

"J2" APPLICABLE PRICING SUPPLEMENT

ZAR10,000,000,000 DEBT INSTRUMENT PROGRAMME

MACQUARIE SECURITIES SOUTH AFRICA LIMITED (*Incorporated with limited liability under registration number 2006/023546/06 in the Republic of South Africa*)

Unconditionally and irrevocably guaranteed by

MACQUARIE GROUP LIMITED

((ABN 94 122 169 279), a corporation constituted with limited liability under the laws of the Commonwealth of Australia)



MACQUARIE

Issue of ZAR 75,000,000 Unsecured Redeemable Floating Rate Notes due 28 February 2020

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Notes described herein ("Notes" and "this Tranche of Notes").

This Applicable Pricing Supplement must be read in conjunction with the Amended and Updated Programme Memorandum, dated 8 September 2016, as amended and/or supplemented from time to time ("Programme Memorandum") prepared by Macquarie Securities South Africa Limited ("Issuer") in connection with the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme ("Programme").

The Programme Memorandum, dated 8 September 2016, was approved by JSE Limited ("JSE") on 27 July 2016.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meaning ascribed to them in the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*" ("*Note Terms and Conditions*"). References to any Condition in this Applicable Pricing Supplement are to that Condition of the Note Terms and Conditions.

This Tranche of Notes will be issued on, and subject to, the Applicable Note Terms and Conditions. The Applicable Note Terms and Conditions are the Note Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of this Tranche of Notes set out in this Applicable Pricing Supplement.

To the extent that there is any conflict or inconsistency between the provisions of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

A. DESCRIPTION OF THE NOTES

| | | |
|-----|---|---|
| 1. | Issuer | Macquarie Securities South Africa Limited |
| 2. | Guarantor | Macquarie Group Limited |
| 3. | Tranche number | 1 |
| 4. | Series number | 162 |
| 5. | Status of the Notes | The Notes are direct, unsubordinated, unconditional, and (subject to the provisions of Condition 7) unsecured obligations of the Issuer and rank <i>pari passu</i> and rateably without any preference or priority among themselves and (save for certain debts required to be preferred by law that is both mandatory and of general application). |
| 6. | Security | Unsecured |
| 7. | Form of the Notes | Registered Notes The Notes in this Tranche are issued in registered uncertificated form and will be held in the CSD |
| 8. | Type of Notes | Floating Rate Notes |
| 9. | Issue Date/First Settlement Date | 13 December 2016 |
| 10. | Issue Price | 100% of the Aggregate Nominal Amount |
| 11. | Interest Basis | Floating Rate |
| 12. | Redemption/Payment Basis | 100% of the Aggregate Nominal Amount |
| 13. | Change of Interest or Redemption/ Payment Basis | Not Applicable |
| 14. | Aggregate Nominal Amount | ZAR 75,000,000 |

15. Specified Currency ZAR
16. Specified Denomination (Nominal Amount per Note) ZAR5,000,000
17. Minimum Specified Denomination of each Note ZAR1,000,000

18. Business Day Convention Modified Following Business Day Convention
19. Use of Proceeds

The funds derived from the issue of this Tranche will be used by the Issuer to either, directly or indirectly acquire equity shares in an operating company or partially or fully settle any debt incurred by the Issuer to directly acquire equity shares in an operating company.

B. PROGRAMME AMOUNT

1. Programme Amount as at the Issue Date ZAR10,000,000,000
2. Aggregate Outstanding Nominal Amount of all of the Notes and C Preference Shares issued under the Programme as at the Issue Date ZAR 5,036,500,000 excluding the aggregate Nominal Amount of this Tranche and any other Tranche(s) of Notes issued on the Issue Date specified in Item A(9) above

C. FLOATING RATE NOTES

1. Interest Commencement Date Issue Date
2. Interest Payment Date(s) 28 February and 31 August each year from (and including) the First Interest Payment Date to (and including) the Final Redemption Date or Early Redemption Date (as the case may be).
3. First Interest Payment Date 28 February 2017

4. Interest Periods The first Interest Period shall commence on (and include) the Interest Commencement Date and end on (but exclude) the First Interest Payment Date. Thereafter, each successive Interest Period shall commence on (and include) the immediately preceding Rate Determination Date and end on (but exclude) the immediately following Rate Determination Date; provided that the final Interest Period shall end on (but exclude) the Final Redemption Date. *For the avoidance of doubt, the Interest Amount payable by the Issuer on each Interest Payment Date will be determined by the Calculation Agent with reference to each Interest Period occurring between such Interest Payment Date and the preceding Interest Payment Date.*

Screen Rate Determination

5. Manner in which the Rate(s) of Interest is/are to be determined
6. *If ISDA Determination applicable:* Not Applicable
7. *If Screen Rate Determination applicable:* Applicable

1-month JIBAR, on each Rate Determination Date, being the mid-market rate for deposits denominated in ZAR for a period of onemonth that appears on the Reuters Screen SAFEX Page, next to the caption "YLD" (or on the SAFEX nominated successor screen for JIBAR) as at 10h00 Johannesburg time, provided that if such rate does not appear on the Reuters Screen SAFEX Page (or on the SAFEX nominated successor screen for JIBAR), the rate will be determined as if the parties had, in respect of that period, specified JIBAR-Reference Banks as the applicable rate.

For purposes of this Item 7(a):

"JIBAR-Reference Banks" means the mid-market deposit rate denominated in ZAR for a period of one month quoted by the Reference Banks at approximately 10h00 Johannesburg time, on the date on which the period commences, on the basis that the Calculation Agent will request the principal Johannesburg office of each Reference Bank to provide a quotation as at the relevant date and the rate will be the arithmetic mean of the rates quoted, unless only one quotation is provided, in which event the rate will be that rate;

"Reference Banks" means Absa Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited

- (b) Rate Determination Date
The last Business Day of each month of each year (as applicable), provided, however, that the Reference Rate for the First Interest Period shall be determined on the First Rate Determination Date
- (c) First Rate Determination Date
Issue Date
8. Relevant Screen Page
Reuters Screen SAFETY Page, next to the caption "YLD" or any successor page
9. Margin (Floating Interest Rate)
0 (zero), which shall be added to the Reference Rate for purposes of determining the Floating Interest Rate
10. Relevant time
10h00 (South African time)
11. *If Other Determination applicable:*
N/A
12. Minimum Rate of Interest
Not Applicable
13. Maximum Rate of Interest
Not Applicable
14. Day Count Fraction
365
15. Default Rate
Not Applicable
16. Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest for Floating Rate Notes
No compounding shall apply in respect of any Interest Period and/or Interest Amount.

D. REDEMPTION

1. *Redemption at maturity:*
Maturity Date
28 February 2020
- (a) Maturity Date
28 February 2020
- (b) Final Redemption Amount
The aggregate Outstanding Nominal Amount of this Tranche.
2. *Put Option:*
Redemption in whole:
Applicable
- (a) *Redemption in whole:*
Any Business Day as specified in the Put Option Notice
- (b) *Redemption in part:*
Any Business Day as specified in the Put Option Notice
- c) Percentage of the aggregate Outstanding Nominal Amount to be redeemed
The percentage specified in the Put Option Notice
- (c) Optional Redemption Amount (Put)
The aggregate Outstanding Nominal Amount (or the relevant portion thereof (see Item (b) above)) of the relevant Notes less Break Costs (if any).
- (d) Put Option Notice
In order to exercise the Put Option in respect of the whole of any portion of the relevant Notes, the relevant Noteholder shall send the duly completed and signed Put Option Notice to the Issuer (with a copy of the Put Option Notice to the Paying Agent, the Calculation Agent and the Transfer Agent) specifying the Optional Redemption Date, which date may be the same day as the date of such Put Option Notice.
- (e) *Pro forma* Put Option Notice attached
No
3. *Call Option:*
Redemption in whole:
Applicable
- (a) *Redemption in whole:*
• Optional Redemption Date (issuer)
Any Business Day as specified in the Call Option Notice
- (b) *Redemption in part:*
• Optional Redemption Date/s (issuer)
Any Business Day as specified in the Call Option Notice
- Percentage of the aggregate Outstanding Nominal Amount to be redeemed
The percentage specified in the Call Option Notice
- (c) Optional Redemption
The aggregate Outstanding Nominal Amount (or the relevant portion thereof

Amount (Call)

(see Item (b) above)) of the relevant Notes less Break Costs (if any)

(d) Call Option Notice

In order to exercise the Call Option in respect of the whole of any portion of the relevant Notes, the relevant Noteholder shall send the duly completed and signed Call Option Notice to the Noteholder (with a copy of the Call Option Notice to the Paying Agent, the Calculation Agent and the Transfer Agent) specifying the Optional Redemption Date, which date may be the same day as the date of such Call Option Notice

4. **Optional early redemption following a Tax Event and/or a Change in Law**

Applicable

(a) Early Redemption Date

The Interest Payment Date stipulated as the date for redemption of this Tranche in the notice of redemption given by the Issuer in terms of Condition 10.4 provided that such notice may be given to Noteholders on less than 30 days notice (but not less than 2 (two) Business Days notice).

(b) Early Redemption Amount

The aggregate Outstanding Nominal Amount of this Tranche less Break Costs.

5. **Other terms:**

For purposes of this Item D, "Break Costs" shall mean the amount, determined by the Calculation Agent, as being equal to the direct losses or costs (including stamp, transfer, redemption or similar taxes or duties) that have been or will be incurred by the Issuer (or any affiliate of the Issuer and/or Guarantor or any member of the Macquarie Group) as a result of the breaking, terminating, transferring and/or unwinding of any transaction by the Issuer (or any affiliate of the Issuer and/or Guarantor or any member of the Macquarie Group) in any securities, positions or contracts in securities, options, futures, derivatives or foreign exchange, stock loan transactions or other instruments or arrangements in connection with the Notes.

E. **AGENTS AND SPECIFIED OFFICES**

1. Calculation Agent

The Issuer

2. Specified Office of the Calculation Agent

Level 2, North Wing, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa

3. Paying Agent

The Issuer

4. Specified Office of the Paying Agent

Level 2, North Wing, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa

5. Transfer Agent

The Issuer

6. Specified Office of the Transfer Agent

Level 2, North Wing, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa

F. **REGISTER CLOSED**

1. Last Day to Register

Up until 17h00 (South African time) on 17 February and 20 August each year preceding each Interest Payment Date and the Applicable Redemption Date.

2. Books Closed Period

The Register will be closed from 18 February to 28 February and from 21 August to 31 August each year preceding each Interest Payment Date and the Applicable Redemption Date from 17h00 (South African time) on the relevant Last Day to Register until 17h00 (South African time) on the day preceding the Interest Payment Date and the Applicable Redemption Date, being the period during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of this Tranche of Notes.

3. Books Closed Date
18 February and 21 August each year preceding each Interest Payment Date and the Applicable Redemption Date.

G. **GENERAL**

1. Exchange Control Approval

Not Applicable

2. Additional selling restrictions

Not Applicable

3. International Numbering (ISIN)

Securities ZAG000141334

4. Stock Code Number

MAQ0J2

5. Financial Exchange

JSE Limited (Interest Rate Market)

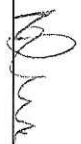
- | | | |
|-----|---|---|
| 6. | Method of Distribution | Private Placement |
| 7. | Names of Dealers | The Issuer |
| 8. | Stabilisation Manager | Not Applicable |
| 9. | Governing law | Subject to Condition 7.2.2, the Notes and the applicable Terms and Conditions are governed by, and shall be construed in accordance with, the laws of South Africa The Guarantee is governed by, and shall be construed in accordance with, the laws of New South Wales, Australia |
| 10. | Business Centre | Johannesburg |
| 11. | Additional Business Centre | Not Applicable |
| 12. | Rating assigned to the Programme | The Programme was assigned an issue credit rating from Standard & Poor's of BBB/A-2 (Global Scale) on 21 December 2015 and zAAA/zAA-1 (SA National Scale) on 27 January 2016. Standard & Poor's conduct full ratings annually and the next full analysis will be released in December 2016. |
| 13. | Rating assigned to this Tranche of Notes as at the Issue Date | This Tranche of Notes was assigned an issue credit rating from Standard & Poor's of BBB/A-2 (Global Scale) and zAAA/zAA-1 (SA National Scale) on 13 December 2016. Standard & Poor's conduct full ratings annually and the next full analysis will be released in December 2016 |
| 14. | Rating Agency for this Tranche of Notes | Not Applicable |
| 15. | Commercial Paper Regulations | The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations is set out in Annexure "A" to this Applicable Pricing Supplement |
| 16. | Other provisions | None |

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, each Supplement to the Programme Memorandum published by the Issuer from time to time and this Applicable Pricing Supplement.

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make the Programme Memorandum or any statement contained in the Programme Memorandum false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the Programme Memorandum contains or incorporates by reference all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

Application is hereby made to list Tranche 1 of Series 162 of the Notes on the Interest Rate Market of the JSE, as from 13 December 2016, pursuant to the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme.

For: MACQUARIE SECURITIES SOUTH AFRICA LIMITED

By: 
_____ *duly authorised*

Date: 8/12/16

By: 
_____ *duly authorised*

Date: 9/12/16

**ANNEXURE "A" TO THE APPLICABLE PRICING SUPPLEMENT
COMMERCIAL PAPER REGULATIONS**

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations is set out below (except where such information is disclosed in the Programme Memorandum and/or the Applicable Pricing Supplement):

1. **Issuer and Ultimate Borrower (paragraph 3(5)(a) of the Commercial Paper Regulations)**

The Issuer of the Tranche of Notes described in the Applicable Pricing Supplement (the relevant Tranche) is Macquarie Securities South Africa Limited (Incorporated with limited liability under registration number 2006/023546/06 in South Africa).

The "ultimate borrower" (as defined in the Commercial Paper Regulations) is the Issuer.
2. **Going concern (paragraph 3(5)(b) of the Commercial Paper Regulations)**

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments, thereby reflecting the adequacy of the liquidity and solvency of the Issuer.
3. **Auditor (paragraph 3(5)(c) of the Commercial Paper Regulations)**

The auditors of the Issuer as at the Issue Date are PricewaterhouseCoopers Incorporated. PricewaterhouseCoopers Incorporated has acted as the auditors of the Issuer's latest audited financial statements.
4. **Total amount of Commercial Paper (paragraph 3(5)(d) of the Commercial Paper Regulations)**
 - a) The Issuer has, prior to the Issue Date, issued "commercial paper" (as defined in the Commercial Paper Regulations) of which an aggregate amount of ZAR 4,736,500,000 remains outstanding as at the Issue Date.
 - b) As at the Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will issue "commercial paper" (as defined in the Commercial Paper Regulations) in an aggregate amount of ZAR 5,263,500,000 during the Issuer's current financial year (excluding the relevant Tranche).
5. **Other information (paragraph 3(5)(e) of the Commercial Paper Regulations)**

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the relevant Tranche is contained in the Programme Memorandum and the Applicable Pricing Supplement.
6. **Material adverse change (paragraph 3(5)(f) of the Commercial Paper Regulations)**

Save as disclosed in the Programme Memorandum, there has been no material adverse change in the Issuer's financial position since the date of the Issuer's last audited financial statements.
7. **Listing (paragraph 3(5)(g) of the Commercial Paper Regulations)**

The relevant Tranche will be listed on the Interest Rate Market of the JSE.
8. **Use of proceeds (paragraph 3(5)(h) of the Commercial Paper Regulations)**

The funds derived from the issue of the relevant Tranche will be used by the Issuer to fully settle any debt incurred by the Issuer to directly acquire equity shares in an operating company.
9. **Security (paragraph 3(5)(i) of the Commercial Paper Regulations)**

The obligations of the Issuer in respect of the relevant Tranche are unsecured (in that the Noteholders have no real rights of security in respect of such obligations). However, Macquarie Group Limited has, in terms of and subject to the Guarantee, irrevocably and unconditionally guaranteed to the Noteholders the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of the Notes.
10. **Auditors confirmation (paragraph 3(5)(j) of the Commercial Paper Regulations)**

The Issuer's auditors as at the Issue Date have confirmed in writing that nothing has come to their attention which causes them to believe that the issue of the relevant Tranche under the Programme, pursuant to the Programme Memorandum (as read with the Applicable Pricing Supplement) will not comply in all material respects with the provisions of the Commercial Paper Regulations.
11. **Audited financial statements (paragraphs 3(5)(j)(i) and (j)(ii) of the Commercial Paper Regulations)**

Where, in relation to the issue of the relevant Tranche, the Programme Memorandum and/or the Applicable Pricing Supplement is distributed and/or made available for inspection in South Africa, a copy of the Issuer's latest audited annual financial statements will at all times separately accompany (either by electronic delivery or by physical delivery) the Programme Memorandum and/or Applicable Pricing Supplement, as required by the Commercial Paper Regulations.