control that, in our reasonable opinion, makes it impractical for that currency to be calculated, converted, delivered or paid in accordance with the DPA Terms.
Conversion FX	In relation to a DPA, the exchange rate on the Last Exposure End Date, expressed as the amount of the Performance Currency equal in value to AUD1.00, as determined by us in accordance with clause 7 of the DPA Terms.
Corporations Act	The Corporations Act 2001 (Cth) as amended from time to time.
Currency Business Day	A day which is a Business Day and a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency in which the payment or conversion is to be made.

Term	Meaning
Deliverable Parcel	In relation to a DPA, means the number of Deliverable Securities that the Investor is entitled to receive, calculated as the Final Value divided by the Deliverable Security Price (rounded down to the nearest whole number).
Deliverable Security	In relation to a DPA, has the meaning set out in the Term Sheet for that DPA, as adjusted by us from time to time in accordance with clause 6.2 of the DPA Terms.
Deliverable Security Price	In relation to: <ul style="list-style-type: none"> (a) the maturity of a DPA, is determined in the manner described in Section 4.3.3 of the PDS; and (b) in the case of an Early Withdrawal, is determined in the manner described in Section 4.6.1 of the PDS.
Delivery Date	In relation to a DPA, five CHES Business Days following the determination of the Deliverable Security Price of the Deliverable Securities for that DPA.
Directory	The contact details of the Issuer, as set out on the back page of this PDS.
DPA	A deferred purchase agreement offered by us to the Investor on the terms and conditions set out in the DPA Terms.
DPA Terms	The deferred purchase agreement terms in Section 10 of the PDS.
DSP Determination Date	In relation to a DPA, the date on which the Deliverable Security Price for the Deliverable Securities for that DPA is determined (as described in Section 4.3.3 of the PDS).
Early Termination	The termination of a DPA by us prior to its Maturity Date, as described in Section 4.6 of the PDS.
Early Termination Date	In relation to a DPA, the date nominated by us in accordance with clause 5.1 of the DPA Terms as the date on which your investment in a DPA will terminate.
Early Termination Event	The occurrence of any of the following events: <ul style="list-style-type: none"> (a) an Adjustment Event to which clause 6.1(a)(ii) of the DPA Terms applies; (b) a Hedging Disruption; (c) a party fails to duly and punctually perform or comply with any of its obligations under the DPA Terms and such party's failure or non-compliance: <ul style="list-style-type: none"> (i) has, or may have, a material adverse effect on the other party's substantive rights and obligations under the Facility or under applicable law; and (ii) is not remedied within five Business Days of the other party notifying such party of the relevant failure or non-compliance; (d) an Insolvency Event occurs in relation to a party; (e) a party dies or loses capacity (whether mental or otherwise) for any reason whatsoever; (f) any representation made by a party in an Application Form, Series Form or the DPA is found to have been incorrect or misleading when made and such party's misrepresentation has, or may have, a material adverse effect on the other party's substantive rights and obligations under the Facility; unless, if such misrepresentation is reasonably capable of being remedied, the misrepresentation is remedied within two Business Days of such misrepresentation occurring; (g) if the Investor is a trustee of a trust either: <ul style="list-style-type: none"> (i) the Investor ceases to be the trustee of the trust or any step is taken to either: <ul style="list-style-type: none"> (1) appoint another trustee of the trust; or (2) remove the Investor as trustee of the trust, in either case without our consent; or (ii) an application or order is sought or made in any court for: <ul style="list-style-type: none"> (1) the Investor's removal as trustee of the trust; or (2) the property of the trust to be brought into court or administered by the court or to be brought under its control.

Term	Meaning
Early Termination Payment Date	In relation to a DPA, a day which is no later than five Business Days following the day on which the Early Termination Value of that DPA has been calculated.
Early Termination Value	In relation to a DPA, the amount (if any) you are entitled to receive in relation to the Early Termination of your DPA, as determined by us in the manner described in Section 4.6 of this PDS.
Early Withdrawal	The early withdrawal by an Investor of all, or some, of their investment in a DPA, as described in Section 4.6 of the PDS.
Early Withdrawal Date(s)	In relation to a DPA, the date or dates prior to the Maturity Date on which you may be able to withdraw from the DPA, as specified in the Term Sheet for that DPA (if any, and as adjusted by us in accordance with the DPA Terms).
Early Withdrawal Notification Date(s)	The date or dates by which you must notify us of your intention to redeem (some or all) of your investment in a DPA on an Early Withdrawal Date, as specified in the Term Sheet for that DPA (if any, and if such day is not a Business Day, on the immediately preceding Business Day).
Early Withdrawal Notice	A notice given in accordance with Section 4.6.1 of the PDS.
Early Withdrawal Value	In relation to a DPA, an amount determined by us as specified in Section 4.6 of the PDS.
End Level	In relation to a DPA, is the Reference Asset Valuation: <ul style="list-style-type: none"> (a) on the day on which the Final Price of the Reference Asset is determined; or (b) if there is more than one Reference Asset Constituent in that Reference Asset, on the Last Exposure End Date for that Reference Asset Constituent.
ETF	An exchange traded fund, being an open-ended index fund which is listed and traded on an exchange.
Establishment Fee	An initial fee that may be payable by you to us on establishment of your investment in a DPA, as described in Section 6.2 of the PDS.
Exposure End Date	In relation to a Reference Asset or Reference Asset Constituent for a DPA, the date on which your exposure to that Reference Asset or Reference Asset Constituent ends, being the date on which the Final Price for the Reference Asset or Reference Asset Constituent is determined, as specified in the Term Sheet.
Exposure Start Date	In relation to a Reference Asset or Reference Asset Constituent for a DPA, the date on which your exposure to that Reference Asset or Reference Asset Constituent commences, being the day specified as such in the Term Sheet for that Series, provided however that where a Hedging Disruption occurs on such date in relation to that Reference Asset or Reference Asset Constituent, we may postpone the Exposure Start Date for that Reference Asset (or Reference Asset Constituent) to the next Business Day on which no Hedging Disruption occurs.
Facility or Macquarie Step Facility	The facility for acquiring DPAs on the terms and conditions set out in the DPA Terms.
FATCA	Also known as the US Foreign Account Tax Compliance Act, means sections 1471 through 1474 of the US Internal Revenue Code, as of the date of this agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), and any current or future US Treasury Regulations or official interpretations thereof.
Final Commodity Value	In relation to a Reference Asset or Reference Asset Constituent that is a Commodity, either: <ul style="list-style-type: none"> (a) the closing price of that Commodity (as that term is generally understood by market participants on the Relevant Exchange) on the Relevant Exchange on the Valuation Date; or (b) if the Valuation Date for that Commodity is deemed to occur as a result of subparagraph (b)(ii) of the definition of Valuation Date, our estimate of the closing price of that Commodity (as that term is generally understood by market participants on the Relevant Exchange) on the Relevant Exchange on that Valuation Date.

Term	Meaning
Final Index Value	In relation to a Reference Asset or Reference Asset Constituent that is an Index, means: <ul style="list-style-type: none"> (a) unless paragraph (b) applies, the level of the Index as at the Scheduled Closing Time on the Relevant Exchange on the Valuation Date; or (b) if the Valuation Date for that Index is deemed to occur as a result of sub-paragraph (b)(ii) of the definition of Valuation Date, in which case the Final Index Value will be our estimate of the level of that Index at the Scheduled Closing Time on the Relevant Exchange on that Valuation Date.
Final Price	In relation to a Reference Asset or Reference Asset Constituent that is: <ul style="list-style-type: none"> (a) a Security, the Final Security Price; (b) a Unit, the Final Unit Value; (c) an Index, the Final Index Value; and (d) a Commodity, the Final Commodity Value.
Final Security Price	In relation to a Reference Asset or Reference Asset Constituent that is a Security, means: <ul style="list-style-type: none"> (a) unless paragraph (b) applies, either: <ul style="list-style-type: none"> (i) the official closing price of that Security on the Relevant Exchange on the Valuation Date; or (ii) if the Valuation Date for that Security is deemed to occur as a result of sub-paragraph (b)(ii) of the definition of Valuation Date, our estimate of the price of that Security on the Relevant Exchange at the Scheduled Closing Time on that Valuation Date; or (b) if we determine (acting in a reasonable manner) that we are, or would be, unable to acquire, dispose or exit all of our Hedge Positions in connection with that Security on a single Valuation Date, the Final Security Price will be the arithmetic average of the official closing price of that Security on the Relevant Exchange over the term of the Valuation Period, provided however that if sub-paragraph (2) of the definition of Valuation Period applies to that Security, the Final Security Price will be our estimate of the value of that Security on the Relevant Exchange at the Scheduled Closing Time at the relevant time.
Final Unit Value	In relation to a Reference Asset or Reference Asset Constituent that is a Unit: <ul style="list-style-type: none"> (a) unless paragraph (b) applies, an amount equal to the Redemption Proceeds for that Unit; or (b) where by the eighth Business Day following the Maturity Date of the DPA, the relevant Reference Fund has, or would have, failed to either: <ul style="list-style-type: none"> (i) calculate the amount of such Redemption Proceeds payable to the Hypothetical Investor; or (ii) pay the full amount of such Redemption Proceeds to the Hypothetical Investor in cleared and unencumbered funds, <p>the Final Unit Value for that Unit will be our estimate of the value of that Unit on that eighth Business Day following the Maturity Date of the DPA.</p>
Final Value	In relation to a DPA, an amount equal to the sum of: <ul style="list-style-type: none"> (a) the Protected Value (if any); plus (b) the Performance Value (if any).
First Exposure Start Date	In relation to a DPA, the first Exposure Start Date to occur for a Reference Asset or Reference Asset Constituent within that Reference Asset.
Fund Documents	With respect to a Unit, the constituent and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Unit, as amended from time to time.
Glossary	This Section 9 of the PDS.
GST	Any goods and services tax levied under the GST Act.
GST Act	The A New Tax System (Goods and Services Tax) Act 1999 (Cth) and related legislation.

Term	Meaning
Hedging Disruption	<p>In relation to a DPA, occurs where:</p> <ul style="list-style-type: none"> (a) we are unable, whether due to: <ul style="list-style-type: none"> (i) Internal Trading Restrictions; (ii) legal or regulatory issues; (iii) the occurrence of a Conversion Event; or (iv) any other circumstance(s) beyond our reasonable control, to acquire, substitute, maintain, unwind or dispose of any Hedge Positions in respect of a DPA, or realise or recover the proceeds of any such Hedge Positions; (b) due to: <ul style="list-style-type: none"> (i) the adoption of, or any change in, any applicable law or regulation, including any tax law; (ii) 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); or (iii) any other circumstance(s) beyond our reasonable control; we have incurred, or will incur, a materially increased cost to acquire, substitute, maintain, unwind or dispose of any Hedge Positions in respect of a DPA, or realise or recover the proceeds of any such Hedge Positions when compared with circumstances existing on the Issue Date of the DPA; (c) there is an announcement that a Reference Asset (or a Reference Asset Constituent forming part of a Reference Asset) for a DPA will be de-listed or have its trading status withdrawn from any Relevant Exchange; (d) the Issuer determines, on any day, that a holder of a Reference Asset or Reference Asset Constituent that is a Unit is, or would be, unable to either: <ul style="list-style-type: none"> (i) effect a redemption of those Units; or (ii) receive the proceeds of such redemption in cleared funds, within eight Business Days of that day. <p>Where we determine that, despite the occurrence of an event listed under (a) to (d) above:</p> <ul style="list-style-type: none"> (1) we would be able to continue to effectively manage our risk, on an on-going basis, if the DPA were to remain on issue; and (2) we would not incur a material increase in costs in managing our risk, on an on-going basis, if the DPA were to remain on issue, <p>we may elect to not treat such an event as a Hedging Disruption.</p>
Hedge Positions	<p>In relation to a DPA, any of the following:</p> <ul style="list-style-type: none"> (a) securities, units, or other financial instruments equivalent to a Reference Asset, or Reference Asset Constituent; (b) options, futures or other derivatives relating to a Reference Asset, or Reference Asset Constituent; and (c) any other transactions or assets we reasonably consider necessary to manage our risk associated with issuing the DPA.
Hurdle	<p>In relation to a DPA, the level of the Reference Asset that must be attained before your Performance Value can be greater than zero, as specified in the Term Sheet for the relevant DPA (as may be adjusted from time to time in accordance with the DPA Terms).</p>
Hypothetical Investor	<p>An investor in Australia, being an Australian tax resident.</p>
Index or Indices	<p>Any index forming part or all of the Reference Asset for a DPA, or any replacement index nominated by us on occurrence of an Adjustment Event.</p>

Term	Meaning
Index Sponsor	The corporation or other entity that: <ul style="list-style-type: none"> (a) is responsible for setting and reviewing the rules and procedures and other methods of calculation and adjustments, if any, related to the relevant Index or Indices; and/or (b) announces (directly or through an agent) the level of the relevant Index or Indices on a regular basis during the Term of a DPA.
Initial Commodity Value	In relation to a Reference Asset or Reference Asset Constituent that is a Commodity, the closing price of that Commodity (as that term is generally understood by market participants on the Relevant Exchange) on the Relevant Exchange on the Exposure Start Date.
Initial Index Value	In relation to a Reference Asset or Reference Asset Constituent that is an Index, means the level of the Index as at the Scheduled Closing Time on the Relevant Exchange on the relevant Exposure Start Date.
Initial Security Price	In relation to a Reference Asset or Reference Asset Constituent that is a Security, the official closing price of that Security on the Relevant Exchange on the relevant Exposure Start Date.
Initial Unit Value	In relation to a Reference Asset or Reference Asset Constituent that is a Unit, an amount equal to the price at which a Hypothetical Investor would have been issued with such a Unit on the Exposure Start Date.
Insolvency Event	In relation to a party: <ul style="list-style-type: none"> (a) where a party is a corporation: <ul style="list-style-type: none"> (i) except to reconstruct or amalgamate while solvent, an application is made for an order, a meeting is convened to consider a resolution, a resolution is passed or an order is made that the party be wound up or otherwise dissolved or that an administrator, liquidator or provisional liquidator of the party be appointed; or (ii) a receiver, receiver and manager, administrator, controller, trustee or similar officer is appointed in respect of all or any part of the business, assets or revenues of the party; (b) the party dies, becomes insolvent (or is presumed to be insolvent under any applicable law) or is subject to any arrangement, assignment or composition (except to reconstruct or amalgamate while solvent), or is protected from any creditors or otherwise unable to pay their debts when they fall due; (c) where a party is an individual, the party commits an act of bankruptcy or is insolvent (as that term is understood for the purposes of the Bankruptcy Act 1966 (Cth)), or any other analogous term under any analogous legislation; (d) as a result of the operation of the Corporations Act, the party is taken to have failed to comply with a statutory demand and such failure has a material adverse effect on the other party's substantive rights and obligations under the Facility; or (e) anything analogous to, or of a similar effect to, anything described above occurring in relation to a party.
Internal Trading Restrictions	Any internal restriction imposed on us or the Macquarie Group that has the effect of limiting our ability, or that of the Macquarie Group, to acquire, substitute, maintain, unwind or dispose of any Hedge Positions or Deliverable Security in relation to a DPA, including where: <ul style="list-style-type: none"> (a) we or another member of the Macquarie Group are advising an Issuing Entity in relation to a proposed Adjustment Event; or (b) any further acquisitions or substitutions of any Hedge Positions or a Deliverable Security for a DPA may require us, or another member of the Macquarie Group, to make a take-over offer in relation to the Reference Asset Constituent or the Deliverable Security under the Corporations Act or any other applicable or analogous law in any overseas jurisdiction.
Investment Amount	In relation to a DPA, the AUD amount you invest in that DPA, as reduced from time to time as a result of any Early Withdrawal by you.

Term	Meaning
Investment FX	In relation to a DPA, equals 1 if the Performance Currency is AUD and if not AUD is the exchange rate expressed as the amount of the Performance Currency equal in value to AUD1.00 on the First Exposure Start Date, as determined by us in accordance with clause 7 of the DPA Terms.
Investor or you	Each person whose name is entered into the register for a DPA from time to time.
IRS	The US Internal Revenue Service.
Issue Date	The date on which a DPA is issued to you.
Issuer, Macquarie, MBL, us or we	Macquarie Bank Limited (ABN 46 008 583 542 and AFSL 237502).
Issuing Entity	In relation to a Reference Asset Constituent, the entity that issued that Reference Asset Constituent or any part of that Reference Asset Constituent in the case of a Stapled Security.
Last Exposure End Date	In relation to a DPA, the last to occur of: <ul style="list-style-type: none"> (a) the Maturity Date of that DPA, and (b) the last Exposure End Date to occur for a Reference Asset, or Reference Asset Constituent in that Reference Asset.
Last Exposure Start Date	In relation to a DPA, the last Exposure Start Date to occur for a Reference Asset or Reference Asset Constituent within that Reference Asset.
Liquidated Damages Amount	In respect of a DPA, an amount equal to 110 per cent of the Final Value or Early Withdrawal Value of that DPA (as applicable).
Macquarie Group	MGL and its related bodies corporate (as defined in the Corporations Act).
Market Disruption Event	Either of the following, as determined by us: <ul style="list-style-type: none"> (a) any event that disrupts or impairs (as determined by us) the ability of market participants in general to effect transactions in, or obtain market values for: <ul style="list-style-type: none"> (i) a Deliverable Security, Reference Asset or Reference Asset Constituent (as applicable); or (ii) in the case of a Reference Asset or Reference Asset Constituent that is an Index, those assets, or securities that comprise 20 percent or more of that Reference Asset or Reference Asset Constituent; or (iii) futures, options or other derivatives relating to any thing described in paragraphs (i) and (ii) above; or (b) the proposal or occurrence of any event which may, in our opinion, have an analogous effect or lead to the occurrence of any of the events set forth in paragraph (a) above, or which materially affects the determination of the level of a Reference Asset or Reference Asset Constituent or any instrument used by us for the purposes of hedging our exposure.
Maturity Date	In relation to a DPA, the date specified as such in the Term Sheet for that DPA.
MGL	Macquarie Group Limited (ABN 94 122 169 279).
Minimum Investment Amount	The minimum amount that you may invest in a DPA, as specified in the Term Sheet for that DPA.
Nominated Account	The account held by the Investor and notified to us in the Application Form (or otherwise in writing from time to time).
Offer	The invitation by us to you to apply for an investment in a DPA offered under this PDS.
Offer Close Date	In relation to a Series, has the meaning set out in the Term Sheet for that Series (as adjusted by us from time to time in accordance with the DPA Terms).
Offer Open Date	In relation to a Series, has the meaning set out in the Term Sheet for that Series (as adjusted by us from time to time in accordance with the DPA Terms).
Participation Rate	In relation to a DPA, has the meaning set out in the Term Sheet for that DPA (as adjusted by us from time to time in accordance with the DPA Terms).

Term	Meaning
Performance Value	In relation to a DPA, that part of the Final Value of a DPA that is calculated at maturity by reference to the performance of the Reference Asset for that DPA (as described in Section 3 of the PDS).
Performance Cap	A figure used in the calculation of certain Performance Values that limits your ability to benefit from favourable movements in the value of either a Reference Asset (as a whole) or a Reference Asset Constituent (see Section 1.3 of the PDS for more information).
Performance Cap Level	For each Reference Asset Constituent subject to a Constituent Capped Performance Value, is equal to the Reference Asset Constituent's Performance Cap multiplied by its Start Price.
Performance Currency	In relation to a DPA, the currency specified as such in the Term Sheet for that DPA (or if not so specified in the Term Sheet, AUD).
Physical Settlement	Transfer to the Investor or the Investor's nominee of the Deliverable Securities in accordance with clause 4.1 of the DPA Terms.
Product Disclosure Statement or PDS	This product disclosure statement, as may be amended or replaced by us from time to time.
Protected Value	In relation to a DPA, an amount equal to the Protection Percentage multiplied by your Investment Amount for that DPA.
Protection Percentage	In relation to a DPA, the percentage specified as such in the Term Sheet for that DPA.
Redemption Proceeds	In relation to a Unit, the amount that would have been paid to a Hypothetical Investor in that Unit if that Hypothetical Investor had taken all reasonable steps to effect a redemption of that Unit by the day which would have, according to the Fund Documents for the relevant Reference Fund (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or reduce redemption of such Units), resulted in such redemption proceeds being paid to the Hypothetical Investor in relation to that redemption on: <ul style="list-style-type: none"> (a) the Maturity Date of the DPA; or (b) if such redemption proceeds are not scheduled to be paid on the Maturity Date, or within eight Business Days of the Maturity Date according to the Fund Documents for the relevant Reference Fund (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or reduce redemption of such Units), on the last date for payment of such redemption proceeds that occurs prior to the Maturity Date.
Reference Asset	For a DPA, the Reference Asset described in the Term Sheet for that DPA, and as may be varied by us from time to time (see Section 4.7 of the PDS).
Reference Asset Constituent(s)	If there is more than one, Unit, Index, Commodity or Security for a Reference Asset, each of the Securities, Indices or Units identified as being part of the Reference Asset in the Term Sheet for that DPA, and as may be varied by us from time to time (see Section 4.7 of the PDS).
Reference Asset Valuation	In relation to a DPA, means the value of the relevant Reference Asset for that DPA, as described in Section 3.1 of the PDS.
Relevant Exchange	In relation to a Reference Asset or Reference Asset Constituent that is: <ul style="list-style-type: none"> (a) a Security or Commodity, the exchange on which the Securities or that Commodity is/are listed, traded or quoted (as specified in the Term Sheet, as may be adjusted from time to time under the DPA Terms); (b) an Index, the exchange on which the Securities or instruments underlying the Index are traded, quoted or listed (as determined by us); and (c) any other exchange or quotation system where trading has a material effect (in our reasonable opinion) on the overall market for futures, option contracts or other derivatives relating to that Reference Asset or Reference Asset Constituent.
Reference Fund	For any Reference Asset Constituent that is a Unit, the issuer, trustee or manager of that Unit.
Rounding Amount	In relation to a DPA, has the meaning set out in Section 4.3.1 of the PDS.

Term	Meaning
Sale Facility	The facility available to the Investor, enabling them to sell any Deliverable Security to which they become entitled to us at a price equal to the Deliverable Security Price.
Sale Proceeds	In relation to a DPA, the amount equal to the sum of the Deliverable Security Price for each whole Deliverable Security for that DPA.
Scheduled Closing Time	In respect of a Relevant Exchange, the Scheduled Exchange Business Day closing time of that Relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours.
Scheduled Exchange Business Day	A day on which a Relevant Exchange is scheduled to be open for trading for its regular trading session.
Section	A section of this PDS.
Security	Any share, stock, debenture, Stapled Security, ETF or other financial instrument or product that is listed, quoted or traded on an exchange (including, for the avoidance of doubt, any fraction thereof), as determined by us.
Sell Instruction Form	Has the meaning set out in Section 4.4.1 of the PDS.
Series	Each series of DPAs offered to you under this PDS.
Series Form	A request in writing by you to us to acquire a DPA. A Series Form for one or more DPAs must (unless otherwise agreed by us) specify: <ul style="list-style-type: none"> (a) the series identification number for the DPA that you want to invest in (available on the relevant Term Sheet for that Series); and (b) the Investment Amount; and (c) any other information reasonably requested by us.
Settlement Level	In relation to a DPA is the amount calculated as End Level divided by Start Level of the Reference Asset.
Short Capped Performance	Has the meaning set out in Section 3.5 of the PDS.
Special Dividend	In relation to a Reference Asset or Reference Asset Constituent, a special or abnormal dividend or distribution or other income (as determined by us), including without limitation, those dividends, distributions or other income which are described by the Issuing Entity as: <ul style="list-style-type: none"> (a) special, abnormal, extraordinary 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 which are otherwise characterised by the Relevant Exchange (if applicable) as a special dividend (or any other analogous term).
Stapled Security	A combination of any financial product, unit, or security (or combination thereof).
Start Level	In relation to a DPA, is the Reference Asset Valuation on: <ul style="list-style-type: none"> (a) the day on which the Start Price of the Reference Asset is determined; or (b) if there is more than one Reference Asset Constituent in that Reference Asset, on the Last Exposure Start Date.
Start Price	In relation to a Reference Asset or Reference Asset Constituent that is: <ul style="list-style-type: none"> (a) a Security, the Initial Security Price; (b) a Unit, the Initial Unit Value; (c) an Index, the Initial Index Value; and (d) a Commodity, the Initial Commodity Value.
Tax Act	Either one or both of the Tax Assessment Act 1936 or the Income Tax Assessment Act 1997, as the context requires.

Term	Meaning
Tax	Any income tax, capital gains tax, GST, withholding tax, stamp duty and other duties, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of a DPA, or the completion of the purchase and sale of the Deliverable Securities.
Term	In relation to a DPA, the period from its Issue Date to its Last Exposure End Date.
Term Sheet	A document issued by us from time to time that sets out one or more details relating to a DPA available for investment.
Uncapped Performance	Has the meaning set out in Section 3.2 of the PDS.
underlying	The Security, Unit, Index or Commodity (or combinations of them) included in the Reference Asset.
Unit	A unit or other notional unit of account of ownership or interest in an unlisted fund or managed investment scheme.
Upfront Adviser Fee	The amount of the upfront fee your financial adviser may receive in relation to your investment in a DPA (if any), as described in Section 6.4 of the PDS.
US	United States of America.
Valuation Date	<p>In relation to a Reference Asset or Reference Asset Constituent that is a Security, Commodity or an Index, the Maturity Date of the DPA provided however that if:</p> <p>(a) such date is not a Scheduled Exchange Business Day, the Valuation Date will be the next day which is a Scheduled Exchange Business Day; or</p> <p>(b) a Market Disruption Event occurs on:</p> <p>(i) the Maturity Date or the day determined pursuant to paragraph (a), the Valuation Date for that Security, Commodity or Index will be, subject to paragraph (b)(ii), the next Scheduled Exchange Business Day on which no Market Disruption Event occurs; or</p> <p>(ii) on each of the eight Scheduled Exchange Business Days following the Maturity Date we may deem that eighth Scheduled Exchange Business Day to be the Valuation Date for that Security, Commodity or Index even though a Market Disruption Event has occurred on such day.</p>
Valuation Period	<p>In relation to a Security, such number of Scheduled Exchange Business Days up to and including the Maturity Date of the DPA for which that Security is a Reference Asset or Reference Asset Constituent, as determined by us (acting in a reasonable manner) having regard to:</p> <p>(a) the number of Securities that are the subject of the DPA and Series;</p> <p>(b) the expected daily liquidity of the Security on the Relevant Exchange; and</p> <p>(c) the obligations of market participants (eg brokers) under the laws of the jurisdiction of the Relevant Exchange, and the rules, market practices, operating guidelines of the Relevant Exchange,</p> <p>provided that if a Market Disruption Event occurs with respect to, or affects, that Security on:</p> <p>(i) any Scheduled Exchange Business Day in the Valuation Period, we may, subject to paragraph (ii) below:</p> <p>(A) exclude the affected Scheduled Exchange Business Days from the Valuation Period; and</p> <p>(B) extend the Valuation Period past the Maturity Date of the relevant DPA to include an equivalent number of Scheduled Exchange Business Days; or</p> <p>(ii) on each of the eight Scheduled Exchange Business Days following the Maturity Date for the relevant DPA, we may deem that eighth Scheduled Exchange Business Day to be the last day in the Valuation Period for that Security (as the case may be) notwithstanding the occurrence of a Market Disruption Event on such day.</p>
Weight	In relation to a Reference Asset for a DPA, the weighting factor attributable to a particular Reference Asset Constituent, as stated on the relevant Term Sheet (as may be adjusted from time to time).

10 / Deferred purchase agreement terms

Capitalised words used in these DPA Terms are as defined in the Glossary (Section 9 of the PDS), unless the context requires otherwise.

1. APPLICATIONS AND ACCEPTANCE

1.1 Application for the Facility

- (a) An Investor can apply for a Facility by submitting an Application Form to the Issuer.
- (b) If the Issuer accepts the Investor's Application for the Facility, the Investor can apply for one or more DPAs by:
 - (i) submitting a Series Form; and
 - (ii) paying the Investment Amount, for the relevant DPA to the Issuer.
- (c) The Issuer is not obliged to accept any Application for the Facility or any Series Form for a DPA.

1.2 Acceptance

If:

- (a) the Investor has paid the Investment Amount for a DPA to the Issuer before the Issue Date for that DPA (or such other date agreed to by the Issuer); and
- (b) the Issuer accepts the Investor's Series Form for that DPA,

the Issuer will issue that DPA to the Investor on the Issue Date, subject to these DPA Terms.

1.3 Nature of a DPA

Subject to these DPA Terms, a DPA constitutes an agreement:

- (a) by:
 - (i) the Investor to purchase from the Issuer; and
 - (ii) the Issuer to sell to the Investor, the Deliverable Parcel (such a sale to be settled in the manner set out in clause 4); and
- (b) by the Issuer to provide the Investor with rights in relation to the Beneficial Fraction in accordance with clause 1.4,

for the Investment Amount.

1.4 Beneficial interest in Beneficial Fraction

- (a) Each investment in a DPA entitles the Investor to:
 - (i) on (and from) the Issue Date for the DPA to which the Beneficial Fraction relates to (and including) the earlier of:
 - (1) the Maturity Date for that DPA;
 - (2) any Early Withdrawal Date that applies to all of the Investor's investment in that DPA; or
 - (3) any Early Termination Date applicable to that DPA,
- an equitable interest in the Beneficial Fraction, the legal title to which will be held by the Issuer on trust for the Investor; and

- (ii) receive the Beneficial Fraction Value on the Beneficial Fraction Value Payment Date.

(b) The Investor acknowledges and agrees that:

- (i) the Issuer retains all rights to any dividends or other distributions paid or declared with respect to the Beneficial Fraction;
- (ii) the Investor is not entitled to:
 - (1) receive the benefit of any dividends, distributions or franking credits paid or declared;
 - (2) receive notices of meetings or attend, speak or vote at any meeting of members; or
 - (3) exercise any right to vote;
- (iii) the Investor has no right to require the transfer to it or otherwise control the transfer or disposal of the Security in which the Beneficial Fraction is held;
- (iv) the Issuer will not dispose of the Security in which the Beneficial Fraction is held other than in accordance with these DPA Terms except that it may authorise any person (including an associate of the Issuer) to act as its delegate to hold title to the Security in which the Beneficial Fraction is held, perform any act or obligation or exercise any discretion within the Issuer's power;
- (v) the Issuer has no other obligations or duties to the Investor in respect of the Beneficial Fraction except as set out in these DPA Terms and the PDS and (except to the extent that the Issuer acts with bad faith or is wilfully negligent in endeavouring to perform its obligations), it is not responsible to the Investor for any loss suffered by the Investor in respect of the trust (including in the case of a breach of the Issuer's obligations in respect of the trust); and
- (vi) the Issuer need not consult with the Investor before undertaking any act or deciding not to undertake any act in relation to the trust, the Beneficial Fraction or the Security in which the Beneficial Fraction is held and is not required to do or omit to do anything in that capacity (including incur any liability or cost) unless the Issuer's liability is limited in a manner satisfactory to the Issuer.

1.5 No legal or beneficial interest in the Deliverable Securities or the Reference Asset or any Reference Asset Constituent

The Investor acknowledges and agrees that:

- (a) a DPA does not confer on the Investor any right or interest in respect of any Reference Asset or Reference Asset Constituent linked to the DPA or any Accretions to such Reference Asset or Reference Asset Constituent; and

- (b) the agreement to purchase the Deliverable Parcel, as set out in these DPA Terms, and the payment of the Investment Amount does not transfer the legal or beneficial interest in the Deliverable Parcel to the Investor until such time as it becomes the registered holder of the Deliverable Parcel in accordance with clause 4.1.

2. REGISTER OF HOLDERS, CERTIFICATES

2.1 Register

The Issuer must keep and maintain (at its cost) a register of the Investors in a Series in accordance with the provisions of the Corporations Act.

2.2 No Certificates

The Issuer need not issue a certificate evidencing the title of the Investor to their investment in a DPA.

3. EARLY WITHDRAWAL BY INVESTOR

3.1 Early Withdrawal Notice

- (a) The Investor may elect to terminate all or part of their investment in a DPA on any applicable Early Withdrawal Date (if any) by giving an Early Withdrawal Notice to the Issuer. Such notice:
 - (i) must be received by the Issuer no later than 3:00pm (Sydney time) on the relevant Early Withdrawal Notification Date;
 - (ii) may only be revoked by the Investor giving the Issuer written notice of such revocation before 3:00pm (Sydney time) on the relevant Early Withdrawal Notification Date; and
 - (iii) must contain any other information requested by the Issuer,

unless otherwise agreed by the Issuer.

- (b) If:
 - (i) an Early Withdrawal Notice is received after 3:00pm (Sydney time) on an Early Withdrawal Notification Date, it will be deemed to have been received by the Issuer prior to 3:00pm (Sydney time) on the next Early Withdrawal Notification Date;
 - (ii) an Investor gives the Issuer an Early Withdrawal Notice that, if given effect to, would result in the value of the Investor's remaining investment in the DPA (as determined by the Issuer) being below the Minimum Investment Amount, the Issuer may deem the Early Withdrawal Notice to relate to all of the Investor's investment in that DPA;
 - (iii) an Investor gives the Issuer an Early Withdrawal Notice that, if given effect to, would result in the amount the Investor withdraws from their investment (as reasonably determined by the Issuer) being less than the

Minimum Investment Amount for that Series, that Early Withdrawal Notice will be deemed to be invalid; and

- (iv) an Early Withdrawal Notification Date is not a Business Day, the Early Withdrawal Notice must be received by the Issuer no later than 3:00pm (Sydney time) on the last Business Day before the relevant Early Withdrawal Notification Date.

3.2 Early Withdrawal mechanism

If the Investor returns a validly completed Early Withdrawal Notice to the Issuer by the time prescribed under clause 3.1, then the provisions of clause 4 will apply:

- (a) to that part of the Investor's investment specified, or deemed to be specified, in the Early Withdrawal Notice as if all references in clause 4 to:
 - (i) Maturity Date were to Early Withdrawal Date; and
 - (ii) Sell Instruction Form were to Early Withdrawal Notice (if the Investor has elected in the Early Withdrawal Notice to use the Sale Facility); and
- (b) as if the reference to Final Value in the definition of Deliverable Parcel were a reference to Early Withdrawal Value.

4. MATURITY AND SETTLEMENT OF DEFERRED PURCHASE

4.1 Physical Settlement

- (a) The Issuer must on the Delivery Date for the DPA:
 - (i) transfer or procure the transfer of unencumbered title to each Deliverable Security included in the Deliverable Parcel for that DPA (rounded down to the nearest whole number of a Deliverable Security) to the Investor or the Investor's nominee by delivering them to:
 - (1) a CHESS holding in the Investor's name (if the Investor does not nominate a CHESS holding, the Deliverable Securities will be delivered to an issuer-sponsored holding in the Investor's name); or
 - (2) a CHESS holding (or issuer-sponsored holding as the case may be) in the name of the Investor's nominee.
- Such Deliverable Securities must be free from any mortgage, charge, lien, pledge or other encumbrance (other than one that has been accepted by CHESS for the purposes of quotation of the Deliverable Securities) and must include all rights, including dividend rights, attached or accruing to them on the Delivery Date; and
- (ii) unless clause 4.2(a) applies, pay the Investor the Rounding Amount (if any) determined pursuant to clause 4.1(c).

- (b) For the purposes of delivery of the Deliverable Securities pursuant to clause 4.1(a), the Investor:
 - (i) agrees to do all things and execute all documents reasonably required for the purposes of effecting delivery of the Deliverable Securities; and
 - (ii) irrevocably appoints the Issuer as its agent to do all things necessary, or desirable to be done, to effect the delivery required pursuant to these DPA Terms.
- (c) For the purposes of clause 4.1(a), the Issuer will not transfer a fraction of a Deliverable Security. If any fraction of a Deliverable Security would otherwise form part of the Deliverable Parcel:
 - (i) the Deliverable Securities will be rounded down to the nearest whole number of Deliverable Security; and
 - (ii) the Investor will be entitled to receive a Rounding Amount equal to the value of all such fractions, determined by the Issuer by reference to the relevant fraction of the Deliverable Security Price.

4.2 Sale Facility

- (a) The Investor may elect to sell the Deliverable Parcel for a DPA by giving a Sell Instruction Form to the Issuer. The Sell Instruction Form:
 - (i) must be received by the Issuer no later than 3:00pm (Sydney time) 10 Business Days prior to the Maturity Date of the DPA;
 - (ii) may only be revoked by the Investor giving the Issuer written notice of such revocation before 3:00pm (Sydney time) on the Maturity Date of the DPA; and
 - (iii) must contain any other information requested by the Issuer,
 unless otherwise agreed by the Issuer.
- (b) If the Investor has elected to sell the Deliverable Securities for a DPA in accordance with clause 4.2(a):
 - (i) the Investor irrevocably agrees to sell to the Issuer, and the Issuer agrees to purchase from the Investor, each of those Deliverable Securities delivered pursuant to clause 4.1(a) at the applicable Deliverable Security Price on the DSP Determination Date. For the avoidance of doubt, there is no agreement for the Investor to sell, and for the Issuer to purchase, the Deliverable Securities unless and until the Investor elects to sell the Deliverable Securities in accordance with clause 4.2(a); and
 - (ii) the Issuer will hold (directly or through its nominee) the Deliverable Securities as nominee for the Investor pending their sale in accordance with this clause 4.2(b) and to deliver the Deliverable Securities to the Issuer on the Delivery Date; and
 - (iii) subject to delivery occurring in accordance with clause 4.2(b)(ii), the Sale Proceeds together with the amount referred to in clause 4.1(a)(ii) (less any costs or duties) will be paid to the Investor on the Delivery Date.
- (c) By giving a Sell Instruction Form in relation to a DPA that is accepted by the Issuer, the Investor:
 - (i) is irrevocably bound to sell all of the Deliverable Securities for that DPA in accordance with clause 4.3(b), unless otherwise agreed by the Issuer;
 - (ii) authorises the Issuer (or its nominee) to transfer the Deliverable Securities to the Issuer (or its nominee) for settlement of the sale under this clause 4.2;
 - (iii) acknowledges that neither the Issuer nor any party involved in the sale of the Deliverable Securities pursuant to this clause 4.2:
 - (1) has provided the Investor with any investment advice or made any securities recommendations;
 - (2) has any obligation to provide such recommendations,
 in relation to the Investor's decision to sell the Deliverable Securities, and represents that the Investor has made its own decision to sell the Deliverable Securities pursuant to this clause 4.2;
 - (iv) acknowledges that the Issuer will be acting on its own behalf in acquiring the Deliverable Securities and consents to the Issuer so acting;
 - (v) irrevocably authorises the Issuer as the Investor's nominee to do all things and execute all documents in relation to the Deliverable Securities (such as converting a CHESS holding to an issuer sponsored holding) and whether personally or, where practicable, through an agent, to facilitate the sale of all of the Deliverable Securities under this clause 4.2; and
 - (vi) undertakes to do all things and execute all documents reasonably required to facilitate the sale of all of their Deliverable Securities to the Issuer under the Sale Facility.

4.3 Satisfaction of obligations

On:

- (a) delivery of the Deliverable Securities and payment of any Rounding Amount in accordance with clause 4.1) and payment of any Beneficial Fraction Value in accordance with clause 1.4(a) by the Issuer to the Investor (or its nominee);
- (b) the payment of the Sales Proceeds of such Deliverable Securities and any Rounding Amount in accordance with clause 4.2 and payment of any Beneficial Fraction Value in accordance with clause 1.4(a); or

- (c) the payment of the Liquidated Damages Amount in accordance with clause 4.4,

the Issuer's obligations to the Investor in respect of that DPA are satisfied and discharged and the DPA (including any equitable interest of the Investor arising under clause 1.4) is thereby terminated and discharged.

4.4 Failure to deliver the Deliverable Securities

- (a) If the Issuer fails to perform its obligations under clause 4.1:
 - (i) the Investor may give a default notice to the Issuer in respect of the relevant DPA requesting the Issuer pay to it the Liquidated Damages Amount;
 - (ii) the Issuer must, within ten (10) Business Days of receipt of such default notice, pay to the Investor the Liquidated Damages Amount. The Issuer and the Investor acknowledge and agree that the Liquidated Damages Amount is a genuine estimate of the losses that would be suffered by the Investor in the event of a failure by the Issuer to perform its obligations under clause 4.1; and
 - (iii) to the extent permitted by law, on payment of the Liquidated Damages Amount, the Issuer's obligations to the Investor in respect of that DPA are satisfied and discharged and the DPA is thereby terminated.
- (b) If the Issuer fails to perform its obligations under clause 4.1, the Investor agrees that it will not be entitled to an injunction, specific performance or any other equitable rights or remedies and will only be entitled to damages in the amount of the Liquidated Damages Amount referred to in this clause 4.4.

5. EARLY TERMINATION

5.1 Determination that there will be an Early Termination

- (a) If an Early Termination Event occurs in relation to a DPA, the Issuer may declare a date earlier than the Maturity Date for that DPA to be the Early Termination Date of that DPA.
- (b) The Issuer will give not less than one (1) Business Day's prior notice to the Investor of the declaration of an Early Termination Date pursuant to clause 5.1(a), unless:
 - (i) the giving of prior notice is not reasonably practicable given the risk such Early Termination Event has created for the Issuer (including the risk of incurring any cost, loss or expense); or
 - (ii) the Early Termination Event is the event described in sub-paragraph (c) of the definition of Early Termination Event.

5.2 Early Termination Mechanism

If the Issuer determines that there will be an Early Termination in relation to a DPA:

- (a) the Issuer will pay the Early Termination Value for that DPA to the Investor on the Early Termination Payment Date; and
- (b) the Investor's beneficial interest in the Beneficial Fraction will be extinguished.

5.3 Satisfaction of obligations

The DPA will terminate and the parties will have no further obligations to each other with respect to the DPA on payment by the Issuer of the Early Termination Value (if any) in respect of the DPA under clause 5.2.

6. ADJUSTMENT EVENTS AND OTHER AMENDMENTS TO THE DPA TERMS

6.1 Adjustment Events and Reference Assets

- (a) If an Adjustment Event occurs, or the Issuer expects will occur, in respect of any Reference Asset or Reference Asset Constituent for a DPA on or before the Exposure End Date for that Reference Asset or Reference Asset Constituent, the Issuer may elect to do any or all of the following:
 - (i) adjust or amend any term of the DPA, or take any other action in relation to the DPA, that the Issuer reasonably determines is appropriate to put both the Issuer and the Investor in substantially the same economic position as the Issuer and the Investor would have been in had the Adjustment Event not occurred, or been expected to occur, and determine the effective date of such adjustments and/or action; and
 - (ii) if the Issuer determines (acting in a reasonable manner) that:
 - (1) if the Series were to be adjusted in accordance with clause 6.1(a)(i), the Issuer would:
 - (A) not be able to continue to effectively manage its risk, on an on-going basis, of maintaining the Series on issue; or
 - (B) incur a material increase in costs in managing its risk, on an on-going basis, of maintaining the Series on issue; or
 - (2) it is not reasonably practicable to adjust the DPA in accordance with clause 6.1(a)(i),

the Issuer may treat such Adjustment Event as an Early Termination Event in relation to that DPA.

6.2 Adjustments to the Deliverable Security or Beneficial Fraction

If either:

- (a) an Adjustment Event occurs, or the Issuer expects will occur, in respect of a Deliverable Security or the Security in which the Beneficial Fraction is held;
- (b) the Issuer is prevented from acquiring or disposing of the Deliverable Security or the Security in which the Beneficial Fraction is held due to Internal Trading Restrictions or other legal or regulatory requirements or restrictions; or
- (c) the Issuer determines, in its reasonable opinion, that it is not possible or practicable to transfer a Deliverable Security or the Security in which the Beneficial Fraction is held in accordance with these DPA Terms (whether as a result of matters or factors particular to the Issuer or more generally),

the Issuer may:

- (d) replace, or nominate more than one, Deliverable Security and/or the Security in which the Beneficial Fraction is held from any other security or securities quoted and trading on the ASX, the issuer of which is in the S&P/ASX 200 Index; and
- (e) determine the Deliverable Security Price of any such Deliverable Security or the sale proceeds of any Security in which the Beneficial Fraction is held.

6.3 Adjustment Events

If the Issuer makes an adjustment to the terms of a DPA pursuant to this clause 6, the Issuer will give the Investor written notice of that adjustment as soon as reasonably practicable following the determination by the Issuer of the adjustments to be made. Failure to give a notice referred to in this clause 6.3 does not however affect the validity or enforceability of any adjustment made by the Issuer pursuant to clause 6.1.

7. CURRENCY CONVERSION AND CONVERSION EVENTS

7.1 Currency

All amounts payable under these DPA Terms will be paid in Australian dollars.

7.2 Currency Conversion

- (a) Where an amount is to be converted from one currency to another currency (whether notionally or otherwise) under the DPA Terms, the Issuer will act as calculation agent for the conversion of the currency.
- (b) All determinations and calculations made by the Issuer in respect of the rate at which a conversion of currency (whether notionally or otherwise) will occur, or has occurred, will be made by the Issuer acting in a reasonable manner having regard to:
 - (i) market exchange rates at the time such conversion occurs or occurred; and
 - (ii) the exchange rates that the Issuer is able to, or would be able to, transact, or effect, the relevant currency conversion required under the DPA Terms.

7.3 Conversion Events

Where a Conversion Event occurs on a date on which an amount is to be converted, calculated or paid under the DPA Terms or on which the Issuer is to determine a rate for which an amount is to be converted (whether notionally or otherwise) from one currency to another:

- (a) the Issuer may defer the calculation, determination or payment (as the case may be) to the next succeeding Currency Business Day on which no Conversion Event exists; or
- (b) where there is a Conversion Event on each of the five (5) Currency Business Days following the date on which the amount is to be calculated or paid under the DPA Terms or on which the conversion rate was to be determined, the Issuer may:
 - (i) direct that payment to be made in Australian dollars in an amount calculated by the Issuer (acting in a reasonable manner); and/or
 - (ii) determine (in a reasonable manner) the rate at which such currency will be converted to the other currency.

8. TAX

8.1 Deductions

If the Issuer is required to deduct any Tax from any payment due to the Investor in connection with the DPA Terms because:

- (a) that Investor is not, or has ceased to be, an Australian resident for taxation purposes; or
 - (b) of any other withholding required by law,
- then:
- (c) the Issuer must pay that amount to the appropriate authority and promptly provide the Investor with evidence of payment; and
 - (d) the amount payable to the Investor will be reduced as a result of, and by the amount of, the deductions referred to in clause 8.1(a) and (b).

8.2 GST

- (a) To the extent that any supply made in connection with the DPA Terms is a taxable supply, the recipient must pay, in addition to the consideration provided under the DPA Terms for that supply (unless it expressly includes GST), an amount (additional amount) equal to the amount of the consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. The Issuer will issue a tax invoice in respect of any taxable supply it makes to the Investor.
- (b) Terms used in this clause 8.2 which are defined in the GST Act have the same meaning in this clause.
- (c) If either party is entitled under the DPA Terms to be reimbursed or indemnified by the other party for a cost or expense incurred in connection with the DPA Terms, the reimbursement or indemnity payment must not include any GST component of the cost or expense for which an input tax credit may be claimed by the party being reimbursed or indemnified, or by the representative member of any GST group of which that party is a member.

8.3 Stamp Duty

The Investor must pay and account for:

- (a) any transfer or similar duties or taxes (if any); and
- (b) any loan security or other stamp duties (if any), chargeable in connection with any transaction effected pursuant to, or contemplated by, the DPA Terms, and will indemnify and keep indemnified the Issuer against any reasonable liability arising as a result of the Investor's failure to do so.

8.4 FATCA

The Investor agrees to the provisions set out in Section 11.7 of the PDS.

9. REPRESENTATIONS AND WARRANTIES

9.1 Issuer and Investor representations

The Issuer and the Investor each represent to the other party on each date on which:

- (a) it enters into these DPA Terms;
- (b) it provides or accepts a Series Form; and
- (c) it is issued or issues a Confirmation;

with reference to the facts and circumstances at the time, that:

- (i) (if a corporation) it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
- (ii) it has the power to enter into the DPA Terms and comply with its obligations under them;
- (iii) its obligations under the DPA Terms are valid and binding and are enforceable against it in accordance with the DPA Terms;
- (iv) it obtains various benefits by entering into, exercising its rights and performing its obligations under, the DPA Terms; and
- (v) it is able to pay its debts as and when they become due and payable.

9.2 Additional Investor representations

- (a) The Investor represents to the Issuer on each date:

- (i) it enters into these DPA Terms;
- (ii) it provides or accepts a Series Form;
- (iii) it is issued or issues a Confirmation;
- (iv) it makes any binding communication in accordance with the DPA Terms; and
- (v) on which it is invested in any DPA,

with reference to the facts and circumstances at the time, that:

- (vi) unless it has told the Issuer otherwise in writing, all information contained in the Application Form and any Series Form is complete and accurate;

- (vii) it has made its own independent decisions to enter into the relevant DPA and as to whether the DPA is appropriate or proper for it based on its own judgement and/or on advice from such advisors as it has deemed necessary;
- (viii) it is not relying on any communication (written or oral) of the Issuer as investment advice, it being understood that information and explanations related to a DPA or these DPA Terms shall not be considered investment advice or as a recommendation to enter into that DPA or the DPA Terms;
- (ix) it has not received from the Issuer any assurance or guarantee as to the expected results of a DPA;
- (x) the Issuer is not its fiduciary or adviser; and
- (xi) if it is a trustee of a trust:
 - (1) it is the sole trustee of the trust, having been properly appointed;
 - (2) the trust is properly established under the relevant trust deed and is validly subsisting;
 - (3) as trustee, it has the power to enter into derivative transactions, perform all of its obligations under the DPA Terms and to make the investments contemplated by entering into the DPA Terms;
 - (4) it is not in breach of trust;
 - (5) it has the right to be fully indemnified out of the trust assets for obligations incurred under the DPA Terms before the claims of beneficiaries and that this right of indemnity has not been limited in any way;
 - (6) no property of the trust has been resettled or set aside in any way;
 - (7) no action has been taken or proposed to remove it as trustee of the trust; and
 - (8) it has carefully considered investing in the DPA and considers that the investment is for the benefit, and in the best interests, of the beneficiaries of the trust.

- (b) If the representations made under this clause are made by a party in its capacity as trustee of a trust, the representations are also made by that party in its personal capacity.

10. SET OFF RIGHTS

The Issuer may (in addition to any general or banker's lien, right of set-off, right to combine accounts or any other right to which it may be entitled), without notice to the Investor or any other person, set-off any obligation of the Investor to make payment to the Issuer under these DPA Terms against any obligation of the Issuer to make payment to the Investor under these DPA Terms.

11. NOTICES

11.1 The parties agree that, subject to the requirements of any law or any express provision to the contrary in these DPA Terms, every notice or other communication of any nature whatsoever that is required to be given, served or made under or arising from the DPA Terms:

- (a) must be in writing in order to be valid;
- (b) will be deemed to have been duly given, served or made in relation to a party if it is given to the party personally or delivered or sent by prepaid post to the address of that party set out in the PDS (in the case of the Issuer) or the Application Form (in the case of the Investor) or sent by facsimile or email to the number notified in writing by that party to the other party from time to time; and
- (c) will be deemed to be given, served or made:
 - (i) (in the case of facsimile) on receipt of a transmission report confirming successful transmission at the conclusion of the transmission;
 - (ii) (in the case of delivery by hand) on delivery, provided that if any notice is given, served or made outside of normal business hours it will not be deemed to be given, served or made until the commencement of business on the next Business Day;
 - (iii) (in the case of prepaid post) on the second Business Day after the date of posting; and
 - (iv) (in the case of email) when the computer from which it is sent shows the email as a sent item without any undeliverable message response within 24 hours of the sending.

11.2 Issuer's limitation of liability and indemnity

- (a) The Investor agrees that the Issuer is not:
 - (i) obliged to enquire into the circumstances of any instructions, including but not limited to instructions given orally, by facsimile or by telephone, that the Investor, or anyone authorised by the Investor, gives in relation to the Investor's investment in a DPA; and
 - (ii) liable for any loss or damage the Investor or anyone else may suffer due to the Issuer acting on those instructions in good faith, unless it is proved that the Issuer was negligent.
- (b) The Investor further agrees to indemnify the Issuer against any loss, damages, costs, claims, expenses or other actions which may be suffered by or brought against the Issuer as a consequence of the Issuer acting on any instructions (including facsimile instructions) received from the Investor or any representative in accordance with clause 11.1.

12. AMENDMENT OF DPA TERMS

- (a) The Issuer may from time to time, by notice sent to the Investor make any Change to these DPA Terms where the Change:
 - (i) is necessary in the reasonable opinion of the Issuer to comply with any statutory or other legal requirement;
 - (ii) is to be made for the purpose of curing an ambiguity, correcting a manifest error, or curing, correcting or supplementing any defective provision of the DPA Terms or effecting a modification of a formal, minor or technical nature; or
 - (iii) does not materially prejudice the interests of the Investor.
- (b) The Investor agrees that the Issuer can give notice of other variations to these DPA Terms (including any material changes to, or any significant event that affects any of the matters specified in these DPA Terms in writing or electronically (including by way of a link to a website) or in any other way permitted by law.

13. FEES AND CHARGES

- (a) The Issuer charges the following fees in relation to an Investment Amount:
 - (i) an Establishment Fee up to the amount stated in Section 6 of the PDS; and
 - (ii) a processing fee as stated in Section 6 of the PDS on each failed direct debit from an Investor's Nominated Account or failed direct credit to an Investor's Nominated Account. If a direct debit from an Investor's Nominated Account in respect of an Investment Amount or Establishment Fee fails, the processing fee will also include an additional amount calculated by applying the daily interest rate to the Investment Amount or Establishment Fee and multiplying this by the number of days from (but not including) the relevant Issue Date up to and including the day on which cleared funds are received by the Issuer. The daily interest rate is the Reserve Bank of Australia cash rate plus 200 basis points divided by 365.
- (b) Any fees charged or credited will be debited or credited to the Investor's Nominated Account. If the Investor has not provided the Issuer with details of their Nominated Account, or the details provided are incorrect, such fees will be deducted from (or added to) the relevant Investment Amount or any Sale Proceeds, Early Withdrawal Value or Early Termination Value payable to the Investor.

- (c) The Issuer may debit from the Investor's Nominated Account any government charges or Taxes which are introduced or become applicable to the Investor's investment in a DPA after its Issue Date. If the Investor has not provided the Issuer with details of their Nominated Account, or the details provided are incorrect, such charges or taxes will be deducted from the Investment Amount or any Sale Proceeds, Early Withdrawal Value or Early Termination Value payable to the Investor.

14. THE ISSUER'S OBLIGATIONS ARE UNSECURED

The Issuer's obligations under these DPA Terms or in relation to the deferred purchase of the Deliverable Securities are unsecured obligations of the Issuer and rank equally with the Issuer's existing unsecured debt.

15. DPA OPERATION

- 15.1 The Investor agrees that the Issuer may delay or refuse to make a payment if the Issuer believes on reasonable grounds that making a payment may breach any law in Australia or any other country, and the Issuer will incur no liability to the Investor if it does so.
- 15.2 The Issuer may also place a block on the Investor receiving payments from the Issuer in the following circumstances and the Investor will not be able to transact in relation to their Investment Amount until the block is lifted:
- (a) the Issuer has received return mail because the Investor has not advised the Issuer of a change of address; or
 - (b) the Issuer is required to do so by court order or otherwise by law, or any governmental or judicial authority.

16. GENERAL PROVISIONS

16.1 Interpretation

In these DPA Terms, unless the context otherwise requires:

- (a) a reference to an agreement or to any deed, document or instrument includes, respectively, that agreement, deed, document or instrument as amended, novated, supplemented, varied or replaced from time to time;
- (b) a reference to any statute, ordinance, code or other law, or to any sections or provisions thereof includes any statutory modification or enactment or any statutory provision substituted therefore and all ordinances, by-laws, regulations and other statutory documents or instruments issued thereunder;
- (c) the singular includes the plural and vice versa;

- (d) the word "person" includes a firm, a body corporate, an unincorporated association and a statutory authority;
- (e) a reference to any party includes a reference to that party's executors, administrators, successors, substitutes and permitted assigns and any person taking by way of novation;
- (f) a reference to any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;
- (g) a reference to the words "including" or "such as" when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (h) where any word or phrase is given a defined meaning, any other part of speech or other grammatical form in respect of such word or phrase, has a corresponding meaning;
- (i) headings are inserted for convenience only and do not affect the interpretation of the relevant document;
- (j) unless otherwise expressly provided for, a reference to a time and day are references to that time and day in Sydney, Australia;
- (k) a reference to "transfer" means:
 - (i) in relation to certificated Deliverable Security that cannot, or which the parties have agreed will not, be paid or delivered by book entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a valid and legally effective transfer to the recipient; and
 - (ii) in relation to a Deliverable Security that must, or which the parties have agreed will, be paid or delivered by book entry, initiating the transfer by the giving of written instructions (including instructions given by facsimile transmission, telex, email or message generated by an electronic messaging system or otherwise) to the relevant depository institution or other entity specified by the recipient, together with, in the case of a transfer by the Investor, a written copy thereof to the recipient, sufficient if complied with to result in a valid and legally effective transfer of the relevant property to the recipient; and
- (l) a reference to a payment of an amount means a payment in cleared and unencumbered funds and, in the case of a payment by the Investor, a payment by way of direct debit of the Investor's Nominated Account (unless otherwise agreed with the Issuer).

16.2 Certificates

Any document or thing required to be certified by the Investor or the Issuer must be certified by the Investor (if an individual) or a director, secretary or authorised officer of the Investor (if a company) or the Issuer, as the case requires, or in any other manner that the Issuer may approve.

16.3 Calculations and references to dates and times

- (a) Calculations or determinations which are to be made on or by reference to a particular day or time are, unless otherwise expressly stated, to be made on or by reference to the day or time in Sydney, New South Wales.
- (b) Any price, number, currency amount or percentage calculated by the Issuer will be rounded to such number of decimal places and in such a manner as the Issuer reasonably determines is appropriate.
- (c) A certificate signed by the Issuer stating any amount or rate for the purposes of these DPA Terms will be evidence of the amount or rate unless the contrary is proved.

16.4 Investor information

The Investor agrees:

- (a) to notify the Issuer promptly in writing of any changes to the Investor's details, including any changes to the Investor's name, address or Nominated Account details. The Investor will be liable for any errors or losses arising from the Investor's failure to inform the Issuer of any changes to the Investor's details;
- (b) to provide all information to the Issuer which the Issuer reasonably requires to comply with any laws in Australia or any other country or any request of any government or other judicial or regulatory body; and
- (c) that the Issuer may disclose information which the Investor provides to the Issuer where required by any laws in Australia or any other country or on request of any judicial or regulatory authority.

16.5 Payments by the Issuer

- (a) Unless paragraph (b) applies, all amounts payable by the Issuer under these DPA Terms will be paid to the Investor's Nominated Account.
- (b) If the Investor has not provided the Issuer with details of their Nominated Account, or the details provided are incorrect, payment will be made by the Issuer drawing a cheque made payable to the Investor which will be sent by prepaid post to the address provided by the Investor on its Application Form (as updated from time to time and notified in writing to the Issuer), and on doing so the Issuer is discharged of its obligations under these DPA Terms.

- (c) Where at any time the Investor is entitled to receive a payment under these DPA Terms and the aggregate amount of that payment is less than AUD25.00, the Issuer may, instead of paying such amount to the Investor, donate such monies to a charity of the Issuer's choice.
- (d) The Investor declares and undertakes to the Issuer that the payment of monies in accordance with the Investor's instructions by the Issuer will not breach any laws in Australia or any other country.

16.6 Invalid or unenforceable provisions

- (a) Any part of these DPA Terms which is illegal, void or unenforceable will be ineffective only to the extent of that illegality, voidness or unenforceability, without invalidating the remaining parts of these DPA Terms.
- (b) If any condition, clause, provision or term ("**Condition**") of these DPA Terms contains within it any sub-conditions, sub-clauses, sub-provisions or sub-terms ("**Sub-Conditions**"), each of those Sub-Conditions and any combination of any Sub-Conditions is a separate Condition and is to be read as if it were a separately expressed Condition.

16.7 Discretions

If the Issuer has the discretion to require or determine something, consent to something, or act in a certain way under the DPA Terms, that discretion must be exercised in a reasonable manner.

16.8 Recording of conversations

Each party:

- (a) consents to the recording of all telephone conversations in connection with the DPA Terms or in connection with future dealings in relation to a DPA or the Facility, with or without the use of an automatic tone warning device;
- (b) agrees to obtain any necessary consent of, and give notice of such recording to, its affected personnel;
- (c) agrees that recordings may be submitted in evidence in any proceedings relating to the DPA Terms, a DPA or the Facility; and
- (d) agrees that no party is obliged to maintain copies of such recordings and transcripts for the benefit of any other party.

16.9 Power of attorney

The Investor irrevocably appoints the Issuer and each executive director, division director and associate director of the Issuer for the time being jointly and severally as its attorney to do (either in the name of the Investor or the attorney) all acts and things that the Investor is obliged to do under these DPA Terms or which, in the opinion of the Issuer, are necessary or desirable in connection with the Deliverable Securities or the protection of the Issuer's interests or the exercise of its rights, powers and remedies, including without limitation, the authority to effect delivery of the Deliverable Securities on behalf of the Investor in accordance with clause 4.1 or 4.2.

16.10 Waiver and exercise of rights

- (a) A failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, any right, remedy, power or privilege under the DPA Terms by the Issuer shall not in any way preclude or operate as a waiver of any further exercise or enforcement thereof or the exercise or enforcement of any other right, remedy, power or privilege under the DPA Terms or provided by law (provided that such failure or delay is not unreasonable in all the circumstances).
- (b) The rights of a party under these DPA Terms are cumulative and are not exclusive of any other rights provided by law.

16.11 Assignment and transfer of interests

- (a) The Investor authorises the Issuer to assign, transfer or otherwise deal with its rights and obligations under these DPA Terms without any further approval, consent or authorisation of the Investor. The Investor:
 - (i) agrees to be bound by any novation agreement, deed of assignment and/or assumption whereby the Issuer's rights and obligations under these DPA Terms are assumed by, or assigned to, another person notwithstanding that the identity of the person is not disclosed to the Investor prior to such novation;
 - (ii) appoints and authorises the attorneys appointed under clause 16.9 to execute such documents as the Issuer may require in order to exercise these rights;
 - (iii) agrees and acknowledges that the Issuer may disclose to any person any information or documents that the Issuer considers desirable to help the Issuer exercise these rights; and
 - (iv) agrees that the Issuer may disclose information or documents at any time to a person to whom the Issuer assigns, or proposes to assign, its rights and obligations under these DPA Terms.

- (b) The Investor may assign or otherwise transfer its rights and obligations under these DPA Terms by:

- (i) paying to the Issuer:
 - (1) the administration fee referred to in Section 6.5 of the PDS; and
 - (2) any stamp duty or other taxes payable in connection with such assignment or transfer.

Such fee and any stamp duty or other taxes shall be payable by way of direct debit from the Investor's Nominated Account at the time the Issuer's receives a request for such transfer; and

- (ii) providing to the Issuer with all information, documents or agreements reasonably required by the Issuer to:
 - (1) comply with its obligations under applicable law (including laws relating to anti-money laundering and counter-terrorism financing); and
 - (2) effect a legally valid and enforceable transfer of such rights and obligations.

- (c) Where the Investor transfers their rights and obligations under these DPA Terms pursuant to this clause, the Beneficial Fraction corresponding to the investment in the DPA will pass to the new Investor on registration of the transfer of the Investor's investment in the DPA in the Register.

16.12 Governing law and jurisdiction

These DPA Terms are governed by the laws of New South Wales. The Issuer and Investor irrevocably and unconditionally:

- (a) submit to the non-exclusive jurisdiction of the courts of New South Wales; and
- (b) waive, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

11 / How to apply

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11.1. APPLICATION FORM AND SERIES FORM

The first time you apply to invest in a DPA, you must also apply to establish a Facility by completing the Application Form included in this PDS in accordance with the Application Form instructions.

Once you establish a Facility, you may apply for an investment in any DPA offered under this PDS through a Series Form. A Series Form for an Offer is attached to the relevant Term Sheet and available on our website at macquarie.com.au/step. We may accept or reject any application in part or in full for any reason, including acceptance of an application in a DPA for less than the Minimum Investment Amount.

11.2. PAYMENT OF INVESTMENT AMOUNT

In accordance with the Direct debit request service agreement in Appendix A of the PDS, the payment of the Investment Amount (together with any applicable Establishment Fee) will be direct debited from your bank account the day prior to, or on, the Issue Date for the DPA to which that Investment Amount (together with any applicable Establishment Fee) relates.

11.3. HOW TO SUBMIT YOUR APPLICATION FORM

Please submit your Application Form and Series Form and any required accompanying documents to the following address prior to 3:00pm (Sydney time) on the relevant Offer Close Date.

By mail or delivery:

Macquarie Specialist Investments – Step
GPO Box 4294
Sydney NSW 1164

11.4. DEADLINE FOR RECEIPT OF APPLICATIONS

The deadline for receipt of Application Forms (to establish a Facility and required together with your first application for an investment in a DPA) and Series Forms (to invest in a DPA) is 3:00pm (Sydney time) on the Offer Close Date.

While the Offer closes at 3.00pm (Sydney time) on the Offer Close Date, you are encouraged to submit your Application Form and Series Form (as applicable) so that it is received by us on or prior to the Business Day prior to the Offer Close Date.

We may, in our discretion:

- accept applications after the Offer Close Date and prior to the issue of the DPA;
- prior to the issue of the DPA, vary the:
 - Offer Open Date;
 - Offer Close Date;
 - Issue Date;
 - Exposure Start Date;
 - Exposure End Date; and
 - Maturity Date;
- reject applications, even if received prior to the Offer Close Date; and
- withdraw the Offer prior to the issue of the DPA.

11.5. ACCEPTANCE OF APPLICATIONS

We reserve the right not to accept any Application either wholly or in part. We may require additional information prior to accepting any Application.

Your investment in a DPA will be rejected if the Investment Amount is not received by the Issue Date. We may determine to extend that period, or that the rejection should not apply. We may make a different determination for different Investors.

No interest will be paid to you on any Investment Amounts received. While we may be required to pay your Investment Amount into a trust account under the Corporations Act, any interest earned will not be paid to you but rather will be retained for our benefit in our personal capacity. We will refund your Investment Amount (less any fees, costs and expenses in connection with your Application) if your Application is not accepted, but any interest earned on any Investment Amount will be retained by us in our personal capacity.

You may be charged a processing fee of AUD50 if there are insufficient funds for any direct debit to be processed at the time of processing.

Please note that we have the right, and may be required, to deal with you directly and not through your adviser.

Where you have supplied an email address with your Application, we may send all correspondence to you via email.

11.6. NO COOLING OFF RIGHTS

There is no cooling off period in relation to your investment in the DPA.

11.7. FATCA

In 2010, the United States enacted FATCA. Whilst the final regulations have not yet come into effect, FATCA is likely to require participating non-US based financial institutions to report directly to the IRS certain information about financial accounts held by US persons. To properly comply with these requirements, these participating financial institutions are likely to be obligated to:

- undertake certain identification and due diligence procedures with respect to its existing and new account holders;
- report annually to the IRS on its account holders who are US Persons; and
- withhold and pay to the IRS 30% of any payments of US source income, as well as gross proceeds from the sale of securities that generate US source income, made to account holders failing to provide sufficient information to determine whether or not they are a US Person.

FATCA will affect us.

Accordingly, when you apply to invest you agree to:

- (a) tell us:
 - if you are a US Account holder for the purposes of FATCA; and
 - if you subsequently become a US Account holder for the purposes FATCA during the term of your investment; and
- (b) give us any information that we request from you to enable us to determine if you are or have become a US Account holder for the purposes of FATCA.

The regulations that will define what a “US Account” is for the purposes of FATCA have yet to be finalised, but it is expected that a US Account will be defined as a financial account held by one or more US Persons or US owned entities and will include an individual account where the natural person is a US Person or an entity which is generally at least 10% owned (directly or indirectly) by a US Person.

A “US Person” is expected to include a US citizen, a holder of a US green card, a person residing in the US and a person that has been physically present in the US for a certain amount of time as prescribed under US regulations.

We will update you when the terms under FATCA including “US Account” are more clearly defined.

If you are or do become a US Account holder for the purposes of FATCA, then under the Constitution, we will have the power to:

- terminate your investment;
- deduct from your Early Withdrawal Value any amounts payable to the IRS in connection with you being a US Account holder and remit those amounts to the IRS; and
- require from you any information in connection with you being a US Account holder and to provide such information to the IRS.

Appendix A / Direct debit request service agreement

BETWEEN YOU AND US.

1. Definitions

The following definitions apply in this agreement.

'Account' means the account held at Your Financial Institution from which We are authorised and able to arrange for funds to be debited.

'Agreement' means this Direct Debit Request Service Agreement between You and Us.

'Business Day' means a day other than a Saturday or a Sunday or a national public holiday.

'Debit Day' means the day that payment by You to Us is due.

'Debit Payment' means a particular transaction where a debit is made.

'Direct Debit Request' means the Direct Debit Request between Us and You set out in the Application Form included in or accompanying the PDS.

'DPA' means the DPA offered under the PDS to which this Agreement was attached.

'Our', 'Us' or 'We' means Macquarie Bank Limited ABN 46 008 583 542 (or any of its nominees within the Macquarie Group) which You have authorised by signing a Direct Debit Request.

'PDS' means the document to which this Agreement was attached.

'You' or 'Your' means the person(s) who signed the Direct Debit Request.

'Your Financial Institution' means the financial institution where You hold the Account that You have authorised Us to arrange to debit.

2. Debiting your Account

- 2.1 By signing an Application Form that contains the Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request and this Agreement for the terms of the arrangement between Us and You.
- 2.2 We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.
- 2.3 If the Debit Day falls on a day that is not a Business Day, We may direct Your Financial Institution to debit Your Account on the preceding Business Day.
- 2.4 If You are unsure about when the Debit Payment will be or has been debited from Your Account, please check with Your Financial Institution.

3. Changes by Us

- 3.1 We may vary any details of this Agreement or a Direct Debit Request at any time by giving You at least fourteen days written notice.

4. Changes by You

- 4.1 Subject to clause 4.3, You may change the arrangements under a Direct Debit Request by contacting Us.
- 4.2 If You request Us or Your Financial Institution to stop or defer a Debit Payment You must notify Us in writing at least three Business Days prior to the next Debit Day. We will notify You if Your request to stop or defer a Debit Payment has been approved.
- 4.3 Before You can cancel Your Direct Debit Request, You must notify Us and make other direct debit arrangements.

5. Your obligations

- 5.1 Direct debiting may not be available on all accounts. You should check Your Account details against a recent statement from Your Financial Institution and, if uncertain, contact Your Financial Institution prior to completing the Direct Debit Request.
- 5.2 It is Your responsibility to ensure that there are sufficient clear funds available in Your Account by the Debit Day to allow a Debit Payment to be made in accordance with the Direct Debit Request.
- 5.3 If there are insufficient clear funds in Your Account to meet a Debit Payment:
 - (a) you may be charged a fee and/or interest by Your Financial Institution;
 - (b) you must arrange for the particular Debit Payment which has been declined to be made by another method or arrange for sufficient clear funds to be in Your Account by an agreed time so that We can process the Debit Payment;
 - (c) you may be in default under the DPA Terms; and
 - (d) you must arrange for the particular Debit Payment which has been declined to be made by another method or arrange for sufficient clear funds to be in your Nominated Account by an agreed time so that you can process the Debit Payment.

- 5.4 You should check Your Account statement to verify that the amounts debited for Your Account are correct.
- 5.5 If We are liable to pay goods and services tax (GST) on a supply made by Us in connection with this Agreement, then You agree to pay Us on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

6. Dispute

- 6.1 If You believe that there has been an error in debiting Your Account, You should notify Us or Your Financial Institution directly and confirm that notice in writing with Us as soon as possible so that We can resolve Your query more quickly. All queries should be directed to Us in the first instance so that We can attempt to resolve the matter between Us and You.
- 6.2 If We conclude as a result of Our investigations that Your Account has been incorrectly debited We will respond to Your query by arrangement for Your Financial Institution to adjust Your Account accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.
- 6.3 If We conclude as a result of Our investigations that Your Account has not been incorrectly debited We will respond to Your query by providing You with reasons and any evidence for this finding.
- 6.4 If We cannot resolve Your query You can still refer it to Your Financial Institution which will obtain details from You of Your query and may lodge a claim on Your behalf.
- 6.5 Subject to conditions and warranties implied by legislation and to any express terms in this Agreement, We are not responsible or liable for any delay, interruption or error in processing or failing to process any Direct Debit Request whether or not caused (including as a result of negligence) by Us, Our employees or agents.
- 6.6 All terms implied by statute, general law or custom shall not apply to this Agreement except ones that may not be excluded. If We breach any condition or warranty implied by legislation in a contract with a consumer, Our liability for that breach is limited to a resupply of the services in respect of which the breach occurred, and We shall not be liable in any event for indirect or consequential loss or any loss of profits.

7. Confidentiality

- 7.1 We will keep any information (including Your Account details) in Your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of Our employees or agents who have access to information about You do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2 We will only disclose information that We have about You:
 - (a) to the extent specifically required by law; or
 - (b) for the purposes of, or in connection with, the exercise of any of Our rights and/or powers under or this Agreement (including disclosing information in connection with any query or claim).

8. Notice

- 8.1 If You wish to notify Us in writing about anything relating to this Agreement, You should write to Your Account manager.
- 8.2 We will notify You:
 - (a) by sending a notice in the ordinary post to the address You have given Us in the Application Form to the DPA; or
 - (b) by sending a notice electronically to the email address You have given Us in the Application Form to the DPA.
- 8.3 Any notice will be deemed to have been received two Business Days after it is posted (if the notice is sent by ordinary post) and on the same Business Day as it is emailed (if the notice is sent electronically). Execution by You of the Application Form that contains the Direct Debit Request deems You to have read and understood the terms of this Direct debit request service agreement.

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Macquarie Step Facility Application Form instructions



Macquarie Bank Limited
ABN 46 008 583 542 (MBL)
Australian Financial Services Licence No 237502

How to apply

The Application Form relates to a Product Disclosure Statement dated 10 November 2011 (the **PDS**) issued by Macquarie Bank Limited ABN 46 008 583 542 (**MBL**) that relates to the Macquarie Step Facility and investing in a Deferred Purchase Agreement (**DPA**). Terms defined in the PDS have the same meaning in the Application Form. The PDS contains important information about the Macquarie Step Facility and investing in the DPA. Please read the PDS before completing the Application Form. A copy of the PDS accompanies the Application Form. If you require an additional copy of the PDS please call MBL on 1800 080 033.

Before you decide whether to establish a Macquarie Step Facility, please visit our website at macquarie.com.au/step for the terms of any Offer and any updates to the PDS. Please consult your financial, legal and tax advisers as to the appropriateness of this investment for you taking into account your objectives, financial circumstances and needs and do not invest unless you understand this investment.

Anti-Money Laundering and Counter-Terrorism Financing

In December 2006, the Australian Government introduced the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**), which requires reporting entities, such as financial advisers and product issuers, to conduct client identification and verification checks. MBL is required to comply with the AML/CTF Act.

Entering into this product can be done in one of two ways, depending on whether you are an applicant (**Applicant**) applying via a licensed financial adviser or a direct Applicant.

If you are applying through a financial adviser, your identification and verification checks can be conducted by your financial adviser who will also complete the relevant identification form issued by the Financial Services Council Limited and the Financial Planning Association of Australia (**IFSA/FPA Form**). These forms are available from macquarie.com.au/aml.

If you are applying directly to MBL, please ensure that you provide all the required verification material as described in this Application Form.

We may, from time to time, be required to contact you to request additional information for identification or verification purposes.

By applying for a Facility you agree to the following:

- a) at the reasonable request of MBL, to supply, or procure the supply of, any documentation and other evidence and to perform any acts to enable MBL to comply with any laws relating to the AML/CTF Act; and
- b) MBL may report the details of any transaction or activity, or proposed transaction or activity in relation to your investment (including any personal information (as defined in the Privacy Act 1988 (Cth)) that you may have provided to MBL) to any reporting body authorised to accept reports under any laws relating to AML/CTF applicable in Australia or elsewhere if, in MBL's reasonable opinion, this is required to comply with any AML/CTF law.

How to complete the Application Form

To assist you with completing the Application Form, please review the table below and ensure you have completed the sections that are relevant to your investment with MBL.

Applicant type	In whose name must the account (in Section 3) be?	Who signs Section 6 of the Application Form?	Which Sections of the Application Form must be completed?	Which Sections of the Application Form must be read?	What additional documentation do I need to provide?	
					Applicants with a Financial Adviser	Direct Applicants
Individual Applicant (not including individual trustees)	The individual	The individual Applicants	1a, 2, 3, 6	4, 5	Complete both : <ul style="list-style-type: none"> the 'Financial Adviser details' Part (including declaration) located at the start of the Application Form; and IFSA/FPA Identification Form for the individual (available from macquarie.com.au/aml). 	One of the following: ¹ <ul style="list-style-type: none"> original certified copy of Australian Driver's Licence; original certified copy of Australian Passport; original copy of State or Territory proof of age card;² or original copy of a foreign passport or similar document issued for the purpose of international travel.³
COMPLETED	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint individual Applicants (not including joint individual trustees)	Each individual (for joint accounts) or one of the joint individual Applicants	Both Applicants	1a, 1b, 2, 3, 6	4, 5	Complete both : <ul style="list-style-type: none"> the 'Financial Adviser details' Part (including declaration) located at the start of the Application Form; and IFSA/FPA Identification Forms for both individuals (available from macquarie.com.au/aml). 	For each individual, one of the following: ¹ <ul style="list-style-type: none"> original certified copy of Australian Driver's Licence; original certified copy of Australian Passport; original copy of State or Territory proof of age card;² or original copy of a foreign passport or similar document issued for the purpose of international travel.³
COMPLETED	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Applicant (not including corporate trustees)	The name of the company	Either: <ul style="list-style-type: none"> two directors, or a director and secretary; or one director for a sole director company; or as required by the constitution/rules of the company or body. 	1a, 1b (if applicable), 1c, 2, 3, 6	4, 5	Complete both : <ul style="list-style-type: none"> the 'Financial Adviser details' Part (including declaration) located at the start of the Application Form; and IFSA/FPA Identification Form for the company (available from macquarie.com.au/aml). 	If requested, you must provide an original certified copy of the certificate of registration issued by ASIC.
COMPLETED	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate trustee Applicant (including Managed Investment Scheme and Superannuation Investors)	The trustee and the name of the trust	Either: <ul style="list-style-type: none"> two directors, or a director and secretary; or one director for a sole director company; or as required by the constitution/rules of the company or body. 	1a, 1b (if applicable), 1c, 1d, 2, 3, 6	4, 5	Complete both : <ul style="list-style-type: none"> the 'Financial Adviser details' Part (including declaration) located at the start of the Application Form; and IFSA/FPA Identification Forms for both the company and the trust (available from macquarie.com.au/aml). 	You must provide an original certified copy of the certificate of registration issued by ASIC, AND <ul style="list-style-type: none"> one of the following: <ul style="list-style-type: none"> original certified copy of an extract of the Trust Deed;⁴ notice (such as a notice of assessment) issued by the ATO within the last 12 months; or letter from a solicitor or qualified accountant verifying the name of the trust.
COMPLETED	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual and joint individual trustee Applicants (including Managed Investment Scheme and Superannuation Investors)	The trustee/s and the name of the trust	The trustee/s	1a, 1b (if applicable), 1d, 2, 3, 6	4, 5	Complete both : <ul style="list-style-type: none"> the 'Financial Adviser details' Part (including declaration) located at the start of the Application Form; and IFSA/FPA Identification Forms for both the trust and the individual (available from macquarie.com.au/aml). 	For each individual one of the following: ¹ <ul style="list-style-type: none"> original certified copy of Australian Driver's Licence; original certified copy of Australian Passport; original copy of State or Territory proof of age card;² or copy of a foreign passport or similar document issued for the purpose of international travel.³ AND <ul style="list-style-type: none"> one of the following: <ul style="list-style-type: none"> original certified copy of an extract of the Trust Deed;⁴ notice (such as a notice of assessment) issued by the ATO within the last 12 months; or letter from a solicitor or qualified accountant verifying the name of the trust.
COMPLETED	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government Entities	The name of the Government Entity	Individual(s) with authority from the Government Entity	1a, 1b (if applicable), 1e, 2, 3, 6	4, 5	Complete both : <ul style="list-style-type: none"> the 'Financial Adviser details' Part (including declaration) located at the start of the Application Form; and IFSA/FPA Identification Forms for both the trust and the individual (available from macquarie.com.au/aml). 	You must provide evidence of the individual(s) authority to sign on behalf of the Government Entity.
COMPLETED	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ For alternative sources of verification for individual and joint individual Applicants, please see 'Fulfilling your documentation requirements' in these Application Form instructions.

² The card must contain a photograph of the person in whose name it is issued.

³ Foreign documentation must contain a photograph and the signature of the person in whose name the document is issued. Where any document relied on as part of the procedure is in a language that is not English, it must be accompanied by an English translation prepared by an accredited translator.

⁴ Please note that where an Applicant sends its trust deed/constitution to us, we will only use that trust deed/constitution to extract information required for AML/CTF requirements and we will not otherwise review the trust deed/constitution.

Fulfilling your documentation requirements

What is an original certified copy?

An original certified copy is a document that has been certified as a true copy of the original document by one of the following:

- An officer with, or authorised representative of, a holder of an Australian financial services licence, having two or more continuous years of service with one or more licensees.
- Finance company officer with two or more continuous years of service with one or more finance companies (for the purposes of the Statutory Declaration Regulations 1993 (Cth)).
- An officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993 (Cth)).
- A permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public.
- An agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public.
- A Justice of the Peace.
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described).
- A judge of a court.
- A magistrate.
- A chief executive officer of a Commonwealth court.
- A registrar or deputy registrar of a court.
- An Australian police officer.
- An Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955 (Cth)).
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years of continuous membership.
- A notary public (for the purposes of the Statutory Declaration Regulations 1993 (Cth)).

Alternative sources of verification for Individuals/Joint/Sole trader Applicants.

Australian documentation

An original or original certified copy of one of:

- Australian birth certificate; or
- Australian citizenship certificate; or
- Australian Passport; or
- Australian Driver's Licence; or
- Pension card issued by Centrelink; or
- Health card issued by Centrelink;

And an original notice issued to an individual, of a kind listed below, that contains the name of the individual and his or her residential address:

- Issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual; or
- Issued by the Australian Taxation Office within the preceding 12 months that records a debt payable to or by the individual by or to the Commonwealth under a taxation law; or
- Issued by a local government body or utilities provider within the preceding three months that records the provision of services to that address or to that person.

Foreign documentation

An original or original certified copy of a current:

- National Identity Card issued by a foreign government containing a photograph and signature of the person in whose name the card is issued; and
- Foreign driver's licence that contains a photograph of the person in whose name it was issued.

Where any document relied on as part of the procedure is in a language that is not English, it must be accompanied by an English translation prepared by an accredited translator.

How to submit an Application Form

You can lodge your Application Form through your financial adviser, or directly with us.

Please submit your Application Form and any required accompanying documents on any Business Day prior to 3pm (Sydney time) on the relevant Offer Close Date stated in the Term Sheet for that DPA.

By mail or delivery to:

Macquarie Specialist Investments – Step
GPO Box 4294
SYDNEY NSW 1164

or

Fax to: (02) 8232 6158

If you have any questions please contact the Client Service Team on 1800 080 033.

Application Forms may be faxed or emailed to us on the number set out above and we may act on your instructions received by fax or email. We do, however, require that you send your original Application Form to the above address for our records. Please note that the Application Form is only for the establishment of a Facility and not an investment in a DPA. To invest in a DPA, you will need to complete a Series Form.

What other forms do you need to complete?

In addition to the Application Form, to invest in a DPA you will need to complete a Series Form.

The Series Form for a DPA is attached to the back of the Term Sheet and can be downloaded from our website at macquarie.com.au/step or obtained by contacting us (see the Directory at the back of the PDS for details).

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Macquarie Step Facility Application Form



Macquarie Bank Limited
 ABN 46 008 583 542 (MBL)
 Australian Financial Services Licence No 237502

This Application Form relates to the Macquarie Step Facility PDS dated 10 November 2011 (PDS) issued by MBL. Terms defined in the PDS have the same meaning in this Application Form. Please read the PDS before completing this Application Form. A person who gives another person access to this Application Form must at the same time and by the same means give that person access to the PDS. While the PDS is current, MBL will send a paper copy of the PDS and Application Form on request and without charge. If you require a full paper copy of the PDS, please contact MBL on 1800 080 033.

Before you decide whether to apply, please check macquarie.com.au/step for any updates to the PDS. Please also consult your financial, legal, and tax advisers as to the appropriateness of a Facility for you - taking into account your objectives, financial circumstances and needs - and do not apply unless you understand this product.

PLEASE COMPLETE THIS FORM USING BLACK INK AND PRINT WITHIN THE BOXES IN CAPITAL LETTERS. MARK APPROPRIATE ANSWER BOXES WITH A CROSS (X). START AT THE LEFT OF EACH ANSWER SPACE AND LEAVE A BOX GAP BETWEEN WORDS. SHOULD YOU HAVE ANY QUESTIONS, PLEASE CALL THE CLIENT SERVICE TEAM ON 1800 080 033 BETWEEN 8.30AM AND 5.30PM (SYDNEY TIME).

Financial Adviser details (to be completed by Financial Advisers only)

	Place stamp here	
Financial Adviser name	<input type="text"/>	
Dealer group	<input type="text"/>	
Adviser company name	<input type="text"/>	
ABN	<input type="text"/>	AFSL <input type="text"/>
Adviser postal address	<input type="text"/>	
Suburb	<input type="text"/>	
Country	<input type="text"/>	
State	Postcode	<input type="text"/>
Work number (<input type="text"/>)	<input type="text"/>	Mobile number <input type="text"/>
Fax number (<input type="text"/>)	<input type="text"/>	
Adviser email address	<input type="text"/>	
Adviser Macquarie Access Code (MAC)	<input type="text"/>	
Assistant name	<input type="text"/>	
Assistant's Macquarie Access Code (MAC)	<input type="text"/>	
Assistant's work number (if required) (<input type="text"/>)	<input type="text"/>	
For more information regarding this application, please contact	<input type="checkbox"/> Adviser	<input type="checkbox"/> Assistant
Adviser's own application	<input type="checkbox"/> Yes	

New advisers only: Please call the Client Service Team on 1800 080 033 for a 'New Adviser Details Information Form'.
Please note: The above contact details will be used to pay any adviser fees.

Financial Adviser Declaration – AML/CTF verification records and Customer Identification Procedures

Please complete and enclose a copy of the relevant Investment and Financial Services Association Limited/Financial Planning Association of Australia Identification Form (IFSA/FPA Form) in relation to the applicant referred to in this Application Form. You can obtain a copy of the IFSA/FPA Form by visiting macquarie.com.au/aml.

By signing below and submitting the IFSA/FPA Form with this Application Form, the Financial Adviser represents to MBL that they:

1. have followed the IFSA/FPA Industry Guidance Note No. 24 and any other applicable guidelines and laws with respect to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), rules and other subordinate instruments (**AML/CTF Laws**);
2. will make available to MBL, on request, original verification and identification records obtained by the Financial Adviser in respect of the applicant, being those records referred to in the IFSA/FPA Form;
3. will provide details of the customer identification procedures adopted by the Financial Adviser in relation to the applicant;
4. have kept a record of the applicant's identification and verification and will retain these in their file for a period of seven years after their relationship with the applicant has ended;
5. will use reasonable efforts to obtain additional information from the applicant if MBL requests the Financial Adviser to do so;
6. will not knowingly do anything to put MBL in breach of the AML/CTF Laws; and
7. will notify MBL immediately if they become aware of anything that would put MBL in breach of AML/CTF Laws.

If you have previously provided Macquarie Specialist Investments with an IFSA/FPA Form for the applicant(s) of this Application Form, you may not be required to complete another IFSA/FPA Form.

For ease of processing, please provide details of the Facility(s) where a relevant IFSA/FPA Form has been provided for each applicant.

A relevant IFSA/FPA Form has previously been provided for each of the following applicant(s):

Name	<input type="text"/>
Facility name	<input type="text"/>
Facility number	<input type="text"/>
Name	<input type="text"/>
Facility name	<input type="text"/>
Facility number	<input type="text"/>
Name	<input type="text"/>
Facility name	<input type="text"/>
Facility number	<input type="text"/>
Special instructions	<input style="height: 40px;" type="text"/>
Signature of Financial Adviser	<input style="width: 300px; height: 40px;" type="text"/>
Please print name	<input style="width: 700px;" type="text"/>
Date	<input type="text"/> / <input type="text"/> / <input type="text"/>

Section 1a – Applicant 1 details (this section is mandatory) (continued)

Macquarie Online Service

You can access details of your investment online at macquarie.com.au. In order to gain access, you will require a Macquarie Access Code (MAC).

Do you already have a MAC? (You will be automatically issued with a MAC, if you do not specify otherwise).

Yes If yes please specify No

Unless you tick the box below, your Adviser and/or Adviser's assistant will be able to view your account.

I do not want my Adviser (including all employees and agents if my Adviser is a partnership or company) to have viewing access to my account online.

Section 1b – Applicant 2 details (if there is no second applicant proceed to Section 1c)

Please select one of the following options:

Joint individual Applicant, Second director of Corporate Applicant (also complete Section 1c), Second director of Corporate trustee Applicant (also complete Sections 1c and 1d), Joint individual trustee Applicant (also complete Section 1d), Second Government Body representative (also complete Section 1e)

Applicant 2 details (this section is mandatory)

Title Mr Mrs Miss Ms Dr Other, First name, Middle name, Surname, Other name known by, Occupation, Drivers licence number, Date of birth, If Applicant 2 residential address is the same as Applicant 1, tick here

Address details (this section is mandatory)

Residential address (this cannot be a PO Box), Address, Suburb, Country, State, Postcode, Previous residential address. Please complete if less than three years at current residential address.

Contact details (you must provide at least one contact phone number)

Work number, Home number, Fax number, Mobile number, Email address, Present employer, Previous employer

Additional details (this section is mandatory)

Are you a resident of Australia for income tax purposes? If no, please specify your country of tax residence. Yes No, Country

Macquarie Online Service

You can access details of your investment online at macquarie.com.au. In order to gain access, you will require a Macquarie Access Code (MAC).

Do you already have a MAC? (You will be automatically issued with a MAC, if you do not specify otherwise).

Yes If yes please specify No

Section 1c – Corporate Applicant details (if you are not a Corporate Applicant proceed to Section 1d)

Please select one of the following options:

Corporate Applicant Corporate trustee Applicant (if you are a corporate trustee you must also complete Section 1d).

Company name

ACN

Company registered address. This cannot be a PO Box.

Address

Suburb

Country

State Postcode

If the company's principal place of business is the same as above, tick here

Company's principal place of business (if different from above)

Address

Suburb

Country

State Postcode

Director's names (list all)

Contact details (you must provide at least one contact phone number)

Name of Company Representative to contact regarding this Application

Position in company

Work number () Home number ()

Fax number () Mobile number

Email address

Additional details (this section is mandatory)

Business activities

Company type Public Company Proprietary Company

If you ticked proprietary company, please list the full name and residential address of each Beneficial Owner below. A Beneficial Owner is a person who owns more than 25% of the company's issued share capital. Enter full name and residential address of each Beneficial Owner below.

Name

Address

Suburb

Country

State Postcode

Name

Address

Suburb

Country

State Postcode

Name

Address

Suburb

Country

State Postcode

Section 1d – Trustee/Managed Investment Scheme/Self Managed Superannuation Fund Applicant details (if you are not one of these Applicant types proceed to Section 1e.

Name of the Trustee(s)*	<input type="text"/>
Name of the Trust	<input type="text"/>
Type of Trust	<input type="text"/>
Business activities/ purpose of Trust	<input type="text"/>
Country in which Trust was established	<input type="text"/>

Beneficiaries of the Trust

If the beneficiaries of the Trust are named in the Trust Deed, please list each beneficiary's full name below. Alternatively, where beneficiaries are described as members of a class of beneficiaries, please include details of the class.

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>

Additional details

If Self Managed Superannuation Fund Applicant provide ABN	<input type="text"/>
If Managed Investment Scheme Applicant provide ARSN	<input type="text"/>

* If you have more than one Corporate trustee Applicant or more than two Individual trustee Applicants you are required to provide each additional trustee Applicant's name and address.

Section 1e – Government Entity Applicant details (if you are not a Government Entity Applicant proceed to Section 2)

Full name of Government Body

Name	<input type="text"/>
	<input type="text"/>

Government Body's principal place of operations

Address	<input type="text"/>
Suburb	<input type="text"/>
Country	<input type="text"/>
State	<input type="text"/>
Postcode	<input type="text"/>

Establishment of Government Body

Please check the relevant box:

Commonwealth	<input type="checkbox"/>	State	<input type="checkbox"/>	Territory	<input type="checkbox"/>
Name of State or Territory (if applicable)	<input type="text"/>				

Additional details

Nature of Government Body's business	<input type="text"/>
Name of key controlling personnel	<input type="text"/>
	<input type="text"/>
	<input type="text"/>
	<input type="text"/>

Section 4 – Privacy (to be read by all applicants)

You can access, correct or update any personal information we hold about you by contacting us on 1800 080 033.

Purpose

MBL collects and uses personal information for the following purposes:

- to process your application;
- to administer your Facility; and
- to tell you about products and services (unless you ask us not to).

Disclosing your information

You consent to MBL disclosing information we hold about you in the following circumstances (even if the disclosure is to an organisation overseas which is not subject to privacy obligations equivalent to those which apply to us):

- to related organisations who tell you about services or products they offer which could be useful to you (unless you ask them not to);
- to companies and representatives that provide services on our behalf, for example printing statements or notices which we send to you;
- collecting or assisting in the recovery of debts or providing professional advice;
- to your agents and representatives (for example your broker, adviser, solicitor or accountant) or any administrator, liquidator, trustee in bankruptcy, legal personal representative or executor; and
- if the disclosure is required or authorised by law.

What happens if you do not disclose the information

You may choose not to give your personal information to MBL. Depending on the type of personal information, MBL may not be able to approve your application for the Facility.

The collection of your personal information may be required by AML/CTF Laws.

Section 5 – Power of Attorney (to be read by all applicants)

By completing and signing this Application Form, I/we hereby irrevocably and by way of security appoint Macquarie Bank Limited ABN 46 008 583 542 and each of its officers, employees, agents and solicitors separately (**the Attorney**) as the true and lawful agent and attorney (with full power of substitution, delegation and revocation in respect thereof as the Attorney may deem expedient) in fact of each of:

1. the Investor; and
2. the Director(s) as specified in Section 1c (if any)

to, on behalf of the Investor and the Director(s), do the following:

- (i) anything which I am/we are obliged to do under or in relation to the DPA Terms or any other agreement or arrangement between me/us and MBL relating to the Facility;
- (ii) register the Facility or any part thereof for any purpose (including tax, regulatory and stamp duty) under any applicable laws;
- (iii) do anything incidental or necessary in relation to the above (including, but not limited to, appointing any person as sub-attorney to do any of the above).
- (iv) I/We hereby further authorise the Attorney to do the following with respect to any of the documents referred to above:
 - (1) complete any blanks or manifest errors in the Application Form;
 - (2) make any amendments or additions that are in the reasonable opinion of MBL necessary to comply with any statutory or other requirement of law, or not materially prejudicial to my/our interests;
 - (3) do, execute and perform any other deed, matter, act or thing which in the reasonable opinion of the Attorney ought to be done, executed or performed to perfect the document and make it effective;
 - (4) attend to the stamping or registration of the documents referred to above, and all related and ancillary documentation;
 - (5) to do (either in the name of the Investor or the Attorney) all acts and things:
 - (a) that the Investor is obliged to do under the DPA Terms; or
 - (b) which, in the opinion of MBL, are necessary or desirable in connection with the exercise of the rights, powers and remedies of MBL; or
 - (c) which the Investor can do as owner of the DPA; or
 - (d) which the Investor has authorised MBL to undertake on their behalf including the signing of any document amending or supplementing the DPA Terms.

I/We:

1. declare that anything done by the Attorney pursuant to the powers given to the Attorney will be binding on me/us as if those acts had been done by me/us;
2. authorise the Attorney to sign the documents listed above by any means including affixing electronic or facsimile signatures to the documents;
3. shall indemnify and compensate the Attorney against any loss or reasonable costs it suffers or incurs in properly and lawfully exercising the powers specified above; and
4. authorise the Attorney to exercise the powers granted above even if it involves a conflict of duty or a conflict of interest.

Section 6 – Applicant Signature (to be completed by all applicants)

IT IS IMPORTANT THAT APPLICANTS READ THE PDS AND THIS APPLICATION FORM BEFORE SIGNING IT. IT IS STRONGLY RECOMMENDED THAT APPLICANTS OBTAIN INDEPENDENT FINANCIAL, LEGAL AND TAXATION ADVICE TO ENSURE THEY (1) UNDERSTAND THE RIGHTS AND OBLIGATIONS THEY ASSUME UNDER THE DPA TERMS, AND (2) ARE ABLE TO MAKE THE STATEMENTS SET OUT IN THIS APPLICATION FORM.

Applicant Declarations

By signing this Application, I/we declare that:

- (a) I/We am/are at least 18 years of age and I/we do not suffer from any other legal disability preventing me/us from making this Application.
- (b) I/We have received and read the PDS, including without limitation, the terms and conditions governing the Facility as set out in Section 10 of the PDS (the DPA Terms) and the risks set out in Section 5 of the PDS.
- (c) I/We am/are not relying on any communication (written or oral) of MBL as investment advice or as a recommendation to enter into the Facility and I/we have made my/our own independent decisions to apply for the Facility and as to whether the Facility is appropriate or proper for me/us based on my/our own judgment and on advice from such advisers as I/we have deemed necessary.
- (d) MBL is not acting as a fiduciary or adviser for me/us in respect of the Facility and has not provided any personalised advice (whether legal, taxation or financial advice), nor has MBL:
 - (i) considered whether a Facility is suited to, or necessary, for my/our particular circumstances; and
 - (ii) given any assurance or guarantee as to the expected results of an investment under the Facility, it being understood that information and explanations related to the DPA Terms or the Facility shall not be considered investment advice or as a recommendation to invest under the Facility.
- (e) I/We acknowledge that MBL strongly recommends that I/we obtain independent professional legal, financial and taxation advice in relation to my/our obligations under the DPA Terms, and I/we acknowledge that if I/we have not obtained such advice, I/we am/are comfortable that I/we understand my/our obligations and the risks of investing under the Facility.
- (f) I/We agree to be bound by the DPA Terms, including without limitation:
 - (i) if I/we invest in a DPA, I/we agree that my/our investment will be governed by the DPA Terms, which I/we have read in full; and
 - (ii) acknowledge that in certain circumstances my/our investment in a DPA may be terminated by MBL if it exercises its rights under the DPA Terms.
- (g) I/We have never been declared bankrupt or insolvent, have never had my/our assets assigned for the benefit of creditors and have never been a director/directors and/or an officer/officers of any company of which a manager, receiver and/or liquidator has been appointed and I/we are able to pay my/our debts as and when they become due and payable.
- (h) No legal proceedings are current, pending, or, to my/our knowledge, threatened which could affect my/our financial position adversely.
- (i) I/We acknowledge that MBL retains the right not to provide services or issue products to any applicant that MBL decides, in its sole discretion, that it does not wish to supply and that MBL has the absolute discretion to reject my/our Application.
- (j) I/We acknowledge that MBL is subject to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, rules and other subordinate instruments (“AML/CTF Laws”). In making an Application for the Facility, I/we:
 - (i) will not knowingly do anything to put MBL in breach of AML/CTF Laws and I/we will promptly notify MBL if I/we am/are aware of anything that would put MBL in breach of AML/CTF Laws;
 - (ii) if requested, will provide additional information and assistance and comply with all reasonable requests to facilitate MBL’s compliance with AML/CTF Laws in Australia or equivalent laws in an overseas jurisdiction;
 - (iii) am/are not aware, and have no reason to suspect, that:
 - (1) the money used to fund an investment under the Facility is, or will be, derived from or related to money laundering, terrorism financing or similar activities (“Illegal Activities”); and
 - (2) proceeds of any investment made under the Facility will fund Illegal Activities;
 - (iv) consent to MBL disclosing, in connection with AML/CTF Laws, any of my/our Personal Information (as defined in the Privacy Act 1988 (Cth)) MBL has; and
 - (v) acknowledge that:
 - (1) in certain circumstances, MBL may be obliged to freeze or block an account or my/our Facility where it is used in connection with Illegal Activities or suspected Illegal Activities;
 - (2) freezing or blocking can arise as a result of the account monitoring that is required by AML/CTF Laws; and
 - (3) pursuant to AML/CTF Laws, MBL will not be liable to me/us for any consequences or losses suffered as a result of the freezing or blocking of my/our account or Facility in accordance with the AML/CTF Laws.
- (k) The Investor represents, warrants and agrees that neither the Investor nor any Affiliate shall knowingly issue or place any Structured Product to, or execute any Structured Product with, any United States Person or Benefit Plan Investor.

For the purposes of this Letter Agreement:

- (i) “United States Person” is used as defined in Rule 902 of Regulation S under the US Securities Act of 1933, as amended; and
- (ii) “Benefit Plan Investor” is used as defined in US Department of Labor Regulation 29 C.F.R. Section 2510.3-101 and Section 3(42) of US Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and includes any employee benefit plans subject to Part 4 of Title I of ERISA, any plans to which Section 4975 of the US Internal Revenue Code of 1986, as amended, applies and any entity whose underlying assets include “plan assets” by reason of a plan’s investment in the entity.

Section 6 – Applicant Signature (continued)

- (l) I/We are not United States persons and will not be receiving a DPA in the United States and not acquiring a DPA for the account or benefit of a United States person. My/Our investment in a DPA is not and will not become a US Account (as reasonably determined by MBL) for the purposes of FATCA. Notwithstanding the foregoing, if my/our investment becomes a US Account (as reasonably determined by MBL) for the purposes of FATCA, I/we will:
 - (i) promptly notify MBL; and
 - (ii) provide MBL on request with any information which is necessary or desirable for MBL to comply with any obligations it may have in connection with FATCA, and I/we acknowledge that, in accordance with the DPA Terms, MBL may:
 - (1) terminate any DPA;
 - (2) deduct from any DPA proceeds any amounts payable to the IRS in connection with me/us being a US Account holder and remit those amounts to the IRS; and
 - (3) require from me/us any information in connection with me/us being a US Account holder and to provide such information to the IRS.
- (m) I/We agree to MBL collecting, using and disclosing my/our personal information set out in this Application Form in the manner described in Section 4 of this Application and the PDS. Unless you cross the box below, MBL and other companies in the Macquarie Group may use your personal information to offer you products or services that may be of interest to you.

I do not consent to the use of my information for this purpose.

- (n) If at any time I/we supply MBL with personal information about another individual, I/we will ensure that I am/we are authorised to do so and agree to inform that individual of the matters set out in this Application Form as they relate to that individual.
- (o) I/We consent to MBL paying fees to my/our financial adviser based on the size of my/our Investment Amount in a DPA (as described in the PDS).
- (p) I/We understand that MBL will hold any application monies paid by me/us to MBL in trust prior to the issue of any financial product to me/us and any interest earned on those monies will be for the benefit of MBL and that MBL will not pay any interest on any amounts received.
- (q) All the information I/we have given to MBL in relation to my/our Application for a Facility is complete, correct and not misleading.
- (r) I/We hereby authorise MBL to complete any blanks and make any amendments or additions with respect to any part of this Application Form on my/our behalf.
- (s) I/We, on the date I/we sign this Application Form, confirm the truth and accuracy of all of the representations set forth in clause 9 of Section 10 of the DPA Terms.
- (t) I/We confirm that, if I/we are signing this Application Form under a power of attorney, the power of attorney authorises the signing of this Application Form and no notice of revocation has been received.
- (u) I/We agree that, if I/we are signing this Application Form in a capacity other than a personal capacity, in addition to being bound in such a capacity, to also be bound in my/our personal capacity.

Applicants must sign here

This is page 10 of a 10 page Application Form. By signing this Application Form, you:

1. are agreeing to the DPA Terms which apply to each DPA; and
2. represent to MBL that all information, declarations and acknowledgements contained in this Application Form is/are complete and correct.

It is therefore very important that you do not sign this Application Form unless you have:

- received, and read, the entire Macquarie Step Facility PDS dated 10 November 2011 (if you have any doubts as to whether you have received the entire PDS, you can contact us on 1800 080 033); and
- read and completed all 10 pages of this Application Form with all relevant information.

IF THIS PAGE IS NOT ATTACHED TO THE OTHER NINE PAGES OF THIS APPLICATION FORM OR HAS NOT BEEN COMPLETED CORRECTLY, PLEASE CONTACT MBL OR YOUR ADVISER.

	Individual Applicant/Trustee Applicant		Joint Individual Applicant/Trustee Applicant
Authorised signature(s)		Authorised signature(s)	
Please print name(s)		Please print name(s)	
Date	<input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Date	<input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

CORPORATE APPLICANTS (INCLUDING CORPORATE TRUSTEE APPLICANTS) MUST SIGN HERE:

Executed in accordance with section 127(1) of the Corporations Act by authority of its directors in the presence of:

	Director/Sole Director and Sole Company Secretary (delete whichever is not appropriate)		Director/Company Secretary (delete whichever is not appropriate)
Authorised signature(s)		Authorised signature(s)	
Please print name(s)		Please print name(s)	
Date	<input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Date	<input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Power of Attorney

If you are applying under a Power of Attorney, please attach a certified copy of the Power of Attorney and specimen signature(s) of all attorneys.

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DIRECTORY

Issuer

Macquarie Bank Limited

No 1 Martin Place
Sydney NSW 2000

Mail: Macquarie Funds Group
GPO Box 4294
Sydney NSW 1164
Phone: 1800 080 033
Fax: (02) 8232 6158
Email: structuredinvestments@macquarie.com
Website: macquarie.com.au/step

Lawyers and Tax Advisers

Clayton Utz

Level 15, 1 Bligh Street
Sydney NSW 2000



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FORWARD thinking

