

**Date of this replacement Offer Specific Prospectus: 7 November 2023**

This replacement Offer Specific Prospectus relates to the offer of "Australian Unity Bonds Series E – Tranche 1" by Australian Unity Limited (the "Offer") under the Base Prospectus dated 30 October 2023 ("Base Prospectus"). This replacement Offer Specific Prospectus replaces the offer specific prospectus dated, and lodged with ASIC on, 30 October 2023 and must be read together with the Base Prospectus. The Australian Unity Bonds Series E – Tranche 1 are simple corporate bonds.

**The disclosure documents for the Offer consist of this replacement Offer Specific Prospectus and the Base Prospectus.**

# Australian Unity Bonds

Part A: Replacement Offer Specific Prospectus for the issue of Australian Unity Bonds Series E – Tranche 1



**Issuer**

Australian Unity Limited ABN 23 087 648 888

**Arranger**

Acacia Partners Pty Ltd

**Joint Lead Managers**

Acacia Partners Pty Ltd  
ANZ Securities Limited  
Commonwealth Bank of Australia  
E&P Corporate Advisory Pty Limited

National Australia Bank Limited  
Morgans Financial Limited  
Westpac Institutional Bank (a division  
of Westpac Banking Corporation)

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SECTION 1

# What you need to know

1. This replacement Offer Specific Prospectus is **not a summary** of the information contained in the Base Prospectus. You must read the Base Prospectus together with this replacement Offer Specific Prospectus.
2. This replacement Offer Specific Prospectus is only relevant for the offer of Australian Unity Bonds Series E – Tranche 1 (the “Offer”). In this replacement Offer Specific Prospectus, the Australian Unity Bonds Series E – Tranche 1 are referred to as the “Bonds”.
3. A Base Prospectus applies to this Offer. This replacement Offer Specific Prospectus and the Base Prospectus are together referred to as the “Offer Documents”.
4. This replacement Offer Specific Prospectus provides details, key dates and other relevant information for the Offer. The Base Prospectus provides additional information that is also critical to your investment decision. You should take all of the information in the Base Prospectus into consideration before making your decision in relation to the Offer.

5. **About this replacement Offer Specific Prospectus**

This replacement Offer Specific Prospectus relates to an offer by Australian Unity Limited (ABN 23 087 648 888) (“Australian Unity” or the “Issuer”) to raise a total aggregate amount of \$250 million with the ability to raise more or less, subject to a minimum issue amount of \$50 million. This replacement Offer Specific Prospectus is dated 7 November 2023 and was lodged with the Australian Securities and Investments Commission (“ASIC”) on that date. This replacement Offer Specific Prospectus replaces the Offer Specific Prospectus dated and lodged with ASIC on 30 October 2023 (“Original Offer Specific Prospectus”). References to the Offer Specific Prospectus in this document are references to this replacement Offer Specific Prospectus. This replacement Offer Specific Prospectus is only relevant to the Offer and expires on 30 November 2024. No Bonds will be issued on the basis of the Offer Documents after that date.

6. **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 or by any other person. 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.

7. The Offer Documents contain important information (including information referred to or incorporated by reference into the Offer Documents). It is important that you read the Offer Documents in full before making a decision to invest in Bonds and consider the risks that could affect the performance of the Bonds. Information about Australian Unity can be found in Section 3 (“About Australian Unity”) of the Base Prospectus and is also available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds).
8. You should rely only on information in the Offer Documents (including information incorporated by reference into the Offer Documents). No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in (or incorporated by reference into) the Offer Documents. Any information or representation not contained in (or incorporated by reference into) the Offer Documents may not be relied upon as having been authorised by Australian Unity or any other member of the Australian Unity Group in connection with the Offer.
9. The Offer is subject to the design and distribution obligations regime in Part 7.8A of the Corporations Act. Accordingly, Australian Unity is required to make a Target Market Determination (“TMD”) which describes among other things:
  - the class of Retail Investors that comprises the target market for the Bonds (“Target Market”); and
  - the conditions on how the Bonds are to be distributed under the Offer to help make it likely that Retail Investors who acquire the Bonds are within that Target Market (“Distribution Conditions”).

The Target Market describes the class of Retail Investors for whom an investment in the Bonds is likely to be consistent with their particular investment objectives, financial situation and needs.

A description of the Target Market is set out in Section 4.1 and a copy of the TMD is available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds).

Not all Retail Investors are eligible to participate in the Offer – refer to the TMD and Section 4 for further information.

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

The information contained in (or incorporated by reference into) 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 the 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.

**11. Accessing the Base Prospectus and Application Form**

Links to electronic copies of this Offer Specific Prospectus, the Base Prospectus, an Application Form and any documents incorporated by reference into those documents will be available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds) during the Offer Period and following the completion of the Offer.

Australian Unity will not be providing paper copies of the Offer Documents.

**12. Defined words and expressions**

Some words and expressions used in this Offer Specific Prospectus have defined meanings. These words and expressions are capitalised and, unless defined in this Offer Specific Prospectus, are defined in Section 6 (“Glossary”) of the Base Prospectus. A reference to time in this Offer Specific Prospectus is a reference to Melbourne, Australia time.

**ASIC guidance for corporate bond investors**

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](http://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 the Base Prospectus.

## SECTION 2

# Key dates and Offer details

### **Credit Rating and Product Complexity Indicator**

The Bonds have been assigned a BBB+ long-term Credit Rating by Australia Ratings. Australia Ratings has also assigned a 'Green' Product Complexity Indicator to the Bonds. Refer to Section 3.6 for further information about the Credit Rating and Product Complexity Indicator associated with the Bonds and Section 3.7.1 for risks associated with Credit Ratings.

## Key dates for the Offer

Record date for determining Eligible Members for the Priority Offer	20 September 2023
Record date for determining Eligible AYUHC Holders (7:00pm) for the Reinvestment Offer	25 October 2023
Record date for determining Eligible Securityholders (7:00pm) for the Priority Offer	25 October 2023
Lodgement of Original Offer Specific Prospectus with ASIC	30 October 2023
Bookbuild to determine Margin and Allocations to Syndicate Brokers and Institutional Investors	1 November 2023
Opening Date for the Offer and lodgement of this Offer Specific Prospectus with ASIC	7 November 2023
Closing Date for the Reinvestment Offer, Priority Offer and Broker Firm Offer	17 November 2023
Issue Date	28 November 2023
Holding Statements despatched by the Registrar	29 November 2023
Bonds commence trading on ASX on normal settlement basis	1 December 2023

## Key dates for the Bonds

First Interest Payment Date <sup>1</sup>	14 January 2024
Tenor	Approximately 5 years
Maturity Date	15 December 2028

### Dates may change

The key dates for the Offer are indicative only and subject to change without notice. Australian Unity may, in agreement with the Joint Lead Managers, vary the timetable, including to close the Reinvestment Offer, Priority Offer, the Broker Firm Offer or Institutional Offer early, extend any one or all of them, or to withdraw any one or all of them at any time before the Bonds are issued. If any of the dates are changed, subsequent dates may also change. If you decide to invest in the Bonds, you are encouraged to lodge your Application as soon as possible after the Opening Date.

<sup>1</sup> Interest is payable on the quarterly Interest Payment Dates, until the applicable Maturity Date or any earlier Redemption Date. If any of these dates is not a Business Day, then the Interest Payment Date will be the next Business Day.

## 2.1 Terms of the Bonds

The following terms (“Offer Specific Terms”), together with the terms set out in the Base Prospectus (“Base Terms”) (as supplemented, amended, modified or replaced by the Offer Specific Terms), are the terms and conditions of the Bonds and the Offer (the subject of this Offer Specific Prospectus) (“Terms”). Unless otherwise specified, capitalised expressions in the Offer Specific Terms have the meanings given in the Base Terms.

		<b>Further information</b>
<b>Issuer</b>	Australian Unity Limited (ABN 23 087 648 888)	Section 3 of this Offer Specific Prospectus Base Prospectus (Section 3)
<b>Series/Tranche</b>	Australian Unity Bonds Series E – Tranche 1	
<b>Nature of the Bonds</b>	Interest paying, unsubordinated and unsecured debt obligations, issued by Australian Unity. Each Bond is issued on and subject to the provisions of the Trust Deed and the Terms.	Base Prospectus (Sections 2.1.1, 2.1.2 and 2.1.5) Base Terms (Clauses 2 and 3)
<b>Offer size</b>	\$250 million in aggregate, with the ability to raise more or less. The minimum Offer size is \$50 million. If total Application Monies received are less than \$50 million, then no Bonds will be issued under the Offer.	
<b>Face Value/ Issue Price</b>	\$100 per Bond	
<b>Offer structure</b>	The Offer comprises: – Reinvestment Offer – Priority Offer – Broker Firm Offer – Institutional Offer	Section 4 of this Offer Specific Prospectus
<b>Minimum Application</b>	20 Bonds for applicants under the Offer (\$2,000).	
<b>Term</b>	Approximately 5 years	
<b>Maturity Date</b>	15 December 2028 (unless Redeemed early in accordance with the Terms)	
<b>Not guaranteed or insured</b>	The payment obligations of the Issuer under the Bonds are not guaranteed by any Subsidiary of Australian Unity, any government, government agency or compensation scheme of Australia or any other jurisdiction, or any other person.	
<b>Not deposit liabilities, protected accounts or policy liabilities</b>	The Bonds are not deposit liabilities or 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.	Base Terms (Clause 1.1)
<b>Interest Rate</b>	Floating Interest Rate. The Interest Rate is the sum of the Market Rate plus the Margin.	Base Prospectus (Section 2.1.2) Base Terms (Clause 2)
<b>Market Rate</b>	BBSW Rate for a three month period.	



		<b>Further information</b>
<b>BBSW Rate</b>	Refer to Section 2.1.2 of the Base Prospectus which describes the BBSW Rate.	Base Prospectus (Section 2.1.2)
<b>Margin</b>	The Margin is 2.50 percent per annum. It was determined under the Bookbuild.	
<b>Interest Payment Dates</b>	<p>The first Interest Payment Date will be 14 January 2024 to align with Australian Unity Bonds Series D interest payment dates. This means that the number of days in the first interest period will be less than for subsequent interest periods. Interest will be paid quarterly in arrears on the following dates in each year as well as on the Maturity Date, or any earlier Redemption Date:</p> <ul style="list-style-type: none"> <li>– 14 January</li> <li>– 14 April</li> <li>– 14 July</li> <li>– 14 October.</li> </ul> <p>If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day. Holders are not entitled to any additional payment in respect of that delay.</p>	Base Prospectus (Section 2.1.2)
<b>Business Day Convention</b>	Following Business Day Convention	Base Prospectus (Section 6)
<b>Day Count Fraction</b>	Actual/365 (Fixed)	Base Prospectus (Section 6)
<b>Early Redemption at Australian Unity’s option</b>	<p>Australian Unity will only have the right (but not an obligation) to Redeem the Bonds prior to the Maturity Date:</p> <ul style="list-style-type: none"> <li>– following the occurrence of a Tax Event;</li> <li>– following the occurrence of a Change of Control Event; or</li> <li>– when a Clean Up Condition subsists.</li> </ul>	<p>Base Prospectus (Section 2.1.3)</p> <p>Base Terms (Clause 5)</p>
<b>Early Redemption rights of Holders</b>	<p>Holders of Bonds have the right to vote to require Redemption prior to the Maturity Date following the occurrence of a Change of Control Event. Redemption in these circumstances requires a Holder Resolution to be passed in favour of Redemption.</p> <p>Holders have no right to require Redemption before the Maturity Date in any other circumstances.</p>	<p>Base Prospectus (Section 2.1.3)</p> <p>Base Terms (Clause 5.4)</p>
<b>Negative pledge</b>	<p>While any Bonds remain outstanding, Australian Unity will not secure any “Relevant Indebtedness” without according the same security (or an equal ranking security) to the Bonds. Some security interests are excluded from the negative pledge – including any security interests in respect of syndicated or term loan arrangements within the limit described in Section 2.1.4 of the Base Prospectus.</p> <p>“Relevant Indebtedness” broadly means debt securities issued by Australian Unity (including Bonds of another Series) which are, or are capable of being, quoted on a stock exchange and indebtedness owing under syndicated or term loan arrangements.</p>	<p>Base Prospectus (Section 2.1.4)</p> <p>Base Terms (Clause 4.1)</p>
<b>Covenant Gearing Ratio limit</b>	While any Bonds remain outstanding, the Issuer will ensure that, on each 30 June and 31 December occurring after the Issue Date, the Covenant Gearing Ratio is not greater than 50 percent.	<p>Base Prospectus (Section 2.1.4)</p> <p>Base Terms (Clause 4.2)</p>

		<b>Further information</b>
<b>Restrictions on Subsidiary Indebtedness</b>	<p>While any Bonds remain outstanding, Australian Unity will ensure that no Subsidiary of Australian Unity incurs Financial Indebtedness (other than in certain circumstances set out below). “Financial Indebtedness” is defined broadly in Clause 12.4 of the Base Terms.</p> <p>The restriction does not apply to the following:</p> <ul style="list-style-type: none"> <li>- Limited Recourse Debt;</li> <li>- Financial Indebtedness owed by one member of the Australian Unity Group to another member of the Australian Unity Group;</li> <li>- 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;</li> <li>- 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;</li> <li>- 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);</li> <li>- any ADI that is a member of the Australian Unity Group (which, as at the date of this Base Prospectus, means Australian Unity Bank);</li> <li>- any present or future Retirement Village Investment Notes issued by Australian Unity Finance Limited (“AUFL”) provided the recourse of the holders of those notes is limited to the assets of AUFL and Australian Unity Retirement Living Investments Limited;</li> <li>- any subordinated capital notes from time to time issued by Australian Unity Health Limited, provided the outstanding aggregate principal amount of such notes does not exceed \$60 million;</li> <li>- \$5.1 million in loans between Australian Unity Support Foundation Limited (previously known as Grand United Centenary Centre Limited) and Australian Unity Retirement Living Management Pty Ltd (“AURLM”) made on or about 31 August 2012;</li> <li>- any present or future Financial Indebtedness incurred by Herston Company Pty Limited (or any of its Subsidiaries) in connection with the Herston Projects, provided the outstanding aggregate principal amount of such indebtedness does not exceed \$60 million; and</li> </ul>	<p>Base Prospectus (Section 2.1.4) Base Terms (Clause 4.3)</p>

**Further information**

– any present or future Financial Indebtedness owing by Australian Unity Home Care Service Pty Ltd (“AUHCS”) or AURLM in respect of government funding provided to AUHCS or AURLM (as the case may be) in connection with the provision of homecare or disability care services by AUHCS or AURLM (as the case may be).

“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.

This restriction is intended to limit the extent to which the Holders are structurally subordinated to other creditors of the Australian Unity Group.

<b>Ranking on winding-up</b>	A Holder’s claim will rank equally with holders of other Series of Bonds, and equally with claims of all other unsubordinated and unsecured creditors (other than any obligations preferred by mandatory provisions of applicable law, including employee entitlements and secured creditors). A Holder’s claim will rank ahead of the claims of all holders of subordinated instruments and Mutual Capital Instruments, and Members of Australian Unity. Holders’ claims are subject to structural subordination which is explained in the Base Prospectus.	Base Prospectus (Sections 2.1.5 and 4.2.7) Section 3.5 of this Offer Specific Prospectus Base Terms (Clause 3)
<b>Events of Default</b>	Events of Default are set out in the Base Terms and described in the Base Prospectus and include non-payment of principal or interest, failure by Australian Unity to comply with certain other obligations, the insolvency of Australian Unity and the cessation or suspension by Australian Unity of the conduct of its business.	Base Prospectus (Section 2.1.3) Base Terms (Clause 6)
<b>Fees and charges</b>	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 ASX.	
<b>Fees and costs associated with the Offer</b>	The total expenses of the Offer (including fees payable to the Arranger, Joint Lead Managers, legal, accounting, tax, marketing, and administrative fees, as well other expenses related to the Offer) are expected to be \$5.3 million. All of these expenses have been, or will be, borne by Australian Unity out of the proceeds of the Offer.	Further details incorporated by reference (Section 3.8.3)

		<b>Further information</b>
<b>Listing</b>	<p>Australian Unity has applied for the quotation of the Bonds on ASX.</p> <p>It is expected that the Bonds will be quoted under the code "AYUHE".</p>	
<b>Selling restrictions</b>	<p>The Offer Documents are not an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.</p> <p>The distribution of the Offer Documents and the offer or sale of Bonds may be restricted by laws in foreign jurisdictions.</p>	<p>Base Prospectus (Section 5.3)</p>

## SECTION 3

**Offer specific  
information you  
should consider**

## 3.1 Business update

### Acquisition of IOOF Ltd

On 31 October 2023, Australian Unity completed its acquisition of all the shares of friendly society IOOF Ltd and its ~\$1.1 billion investment bond business from Insignia Financial group. This acquisition is in line with Australian Unity's strategy priority to provide innovative products and services and will further strengthen Australian Unity's position as the market leader in investment bonds.

## 3.2 Use of proceeds of the Offer

The proceeds of the Offer will be used to refinance Australian Unity Bonds Series C that are repurchased through the Reinvestment Offer and for general corporate purposes.

## 3.3 Effect of the Offer on Australian Unity

Assuming the Offer raises \$250 million, there will be no material impact on the net assets of Australian Unity as the net cash raised (after transaction costs of \$5.3 million) from the issue of the Bonds will be used initially to repay existing debt or held in cash, which may then be invested in a manner consistent with Australian Unity Group's strategy. The subsequent application of cash to undetermined future investments may result in a higher Covenant Gearing Ratio.

## 3.4 Key Financial Ratios

### Sources of financial information

This section describes some of the key financial indicators that will help you assess the financial position and strength of Australian Unity. In addition to these key financial indicators, you should also consider Australian Unity's financial statements for the year ended 30 June 2023 which are available at [www.australianunity.com.au](http://www.australianunity.com.au).

You must refer to Section 3.7.2 of the Base Prospectus which describes the Key Financial Ratios.

The tables below set out:

- the prescribed Key Financial Ratios (Gearing Ratio, Interest Cover Ratio and Working Capital Ratio) which are calculated on the basis prescribed by the Corporations Act and Corporations Regulation 6D.2.06;
- the Covenant Gearing Ratio, which is the gearing ratio typically reported by the business and is reflected in certain of Australian Unity's credit facilities and, in particular, which is a provision of the Base Terms;
- the Australian Unity Interest Cover Ratio, which the Australian Unity Group also uses to monitor the state of its business; and
- the ADI Tier 1 Capital Ratio.

The ratios are based on financial information for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and on the basis of applicable accounting standards in force as at those dates. For ongoing reporting of these ratios, the amount of debt included in the Covenant Gearing Ratio will be calculated by reference to the Australian Accounting Standards in place as at the date of the Base Prospectus, unless Australian Unity decides to determine the amount of debt in accordance with current applicable accounting standards and notifies the Holders of that decision. As a result, a change in accounting standards may cause movements in the prescribed Gearing Ratio, but will not change the calculation methodology of the Covenant Gearing Ratio. From 1 July 2023 the Australian Unity Group will be required to implement AASB17 (Insurance Contracts), the potential impact of AASB17 to the Australian Unity Group going forward has been disclosed in Note 38(ak) of Australian Unity's annual financial report for the 2023 financial year.

## SECTION 3 Offer specific information you should consider

### Prescribed Key Financial Ratios

Financial ratio	FY21	FY22	FY23
Gearing Ratio (prescribed)	699.5%	557.5%	561.6%
Working Capital Ratio (prescribed)	1.09x	0.94x	0.92x
Interest Cover Ratio (prescribed)*	22.0x	2.9x	13.0x

\* In the case of Australian Unity, a negative Interest Cover Ratio indicates that interest income exceeds interest expense.

**Important note:** The Gearing Ratio, Working Capital Ratio and Interest Cover Ratio set out above are calculated on the prescribed basis. The intended purpose of this requirement is to give an indication of the capacity of an issuer to meet its obligations to Holders under the Bonds.

The application of the Gearing Ratio to Australian Unity is not reliable because of the distortions produced in the consolidated accounts by the ADI and Benefit Funds.

Refer to Section 3.7.2 of the Base Prospectus under the heading “Corporations Act Prescribed Ratios” and Section 5.6 of the Base Prospectus for further information.

### Other relevant financial ratios



Financial ratio	FY21	FY22	FY23
Covenant Gearing Ratio <sup>1</sup>	29.4%	25.3%	25.0%
Australian Unity Interest Cover Ratio <sup>2</sup>	4.7x	5.4x	8.0x
ADI Tier 1 Capital Ratio	15.5%	15.0%	16.2%

### The methods for calculating the “Other relevant financial ratios”

The method for calculating these financial ratios and the reasons they are used by Australian Unity are described in Section 3.7.2 of the Base Prospectus.

## 3.5 Details of ranking and other debt on issue

### Illustration of ranking upon winding-up

	Type of instrument	Existing debt obligations and equity and amounts drawn as at 30 June 2023, adjusted for the amount to be raised under the Offer (\$250.0m) <sup>3</sup>			
Higher ranking 	Secured debt	Employee entitlements – None <sup>4</sup>			
	Unsubordinated unsecured debt	Bank debt	AYUHC	AYUHD	Bonds, if issued
		\$19.1m	\$35.1m <sup>5</sup>	\$207.0m	\$250.0m <sup>3</sup>
	Subordinated and unsecured debt	None – \$0.0m			
Lower ranking 	Preferred equity	Australian Unity MCIs – \$343.4m <sup>5</sup>			
	Ordinary equity	Members’ balances, reserves, retained profits – \$846.2m			

1 Lease Liabilities are subtracted from Total Liabilities. Should Lease Liabilities not be subtracted from Total Liabilities then the Covenant Gearing Ratio would be 36.5% in FY21, 31.4% in FY22, and 30.5% in FY23.

2 Notional interest on leases and related accounts are subtracted as a notional adjustment. If notional interest on leases and related accounts were not subtracted, the Australian Unity Interest Cover Ratio would be 3.2x for FY21, 3.1x for FY22, and 3.5x at FY23.

3 Discretion is reserved for the Offer size to be greater or lesser than this amount. Assumes approximately \$79.9 million of Bonds allocated under the Reinvestment Offer and the cancellation of the same amount of AYUHC.

4 As a non-operating holding company Australian Unity does not have direct employees.

5 Calculated on the basis of the number of Australian Unity MCIs on issue at a face value of \$100.

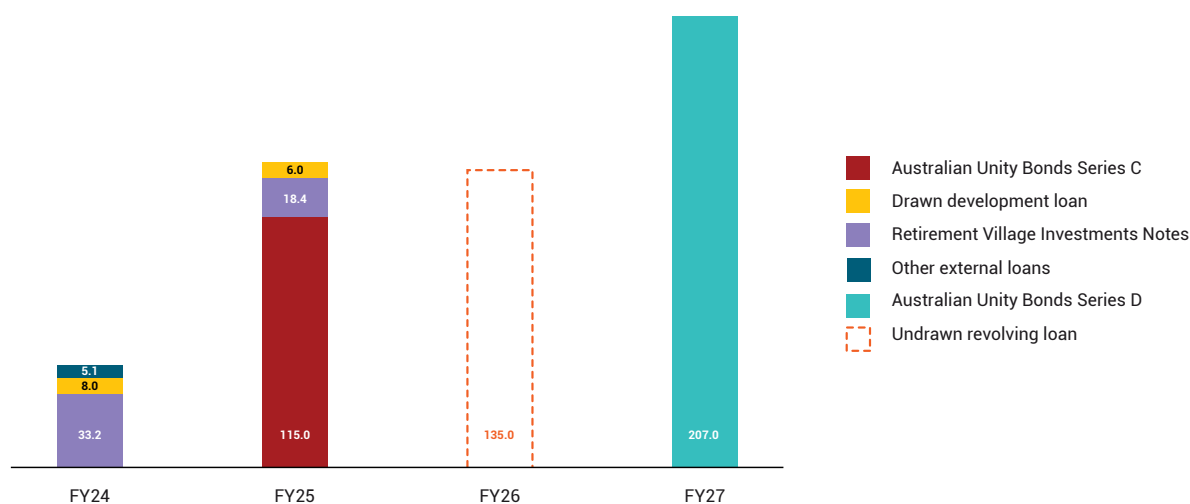
### SECTION 3 Offer specific information you should consider

Australian Unity currently has no secured debt or unsecured debt which rank ahead of the Bonds, however, the Bonds place only limited restrictions on Australian Unity granting security for other indebtedness (see Section 2.1.4 of the Base Prospectus). Certain Subsidiaries of Australian Unity have external borrowings. The debt of Australian Unity's Subsidiaries is generally non-recourse to Australian Unity. Notwithstanding this, any default at a Subsidiary level, including any ADI, may still have important consequences for Australian Unity, including the potential to reduce cash flows to Australian Unity, to cause Australian Unity to extend resources supporting the Subsidiary, to cause a write-down in the value of Australian Unity's investments in its subsidiaries and to affect Australian Unity's ability to obtain credit. These consequences may impact on Australian Unity's ability to meet its obligations in respect of the Bonds.

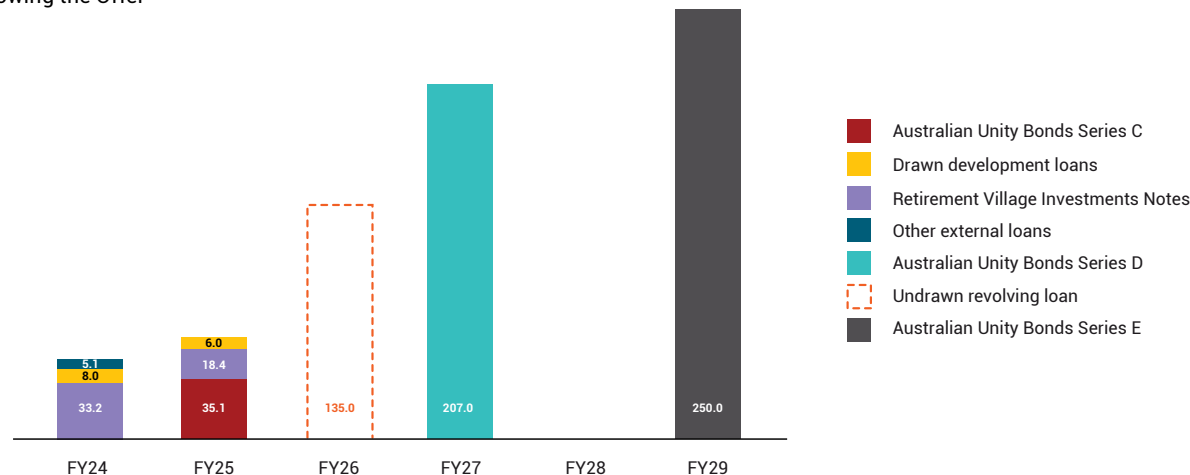
Most of Australian Unity's claims on its Subsidiaries rank behind creditors of those Subsidiaries and the Bonds are not guaranteed by a Subsidiary so no Holder has a claim on any Subsidiary. The chart below sets out the maturity profile of Australian Unity and its Subsidiary external debt facility drawings including capital markets debt as at 30 June 2023. The second chart below shows the adjusted debt maturity profile of Australian Unity and its Subsidiaries following the Offer, based on assumptions of the adjustments arising from the potential purchase and cancellation of AYUHC resulting from the offer to holders of AYUHC to subscribe for Bonds using proceeds from the AYUHC, which is described in Section 4.3 ("Reinvestment Offer").

#### Debt maturity profile as at 30 June 2023 (drawn \$ millions)

Prior to the Offer



Following the Offer



\* Assumes \$250 million raised under the Offer with discretion reserved for the Offer size to be greater or lesser than this amount.  
Assumes approximately \$79.9 million allocated under the Reinvestment Offer and the cancellation of the same amount of AYUHC.



### SECTION 3 Offer specific information you should consider

Australian Unity's existing external debt facilities and their maturities are as follows as at 30 June 2023:

Facility	Amount drawn	Maturity
Revolving loan facilities <sup>1</sup>	\$0.0m	July 2025
Revolving loan facilities <sup>2</sup>	\$0.0m	February 2026
Australian Unity Bonds Series C	\$115.0m	December 2024
Australian Unity Bonds Series D	\$207.0m	December 2026

On 28 August 2023, Australian Unity entered into an additional \$50 million sustainability-linked revolving loan. This loan remains undrawn and will mature in August 2026.

As at 16 October 2023, the drawn amount on the revolving loan facilities maturing in February 2026, was \$69 million.<sup>3</sup>

The existing interest bearing external debt obligations and their maturities for Subsidiaries of Australian Unity are as follows as at 30 June 2023:

Facility	Amount drawn	Maturity
Development loan	\$14.0m	March 2025
ADI deposits (interest bearing liabilities)	\$1,066.3m	On demand subject to notice
Retirement Village Investment Notes <sup>4</sup>	\$51.6m	July 2023 to November 2024
Other external loans	\$5.1m	Rolling three month

The Australian Unity Group had \$97.4 million of outstanding bank guarantees as at 30 June 2023.

The issue of the Bonds and the cancellation of AYUHC which participate in the Reinvestment Offer will have the effect of lengthening the debt maturity profile of the Australian Unity Group. The resulting debt maturity profile may reduce Australian Unity's exposure to refinancing risk in the coming years.

Under the Terms of AYUHC, Australian Unity has the right (but not the obligation) to redeem all (but not some) of the AYUHC if a "Clean Up Condition" subsists. A "Clean Up Condition" will subsist in respect of the AYUHC if less than 10 percent of the aggregate face value of the AYUHC remain on issue. Australian Unity currently expects that if a "Clean Up Condition" subsists as a result of participation in the Reinvestment Offer, and Australian Unity has access to appropriate additional funding, it will likely redeem the balance of outstanding AYUHC prior to their maturity date in accordance with their terms. On such a redemption, holders of AYUHC will be paid the "Redemption Amount", being the face value of each AYUHC and any accrued interest to (but excluding) the redemption date.

1 Comprises two revolving loan facilities totalling \$35 million.

2 Comprises two revolving loan facilities totalling \$100 million.

3 All other things being equal, if this \$69.0 million was drawn as at 30 June 2023, the FY23 Covenant Gearing Ratio would have been 28.4% as opposed to 25.0% as stated in Section 3.4.

4 Retirement Village Investment Notes Series 6 of \$33.2 million matured and were repaid in July 2023.

## 3.6 Credit Rating and Product Complexity Indicator

### 3.6.1 About Australia Ratings

Australia Ratings is licensed by ASIC to issue Credit Ratings for use in the retail and wholesale financial markets. For more information, visit [www.australiaratings.com](http://www.australiaratings.com).

### 3.6.2 Credit Ratings

A Credit Rating is a statement, opinion or research in relation to the creditworthiness of a body or the ability of an issuer of a financial product to meet its obligations under the financial product.

Australia Ratings assigns Credit Ratings to differentiate the degree of credit worthiness of organisations and debt securities available to investors in the Australian financial market. Credit Ratings are assigned on a long-term and short-term rating scale. A long-term Credit Rating is assigned to an organisation or fixed income product where the term of the investment or financial exposure is greater than 12 months and a short-term Credit Rating is assigned where the period of the financial exposure or term of the debt security is less than 12 months.

Australia Ratings assigns long-term ratings from 'AAA' to 'D'. The ratings from 'AA' to 'C' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories. Australia Ratings' rating scale is set out below:

Creditworthiness classification	Long-term categories include	Short-term categories include
High	'AAA', 'AA', 'A'	'a-1', 'a-2'
Intermediate	'BBB', 'BB'	'a-3'
Low	'B', 'CCC', 'CC', 'C'	'b', 'c'
Default	'D'	'd'

### 3.6.3 Product Complexity Indicators

A Product Complexity Indicator is a colour-coded indicator that helps differentiate debt securities which may have similar credit attributes by highlighting to potential investors the nature of the security in terms of complexity or non-standard features that could give rise to unanticipated variability or change in the returns from the investment.

Australia Ratings assigns Product Complexity Indicators ranging from 'Green' to 'Red'.

### 3.6.4 Credit Rating assigned to the Bonds

Australia Ratings has assigned a long-term Credit Rating of BBB+ to the Bonds, subject to no material changes occurring to the transaction structure or documentation. According to Australia Ratings, a Credit Rating of BBB+ represents a moderate degree of creditworthiness with adequate credit attributes and a good capacity to meet financial obligations in a timely manner. Credit Ratings are statements of opinion, not statements of fact or recommendations to buy or hold securities. Credit Ratings may be changed, withdrawn or suspended at any time.

### 3.6.5 Product Complexity Indicator assigned to the Bonds

Australia Ratings has assigned a 'Green' Product Complexity Indicator to the Bonds, subject to no material changes occurring to the transaction structure or documentation.

According to Australia Ratings, a 'Green' Product Complexity Indicator represents a simple financial product and reflects that the terms of the Bonds are simple and straightforward for a retail investor to understand.

Product Complexity Indicators are statements of opinion, not statements of fact or recommendations to buy or hold securities.

Product Complexity Indicators may be changed, withdrawn or suspended at any time.

### **3.6.6 Australia Ratings' disclaimer**

Australia Ratings has made every effort to ensure the accuracy and reliability of the Credit Rating and Product Complexity Indicator as disclosed in this Offer Specific Prospectus. The Credit Rating and Product Complexity Indicator assigned are based on information provided to Australia Ratings or which was obtained from sources which it believed to be accurate and reliable at the time of the assignment of the rating. Australia Ratings does not guarantee the completeness and accuracy of the rating and it is possible that subsequent material events or information may come to light after the publication of the Credit Rating which are not known to Australia Ratings and which may have a material impact on the Credit Rating assigned.

Information in this Section 3.6 has been supplied by Australia Ratings. To the extent permitted by law, Australian Unity takes no responsibility for this information.

## **3.7 Key risks update**

A detailed outline of risks relating to the Bonds and Australian Unity Group's business is contained in Section 4 ("Risks") of the Base Prospectus. You should read the Base Prospectus in full before deciding whether to invest in the Bonds.

In addition to the risks described in Section 4 of the Base Prospectus, investors should consider the following risks.

### **3.7.1 Additional risk disclosure in relation to Credit Rating**

The Credit Rating of the Bonds is subject to revision, change or withdrawal at any time in accordance with Australia Ratings' methodologies and procedures, and its Australian Financial Services Licence conditions. It may change as a result of, among other things, changes in the Australian Unity Group's operating and financial performance, capital structure or for some other reason which might not be known to Australia Ratings at the date of this Offer Specific Prospectus. The Credit Rating issued in respect of the Bonds is a statement, an opinion or research dealing with the ability of Australian Unity to meet its obligations under the Bonds in a timely manner, and has been based on information provided to Australia Ratings.

A downgrade of the Credit Rating indicates a deterioration in Australia Ratings' opinion of the creditworthiness of the Bonds. A deterioration of creditworthiness could make it more difficult for Australian Unity to source or seek external funding and this 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.

A change in or the withdrawal of the Credit Rating of the Bonds could also directly affect the market price and liquidity of the Bonds.

The Credit Rating also may not reflect the potential impact of all risks related to the Bonds, market and additional factors disclosed in Section 4 of the Base Prospectus, and other factors that may affect the actual value or trading value of the Bonds or Australian Unity's financial position. The Credit Rating is not a recommendation to buy, subscribe, hold or sell securities (including the Bonds), in as much as it does not comment as to market price or suitability for a particular investor. Additional information on Credit Ratings can be found in Section 3.6.

## 3.8 Other information

### 3.8.1 No material breaches of loan covenants or debt obligations

Australian Unity has not materially breached any loans or debt obligations in the two years prior to the date of this Offer Specific Prospectus.

### 3.8.2 Base Prospectus is up-to-date

Except as updated by this Offer Specific Prospectus, all information in the Base Prospectus remains current as at the date of this Offer Specific Prospectus.

You must read the Base Prospectus in conjunction with this Offer Specific Prospectus.

### 3.8.3 Other important information

The following documents have been incorporated by reference and as such, form part of this Offer Specific Prospectus. These documents will be available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds) during the Offer Period and following completion of the Offer.

- **Offer Specific Terms**, which were filed with ASIC on 7 November 2023. The Terms consist of the Base Terms as supplemented, amended, modified or replaced by the Offer Specific Terms;
- **Consents to be named**. This is a list of the consents from relevant parties that Australian Unity can name them in this Offer Specific Prospectus, filed with ASIC on 30 October 2023;
- **Summary of interests and benefits**. This is a summary of the interests of certain persons involved in the Offer and the fees they are being paid, including the Directors and relevant advisers, filed with ASIC on 30 October 2023. Directors are permitted to participate in the Offer;
- **Australia Ratings Financial Services Guide**. This is a financial services guide supplied by Australia Ratings in respect of the Credit Ratings advice in this Offer Specific Prospectus. To the extent permitted by law, Australian Unity takes no responsibility for the content of the Australia Ratings Financial Services Guide; and
- **Australian Unity's annual financial report for the 2023 financial year**, which was filed with ASX on 11 September 2023.

Under the law, Australian Unity must immediately disclose any information which would have a material impact on the trading price of its debt securities. This information is publicly available through ASIC and ASX. You should consider this information when making an investment decision in relation to the Bonds.

It is important that you read the Base Prospectus and this Offer Specific Prospectus before you make any decision to invest in the Bonds.

### 3.8.4 Cornerstone investor fees

Certain Institutional Investors have, prior to the lodgement of this Offer Specific Prospectus, committed to the Arranger to apply for Bonds on the same terms as all other investors. The Arranger will pay each of these Institutional Investors (but not any other investors that subsequently give commitments to invest under the Bookbuild):

- 0.25% of the amount equal to the Issue Price multiplied by the number of Bonds they committed to that are then issued to them; and
- a further 0.25% of the amount equal to the Issue Price multiplied by the number of Bonds they committed to that are then issued to them, provided they continue to hold those Bonds for three months after the Issue Date.

Any payments made by the Arranger to Institutional Investors in the manner contemplated above, will be paid out of fees paid to the Arranger by the Issuer in connection with the Offer.

### 3.8.5 Joint Lead Manager interests

The Joint Lead Managers and their respective affiliates and any of their respective directors, officers, employees, partners, advisers, contractors or agents (the "Joint Lead Manager Parties") are involved in a wide range of financial services and businesses that may include (without limitation) some or all of securities issuing, securities trading, brokerage activities, provision of retail, business, private commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services or the provision of finance, out of which conflicting interests or duties may arise.

### **SECTION 3** Offer specific information you should consider

In the ordinary course of these activities, each of the Joint Lead Manager Parties may at any time hold long or short positions, and may trade or otherwise effect transactions or take or enforce security, for its own account or the accounts of customers, in debt, equity or hybrid securities or senior loans or financial products of any member of the Australian Unity Group or any other party that may be involved in the Offer and may finance the acquisition of those securities and/or financial products and take or enforce security over those securities and/or financial products. The Joint Lead Manager Parties may receive fees for, or profits and other financial benefits from, those activities.

In particular, it should be noted that each of ANZ Securities Limited, Commonwealth Bank of Australia, National Australia Bank Limited and Westpac Banking Corporation (each a Joint Lead Manager) is also a lender (or a subsidiary of a lender) to members of the Australian Unity Group or funds managed by members of the Australian Unity Group and ANZ Securities Limited, Commonwealth Bank of Australia and Westpac Banking Corporation have provided various facilities and other financial accommodation to members of the Australian Unity Group with maturities falling prior to the maturity date of the Bonds being offered under this Prospectus and as such its interests may conflict with the interests of the holders of Bonds.

#### **3.8.6 Trustee's liability**

The Trustee, being Certane CT Pty Ltd (ABN 12 106 424 088):

- (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 3.8.6;
- (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 the 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 Bonds.

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.

### **3.8.7 Acknowledgements**

Each person who applies to participate in the Offer, or submits an Application Form, will be deemed to have:

- acknowledged having personally received a copy of this Offer Specific Prospectus and the Base Prospectus (and any supplementary or replacement document) and an accompanying Application Form, and having read them all in full;
- declared that their Application has been completed and submitted according to this Offer Specific Prospectus and subject to the declarations, statements and acknowledgements on the Application Form;
- declared that they make the warranties, representations and acknowledgements contained in this Offer Specific Prospectus and the Application Form;
- acknowledged that they understand the Terms;
- agreed to be registered as the holder of the Bonds issued to them and to be bound by the Terms;
- declared (if they are a Retail Investor and have applied through a Syndicate Broker) that they have received personal advice from a qualified financial adviser in connection with the Offer;
- declared (if they are a Retail Investor and have applied directly to Australian Unity) that they have completed the pre-application assessment;
- declared that all details and statements in their Application Form are complete and accurate;
- consented to the use and disclosure of their personal information as described in Section 5.2 of the Base Prospectus, and understood and agreed that the use and disclosure of their personal information applies to any personal information collected by Australian Unity and any entity in the Australian Unity Group in the course of their relationship with Australian Unity and any entity in the Australian Unity Group;
- declared that, if they are a natural person, they are over 18 years of age;
- acknowledged that once Australian Unity or the Registrar receives an Application Form it may not be withdrawn, except as allowed by law;
- applied for the number of Bonds at the Australian dollar amount shown on the Application Form;
- agreed to being allocated the number of Bonds applied for (or a lower number allocated in a way described in this Offer Specific Prospectus), or no Bonds at all;
- authorised Australian Unity and the Joint Lead Managers and their respective officers or agents, to do anything on their behalf necessary for Bonds to be allocated to them, including to act on instructions received by the Registrar upon using the contact details in the Application Form;
- acknowledged that the information contained in this Offer Specific Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Bonds are suitable for them, given their investment objectives, financial situation or particular needs;
- declared that they are an Australian resident or otherwise a person to whom the offer of Bonds can be made, and to whom the Bonds can be issued, in accordance with Section 4 of this Offer Specific Prospectus;
- acknowledged that Bonds have not been, and will not be, registered pursuant to the securities laws of any other jurisdiction outside Australia;
- acknowledged that Bonds are not protected accounts or deposit liabilities 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 or by any other person;
- acknowledged that the Bonds are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction or by any other person;
- acknowledged that their Application may be rejected without giving any reason; and
- acknowledged that investments are subject to investment risk, including possible delays in repayment and loss of income and principal invested.

SECTION 4

# How to apply

## 4.1 Target Market

The Corporations Act imposes obligations on Australian Unity to determine an appropriate target market for the Bonds (“Target Market”) and to take steps that are reasonably likely to result in the Bonds being distributed to investors that are within the Target Market. As a result, Australian Unity has made a Target Market Determination (“TMD”) for the Bonds and will take reasonable steps to ensure that the distribution of the Bonds is conducted in accordance with the TMD. A copy of the TMD is available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds).

The TMD describes, among other things, the class of Retail Investors that comprises the Target Market, being investors who:

- are seeking to acquire an investment product offering periodic payments of interest in cash;
- are not seeking capital growth;
- are able to bear the risks associated with an investment in Bonds (which are summarised in Section 1.3 and detailed in Section 7), in particular, the potential for Australian Unity to default on its payment obligations;
- are seeking to invest for a term of approximately five years; and
- are seeking to have the ability to sell Bonds on market at the prevailing market price.

The TMD does not apply to the distribution of Bonds to Wholesale Investors.

If you are a Retail Investor and wish to apply for Bonds:

- you must be in the Target Market; and
- your application must meet the Distribution Conditions.

To meet the Distribution Conditions:

If applying for the Bonds via a Syndicate Broker:	• You must have received personal advice from a qualified financial adviser in relation to an investment in the Bonds
If applying for the Bonds directly to Australian Unity:	• You must have satisfactorily completed the online pre-application assessment • If applying under the Priority Offer, your application must be for no more than the Maximum Application Value, being \$50,000 (unless otherwise approved by Australian Unity)

If you have any questions about the Offer, the Bonds, or the Target Market, you should also contact your Syndicate Broker or a qualified financial adviser.

## 4.2 Overview

An electronic version of the Offer Documents with an Application Form is available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds) during the Offer Period.

The Offer Documents are available to you electronically only if you are accessing and downloading or printing the electronic copy of the Offer Documents in Australia. If you access the Offer Documents electronically, you must download the Offer Documents in their entirety.

The Offer comprises:

- a Reinvestment Offer;
- a Priority Offer;
- a Broker Firm Offer; and
- an Institutional Offer.

The instructions for lodging your Application and accompanying Application Monies vary depending on whether you apply under the Reinvestment Offer, Priority Offer, Broker Firm Offer or the Institutional Offer.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, the complete and unaltered electronic version of the Offer Documents.



## 4.3 Applying under the Reinvestment Offer

AYUHC are unsecured and unsubordinated debt securities which were issued by Australian Unity in 2019. AYUHC trade on ASX under the code “AYUHC”.

### (a) Eligibility to participate in the Reinvestment Offer

You can participate in the Reinvestment Offer if you are an Eligible AYUHC Holder. You are an Eligible AYUHC Holder if:

- you were a registered holder of AYUHC as at 7:00pm on 25 October 2023 (the “Reinvestment Record Date”);
- you are
  - a Wholesale Investor; or
  - a Retail Investor and you are in the Target Market;
- you are shown on the Register of holders of AYUHC as having an address in Australia (or another jurisdiction to which Australian Unity determines to extend the Reinvestment Offer); and
- Australian Unity is satisfied that you are not in the United States or a US person, or acting as a nominee for, or for the account or benefit of, a US person, and are not otherwise prevented from receiving the Offer under the laws of any jurisdiction.

### (b) What is the Reinvestment Offer?

Under the Reinvestment Offer, Eligible AYUHC Holders can apply to have some or all of their AYUHC purchased by Australian Unity with a portion of the proceeds received applied directly to the subscription of an equivalent number of Bonds.

AYUHC which are not sold to Australian Unity under the Reinvestment Offer will remain on issue (subject to their terms) until the scheduled maturity date of 15 December 2024. As described in Section 3.5, Australian Unity current expects that if a “Clean Up Condition” subsists as a result of participation in the Reinvestment Offer, and Australian Unity has access to appropriate additional funding, it will likely redeem the balance of outstanding AYUHC prior to their maturity date in accordance with their terms.

The Reinvestment Offer is not a simple rollover into a similar investment. AYUHC and the Bonds, while having a number of similar features, have some different benefits and risks, which must be evaluated independently (see section (e) below). The key differences include the following:

- The current margin for AYUHC is 2.00 percent per annum. The Margin for the Bonds is higher than the margin for AYUHC and is 2.50 percent per annum.
- The Maturity Date for the Bonds is 15 December 2028 and the maturity date for the AYUHC is 15 December 2024.

Eligible AYUHC Holders who participate in the Reinvestment Offer will sell each relevant AYUHC to Australian Unity for \$100 plus the “Accrued Interest Amount”.

The “Accrued Interest Amount” is payable as compensation for the interest the holder would have received in respect of the AYUHC sold under the Reinvestment Offer for the period from 14 October 2023 to 27 November 2023.

\$100 of the proceeds of the sale of an AYUHC to Australian Unity under the Reinvestment Offer will be applied to fund the subscription for a Bond and the participating Eligible AYUHC Holder will receive an amount, payable in cash, per AYUHC sold equal to the Accrued Interest Amount.

(c) Options available to Eligible AYUHC Holders

Options	Details
<p><b>Option 1 – Apply under the Reinvestment Offer</b></p>	<p>You may choose to sell all or some of the AYUHC you held on the Reinvestment Record Date to Australian Unity to fund your subscription for Bonds under the Reinvestment Offer.</p> <p>You can apply under the Reinvestment Offer directly to Australian Unity by following the instructions below or through your Syndicate Broker. See Section 4.5 for information on how to apply through your Syndicate Broker.</p> <p>To apply directly to Australian Unity you must:</p> <ol style="list-style-type: none"> <li>1. Complete a pre-application assessment available at <a href="http://www.australianunity.com.au/bonds">www.australianunity.com.au/bonds</a> to help Australian Unity determine if you are within the Target Market and eligible to participate in the Reinvestment Offer. If you do not complete the pre-application assessment satisfactorily, your application will not be accepted.</li> <li>2. Apply using the electronic Application Form available at <a href="http://www.australianunity.com.au/bonds">www.australianunity.com.au/bonds</a>. Instructions on how to complete the Application Form are set out in the form. When applying, you will be required to provide your reference number. The reference number is included on the letter or email sent to Eligible AYUHC Holders in connection with the Reinvestment Offer. If you are an Eligible AYUHC Holder and have not received the letter or email, you can obtain your reference number by contacting the Australian Unity Bonds Information Line on 1300 135 403 (Monday to Friday – 8:30am to 5:30pm) with your name and other identifying information.</li> </ol> <p>If on the Closing Date you hold a greater or lesser number of AYUHC than shown on your Application Form, you will be taken to have applied to sell to Australian Unity the lower of the number of AYUHC specified on your Application Form and the number of AYUHC registered in your name on the Closing Date.</p> <p>In addition to participating in the Reinvestment Offer, an Eligible AYUHC Holder wishing to increase their investment in Australian Unity may apply for Bonds under the Priority Offer or the Broker Firm Offer (if a client of a Syndicate Broker).</p> <p>Australian Unity encourages you to speak to a qualified financial adviser to assist you to determine if Bonds are suitable for you.</p>
<p><b>Option 2 – Sell your AYUHC on market</b></p>	<p>You may choose to sell or dispose of your AYUHC on market (in which case, you may have to pay brokerage) at the prevailing market price, which may be higher or lower than the price you would receive if you were to sell all your AYUHC to Australian Unity through the Reinvestment Offer. To choose this option, you should contact your broker.</p> <p>If you sell your AYUHC on market before the Closing Date, you could use the proceeds to apply for Bonds under the Priority Offer or Broker Firm Offer (if eligible to do so) but there is a risk you may not receive the level of allocation you may have through participation in the Reinvestment Offer.</p> <p>The market price of AYUHC is subject to change from time to time. As at the close of trading on 3 November 2023, the market price per AYUHC was \$101.05. Up-to-date information about the market price of AYUHC can be obtained from <a href="http://asx.com.au">asx.com.au</a> (ASX code “AYUHC”).</p> <p>If you sell your AYUHC on market you will not receive the Accrued Interest Amount. Your ability to sell and the price at which you sell your AYUHC depends on the liquidity of the market and the trading price at that time.</p>
<p><b>Option 3 – Take no action</b></p>	<p>You are not required to participate in the Reinvestment Offer, or to sell your AYUHC on market and as such, you are not required to take any action. Should you take no action, you will continue to hold your AYUHC and will receive quarterly interest payments until the scheduled maturity date of 15 December 2024, or such earlier date on which Australian Unity may redeem your AYUHC (in accordance with the terms of AYUHC). If less than 10% of the aggregate face value of AYUHC remains on issue, Australian Unity is likely to redeem all (but not some) of the AYUHC. Refer to Section 3.5 for further information.</p>

**(d) Ineligible holders of AYUHC**

If you hold AYUHC but you are not an Eligible AYUHC Holder, then you are ineligible to participate in the Reinvestment Offer. In these circumstances, you are limited to Options 2 or 3 in the table in section (c) above.

**(e) Comparison between AYUHC and Bonds**

There are a number of key differences between AYUHC and Bonds. A comparison of the key features of AYUHC and Bonds is set out in summary form below. This comparison is not exhaustive.

<b>Feature</b>	<b>AYUHC</b>	<b>Bonds</b>
<b>Issuer</b>	Australian Unity Limited	Australian Unity Limited
<b>Guarantor</b>	None	None
<b>Legal form</b>	Unsecured debt obligations	Unsecured debt obligations
<b>Issue price</b>	\$100 per AYUHC	\$100 per Bond
<b>Term</b>	5 years	Approximately 5 years
<b>Early redemption (at Issuer's option)</b>	Yes, for taxation reasons, on a change of control or if less than 10% remain on issue	Yes, for taxation reasons, on a change of control or if less than 10% remain on issue
<b>Margin</b>	2.00%	2.50%
<b>Interest rate</b>	Floating	Floating
<b>Interest payments</b>	Mandatory, not deferrable	Mandatory, not deferrable
<b>Payment frequency</b>	Quarterly	Quarterly
<b>Transferable</b>	Yes – quoted on ASX	Yes – to be quoted on ASX
<b>Gearing covenant</b>	50%	50%
<b>Negative pledge</b>	Yes (but it only applies to similar capital markets indebtedness and indebtedness under syndicated or term loan arrangements)	Yes (but it only applies to similar capital markets indebtedness and indebtedness under syndicated or term loan arrangements)
<b>Restrictions on subsidiary indebtedness</b>	Yes	Yes
<b>Holder early redemption rights</b>	Only on a change of control of Australian Unity (and provided that a holder resolution is passed in favour of requiring redemption)	Only on a change of control of Australian Unity (and provided that a Holder Resolution is passed in favour of requiring redemption)
<b>Aggregate principal amount of bonds required to be represented in order for a meeting of holders to pass a special resolution</b>	Two thirds of the aggregate principal amount of AYUHC (where a special quorum is required), otherwise 50% of aggregate principal amount of AYUHC, with lower thresholds applicable for meetings previously adjourned because of lack of quorum	Greater than 50% of the aggregate principal amount of Bonds (where a Special Quorum is required), otherwise 25% of aggregate principal amount of Bonds, with lower thresholds applicable for meetings previously adjourned because of lack of quorum
<b>Credit rating assigned by Australia Ratings</b>	BBB+	BBB+
<b>Product complexity indicator assigned by Australia Ratings</b>	Green	Green

**(f) Risks associated with participating in the Reinvestment Offer**

Once you apply to participate in the Reinvestment Offer, you will not be able to sell your AYUHC on market. If you apply to participate in the Reinvestment Offer, it is your responsibility to ensure that you do not sell or dispose of any of those AYUHC the subject of your Application, other than as part of the Reinvestment Offer.

If you apply to participate in the Reinvestment Offer you are taken to agree to a holding lock being placed on the AYUHC you have elected to sell, pending completion of the Reinvestment Offer—but it is your obligation to ensure that you do not sell or transfer those AYUHC. If you do, the number of Bonds you may be allocated will be reduced to the extent the required number of AYUHC are not available on the Closing Date.

Once you have submitted an Application Form under the Reinvestment Offer, you will not be able to successfully deal with those AYUHC unless the holding lock which will be placed on those AYUHC is released (which will only occur if the Offer does not proceed or your Application is not accepted in full or in part).

If you elect to participate in the Reinvestment Offer but the Offer (including the Reinvestment Offer) does not proceed or your Application is not accepted in full or in part, those AYUHC that you elected to sell to Australian Unity that were not purchased by Australian Unity will be released from the holding lock as soon as practicable. Once released, you may sell your AYUHC on ASX at the prevailing market price subject to the liquidity of that market.

AYUHC not sold to Australian Unity under the Reinvestment Offer (and not sold on the ASX) will remain outstanding until redeemed by Australian Unity in December 2024 (unless redeemed early in accordance with the terms of the AYUHC). Where there is less than 10 percent of the aggregate face value of the AYUHC remaining on issue, Australian Unity intends to exercise its rights under the “Clean Up Condition” in accordance with the AYUHC Base Terms. Please refer to Section 3.5 for further information.

**(g) Brokerage and stamp duty**

No brokerage or stamp duty is payable on the sale of your AYUHC to Australian Unity under the Reinvestment Offer or on your Application for Bonds. AYUHC holders who choose to sell their AYUHC on market may be required to pay any applicable brokerage.

## 4.4 Applying under the Priority Offer

The Priority Offer is available to Eligible Members and Eligible Securityholders of Australian Unity who have a registered address in Australia.

You are an Eligible Member of Australian Unity if as at 20 September 2023 you were a financial member as defined in the Constitution (including an Australian Unity MCI holder) and you are either a Wholesale Investor or a Retail Investor in the Target Market.

You are an Eligible Securityholder if as at 7:00pm on 25 October 2023 you are on the Register of Australian Unity Bonds Series C – Tranche 1 (“AYUHC”) or Australian Unity Bonds Series D – Tranche 1 (“AYUHD”) and you are either a Wholesale Investor or a Retail Investor in the Target Market.

The Maximum Application Value for applications under the Priority Offer is \$50,000 (unless otherwise approved by Australian Unity).

To apply under the Priority Offer you must:

1. Complete a pre-application assessment available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds) to help Australian Unity determine if you are within the Target Market and eligible to participate in the Priority Offer. If you do not complete the pre-application assessment satisfactorily, your application will not be accepted.
2. Apply using the electronic Application Form available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds) and complete your Application by making a BPAY® payment. Instructions on how to complete the Application Form are set out in the form. When applying, you will be required to provide your reference number. The reference number is included in the letter or email sent to Eligible Members and Eligible Securityholders in connection with the Offer. If you are an Eligible Member or Eligible Securityholder and have not received a letter or email, you can obtain your reference number by contacting the Australian Unity Bonds Information Line on 1300 135 403 (Monday to Friday – 8:30am to 5:30pm) with your name and other identifying information. If you have any questions about Bonds, the Offer or the Target Market you should seek advice from a qualified financial adviser.

## 4.5 Applying under the Broker Firm Offer

The Broker Firm Offer is available to investors with a registered address in Australia who are clients of a Syndicate Broker, including Eligible Members and Eligible Securityholders. If you are applying under the Broker Firm Offer, you should contact the Syndicate Broker who has offered you an allocation in the Broker Firm Offer for information about how and when to lodge your Application and accompanying Application Monies. Generally, you will lodge your Application with your Syndicate Broker.

As outlined in Section 4.1, to apply through your Syndicate Broker, you must have received personal advice from a qualified financial adviser in relation to an investment in the Bonds or be a Wholesale Investor.

## 4.6 Applying under the Institutional Offer

The Institutional Offer is available to Institutional Investors. If you are an Institutional Investor, you must apply to participate in the Institutional Offer by contacting the Arranger who will provide additional information about how to Apply. The Issuer reserves the right to not accept Applications that appear to be Applications from Institutional Investors where they have not been received through the Arranger.

## 4.7 Minimum application

The amount you have to pay for each Bond is \$100. The minimum application size for Applicants under the Offer is 20 Bonds (\$2,000).

## 4.8 No brokerage or stamp duty

You do not have to pay brokerage or stamp duty on your Application for Bonds. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of Bonds on the ASX.

## 4.9 Exposure period

The Corporations Act prohibits Australian Unity from processing Applications to subscribe for Bonds under the Offer Documents in the seven day period after the lodgement date of the Original Offer Specific Prospectus (“Exposure Period”).

That period was to enable the Original Offer Specific Prospectus (and the Base Prospectus) to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period were not processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

## 4.10 Allocation policy and refunds

### Bookbuild

The Arranger has conducted the Bookbuild to determine the Margin and firm Allocations of Bonds to Bookbuild participants. The Bookbuild was conducted on 1 November 2023 in accordance with the terms and conditions agreed by Australian Unity and the Joint Lead Managers. As part of the Bookbuild, certain Institutional Investors and Syndicate Brokers were invited to lodge bids for Bonds. On the basis of those bids, Australian Unity, in consultation with the Arranger, has determined a Margin of 2.50 percent per annum for Bonds and the firm Allocations of Bonds to Syndicate Brokers and Institutional Investors. A total of approximately \$250 million of Bonds were allocated under the Bookbuild. Bonds allocated under the Bookbuild will be issued under this Offer Specific Prospectus.

### Reinvestment Offer

Applications under the Reinvestment Offer will be treated with priority when received but may be limited by the overall size of the Offer and any earlier Allocations under the Bookbuild.

### Priority Offer

Australian Unity will endeavour to provide Applicants under the Priority Offer with an allocation of Bonds however Australian Unity does not guarantee any minimum allocation and the extent of any allocation will ultimately depend on the total level of Applications under the Offer and the level of applications under the Reinvestment Offer.

Australian Unity has absolute discretion to determine the method and extent of the allocation to Applicants under the Priority Offer.

In particular, Australian Unity reserves the right (at its discretion) to:

- allocate to any Eligible Member or Eligible Securityholder all Bonds for which they have applied; or
- allocate to any Eligible Member or Eligible Securityholder a lesser number of Bonds for which they have applied, or none at all.

### Broker Firm Offer

If you have applied under the Broker Firm Offer, your Syndicate Broker is responsible for determining your allocation from their Broker Firm Allocation (including under the Reinvestment Offer). Australian Unity takes no responsibility for any allocation, scale-back or rejection that is decided by your Syndicate Broker.

### Institutional Offer

Allocations to Institutional Investors have been determined by Australian Unity in consultation with the Joint Lead Managers following the Bookbuild.

### Refunds

Until the Bonds are issued, Australian Unity will hold the Application Monies in a trust account. The account will be established and kept solely for the purpose of depositing Application Monies and dealing with those funds.

If you are not allocated any Bonds or less than the number of Bonds you applied for, you will receive a refund by bank transfer if the Registrar has your banking details or otherwise a refund cheque as soon as practicable after the Closing Date. No interest will be payable on Application Monies which are refunded. Any interest earned in the trust will be retained by Australian Unity.

## 4.11 Issue and quotation of Bonds

It is expected that the Bonds will be quoted on the ASX under the ASX code AYUHE. If ASX does not grant permission for the Bonds to be quoted by the Issue Date, the Bonds will not be Issued and all Application Monies will be refunded (without interest) as soon as practicable.

## 4.12 Trading and Holding Statements

### (a) Commencement of trading of Bonds on ASX

It is expected that the Bonds will begin trading on ASX on a normal settlement basis on 1 December 2023.

It is your responsibility to determine your holding of Bonds before trading to avoid the risk of selling Bonds you do not own. You should check your holding by asking your broker or by calling the Registrar.

### (b) Holding Statements

Australian Unity will apply for the Bonds to participate in CHESS and, if accepted, no certificates will be issued. Instead, a Holding Statement will be mailed to Holders. If your holding of the Bonds changes, you will receive an updated Holding Statement.

### (c) Provision of TFN and/or ABN

When your Holding Statement is mailed, you will also receive a welcome letter which details how to provide your TFN and/or ABN to the Registrar should you wish to do so (see Section 5.1.1(h) (“Provision of TFN and/or ABN”) of the Base Prospectus).

### (d) Provision of bank account details for payments

Interest will be paid in Australian dollars by direct credit into nominated Australian financial institution accounts (excluding credit card accounts), for Holders with a registered address in Australia. For all other Holders, including Holders that have not nominated a bank account to receive direct credits, Interest will be paid by Australian dollar cheque. When your Holding Statement is mailed, you will also be mailed a welcome letter which details how to provide your bank account details to the Registrar for payments of Face Value and Interest.

## Corporate directory

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### **Registered Office of the Issuer**

#### **Australian Unity Limited**

Level 15, 271 Spring Street  
Melbourne VIC 3000  
[www.australianunity.com.au](http://www.australianunity.com.au)

### **Trustee**

#### **Certane CT Pty Ltd**

Level 6, 76–80 Clarence Street  
Sydney NSW 2000

### **Legal Adviser**

#### **King & Wood Mallesons**

Level 27, Collins Arch  
447 Collins Street  
Melbourne VIC 3000

### **Registrar**

#### **Link Market Services Limited**

Tower 4, 727 Collins Street  
Melbourne VIC 3008

### **Arranger and Joint Lead Manager**

#### **Acacia Partners Pty Ltd**

Level 39, 55 Collins Street  
Melbourne VIC 3000

### **Joint Lead Managers**

#### **ANZ Securities Limited**

Level 9, 833 Collins Street  
Docklands VIC 3008

#### **Commonwealth Bank of Australia**

Commonwealth Bank Place South  
Level 1, CBP South, 11 Harbour Street  
Sydney NSW 2000

#### **E&P Corporate Advisory Pty Limited**

Level 32, 1 O'Connell Street  
Sydney NSW 2000

#### **Morgans Financial Limited**

Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

#### **National Australia Bank Limited**

Level 6, 2 Carrington Street  
Sydney NSW 2000

#### **Westpac Institutional Bank**

(a division of Westpac Banking Corporation)  
Level 3, Westpac Place  
275 Kent Street  
Sydney NSW 2000

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### **Australian Unity Bonds Information Line**

1300 135 403 (within Australia)  
8:30am to 5:30pm, Monday to Friday

### **Website**

[www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds)

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# For Real Wellbeing Since 1840

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W [australianunity.com.au](http://australianunity.com.au)

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