

# Confidential Term Sheet

## MQ KINETIC SPC – THE KINETIC SEGREGATED PORTFOLIO

(An exempted company incorporated with limited liability in the Cayman Islands and registered as a segregated portfolio company, with registered number 231270)

## EMERGING MARKETS III FUND

### General Notices and Securities Warnings

This confidential term sheet ("Term Sheet") should be read in its entirety and must be read in conjunction with the confidential offering memorandum issued by MQ KINETIC SPC in relation to the KINETIC Segregated Portfolio dated 22 April 2010 ("Memorandum") which sets out the general terms of the offer of Participating Shares in the KINETIC Segregated Portfolio. Copies of the Memorandum are available to Eligible Investors at [www.macquarie.com/kinetic](http://www.macquarie.com/kinetic) or from Macquarie Bank Limited, Zurich Representative Office at Beethovenstrasse 9, 8002 Zurich, Switzerland or telephone + (41 43) 210 9090 or Macquarie Bank International Limited, Niederlassung Deutschland at Promenadeplatz 8, 80333 Munich, Germany or telephone + (49 89) 290 530. To the extent there is any inconsistency between the Memorandum and this Term Sheet, this Term Sheet shall prevail.

MQ KINETIC SPC (the "Company") is an exempted company incorporated with limited liability under the Companies Law (2009 Revision) of the Cayman Islands ("Companies Law") and registered as a segregated portfolio company, with registered number 231270.

As a segregated portfolio company, the Company has established a number of separate segregated portfolios, including the KINETIC Segregated Portfolio, as investment portfolios or funds, and may establish additional segregated portfolios from time to time. Each segregated portfolio is not or will not be a separate legal entity. A Class of Participating Shares will only be issued in respect of a particular separate account within a particular segregated portfolio.

This Term Sheet relates solely to the offer and issue of Class E Participating Shares ("Shares") in the Kinetic Segregated Portfolio established by the Company.

The Company will establish the Emerging Markets III Fund (the "Fund") as a separate account within the KINETIC Segregated Portfolio. The Fund will issue Class E Participating Shares. The rights of holders of Class E Participating Shares are limited to the assets and liabilities of the Fund.

The overall purpose of the Fund is to provide a Target Base Return while providing Shareholders with exposure to the performance of the Reference Investment of the Fund. The investment manager of the Fund is Macquarie Financial Products Management Limited, a limited liability company incorporated under the laws of Australia (the "Manager").

INVESTMENTS IN THE FUND ARE NOT DEPOSITS WITH OR OTHER LIABILITIES OF MACQUARIE BANK LIMITED ABN 46 008 583 542 OR OF ANY MACQUARIE GROUP COMPANY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE DELAYS IN REPAYMENT AND LOSS OF INCOME AND CAPITAL INVESTED. NEITHER MACQUARIE FINANCIAL PRODUCTS MANAGEMENT LIMITED NOR ANY MEMBER OF THE MACQUARIE GROUP, INCLUDING MACQUARIE BANK LIMITED, GUARANTEES THE PERFORMANCE OF THE FUND OR THE REPAYMENT OF CAPITAL FROM THE FUND.

The Company's board of Directors (the "Board of Directors" or the "Directors") will have overall responsibility for the management and control of the Company and the Fund. The Manager accepts responsibility for the information contained in this Term Sheet and the Memorandum. To the best of the knowledge and belief of the Manager (who has taken all reasonable care to ensure that such is the case) the information contained in this Term Sheet and the Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Manager accepts responsibility accordingly.

An investment in the Fund is not intended as a complete investment program and is designed only for sophisticated investors who are able to bear the associated risks. There can be no assurance that the Fund will achieve its investment objectives. See "Risk Considerations" In the Memorandum.

Shares may only be offered on a private placement basis in or from Australia, Austria, Germany, Luxembourg and Switzerland in accordance with the Offering Legends on page 36 of the Memorandum or to investors in other jurisdictions that are approved by the Manager.

Shares will not be offered to persons who are "U.S. Persons" as that term is defined in the Glossary of the Memorandum.

The Company was incorporated as an exempted company and registered as a segregated portfolio company under the Companies Law on 24 September 2009. The Directors are not aware of any formal recognition having been given by the courts of any jurisdiction outside the Cayman Islands to the principles of segregation under the Companies Law nor are the Directors aware of any litigation pending with respect thereto. Consequently, it is possible that a court of a jurisdiction other than the Cayman Islands could refuse to recognise the segregated portfolios as segregated and determine that creditors of the Company, or any segregated portfolio, or a Fund, could enforce claims against all of its assets.

The documentation of the KINETIC Segregated Portfolio, including this Term Sheet and the Memorandum, has not been and will not be approved, and may not be able to be approved, by the Swiss Financial Market Supervisory Authority ("FINMA") under the CISA. Therefore, investors do not benefit

from protection under the CISA or supervision by the FINMA. Accordingly, Shares may not be publicly advertised, offered or sold, directly or indirectly, in or from Switzerland and neither this Term Sheet, the Memorandum or any other offering materials relating to Shares may be made available to the public in or from Switzerland. Shares may only be offered and this Term Sheet and the Memorandum may only be distributed in or from Switzerland to qualified investors (as defined in the CISA and its implementing regulations) in a manner consistent with the requirements of the CISA and its implementing regulations. This Term Sheet does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The Shares will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.

Shares will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"), or any other U.S. securities laws. Neither the Company, the KINETIC Segregated Portfolio nor any Fund will be registered with the U.S. Securities and Exchange Commission ("SEC") as an investment company under the U.S. Investment Company Act of 1940 (the "1940 Act")

The Shares have not been approved or disapproved by the SEC or any similar U.S. state or non-U.S. regulatory authority and no securities commission or similar regulatory authority has reviewed this Term Sheet or the Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence (prospective investors should specifically note the disclosures set out above). No prospectus has been filed with any regulatory authority in connection with the securities offered hereunder.

Shares are offered solely on the basis of the information and representations contained in this Term Sheet and the Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Company or its Directors. Neither the delivery of this Term Sheet or the Memorandum nor the offer, issue or sale of Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Company, the KINETIC Segregated Portfolio or the Fund since the date of those documents. This Term Sheet and the Memorandum should be accompanied by, and read in conjunction with, the Company's Memorandum and Articles of Association ("Constitutional Documents"), its latest annual report and audited accounts (if any). This Term Sheet and the Memorandum do not set out all the provisions of the Constitutional Documents that may be significant to a particular prospective investor. Each prospective investor should examine this Term Sheet and the Memorandum and the Constitutional Documents in order to assure itself that the terms of the investment offered and the Fund's investment objective and methods of operation are satisfactory to it.

Prospective investors are invited to review any material documents referred to in this Term Sheet and the Memorandum. All such documents will be made available to Eligible Investors from Macquarie Bank Limited, Zurich Representative Office at Beethovenstrasse 9, 8002 Zurich, Switzerland or telephone + (41 43) 210 9090 or Macquarie Bank International Limited, Niederlassung Deutschland at Promenadeplatz 8, 80333 Munich, Germany or telephone + (49 89) 290 530. The Manager will afford prospective investors the opportunity to ask questions of, and receive answers from, the Manager or its representatives concerning the terms and conditions of the offering and to obtain any additional information to the extent that the Manager or the Company possesses such information or can acquire it without unreasonable effort or expense.

The Company is registered as a regulated mutual fund with the Cayman Islands Monetary Authority under Section 4(3) of the Mutual Funds Law (2009 Revision) of the Cayman Islands. However, no Cayman Islands authority has approved the contents of this Term Sheet or the Memorandum and no such registration shall constitute a warranty or representation of any Cayman Islands authority as to the suitability of the Fund for investment purposes. The investment activities of the Company will not be regulated or otherwise overseen by any Cayman Islands authority.

In making an investment decision, investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any Cayman Islands, U.S. federal or state securities commissions or regulatory authority or similar authority in other jurisdictions. Prospective investors should not treat the contents of this Term Sheet or the Memorandum as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to (a) the legal requirements within their own countries for the purchase, holding or disposal of Shares, (b) any foreign exchange restrictions which they might encounter, and (c) the income and other tax consequences which may apply in their own countries relevant to the purchase, holding or disposal of Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax and related matters concerning the Fund and an investment therein.

There is no secondary market for Shares, and none is expected to develop. Shares are subject to restrictions on transferability and resale as more particularly set out under "Redemption and Transfer of Shares."

Capitalised terms not defined in the body of this Term Sheet are defined in the Glossary on pages 45 – 47 of the Memorandum.

This financial product is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by the Company. This financial product has not been passed on by any of the MSCI Parties as to its legality or suitability with respect to any person or entity and none of the MSCI Parties makes any warranties or bears any liability with respect to this financial product. Without limiting the generality of the foregoing, none of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this financial product or any other person or entity regarding the advisability of investing in financial products generally or in this financial product particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this financial product or the issuer or owner of this financial product or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuers or owners of this financial product or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this financial product to be issued or in the determination or calculation of the equation by or the consideration into which this financial product is redeemable. None of the MSCI Parties has any

obligation or liability to the issuer or owners of this financial product or any other person or entity in connection with the administration, marketing or offering of this financial product. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or completeness of any MSCI index or any data included therein or the results to be obtained by the issuer of this financial product, owners of this financial product, or any other person or entity, from the use of any MSCI index or any data included therein and none of the MSCI parties shall have any liability to any person or entity for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind and the MSCI parties hereby expressly disclaim all warranties (including, without limitation and for purposes of example only, all warranties of title, sequence, availability, originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose and all implied warranties arising from trade usage, course of dealing and course of performance) with respect to each MSCI index and all data included therein. Without limiting the generality of any of the foregoing, in no event shall any of the MSCI Parties have any liability to any person or entity for any damages, whether direct, indirect, special, incidental, punitive, consequential (including, without limitation, loss of use, loss of profits or revenues or other economic loss), and whether in tort (including, without limitation, strict liability and negligence) contract or otherwise, even if it might have anticipated, or was advised of, the possibility of such damages.

THIS TERM SHEET AND THE MEMORANDUM ARE SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN THE SHARES OFFERED IN THE FUND. DUE TO THE CONFIDENTIAL NATURE OF THIS TERM SHEET AND THE MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. AS A RESULT, THIS TERM SHEET AND THE MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART OR DELIVERED TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER.

EACH PERSON ACCEPTING THIS TERM SHEET AND THE MEMORANDUM AGREES TO RETURN IT TO THE MANAGER PROMPTLY UPON REQUEST.

AN INVESTMENT IN THE FUND IS NOT AN APPROPRIATE INVESTMENT FOR ANYONE UNABLE TO BEAR THE ASSOCIATED RISKS, AND SHOULD NOT BE VIEWED AS A COMPLETE INVESTMENT PROGRAM. SEE "RISK CONSIDERATIONS" IN THE MEMORANDUM.

The date of this Term Sheet is 22 April 2010.

## MQ KINETIC SPC - the KINETIC Segregated Portfolio - Emerging Markets III Fund

Name of the Fund	Emerging Markets III Fund	
Class of Shares in the Fund	Class E Participating Shares with a par value of USD 0.001 each	
Offering Currency of Shares in the Fund	Australian dollars (AUD)	
Issue Price of Shares in the Fund	For:	Issue Price:
	the initial Issue Date	AUD1,000
	subsequent Issue Dates	the prevailing Net Asset Value per Share
Minimum Investment in the Fund	AUD equivalent of USD 100,000	
Target Base Return for the Fund	AUD 1,180 to AUD 1,200 per Share	
Reference Investment of the Fund	MSCI Emerging Markets Index (Bloomberg code "MXEF")	
Investment Horizon of the Fund*	16 July 2010 to 31 December 2013	
Redemption Dates for the Fund	Every 30 June and 31 December starting on 30 June 2011	
Offer Period for the Fund*	26 April 2010 to 25 March 2011	
Issue Dates for the Fund*	For Applications received between:	Issue Date:
	26 April 2010 and 9 July 2010	16 July 2010
	12 July 2010 and 24 September 2010	1 October 2010
	27 September 2010 and 12 November 2010	19 November 2010
	15 November 2010 and 23 December 2010	14 January 2011
	10 January 2011 and 25 March 2011	1 April 2011

\* The Offer Period and the Issue Dates for the Fund may be changed in the discretion of the Manager. If the initial Issue Date for the Fund is changed, the starting date of the Investment Horizon of the Fund will also be changed to coincide. The Fund reserves the right to not issue Shares on any particular Issue Date and to close the Offer Period early.

### *Reference Investment risk*

The value of, and returns from, an investment in the Fund will depend on, among other things, the performance of the Reference Investment over the Investment Horizon. The Reference Investment for the Emerging Markets III Fund is the MSCI Emerging Markets Index. Investors should consider the risks associated with the MSCI Emerging Markets Index before deciding to invest in the Fund.

Investments in emerging markets are subject to all of the risks of foreign investing generally and have additional heightened risks due to lack of legal, political, business and social frameworks to support securities markets in many emerging market countries. Some of these additional significant risks include:

- Issues regarding sovereignty and sovereign intervention, political and social uncertainty (for example, regional conflicts and risk of war);
- Volatility of emerging market currencies as against developed market currencies;
- Pervasiveness of corruption and crime;
- Delays in settling portfolio transactions;
- Risk of loss arising out of systems of share registration and custody;
- Markets that are comparatively smaller and less liquid and more volatile than developed markets;
- Emerging market economies are often linked by a number of interdependencies (such as trading agreements, commodity supply and demand relationships) and are often affected by the markets' perceptions of emerging market economies generally;
- Less government supervision and regulation of business and industry practices, stock exchanges, brokers and listed companies than in developed markets;
- Currency and capital controls;

- Inflation, deflation or currency devaluation;
- Greater sensitivity to interest rates, commodity prices (such as the price of oil) and to the state of the global and relevant regional economies; and
- Difficulty in pricing assets and/or securities.

*Liquidity risk*

As there is not expected to be any secondary market for Shares, you may not be able to dispose of your Shares other than on the Redemption Dates. Accordingly, you may not be able to minimise your losses if you believe the Reference Investment will fall. A redemption process must be followed in order to redeem. The risk of any decline in the Net Asset Value per Share of a Shareholder during the period from the date of a redemption request until the relevant Redemption Date will be borne by the Shareholder requesting the redemption.