

# Australian Unity Bonds Trust Deed

## Schedule 1 – Base Terms

The following are the base terms and conditions (“**Base Terms**”) of the Australian Unity Bonds as referred to in the Base Prospectus dated on or about 9 November 2015 issued by the Issuer (“**Base Prospectus**”). In respect of a Tranche of Australian Unity Bonds, these Base Terms will be supplemented, amended, modified or replaced by Offer Specific Terms (“**Offer Specific Terms**” and, together with the Base Terms, the “**Terms**”). The Offer Specific Terms will be described in the relevant Offer Specific Prospectus. In the event of any inconsistency between the Offer Specific Terms and these Base Terms, the provisions of the Offer Specific Terms will prevail.

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### 1 Form of Australian Unity Bonds

#### 1.1 Constitution under Trust Deed

Australian Unity Bonds are unsecured and unsubordinated debt obligations of the Issuer constituted by, and owing under, the Trust Deed.

#### 1.2 Form

Australian Unity Bonds are issued in registered form by entry in the Register.

#### 1.3 Face Value

Each Australian Unity Bond is issued fully paid with a Face Value of A\$100 or such other amount specified in the Offer Specific Terms.

#### 1.4 Currency

Australian Unity Bonds are denominated in Australian dollars.

#### 1.5 Term

Australian Unity Bonds are issued with a Maturity Date specified in the Offer Specific Terms. The Maturity Date for an Australian Unity Bond must not occur after the fifteenth anniversary of the Issue Date.

#### 1.6 Clearing System

The rights of a person holding an interest in the Australian Unity Bonds are subject to the rules and regulations of the Clearing System.

#### 1.7 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

#### 1.8 Quotation

The Issuer must use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to ensure that the Australian Unity Bonds are, and until Redeemed remain, quoted on a Stock Exchange.

## 1.9 Offer Specific Terms

Australian Unity Bonds are issued in Series. A Series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than in respect of the Issue Price and first payment of Interest). A Tranche is the subject of Offer Specific Terms which supplement, amend, modify or replace these Base Terms. If there is any inconsistency between these Base Terms and the Offer Specific Terms, the Offer Specific Terms prevail.

## 1.10 No other rights

Australian Unity Bonds confer no rights on a Holder:

- (a) as or to become a Member of the Issuer;
- (b) to vote at any meeting of Members of the Issuer;
- (c) to subscribe for new securities or to participate in any bonus issues of securities of the Issuer; or
- (d) to otherwise participate in the profits or property of the Issuer or any other member of the Australian Unity Group, except as set out in the Terms or the Trust Deed.

## 1.11 Unsecured notes

Australian Unity Bonds are unsecured notes for the purposes of section 283BH of the Corporations Act.

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# 2 Interest

## 2.1 Interest

- (a) Each Australian Unity Bond bears interest (**Interest**) on its Face Value from (and including) the Interest Commencement Date to (but excluding) its Maturity Date or Redemption Date at the Interest Rate.
- (b) Interest is payable in arrears on each Interest Payment Date.

## 2.2 Interest Rate

- (a) The Interest Rate applicable in respect of Australian Unity Bonds of a Series will be set out in the Offer Specific Terms and must be determined by the Issuer in accordance with these Terms.
- (b) The Offer Specific Terms will specify whether the Interest Rate in respect of the Australian Unity Bonds of a Series will be either:
  - (i) a Fixed Interest Rate, in which case clause 2.3 will apply; or
  - (ii) a Floating Interest Rate, in which case clauses 2.4 and 2.7 will apply.
- (c) The Issuer must, as soon as practicable after determining the Interest Rate for each Interest Period for each Australian Unity Bond, calculate the amount of Interest expected to be payable for each Australian Unity Bond for that Interest Period.

## 2.3 Fixed Interest Rate

*The provisions of, and the defined terms contained in, this clause 2.3 apply to the Australian Unity Bonds only if the Offer Specific Terms states that it applies.*

- (a) The Interest Rate applicable to an Australian Unity Bond for each Interest Period (expressed as a percentage per annum) is specified in the applicable Offer Specific Terms.
- (b) The amount of Interest payable on each Interest Payment Date in respect of the preceding Interest Period in respect of each Australian Unity Bond is the Fixed Interest Payment Amount specified in the Offer Specific Terms or, if a Fixed Interest Payment Amount is not specified, the amount determined in accordance with clause 2.5.

## 2.4 Floating Interest Rate

*The provisions of, and the defined terms contained in, this clause 2.4 apply to the Australian Unity Bonds only if the Offer Specific Terms state that it applies.*

- (a) The Interest Rate applicable to an Australian Unity Bond for each Interest Period (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Interest Rate} = \text{Market Rate} + \text{Margin}$$

where:

**Market Rate** means the Bank Bill Rate or such other rate specified in the Offer Specific Terms; and

**Margin** means the rate (expressed as a percentage per annum) specified in the Offer Specific Terms.

- (b) If, in respect of an Interest Period, the Issuer is unable to determine a rate in accordance with this clause 2.4, the Interest Rate for the Interest Period is the Interest Rate applicable to the Australian Unity Bonds during the immediately preceding Interest Period.

## 2.5 Calculation of Interest payable

If a Floating Interest Rate applies or a Fixed Interest Rate applies and Fixed Interest Payment Amount is not specified in the Offer Specific Terms, the amount of Interest payable on each Australian Unity Bond for an Interest Period is calculated according to the following formula:

$$\text{Interest} = \text{Interest Rate} \times \text{Face Value} \times \text{Day Count Fraction}$$

## 2.6 Accrual of Interest for other periods

Where for the purposes of the Terms it is necessary to calculate an amount of interest accrued for a period that is not an Interest Period, the amount is calculated according to the following formula:

$$\text{Interest} = \text{Interest Rate} \times \text{Face Value} \times \text{Day Count Fraction}$$

where, for the purposes of the definition of "Day Count Fraction", the number of days in the Calculation Period is:

- (A) for a period ending on a date occurring before the first Interest Payment Date, the number of days from (and

including) the Interest Commencement Date to (but excluding) that date; and

- (B) for a period ending on a date occurring after the first Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that date.

## **2.7 Notification of Interest Rate, Interest payable and other items**

*The provisions of, and the defined terms contained in, this clause 2.7 apply to the Australian Unity Bonds only if the Offer Specific Terms state that clause 2.4 ("Floating Interest Rate") applies.*

The Issuer must notify the Trustee, the Registrar and the Stock Exchange of:

- (a) the Interest Rate for each Interest Period and the amount of Interest payable per Australian Unity Bond; and
- (b) any amendment to the Interest Rate or the amount referred to in paragraph (a) arising from any extension or reduction in any Interest Period or Calculation Period. The Issuer must give notice under this clause 2.7 as soon as practicable after it makes its determination.

However, the Issuer must give notice of each Interest Rate and the amount of Interest payable by the fourth Business Day of the Interest Period. The Issuer may amend its determination of any amount, rate, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or Calculation Period without prior notice but must notify the Trustee, the Registrar and the Stock Exchange after doing so.

## **2.8 Default interest**

If an amount is not paid under the Terms when due, interest accrues on the unpaid amount (both before and after any demand or judgment) at the last applicable Interest Rate plus 2% until the date on which payment is made to the Holder.

## **2.9 Determination final**

The determination by the Issuer of all amounts, rates, items and dates required to be calculated or determined by it under the Terms is, in the absence of manifest or proven error, final and binding on the Trustee, the Registrar and each Holder.

## **2.10 Calculations**

For the purposes of completing any calculations required under the Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- (b) all figures resulting from the calculations must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable to a Holder in respect of the Holder's aggregate holding of Australian Unity Bonds of a Series must be rounded to the nearest one cent (with 0.5 of a cent being rounded up to one cent).

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## **3 Status and ranking**

### **3.1 Status**

The Australian Unity Bonds at all times constitute direct, unsubordinated and (subject to clause 4.1 ("Negative pledge")) unsecured obligations of the Issuer.

### **3.2 Ranking**

The Australian Unity Bonds of all Series rank equally with each other (including, without any preference by reason of Issue Date) and at least equally with all other unsubordinated and unsecured obligations of the Issuer (other than any obligations preferred by mandatory provisions of applicable law).

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## **4 Covenants**

### **4.1 Negative pledge**

So long as any of the Australian Unity Bonds remain outstanding, the Issuer will not create or permit to be outstanding any Encumbrance (other than a Permitted Encumbrance) upon the whole or any part of its property, assets or revenues (whether present or future) to secure:

- (a) any Relevant Indebtedness; or
- (b) any guarantee or indemnity or other like obligations relating to any Relevant Indebtedness,

without in any such case at the same time according to the Australian Unity Bonds either the same security or an equal ranking security as is granted to or is outstanding in respect of such indebtedness, guarantee, indemnity or other like obligation or such other security as shall be approved by a Special Resolution of Holders.

### **4.2 Gearing**

If this Condition 4.2 is specified as being applicable in the relevant Offer Specific Terms, so long as any Australian Unity Bonds of the Series remain outstanding, the Issuer will ensure that, on each 30 June and 31 December occurring after the Issue Date, the Covenant Gearing Ratio<sup>1</sup> is not greater than the percentage specified in the Offer Specific Terms.

### **4.3 Restrictions on Subsidiary Financial Indebtedness**

So long as any Australian Unity Bonds remain outstanding, the Issuer must ensure that no member of the Australian Unity Group outside the Obligor Group will incur any present or future Financial Indebtedness except under or in respect of:

- (a) any present or future Limited Recourse Debt;
- (b) any present or future Financial Indebtedness (whether secured or unsecured) owed by one member of the Australian Unity Group to another member of the Australian Unity Group;

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<sup>1</sup> The Covenant Gearing Ratio is not the gearing ratio calculated in accordance with Corporations Regulation 6D.2.06(3) and required to be disclosed in the Base Prospectus and Offer Specific Prospectus.

- (c) any Financial Indebtedness of an entity which becomes a member of the Australian Unity Group after the Issue Date which was incurred or agreed to be incurred before the entity became a member of the Australian Unity Group, provided that such Financial Indebtedness was not incurred in contemplation of the entity becoming a member of the Australian Unity Group and the amount of such Financial Indebtedness has not increased in contemplation of, or since, the entity became a member of the Australian Unity Group;
- (d) any other present or future Financial Indebtedness not referred to in paragraphs (a) or (b) above, provided the aggregate principal amount of such Financial Indebtedness incurred is not more than 10% of Total Equity; or
- (e) any other present or future Financial Indebtedness specified in the Offer Specific Terms.

This clause 4.3 does not apply to any ADI that is a member of the Australian Unity Group.

#### **4.4 Determination of ratios**

The amount of any Gearing Ratio Debt (and the elements included in its calculation) required to be calculated for the purposes of the Terms shall be determined in accordance with Applicable Accounting Standards in force as at the date of the Base Prospectus unless the Issuer notifies the Holders and the Trustee that such amounts will instead be determined in accordance with Applicable Accounting Standards in force at the time of making the determination.

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## **5 Redemption and buy back**

### **5.1 Redemption on Maturity Date**

Each Australian Unity Bond must be Redeemed by the Issuer on the Maturity Date at its Face Value (together with the Interest payable on the Maturity Date) unless:

- (a) the Australian Unity Bond has been previously Redeemed; or
- (b) the Australian Unity Bond has been purchased by the Issuer under clause 5.2 and cancelled.

### **5.2 Buy back**

- (a) The Issuer may at any time purchase Australian Unity Bonds in the open market or otherwise and at any price.
- (b) Australian Unity Bonds purchased under this clause 5.2 may be held, resold, dealt with or cancelled at the discretion of the Issuer, subject to compliance with any applicable law or requirement of the Stock Exchange.

### **5.3 Redemption by the Issuer for taxation reasons**

- (a) If a Tax Event occurs, the Issuer may Redeem all (but not some) of the Australian Unity Bonds of a Series in whole before their Maturity Date at the Redemption Amount.

- (b) The Issuer may only Redeem an Australian Unity Bond under paragraph (a) if:
  - (i) the proposed Redemption Date nominated by the Issuer is a scheduled Interest Payment Date;
  - (ii) the Issuer has given at least ten Business Days' (and not more than 45 Business Days') prior notice of the Redemption to the Trustee, the Registrar, the Holders and the Stock Exchange; and
  - (iii) before the Issuer gives the notice under sub-paragraph (ii), the Trustee and the Registrar have each received:
    - (A) a certificate signed by two directors or a director and a secretary of the Issuer specifying details of the relevant Tax Event; and
    - (B) an opinion of nationally recognised legal or tax advisers in Australia, experienced in such matters, confirming that the Tax Event has occurred.

#### 5.4 Redemption following a Change of Control Event

- (a) If a Change of Control Event occurs:
  - (i) the Trustee may, if directed by a Holder Resolution, require the Issuer to Redeem all (but not some) of the Australian Unity Bonds of a Series; and
  - (ii) the Issuer may Redeem all (but not some) of the Australian Unity Bonds of a Series,

on the Change of Control Redemption Date at the aggregate Redemption Amount.
- (b) As soon as reasonably practicable after the occurrence of a Change of Control Event, the Issuer must give notice of the Change of Control Event to the Trustee with a copy to the Registrar, the Holders and the Stock Exchange (**Change of Control Notice**). The Change of Control Notice will contain:
  - (i) a statement informing Holders of:
    - (A) their entitlement to direct the Trustee by Holder Resolution to require Redemption of the Australian Unity Bonds of the Series pursuant to this clause 5.4; or
    - (B) the Issuer's election to Redeem the Australian Unity Bonds of the Series,

and will also specify:
  - (ii) all information concerning the Change of Control Event that is material to the Holders;
  - (iii) the closing price of the Australian Unity Bonds of the Series on the day that the Australian Unity Bonds were trading on the Stock Exchange immediately prior to the occurrence of the Change of Control Event;

- (iv) details of the meeting or other procedure by which the Holders are to consider whether to direct the Trustee by Holder Resolution (if the Issuer has not elected to Redeem the Australian Unity Bonds of the Series); and
  - (v) the last day of the Change of Control Redemption Period.
- (c) To exercise the right under paragraph (a)(i), the Trustee must, subject to clause 5.4(e), at any time prior to the end of the Change of Control Redemption Period, deliver a Change of Control Redemption Notice to the Issuer.
- (d) If the Trustee delivers a Change of Control Redemption Notice to the Issuer in accordance with paragraph (c), the Issuer must Redeem all Australian Unity Bonds of the Series the subject of the Holder Resolution on the relevant Change of Control Event Redemption Date.
- (e) The Trustee is not bound to take action to require the Redemption under this clause 5.4 unless it is directed by Holder Resolution and it has been indemnified as contemplated by clause 3.3 of the Trust Deed.

## 5.5 Redemption by the Issuer where a Clean Up Condition subsists

- (a) If a Clean Up Condition subsists, the Issuer may Redeem all (but not some) of the Australian Unity Bonds in whole before their Maturity Date at the aggregate Redemption Amount for the Australian Unity Bonds being so Redeemed.
- (b) The Issuer may only Redeem an Australian Unity Bond under paragraph (a) if:
- (i) the proposed Redemption Date nominated by the Issuer is an Interest Payment Date; and
  - (ii) the Issuer has given at least ten Business Days' (and not more than 45 Business Days') prior notice of the Redemption to the Trustee, the Registrar, the Holders and the Stock Exchange.

## 5.6 Effect of notices

Any notice given under this clause 5 is irrevocable once given.

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# 6 Events of Default

## 6.1 Events of Default

Each of the following is an Event of Default in relation to a Series of Australian Unity Bonds:

- (a) **(non-payment)** the Issuer fails to pay within 10 Business Days after the due date any amount payable by it under any Australian Unity Bond;
- (b) **(breach of other obligations)** the Issuer fails to comply with any of its other obligations under the Terms or the Trust Deed and such failure remains unremedied for a period of 30 Business Days after the Issuer has received written notice from the Trustee in respect of the failure;
- (c) **(insolvency)** an Insolvency Event occurs in respect of the Issuer; or



- (d) **(cessation of business)** the Issuer ceases or suspends the conduct of all of its business.

## **6.2 Notification**

If an Event of Default occurs, the Issuer must promptly after becoming aware of it, notify the Trustee, the Registrar, the Holders and the Stock Exchange of the occurrence of the Event of Default (specifying details of it).

## **6.3 Consequences of an Event of Default**

- (a) If an Event of Default occurs and is continuing in relation to the Australian Unity Bonds of a Series, the Trustee may, by written notice to the Issuer, declare that the Face Value (together with all accrued but unpaid Interest (if any)) applicable to, each Australian Unity Bond of that Series is due and payable immediately or on such other date specified in that notice.
- (b) The Trustee is not bound to take the action referred to in paragraph (a) to enforce the obligations of the Issuer in respect of the Australian Unity Bonds of a Series or any other proceedings or action pursuant to, or in connection with, the Trust Deed or the Australian Unity Bonds of that Series unless:
  - (i) directed by a Special Resolution or requested in writing by the Holders which hold in aggregate one half or more of the Face Value of the Australian Unity Bonds of the relevant Series then outstanding; and
  - (ii) it has been indemnified as contemplated by clause 3.3 of the Trust Deed; and
  - (iii) the Trustee is not restricted or prohibited by any order of any court or applicable law.

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# **7 Title and transfer of Australian Unity Bonds**

## **7.1 Title**

Title to an Australian Unity Bond passes when details of the transfer are entered in the relevant Register.

## **7.2 Effect of entries in Register**

Each entry in the Register in respect of a Series constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal, interest and any other amount in accordance with the Terms; and
- (b) an entitlement to the other rights of Holders under the Terms and the Trust Deed in respect of the Australian Unity Bond,

in each case of that Series.

## **7.3 Register conclusive as to ownership**

Entries in the Register in relation to a Series constitute conclusive evidence that the person so entered in respect of an Australian Unity Bond is the absolute owner of that Australian Unity Bond subject to correction for fraud or manifest or proven error and, except as required by law, the Issuer, the Trustee and the

Registrar must treat that person as the absolute owner of that Australian Unity Bond. This clause 7.3 applies whether or not an Australian Unity Bond is overdue and despite any notice of ownership, trust or interest in the Australian Unity Bond.

#### **7.4 Joint holders**

Where two or more persons are entered in a Register as the joint holders of an Australian Unity Bond then they are taken to hold the Australian Unity Bond as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Australian Unity Bond.

#### **7.5 Transfers in whole**

Australian Unity Bonds may be transferred in whole but not in part.

#### **7.6 Transfer**

A Holder may, subject to this clause 7.6, transfer any Australian Unity Bonds:

- (a) if the Australian Unity Bonds are quoted on the ASX, by a proper ASTC transfer according to the ASTC Settlement Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which Australian Unity Bonds are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Issuer must not charge any fee on the transfer of an Australian Unity Bond.

#### **7.7 Market obligations**

The Issuer must comply with all Applicable Regulation and any other relevant obligations imposed on it in relation to the transfer of an Australian Unity Bond.

#### **7.8 Delivery of instrument**

If an instrument is used to transfer Australian Unity Bonds according to clause 7.6, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Australian Unity Bonds.

#### **7.9 Refusal to register transfers**

- (a) The Issuer may only refuse to register a transfer of any Australian Unity Bonds if such refusal is required or permitted by Applicable Regulation.
- (b) The Issuer may take all steps required or permitted by Applicable Regulation to give effect to a refusal to register a transfer of Australian Unity Bonds in accordance with paragraph (a), including where the Australian Unity Bonds are quoted on ASX, by application of a holding lock.
- (c) If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for it within five

Business Days after the date on which the transfer was delivered to the Registry.

#### **7.10 Effect of transfer**

A transferor of an Australian Unity Bond remains the Holder in respect of that Australian Unity Bond until the transfer is registered and the name of the transferee is entered in the Register of that Series as the Holder of the Australian Unity Bond.

#### **7.11 Estates**

A person becoming entitled to an Australian Unity Bond as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registry considers sufficient, transfer the Australian Unity Bond or, if so entitled, become registered as the holder of the Australian Unity Bond.

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## **8 Payments**

### **8.1 Payments**

Payments in respect of the Australian Unity Bonds will be made in accordance with this clause 8.

### **8.2 Payment of principal**

Payments of principal in respect of an Australian Unity Bond will be made to the person registered at 10.00 am on the relevant Maturity Date or relevant Redemption Date as the holder of that Australian Unity Bond.

### **8.3 Payment of Interest**

Payments of Interest in respect of an Australian Unity Bond will be made to the person registered at 5.00 pm on the Record Date as the holder of that Australian Unity Bond.

### **8.4 Payments to accounts**

Amounts payable by the Issuer to a Holder in respect of an Australian Unity Bond may be paid in any manner that the Issuer decides, including by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them.

### **8.5 Payments by cheque**

The Issuer may decide that payments in respect of an Australian Unity Bond will be made by cheque sent on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Australian Unity Bond) at its address appearing in the Register at close of business on the Record Date (in the case of a payment of Interest) or on the Redemption Date or the Maturity Date (in the case of payment of principal).

Cheques sent on the payment date to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the Australian Unity Bonds as a result of the Holder not receiving payment on the due date.

## **8.6 Unsuccessful attempts to pay**

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
- (c) has made reasonable efforts to locate a Holder but is unable to do so,

in each case the amount is to be held by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed amounts.

## **8.7 Payment to joint Holders**

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

## **8.8 Payments subject to law**

All payments are subject to applicable law, but without prejudice to provisions of the Terms relating to the payments of Additional Amounts.

## **8.9 Payments on Business Days**

If a payment:

- (a) is due on an Australian Unity Bond on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay.

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# **9 Taxation**

## **9.1 No set-off, counterclaim or deductions**

All payments in respect of the Australian Unity Bonds must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by applicable law.

## **9.2 Withholding tax gross up**

Subject to clause 9.3, if an applicable law or directive requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of an Australian Unity Bond such that the Holder would not actually receive on the due date the full amount provided for under that Australian Unity Bond, then:

- (a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed in Australia, the Issuer will pay an Additional Amount so that, after making the deduction and further deductions applicable to Additional Amounts payable under this clause 9.2, the Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deduction or withholding had been required to be made.

### **9.3 Withholding tax exemptions**

No Additional Amounts are payable under clause 9.2(b) in respect of any Australian Unity Bond:

- (a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Australian Unity Bond by reason of the person having some connection with Australia other than the mere holding of such Australian Unity Bond or receipt of payment in respect of the Australian Unity Bond;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any tax authority;
- (c) to, or to a third party on behalf of, a Holder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;
- (d) where such withholding or deduction is required by reason of the FATCA Withholding Tax Rules;
- (e) to, or to a third party on behalf of, a Holder where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of the Commonwealth of Australia or any similar law;
- (f) to, or to a third party on behalf of an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate Australian tax file number, an Australian business number or other exemption details before the Record Date; or
- (g) in respect of any Tax imposed on or calculated having regard to the net income of the Holder.

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## **10 General provisions and governing law**

### **10.1 Time limit for claims**

A claim against the Issuer for a payment under an Australian Unity Bond is void unless made within five years after the date on which payment first became due.

## 10.2 Meetings

The Meeting Provisions set out the provisions for convening meetings of the Holders to consider any matter affecting their interests including certain variations of the Terms which require the consent of the Holders.

## 10.3 Amendments

(a) At any time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), but without the consent of the Holders, amend the Terms in respect of any Series if the Issuer is of the opinion that such amendment:

- (i) is of a formal or technical or minor nature;
- (ii) made to cure any ambiguity or correct any manifest or proven error;
- (iii) necessary or expedient for the purpose of enabling the Australian Unity Bonds:
  - (A) to be listed for quotation, or to retain quotation, on any Stock Exchange;
  - (B) to be offered for subscription or for sale under the laws for the time being in force in any place;
  - (C) to comply with the provisions of any statute or the requirements of any statutory authority; or
  - (D) otherwise to comply with Applicable Regulation;
- (iv) in any other case, is not materially prejudicial to the interests of Holders as a whole.

For the purposes of determining whether an amendment is not materially prejudicial to the interests of Holders as a whole, the taxation consequences to a Holder (or any class of Holders) and other special consequences or circumstances which are personal to a Holder (or any class of Holders) do not need to be taken into account by the Issuer, the Trustee or their respective legal advisers

(b) At any time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), amend the Terms in respect of any Series:

- (i) except as otherwise provided in paragraphs (ii) and (iii) below, if such amendment is authorised by a Holder Resolution;
- (ii) in the case of an amendment to this clause 10.3 or any clause of the Trust Deed or any paragraph of the Meeting Provisions, in either case, providing for Holders to give a direction to the Trustee by a Special Resolution, if a Special Resolution is passed in favour of such amendment;
- (iii) in the case of an amendment to the Meeting Provisions and to which clause 10.3(b) does not apply, if a Special Resolution is passed in favour of such amendment; and

- (iv) otherwise in accordance with the Trust Deed.

An amendment made pursuant to this clause 10.3 applies only to Australian Unity Bonds of the Series to which such amendment relates.

#### **10.4 Further issues**

The Issuer may from time to time, without the consent of the Holders, issue a Tranche of Australian Unity Bonds having the same Terms as an existing Series of Australian Unity Bonds in all respects (or in all respects except for the Issue Date and the first payment of Interest for such new Australian Unity Bonds) so as to form part of the same Series or another Series of Australian Unity Bonds or issue any other bonds, notes, shares or any other form or type of securities, or (subject to clause 4.1 ("Negative pledge")) incur or guarantee any indebtedness, upon such terms as it may think fit in its sole discretion.

#### **10.5 Governing law**

The Australian Unity Bonds are governed by the law in force in Victoria.

#### **10.6 Jurisdiction**

The Issuer, the Trustee and the Holders irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of Victoria and courts of appeal from them. The Issuer, the Trustee and each Holder waives any right it has to object to an action being brought in those courts, to claim that such action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

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### **11 Notices**

#### **11.1 Notices to Holders**

All notices, certificates, consents, approvals, waivers and other communications in connection with an Australian Unity Bond to the Holders must be in writing and may be:

- (a) so long as the Australian Unity Bonds are quoted on a Stock Exchange, given by publication of an announcement on the Stock Exchange;
- (b) given by an advertisement published in the Australian Financial Review or The Australian, or any other newspaper nationally circulated within Australia; or
- (c) sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant notice or communication).

#### **11.2 Notices to the Issuer and the Registrar**

All notices and other communications to the Issuer and the Registrar must be in writing and may be sent by prepaid post or left at the address of the registered office of the Issuer or the Registrar or such other address as is notified to Holders from time to time.

#### **11.3 When effective**

Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them.

#### **11.4 Receipt – publication on Stock Exchange**

If published by an announcement on a Stock Exchange, communications are taken to be received when the announcement is made on the Stock Exchange.

#### **11.5 Receipt – publication in newspaper**

If published in a newspaper, communications are taken to be received on the first date that publication has been made in all the required newspapers.

#### **11.6 Receipt – postal**

Unless a later time is specified in it, a notice, if sent by post, is taken to be received on the next succeeding Business Day in the place of the addressee.

#### **11.7 Non-receipt of notice**

If there are two or more Holders, the non-receipt of any notice by, or the accidental omission to give any notice to, a Holder does not invalidate the giving of that notice.

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## **12 Definitions and interpretation**

### **12.1 Interpretation**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect interpretation of the Terms. The following rules apply, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa and a gender includes the other gender;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a document (including this deed) includes all schedules or annexes to it;
- (d) a reference to a clause, paragraph or a sub-paragraph is to a clause, paragraph or sub-paragraph of the Terms provided that a reference to a clause or schedule of the Trust Deed in the Terms is to the correspondingly numbered clause or schedule of the Trust Deed;
- (e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (f) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (g) a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;



- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) an Event of Default continues until it has been remedied or waived in writing by the Trustee on behalf of the Holders;
- (k) unless otherwise specified, a reference to time is to Melbourne, Australia time;
- (l) a reference to **Australian dollars, A\$, dollars, \$ or cents** is a reference to the lawful currency of Australia;
- (m) if a payment is required to be made under the Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally; and
- (o) if an event under the Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.

## 12.2 References to particular terms

Unless the contrary intention appears, in the Terms:

- (a) a reference to an Australian Unity Bond is a reference to an Australian Unity Bond of a particular Series specified in the applicable Offer Specific Terms;
- (b) a reference to a relevant Series is a reference to a particular Series specified in the applicable Offer Specific Terms;
- (c) a reference to a Holder is a reference to a holder of an Australian Unity Bond of a particular Series;
- (d) a reference to the Registrar is a reference to the person so specified in the Offer Specific Terms;
- (e) a reference to the Stock Exchange is a reference to each Stock Exchange on which the Australian Unity Bonds are, for the time being, quoted;
- (f) a reference to the Listing Rules is a reference to the applicable Listing Rules of each Stock Exchange on which the Australian Unity Bonds are, for the time being, quoted;
- (g) a reference to principal is taken to include the Face Value of an Australian Unity Bond payable at Redemption, any additional amounts in respect of principal which may be payable under the Terms and any other amount in the nature of principal payable in respect of the Australian Unity Bonds under the Terms; and
- (h) a reference to Interest is taken to include any Additional Amounts and any other amount in the nature of interest payable in respect of the Australian Unity Bonds under the Terms.

### 12.3 Inconsistency with Listing Rules

So long as the Australian Unity Bonds of a Series are quoted on a Stock Exchange, the Terms are to be interpreted in a manner consistent with the relevant Listing Rules.

### 12.4 Definitions

The following definitions apply unless the context requires otherwise.

**Additional Amount** means an additional amount payable by the Issuer under clause 9.2 (“Withholding tax gross up”).

**ADI** means Big Sky Building Society or any other member of the Australian Unity Group which is an authorised deposit-taking institution under the Banking Act 1959 (Cth).

**ADI Equity** means the equity in any ADI that is a member of the Australian Unity Group (as such amount may be adjusted in accordance with clause 4.4).

**ADI Guarantees** means all contingent debt or other monetary liabilities (including by way of counter indemnity) of or incurred by an ADI in respect of (but only to the extent of the outstanding available or undrawn amounts under) any bank guarantee, standby letter of credit or other guarantee issued or granted by a financial institution at the request of such ADI for the payment of a debt.

**ADI Interest Bearing Liabilities** means the total interest bearing liabilities of all ADIs as set out in the AUG Balance Sheet (as such amount may be adjusted in accordance with clause 4.4).

**Applicable Accounting Standards** means the Australian Accounting Standards issued by the Australian Accounting Standards Board.

**Applicable Regulation** means such provisions of the Corporations Act together with the rules and regulations of any Stock Exchange on which the Australian Unity Bonds are quoted and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer and includes any Restriction Agreement.

**ASTC** means ASX Settlement Pty Ltd (ABN 49 008 504 532), the body which administers CHESS and includes any agent appointed by ASTC.

**ASTC Settlement Rules** means the operating rules of ASTC as amended, varied or waived whether in respect of the Issuer or generally from time to time.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**AUG Balance Sheet** means the consolidated balance sheet of the Australian Unity Group shown in the latest audited financial statements or half year financial statements of the Issuer prepared in accordance with applicable law and Applicable Accounting Standards.

**AUL Balance Sheet** means the balance sheet of the Issuer on a non-consolidated basis shown in the latest audited financial statements or half year financial statements of the Issuer prepared in accordance with applicable law and Applicable Accounting Standards.

**AUL Cash** means cash and cash equivalents held by the Issuer, less any cash and cash equivalents subject to an Encumbrance including Encumbrances held in trust for third parties, as at the date of the AUL Balance Sheet. “Cash” and “cash equivalents” have the meanings given in the Applicable Accounting Standards.

**Australian Tax Act** means the Income Tax Assessment Act 1936 of Australia and, where applicable, the Income Tax Assessment Act 1997 of Australia.

**Australian Unity Bond** means a debt obligation issued or to be issued by the Issuer pursuant to the Base Prospectus and an Offer Specific Prospectus.

**Australian Unity Group** means the Issuer and its Subsidiaries except for any Subsidiary in its capacity as trustee or responsible entity of a Relevant Trust.

**Australian Unity Guarantees** means all contingent debt or other monetary liabilities (including by way of counter indemnity) of or incurred by the Australian Unity Group on a consolidated basis in respect of (but only to the extent of the outstanding available or undrawn amounts under) any bank guarantee, standby letter of credit or other guarantee issued or granted by a financial institution who is not a member of the Australian Unity Group at the request of a member of the Australian Unity Group for the payment of a debt.

**Bank Bill Rate** (expressed as a percentage per annum) means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the Bloomberg ‘AFRS 1’ screen page at approximately 10.15am on the first day of the Interest Period. However, if such rate does not appear on the Bloomberg ‘AFRS 1’ screen page by 10:30 am on that day, or if it does appear but the Issuer determines that there is an obvious error in that rate, “**Bank Bill Rate**” means the rate for that day will be the rate determined by the Issuer having regard to comparable indices then available.

**Base Prospectus** means, in respect of a Series or Tranche, the base prospectus which was published by the Issuer under section 713B of the Corporations Act on or about 9 November 2015 in relation to the Australian Unity Bonds to be offered by the Issuer from time to time.

**Benefit Funds** means benefit funds operated under the Life Insurance Act 1995 (Cth) through any Subsidiary of the Issuer.

**Benefit Fund Interest Bearing Liabilities** means, if any, the total interest bearing liabilities of all Benefit Funds as set out in the AUG Balance Sheet (as such amount may be adjusted in accordance with clause 4.4).

**Big Sky Building Society** means Big Sky Building Society Limited (ABN 30 087 652 079).

**Business Day** means (a) a day which is a Business Day within the meaning of the ASX Listing Rules and (b) for the purposes of calculation or payment of Interest or any other amount, a day on which banks are open for business in Melbourne, Victoria.

**Business Day Convention** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Offer Specific Terms in relation to any date applicable to any Australian Unity Bond, have the following meanings:

(a) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day; and

- (b) **Modified Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day.

**Calculation Period** has the meaning given in the definition of “Day Count Fraction” below.

A **Change of Control Event** occurs when either:

- (a) the Members pass a special resolution pursuant to Rule 3.5 of the Constitution authorising the entry into, implementation of or carrying out of a Demutualisation by the Issuer; or
- (b) if a Demutualisation has occurred but the Australian Unity Bonds of the Series remain outstanding, at any time that there is a change (from the circumstances prevailing following the Demutualisation) such that any person or persons acting together who control any of the following in respect of the Issuer cease to have that control, or a person or persons acting together not having control of any of the following in respect of the Issuer acquire such control:
- (i) more than 50% of the votes eligible to be cast in the election of directors or any similar matter;
  - (ii) the right to appoint or remove directors (or members of a governing body having functions similar to a board of directors) representing more than 50% of the votes exercisable by the directors (or persons having similar functions);
  - (iii) an interest of more than 50% in any category of the profits, distributions or net liquidation proceeds; or
  - (iv) the power to give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply.

**Change of Control Notice** means a notice provided by the Issuer in accordance with clause 5.4(b).

**Change of Control Redemption Notice** means a notice provided by the Trustee to the Issuer under clause 5.4(c).

**Change of Control Redemption Date** means the date that is the 20<sup>th</sup> Business Day after the expiry of the Change of Control Event Redemption Period.

**Change of Control Redemption Period** means the period beginning on the date the Issuer provides a Change of Control Notice and ending 30 Business Days from that date.

**CHES** means the Clearing House Electronic Sub-register System operated by ASTC.

**Clean Up Condition** means, in respect of a Series, that, at any time, the aggregate Face Value of the Australian Unity Bonds of that Series that remain on issue is less than 10% of the aggregate Face Value of the Australian Unity Bonds issued under that Series.

**Clearing System** means CHES or any other applicable securities clearance and settlement system through which the Australian Unity Bonds are cleared and/or settled.

**Code** means the United States of America Internal Revenue Code of 1986.

**Consolidated Interest Bearing Liabilities** means the total interest bearing liabilities of the Australian Unity Group as set out in the AUG Balance Sheet (as such amount may be adjusted in accordance with clause 4.4).

**Constitution** means the Constitution of the Issuer, as amended from time to time.

**Corporations Act** means the Corporations Act 2001 of Australia.

**Covenant Gearing Ratio** means Gearing Ratio Debt divided by the sum of Gearing Ratio Debt and Gearing Ratio Equity.

**Day Count Fraction** means, for the calculation of interest for an Interest Period or any other period of time ("**Calculation Period**"), the day count fraction specified in the Offer Specific Terms and:

- (a) if "**Actual/365 (Fixed)**" is specified, means the actual number of days in the Calculation Period divided by 365; and
- (b) if "**RBA Bond Basis**" or "**Australian Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute a regular Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
  - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
  - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)).

**Demutualisation** means any arrangement which would have the purpose or effect of:

- (a) creating or issuing shares in the Issuer; or
- (b) the Issuer agreeing to create or issue shares in it; or
- (c) varying the rights of Members, or a class of Members, to:
  - (i) the reserves of the Issuer;
  - (ii) the assets of the Issuer on a winding up; or
  - (iii) vote on any kind of resolution of Members or a class of Members; or
- (d) transferring, exhausting, surrendering, cancelling or terminating some or all rights of Members (including the complete resignation of membership, whether in exchange for value or not); and

includes:

- (e) any arrangement that would have the purpose or effect of authorising any of the matters set out in paragraphs (a) to (d);
- (f) any proposed modification or repeal of any part of Rule 3.5 of the Constitution (which sets out the procedure to effect a Demutualisation of the Issuer); but

excludes an agreement for a Demutualisation entered into by the Issuer and authorised by the board of the Issuer, provided that the agreement is conditional upon, and that the Demutualisation may only be carried out with, authorisation under Rule 3.5 of the Constitution.

**Encumbrance** means a mortgage, charge, pledge, lien or other security interest securing any obligation.

**Event of Default** means the happening of any of the events set out in clause 6.1.

**Face Value** means A\$100, being the notional principal amount of each Australian Unity Bond, or such other amount which is specified in the Offer Specific Terms.

**FATCA** means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement under the implementation of paragraphs (a) or (b) above, with the United States of America Internal Revenue Service, the United States of America government or any governmental or taxation authority in any other jurisdiction.

**FATCA Withholding Tax Rules** means any Tax imposed under FATCA.

**Financial Indebtedness** means any actual or contingent debt or other monetary liability arising in respect of money borrowed or raised or any financial accommodation provided, including in respect of any:

- (a) bill of exchange, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) Guarantee granted by a financial institution guaranteeing the payment of a debt, in which case that debt will not be included;
- (d) finance lease;
- (e) obligation to deliver goods or services paid for in advance by any financier or in relation to any other financing transaction;
- (f) cash advance; or
- (g) deferred purchase price (for more than 90 days) of an asset or service;

but excluding (without limitation) in respect of any operating lease.

**Fixed Interest Payment Amount** means, in respect of a Series of Australian Unity Bonds where the Offer Specific Terms specify a Fixed Interest Rate, the amount of Interest payable on the Australian Unity Bond on each Interest Payment Date which is specified in the relevant Offer Specific Terms.

**Fixed Interest Rate** means an Interest Rate determined in accordance with clause 2.3 as a fixed rate of return.

**Floating Interest Rate** means an Interest Rate determined in accordance with clause 2.4 as a floating rate of return, by reference to a market rate, together with a margin.

**Gearing Ratio Debt** means the sum of Consolidated Interest Bearing Liabilities and Australian Unity Guarantees, less ADI Interest Bearing Liabilities, ADI Guarantees, Benefit Fund Interest Bearing Liabilities, Junior Ranking Obligations and AUL Cash.

**Gearing Ratio Equity** means Total Equity less the ADI Equity.

**Guarantee** means a guarantee, indemnity, letter of comfort having binding effect or any other obligation or irrevocable offer:

- (a) to provide funds (whether by the advance or payment of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or otherwise) for the payment or discharge of;
- (b) to indemnify any person against the consequences of default in the payment of; or
- (c) to be responsible for,

an obligation or monetary liability of another person, distribution, or the solvency or financial condition of another person.

**Holder** means, in respect of an Australian Unity Bond, the person whose name is entered on the Register as the holder of that Australian Unity Bond.

**Holder Resolution** means:

- (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:
  - (i) by more than 50% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
  - (ii) if a poll is duly demanded, then by a majority consisting of more than 50% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) more than 50% of the Face Value of all of the outstanding Australian Unity Bonds;

an **Insolvency Event** occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration (other than in circumstances where the appointment of the administrator or liquidator is stayed, withdrawn, dismissed or terminated within 30 Business Days) or wound up (each as defined in the Corporations Act).

**Interest** has the meaning given in clause 2.1.

**Interest Commencement Date** means, in respect of an Australian Unity Bond, the Issue Date of the Australian Unity Bond or any other date specified in the Offer Specific Terms.

**Interest Payment Date** means, in respect of an Australian Unity Bond:

- (a) each date specified in, or determined in accordance with, the Offer Specific Terms; and
- (b) the Maturity Date,

and, in each case, adjusted, if necessary, in accordance with the Business Day Convention.

**Interest Period** means each period commencing on (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date or Redemption Date.

**Interest Rate** means, in respect of an Australian Unity Bond, the interest rate (expressed as a percentage per annum) payable in respect of that Australian Unity Bond specified in the Offer Specific Terms or calculated or determined in accordance with the Terms.

**Issue Date** means, in respect of an Australian Unity Bond, the date specified in the Offer Specific Terms as the date on which the Australian Unity Bond is, or is to be, issued.

**Issuer** means Australian Unity Limited (ABN 23 087 648 888).

**Junior Ranking Obligation** means any equity or subordinated debt obligation of the Issuer which in a winding up of the Issuer would rank behind the Issuer's obligations under Australian Unity Bonds.

**Limited Recourse Debt** means Financial Indebtedness incurred or owed by one or more members of the Australian Unity Group (including a trust) for or in respect of the purchase, construction, development or operation of an asset or assets where the financier's recourse is limited to those assets (or the income or cashflow from those assets) or shares or units issued by that entity or those entities and the financier otherwise has no Guarantee from any member of the Australian Unity Group which is not involved in the purchase, construction, development or operation of such asset or any security over any other assets of the Australian Unity Group, and includes a refinancing of any such Financial Indebtedness.

**Listing Rules** means the listing rules of the Stock Exchange.

**Market Rate** has the meaning given in clause 2.4(a).

**Maturity Date** means, in respect of an Australian Unity Bond, the date specified in, or determined in accordance with, the Offer Specific Terms and adjusted, if necessary, in accordance with the Business Day Convention.

**Meeting Provisions** means the provisions for meetings of the Holders set out in schedule 3 of the Trust Deed.

**Member** means a member as defined in the Constitution.

**Obligor Group means:**

- (a) until such time as paragraph (b) applies, the Issuer alone; or



- (b) if one or more Subsidiaries of the Issuer provides a guarantee and indemnity in favour of the Trustee for all moneys owing in respect of a Series of Australian Unity Bonds, the Issuer and each such Subsidiary that has provided such a guarantee and indemnity.

**Offer Specific Prospectus** means, in respect of a Series or Tranche, the applicable offer specific prospectus (for the purposes of section 713B of the Corporations Act) which supplements the Base Prospectus and pursuant to which the Series or Tranche is offered.

**Offer Specific Terms** means, in respect of a Tranche, the supplementary details set out in the applicable Offer Specific Prospectus specifying the relevant issue details in relation to that Tranche.

**Offshore Associate** means an associate (as defined in section 128F of the Australian Tax Act) of the Issuer that is either:

- (a) a non-resident of Australia which does not acquire the Australian Unity Bonds in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires the Australian Unity Bonds in carrying on a business at or through a permanent establishment outside Australia.

**Permitted Encumbrance** means:

- (a) a security interest granted by the Issuer to The Trust Company (Australia) Limited (acting as trustee) securing the Issuer's obligations in respect of the Australian Unity Notes issued by the Issuer in 2011 and the trust deed constituting such notes; and
- (b) a security interest granted by the Issuer securing indebtedness owing by the Issuer under syndicated or term loan arrangements where at the time that security interest is granted the aggregate principal amount of any such indebtedness secured by all such security interests granted under this paragraph (b) is not more than 10% of Total Equity.

**Record Date** means, for payments of Interest:

- (a) subject to paragraph (b) below, the date which is eight calendar days before the applicable Interest Payment Date; or
- (b) such other date as is determined by the Issuer in its absolute discretion and communicated to the Stock Exchange not less than eight calendar days before the Record Date which would have been determined under paragraph (a) above, or such other date as may be required by, or agreed with, the Stock Exchange.

**Redemption** means the payment or capital return in respect of, or buy-back, cancellation, redemption or repurchase of an Australian Unity Bond in accordance with and subject to clause 5 ("Redemption and buy back") and the words **Redeem**, **Redeemable** and **Redeemed** bear their corresponding meanings.

**Redemption Amount** means, in respect of an Australian Unity Bond, the Face Value of the Australian Unity Bond together with any interest accrued on the Australian Unity Bond to (but excluding) the relevant Redemption Date (except to the extent such interest is paid as Interest on that date).

**Redemption Date** means, in respect of an Australian Unity Bond, the date, other than the Maturity Date, on which the Australian Unity Bond is Redeemed in whole, including any Change of Control Redemption Date.

**Register** means the register of Holders (established and maintained under clause 13 of the Trust Deed) and, where appropriate, the term **Register** includes:

- (a) a sub-register maintained by or for the Issuer under Applicable Regulation; and
- (b) any branch register.

**Registrar** means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by the Issuer (and specified in the Offer Specific Terms) to maintain the Register and perform any payment and other duties in relation to the Australian Unity Bonds.

**Relevant Indebtedness** means:

- (a) notes, bonds, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments (including Australian Unity Bonds of another Series, but not including the Australian Unity Bonds of the relevant Series) evidencing indebtedness of the Issuer which are for the time being, or are intended to be or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other public securities market (whether or not initially distributed by way of private placement); and
- (b) any indebtedness of the Issuer owing under syndicated or term loan arrangements.

**Relevant Trust** means a trust, managed investment scheme or other comparable arrangement in respect of which moneys have been raised from the public or that has otherwise been established bona fide for or with a view to, and in which there are, investors, beneficiaries, objects of trust or other scheme participants external to the Australian Unity Group (including any sub-trust or other Subsidiary of such a trust, managed investment scheme or other comparable arrangement) (a **Trust**), but does not include a Trust in which an entity of the Australian Unity Group (that is not a Relevant Trust or acting in the capacity of trustee or responsible entity of a Relevant Trust) has a relevant interest (as defined in the Corporations Act) in total in more than 50% of the issued units or other interests (regardless of whether those units or other interests have voting rights).

**Restriction Agreement** means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or is voluntarily concluded between the Issuer and one or more Holders.

**Series** means an issue of Australian Unity Bonds made up of one or more Tranches all of which are expressed to be consolidated and form a single series and are issued on the same Terms, except that the Issue Date and Interest Commencement Date may be different in respect of different Tranches of a Series.

**Special Resolution** means:

- (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:

- (i) by at least 75% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
  - (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) at least 75% of the Face Value of all of the outstanding Australian Unity Bonds;

**Stock Exchange** means, in respect of the Australian Unity Bonds and at any time, each stock or securities exchange, being any of:

- (a) ASX; and/or
- (b) any other prescribed financial market (as defined for the purposes of the Corporations Act),

on which the Australian Unity Bonds are quoted (and as may be specified in the Offer Specific Terms).

**Subsidiary** has the meaning given in Part 1.2 Division 6 of the Corporations Act.

**Tax** means any tax, levy, impost, charge or duty (including stamp and transaction duties) imposed by any authority and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of the Holder.

A **Tax Event** occurs where, on or after the Issue Date, the Issuer receives an opinion of nationally recognised legal or tax advisers in Australia, experienced in such matters, that, as a result of a change in a law, or in the application or interpretation of a law, there is a more than insubstantial risk that:

- (a) any payment to a Holder under an Australian Unity Bond will be subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which the Issuer must pay an Additional Amount; or
- (b) payment of Interest will not be allowed as a deduction for the purposes of the Issuer's Australian tax purposes.

**Terms** means these Base Terms as amended, supplemented, modified or replaced by the applicable Offer Specific Terms.

**Total Equity** means (without double counting) the total equity of the Australian Unity Group on a consolidated basis as set out in the AUG Balance Sheet plus the aggregate amount of any Junior Ranking Obligations (as such amount may be adjusted in accordance with clause 4.4).

**Tranche** means an issue of Australian Unity Bonds issued on the same Issue Date and on the same Terms.

**Trust Deed** means the trust deed entitled "Australian Unity Bonds Trust Deed" dated on or about 9 November 2015 in relation to the Australian Unity Bonds and entered into by the Issuer and the Trustee.

**Trustee** means Australian Executor Trustees Limited (ABN 84 007 869 794) or any successor or replacement Trustee appointed in accordance with the Trust Deed.