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ASX/Media Release

**MACQUARIE ANNOUNCES ACQUISITION OF ESANDA PORTFOLIO FROM
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, CAPITAL RAISING AND
UPDATE TO SHORT TERM OUTLOOK**

Key points

- Macquarie has entered into an agreement to acquire the Esanda dealer finance portfolio from Australia and New Zealand Banking Group Limited for \$A8.2 billion
- Acquisition to be funded from existing funding sources, third-party financing arrangements and a capital raising
- Initial capital required for the acquisition to be met from:
 - a \$A400 million Institutional Placement;
 - an associated Share Purchase Plan for eligible shareholders; and
 - existing capital
- Macquarie updates its short term outlook: currently expects 1H16 result to be up approximately 55 per cent on 1H15; 2H16 to be lower than 1H16 and higher than the prior corresponding period (2H15)

SYDNEY, 8 October 2015 – Macquarie Group Limited (ASX: MQG; ADR: MQBKY) announced today that it has entered into an agreement to acquire the Esanda dealer finance portfolio (the Portfolio) from Australia and New Zealand Banking Group Limited (ANZ).

The Portfolio comprises retail and wholesale dealer finance on motor vehicles across Australia. As at 31 August 2015, Esanda had net lending assets with a book value of \$A7.8 billion (net of provisions and excluding capitalised origination fees and unearned income), comprising \$A6.2 billion of retail receivables and \$A1.6 billion of bailment and other finance offered to motor vehicle dealers.

The Portfolio will become part of Macquarie Leasing, the automotive and equipment financing division of Macquarie's Corporate and Asset Finance Group. Upon completion of the acquisition, the total motor vehicle finance portfolio managed by Macquarie Leasing would increase from \$A9 billion (as at 31 August 2015) to approximately \$A17 billion.

Macquarie Group Chief Executive Officer Nicholas Moore said: "This acquisition will represent a continuation of Macquarie's growth in annuity-style businesses. Macquarie has

been a longstanding supporter of the motor vehicle industry and we look forward to continuing to support the Esanda dealers and their retail customers. The Portfolio is in a market in which Macquarie has significant expertise and has successfully integrated similar acquisitions, such as the GMAC and Ford portfolios.”

Transaction terms and timing

The purchase price of the transaction is approximately \$A8.2 billion reflecting the fair value of the loan and lease assets acquired.

Macquarie expects to fund the acquisition from existing funding sources combined with third-party financing arrangements and a capital raising announced today.

The initial capital requirement for the acquisition is expected to be approximately \$A0.8 billion which will be met from: a \$A400 million Institutional Placement, an associated Share Purchase Plan (SPP) for eligible shareholders and existing capital. Further details of the SPP will be provided in a separate announcement following the 1H16 result announcement on 30 October 2015.

The acquisition is expected to be 10 cents per share earnings accretive in its first full year. In addition, the acquisition is expected to be accretive to Macquarie Leasing’s return on equity following the integration of the Portfolio.

Macquarie notes that the Australian Competition and Consumer Commission has announced that it will not oppose the acquisition.

The financial close for the acquisition is expected to occur by 31 October 2015.

Outlook update

Macquarie today also provides additional information regarding its short term outlook statement last provided to the market at the CLSA Investors’ Forum on 14 September 2015.

Macquarie continues to expect the FY16 result to be up on FY15.

Notably, an earlier than anticipated transaction has led to the recognition of additional performance fees in 1H16, which together with stronger than expected trading conditions means Macquarie now expects the 1H16 result to be up approximately 55 per cent on 1H15, subject to the completion of period end reviews.

Given the earlier than expected recognition of the above performance fee, the 2H16 result is now expected to be lower than 1H16 but higher than the prior corresponding period (2H15).

Macquarie also notes that it expects the interim (1H16) dividend to be approximately \$A1.60 per ordinary share franked at 40 per cent, up from \$A1.30 per ordinary share in 1H15, reflecting a payout ratio of approximately 50 per cent. Notwithstanding this, Macquarie’s dividend policy remains unchanged with all future dividend payments expected to be within the 60 to 80 per cent payout range, franked at 40 per cent.

Our short term outlook remains subject to a range of challenges including:

- Market conditions
- The impact of foreign exchange
- The cost of our continued conservative approach to funding and capital; and
- Potential regulatory changes and tax uncertainties.

Macquarie Group notes that it is currently in trading halt and will remain in trading halt until the outcome of the Institutional Placement is announced, which is expected to be prior to the commencement of normal trading on 9 October 2015.

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