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ASX/Media Release

MACQUARIE GROUP LIMITED LAUNCHES \$A600 MILLION MACQUARIE GROUP CAPITAL NOTES 3 OFFER INCLUDING A REINVESTMENT OFFER FOR ELIGIBLE MCN HOLDERS

Sydney, 7 May 2018 – Macquarie Group Limited (ASX: MQG; ADR: MQBKY) (“MGL”) today announced its intention to raise \$A600 million with the ability to raise more or less, through the offer of Macquarie Group Capital Notes 3 (“MCN3”). MCN3 are expected to be quoted on the Australian Securities Exchange (“ASX”) under the code MQGPC.

MCN3 are fully paid, subordinated, non-cumulative, unsecured, mandatorily convertible notes issued by MGL at an Issue Price of \$A100 per MCN3. Distributions are scheduled to be paid quarterly in arrears, subject to the Payment Conditions. The Margin will be determined via a Bookbuild, however it is expected that the Margin will be between 4.00% and 4.20% per annum.

MCN3 will qualify as Eligible Capital for Australian Prudential Regulation Authority purposes.

The MCN3 Offer is consistent with Macquarie’s strategy to actively manage its capital mix and maintain diverse sources of funding.

The Offer is made under a Prospectus which was lodged with the Australian Securities and Investments Commission (“ASIC”) and ASX today.

The Prospectus is available at www.MCN3Offer.com.au, or by calling the MCN3 Offer Information Line, as per the details below. A replacement Prospectus containing the Margin is expected to be made available on 15 May 2018 (“Replacement Prospectus”) when the Offer opens.

Macquarie Capital (Australia) Limited has been appointed as Sole Arranger and a Joint Lead Manager. ANZ Securities Limited, Commonwealth Bank of Australia, Evans and Partners Pty Limited, J.P. Morgan Australia Limited, Westpac Institutional Bank, National Australia Bank Limited, Shaw and Partners Limited, Citigroup Global Markets Australia Pty Ltd, and Morgans Financial Limited have also been appointed as Joint Lead Managers.

Reinvestment Offer

Existing holders of Macquarie Group Capital Notes, issued by MGL in 2013 and listed on the ASX under the code MQGPA (“MCN”), may be eligible to participate in the Reinvestment Offer, allowing them to apply to reinvest the redemption proceeds of some or all of their MCN (ASX: MQGPA) in a corresponding number of MCN3.

MCN holders who choose not to participate in the Reinvestment Offer can either sell their MCN on market prior to the last day of trading, which is expected to be 28 May 2018, or continue to hold MCN until 7 June 2018, when MGL intends to redeem all remaining MCN on issue in accordance with the terms of the MCN and subject to the conditions set out in a redemption notice to be issued by MGL. It is not certain that the redemption will occur on this date and MCN holders should refer to future announcements regarding the redemption for further details. Should MGL give formal notice to redeem the MCN, holders will receive the face value (\$A100) for each MCN held on that date together with any distribution that MGL determines to pay (subject to the terms of issue of MCN).

More information about the Offer

The Offer is expected to open on 15 May 2018 and consists of:

- an Institutional Offer to Institutional Investors;
- a Broker Firm Offer – made to retail and high net worth clients of Syndicate Brokers, who are resident in Australia, or high net worth clients of Syndicate Brokers who are resident in New Zealand resident, and who are invited to apply under the Broker Firm Offer;
- a Reinvestment Offer – made to Eligible MCN Holders to apply to reinvest the redemption proceeds of all or some of their MCN in MCN3; and
- a Securityholder Offer – made to holders of Ordinary Shares (ASX: MQG; ADR: MQBKY), MCN, Macquarie Bank Capital Notes (ASX: MBLPA), Macquarie Group Capital Notes 2 (ASX: MQGPB), or Macquarie Income Securities (ASX: MBLHB) as at 7.00pm (Sydney time) on 4 May 2018, who are resident in Australia (and not otherwise prevented from receiving the Offer of MCN3 under the securities laws of another jurisdiction, as determined by MGL).

Anyone who wants to invest in MCN3 will need to contact their Syndicate Broker (to apply under the Broker Firm Offer) or complete an Application Form (to apply under the Reinvestment Offer or Securityholder Offer) that will be available online at www.MCN3Offer.com.au or by calling the MCN3 Offer Information Line, as per the details below, when the Offer opens.

The Closing Date is expected to be 5.00pm (Sydney time) on 1 June 2018.

Further information

MCN3 are complex and not suitable for all investors. Potential investors should read the Replacement Prospectus in its entirety before deciding whether to apply to invest in MCN3. If any part of the Replacement Prospectus is unclear, we recommend seeking guidance from a financial adviser or other professional adviser.

If you have any questions about MCN3 or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the MCN3 Offer Information Line on 1300 420 406 (within Australia) or on +61 1300 420 406 (International) (Monday to Friday, 8.30am - 5.30pm, Sydney time). Applicants under the Broker Firm Offer may also call their Syndicate Broker.

Indicative timetable

Key dates for the Offer	Date
Record date for determining Eligible Securityholders	7.00pm Friday, 4 May 2018
Lodgement of the Prospectus with ASIC	Monday, 7 May 2018
Bookbuild period commences	Monday, 7 May 2018
Announcement of the Margin	Friday, 11 May 2018
Lodgement of the Replacement Prospectus with ASIC	Tuesday, 15 May 2018
Opening Date	Tuesday, 15 May 2018
Closing Date for the Offer	5.00pm Friday, 1 June 2018
Issue Date	Thursday, 7 June 2018
MCN3 commence trading on ASX on a deferred settlement basis	Friday, 8 June 2018
Holding Statements despatched by	Wednesday, 13 June 2018
MCN3 commence trading on ASX on a normal settlement basis	Thursday, 14 June 2018

Key dates for Reinvestment Offer for Eligible MCN Holders

Record date for determining Eligible MCN Holders (relevant MCN must also be held on Closing Date for the Reinvestment Offer)	7.00pm Friday, 4 May 2018
Opening Date for the Reinvestment Offer	Tuesday, 15 May 2018
Expected last date for trading in MCN	Monday, 28 May 2018
Record date for distribution on MCN	Wednesday, 30 May 2018
Closing Date for the Reinvestment Offer	5.00pm Friday, 1 June 2018
Payment date for distribution on MCN	Thursday, 7 June 2018
Issue Date	Thursday, 7 June 2018
MCN3 commence trading on ASX on a deferred settlement basis	Friday, 8 June 2018
Holding Statements despatched by	Wednesday, 13 June 2018
MCN3 commence trading on ASX on a normal settlement basis	Thursday, 14 June 2018

Key dates for MCN3

First Distribution Payment Date	17 September 2018 ¹
Scheduled Optional Exchange Dates	16 December 2024, 16 June 2025 and 15 December 2025 ²
Scheduled Mandatory Exchange Date	15 December 2027

¹ Due to the Business Day convention, the first Distribution Payment Date is deferred from 15 September 2018 to 17 September 2018.

² Due to the Business Day convention, the Scheduled Optional Exchange Dates are deferred from 15 December 2024 to 16 December 2024 and from 15 June 2025 to 16 June 2025.

Dates may change

These dates are indicative only and may change without notice.

MGL, with the prior consent of the Joint Lead Managers, may vary the timetable, including by extending any Closing Date, closing the Offer early without notice or accepting late Applications (whether generally or in particular cases) or withdrawing the Offer at any time before MCN3 are issued, in its discretion. As such, you are encouraged to apply as soon as possible after the Opening Date.

Definitions

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

Disclaimer

The information provided in this announcement and the Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Replacement Prospectus in full before deciding to invest in MCN3 and consider the risks that could affect the performance of MCN3.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer of any securities (including the MCN3) for sale or issue. No action has been taken to register or qualify MCN3 or the Offer or to otherwise permit a public offering of MCN3 outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the MCN3 nor the Ordinary Shares have been or will be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or the securities laws of any state or other jurisdiction of the United States, and they may not be offered, sold or resold in the United States except pursuant to an exemption from the registration requirements of the US Securities Act and applicable US State Securities laws.

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