

Date of Base Prospectus: 9 September 2019

This Base Prospectus contains information that is relevant to all offers of simple corporate bonds ("Bonds") made by Australian Unity Limited during the period from 9 September 2019 to 9 September 2022 (the "Covered Period") subject to updates in the relevant Offer Specific Prospectus. To make an informed investment decision about a particular offer of Bonds, you must read this Base Prospectus together with the relevant Offer Specific Prospectus for the Tranche of Bonds you are considering investing in.

Australian Unity Bonds

Part B: Base Prospectus

Issuer

Australian Unity Limited ABN 23 087 648 888

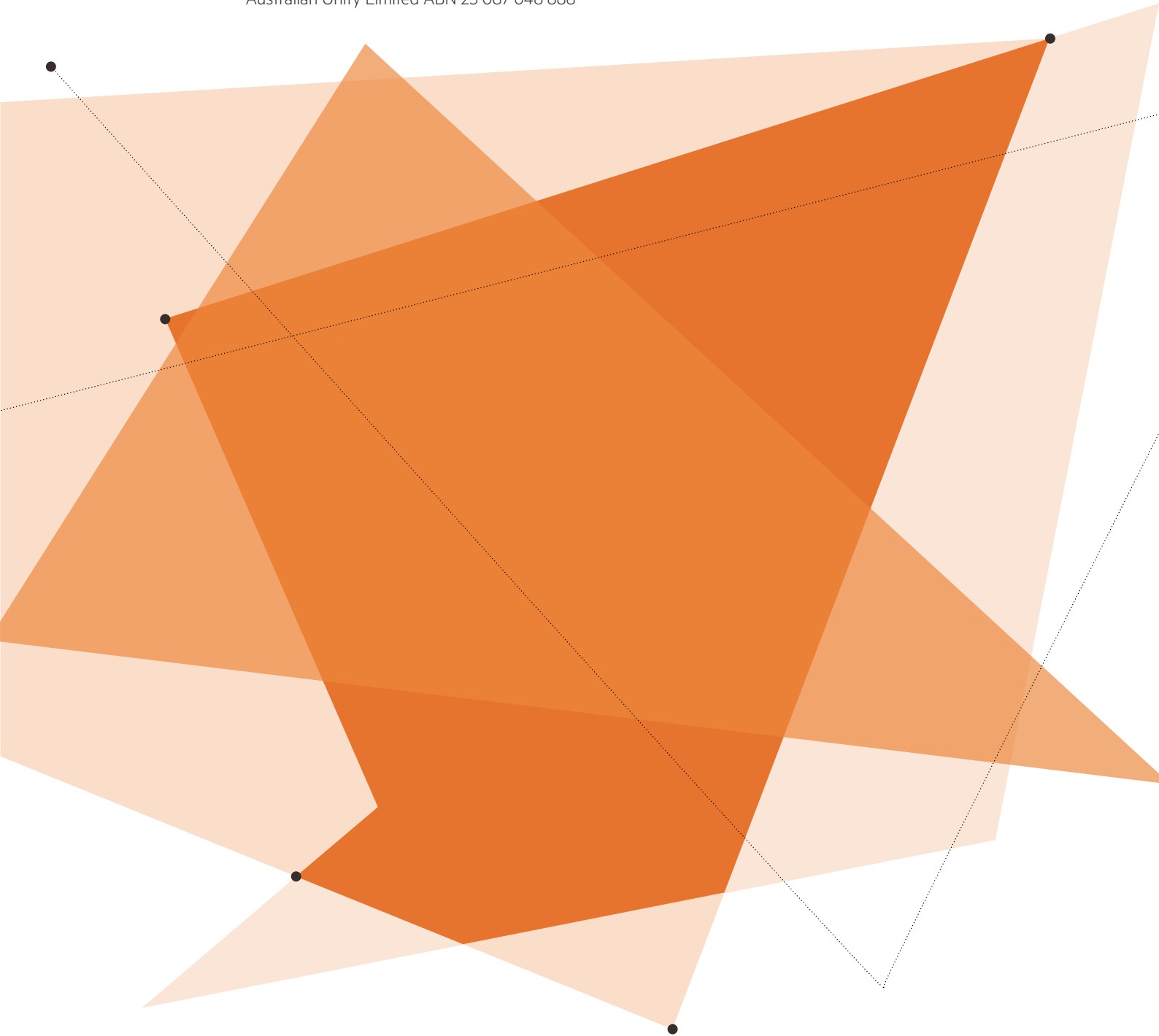


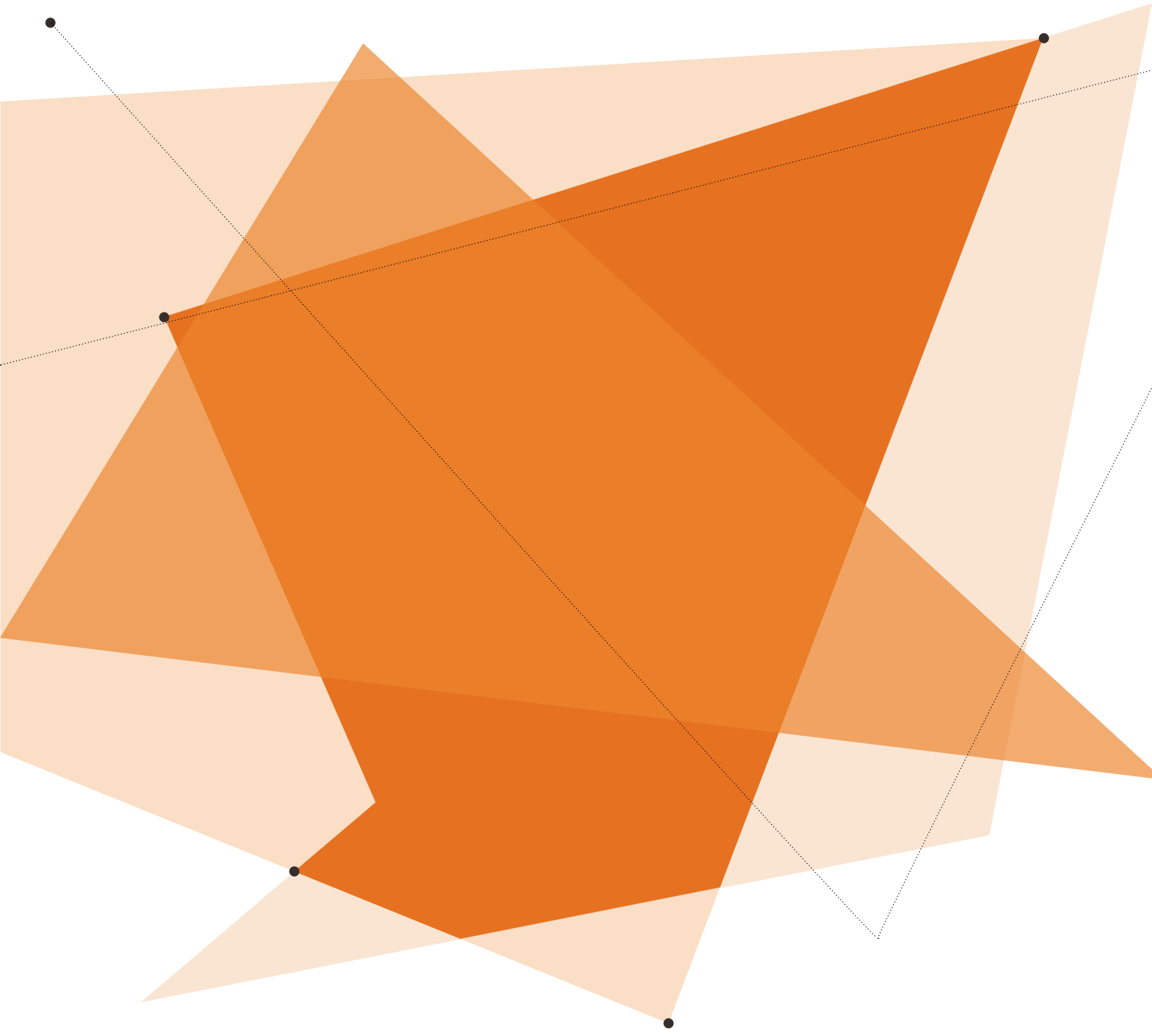
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Section 1

What you need to know



1. **To make an informed investment decision about a particular offer of Bonds, you must read this Base Prospectus together with the relevant Offer Specific Prospectus for the Tranche of Bonds you are considering investing in.**

2. **About this Base Prospectus**

Australian Unity Limited (ABN 23 087 648 888) (“Australian Unity” or the “Issuer”) may, from time to time, offer simple corporate bonds, which are unsecured and unsubordinated debt securities and are referred to in this Base Prospectus as “Bonds”.

This Base Prospectus is dated 9 September 2019 and a copy was lodged with the Australian Securities and Investments Commission (“ASIC”) on that date.

This Base Prospectus will be the Base Prospectus for Bonds for the Covered Period.

There will be a separate Offer Specific Prospectus for each offer of Bonds during the Covered Period. The disclosure document for each offer of Bonds during the Covered Period will consist of this Base Prospectus and an Offer Specific Prospectus for the Offer.

This Base Prospectus alone is not an offer of Bonds. The Offer in respect of a Tranche of the Bonds is contained in the relevant Offer Specific Prospectus, this Base Prospectus and other information that is incorporated by reference into the relevant Offer Specific Prospectus and this Base Prospectus.

This Base Prospectus and the relevant Offer Specific Prospectus are together referred to in this Base Prospectus as the “Offer Documents”.

Neither ASIC nor ASX Limited (“ASX”) take any responsibility for the contents of the Offer Documents or the merits of an investment in the Bonds.

3. **Status of Bonds**

The Bonds are “unsecured notes” for the purposes of section 283BH of the Corporations Act.

The Bonds are not deposit liabilities and are not protected accounts of Australian Unity Bank under the Banking Act, are not policy liabilities with any member of the Australian Unity Group under the Life Insurance Act and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. The Issuer is not an authorised deposit taking institution authorised under the Banking Act (an “ADI”) and its obligations do not represent deposits or other liabilities of Australian Unity Bank.

4. **Documents relevant to the Bonds**

The Base Terms and the Trust Deed, which are incorporated by reference into this Base Prospectus, are relevant to the Bonds and can be obtained from www.australianunity.com.au/bonds during the Covered Period.

Additional information about Australian Unity and the Bonds is publicly available through ASIC and ASX, or can be obtained from www.australianunity.com.au/bonds.

5. **The Offer Documents do not provide financial product or investment advice**

The information contained in the Offer Documents does not constitute financial product or investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Offer Documents in full before deciding whether to invest in any Bonds and consider the risks that could affect the performance of the Bonds.

The Offer Documents are only relevant for investors or potential investors in the Bonds and should not be used for any other purpose.

6. **Obtaining the relevant Offer Specific Prospectus and other documents**

The Offer Documents (and, during the Offer Period, the Application Form) and any other documents relevant to Australian Unity or the Bonds can be obtained electronically at www.australianunity.com.au/bonds.

If you access the Offer Documents electronically, the following conditions apply:

- you must download the entire Offer Document;
- your Application will only be valid where you have completed an Application Form that was attached to or accompanied by the Offer Documents; and
- the Offer Documents are available to you electronically only if you are accessing and downloading or printing the electronic copy of them in Australia.

Paper copies of this Base Prospectus and the relevant Offer Specific Prospectus can be obtained free of charge by calling the Australian Unity Bonds Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8:30am to 5:30pm.

7. Applications for the Bonds

Applications for the Bonds may only be made by filling out the Application Form attached to or accompanying this Base Prospectus and the relevant Offer Specific Prospectus for that Tranche (or Tranches) of Bonds during the period from the Opening Date to the Closing Date applicable to that offer (the relevant “Offer Period”). Information on who is eligible to apply for the Bonds and how to make an Application will be set out in the relevant Offer Specific Prospectus.

8. Providing personal information

You will be asked to provide personal information to Australian Unity (directly or via its agents) if you apply for the Bonds. See Section 5.2 (“Privacy”) of this Base Prospectus for information on how Australian Unity and its agents collect, hold, and use this personal information.

9. Selling restrictions in foreign jurisdictions

For details on the selling restrictions that apply to the purchase of Bonds by investors in certain foreign jurisdictions, see Section 5.3 (“Selling restrictions”) of this Base Prospectus.

10. No representation other than in the Offer Documents

No person is authorised to provide any information or to make any representation in connection with any Bonds that is not contained in the Offer Documents. Any information or representation not contained in the Offer Documents may not be relied upon as having been authorised by Australian Unity.

11. Defined words and expressions

Some words and expressions used in the Offer Documents have defined meanings. These words and expressions are capitalised and are defined in Section 6 (“Glossary”) of this Base Prospectus. A reference to A\$ or Australian cents in the Offer Documents is a reference to Australian currency. A reference to time in the Offer Documents is a reference to Melbourne, Australia time.

12. More information

If you have any questions about the Bonds, you should seek advice from your financial advisor or other professional advisor. You can also call the Australian Unity Bonds Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8:30am to 5:30pm (as applicable).

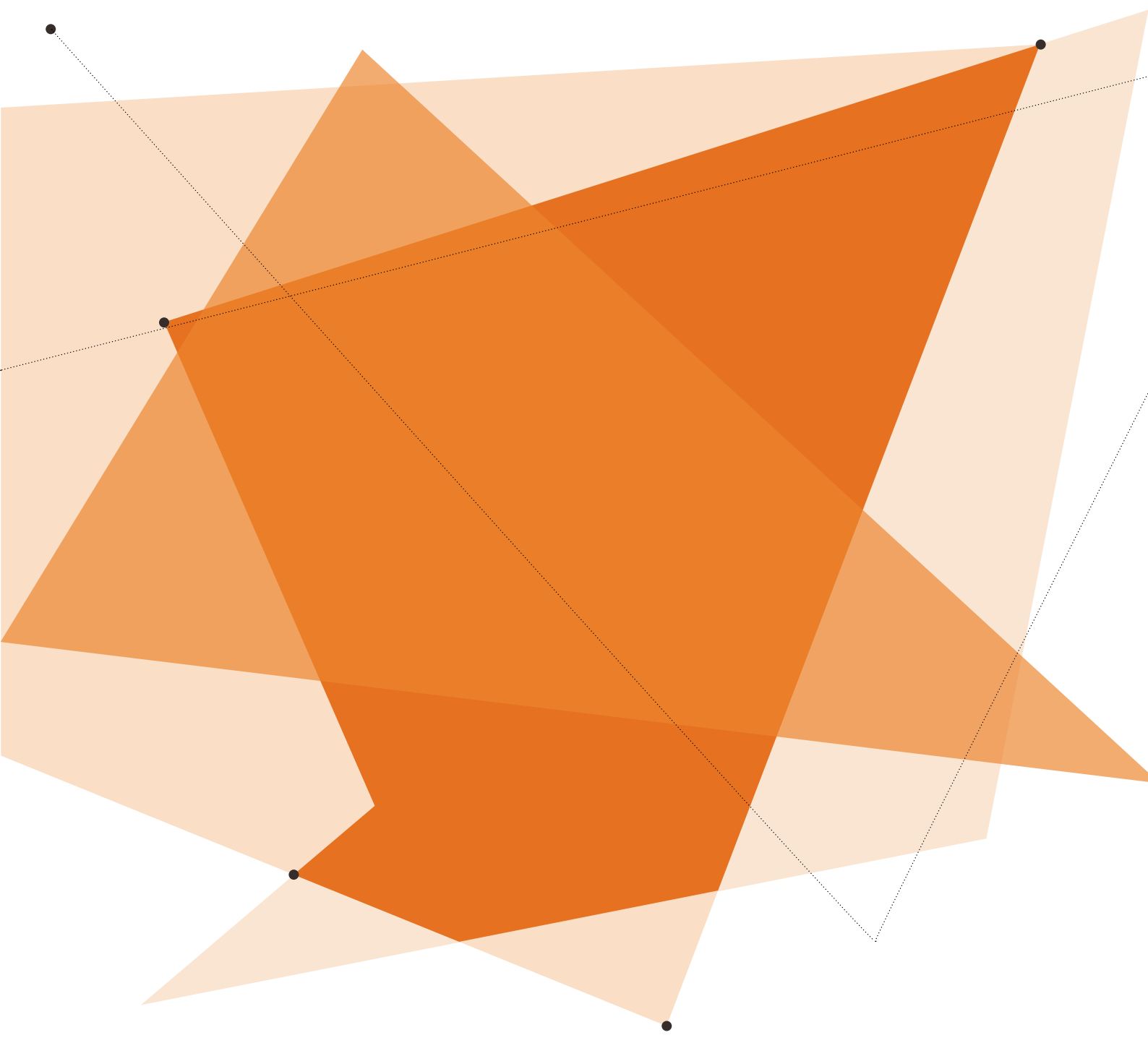
To find out more about the pros and cons of investing in corporate bonds (such as the Bonds), visit ASIC’s MoneySmart website: www.moneysmart.gov.au

ASIC and ASX have also published guidance for retail investors who are considering investing in bonds such as the Bonds. Information on where to obtain a copy of this guidance is set out in Section 2.2.1 (“Other guidance from ASIC and ASX”) of this Base Prospectus.

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Section 2

About the Bonds



More information on corporate bonds (such as the Bonds) and things you should consider before making an investment decision can be found on ASIC's MoneySmart website at www.moneysmart.gov.au

2.1 Summary of the Programme

This Base Prospectus relates to a programme for the issuance of Bonds (“Programme”) established by Australian Unity under which Bonds may be issued in one or more series (each a “Series”) made up of one or more tranches (each a “Tranche”) during the Covered Period, subject to the publication of an Offer Specific Prospectus applicable to one or more relevant Tranches.

The relevant Offer Specific Prospectus will contain the terms and information specific to each relevant Tranche of Bonds, including:

- Face Value and Issue Price;
- Interest Rate;
- Interest Payment Dates;
- Issue Date;
- Maturity Date; and
- the market on which the Bonds will be quoted,

together with any other terms and conditions and information relevant to the Tranche of Bonds not set out in this Base Prospectus.

This Base Prospectus must be read together with the relevant Offer Specific Prospectus, which are together referred to as the “Offer Documents”. Details of where you can obtain a copy of the relevant Offer Specific Prospectus are set out on Australian Unity’s website at www.australianunity.com.au/bonds.

The following summary should be read in conjunction with the remainder of this Base Prospectus and the relevant Offer Specific Prospectus and any other documents incorporated by reference into the Offer Documents or referred to in the Offer Documents.

2.1.1 General

		Further information
Issuer	Australian Unity Limited (ABN 23 087 648 888)	Section 3 of this Base Prospectus
Programme	A simple corporate bond issuance programme under which Australian Unity may issue unsubordinated and unsecured simple corporate bonds (“Bonds”). The Bonds will be offered in one or more Series made up of one or more Tranches. Each Series of Bonds may have different features from each other, such as the Issue Date, Face Value, Maturity Date (which may not be later than 15 years after the Issue Date), Interest Rate, Interest Payment Dates and any other features described in the relevant Offer Specific Prospectus.	Base Terms
What is an Australian Unity Bond?	An unsubordinated and unsecured debt obligation, issued by Australian Unity, which pays interest periodically. Each Australian Unity Bond is issued on and subject to the terms and conditions of the relevant Series of Bonds as set out in the Offer Documents and the Trust Deed.	Base Terms
Face Value and Issue Price	\$100 per Bond (unless a different amount is specified in the Offer Specific Prospectus).	Base Terms (Clause 1.3)
Currency	Australian dollars	Base Terms (Clause 1.4)

Section 2 About the Bonds

		Further information
Terms	The terms of the Bonds comprise the Base Terms as supplemented, amended, modified or replaced by the Offer Specific Terms set out in the relevant Offer Specific Prospectus.	Base Terms Offer Specific Prospectus
Key features	<ul style="list-style-type: none">– Issued by Australian Unity.– Periodic payments of interest in cash, which are calculated at either a fixed or a variable interest rate (comprised of a reference rate and a fixed margin) and payable on the dates specified in the relevant Offer Specific Prospectus.– Interest payments cannot be deferred by Australian Unity – they are not discretionary and must be paid on the Interest Payment Dates specified in the relevant Offer Specific Prospectus.– Each Series of Bonds will have a fixed term of up to a maximum of 15 years, as specified in the Offer Specific Prospectus.– The Bonds will rank equally with each other and at least equally with all other unsubordinated and unsecured creditors of Australian Unity. However, they rank behind any creditors mandatorily preferred by law and any secured creditors.– The Bonds are not deposit liabilities or protected accounts of Australian Unity Bank, and are not policy liabilities with any member of the Australian Unity Group under the Life Insurance Act, and are not guaranteed or insured by any person.– A Holder may sell their Bonds via the ASX prior to maturity, assuming there is a liquid market.– The Bonds may provide investors with an opportunity to diversify their investment portfolio. <p>There are risks associated with investing in Australian Unity and the Bonds. These risks are outlined in Section 4 (“Risks”) of this Base Prospectus. You must read the risk section along with the remainder of this Base Prospectus and the relevant Offer Specific Prospectus in full before deciding whether to invest in Bonds.</p>	Section 4 of this Base Prospectus

2.1.2 Interest

		Further information
Interest is payable	The Bonds will pay Interest at either a fixed or floating Interest Rate, which will be set out in the Offer Specific Prospectus.	Offer Specific Prospectus
Interest Rate	<p>The Interest Rate for each Interest Period will be a fixed Interest Rate or a floating Interest Rate.</p> <p>If the Bonds have a fixed Interest Rate, the Interest Rate and the amount of Interest payable on each Interest Payment Date will be set out in the Offer Specific Terms.</p> <p>If the Bonds have a floating Interest Rate, the Interest Rate (expressed as a percentage per annum) for each Interest Period will be calculated according to the following formula:</p> <p>Interest Rate = Market Rate + Margin</p> <p>The Market Rate will be the “BBSW Rate” (or such other rate specified in the Offer Specific Terms) and the Margin will be the rate (expressed as a percentage per annum) which is specified in the Offer Specific Terms. If the BBSW Rate is negative, the Interest Rate will be reduced by taking into account the negative value of that rate in the calculation of the Interest Rate as described above (but there is no obligation on Holders to pay Australian Unity if the rate were to become negative).</p>	<p>Base Terms (Clause 2)</p> <p>Offer Specific Prospectus</p>
BBSW Rate	<p>The BBSW Rate is the rate designated “BBSW” for prime bank eligible securities having a tenor closest to the Interest Period published by ASX (or its successor) on the first day of each Interest Period. Fall-back procedures apply under the Base Terms if that rate is not published by the usual time, is affected by an error or otherwise subject to disruption.</p> <p>The BBSW Rate is a benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend to each other over a period which is approximately equivalent to the relevant Interest Period, as published by ASX (or its successor). The BBSW Rate changes to reflect supply and demand within the cash and currency markets.</p>	Definition of this Base Prospectus

Section 2 About the Bonds

		Further information
Calculation of Interest payable	<p>If a fixed interest payment amount is not specified in the Offer Specific Prospectus, Interest on each Bond for each Interest Period will be calculated using the following formula:</p> <p>Interest = Interest Rate x Face Value x Day Count Fraction</p> <p>where the Interest Rate and Day Count Fraction are set out in the relevant Offer Specific Prospectus.</p> <p>Australian Unity will announce to ASX the applicable Interest Rate and the amount of Interest payable per Bond for each Interest Period.</p> <p>This announcement will be made as soon as practicable after Australian Unity makes its determination of the amount of Interest payable, but in any event, no later than the fourth Business Day of each Interest Period. The Interest Rate and Interest payable for an Interest Period will also be published on Australian Unity's website at www.australianunity.com.au/media-centre/asx-announcements.</p>	Base Terms (Clause 2.5)
Interest payments are mandatory	Interest payments are not deferrable and are mandatory. Failure to pay Interest within 10 Business Days after the due date will constitute an Event of Default.	Base Terms (Clauses 2 and 6)
Interest Payment Dates	Interest Payment Dates will be set out in the relevant Offer Specific Prospectus.	Offer Specific Prospectus
Interaction between the Interest Rate and the yield	<p>If a Series of Bonds pays a fixed Interest Rate, an increase in market interest rates may cause the trading price of the Bonds to fall more than an equivalent Bond that pays a floating Interest Rate. This may also affect the yield on the Bonds.</p> <p>If a Series of the Bonds pays a floating Interest Rate then the Interest Rate will fluctuate (both increase and decrease) over time with movements in the Market Rate. This may also affect the yield on the Bonds. Holders should refer to the ASX guidance (referred to in Section 2.2.1 of this Base Prospectus) which explains the measures of return on bonds generally.</p>	Section 4 of this Base Prospectus

2.1.3 Term, Maturity Date, Redemption and Events of Default

		Further information
Term / Maturity Date	The Bonds will have a fixed term of no more than 15 years and the Maturity Date for each Series of Bonds will be specified in the relevant Offer Specific Prospectus.	Offer Specific Prospectus
Repayment of Face Value on the Maturity Date	On the Maturity Date, Holders will receive: <ul style="list-style-type: none"> – the Face Value; plus – the final payment of Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Maturity Date, unless the Bonds are Redeemed early in the circumstances set out below. 	Base Terms (Clause 5.1) Offer Specific Prospectus
Early Redemption rights for Australian Unity	<p>Australian Unity will have the right (but not an obligation) to Redeem all (but not some) of a Series of Bonds prior to the relevant Maturity Date on the occurrence of a Tax Event or a Change of Control Event or if a Clean Up Condition subsists.</p> <p>A “Tax Event” will occur if, as a result of a change in a law or in the application or interpretation of a law, in each case, occurring on or after the Issue Date, there is a more than insubstantial risk that:</p> <ul style="list-style-type: none"> – 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 Australian Unity must pay an Additional Amount; or – payment of an amount of Interest will not be, or will cease to be, allowed as a deduction for Australian Unity for Australian tax purposes. <p>A “Clean Up Condition” will subsist in respect of a Series of Bonds if less than 10 percent of the aggregate Face Value of the Bonds of that Series remains on issue.</p> <p>In order to exercise the above Redemption rights, Australian Unity must satisfy certain notification and timing requirements which are set out in Clause 5 of the Base Terms (and may also be specified in the Offer Specific Terms).</p> <p>On Redemption, Holders will be paid the “Redemption Amount”, being the Face Value of each Bond and any accrued Interest to (but excluding) the Redemption Date.</p> <p>Early Redemption on the occurrence of a Change of Control Event is described below.</p>	Base Terms (Clauses 5.3, 5.4 and 5.5) Offer Specific Prospectus

		Further information
<p>Early Redemption on the occurrence of a Change of Control Event</p>	<p>If a Change of Control Event occurs, the Holders may, by passing a Holder Resolution, direct the Trustee to require Australian Unity to Redeem all (but not some) of the Bonds of a Series. The Trustee is not bound to take action to require the Redemption unless a Holder Resolution has been passed and it has been indemnified in accordance with the Trust Deed. The Issuer also has an option to Redeem all (but not some) of the Bonds of a Series on the occurrence of a Change of Control Event.</p> <p>Broadly, a “Change of Control Event” will occur if either:</p> <ul style="list-style-type: none"> – Australian Unity is demutualised in accordance with its Constitution; or – Australian Unity is demutualised but the Bonds of the Series are not Redeemed and there is a change (from the circumstances prevailing following the demutualisation) such that any person or persons acting together who control Australian Unity cease to have that control (or a person or persons acting together not having control of Australian Unity acquire control of Australian Unity). <p>Broadly, Australian Unity would be demutualised if its status as a mutual company changed to a company with shareholders and share capital, other than in a manner provided under its Constitution which would not result in demutualisation. Refer to Section 3.2.2 of this Base Prospectus, which describes “Demutualisation”.</p> <p>A “Holder Resolution” is defined in Clause 12.4 of the Base Terms, and broadly means that more than 50 percent of Holders of the Bonds of the Series (or Holders of 50 percent of the Face Value of all outstanding Bonds of the Series) vote in favour of the resolution proposed.</p> <p>Australian Unity must inform Holders and make an announcement to ASX if a Change of Control Event occurs as soon as reasonably practicable after the occurrence.</p> <p>Clause 5.4 of the Base Terms sets out certain notification and timing requirements which apply in respect of a Redemption on the occurrence of a Change of Control Event.</p> <p>Such information may also be specified in the Offer Specific Terms.</p>	<p>Base Terms (Clause 5.4) Section 3.2.2 of this Base Prospectus</p> <p> Holders should refer to the definitions of “Change of Control Event” and “Demutualisation” in Clause 12.4 of the Base Terms for further detail on what constitutes a change of control of Australian Unity</p>
<p>Repayment upon early Redemption</p>	<p>If a Series of Bonds is Redeemed before the specified Maturity Date, you will receive the Redemption Amount being:</p> <ul style="list-style-type: none"> – the Face Value; plus – the accrued Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Redemption Date. 	<p>Base Terms (Clauses 5.3, 5.4 and 5.5) Offer Specific Prospectus</p>

Section 2 About the Bonds

		Further information
Events of Default	<p>An “Event of Default” will occur in relation to a Series of Bonds if:</p> <ul style="list-style-type: none"> – Australian Unity fails to pay within 10 Business Days after the due date any amount payable by it under any Australian Unity Bond; – Australian Unity fails to comply with any of its other obligations under the terms of the Bonds or the Trust Deed, and such failure remains unremedied for a period of 30 Business Days after Australian Unity has received written notice from the Trustee in respect of the failure; – an Insolvency Event occurs in respect of Australian Unity; or – Australian Unity ceases or suspends the conduct of all of its business. <p>Any further Events of Default will be set out in the relevant Offer Specific Prospectus.</p>	<p>Base Terms (Clause 6.1) Offer Specific Prospectus</p>
Consequences of an Event of Default	<p>If an Event of Default occurs and is continuing in relation to the Bonds of a Series, the Trustee may in its discretion declare the Face Value (together with all accrued but unpaid Interest (if any)) to be immediately due and payable to the Holders.</p> <p>The Trustee is not bound to take the action referred to above in relation to an Event of Default unless it is directed by Special Resolution of Holders, or requested in writing by Holders which hold in aggregate one half or more of the Face Value of the Bonds of the relevant Series then outstanding, to do so (and has been indemnified as required under the Trust Deed and is not otherwise restricted by law from doing so).</p> <p>A “Special Resolution” is defined in Clause 12.4 of the Base Terms, and broadly means that at least 75 percent of Holders of the Bonds of the Series present in person or by proxy at a meeting of Holders (or, in the case of a written resolution, Holders of 75 percent of the Face Value of all outstanding Bonds of the Series) vote in favour of the resolution proposed.</p>	<p>Base Terms (Clause 6.3)</p>
Not guaranteed or insured	<p>The payment obligations of the Issuer under the Bonds are not guaranteed or insured by any Subsidiary of Australian Unity, any government, government agency, or compensation scheme of Australia or any other jurisdiction, or any other party.</p>	
Not deposit liabilities, protected accounts or policy liabilities	<p>The Bonds are not deposit liabilities and are not protected accounts of Australian Unity Bank under the Banking Act and are not policy liabilities with any member of the Australian Unity Group under the Life Insurance Act.</p>	

2.1.4 Covenants – Negative pledge, gearing and restrictions on the incurrence of indebtedness by Subsidiaries of Australian Unity

		Further information
Negative pledge	<p>Australian Unity will not secure any “Relevant Indebtedness” without according the same security (or an equal ranking security) to the Bonds. However, the negative pledge does not apply to any security interest granted by Australian Unity securing indebtedness owing under syndicated or term loan arrangements where, at the time that the security interest is granted, the aggregate principal amount of any such indebtedness secured by all such security interests is not more than 10 percent of Total Equity.</p> <p>“Relevant Indebtedness” broadly means term debt securities issued by Australian Unity (including Bonds of another Series) which are quoted on a stock exchange, and indebtedness owing under syndicated or term loan arrangements.</p> <p>The Bonds do not restrict Australian Unity from granting security for debt which is not Relevant Indebtedness, or for indebtedness owing under syndicated or term loan arrangements within the limit described above.</p>	Base Terms (Clause 4.1)
Covenant Gearing Ratio limit (applies if specified in the Offer Specific Prospectus)	<p>So long as any Bonds of a Series are outstanding, Australian Unity will ensure that, on each 30 June and 31 December, the Covenant Gearing Ratio is not greater than the percentage specified in the Offer Specific Prospectus.</p> <p>The “Covenant Gearing Ratio” is as follows:</p> $\frac{\text{Gearing Ratio Debt}}{\text{Gearing Ratio Debt} + \text{Gearing Ratio Equity}}$ <p>“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, Lease Liabilities and AUL Cash.</p> <p>“Gearing Ratio Equity” means Total Equity less ADI Equity.</p> <p>This covenant is designed to limit the proportion of debt funding of the Australian Unity Group, excluding cash held by Australian Unity, debt of Australian Unity Bank and any other ADI of the Australian Unity Group and any debt of the Benefit Funds and debt in respect of Junior Ranking Obligations. As at the date of this Base Prospectus, the Benefit Funds have no debt and no equity because they are not permitted to incur debt, and assets of the Benefit Funds equal liabilities of the Benefit Funds.</p> <p>A more detailed explanation of the Covenant Gearing Ratio is in Section 3.8.2 of this Base Prospectus.</p>	Base Terms (Clause 4.2) Section 3.8.2 of this Base Prospectus

		Further information
Restrictions on Subsidiary Indebtedness	<p>No Subsidiary of Australian Unity will incur Financial Indebtedness (other than in certain circumstances set out in the Offer Specific Terms). The restriction does not apply to Subsidiaries which are, broadly, trusts funded by the public or external investors and in respect of which an Australian Unity Group entity does not have a “controlling interest”. A person has a “controlling interest” in a trust or other entity if the person owns beneficially more than 50% of issued units in the trust or other entity (regardless of whether those units or interests have voting rights).</p> <p>“Financial Indebtedness” is defined broadly in Clause 12.4 of the Base Terms.</p> <p>The covenant does not apply to the following:</p> <ul style="list-style-type: none"> - Limited Recourse Debt; - Financial Indebtedness owed by one member of the Australian Unity Group to another member of the Australian Unity Group; - 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; - any other present or future Financial Indebtedness not referred to above provided the aggregate principal amount is not more than 10 percent of Total Equity; or - any other present or future Financial Indebtedness specified in the Offer Specific Terms. <p>The covenant also does not apply to any ADI that is a member of the Australian Unity Group (which, as at the date of this Base Prospectus, means Australian Unity Bank).</p> <p>“Limited Recourse Debt” is Financial Indebtedness of certain Subsidiaries of Australian Unity which is incurred in relation to the purchase, construction, development or operation of an asset 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 (as defined in Clause 12.4 of the Base Terms) 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.</p> <p>This undertaking is intended to limit the extent to which the Holders are structurally subordinated to other creditors of the Australian Unity Group.</p>	<p>Base Terms (Clause 4.3) Offer Specific Prospectus</p> <p>Section 4.2.7 of this Base Prospectus</p>

2.1.5 Security and ranking

		Further information										
Security	The Bonds are unsecured. This means that they are not secured against any asset of Australian Unity or any of its Subsidiaries or any other person.	Base Terms (Clause 3) Offer Specific Prospectus										
Ranking on a winding-up of Australian Unity	<p>On a winding-up of Australian Unity, the Bonds of all Series will rank for payment of Face Value and accrued and unpaid Interest equally with each other and at least equally with all other unsubordinated and unsecured obligations of Australian Unity (other than any obligations preferred by mandatory provisions of applicable law, including employee entitlements and secured creditors).</p> <p>The table below illustrates how the Bonds would rank on a winding-up of Australian Unity:</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Illustrative examples¹</th> </tr> </thead> <tbody> <tr> <td>Preferred and secured debt</td> <td>Liabilities preferred by law including employee entitlements and secured creditors</td> </tr> <tr> <td>Unsubordinated and unsecured debt</td> <td>Bank facilities, bonds and notes (including the Bonds), trade and general creditors</td> </tr> <tr> <td>Subordinated instruments</td> <td>Any preference shares or other securities expressed to rank behind unsubordinated and unsecured debt (including any Mutual Capital Instruments)</td> </tr> <tr> <td>Equity securities</td> <td>Member interests in Australian Unity</td> </tr> </tbody> </table>	Type	Illustrative examples ¹	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors	Unsubordinated and unsecured debt	Bank facilities, bonds and notes (including the Bonds), trade and general creditors	Subordinated instruments	Any preference shares or other securities expressed to rank behind unsubordinated and unsecured debt (including any Mutual Capital Instruments)	Equity securities	Member interests in Australian Unity	Base Terms (Clause 3) Offer Specific Prospectus
Type	Illustrative examples ¹											
Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors											
Unsubordinated and unsecured debt	Bank facilities, bonds and notes (including the Bonds), trade and general creditors											
Subordinated instruments	Any preference shares or other securities expressed to rank behind unsubordinated and unsecured debt (including any Mutual Capital Instruments)											
Equity securities	Member interests in Australian Unity											

Australian Unity is a non-operating holding company and a substantial majority of its assets are its investments in other members of the Australian Unity Group. As a non-operating company, Australian Unity is dependent upon intercompany transfers of funds from other members of the Australian Unity Group to meet its obligations under the Terms.

Most of Australian Unity's claims on its Subsidiaries rank behind creditors of those Subsidiaries, and the Bonds are not guaranteed by a Subsidiary so no Holder has a claim on any Subsidiary.

Information on the facility limits and amounts currently drawn down on Australian Unity Group's existing financing facilities will be set out in the relevant Offer Specific Prospectus.

¹ This diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Australian Unity, or every potential claim against Australian Unity in a winding-up. Australian Unity will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or behind, the Bonds subject to the restrictions on the granting of security for Relevant Indebtedness described in Section 2.1.4 (Negative Pledge).

Section 2 About the Bonds

		Further information
Further issues of securities	<p>Australian Unity may, from time to time, issue additional Series of Bonds in accordance with this Base Prospectus and the relevant Offer Specific Prospectus that will be issued at the time of that offering.</p> <p>Australian Unity will use its reasonable endeavours to ensure that each Series of Bonds will be quoted on a stock exchange under a code specified in the relevant Offer Specific Prospectus.</p> <p>Australian Unity also has the right to issue other securities that have the same or different terms and conditions to the Bonds. These securities may rank equally with or behind the Bonds.</p>	<p>Base Terms (Clauses 1.8 and 10.4)</p> <p>Offer Specific Prospectus</p>

2.1.6 Further information

		Further information
Payments and gross up	<p>Payments of Interest will be made to Holders registered at 5:00pm on the Record Date (which is 8 calendar days prior to the Interest Payment Date unless another date is notified by Australian Unity). Payments of principal will be made to Holders registered at 10:00am on the relevant Maturity Date or Redemption Date. Payments will be made by direct credit to the Holder's bank account, although Australian Unity has the right to decide to make payments by cheque.</p> <p>If Australian Unity is required to make a withholding or deduction in respect of taxes imposed in Australia in respect of the Bonds, Australian Unity will, subject to certain exceptions, pay Additional Amounts so that the Holders will receive the amounts they would otherwise have received if no withholding or deduction were required.</p> <p>Holders should be aware that if Australian Unity is required to pay an Additional Amount it will have the right to Redeem the Bonds (see Section 2.1.3 of this Base Prospectus).</p>	<p>Base Terms (Clauses 5, 8 and 9)</p>
No voting rights of Holders	<p>Holders do not have a right to vote at meetings of members of Australian Unity and are not members of Australian Unity on account of holding Bonds. However, Holders are entitled to vote on certain matters that affect their rights under the Trust Deed.</p>	<p>Base Terms (Clauses 10.1 and 10.2)</p> <p>Trust Deed</p>
Taxation implications	<p>You should seek professional tax advice that takes into account your particular circumstances before deciding whether to invest in the Bonds.</p>	<p>Section 5.1 of this Base Prospectus</p>
Listing	<p>The Bonds are expected to be quoted on the ASX.</p>	<p>Offer Specific Prospectus</p>

Section 2 About the Bonds

		Further information
Amendment of Terms	<p>Australian Unity may, with the approval of the Trustee but without the consent of Holders, amend the terms of a Series of Bonds if Australian Unity is of the opinion that: the amendment is of a formal or technical or minor nature; is made to cure any ambiguity or correct any manifest or proven error; or is necessary or expedient for the purposes of listing the Bonds, or offering the Bonds for subscription or sale, or complying with the provisions of any statute or the requirements of any statutory authority or other regulation, or in any other case where such amendment is not materially prejudicial to the interests of Holders of that particular Series as a whole.</p> <p>Other amendments to the terms of a Series of Bonds may be made with consent obtained through a properly convened meeting of Holders of that Series pursuant to the Base Terms and the Trust Deed.</p>	Base Terms (Clause 10.3)
Trust documents	<p>The terms and conditions of the Bonds are set out in the Trust Deed.</p> <p>The Trust Deed is incorporated by reference and is available from www.australianunity.com.au/bonds.</p>	<p>Section 5.5 of this Base Prospectus</p> <p>Base Terms</p>
Trustee	<p>The Trustee for Holders of the Bonds is Sargon CT Pty Ltd (ACN 106 424 088).</p> <p>The Trustee holds on trust (for the benefit of Holders) the right to enforce Australian Unity's obligations in respect of the Bonds. The Trustee does not guarantee any obligations of the Issuer, including repayment of the Face Value of the Bonds or the payment of Interest on the Bonds.</p>	<p>Section 5.5 of this Base Prospectus</p> <p>Base Terms</p>
Fees and charges	<p>No fees, charges, brokerage, commission or stamp duty is payable by you on your Application for the Bonds. You may be required to pay brokerage if you sell your Bonds after the Bonds are quoted on a stock exchange.</p>	Offer Specific Prospectus
Selling restrictions	<p>The distribution of the Offer Documents and the offer or sale of Australian Unity Bonds may be restricted by laws in foreign jurisdictions.</p> <p>Certain foreign selling restrictions are set out in Section 5.3 of this Base Prospectus.</p>	Section 5.3 of this Base Prospectus
Governing law	Victoria, Australia.	<p>Section 5.7 of this Base Prospectus</p> <p>Base Terms (Clause 10.5)</p>

2.2 How a bond works

A bond is an agreement between a company and an investor that the investor will lend the company an amount of money, which the company will repay to the investor at the end of an agreed period. The “face value” of a bond represents the principal amount that the company has promised to repay to the investor and is the basis for the calculation of the interest payable on the bond. Generally, the issue price (ie, the amount that the investor pays the company for the bond) is the same amount as the face value (unless otherwise specified).

While the company is borrowing the money, the company will periodically pay interest to the investor. The amount of interest payable on each bond is equal to the face value multiplied by the agreed interest rate.

If bonds are quoted on a stock exchange and an investor does not wish to hold the bonds for the whole term, the investor can sell them on the stock exchange. However, depending upon the price at which the bonds are trading on the stock exchange, the bonds may be sold for an amount more, less or equal to face value.

Bonds may be considered as part of a diversified investment plan. In an investment portfolio, bonds may perform a different role to conservative investments, such as savings and deposit accounts, as the market value of bonds can go up and down depending on economic conditions and interest rates.

The main risks of investing in bonds include:

- the company issuing the bonds may experience financial difficulty, meaning it may not make interest payments when they are due;
- the company issuing the bonds may go out of business entirely, meaning that investors may not be repaid; and
- investors may not be able to sell their bonds on the stock exchange to exit the investment before the maturity date, or may only be able to do so at a loss if there are not enough willing buyers of the bonds.

2.2.1 Other guidance from ASIC and ASX

ASIC and ASX have published guidance for retail investors who are considering investing in bonds such as the Bonds.

ASIC’s guidance is called “Investing in corporate bonds?” and can be found at www.moneysmart.gov.au.

ASX’s guidance is called “Understanding Bonds” and can be found at www.asx.com.au/documents/products/Understanding_Bonds-_AGB_web_version.pdf.

For a further explanation of how a bond works, please refer to www.moneysmart.gov.au.

2.2.2 Other guidance in this Base Prospectus

Investing in debt securities such as the Bonds has certain risks. You should read Section 4 (“Risks”) of this Base Prospectus for information about the key risks associated with the Bonds.

Section 3

About Australian Unity



3.1 Information about Australian Unity and the Bonds

A publicly listed company must release financial reports and continuously disclose information that may have an impact on the price of its quoted securities. This information is available publicly on the relevant stock exchange. You should consider this information when making an investment decision about the Bonds. While this information is important, it is not considered part of the Offer Documents. Copies of documents lodged with ASIC in relation to Australian Unity may be obtained from, or inspected at, an ASIC office, and certain information in those documents is incorporated by reference into the Offer Documents. Copies of documents lodged with ASX can be obtained from www.asx.com.au.

In addition, the following information can be obtained from Australian Unity's website:

- Australian Unity's annual and half-year financial reports; and
- Continuous disclosure notices submitted by Australian Unity to ASX.

3.2 Business description

3.2.1 Overview

Australian Unity is the issuer of the Bonds and the ultimate holding company of the Australian Unity Group.

The Australian Unity Group is a provider of national health, wealth and living services to more than 700,000 Australians, including approximately 270,000 members. Australian Unity's history as a mutual organisation dates back to 1840. The Australian Unity Group has grown organically—by continually evolving to provide the services and products needed by the communities it serves—as well as through successful strategic mergers and diversification into new business activities.

3.2.2 Mutual entity

Australian Unity is a mutual entity limited by shares and guarantee. As at the date of this Base Prospectus, no shares are issued. The liability under the guarantee of the members is limited to \$1 per member while being a current member and within one year afterwards. Being a mutual entity, Australian Unity is governed by, and for the benefit of, its members. Only eligible customers and employees are able to become members of Australian Unity. A Holder of Bonds does not become a member of Australian Unity as a result of their investment in the Bonds.

As Australian Unity has not issued share capital, it does not pay dividends to shareholders (as it does not have any). Profits are reinvested into the growth of services and products and assets for the benefit of current and future members.

As at the date of this Base Prospectus, no plans have been made for the demutualisation of Australian Unity. Australian Unity would be "Demutualised" (within the meaning given in its Constitution) if an arrangement is implemented that would have the purpose or effect of creating or issuing shares in Australian Unity, varying the rights of members of Australian Unity to the reserves of Australian Unity or its assets on a winding-up, or to vote on a resolution, or to terminate some or all rights of members except where permitted by its Constitution. Australian Unity is proposing to seek approval under section 167AJ of the Corporations Act to amend its Constitution to facilitate the issuance of Mutual Capital Instruments without triggering a demutualisation. Mutual Capital Instruments are a new permanent capital instrument that can only be issued by eligible mutual entities. For the proposed amendments to Australian Unity's Constitution to permit the issuance of Mutual Capital Instruments to be binding, they will need to be approved by a special resolution of members obtained pursuant to the special procedure provided for under section 167AJ of the Corporations Act.

3.2.3 The Australian Unity Group portfolio

Australian Unity has a stated purpose of existing to help people thrive, by building a commercial and sustainable portfolio of businesses that foster individual and community wellbeing.

The Australian Unity Group portfolio is made up of many interconnected businesses held through a number of subsidiaries that deliver these wellbeing services. Cash generated by Australian Unity's operating subsidiaries is made available to Australian Unity by way of periodic dividends, returns of capital and/or intra-group loan arrangements, and is used by Australian Unity to fund growth and meet its liabilities.

The diagram below sets out the principal activities of each business area:

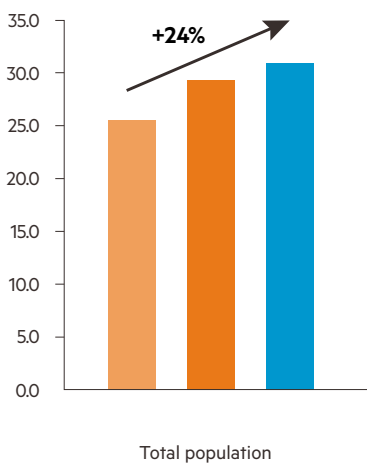
Retail	Wealth & Capital Markets	Independent & Assisted Living
Health Insurance	Advice	Home & Disability Services
Banking	Investments	Indigenous Services
	Property	Health Services
	Life & Super	Residential Communities
	Trustee Services	

Link to population growth and ageing

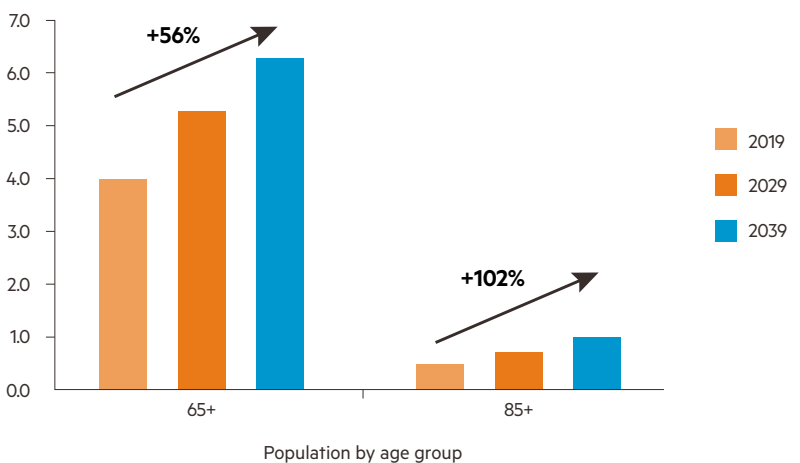
The Australian Unity Group’s portfolio of businesses aims to assist people thrive through all stages of their life.

According to the Australian Bureau of Statistics Population Projections, 2017 (base) to 2066 report, Australia’s population is increasing and is getting older, as evidenced in the charts below. The Australian Unity Group expects its core businesses to benefit from Australia’s growing and ageing population.

Australia’s growing population (millions)



Australia’s ageing population (millions)



Source: ABS 3222.0 Population Projections, Australia, 2017 (base) to 2066

3.2.4 Retail

The Retail business brings together Australian Unity's private health insurance, banking, broking and general insurance businesses. With a combined focus on the needs of members and broader community value, the Retail business seeks to provide packages and solutions that contribute to solving affordability challenges and to meet the contemporary needs of members and customers.

The key activities of the Retail business are detailed below:

- **Health Insurance**

The Australian Unity Group operates a retail health insurance business that provides hospital cover and extras cover. Policyholders are, depending on the product they hold, insured against the costs of hospital accommodation, theatre fees, prostheses and more. Extra policies also offer the option of treatments including dental, optical, physiotherapy, chiropractic and remedial massage.

- **Banking**

The Retail business also offers a wide range of personal banking services such as owner occupied and investor home loans, personal loans, credit cards, everyday transaction accounts and high interest savings accounts. Mortgage and finance broking services are provided to clients for personal (home loans, investment loans, car loans) and commercial (equipment finance, commercial loans, business loans) purposes. The general insurance broking service enables the Retail business to provide individual clients, businesses and corporations with insurance products.

3.2.5 Wealth & Capital Markets

The purpose of the Wealth & Capital Markets business is to link our valuable efforts in helping Australians secure their financial wellbeing with the social, capital and infrastructure needs of communities.

The key activities of the Australian Unity Group's Wealth & Capital Markets business are detailed below:

- **Advice**

The Advice business is focused on helping clients to improve their financial wellbeing and assisting them to achieve their long-term lifestyle goals. Financial services are provided to retail clients and to employers and employer groups, predominately on a fee-for-service basis. Through its employed advisers and self-employed authorised representatives, the Australian Unity Group's Advice business provides personal financial advice on a range of matters such as investments, superannuation and insurance.

- **Investments**

The Australian Unity Group offers expertise in cash, fixed interest and listed property investments, and Australian equities and private equity investments through joint venture arrangements with specialist asset managers.

- **Property**

The Australian Unity Group offers a range of property trusts which provide investors with exposure to real estate investments in sectors including commercial, health care and social infrastructure. The Property business also manages the retirement living and aged care development portfolio of the Australian Unity Group in conjunction with the Independent & Assisted Living business.

- **Life & Super**

Life & Super is a leading provider of investment bonds (being investments issued under the Life Insurance Act which may offer tax efficiency to some investors), funeral bonds and education savings plans.

- **Trustee Services**

Australian Unity Trustees Limited, a Subsidiary of Australian Unity, is a licensed trustee company that operates in several states of Australia. It provides services including estate planning and administration, wills and assistance to executors, taxation and legal services and the administration of the financial needs of protected persons.

3.2.6 Independent & Assisted Living

The Independent & Assisted Living "IAL" business provides residential communities, aged care, home care and disability services. IAL also offers preventative health and chronic disease management services through a wholly owned Subsidiary, Remedy Healthcare, and direct healthcare services through dental clinics. These businesses are interconnected, delivering a continuum of care and service that meets the daily needs of its customers.

The key activities of the IAL business are detailed below:

- **Home & Disability Services**

The Australian Unity Group has two Subsidiaries which hold the necessary approvals to provide in-home care services through a range of government and privately funded programs across older Australians, veterans and people with disabilities. This business delivers services funded through the Home Care Packages program, Commonwealth Home Support Programme and National Disability Insurance Scheme, amongst others. Services include personal care, domestic assistance, meal preparation, transport, allied health services, respite, support and community nursing.

- **Indigenous Services**

Aboriginal Home Care operates as a separate and distinct business within the Australian Unity Group, through which similar services to those offered by Home & Disability Services are provided to Indigenous customers by Indigenous staff of the Australian Unity Group.

- **Health Services**

This business offers allied health services and operates dental clinics. Remedy Healthcare, as part of the Australian Unity Group, offers health coaching, chronic disease management programs, early discharge services and in-home hospital substitution and rehabilitation services for its customers. There are also several dental centres which operate within Victoria under the "Australian Unity" brand.

- **Residential Communities**

The Australian Unity Group owns and operates a portfolio of retirement communities that provide independent living accommodation across Victoria and New South Wales. Such accommodation is generally provided under a loan / lease arrangement, with residents able to choose from a wide range of studio and one to three-bedroom units, villas and apartments across different locations.

This business also operates residential aged care services, which are each co-located with an Australian Unity Group retirement community. These services provide care and accommodation to people who can no longer live independently.

3.3 Directors and senior management

3.3.1 Board of Directors

As at the date of this Base Prospectus, Australian Unity's Board of Directors comprises:

- **Peter Promnitz** – Chair and Non-Executive Director
- **Rohan Mead** – Group Managing Director and CEO
- **Lisa Chung** – Non-Executive Director
- **Melinda Cilento** – Non-Executive Director
- **Paul Kirk** – Non-Executive Director
- **Su McCluskey** – Non-Executive Director
- **Greg Willcock** – Non-Executive Director

Information on Australian Unity's Directors is regularly updated on Australian Unity's website at www.australianunity.com.au/about-us/membership-governance/board-policies-charter and is updated in each annual report lodged by Australian Unity with the ASX.

3.3.2 Senior management

The Australian Unity Group's leadership team is led by a Managing Director and Chief Executive, who is supported by a senior management team made up of the various divisional heads and strategic business unit chief executives. As at the date of this Base Prospectus, Australian Unity Group's leadership team comprises:

- **Rohan Mead** – Group Managing Director and CEO
- **Kevin McCoy** – Chief Executive Officer, Independent & Assisted Living
- **Matt Walsh** – Chief Executive Officer, Retail
- **David Bryant** – Chief Executive Officer, Wealth & Capital Markets and Chief Investment Officer
- **Amanda Hagan** – Group Executive, Customer, Digital & Technology
- **Esther Kerr-Smith** – Group Executive, Finance & Strategy
- **Darren Mann** – Deputy Head of Finance and Chief Financial Officer
- **Melinda Honig** – Group Executive, Governance
- **Prue Bowden** – Group Executive, People & Culture

Information on Australian Unity's Group Leadership Team is regularly updated on Australian Unity's website at www.australianunity.com.au/about-us/membership-governance/leadership and is updated in each year's annual report.

3.4 Business strategy

The Australian Unity Group's strategy is to build a leading, commercial, sustainable, portfolio of businesses that exist to help people thrive.

Australian Unity has created four strategic pillars:

- Put customers and members front and centre;
- Create a great place to work;
- Make a difference to the community; and
- Deliver sustainable performance, including managing risk.

These pillars intentionally balance financial and non-financial objectives; and delivering now while building for the future. The pillars apply at the corporate group level and span across the Australian Unity Group's business operations, connecting each of the Australian Unity Group's day-to-day activities to a shared purpose and strategy.

As the Australian Unity Group's operations grow and develop further, the Australian Unity Group strategy and strategic pillars will be used to ensure the Australian Unity Group remains focused on a shared set of priorities and that the right resources are mobilised at the right time across the Australian Unity Group.

3.5 Governance arrangements

Good corporate governance is a fundamental aspect of the Australian Unity Group's culture and business practices, with the key facets of the Australian Unity's Group governance structure being outlined below:

3.5.1 Australian Unity Board

The Australian Unity Board is primarily responsible for the governance and risk culture of the Australian Unity Group. It comprises a majority of directors who are non-executive and judged to be independent by the Board. Board members are required to possess a range of personal qualities such as skills relevant to the Australian Unity Group's core business units, honesty and integrity, strategic insight, capacity to probe, question and challenge, and the ability to inspire. The Board's responsibility is outlined in the Board Charter and includes items such as appointment of the Managing Director and CEO, approval of the Australian Unity Group's business strategies and approval of delegates.

3.5.2 Board committees

Various Board committees are established for the purpose of advising the Board and maintaining appropriate standards. The Chair of Australian Unity is either a member or an ex-officio member of each Board committee. As at the date of this Base Prospectus, the Board has four Board committees being: the Audit Committee, Risk & Compliance Committee, Investment Committee and People, Culture & Remuneration Committee. Please refer to Australian Unity's website and annual report for updated information on the Board Committees and their compositions.

3.5.3 People, culture and remuneration

Australian Unity's Remuneration Policy, which was developed by the Board on the advice of the People, Culture & Remuneration Committee, sets out the framework for rewarding all Directors, officers and employees of the Australian Unity Group. The People, Culture & Remuneration Committee oversees the frameworks that enable the appropriate culture, workforce engagement, workplace diversity and representation of values, talent management and succession across the Group.

3.5.4 Audit

The Australian Unity Group has both internal and external auditors. The primary role of Australian Unity's Internal Audit Group is to report to the Audit Committee on internal audit matters and provide independent, objective assurance and consulting services to the Australian Unity Group's operations. The primary role of Australian Unity's external auditor is to conduct an audit of the Australian Unity Group's financial report and report to members in accordance with the Corporations Act.

3.5.5 Risk management

Australian Unity has implemented a risk management framework which represents the totality of systems, structures, policies, processes and people that identify, assess, mitigate and monitor internal and external sources of risk that could have a material impact on the Australian Unity Group's operations. The Board is also responsible for setting the risk appetite within which management and the Australian Unity Group is expected to operate, and for determining the risk management strategy, which defines Australian Unity's key risk areas and how they are managed. The Board is committed to developing a sound risk culture and sets the level of risk that the Australian Unity Group is willing to take, and each business is required to set its strategic objectives within that risk appetite. As a part of the Enterprise Risk Management Framework, all businesses implement strategies to mitigate risks to a level consistent with the risk appetite of the Australian Unity Group.

The Australian Unity Group applies a 'three lines of defence' model to deliver enterprise risk management, whereby business and support functions have primary accountability for ownership of risk management; a separate Risk & Compliance function is responsible for developing and monitoring the application of policies and procedures to support risk and compliance management; and Internal Audit provides assurance on the effectiveness of internal controls and risk management practices.

3.5.6 Compliance

The Australian Unity Group has implemented a compliance framework, which provides a broad management system to facilitate achieving compliance obligations, the protection and enhancement of the Australian Unity brand and reputation with its various stakeholders, and outlines the various roles and responsibilities with respect to ensuring compliant outcomes.

3.5.7 Regulatory framework

The Australian Unity Group's business operations are extensively regulated, including by Australian Prudential Regulation Authority ("APRA"), Australian Securities and Investments Commission ("ASIC"), Australian Competition and Consumer Commission and ASX. Australian Unity is registered as a non-operating holding company under subsection 28A(3) of the Life Insurance Act and regulated by APRA under that designation. The Australian Unity Group is also subject to oversight by various State and Commonwealth regulators across its operations and workforce including the Department of Health, the Australian Taxation Office, the Fair Work Ombudsman, the Workplace Gender Equality Agency, the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), the Office of the Australian Information Commissioner ("OAIC") and other work health and safety regulators.

For further information on the governance arrangements of Australian Unity, please refer to Australian Unity's annual report released in September or October of each year as available on www.australianunity.com.au/about-us/annual-reports.

3.6 Trust Deed relating to Australian Unity

The Trust Deed dated 9 September 2019 is the agreement between Australian Unity and the Trustee in relation to the Trustee's role. It has been incorporated by reference and as such forms part of the Offer of the Bonds. It is available at www.australianunity.com.au/media-centre/asx-announcements.

The Trust Deed constitutes the Bonds. Australian Unity has undertaken to the Trustee to pay amounts due and payable in respect of each Bond in accordance with the Trust Deed. Australian Unity makes a number of covenants with the Trustee for the benefit of Holders including to comply with its obligations under the Bonds.

3.7 Role of the Trustee

The Corporations Act requires that when debt securities such as the Bonds are offered and a prospectus is required, Australian Unity must appoint a trustee to help protect the interests of investors and to facilitate the ongoing monitoring of Australian Unity. An issuer is obliged to report regularly to the trustee, including quarterly reports, information about security interests and half-yearly and annual financial reports.

Australian Unity has appointed Sargon CT Pty Ltd ACN 106 424 088 as the Trustee for Holders of the Bonds. Under the Trust Deed, the Trustee holds on trust (for the benefit of Holders) the right to enforce Australian Unity's obligations in respect of the Bonds. The Trustee has the power to call meetings of the Holders and provide information to and make recommendations to the Holders. The Trustee is not responsible for monitoring any breach of the Trust Deed, the occurrence of any Event of Default under the Terms, Australian Unity's compliance with the Trust Deed or Australian Unity's businesses except as required by law. In this regard, the Trustee has a statutory duty to exercise reasonable diligence to ascertain:

- (a) whether the property of Australian Unity that is or should be available (whether by way of security or otherwise) will be sufficient to repay the amount deposited or lent when it becomes due; and
- (b) whether Australian Unity has committed any breach of the Terms, the provisions of the Trust Deed or Chapter 2L of the Corporations Act.

3.8 Financial information

3.8.1 Financial statements

Australian Unity's annual reports contain the consolidated statement of comprehensive income and consolidated balance sheet for each financial year end and are available from Australian Unity's website at www.australianunity.com.au/about-us/annual-reports.

3.8.2 Key Financial Ratios

Corporations Act Prescribed Ratios

The Corporations Act requires Australian Unity to disclose certain Key Financial Ratios, calculated in accordance with Corporations Regulation 6D.2.06. These are a Gearing Ratio (total liabilities divided by total equity), a Working Capital Ratio (current assets divided by current liabilities) and an Interest Cover Ratio (EBITDA divided by net interest expense), in each case for the consolidated Australian Unity Group.

The prescribed Key Financial Ratios are not used as the basis for the covenants which are included in the Terms (described in Section 2.1.4), so any change in the prescribed Key Financial Ratios does not affect the rights of Holders.

Australian Unity uses the “Covenant Gearing Ratio” as the basis for the financial covenants under the Bonds. Australian Unity Group also monitors the state of its business using an “Australian Unity Interest Cover Ratio”. These ratios exclude certain liabilities. Australian Unity considers these ratios are most appropriate to measure Australian Unity’s ability to meet its obligations under the Bonds.

Impact of the ADI and Benefit Funds on the prescribed Key Financial Ratios

The prescribed Key Financial Ratios must include the financial position of Australian Unity Bank and the Benefit Funds (as consolidated Subsidiaries of the Australian Unity Group). However:

- Australian Unity Bank is an ADI which is funded by taking in deposits. Many of these deposits are on-demand (that is, they are current liabilities of Australian Unity Bank). Australian Unity Bank then lends money as mortgages (which are non-current assets). Australian Unity Bank aims to profit from lending money (that is, it earns more in interest than it pays out) and this has a significant impact on the Gearing Ratio (which is very high), Working Capital Ratio (which is low) and Interest Cover Ratio (which is negative).
- Prudent levels of capital adequacy and minimum liquidity holdings in an ADI such as Australian Unity Bank are regulated by prudential regulations through a prescribed capital adequacy ratio which must be maintained, and a liquidity standard with which Australian Unity Bank must comply.
- The Benefit Funds are funds established under the Life Insurance Act and are in the business of providing life insurance. Life insurance companies are regulated under the Life Insurance Act. Prudential standards made under the Act require the Benefit Funds to maintain net assets at certain levels and limit their borrowings. The Life Insurance Act requires assets in each Benefit Fund to be held for the benefit of claimants on that Benefit Fund, and restricts the ability of any surplus to be distributed to the Australian Unity Group.
- Australian Unity Bank and the Benefit Funds do not provide guarantees of other members of the Australian Unity Group (and other members of the Australian Unity Group do not provide guarantees of Australian Unity Bank or the Benefit Funds).

The financial position of each of Australian Unity Bank and the Benefits Funds meets the requirements of prudential regulation and they are expected to meet their obligations on a stand-alone basis.

Gearing Ratio

The Gearing Ratio is calculated in accordance with Regulation 6D.2.06(3) of the Corporations Regulations and is as follows:

$$\text{Gearing ratio} = \frac{\text{Total liabilities}}{\text{Total equity}}$$

The Gearing Ratio is intended to provide an indication of a company’s ability to repay its debts and focuses on the balance sheet of the company. The application of the Gearing Ratio to Australian Unity is not reliable because of the distortions produced by the ADI and Benefit Funds (described below).

Covenant Gearing Ratio

The Covenant Gearing Ratio is a covenant included in the Terms of the Bonds. It is not a ratio that is prescribed under the Corporations Act.

The Covenant Gearing Ratio is calculated as:

$$\frac{\text{Gearing Ratio Debt}}{\text{Gearing Ratio Debt} + \text{Ratio Equity}}$$

In calculating the Covenant Gearing Ratio, the definition of “Gearing Ratio Debt” excludes the following indebtedness:

- ADI Interest Bearing Liabilities
- ADI Guarantees
- Benefit Fund Interest Bearing Liabilities
- Junior Ranking Obligations
- Lease Liabilities
- AUL Cash.

Section 3 About Australian Unity

The Covenant Gearing Ratio excludes from Gearing Ratio Debt interest bearing liabilities of Australian Unity Bank and the Benefit Funds and guarantees given by Australian Unity Bank because of the prudential regulation of Australian Unity Bank and the Benefit Fund, as described above.

The Covenant Gearing Ratio also excludes from Gearing Ratio Debt non-interest bearing liabilities to provide a more accurate measure of the extent to which Australian Unity actively borrows in financial markets to fund its growth plans. Gearing Ratio Debt also excludes all Lease Liabilities. In general, liabilities can be considered as either operational in nature or borrowings. In the case of Australian Unity, operational liabilities may include items such as trade and other payables, deferred tax liabilities, refundable accommodation deposits and resident loan liabilities, while borrowings may include items such as bank facilities, Australian Unity Bonds and interest bearing Retirement Village Investment Notes.

Australian Unity has excluded all Lease Liabilities from Gearing Ratio Debt because Australian Unity considers that the leases it enters are operational in nature and recent changes to Australian Accounting Standards will have the effect of including these leases on balance sheet for reporting periods commencing on or after 1 July 2019. Please refer to Australian Unity's annual report for further information on operational liabilities, Lease Liabilities and borrowings (see Section 3.8.1 above).

Junior Ranking Obligations, such as subordinated instruments (including any Mutual Capital Instruments that Australian Unity may issue), are also excluded from the calculation of indebtedness and added to equity for the purposes of the Covenant Gearing Ratio, as these obligations will rank behind the Bonds in a winding-up of Australian Unity. Unencumbered cash and cash equivalents held by Australian Unity are also deducted from the calculation of indebtedness for the purposes of the Covenant Gearing Ratio.

An increase in the Covenant Gearing Ratio may indicate that Australian Unity's leverage has increased, and the ability to repay the Bonds at maturity has diminished. An increase in the Covenant Gearing Ratio over the percentage specified in the Offer Specific Terms may also indicate an increase in the likelihood of Australian Unity otherwise defaulting under the Terms.

Comparison of the prescribed Gearing Ratio with the Covenant Gearing Ratio

	Gearing Ratio	Covenant Gearing Ratio
Basis	Calculated in accordance with regulation 6D.2.06(3)	Calculated in accordance with Clause 4.2
Formula	$\frac{\text{Total liabilities}}{\text{Total equity}}$	$\frac{\text{Gearing Ratio Debt}}{\text{Gearing Ratio Debt} + \text{Gearing Ratio Equity}}$
Ratio as at 30 June 2019	709.7%	21.9%
Calculation (numerator)	Total Liabilities	Total Liabilities ¹ Add: Consolidated guarantees ² Subtract: – ADI guarantees ³ – Benefit Fund policyholder liabilities ⁴ – ADI interest bearing liabilities ⁵ – Other (non-interest bearing) liabilities ⁶ – AUL Cash ⁷ – Interest bearing liabilities which are Junior Ranking Obligations ⁸ – Lease Liabilities ⁹ Equals: – Gearing Ratio Debt

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	Gearing Ratio	Covenant Gearing Ratio
Calculation (denominator)	Equity	Equity ¹⁰ Add: Junior Ranking Obligations ¹¹ Subtract: ADI equity ¹² Equals: Gearing Ratio Equity Add: Gearing Ratio Debt Equals: Denominator

- ¹ The calculation of both ratios begins with Total Liabilities sourced from the Australian Unity consolidated balance sheet.
- ² Australian Unity provides financial guarantees to certain parties in exceptional circumstances and subject to specific Board approval. Under the Covenant Gearing Ratio, the numerator is increased to include the maximum amount that could be paid if guarantees are called on.
- ³ To the extent that Australian Unity's ADI operations provide financial guarantees they will be excluded from the Covenant Gearing Ratio on the same basis that ADI interest bearing liabilities are excluded.
- ⁴ In accordance with Australian Accounting Standards the revenues, expenses, assets and liabilities of Benefit Funds managed by the Australian Unity Group are included in the consolidated financial statements and hence captured in the definition of Total Liabilities used in the Gearing Ratio. Liabilities relating to the Benefit Funds that are managed by the Australian Unity Group are excluded from the Covenant Gearing Ratio, as in contrast to the accounting treatment, the revenues, expenses, assets and liabilities of Benefit Funds are not attributable or available to the members of the Australian Unity Group.
- ⁵ The interest bearing liabilities associated with the Australian Unity Group's ADI operations are excluded from the Covenant Gearing Ratio. This is because ADIs operate with higher levels of borrowings than would be appropriate for the broader Australian Unity Group and as such limit the usefulness of this metric. In order to enable investors to assess the funding position of the Australian Unity Group's ADI operations we separately disclose a Tier 1 Capital Ratio for the Australian Unity Group's ADI(s).
- ⁶ Non-interest bearing liabilities are excluded as they diminish the usefulness of the ratio in considering the extent to which the Australian Unity Group is funded by debt.
- ⁷ The numerator is reduced by the amount of cash held in the Issuer's account that is not encumbered or held in trust for third parties (this does not include cash held by the Issuer's operating subsidiaries).
- ⁸ The numerator is adjusted to reflect the benefit of any interest bearing liabilities that, like equity, rank for repayment after Bonds.
- ⁹ Lease Liabilities means the discounted present value of all remaining lease payments, where the discount rate applicable for each lease is the Issuer's incremental borrowing rate (as defined in Applicable Accounting Standards) at the inception date of the lease.
- ¹⁰ The calculation of the denominator of both ratios begins with Total Equity sourced from the Australian Unity consolidated balance sheet. As Benefit Fund assets equal Benefit Fund liabilities, Total Equity excludes any Benefit Fund component.
- ¹¹ The denominator is adjusted to reflect the benefit of any interest bearing liabilities that, like equity, rank for repayment after the Bonds.
- ¹² Equity associated with the Australian Unity Group's ADI operations is excluded from the Covenant Gearing Ratio to balance the exclusion of liabilities associated with the ADI operations set out in 5 above. The funding of the ADI is considered in the separately disclosed Tier 1 Capital Ratio for the Australian Unity Group's ADIs.

ADI Tier 1 Capital Ratio

As mentioned above, an ADI is required to hold capital in line with applicable prudential requirements. An ADI is required to report various capital ratios including the Tier 1 Capital Ratio. The Tier 1 Capital Ratio represents the amount of capital that an ADI holds as a percentage of its risk weighted assets. The Tier 1 Capital Ratio of any ADI of the Australian Unity Group will be included in the relevant Offer Specific Prospectus.

Working Capital Ratio

The prescribed Working Capital Ratio is calculated in accordance with Regulation 6D.2.06(4) of the Corporations Regulations and is as follows:

$$\text{Working Capital Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Australian Unity's Working Capital Ratio as at 30 June 2019 was 1.1x. The Working Capital Ratio indicates whether an issuer has sufficient short term assets to meet its short term liabilities. Generally, a higher ratio indicates a greater ability to meet liabilities over the short term, including unexpected liabilities. However, businesses which include an ADI tend to have a lower working capital ratio. The Working Capital Ratio is not included as a Term of the Bonds.

Interest Cover Ratio

The prescribed Interest Cover Ratio is calculated in accordance with Regulation 6D.2.06(5) of the Corporations Regulations and is as follows:

$$\text{Interest Cover Ratio} = \frac{\text{EBITDA}}{\text{Net interest expense}}$$

The Interest Cover Ratio provides an indication of Australian Unity's ability to meet its interest payments from earnings. Generally, a low ratio may indicate that Australian Unity could face difficulties in servicing its debt if earnings decrease or interest rates increase. In the case of Australian Unity, the application of this ratio may result in negative values as interest income typically exceeds interest expense.

Australian Unity Interest Cover Ratio

Australian Unity Group businesses use an "Australian Unity Interest Cover Ratio" to monitor the state of its business. It is not a ratio that is prescribed under the Corporations Act.

The adjusted interest expense in the calculation of the Australian Unity Interest Cover Ratio excludes the net interest income of Australian Unity Bank and the Benefit Funds, and any interest from time to time on any loans by the management fund to the Benefit Funds.

The other businesses within the Australian Unity Group earn interest on their cash and cash equivalent assets, and this net interest income is also excluded.

In the case of Australian Unity, the inclusion of net interest income from the ADI operations and Benefit Funds and other interest income results in a negative value net interest expense because interest income will normally exceed interest expense. The exclusion of these interest income components provides a better insight into Australian Unity's interest obligations.

The Australian Unity Interest Cover Ratio is not included in the Terms of the Bonds.

A decrease in the Australian Unity Interest Cover Ratio may also indicate that Australian Unity's ability to make interest payments under the Bonds has diminished (because of a decrease in its interest coverage position).

Comparison of the prescribed Interest Cover Ratio with the Australian Unity Interest Cover Ratio

	Interest Cover Ratio	Australian Unity Interest Cover Ratio
Basis	Calculated in accordance with regulation 6D.2.06(5)	Calculated to provide debt service obligation capability to investors
Formula	$\frac{\text{EBITDA}}{\text{Net interest expense}}$	$\frac{\text{Adjusted EBITDA}}{\text{Adjusted interest expense}}$
Ratio as at 30 June 2019	(6.5)x	6.6x
Calculation (numerator)	Net profit before tax Add: Depreciation and amortisation Subtract: Net interest income (per below) Equals: EBITDA	Net profit before tax Add: Adjusted interest expense (per below) Depreciation and amortisation Subtract: Benefit Fund net profit before tax ¹ Equals: Adjusted EBITDA
Calculation (denominator)	ADI net interest income Add: Benefit Fund net interest income Other net interest expense Equals: Net interest expense (income)	Net interest income ² Subtract: ADI net interest income ³ Benefit Fund net interest income ³ Other interest income ³ Equals: Adjusted interest expense

Further information

A worked example of the calculation of the Covenant Gearing Ratio and Interest Cover Ratio (adjusted) compared to the Key Financial Ratios prescribed by ASIC for financial years ended 30 June 2017, 2018 and 2019 is incorporated by reference in this Base Prospectus – see Section 5.6 for how to access it. The calculation of those ratios for future reporting periods would be affected by recent changes to AASB16 Leases which is effective from 1 July 2019 (i.e. for the financial year ending 30 June 2020). In summary, the changes require the recognition of the present value of operating leases as a liability on the balance sheet, and consequently result in changes to equity and interest expenses in future periods. The change does not affect the calculation of Gearing Ratio Debt as lease liabilities are excluded from Gearing Ratio Debt for the reasons given above in the description of the Covenant Gearing Ratio.

¹ In accordance with Australian Accounting Standards the revenues, expenses, assets and liabilities of Benefit Funds managed by the Australian Unity Group are included in the consolidated financial statements and hence captured in the definition of net profit before tax used in the Interest Cover Ratio. Profits relating to the Benefit Funds that are managed by the Australian Unity Group are excluded from the Australian Unity Interest Cover Ratio, as in contrast to the accounting treatment, the revenues, expenses, assets and liabilities of Benefit Funds are not attributable to the members of the Australian Unity Group.

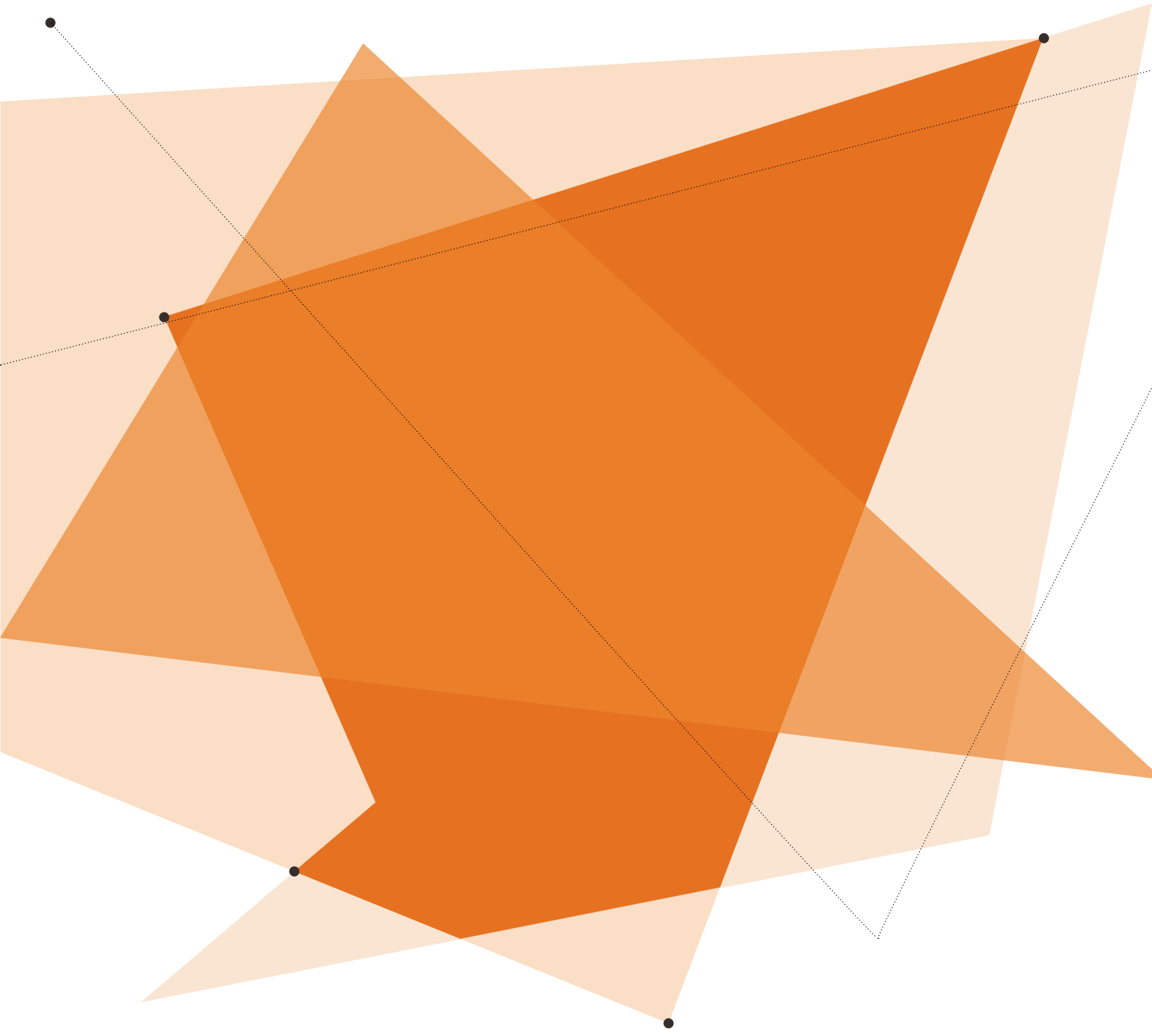
² Australian Unity's interest income normally exceeds its interest expense.

³ The business model of an ADI involves generating a spread between interest paid out on its liabilities, such as deposits and interest earned on assets such as home loans. The excess revenue produced by an ADI typically results in net interest income. The Benefit Funds similarly normally generate net interest income. In addition, the other businesses of Australian Unity earn interest on their cash and cash equivalent assets. The inclusion of net interest income from the ADI operations and Benefit Funds and other interest income may result in a negative value Interest Cover Ratio where interest income exceeds interest expense in the consolidated statement of comprehensive income.

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Section 4

Risks



4.1 Introduction

Before investing in the Bonds, you should consider whether the Bonds are a suitable investment for you. The MoneySmart website (www.moneysmart.gov.au) is run by ASIC to help people make smart choices about their personal finances. In particular, it includes guidance for retail investors who are considering investing in bonds (such as the Bonds).

You should be aware that there are risks associated with the Australian Unity Group businesses and an investment in Australian Unity generally. The Australian Unity Group's business and financial performance may affect the ability of Australian Unity to fulfil its obligations under, or in respect of, the Terms, the credit quality of Australian Unity, and hence the Bonds themselves. General economic factors may also affect an investment in Australian Unity or the performance of Australian Unity.

Many of these risks are outside the control of the Directors and Australian Unity, including some of the risk factors set out in this section and other matters mentioned in the Offer Documents. This Section 4 is not intended to list every risk that may be associated with an investment in Australian Unity and the Bonds. You should seek your own professional advice on such matters.

4.2 Main risks associated with the Bonds

The main risks of investing in the Bonds are:

- Australian Unity may experience financial difficulty, such that it cannot make interest payments when they are due;
- Australian Unity may go out of business entirely, in which case investors will not be repaid; and
- investors may not be able to sell the Bonds on the ASX or the relevant securities exchange on which the Bonds are listed to exit their investment before their Maturity Date, or may only be able to do so at a loss.

4.2.1 Market price of the Bonds

The market price of the Bonds may fluctuate due to various factors including general movements in interest rates, credit margins, the Australian and international investment markets, international economic conditions, changes in inflation rates and inflationary expectations, the market price of any other Australian Unity debt, factors that affect Australian Unity's financial position and performance or credit worthiness, global geo-political events and hostilities, investor perceptions and other factors beyond the control of Australian Unity and its Directors.

It is possible that the Bonds may trade at a market price below their Face Value. If the Bonds trade at a market price below the amount at which you acquired them, there is a risk that if you sell them prior to the Maturity Date, you may lose some of the money you invested.

4.2.2 Liquidity of the Bonds

Australian Unity has applied for the Bonds to be quoted on ASX. However, the Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may be less liquid than the market for other securities. If Holders wish to sell their Bonds, they may be unable to do so easily or at an acceptable market price, or at all if insufficient liquidity exists in the market for the Bonds.

4.2.3 The Bonds may be suspended or delisted

The Base Terms contain certain obligations on Australian Unity to use reasonable endeavours to ensure that the Bonds remain quoted on ASX (or another stock exchange) while they are on issue. There is a risk that trading in Bonds could be suspended or could cease to be quoted in certain circumstances, including if Australian Unity fails to comply with applicable listing rules.

As a result of any such suspension or cessation of quotation, the liquidity of Bonds may be substantially impacted and Holders do not have a right to require repayment of the Bonds in these circumstances.

4.2.4 Changes in the Interest Rate payable

For any Series of Bonds issued with a floating interest rate, the Interest Rate for each Interest Period will be calculated on the first Business Day of that Interest Period by reference to a Market Rate, which will be influenced by a number of factors and varies over time. The Interest Rate will fluctuate (both increase and decrease) over time with movement in the Market Rate.

If a Series of Bonds is issued with a fixed interest rate, the Interest Rate for each Interest Period will be fixed and will not vary over time. As market reference rates fluctuate, there is a risk that the Interest Rate may become less attractive when compared to the rates of return available on other securities, which could decrease the trading price of fixed rate Bonds.

4.2.5 Australian Unity may default on payment of Face Value or Interest

Depending upon its performance and financial position, Australian Unity's cash flows and capital resources may not be sufficient to pay some or all of the Face Value or Interest due on Bonds as and when payable under their terms. Australian Unity's ability to repay the Face Value when due and payable may also be affected by the state of credit markets and the availability of replacement finance on acceptable terms.

A significant portion of the Australian Unity Group's revenue and cashflow is derived from private health insurance or other businesses supported by government funding including aged care or in-home care services. Adverse changes to conditions in the private health insurance, aged care or in-home care service industries, including changes to government policy, laws, regulations, regulatory expectations, economic activity and the demand for products and services could impact the financial performance of the Australian Unity Group.

4.2.6 The Bonds have limited Events of Default and rights to redemption

The only circumstances in which the Trustee may (under the direction of Holders) accelerate payment of the Bonds are where Australian Unity fails to make a payment on the Bonds (which is not remedied within 10 Business Days after the due date), fails to comply with other obligations under the Terms or the Trust Deed (which is not remedied for 30 Business Days after the Trustee has given notice of the failure), becomes insolvent, or ceases or suspends the conduct of all of its business. Other than the put option arising from a Change of Control Event described in Section 2.1.3 of this Base Prospectus, Holders will have no right to require Australian Unity to Redeem the Bonds, including where the Bonds are no longer admitted to quotation on a stock exchange (although Australian Unity does have an obligation to use its reasonable endeavours to maintain the quotation of the Bonds on a stock exchange).

4.2.7 Restrictions on Holders' rights and ranking in a winding-up

Each Series of Bonds will be unsecured and unsubordinated. In the event of a winding-up of Australian Unity, assuming the Bonds have not been previously Redeemed, Holders will be entitled to be paid the Redemption Amount for each outstanding Australian Unity Bond.

The claim for this amount ranks behind any secured creditors of Australian Unity and any other creditors preferred by law, such as employees. It ranks ahead of obligations which by their terms or at law rank behind the Bonds (including subordinated instruments, members' interests in Australian Unity and any Mutual Capital Instruments that Australian Unity may issue), and equally with other Bonds and any other obligations of Australian Unity which by their terms or at law rank equally with the Bonds (such as general and trade creditors of Australian Unity).

Subject to the relevant Covenant Gearing Ratio specified in the Offer Specific Prospectus, Australian Unity may incur additional obligations that may rank ahead of the Bonds. Pursuant to the negative pledge in the Terms, Australian Unity will not secure any "Relevant Indebtedness" without according the same security (or an equal ranking security) to the Bonds. "Relevant Indebtedness" broadly means debt securities issued by Australian Unity (including the Bonds of another Series) which are quoted, or are capable of being quoted, on a stock exchange and indebtedness owing under syndicated or term loan arrangements. The negative pledge does not restrict Australian Unity from granting security for a debt which is not Relevant Indebtedness or for indebtedness owing under syndicated or term loan arrangements within the limit described in Section 2.1.4 of this Base Prospectus.

If there is a shortfall of funds on a winding-up to pay the amounts above, there is a risk that Holders will not receive the full payment (or any part thereof) to which they are otherwise entitled. The liability of members to contribute to the property of the company in a winding-up is limited to \$1 while they are a member or within one year afterwards, and there is no certainty that members will fulfil that obligation.

Australian Unity is a non-operating holding company. A substantial majority of its assets are its investments in other members of the Australian Unity Group. As a non-operating company, Australian Unity is dependent upon intercompany transfers of funds from other members of the Australian Unity Group to meet its obligations under the Terms. The ability of these entities to make payments to Australian Unity may be restricted by, among other things, applicable laws as well as agreements to which those entities may be a party, including capital adequacy requirements that apply to Australian Unity Bank and the Benefit Funds. Therefore Australian Unity's ability to make payments in respect of the Bonds may be limited.

In addition, if a Subsidiary of Australian Unity is wound up, the claims of Australian Unity on its Subsidiaries in respect of its investment in those Subsidiaries may rank behind the claims of creditors of those Subsidiaries. It follows that the assets of Australian Unity available to pay Holders are limited to what remains after the payment of the claims of creditors of those Subsidiaries. The fact that Holders are in this position is commonly described as being "structurally subordinated" to the creditors of Subsidiaries.

The Bonds are not deposit liabilities or protected accounts of Australian Unity Bank under the Banking Act, are not policy liabilities with any member of the Australian Unity Group under the Life Insurance Act, and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. The Issuer is not an ADI and its obligations do not represent deposits or other liabilities of Australian Unity Bank.

4.2.8 Unless specified in the relevant Offer Specific Prospectus, there is a risk of early Redemption by Australian Unity

The Bonds may be Redeemed early by Australian Unity in certain circumstances, including following certain changes in taxation law (a “Tax Event”), a Change of Control Event, or where less than 10 percent of the Series of Australian Unity Bonds remain on issue (a “Clean Up Condition”). In the event of an early Redemption of the Bonds, you may not receive the returns you expected to receive on the Bonds (if held until maturity) by investing the proceeds in alternative investment opportunities at that time.

Refer to Section 2 (“About the Bonds”) of this Base Prospectus and Clause 5 of the Base Terms for information relating to the events that may trigger an early Redemption of the Bonds.

4.2.9 Unless specified in the relevant Offer Specific Prospectus, Holders may only collectively request early Redemption following a Change of Control Event

Holders of the Bonds have the option to require Australian Unity to Redeem their Bonds prior to the Maturity Date upon the occurrence of a Change of Control Event, but only if they pass a Holder Resolution in favour of exercising that option. Individual Holders have no right to require Redemption of Bonds in any circumstances. A Redemption in these circumstances may not coincide with an individual Holder’s preference.

To realise your investment prior to Redemption or the Maturity Date, you can sell your Bonds on the ASX, or the relevant stock exchange on which the Bonds are listed, at the prevailing market price. However, depending on market conditions at the time, the Bonds may be trading at a market price below the Face Value for that particular Series, and/or the market for the Bonds may not be liquid and you will not be able to sell your Bonds.

4.2.10 The Terms may be amended or waived by defined majorities of Holders

During the life of the Bonds, Australian Unity may seek amendments to the Base Terms or Offer Specific Terms of a Series, or waivers of its obligation or waivers of the rights of Holders. The Trust Deed contains provisions for the calling of meetings of Holders to consider matters affecting their interests generally including certain amendments or waivers. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

4.2.11 Future issues of securities by Australian Unity

Australian Unity has the right to create and issue any class of debt securities, including an additional Series of Bonds, without the approval of Holders.

An investment in Bonds carries no right to participate in any future issue of debt securities by Australian Unity.

No prediction can be made as to the effect, if any, of any future issuance of debt securities by Australian Unity on the market price or liquidity of the Bonds.

Australian Unity is proposing to seek approval under section 167AJ of the Corporations Act to amend its Constitution to enable it to issue Mutual Capital Instruments. Mutual Capital Instruments are a new permanent capital instrument that can only be issued by eligible mutual entities. For the proposed amendments to Australian Unity’s Constitution to facilitate the issuance of Mutual Capital Instruments to be binding they will need to be approved by a special resolution of members. Any Mutual Capital Instruments issued by Australian Unity, if approval is obtained, would rank junior to the Bonds for payment of distributions and repayment on a winding-up of Australian Unity.

4.2.12 Corporate actions

The Terms do not provide Holders with any rights in the event that Australian Unity undertakes any transactions that may involve the restructure of the Australian Unity Group, such as asset disposals or acquisitions, or other corporate transactions. Any such transactions would only give rise to rights for Holders if they constituted a Change of Control Event.

4.2.13 Taxation considerations

Holders should be aware that future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Bonds, or the holding and disposal of Bonds.

In addition, if any changes in taxation law or the interpretation or application of law by the courts or taxation authorities result in any payment to a Holder being subject to an amount of withholding or deduction in respect of any taxes or governmental charges for which Australian Unity must pay an Additional Amount, or in the payment of interest on the Bonds not being allowed as a deduction to Australian Unity, then Australian Unity is entitled to Redeem the Bonds.

4.3 Key business risks associated with Australian Unity and the Australian Unity Group

4.3.1 Financial indebtedness and other investments

Australian Unity may make additional investments through the acquisition of debt or equity instruments in listed and unlisted entities. Australian Unity may also incur further debts and obligations (such as trade payables or a future series of bonds) which may have terms which are more favourable to investors or financiers than the Bonds.

To the extent that further debt or those further obligations rank ahead of the Bonds, the holders of that debt or those obligations will be entitled to any proceeds distributed in connection with any insolvency, liquidation, reorganisation, dissolution or other winding-up of Australian Unity ahead of Holders, and this may result in the loss of some or all of the capital invested by Holders. To the extent that further debt or those further obligations rank equally with the Bonds, the holders of that debt or those obligations will be entitled to share pro rata with Holders in any of those proceeds. This may have the effect of reducing the amount of proceeds paid to Holders.

Although the Terms of the Bonds contain a negative pledge which means that Australian Unity will not secure any "Relevant Indebtedness" without according the same security (or an equal ranking security) to the Bonds, the negative pledge places only limited restrictions on Australian Unity granting security for other indebtedness. This is because Relevant Indebtedness is limited (broadly) to the debt securities quoted, or capable of being quoted, on a stock exchange and to indebtedness owing under syndicated or term loan arrangements. In addition, security for syndicated or term loan arrangements may be granted if it falls within the limit described in Section 2.1.4 of this Base Prospectus.

Potential consequences to investors in the event the Australian Unity Group underperforms financially include the following:

- Australian Unity may be unable to, or have difficulty in, satisfying its obligations under the Bonds or other indebtedness (including as a consequence of it not being able to generate sufficient revenue, or not having sufficient sources of capital in the future, to satisfy all its debt obligations in addition to its working capital, capital expenditure and other general corporate activity requirements);
- existing covenants relating to Australian Unity's indebtedness may limit its ability to obtain additional financing for working capital, capital expenditures and other general corporate activities;
- Australian Unity may be more vulnerable to the impact of economic downturns and adverse developments in its business; and
- the increased leverage may make Australian Unity less flexible in planning for, or reacting to, changes in its business and the industries in which it operates and place Australian Unity at a competitive disadvantage against competitors.

Australian Unity's ability to make scheduled interest payments or to repay its obligations with respect to its indebtedness, including the Bonds, will depend on its financial and operating performance. If Australian Unity is unable to generate sufficient cash flow to satisfy its debt obligations, Australian Unity may have to undertake alternative financing plans, such as refinancing or restructuring of existing debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Australian Unity cannot assure investors that any alternative financing plan would be possible or obtained on acceptable terms. Australian Unity's inability to generate sufficient cash flows to satisfy debt obligations, or to refinance indebtedness on commercially reasonable terms, could materially and adversely affect Australian Unity's ability to satisfy its obligations under the Bonds.

Australian Unity is agreeing to certain restrictions on its level of gearing, the granting of security in respect of Relevant Indebtedness (except as described in Section 2.1.4) and the incurrence of Financial Indebtedness by its Subsidiaries (other than certain specified exceptions) (see Section 2.1.4). However, the existence of these restrictions does not detract from or negate the risks described in this Section.

4.3.2 Operational risk

Australian Unity is exposed to operational risks in relation to its business operations. Operational risk represents potential variations in earnings as a result of the ineffectiveness of protections afforded by systems, controls, processes and procedures associated with the Australian Unity Group's day to day activities.

The Australian Unity Group provides high-trust services such as aged care and operates in heavily regulated industries. An event resulting in customer harm could result in sanctions from regulators, reduced government funding, reputational damage and remediation costs.

Operational risks may also be realised by the failure of strategic and/or business decisions or external events. Operational risks are continuously monitored, assessed and managed via a risk management framework. Operational risks may have an adverse impact on the operating and financial performance of Australian Unity and the ability of Australian Unity to pay Interest owed on the Bonds or the Redemption Amount due on the Bonds.

4.3.3 Competition

There is substantial competition for the provision of private health insurance, retirement living and financial services in the markets in which the Australian Unity Group operates and it is becoming easier for customers to move between providers. The Australian Unity Group also operates in industries where customer product demands and preferences are rapidly changing, particularly in light of the increasing shifts towards digital channels. The effect of competitive market conditions, or an inability to adapt products and services to meet changing customer preferences, may result in a loss of customers and may have an adverse impact on the operating and financial performance of Australian Unity and its ability to pay Interest owed on the Bonds or the Redemption Amount due on the Bonds.

4.3.4 Compliance and regulatory environment

The Australian Unity Group is currently operating in an environment of heightened political and regulatory scrutiny. Private health insurance, retirement living, aged care, home care and financial service providers are heavily regulated and subject to significant potential government policy, regulatory and legislative change.

In addition, a number of Australian Unity Group's businesses are directly or indirectly reliant on government funding. There is a risk that budgetary constraints or policy decisions may result in changes to future funding arrangements, including reductions in the level of funding.

Some Australian Unity Group businesses operate within industries which are currently subject to reviews and inquiries, including the Royal Commission into Aged Care Quality and Safety, and the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability. Recommendations from these reviews and inquiries, as well as any future reviews and inquiries, may result in significant reforms which may have an impact on the Australian Unity Group's operating and financial performance.

The Royal Commission into Aged Care Quality and Safety was established on 8 October 2018. The Royal Commission invited submissions from approved providers on 23 November 2018 and Australian Unity responded to these invitations with submissions that were provided directly to the Royal Commission within the requested timeframes. The Royal Commission is due to finish hearings by early December 2019, with the interim report due on 31 October 2019 and the final report by 30 April 2020.

The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability was established on 4 April 2019. An interim report is due no later than 30 October 2020 and a final report by no later than 29 April 2022.

A change to, or a failure of Australian Unity to comply with, government policy, regulations or legislation (including those arising from the Royal Commissions outlined above) may have an adverse impact on Australian Unity's ability to pay Interest owed on the Bonds or the Redemption Amount due on the Bonds.

4.3.5 Information technology and systems

All of Australian Unity Group's businesses are reliant on existing and emerging technology to deliver products and services to customers. There is greater potential for cyber security risks as a result of an increasing dependency on technology and the growing frequency, sophistication and severity of attacks. A failure in the technology security systems that the Australian Unity Group uses to detect and prevent cyber attacks could lead to unauthorised access or loss of confidential information or business disruption as a result of system unavailability.

The useability and reliability of technology systems used by the Australian Unity Group is an important element of day to day activities of each business and the delivery of services provided to customers. If systems failure occurs, there is a risk that customers may be adversely affected, resulting in potential reputational damage and loss of customers.

4.3.6 Property and development

Part of the Australian Unity Group's strategy is to invest in the development of social infrastructure. Property development projects have a number of inherent risks in addition to those associated with the operation of developed properties generally, including planning and development approvals, increases in development costs, non-performance of contractors or subcontractors, project and construction delays, occupational health and safety issues and any change in the market conditions (including the emergence of competing projects) which may affect the value of the assets.

Property assets, in particular retirement communities and aged care assets, are by their nature illiquid investments. Therefore, it may not be possible for the Australian Unity Group to dispose of assets in a timely manner. To the extent that the Australian Unity Group invests in properties for which there may only be a limited number of willing buyers, the realisable value of those assets may be less than the full value indicated by the Australian Unity Group's expectations of future cash flows from the relevant properties.

4.3.7 Retirement communities

The Australian Unity Group derives revenue from the sale of retirement village units. The Australian Unity Group's financial performance may be adversely affected if there is any delay or failure in selling down developments, a failure to achieve expected sales prices or if re-sales do not occur as expected because there are difficult market conditions when a resident departs. Resident preferences for retirement village assets are subject to change. Although there is currently strong demand for Australian Unity Group's retirement communities, there is no assurance that this preference will be sustained in the future. In addition, over time, the Australian Unity Group may need to redevelop older existing villages as resident preferences change. This could adversely impact future costs and cash flows.

Most incoming residents typically fund their retirement unit or villa through the sale of their family home. A downturn in the residential property market is likely to impact the time on market and the price at which Australian Unity Group can sell down its developments or for established villages, limit the amount of capital gain in which Australian Unity Group shares upon unit turnover in contracts that have capital gain.

4.3.8 Residential and aged care

Occupancy (that is, the number of occupied beds) is a key driver of financial outcomes in the aged care sector. There is no assurance that occupancy levels at aged care facilities will follow historical occupancy trends at the Australian Unity Group's aged care facilities (they may be higher, remain static or be lower). In addition, the ongoing successful operation of the Australian Unity Group's aged care facilities will depend on access to appropriately qualified aged care and nursing staff.

Although accommodation payments can be made via daily payments, lump sum deposits or supported by the Commonwealth, incoming residents typically fund their accommodation in a facility by selling their family home. A downturn in the residential property market may affect the ability of potential incoming residents to sell their own homes or sell them at prices that allow them to provide upfront deposits known as Refundable Accommodation Deposits ("RADs"). RADs generally become refundable within 14 days of departure (subject to grant of probate of a resident's will). The value and number of new RADs received may be reduced by this or other factors and the mix between RADs and daily payments known as Daily Accommodation Payments ("DAPs") may change in response to market conditions.

Should Australia's ageing population not grow at forecast rates, this may result in a lower occupancy rate for Australian Unity Group's aged care facilities.

4.3.9 Home care

Home care financial outcomes rely upon the efficient deployment of appropriately skilled staff to support the care and lifestyle needs of clients in their homes. Client care and support costs are largely funded by government programs, however increasingly, means-tested co-contributions apply. Risks exist in the ability of providers to recruit and retain skilled staff to support the diversity of clients and their needs.

4.3.10 Health insurance

Private health insurers face ongoing pressures on their margins due to rising medical costs, the rise of chronic diseases and an ageing population.

Private health insurers also face risks associated with the design and pricing of products. Premiums for Australian Unity Group's private health insurance ("PHI") products are priced in advance of each 12-month premium period based on Australian Unity Group's forecast claims expenses and other variables. These forecasts are typically developed several months before the fixed premium period begins based on historical data and anticipated future trends, and involve a significant degree of judgment including the likely pricing approach of competitors. Material mispricing decisions, or an inability to obtain the premium increase sought may adversely affect Australian Unity's operating and financial performance.

The value proposition of Australian Unity's private health insurance business depends on the agreements it enters into with private hospitals and other relevant healthcare providers. Failure to have satisfactory agreements in place may impact the attractiveness of private health insurance products offered by the Australian Unity Group and may adversely affect Australian Unity's operating and financial performance.

Private health insurance is regulated and is therefore sensitive to regulatory change. Health insurance premiums are required to be approved by the Minister for Health and Ageing under the Private Health Insurance Act 2007 (Cth) (the "PHI Act"). Increases in premiums by the industry are typically within the annual rate rise approval cycle. There is a risk that Australian Unity Group's application for a change in its premium rates may be rejected by the Minister. Such a rejection may have a negative impact on Australian Unity's operating and financial performance. In addition, the Australian Unity Group, like all private health insurers, is likely to be affected by adverse changes to Australian Government policies that support participation in private health insurance, for example, the Medicare Levy Surcharge ("MLS"), the PHI rebate and Lifetime Health Cover ("LHC").

The Australian Unity Group's health insurance business is subject to regulatory restrictions on selecting and pricing risk. This is partly mitigated by the Australian Government's risk equalisation arrangements which apply to the registered health insurance industry in Australia. Under these arrangements all registered health insurers effectively provide risk equalisation support, so that the industry as a whole shares the hospital costs of high risk groups irrespective of whether those claims are attributable to a policyholder of a particular fund. These risk equalisation arrangements support the policy of community rating to ensure health insurers do not discriminate between people on the basis of their health. Risk equalisation arrangements have historically resulted in the Australian Unity Group receiving net contributions from the industry because of the older average age profile of its policyholders compared to other health insurers. Adverse changes to the risk equalisation arrangements may affect Australian Unity's operating and financial performance.

4.3.11 Australian Unity Bank

As an ADI with a core focus on mortgage lending and deposit raising, the performance of Australian Unity Bank is dependent on the state of the Australian economy, consumer and investor confidence and prevailing market conditions.

As a retail lender, Australian Unity Bank is exposed to credit risk, primarily in relation to residential home loans. Credit risk is the potential for loss arising from failure of a debtor or counterparty to meet their contractual obligations (including loans).

A significant decline in the Australian housing market or property valuations could adversely affect Australian Unity Bank's home mortgage lending portfolio. If Australian Unity Bank's financial value was seriously affected, that could adversely impact on the valuation of Australian Unity's net assets.

4.3.12 People

Each business within the Australian Unity Group relies on its employees and the skills and experience they possess to effectively service customers. An inability to effectively recruit and retain appropriately skilled people, monitor employee satisfaction, reward performance and foster a suitable corporate culture may result in high staff turnover or loss of key persons which, in turn, may adversely impact the business and the financial performance of the Australian Unity Group.

The Independent & Assisted Living business has a large workforce who perform their work at a variety of locations including aged care facilities, retirement communities and residential homes. Given the variability of locations, conditions and types of care delivered, workers may be at risk of suffering a workplace injury. A failure to appropriately manage health and safety incidents may result in a loss of productivity and costs arising from employee claims. This may affect the financial performance of the business.

4.4 General risks

4.4.1 General economic and financial market conditions

General economic conditions (both domestic and international), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities, changes in domestic or international fiscal, monetary, regulatory and other government policies, changes in investor perceptions, geo-political conditions and the Australian Unity Group's financial position and earnings may adversely impact Australian Unity's ability to pay Interest owed on the Bonds or the Redemption Amount due on the Bonds, and may affect the price of the Bonds. As a result of the above-mentioned factors, Australian Unity is unable to forecast the market price for the Bonds and they may trade on ASX at a price that is below Face Value.

4.4.2 Market risks

Market risk is the risk of an adverse event in the financial markets that may result in a loss of earnings for Australian Unity and the Australian Unity Group.

Market risk includes exposures to liquidity or funding risk (that is, being unable to meet financial obligations as they fall due, or over-reliance on a funding source whereby market or environmental changes limit access to that funding source and thereby increase overall funding costs or cause difficulty in raising funds).

Market risk also includes interest rate risk (that is, the potential for a change in interest rates to have an adverse impact on the interest related earnings of Australian Unity) and currency risk (that is, risks caused by fluctuations in foreign exchange rates).

4.4.3 Reputational risk

Issues of a varying nature (including any identified through reviews and inquiries currently being undertaken in the industries in which the Australian Unity Group operates, including the Royal Commission into Aged Care Quality and Safety and the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability) may emerge that would give rise to reputational risk and cause harm to the Australian Unity Group's business dealings and prospects. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements (including any arising from the Royal Commissions noted above), issues of ethics, money laundering laws, trade sanctions legislation, privacy, information security, sales and trading practices and conduct by companies in which the Australian Unity Group holds strategic interests. Failure to address these issues appropriately could give rise to additional legal risk, subject Australian Unity and its Subsidiaries to regulatory actions, fines and penalties, or harm the reputation of Australian Unity among its members, customers and investors in the marketplace.

4.4.4 Litigation

From time to time, the Australian Unity Group may be exposed to the risk of litigation or disputes with various parties, such as contractual counterparties, members and customers. Litigation risks include, but are not limited to, customer/member claims and disputes in relation to material investments, products, memberships or other contracts.

Litigation risk could also arise if the Royal Commission into Aged Care Quality and Safety or the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability identify any potential misconduct on the part of the Australian Unity Group and make recommendations to regulators that they take action in connection with that potential misconduct. While the Australian Unity Group is not aware of either Royal Commission having identified any concerns with the operations of the Australian Unity Group as at the date of this Base Prospectus, the Australian Unity Group continues to monitor and observe the proceedings of both Royal Commissions for this purpose and to understand their potential implications for the Australian Unity Group.

Losses, liability or legal expenses as a result of litigation proceedings could have a material adverse effect on the Australian Unity Group's business and financial performance. Additionally, litigation involving the Australian Unity Group can also damage its reputation. Whilst the Australian Unity Group holds professional liability insurance and may from time to time make certain provisions against the possibility of adverse outcomes, there is no guarantee that the insurance will be sufficient to cover all potential claims or that the provisioned amounts (if any) will adequately cover any such loss suffered or liability incurred.

4.4.5 Taxation

The Australian Unity Group is subject to taxation legislation in the various jurisdictions in which it has operations and conducts business. Any significant change in taxation law or its interpretation and application by an administrative body could have an adverse effect on the results of its operations. The Australian Unity Group manages taxation risk, in relation to specific transactions, by obtaining opinions from taxation specialists and/or rulings from revenue authorities. The Australian Unity Group employs a proactive approach to managing potential disputes with revenue authorities. Either directly or in conjunction with professional and industry bodies, the Australian Unity Group also engages in consultation with revenue authorities in relation to potential changes in law.

4.4.6 Changes in Australian Accounting Standards

The Australian Unity Group is subject to the usual business risks that there may be changes in Australian Accounting Standards which have an adverse financial impact on Australian Unity or the Australian Unity Group. Holders should be aware that the Gearing Ratio Debt in the calculation of Covenant Gearing Ratio will be determined by reference to figures from the accounts of Australian Unity prepared on the basis of the Australian Accounting Standards in place as at the date of the Base Prospectus and as adjusted in accordance with the Terms (unless Australian Unity notifies Holders and the Trustee that such figures will instead be determined in accordance with Australian Accounting Standards in place at the time of the determination).

4.4.7 Legal investment considerations may restrict certain investments

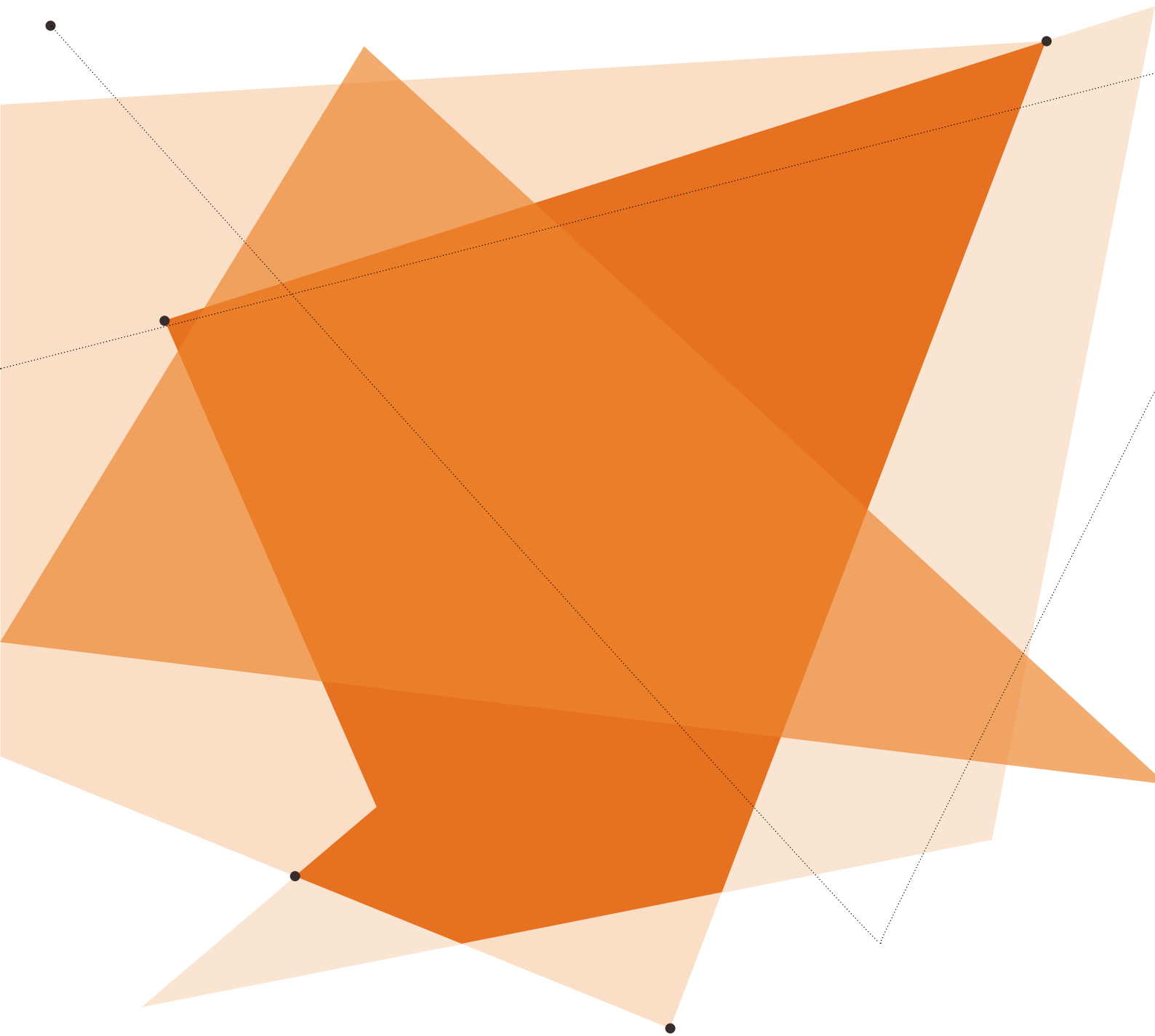
The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult their legal advisers to determine whether and to what extent (i) the Bonds are legal investments for them; and (ii) other restrictions apply to the purchase or any proposed use as collateral of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

4.5 Other risks

The above risks are not exhaustive of the risks faced by potential investors in the Bonds. The risks outlined above and other risks may materially affect the future value and performance of the Bonds. Accordingly, no assurances or guarantees of future performance, profitability, Interest or return of the Face Value are given by Australian Unity in respect of the Bonds. You should consult your financial or professional adviser in light of your own particular investment objectives, financial circumstances and particular needs before deciding whether to apply for the Bonds.

Section 5

Other information
you should consider



5.1 Summary of information on tax consequences of investing in the Bonds

5.1.1 Australian taxation

The following is a summary of the Australian withholding tax treatment under the *Income Tax Assessment Acts of 1936 and 1997* of Australia (together, “Australian Tax Act”) and the *Taxation Administration Act 1953* of Australia (“TAA”), of payments of interest (as defined under the Australian Tax Act) by the Issuer on the Bonds and certain other Australian tax matters.

This summary applies to Holders that are residents of Australia and certain entities that are not residents of Australia. This summary is not exhaustive and you should seek advice from your tax adviser or other professional adviser before deciding to invest in Bonds. In particular, the advice does not deal with Holders who acquire or hold their Bonds outside their country of tax residence (for example through a permanent establishment) or Holders who hold the Bonds on behalf of other persons. In addition, this summary does not deal with the position of certain classes of Holders including, without limitation, dealers in securities, custodians or Holders who otherwise hold Bonds as assets used in carrying on a business of share trading, banking or investment.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular Holder.

This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Base Prospectus. Prospective Holders of the Bonds should also be aware that particular terms of issue of any Series of Bonds may affect the tax treatment of that Series of Bonds. Information regarding taxes in respect of the Bonds may also be set out in an Offer Specific Prospectus. More information on the tax implications associated with investing in Bonds can be found on the Australian Taxation Office’s website www.ato.gov.au.

a. Interest

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies), including for the purposes of interest withholding tax (“IWT”) imposed under Division 11A of Part III of the Australian Tax Act. For Australian IWT purposes, “interest” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts. The Issuer intends that the Bonds will be characterised as “debt interests” for the purposes of the tests contained in Division 974 and that the returns paid on the Bonds be “interest” for the purpose of section 128F of the Australian Tax Act.

Resident Holders

Australian residents are generally required to include any Interest in their assessable income each year. Whether these amounts should be recognised as assessable income on a cash receipts or accruals basis (including whether they are subject to Division 230 – see the summary below) will depend on the individual circumstances of the Holder. Australian residents holding their Bonds and receiving payments of Interest in Australia should not generally be subject to IWT.

Non-resident Holders

Non-resident Holders will generally be subject to IWT at the rate of 10 percent on any Interest they receive. IWT is a final tax and non-resident Holders should not be subject to any other Australian tax such as income tax.

Australian Unity intends to issue the Bonds in a manner which will satisfy the requirements of section 128F of the Australian Tax Act. If Australian Unity satisfies the requirements of section 128F, then payments of Interest to non-resident Holders (that are not “Offshore Associates” of Australian Unity) should not be subject to IWT and should not be subject to any other tax such as income tax in Australia.

b. Disposal of the Bonds

Australian resident Holders

The Australian Unity Bonds are intended to be “traditional securities” for the purposes of the Australian Tax Act. In relation to a traditional security, Australian resident Holders that are not subject to Division 230 are generally required to include any gain from a disposal in their assessable income in the income tax year in which a disposal occurs. Such a gain will be equal to the difference between the consideration for the acquisition (plus any relevant costs associated with the acquisition or the disposal) and the consideration for the disposal of the traditional security. Losses may be included as an allowable deduction in respect of taxable income in the income tax year in which the disposal occurs.

If a capital gains tax event should also occur on the disposal of a traditional security, any such capital gain or capital loss will be disregarded to the extent to which that gain or loss is included either as assessable income or an allowable deduction.

Non-Australian resident Holders

Non-resident Holders may be subject to Australian income tax on any gain realised on the disposal of their Bonds (depending upon whether or not that gain has an Australian source). However, a non-resident Holder may be eligible for relief from Australian income tax if that Holder is entitled to the benefit of a double tax agreement between Australia and the non-resident Holder's country of residence (for tax purposes).

c. Application of Division 230

Division 230 of the Australian Tax Act contains tax-timing rules for certain taxpayers for bringing to account gains and losses from certain "financial arrangements". However, Division 230 does not apply in relation to traditional securities to certain taxpayers, including individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which satisfy various turnover or asset threshold tests, unless they make an election that Division 230 applies to all of their "financial arrangements".

If payments of Interest are exempt from IWT under section 128F of the Australian Tax Act, Division 230 will not operate to override this exemption.

d. Payment of Additional Amounts

As set out in more detail in the Base Terms for the Bonds, and unless expressly provided to the contrary in the relevant Offer Specific Terms, if the Issuer is at any time required by law to withhold or deduct an amount in respect of Taxes imposed in Australia in respect of the Bonds, the Issuer must, subject to certain exceptions, pay Additional Amounts so that after making the deduction and further deductions applicable, the Holder is entitled to receive (at the time the payment is due) the amount they would have received if no withholdings or deductions had been required to be made. If the Issuer is compelled by law in relation to any Bonds to withhold or deduct an amount in respect of which Additional Amounts must be paid, the Issuer will have the option to Redeem the Bonds in accordance with the Base Terms.

e. Death duties

No Bonds will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

f. Additional withholdings from certain payments to non-residents

The Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The possible application of any future regulations to the proceeds of any sale of the Bonds will need to be monitored.

g. Supply withholding tax

Payments in respect of the Bonds can be made free and clear of any "supply withholding tax".

h. Provision of TFN and/or ABN

Withholding tax is imposed (currently at the rate of 47 percent) on the payment of interest on certain types of registered securities, such as the Bonds.

However, where a Holder has provided Australian Unity with their TFN or, in certain circumstances, their ABN, or has notified Australian Unity that they are exempt from providing this information, Australian Unity is not required to withhold any amount on account of this tax from payments of interest to the Holder.

A Holder may choose not to provide their TFN or ABN to Australian Unity.

If payments of interest are exempt from IWT under section 128F of the Australian Tax Act or otherwise subject to IWT, then non-resident Holders should not be subject to any withholding tax under these rules.

i. Garnishee directions

The Australian Commissioner of Taxation may give a direction requiring the Issuer to deduct from any payment to a Holder of the Bonds any amount in respect of Australian tax payable by a Holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction.

j. GST

GST is not payable on the issue, receipt, disposal or redemption of the Bonds.

GST is not payable in relation to the payment of Face Value or Interest by Australian Unity.

k. Stamp duty

No ad valorem stamp duty should be payable on the issue, receipt, disposal or redemption of the Bonds.

5.1.2 U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard

a. FATCA

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 ("FATCA") establish a due diligence, reporting and withholding regime. FATCA aims to detect U.S. taxpayers who use accounts with "foreign financial institutions" ("FFIs") to conceal income and assets from the U.S. Internal Revenue Service ("IRS").

Under FATCA, a 30 percent withholding may be imposed (i) in respect of certain U.S. source income and (ii) in respect of "foreign passthru payments" (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements ("FATCA withholding").

A withholding may be required if (i) an investor does not provide information sufficient for the Issuer or the relevant financial institution to determine whether the investor is subject to FATCA withholding or (ii) an FFI to or through which payments on the Bonds are made is a "non-participating FFI".

FATCA withholding is not expected to apply if the Bonds are treated as debt for U.S. federal income tax purposes and the grandfathering provisions from withholding under FATCA are applicable. The grandfathering provisions require, amongst other things, that the Bonds are issued on or before the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

In any event, FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

Further, Australia and the United States signed an intergovernmental agreement ("Australian IGA") in respect of FATCA on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the TAA to give effect to the Australian IGA.

Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must comply with specific due diligence procedures. In general, these procedures seek to identify account holders (for example, the Holders) and to provide the Australian Taxation Office with information on financial accounts (for example, the Bonds) held by U.S. persons and recalcitrant account holders. The Australian Taxation Office is required to provide that information to the IRS. Consequently, Holders may be requested to provide certain information and certifications to the Issuer and to any other financial institutions through which payments on the Bonds are made in order for the Issuer and such financial institutions to comply with their FATCA obligations.

A Reporting Australian Financial Institution (which may include the Issuer) that complies with its obligations under the Australian IGA will not generally be subject to FATCA withholding on amounts it receives, and will not generally be required to deduct FATCA withholding from payments it makes with respect to the Bonds, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Bonds as a result of FATCA, pursuant to the terms and conditions of the Bonds, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

FATCA is particularly complex legislation.

Investors should consult their own tax advisers to determine how these rules may apply to them under the Bonds.

b. Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“CRS”) requires certain financial institutions to report information regarding certain accounts (which may include the Bonds) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

5.2 Privacy

5.2.1 General

If you lodge an Application, Australian Unity will collect information about you. Australian Unity will use this information to process your Application, administer your Bonds and keep in touch with you in relation to your Bonds. Your information may also be shared within the Australian Unity Group so that you can be told about products, facilities or services offered or distributed by the Australian Unity Group or other matters concerning the Australian Unity Group that Australian Unity thinks may be of interest to you.

Australian Unity may disclose this information for these purposes to its Subsidiaries on a confidential basis, as well as to agents, contractors and third party service providers that provide services on its or their behalf (e.g. the Registrar and a printing firm or mailhouse engaged to print and mail statements to you). Some of these parties may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

If you used a financial adviser who recommended your investment in the Bonds (as indicated on your Application Form), Australian Unity may disclose details of your holding to that adviser.

Australian Unity will also disclose this information if required or permitted to do so by law or if you consent to or request the disclosure.

If you think Australian Unity’s records of your personal information are incorrect or out of date, you can contact Australian Unity and request that your personal information be corrected. Subject to certain exceptions, you may access your personal information at any time by contacting the Registrar in writing (subject to any requirements that the Registrar may have). Australian Unity is permitted to charge a fee for such access, but does not intend to do so.

You may choose not to provide your personal information or to limit the information you provide, in which case Australian Unity may not be able to process your Application, administer your Bonds, or make payments to you.

5.3 Selling restrictions

The distribution of the Offer Documents (including electronic copies) in jurisdictions outside Australia may be restricted by law. If you come into possession of the Offer Documents in a jurisdiction outside Australia, you should seek advice on, and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities law. Australian Unity disclaims all liabilities to such persons. The Offer Documents and the Bonds have not been and will not be, registered in any jurisdiction other than Australia. In particular, the Bonds have not been and will not be registered under the United States Securities Act of 1933 ("US Securities Act"), or the securities laws of any state of the United States and may not be offered or re-sold in the United States or to or for the account or benefit of US Persons (as defined in the US Securities Act) except in transactions exempt from the registration requirements of the US Securities Act. The Offers and the possession or distribution of the Offer Documents may be further subject to the specific restrictions set out in the relevant Offer Specific Prospectus.

Hong Kong

WARNING: The Offer Documents have not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor have they been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register the Offer Documents or to permit the distribution of the Offer Documents or any documents issued in connection with it. Accordingly, the Bonds have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Bonds has been or will be issued in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Bonds may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of the Offer Documents have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of the Offer Documents, you should obtain independent professional advice.

Singapore

The Offer Documents and any other materials relating to the Bonds have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, the Offer Documents and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Bonds, may not be issued, circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

The Offer Documents have been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return the Offer Documents immediately. You may not forward or circulate the Offer Documents to any other person in Singapore.

Any offer is not made to you with a view to the Bonds being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Bonds. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), unless otherwise specified before an offer of Bonds, that all Bonds to be issued under the Offer Documents are classified as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

New Zealand

Bonds may not be offered in contravention of the Financial Markets Conduct Act 2013 of New Zealand (or any statutory modification or re-enactment of, or statutory substitution for, that Act) ("NZ FMCA").

Australian Unity does not intend that Bonds be offered for issue or sale in circumstances requiring disclosure under Part 3 of the NZ FMCA.

Accordingly, no disclosure document has been or will be lodged or provided under the NZ FMCA.

Further,

- (a) the Bonds must not be offered, delivered or sold (directly or indirectly); and
- (b) the Offer Documents or any information or other material that may constitute an advertisement (as defined in the NZ FMCA, as applicable) in relation to any offer of the Bonds must not be distributed (directly or indirectly),

in each case in New Zealand other than:

- (a) to a person who is an investment business within the meaning of Clause 37 of Schedule 1 of the NZ FMCA; or
- (b) to a person who is large within the meaning of Clause 39 of Schedule 1 of the NZ FMCA; or
- (c) to a person who is a government agency within the meaning of Clause 40 of Schedule 1 of the NZ FMCA.

5.4 Dealings in Australian Unity Bonds

Australian Unity or any member of the Australian Unity Group may subscribe for, purchase or resell the Bonds or cancel repurchased Bonds from time to time.

5.5 Trustee's liability

The Trustee, being Sargon CT Pty Ltd:

- (a) has not made any statement or purported to make any statement in the Offer Documents or any statement on which a statement in the Offer Documents is based, other than as specified below in this Section 5.5;
- (b) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of the Offer Documents, or any statements in, or omissions from the Offer Documents, other than the references to its name included in the Offer Documents with its written consent;
- (c) has given and has not, before the lodgement of the Offer Documents with ASIC, withdrawn its written consent to be named in the Offer Documents in the form and context in which it is named;
- (d) does not, nor does any related person, make any representation as to the truth and accuracy of the contents of the Offer Documents;
- (e) has relied on Australian Unity for the accuracy of the contents of the Offer Documents; and
- (f) does not, nor does any related person, make any representation or warranty as to the performance of Bonds or the payment of interest or the redemption of Bonds.

The interest payments on Bonds are obligations of Australian Unity and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity.

The obligation to redeem Bonds in accordance with their terms is a direct obligation of Australian Unity. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity guarantees the redemption of or prepayment of any principal under the Bonds.

The Trustee is not responsible for monitoring Australian Unity's compliance with the Trust Deed (other than to the extent required by law) nor Australian Unity's business.

5.6 Materials incorporated by reference

The following is a list of material referred to, but not set out in full, in this Base Prospectus. This material (or relevant extracts of the material) is incorporated by reference and, as such, forms part of any offer of Bonds covered by this Base Prospectus.

A link to the following materials is available from Australian Unity's website www.australianunity.com.au/bonds and a copy of each document can be obtained free of charge by calling the Australian Unity Bonds Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) 8:30am to 5:30pm Monday to Friday (excluding public holidays):

- **Information on Australian Unity's Board of Directors** is available on Australian Unity's website www.australianunity.com.au/about-us/membership-governance/board-policies-charter and is set out in the section titled "Directors' report", paragraph "Information on directors" of Australian Unity's annual financial report for the 2019 financial year, which was filed with ASX on 28 August 2019;
- **Information on the remuneration of Australian Unity's Senior Management** which is set out in the Remuneration Report contained in Australian Unity's annual financial report for the 2019 financial year, which was filed with ASX on 28 August 2019;
- **Trust Deed**, which was filed with ASIC on 9 September 2019. The Bonds will be constituted under the Trust Deed, which also contains the agreement between the Issuer and the Trustee in relation to the Trustee's role, and the circumstances in which the Trustee can or must act in the interests of Holders;
- **The Base Terms** (which are included as a schedule to the Trust Deed) were filed with ASIC on 9 September 2019. The Base Terms are the terms and conditions of the Bonds as referred to in the Base Prospectus. The Base Terms will be supplemented, amended, modified or replaced by the Offer Specific Terms published in the relevant Offer Specific Prospectus; and
- **Financial Ratios Worked Example**. This sets out a worked example showing the calculation of the Covenant Gearing Ratio and Interest Cover Ratio (adjusted) compared to the Key Financial Ratios prescribed by the Corporations Regulations for reporting periods ending 30 June 2019. This document was filed with ASIC on 9 September 2019

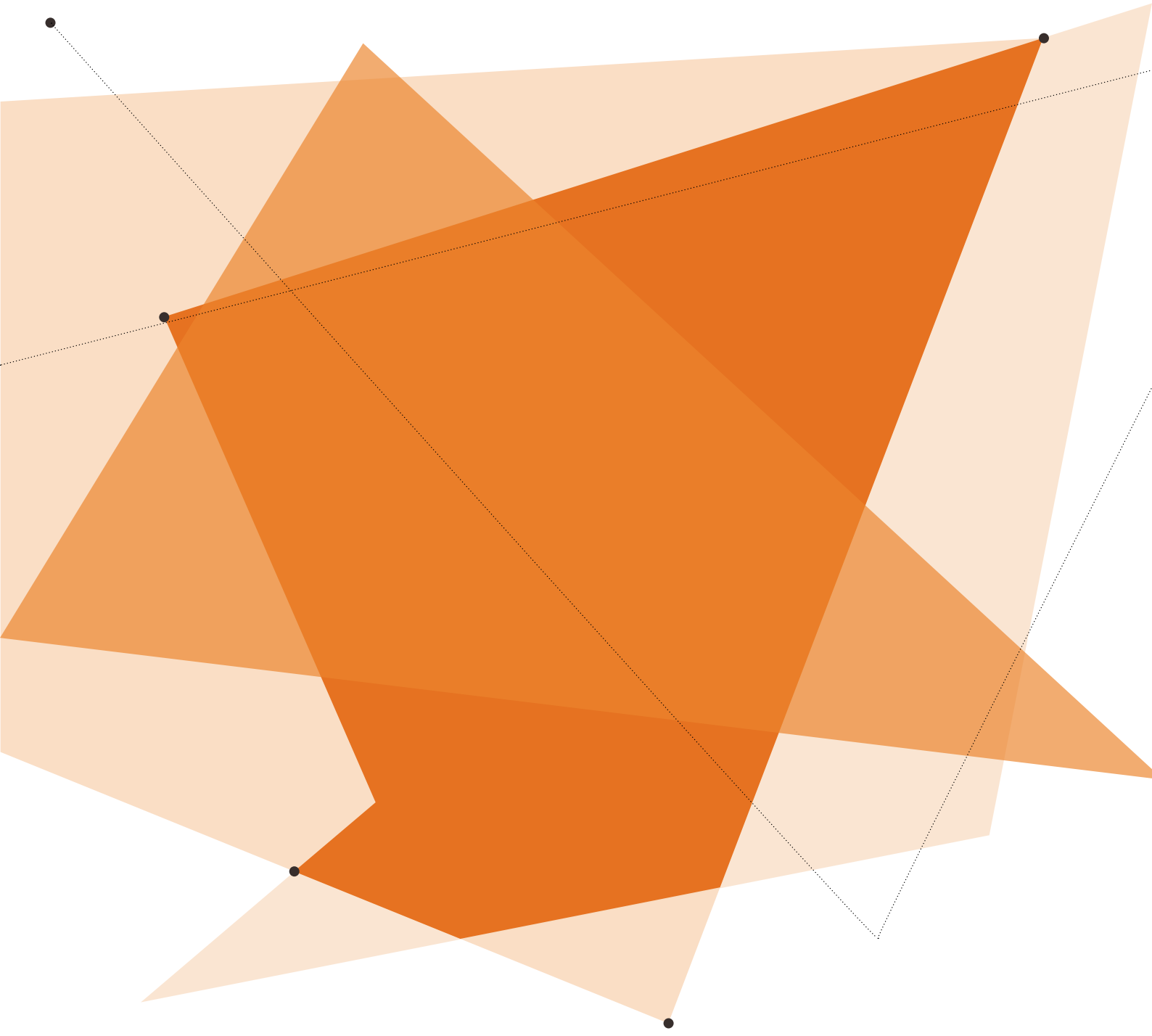
5.7 Governing law

This Base Prospectus, any Offer Specific Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in Victoria, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria.

Section 6



Glossary



Section 6 Glossary

Term	Meaning
\$, A\$, AUD or dollars	Australian dollar currency
ABN	Australian Business Number
Actual/365 (Fixed)	The meaning given in the definition of “Day Count Fraction” in Clause 12.4 of the Base Terms
Additional Amount	An additional amount payable by the Issuer under Clause 9.2 (“Withholding tax gross up”) of the Base Terms
ADI	An authorised deposit taking institution authorised under the Banking Act
ADI Equity	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 of the Base Terms)
ADI Guarantees	The meaning given in Clause 12.4 of the Base Terms
ADI Interest Bearing Liabilities	The meaning given in Clause 12.4 of the Base Terms
ADI Tier 1 Capital Ratio	The meaning given in Section 3.8.2 of this Base Prospectus
AFSL	Australian financial services licence
Allocation	The number of Bonds allocated to a Syndicate Broker or Institutional Investor under a Bookbuild. Allocate has a corresponding meaning
Applicable Accounting Standards	Australian Accounting Standards issued by the Australian Accounting Standards Board
Applicant	A person who lodges an Application Form in accordance with the relevant Offer Specific Prospectus
Application	A valid application for a particular Tranche (or Tranches) of Bonds, as specified in the Offer Specific Prospectus, made through a completed Application Form in accordance with the relevant Offer Specific Prospectus
Application Form	A paper or electronic form (as the context requires) attached to, or accompanying this Base Prospectus and the relevant Offer Specific Prospectus upon which an Application for Bonds may be made
Application Monies	The amount payable on each Application, being the Face Value multiplied by the number of Bonds applied for
APRA	Australian Prudential Regulation Authority
Arrangers	Refer to the front cover of the relevant Offer Specific Prospectus
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
ASX Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant (as the context requires)
AUL Cash	The meaning given in Clause 12.4 of the Base Terms
Australian Tax Act	Both the <i>Income Tax Assessment Acts of 1936 and 1997</i> of Australia
Australian Unity	Australian Unity Limited (ABN 23 087 648 888)
Australian Unity Bank	Australian Unity Bank Limited (ABN 30 087 652 079)

Section 6 Glossary

Term	Meaning
Australian Unity Group	Australian Unity and each of its Subsidiaries
Australian Unity Guarantees	The meaning given in Clause 12.4 of the Base Terms
Banking Act	<i>Banking Act 1959 (Cth)</i>
Base Prospectus	This base prospectus which was lodged with ASIC on 9 September 2019
Base Terms	The base terms of the Bonds as incorporated by reference in this Base Prospectus and available on the Australian Unity website www.australianunity.com.au/bonds
BBSW Rate	For an Interest Period, the average mid-rate rate designated “BBSW” for prime bank eligible securities having a tenor closest to the Interest Period published by ASX (or its successor) on the first day of the Interest Period. Fall-back procedures apply under the Base Terms if that rate is not published by the usual time, is affected by an error or otherwise subject to disruption
Benefit Fund Interest Bearing Liabilities	The meaning given in Clause 12.4 of the Base Terms
Benefit Funds	The benefit funds operated under the Life Insurance Act through any Subsidiary of Australian Unity
Board	The board of directors of Australian Unity acting as a board
Board Charter	The Australian Unity Board Charter dated 1 May 2018
Bonds	“Simple corporate bonds” to be offered by the Issuer under this Base Prospectus and the relevant Offer Specific Prospectus pursuant to sections 713A-713E of the Corporations Act during the Covered Period
Bookbuild	The process through which Syndicate Brokers and Institutional Investors bid for a firm Allocation of a particular Tranche of Bonds
Broker Firm Allocation	The Allocation allocated to a Syndicate Broker through the Bookbuild
Broker Firm Offer	The offer as described in the relevant Offer Specific Prospectus
Business Day	A day which is a Business Day within the meaning of the ASX Listing Rules and 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
Change of Control Event	The meaning given in Clause 12.4 of the Base Terms
CHESS	Clearing House Electronic Subregister System
Clean Up Condition	Has the meaning given in Clause 12.4 of the Base Terms
Closing Date	Refer to the “Key dates” Section of the relevant Offer Specific Prospectus
Co-Managers	Refer to the front cover of the relevant Offer Specific Prospectus
Consolidated Interest Bearing Liabilities	The meaning given in Clause 12.4 of the Base Terms
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001 (Cth)</i>
Covenant Gearing Ratio	The meaning given in Section 3.8.2 of this Base Prospectus
Covered Period	From 9 September 2019 to 9 September 2022

Section 6 Glossary

Term	Meaning
Credit Rating	The credit rating assigned to the relevant Series of Bonds
CRS	OECD Common Reporting Standard for Automatic Exchange of Financial Account Information
DAPs	Daily Accommodation Payments
Demutualisation	The meaning given in Clause 12.4 of the Base Terms
Director	Director of Australian Unity
Eligible AYUHB Holder	The meaning given in the relevant Offer Specific Prospectus
Eligible Member	The meaning given in the relevant Offer Specific Prospectus
Event of Default	The happening of any of the events set out in Clause 6.1 of the Base Terms
Face Value	Refer to the relevant Offer Specific Prospectus
FATCA	Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010
FFIs	Foreign financial institutions
Financial Indebtedness	The meaning given in Clause 12.4 of the Base Terms
Gearing Ratio	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.8.2 of this Base Prospectus
Gearing Ratio Debt	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, Lease Liabilities and Australian Unity Cash
Gearing Ratio Equity	Total Equity less ADI Equity
GST	The goods and services tax as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
Herston Projects	The Herston Quarter project to redevelop and operate a significant health and care precinct adjacent to the Royal Brisbane and Women's Hospital and associated facilities, in Brisbane
HIN	Holder Identification Number
Holder	A registered holder of Bonds
Holder Resolution	Broadly, that more than 50 percent of Holders of the Bonds of a Series (or Holders of more than 50 percent of the Face Value of all outstanding Bonds of the Series) vote in favour of the resolution proposed
Holding Statement	A statement issued to Holders by the Registrar which sets out the number of Bonds issued to that Holder
Insolvency Events	The meaning given in Clause 12.4 of the Base Terms
Institutional Investor	An investor to whom the Bonds are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which Australian Unity is willing to comply with) and who has been invited by the Joint Lead Managers to bid for the Bonds
Institutional Offer	The offer as described in the relevant Offer Specific Prospectus
Interest	Interest payable on each Bond

Section 6 Glossary

Term	Meaning
Interest Cover Ratio	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.8.2 of this Base Prospectus
Interest Payment Dates	Refer to the relevant Offer Specific Prospectus
Interest Period	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 Issue Date; and (b) the final Interest Period ends on (but excludes) the Maturity Date or a Redemption Date
Interest Rate	Refer to the relevant Offer Specific Prospectus
IRS	U.S. Internal Revenue Service
Issue	The process of issuing Bonds of a particular Tranche to successful Applicants. Issue and Issued have corresponding meanings
Issue Date	In respect of a Bond, the date specified in the Offer Specific Terms as the date on which the Bond is, or is to be, Issued
Issue Price	The price at which a Tranche of Bonds are issued
Issuer	Australian Unity Limited (ABN 23 087 648 888)
IWT	Interest withholding tax
Joint Lead Managers	Refer to the front cover of the relevant Offer Specific Prospectus
Junior Ranking Obligation	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 the Bonds
Key Financial Ratios	The Gearing Ratio, the Working Capital Ratio and the Interest Cover Ratio
Lease Liabilities	Lease Liabilities means the discounted present value of all remaining lease payments, where the discount rate applicable for each lease is the Issuer's incremental borrowing rate (as defined in Applicable Accounting Standards) at the inception date of the lease
Life Insurance Act	<i>Life Insurance Act 1995</i> (Cth)
Limited Recourse Debt	The meaning given in Clause 12.4 of the Base Terms
Margin	Refer to the relevant Offer Specific Prospectus
Market Rate	The meaning given in Clause 2.4(a) of the Base Terms
Maturity Date	Refer to the relevant Offer Specific Prospectus
Member Offer	The Offer as described in the Offer Specific Prospectus
Modified Following Business Day Convention	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
Mutual Capital Instruments	Any "MCIs" as defined in the Corporations Act
NZ FMCA	<i>Financial Markets Conduct Act 2013</i> of New Zealand (or any statutory modification or re-enactment of, or statutory substitution for, that Act)
Offer	The offer made by Australian Unity under this Base Prospectus and the relevant Offer Specific Prospectus of a particular Tranche (or Tranches) of Bonds to raise the amount stated in the relevant Offer Specific Prospectus

Section 6 Glossary

Term	Meaning
Offer Documents	The Base Prospectus and the relevant Offer Specific Prospectus
Offer Management Agreement	Offer management agreement entered into between Australian Unity and the Joint Lead Managers relating to the relevant Offer
Offer Period	The period from the Opening Date to the Closing Date
Offer Specific Prospectus	The Offer Specific Prospectus relating to an Offer of a Tranche (or Tranches) of Bonds
Offer Specific Terms	The offer specific terms of a Tranche of Bonds contained in the relevant Offer Specific Prospectus
Offshore Associate	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 Bonds in carrying on a business at or through a permanent establishment in Australia; or (b) a resident of Australia that acquires the Bonds in carrying on a business at or through a permanent establishment outside Australia.
Opening Date	Refer to the “Key dates” Section of the relevant Offer Specific Prospectus
Participating Brokers	Any participating organisation of ASX invited by the Joint Lead Managers to participate in the Bookbuild
Programme	A programme for the issuance of Bonds
RADs	Refundable Accommodation Deposits
Redemption	In relation to an Australian Unity Bond, to redeem that Australian Unity Bond in accordance with Clause 5 of the Base Terms. “Redeem” and “Redeemed” have corresponding meanings
Redemption Amount	In respect of a Bond, the Face Value plus the accrued Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Redemption Date
Redemption Date	In respect of a Bond, the Maturity Date or any earlier date specified by the Issuer as the Redemption Date in accordance with the Terms
Register	The register of Bonds maintained by the Registrar on Australian Unity’s behalf and including any subregister established and maintained in CHESS
Registrar	Link Market Services Limited, or such other person as may be appointed registrar of the Bonds from time to time
Reinvestment Offer	The offer to holders of Series B Australian Unity Bonds to subscribe for Bonds using proceeds from the Series B Australian Unity Bonds, as described in the relevant Offer Specific Prospectus
Related Person	Directors, employees, officers, affiliates, agents, advisors, intermediaries and related bodies corporate
Relevant Indebtedness	Debt securities issued by Australian Unity (including the Bonds of another Series) which are quoted on a stock exchange, or are capable of being quoted, but does not include any secured credit facilities of Australian Unity or its Subsidiaries
Series	A series of Bonds issued on identical terms (other than, to the extent applicable, their Face Value, Interest Rate, Interest Payment Dates, Issue Date and Maturity Date)
Series B Australian Unity Bonds	Series B Australian Unity Bonds – Tranche 1 issued in 2015 by Australian Unity

Section 6 Glossary

Term	Meaning
SFA	Securities and Futures Act of Singapore
SFO	Securities and Futures Ordinance of the Laws of Hong Kong
Special Resolution	More than 75 percent of Holders of the Bonds (or Holders of 75 percent of the Face Value of all outstanding Bonds of the Series) vote in favour of the resolution proposed
SRN	Securityholder Reference Number
Subsidiary	The meaning given to that term in Part 1.2 of Division 6 of the Corporations Act
Syndicate Broker	Any of the Joint Lead Managers, Co-Managers and Participating Brokers
TAA	<i>Taxation Administration Act 1953</i> (Cth)
Tax	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
Tax Event	The meaning given in Clause 12.4 of the Base Terms
Terms	The full terms of each Series of Bonds as set out in the Base Terms as supplemented, amended, replaced or as modified by the terms of a particular Tranche of Bonds set out in the relevant Offer Specific Prospectus
TFN	Tax File Number
Total Equity	(Without double counting) total equity of the Australian Unity Group on a consolidated basis as set out in the Australian Unity Group Balance Sheet plus the aggregate amount of any Junior Ranking Obligations
Tranche	An Offer of Bonds specified as such in the applicable Offer Specific Prospectus
Trust Deed	The trust deed dated 9 September 2019 between Australian Unity and the Trustee, pursuant to which the Bonds may be issued (as amended or supplemented from time to time)
Trustee	Sargon CT Pty Ltd (ACN 106 424 088) or such other trustee as may hold office as trustee under the Trust Deed from time to time
Working Capital Ratio	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.8.2 of this Base Prospectus

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Contact Australian Unity

✉ memberrelations@australianunity.com.au

☎ 13 29 39

🖱 australianunity.com.au

📍 Level 15, 271 Spring Street
Melbourne
VIC 3000

f [facebook.com/AustralianUnity](https://www.facebook.com/AustralianUnity)

🐦 [@australianunity](https://twitter.com/australianunity)

📷 [@australianunity](https://www.instagram.com/australianunity)

Australian Unity Limited
ABN 23 087 648 888

