

**Date of Base Prospectus: 30 October 2023**

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 30 October 2023 to 30 October 2026 (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 30 October 2023 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 during the Covered Period. The disclosure document for each offer during the Covered Period will consist of this Base Prospectus and an Offer Specific Prospectus for the Tranche of Bonds offered.

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 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.

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 will be available at [www.australianunity.com.au/bonds](http://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](http://www.australianunity.com.au/bonds).

5. **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 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. **Accessing 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 accessed electronically at [www.australianunity.com.au/bonds](http://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 online Application Form that is 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.

Unless otherwise stated in the Offer Specific Prospectus, Australian Unity will not be producing paper copies of the Offer Documents.

**7. Applications for the Bonds**

Applications for the Bonds may only be made by completing the Application Form 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 (including Syndicate Brokers)) 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**

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. The distribution of the Offer Documents and the offer or sale of Bonds may be restricted by laws in foreign jurisdictions. See Section 5.3 of this Base Prospectus for further information.

**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 1300 135 403 (within Australia) Monday to Friday 8:30am to 5:30pm (as applicable).

**13. Target Market**

Offers of Bonds will be subject to the design and distribution obligations regime in Part 7.8A of the Corporations Act. Accordingly, Australian Unity will be required to make a Target Market Determination (“TMD”) for the Bonds which describes among other things:

- (a) the class of Retail Investors that comprises the target market for the Bonds (“Target Market”); and
- (b) the conditions on how the Bonds are to be distributed under each particular 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.

The Offer Specific Prospectus will include further information on the Target Market and Distribution Conditions for each particular offer of Bonds.

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 this Base Prospectus.

## 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](http://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”. You can access a copy of the relevant Offer Specific Prospectus on Australian Unity’s website at [www.australianunity.com.au/bonds](http://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
<b>Issuer</b>	Australian Unity Limited (ABN 23 087 648 888).	Section 3 of this Base Prospectus
<b>Programme</b>	<p>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.</p> <p>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.</p>	Base Terms
<b>What is a Bond?</b>	An unsubordinated and unsecured debt obligation, issued by Australian Unity, which pays interest periodically. Each 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
<b>Face Value and Issue Price</b>	\$100 per Bond (unless a different amount is specified in the Offer Specific Prospectus).	Base Terms (Clause 1.3)
<b>Currency</b>	Australian dollars.	Base Terms (Clause 1.4)

		<b>Further information</b>
<b>Terms</b>	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
<b>Key features</b>	<ul style="list-style-type: none"> <li>– Issued by Australian Unity.</li> <li>– 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.</li> <li>– 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.</li> <li>– Each Series of Bonds will have a fixed term of up to a maximum of 15 years, as specified in the Offer Specific Prospectus.</li> <li>– 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.</li> <li>– 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 other person.</li> <li>– A Holder may sell their Bonds via the ASX prior to maturity, assuming there is a liquid market.</li> <li>– The Bonds may provide investors with an opportunity to diversify their investment portfolio.</li> </ul> <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><b>Interest Rate = Market Rate + Margin</b></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>	Base Terms (Clause 2) Offer Specific Prospectus
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>	Section 6 of this Base Prospectus
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><b>Interest = Interest Rate x Face Value x Day Count Fraction</b></p> <p>where the Interest Rate, Face Value 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 <a href="http://www.australianunity.com.au">www.australianunity.com.au</a>.</p>	Base Terms (Clauses 2.5 and 2.7)

		<b>Further information</b>
<b>Interest payments are mandatory</b>	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)
<b>Interest Payment Dates</b>	Interest Payment Dates will be set out in the relevant Offer Specific Prospectus.	Offer Specific Prospectus
<b>Interaction between the Interest Rate and the yield</b>	<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

		<b>Further information</b>
<b>Term/Maturity Date</b>	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
<b>Repayment of Face Value on the Maturity Date</b>	<p>On the Maturity Date, Holders will receive:</p> <ul style="list-style-type: none"> <li>– the Face Value; plus</li> <li>– the final payment of Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Maturity Date,</li> </ul> <p>unless the Bonds are Redeemed early in the circumstances set out below.</p>	Base Terms (Clause 5.1) Offer Specific Prospectus
<b>Early Redemption rights for Australian Unity</b>	<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"> <li>– any payment to a Holder under a 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</li> <li>– 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.</li> </ul> <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>	Base Terms (Clauses 5.3, 5.4 and 5.5) Offer Specific Prospectus

	<b>Further information</b>	
	<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>	
<p><b>Early Redemption on the occurrence of a Change of Control Event</b></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"> <li>– Australian Unity is demutualised in accordance with its Constitution; or</li> <li>– 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).</li> </ul> <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 3.2.3 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 more than 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. Such information may also be specified in the Offer Specific Terms.</p>	

Base Terms (Clause 5.4)  
Section 3.2.3 of this  
Base Prospectus  
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

		<b>Further information</b>
<b>Repayment upon early Redemption</b>	<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"> <li>– the Face Value; plus</li> <li>– the accrued Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Redemption Date.</li> </ul>	<p>Base Terms (Clauses 5.3, 5.4 and 5.5)</p> <p>Offer Specific Prospectus</p>
<b>Events of Default</b>	<p>An “Event of Default” will occur in relation to a Series of Bonds if:</p> <ul style="list-style-type: none"> <li>– Australian Unity fails to pay within 10 Business Days after the due date any amount payable by it under any Bond;</li> <li>– 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;</li> <li>– an Insolvency Event occurs in respect of Australian Unity; or</li> <li>– Australian Unity ceases or suspends the conduct of all of its business.</li> </ul> <p>Any further Events of Default will be set out in the relevant Offer Specific Prospectus.</p>	<p>Base Terms (Clause 6.1)</p> <p>Offer Specific Prospectus</p>
<b>Consequences of an Event of Default</b>	<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 are present 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>
<b>Not guaranteed or insured</b>	<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>	
<b>Not deposit liabilities, protected accounts or policy liabilities</b>	<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
<b>Negative pledge</b>	<p>So long as any Bonds of a Series are outstanding, 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 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)
<b>Covenant Gearing Ratio limit (applies if specified in the Offer Specific Prospectus)</b>	<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 calculated as follows:</p> <p><b>Gearing Ratio Debt / Gearing Ratio Debt + Gearing Ratio Equity</b></p> <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 3.7.2 of this Base Prospectus.</p>	Base Terms (Clause 4.2) Section 3.7.2 of this Base Prospectus

		<b>Further information</b>
<b>Restrictions on Subsidiary Indebtedness</b>	<p>So long as any Bonds of a Series are outstanding, Australian Unity will ensure that no Subsidiary of Australian Unity incurs Financial Indebtedness (other than in certain circumstances set out in the Offer Specific Prospectus and as further described below). “Financial Indebtedness” is defined broadly in Clause 12.4 of the Base 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>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; or</li> <li>– any other present or future Financial Indebtedness specified in the Offer Specific Terms.</li> </ul> <p>The restriction 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 restriction 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 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><tr><th>Type</th><th>Illustrative examples<sup>1</sup></th></tr><tr><td>Secured debt</td><td>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 and unsecured debt</td><td>Subordinated and unsecured debt obligations</td></tr><tr><td>Preferred equity</td><td>Preference shares or other securities such as Mutual Capital Instruments (including Australian Unity MCIs), expressed to rank behind creditors and ahead of ordinary equity and Non Shareholder Members</td></tr><tr><td>Ordinary equity</td><td>Non Shareholder Member interests in Australian Unity<sup>2</sup></td></tr></table>	Type	Illustrative examples <sup>1</sup>	Secured debt	Employee entitlements and secured creditors	Unsubordinated and unsecured debt	Bank facilities, bonds and notes (including the Bonds), trade and general creditors	Subordinated and unsecured debt	Subordinated and unsecured debt obligations	Preferred equity	Preference shares or other securities such as Mutual Capital Instruments (including Australian Unity MCIs), expressed to rank behind creditors and ahead of ordinary equity and Non Shareholder Members	Ordinary equity	Non Shareholder Member interests in Australian Unity <sup>2</sup>	Base Terms (Clause 3) Offer Specific Prospectus
Type	Illustrative examples <sup>1</sup>													
Secured debt	Employee entitlements and secured creditors													
Unsubordinated and unsecured debt	Bank facilities, bonds and notes (including the Bonds), trade and general creditors													
Subordinated and unsecured debt	Subordinated and unsecured debt obligations													
Preferred equity	Preference shares or other securities such as Mutual Capital Instruments (including Australian Unity MCIs), expressed to rank behind creditors and ahead of ordinary equity and Non Shareholder Members													
Ordinary equity	Non Shareholder Member interests in Australian Unity <sup>2</sup>													



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.



<sup>1</sup> 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).

<sup>2</sup> Non Shareholder Members do not have any constitutional entitlement to any of the assets of Australian Unity on the winding up of Australian Unity.

		<b>Further information</b>
<b>Further issues of securities</b>	<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**

		<b>Further information</b>
<b>Payments and gross up</b>	<p>Payments of Interest will be made to Holders registered at 5:00pm on the Record Date (which is eight 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>
<b>No voting rights of Holders</b>	<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 (Clause 10.2)</p> <p>Trust Deed</p>
<b>Taxation implications</b>	<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>
<b>Listing</b>	<p>The Bonds are expected to be quoted on the ASX.</p>	<p>Offer Specific Prospectus</p>



Further information		
<b>Amendment of Terms</b>	<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, held in accordance with the Base Terms and the Trust Deed.</p>	Base Terms (Clause 10.3)
<b>Trust documents</b>	<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 <a href="http://www.australianunity.com.au/bonds">www.australianunity.com.au/bonds</a>.</p>	<p>Section 5.6 of this Base Prospectus</p> <p>Base Terms</p>
<b>Trustee</b>	<p>The Trustee for Holders of the Bonds is Certane CT Pty Ltd (ABN 12 106 424 088).</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>
<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 a stock exchange.	Offer Specific Prospectus
<b>Selling restrictions</b>	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. The distribution of the Offer Documents and the offer or sale of Bonds may be restricted by laws in foreign jurisdictions. See Section 5.3 of this Base Prospectus for further information.	Section 5.3 of this Base Prospectus
<b>Governing law</b>	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 (i.e. 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](http://www.moneysmart.gov.au).

ASX’s guidance is called “Understanding Bonds” and can be downloaded from [www.asx.com.au/investors/learn-about-our-investment-solutions/bonds](http://www.asx.com.au/investors/learn-about-our-investment-solutions/bonds).

For a further explanation of how a bond works, please refer to [www.moneysmart.gov.au](http://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 accessed from [www.asx.com.au](http://www.asx.com.au).

In addition, the following information can be accessed 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.

Australian Unity traces its history back to 1840, when eight people came together in a Melbourne pub to form a friendly society to help fellow Australians in times of hardship.

Since those humble beginnings 180 years ago, the Australian Unity Group has grown to an organisation of some 7,500 employees, providing health, wealth and care products and services that meet the wellbeing needs of its Members and customers, and delivering community and social value.

This growth can largely be attributed to Australian Unity's continued commercial and financial discipline, resulting in the generation of profits which have been reinvested in the organisation over time to the further benefit of Members.

### 3.2.2 Social purpose and impact

The purpose of the Australian Unity Group is to support individuals and communities to thrive through the delivery of wellbeing products and smart solutions. With over 180 years of history and a 20 year partnership with Deakin University delivering the Australian Unity Wellbeing Index, Australian Unity knows that there is more to real wellbeing than physical health. Seeking to deliver value to Members, customers, employees and the broader community is a hallmark of the Australian Unity Group. This commitment is demonstrated not only in Australian Unity's current portfolio of products and services but also through its continued efforts to have a strong focus on delivering community and social value.

Beyond its social impact, Australian Unity also seeks to meet the environmental and governance expectations of the communities in which it operates. As an organisation, it endeavours to minimise any adverse environmental impact of its operations, enhance its sustainability and implement good corporate governance and sound risk management practices that are fundamental to its culture and business.

### 3.2.3 Mutual entity

Australian Unity is a mutual entity comprising over 370,000 Members and is limited by shares and guarantee. As at the date of this Base Prospectus, no ordinary Shares are on issue and all of the Members of Australian Unity are Non Shareholder Members or Shareholder Members who hold Australian Unity MCIs. The Non Shareholder Members are eligible customers and employees of Australian Unity. The liability under the guarantee of the Non Shareholder Members is limited to a contribution on the winding-up of Australian Unity of \$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.

A Holder of Bonds does not become a Member of Australian Unity as a result of their investment in the Bonds.

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 (other than Mutual Capital Instruments), varying the rights of members of Australian Unity (other than a member who is a member only because of holding Mutual Capital Instruments) to the reserves of Australian Unity or its assets on a winding-up, or to vote on a resolution (other than in accordance with the terms of issue of a mutual capital instrument, or to terminate some or all rights of members except where permitted by its Constitution. The Constitution prohibits the terms of any Mutual Capital Instrument issued by Australian Unity from providing any entitlement to vote on a Demutualisation. Holders of any mutual capital instrument issued by Australian Unity will not be entitled to vote on a Demutualisation.

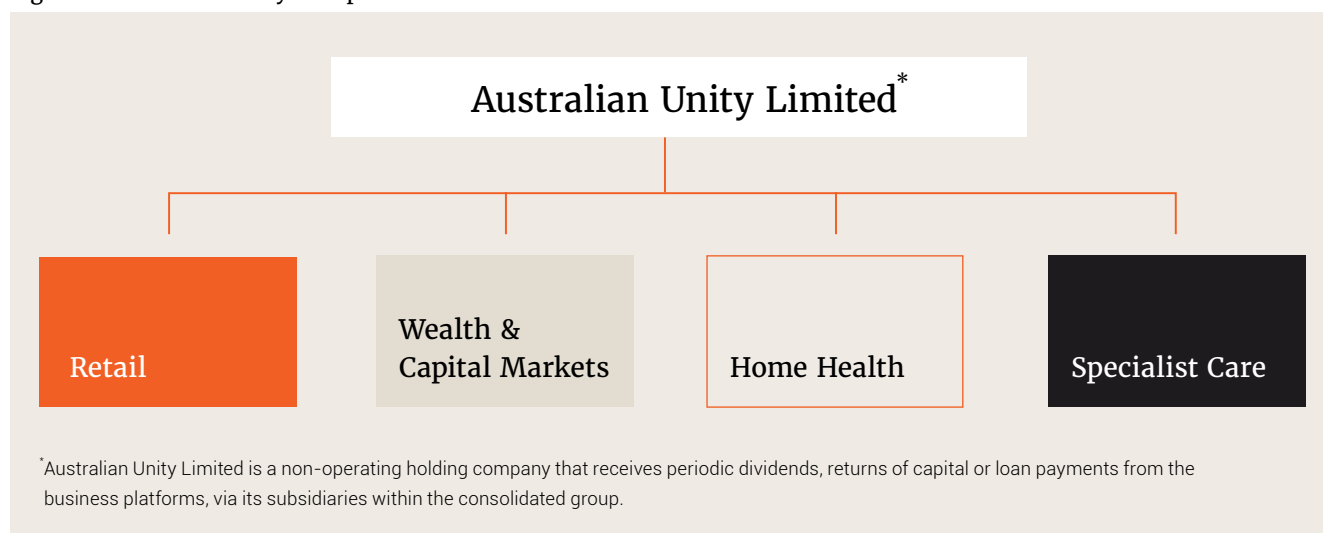
In December 2020, Australian Unity issued \$120 million of Australian Unity MCIs, becoming the first issuer of Mutual Capital Instruments. Australian Unity then raised an additional approximately \$230 million through the issue of further Australian Unity MCIs. Australian Unity MCIs are quoted on the ASX under trade under the ASX code AYUPA.

### 3.2.4 Australian Unity Group structure

Australian Unity is the ultimate holding company of the Australian Unity Group. Australian Unity is registered as a non-operating holding company under section 28A(3) of the Life Insurance Act and a substantial majority of its assets are its investments in other members of the Australian Unity Group. The Australian Unity Group’s thematically linked and interconnected businesses are held through a number of wholly-owned and closely-held subsidiaries.

Cash generated by the Australian Unity Group’s operating subsidiaries is made available by way of periodic dividends, returns of capital and/or intra-group loan arrangements, and is used to fund growth and meet liabilities. It is this pass-through of earnings that would allow for the payment of Interest and Redemption Amounts to Holders.

Figure 1. Australian Unity Group structure



### 3.2.5 Australian Unity Group portfolio

Australian Unity Group's portfolio is segmented into four business divisions, which it calls business 'platforms', being Retail, Wealth & Capital Markets, Home Health and Specialist Care. Figure 2 below sets out the principal activities, key metrics and relative financial contribution of each business platform.

Figure 2. Australian Unity Group business platforms

	Retail	Wealth & Capital Markets	Home Health	Specialist Care
<b>Principal activities</b>	Health insurance Banking	Social Infrastructure Funds management Life & Super Advice Trustees	Delivery of clinical and home care services Hospital substitution Chronic disease management Mental health programs	Residential aged care

### 3.2.6 Business strategy

#### (a) Meeting Australia's future wellbeing needs

The Australian Unity Group's strategic agenda reflects a growing demand amongst its Members and customers for valued health, wealth and care products and services — a trend that is expected to continue as Australia's population both grows and ages.

Figure 3. Australia's growing population

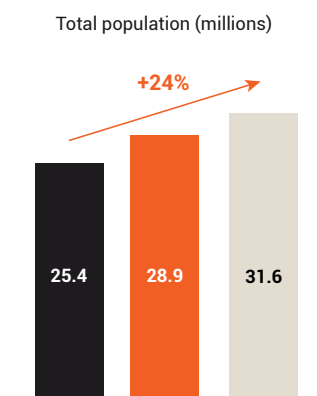
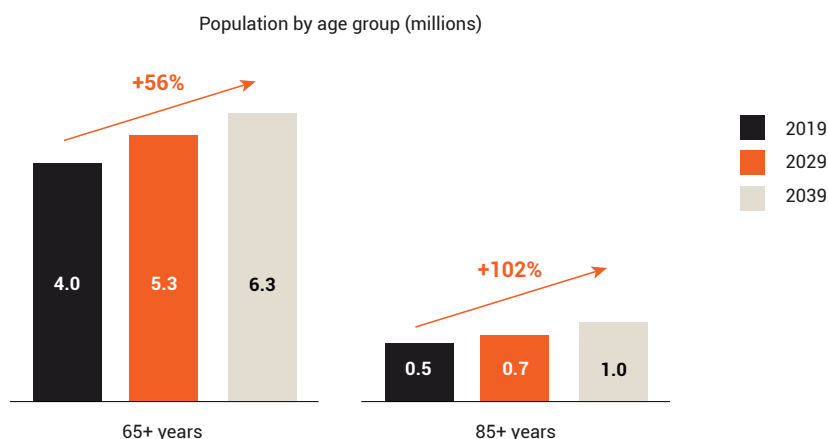


Figure 4. Australia's ageing population



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

Australian Unity's aged care and home care services — and its smaller but growing health care service — are expected to be in increasing demand as this trend accelerates. At a macro-level, the connectedness of the Australian Unity Group's operations through its four business platforms allows Australian Unity to take a holistic approach to planning and delivering both the hard (i.e. property assets) and soft (i.e. human services) infrastructure required to address these challenges.

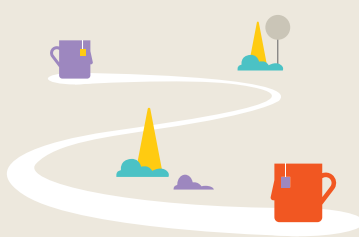
Outside health and aged care services, Australian Unity endeavours to provide customers and Members with integrated products, services and smart solutions in areas such as personal health (i.e. insurance and telehealth services) and wealth and finance (i.e. investments, advice and banking). In the face of economic uncertainty and social upheaval, these offerings can contribute positively to personal wellbeing, as reflected in people's perceptions of their own health, safety, personal relationships, standard of living, achievement in life, community connectedness, and future security.

### (b) Australian Unity Group strategy

The Australian Unity Group's ten-year growth vision is to create positive and long lasting impact, with a commercial and sustainable portfolio of businesses delivering real wellbeing for Members, customers and the community at large. The strategic objectives of the Australian Unity Group's portfolio include long term alignment to the wellbeing sectors and delivery of strong growth in cash earnings, achieved through a focus on Members and broader societal needs. This vision anticipates both organic and inorganic growth across the portfolio. The near-term strategic agenda has a focus on realising its value as a social enterprise, building social infrastructure reach, accelerating momentum in health and human services and generating cash earnings and increasing efficiencies.



**Realising our value  
as a Social Enterprise**



**Leveraging our position  
across the Continuum  
of Care**



**Accelerating our  
Social Infrastructure  
position**

The Australian Unity Group strategy is also structured around four pillars:



**Create a great place to work**

By taking care of our people, our people can take care of our customers.



**Deliver sustainable performance**

We've been here for more than 180 years, and we want to be here for many more.



**Put customers and members front and centre**

Customers and members have choices, and we want them to choose us.



**Make a difference to our community**

Community wellbeing is at the heart of what we do.

These strategic pillars underpin Australian Unity's performance objectives and are designed to ensure the organisation remains balanced, with a focus on both financial and non-financial results. The pillars apply at the Australian Unity Group level and span across all business operations, connecting each of the Australian Unity Group's day-to-day activities to a shared purpose and strategy.



**3.2.7 Community & Social Value framework**

In line with its strong social purpose, Australian Unity has developed a framework for understanding, articulating and measuring the community and social value of what it does.

This Community & Social Value (“CSV”) framework defines and seeks to measure performance across three areas of impact: Lifelong Wellness, Economic Empowerment, and Strong Communities, with a focus on specific social outcomes for each area. The Australian Unity Group measures the social impact delivered by its activities, focused on each of its priority outcomes, and published in its annual Impact Report. The CSV framework is underpinned by Australian Unity’s partnership with Deakin University on the Australian Unity Wellbeing Index. In existence for over 20 years, the Australian Unity Wellbeing Index measures how satisfied Australians are with life across a range of areas — standard of living, health, achievement, personal relationships, safety, community connection and future security.

**Figure 5. Australian Unity’s CSV framework**



### **3.2.8 Profile of Australian Unity Group's business platforms**

Below is an overview of Australian Unity's business platforms and their underlying operational activities.

#### **(a) Retail**

The Retail platform encompasses Australian Unity's private health insurance and banking businesses. With a combined focus on the needs of Members and broader community value, the Retail platform provides packages and solutions designed to improve financial resilience and meet the contemporary needs of Australians.

The key activities of the Retail platform are detailed below:

- **Health insurance**

The Australian Unity Group operates a retail health insurance fund that provides its customers with access to a range of health insurance products. The fund's hospital cover pays benefits towards a range of hospital costs including accommodation, certain medical procedures, theatre fees and prostheses. Its extras cover pays benefits towards a range of allied health treatments such as dental, optical, physiotherapy, chiropractic and remedial massage treatments.

- **Banking**

Through Australian Unity Bank, an Authorised Deposit-Taking Institution, the Retail platform also offers a range of personal banking services such as owner-occupied and investor home loans, personal loans, credit cards, everyday transaction accounts, savings accounts and term deposits. The banking business also distributes general insurance including home and contents, motor, travel and pet insurance.

#### **(b) Wealth & Capital Markets**

The Wealth & Capital Markets platform comprises Social Infrastructure, Funds Management, Life & Super, Advice and Trustees. The purpose of the Wealth & Capital Markets platform is to lead Australian Unity's efforts in helping Australians achieve and sustain their financial wellbeing and to expand social infrastructure reach and impact, by delivering accessible services, investment, capital and social infrastructure solutions that meet community needs.

The expertise of Wealth & Capital Markets in property across established assets such as healthcare, retirement villages and aged care facilities and increasingly through capabilities in childcare, purpose-built student accommodation and specialist disability accommodation, combined with its ability to partner with, and raise funds from a wide array of stakeholders and sources within equity and debt capital markets, means it is well placed to play a meaningful role in addressing Australia's social infrastructure challenge.

The Wealth & Capital Markets platform has investment expertise in cash, fixed interest, direct and listed property, emerging Australian companies and Australian shares, along with market-leading products in investment bonds, funeral bonds and education savings plans that provide access to contemporary, responsible and sustainable investment and savings options for Australians. In addition, the business works with advisers and industry partners to offer professional advice and trustee services that together seek to provide the right services at the right time in the right way, to support the financial and overall wellbeing of Australian Unity's customers.

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

- **Social Infrastructure**

The Social Infrastructure business sources and manages capital to fund important healthcare assets, childcare, specialist disability accommodation, purpose-built student accommodation and housing. It also operates Australian Unity's retirement communities and provides facilities and asset management services to Australian Unity's residential aged care and retirement community operations.

- **Funds Management**

The Funds Management business provides investment solutions through a differentiated and relevant investment management capabilities in asset classes including venture and private capital, equities, property, fixed interest and cash.

- **Life & Super**

The Life & Super business provides investment and savings products to everyday Australians and families including a range of investment bonds, funeral bonds and education savings plans.

- **Advice**

The Advice business is focused on helping clients to improve their financial wellbeing and assisting them to achieve their long-term lifestyle goals. Through its employed advisers and self-employed authorised representatives, the Advice business provides personal financial advice on a range of matters such as investments, superannuation and insurance.

- **Trustees**

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

**(c) Home Health**

The Home Health platform provides an integrated healthcare service to support Australians to age well, with solutions tailored for in home, community, virtual and telehealth settings. Home Health was formed in July 2022 bringing together three distinct businesses to provide an interconnected range of services to address the daily health and ageing needs of its customers. These services are delivered across a range of modalities—from domestic assistance to clinical care, and in person as well as virtually. Home Health currently provides in-home care to more than 30,000 customers and employs more than 3,500 people in direct care provision.

The key activities of the Home Health platform are detailed below:

- **Delivery of clinical and home care services**

Home Health provides a variety of in-home care services through a range of government and privately funded programs to enable older Australians to enjoy independence and live life the way they choose in their own home. Services include the planning and delivery of Australian Unity's various allied health, nursing and home care services. The majority of the current customer base is funded by either the Commonwealth Home Support Program or a Home Care Package, with a future focus on growing the privately funded customer base. This business offers culturally sensitive home care services delivered by Indigenous staff to customers who identify as Aboriginal or Torres Strait Islander, and Home Health is a large employer of Aboriginal people in this sector.

- **Hospital substitution**

Home Health delivers hospital substitution programs through the provision of services for hospital and/or rehabilitation in the home. Services provided include nursing (i.e. wound care, intravenous antibiotics), physiotherapy, occupational therapy, personal care (i.e. showering), domestic assistance (i.e. cleaning) and meals for people who can be treated outside of the hospital. Home Health currently provide these services for people with cardiac, diabetes and respiratory conditions; along with those recovering from a fall or joint replacement surgery. Each patient is provided with a care coordinator, who works with the hospital, the patient and care staff to ensure the appropriate clinical outcomes are achieved.

- **Chronic disease management**

Home Health's Remedy Healthcare, through a joint venture with Ramsay Health Plus, has developed and tested new virtual heart failure programs. These programs include remote monitoring of patients through modern medical technology platforms and care coordination by a clinical team. Funding for the programs is anticipated to be provided through both private and public sources with the expectation that these programs will result in a material reduction in long term (>5 to 10 years) healthcare costs for each patient. To date the heart failure trial has led to a dramatic reduction in hospital admissions for people with heart failure and many participants have improved their mobility and quality of life.

- **Mental health programs**

Home Health currently operates the Beyond Blue Support Service, providing single-session support for community members. Home Health's mental health program, MindStep<sup>®</sup>, uses cognitive behavioural therapy to complement care that individuals receive from their general practitioner, psychologist or psychiatrist. The program is delivered over the phone by trained mental health coaches, using evidence-based techniques to improve mental health and wellbeing. In the future, Home Health will continue to expand support to Australians through appropriate stepped models of care.

**(d) Specialist Care**

The Specialist Care platform 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

The Directors bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience. As at the date of this Base Prospectus, Australian Unity's Board of Directors comprises:

- **Lisa Chung** – Chair and Non-Executive Director
- **Melinda Cilento** – Non-Executive Director
- **Rohan Mead** – Group Managing Director and CEO
- **Lucinda Brogden** – Non-Executive Director
- **Paul Kirk** – Non-Executive Director
- **Su McCluskey** – Non-Executive Director
- **Helen Nott** – Non-Executive Director
- **Julien Playoust** – Non-Executive Director

Information on Australian Unity's Directors is regularly updated on Australian Unity's website at [www.australianunity.com.au](http://www.australianunity.com.au) and in each annual report lodged by Australian Unity with the ASX.

### 3.3.2 Senior management team

Australian Unity Group's senior management team is set out below. As at the date of this Base Prospectus, Australian Unity Group's senior management team comprises:

- **Rohan Mead** – Group Managing Director and Chief Executive Officer
- **Prue Bowden** – Group Executive, Home Health
- **Dean Chesterman** – Group Executive, People & Culture
- **Mark Gay** – Group Executive, Technology
- **Mel Honig** – General Counsel, Group Secretary, Chief Risk Officer and Group Executive, Governance
- **Esther Kerr** – Chief Executive Officer, Wealth & Capital Markets
- **David Lumb** – Group Executive, Specialist Care
- **Darren Mann** – Group Executive, Finance & Strategy and Chief Financial Officer
- **Christine Yates** – Chief Executive Officer, Retail

Information on Australian Unity's senior management team is regularly updated on Australian Unity's website at [www.australianunity.com.au](http://www.australianunity.com.au) and is updated in each year's annual report.

## 3.4 Corporate governance

Australian Unity is committed to good corporate governance, with sound risk and conflict management practices a fundamental part of its fabric. Its corporate governance framework is developed to reflect applicable APRA Prudential Standards CPS 510: Governance, CPS 511: Remuneration, CPS 520: Fit and Proper and CPS 220: Risk Management, as well as being guided by key aspects of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, though those principles do not apply to the company as a debt-listed ASX issuer of securities.

### 3.4.1 Australian Unity Board

Australian Unity is governed by its Board, which is responsible for approving its strategy, budget and operating plans, setting and approving its risk appetite statement and enterprise risk management framework, overseeing the implementation of a Group-wide risk culture framework, and monitoring the effectiveness of Australian Unity's governance arrangements. The Australian Unity Limited Board Charter is available on Australian Unity's website and provides an overview of all the Board's roles and responsibilities, including the matters reserved for the Board and delegated to management.

The Board comprises a majority of Directors who are non-executive and assessed as independent by the Board. Board members are required to possess a range of personal qualities such as honesty and integrity, strategic insight, capacity to probe, question and challenge, and the ability to inspire. The performance of the Board, each of its committees and the Directors is assessed at least annually. Further details on how the performance assessments are conducted can be found in the governance statement section of the Australian Unity annual report each year and in the Board Renewal and Evaluations Policy available on its website.

### 3.4.2 Board committees

The Board has established committees to assist it with monitoring and advising the management of the Australian Unity Group. Each committee comprises a majority of independent and non-executive Directors and is chaired by an independent and non-executive Director (other than the Chair of the Board). As at the date of this Prospectus, the Board has four Board committees being the Audit Committee, Risk & Compliance Committee, Investment Committee, and People, Culture & Remuneration Committee. Please refer to the governance statement section of Australian Unity's annual report each year for more detailed information on the Board Committees and their compositions.

### 3.4.3 People, culture and remuneration

Australian Unity's Remuneration Policy, which reflects APRA Prudential Standard CPS511: Remuneration and was developed by the Board together with 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 Australian Unity Group.

Further information about the remuneration arrangements of Australian Unity's key management personnel is outlined in the remuneration report section of the Australian Unity annual report.

### 3.4.4 Audit arrangements

The Australian Unity Group has both an appointed external auditor, as well as an internal audit team (Group Audit). 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. The primary role of Group Audit is to report to the Audit Committee on internal audit matters and to provide independent and objective assurance to Australian Unity's operations.

### 3.4.5 Risk management

Australian Unity is committed to the identification, management and mitigation of risk throughout its business. Risk culture and the implementation and adherence to effective risk management frameworks and practices is a core area of focus for Australian Unity and the Board.

The Board is responsible for setting and monitoring Australian Unity's enterprise risk management framework (ERMF) —the systems, structures, policies, processes and people that identify, assess, mitigate and monitor risks that could have a material impact on Australian Unity's operations. The Board is responsible for setting the risk appetite within which management is expected to operate and for establishing Australian Unity's risk management strategy, which defines Australian Unity's key risk areas and how they are managed. As part of the ERMF, Australian Unity's businesses regularly identify, assess and develop treatment plans to manage risks to within risk appetite. Compliance with and effectiveness of the ERMF is reviewed annually by Group Audit, and it is comprehensively reviewed every three years by qualified independent consultants.

The underpinning processes of the ERMF are consistent with the principles of the relevant Australian Standard (AS/NZS ISO 31000) and Prudential Standard CPS 220 (Risk Management (CPS 220)).

Policies and processes are in place to manage specific areas of risk such as capital management, business continuity, information security, incidents and compliance obligation management. Australian Unity's risks are also managed by the purchase of appropriate insurances. A summary of Australian Unity's material risks is outlined in the Directors' Report section of Australian Unity's annual report each year.

### **3.4.6 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.

### **3.4.7 Regulatory framework**

The Australian Unity Group's business operations are extensively regulated, including by APRA, 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 governance statement which is available in its annual report each year and on its website at [www.australianunity.com.au](http://www.australianunity.com.au).

### **3.4.8 Capital, funding and liquidity management**

The Board's policy is to maintain a strong capital base to maintain member, stakeholder, creditor and market confidence and to sustain future development of the organisation.

Capital management plays a central role in managing risk to create member value, while responding to the needs of all stakeholders including Australian Unity's Members, customers, investors, lenders and regulators. The appropriate level of capital is determined by the Board, having regard to both regulatory and economic considerations.

Prudential regulations require a number of entities within the Australian Unity Group to maintain certain levels of capital, including the Australian Unity Group's banking, private health insurance and Benefit Fund operations. The Board adopts a conservative approach to managing prudential capital requirements to maintain capital in excess of prudential requirements at all times. For Australian Unity Group entities that are not subject to specific regulatory capital requirements, capital risk management is determined in conjunction with the abovementioned considerations, and the economic, operational and capital needs of the business.

Australian Unity relies on external debt markets for a portion of funding and has policies and plans in place to monitor and review the Australian Unity Group's capital and liquidity position. The Australian Unity Group manages liquidity risk by continuously monitoring forecast and actual cashflows and, where possible, endeavouring to match the maturity profiles of its financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

## 3.5 Trust Deed relating to Australian Unity

The Trust Deed dated 30 October 2023 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](http://www.australianunity.com.au).

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.

## 3.6 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 under a trust deed. 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 Certane CT Pty Ltd (ABN 12 106 424 088) 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 a number of powers under the Trust Deed including the power to call meetings of the Holders and provide information 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.

## 3.7 Financial information

### 3.7.1 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](http://www.australianunity.com.au).

### 3.7.2 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:

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



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.

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, 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. This is consistent with the approach taken in Australian Unity’s other unsubordinated unsecured debt such as its bank debt, the Australian Unity Bonds Series C and Australian Unity Bonds Series D. Please refer to Australian Unity’s annual report for further information on operational liabilities, Lease Liabilities and borrowings (see Section 3.7.1 above).

Junior Ranking Obligations, such as subordinated instruments including any Mutual Capital Instruments issued by Australian Unity, 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**

	<b>Gearing Ratio</b>	<b>Covenant Gearing Ratio</b>
<b>Basis</b>	Calculated in accordance with regulation 6D.2.06(3)	Calculated in accordance with Clause 4.2 of the Base Terms
<b>Formula</b>	$\frac{\text{Total liabilities}}{\text{Total equity}}$	$\frac{\text{Gearing Ratio Debt}}{\text{Gearing Ratio Debt} + \text{Gearing Ratio Equity}}$
<b>Ratio as at 30 June 2023</b>	561.6%	25.0%
<b>Calculation (numerator)</b>	Total Liabilities	Total Liabilities <sup>1</sup> <b>Add:</b> Consolidated guarantees <sup>2</sup> <b>Subtract:</b> ADI guarantees <sup>3</sup> Benefit Fund policyholder liabilities <sup>4</sup> ADI interest bearing liabilities <sup>5</sup> Other (non-interest bearing) liabilities <sup>6</sup> AUL Cash <sup>7</sup> Interest bearing liabilities which are Junior Ranking Obligations <sup>8</sup> Lease Liabilities <sup>9</sup> <b>Equals:</b> Gearing Ratio Debt
<b>Calculation (denominator)</b>	Equity	Equity <sup>10</sup> <b>Add:</b> Junior Ranking Obligations <sup>11</sup> <b>Subtract:</b> ADI equity <sup>12</sup> <b>Equals:</b> Gearing Ratio Equity <b>Add:</b> Gearing Ratio Debt <b>Equals:</b> 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. Should Lease Liabilities not be subtracted from Total Liabilities, then the Covenant Gearing Ratio for 30 June 2023 would be 30.5%.
- 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 2023 was 0.9x. 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.

#### **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. As for the Covenant Gearing Ratio, notional interest on leases and related accounts have also been excluded as Australian Unity considers that these are operational in nature.

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**

	<b>Interest Cover Ratio</b>	<b>Australian Unity Interest Cover Ratio</b>
<b>Basis</b>	Calculated in accordance with regulation 6D.2.06(5)	Calculated to provide debt service obligation capability to investors
<b>Formula</b>	$\frac{\text{EBITDA}}{\text{Net interest expense}}$	$\frac{\text{Adjusted EBITDA for Australian Unity Interest Cover Ratio}}{\text{Adjusted interest expense}}$
<b>Ratio as at 30 June 2023</b>	13.0x	8.0x
<b>Calculation (numerator)</b>	<p>Net profit before tax</p> <p><b>Add:</b> Depreciation and amortisation</p> <p><b>Subtract:</b> Net interest income (per below)</p> <p><b>Equals:</b> EBITDA</p>	<p>Net profit before tax</p> <p><b>Add:</b> Adjusted interest expense (per below) Depreciation and amortisation</p> <p><b>Subtract:</b> Benefit Fund net profit before tax<sup>1</sup></p> <p><b>Equals:</b> Adjusted EBITDA for Australian Unity Interest Cover Ratio</p>
<b>Calculation (denominator)</b>	<p>ADI net interest income</p> <p><b>Add:</b> Benefit Fund net interest income Other net interest expense</p> <p><b>Equals:</b> Net interest expense (income)</p>	<p>Net interest income</p> <p><b>Subtract:</b> ADI net interest income<sup>2</sup> Benefit Fund net interest income<sup>2</sup> Other interest income<sup>2</sup> Notional interest on leases and related accounts<sup>3</sup></p> <p><b>Equals:</b> Adjusted interest expense</p>

**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 2021, 2022 and 2023 is incorporated by reference in this Base Prospectus – see Section 5.6 for how to access it.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 as at 30 June 2023 would be 3.5x.

## 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](http://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 (including under the direction of the 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 Mutual Capital Instruments), 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 or by any other person. 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.

### **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**

The following are the key risks to Australian Unity's business, identified in no particular order.

### **4.3.1 Availability of a skilled and experienced workforce**

Australian Unity is reliant on its valued employees and the skills and experience they possess to effectively service its Members and customers. If Australian Unity can't access appropriately skilled people or effectively retain its current employees, Australian Unity may experience workforce constraints that adversely impact the provision of service, growth plans and financial performance.

Australian Unity is currently experiencing this risk as of the date of this Base Prospectus in its care workforce due largely to competition for talent and changes to sector workforce dynamics and government funding models.

### **4.3.2 Achieving strategic objectives**

Australian Unity operates businesses across health, wealth and care and has a range of initiatives to help achieve its strategic ambitions. With the diversity of Australian Unity businesses, it is exposed to a variety of external events and factors, such as financial market volatility, government interventions or changes to funding policy, pandemics, extreme weather events (such as drought, bushfire, flood and storm), evolving Environmental, Social and Governance ("ESG") expectations and other community issues.

Australian Unity may also make strategic or investment decisions that do not achieve the expected outcomes.

If Australian Unity doesn't identify, understand or respond to its environment and make the right decisions, it may impact Australian Unity's ability to execute its strategy.

### **4.3.3 Cyber security threats**

Australian Unity's businesses are reliant on technology to deliver its products and services. To provide these products and services, Australian Unity handles large amounts of customer, member and employee data. Cyber security threats are on the rise with growing frequency, sophistication and severity. If the systems Australian Unity have to detect and prevent cyber-attacks fail, it could experience unauthorised access, modification or loss of confidential information or business disruption due to system unavailability.

### **4.3.4 Third party providers**

Australian Unity's business models increasingly rely on partnering with third party providers. If these third parties are not aligned to Australian Unity's purpose and objectives, or fail to deliver services in accordance with contractual arrangements, it may impact Australian Unity services, damage its reputation, and compromise the achievement of strategic objectives.

### **4.3.5 Access to capital**

Australian Unity is a mutual entity limited by shares and guarantee. Australian Unity is unable to issue ordinary shares to raise new capital but can raise capital via the issuance of Mutual Capital Instruments, although Mutual Capital Instruments are a novel instrument and there is no established deep market. Australian Unity also relies on external debt markets for a portion of its funding.

Changes in the economic and market conditions could result in reduced access to capital, difficulty in raising equity or increased costs of funding. This could negatively affect Australian Unity's capital position and its ability to fund business initiatives.

### **4.3.6 Economic conditions**

Australian Unity may be exposed to local and global conditions which could impact its financial performance. For example, as at the date of this Base Prospectus, inflationary pressures are leading to rising medical, construction, operational and staffing costs.

Adverse economic conditions may also impact the level of credit defaults Australian Unity experiences for the loans it offers, the returns it achieves on its investments, occupancy levels in residential aged care and sales of residential villages.

### **4.3.7 Providing quality clinical and care services**

Australian Unity provides high-trust services such as health and aged care services in the community. Poor quality clinical services may arise from inadequate policies and procedures, lack of training and supervision or other situational factors.

A severe event or series of events could result in mistreatment, injury or death to Australian Unity's customers, sanctions from regulators, reduced government funding, reputational damage and remediation costs.

### **4.3.8 Regulatory complexity and scrutiny**

Australian Unity operates a wide range of business activities which are subject to different laws and regulatory requirements and licence conditions. As regulatory standards and expectations are constantly changing, increased regulation and supervision could require changes to Australian Unity's products or services which may incur significant costs to implement. Australian Unity may also face regulatory action and reputational damage if it doesn't comply.

### **4.3.9 Changing customer expectations**

Australian Unity operates in markets where customer expectations are changing rapidly and preferences are shifting to digital engagement channels. The operation of Australian Unity's technology is an important part of how it delivers services to customers. If Australian Unity is not successful in adapting its products, services and technology to meet changing customer preferences, it may lose customers which may adversely impact its financial performance.

### **4.3.10 Business disruption**

Australian Unity provides a range of services that are often critical to the wellbeing of its customers. If these services are disrupted by technology failure or other external events (for example, natural disasters or pandemic) its customers could be significantly impacted, or Australian Unity may experience financial loss and reputational damage.

### **4.3.11 Workplace hazards and risks**

Australian Unity has a large workforce that could be exposed to workplace injuries or illness. Given the variability of its business activities, locations, conditions and types of care delivered, there is a broad range of risks and hazards that may impact Australian Unity's employees, including manual tasks, ergonomics, slips, trips, falls, driving, mental health and occupational violence. Workplace injuries can impact Australian Unity's ability to service customers, its ability to retain employees, and increase its costs.

### **4.3.12 Growing community and social value**

CSV as a measure of wellbeing outcomes is a core component of Australian Unity's corporate purpose.

Changes to Australian Unity's business composition or decisions which don't sufficiently increase CSV or fail to optimise its opportunities to increase CSV, may impact its ability to meet these objectives.

### **4.3.13 Liquidity demands**

There is a risk that Australian Unity's liquidity and funding plans fail to operate effectively, or there may be factors outside Australian Unity's control which could adversely affect these plans.

The Australian Unity Group's liquid investments held to support liquidity needs across the Australian Unity Group may not be readily converted to cash, or levels of liquidity may not be sufficient to respond to a circumstance where liquidity demands exceed forecasts. For example, an event that simultaneously leads to a funding need in a number of regulated entities or operating entities may place significant demands on the liquidity and funding position.

## **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 market 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 Asset price risk**

Australian Unity's balance sheet includes material investment in property and other asset classes. The market value of these classes of asset may fluctuate and such fluctuations may result in impairment charges being recognised against those 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.

### **4.4.4 Reputational risk**

Issues of a varying nature 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, issues of ethics, money laundering laws, trade sanctions legislation, privacy, information security, wage review, 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, employees and Holders.

### **4.4.5 Litigation**

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

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 and its ability to pay Interest owed on the Bonds or the Redemption Amount due on the Bonds. 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.

### 4.4.6 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.

### 4.4.7 Climate change

The Australian Unity Group may be exposed to risks relating to climate change, both by way of physical risks to its property assets and potential risks associated with a transition to a low carbon economy.

### 4.4.8 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). Historical financial ratios presented in an Offer Specific Prospectus are presented on the basis of Australian Accounting Standards in place as at the reference date of those ratios, as opposed to the date of the Base Prospectus.

### 4.4.9 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.

### 4.4.10 Strategic decisions and corporate activities

Australian Unity regularly considers a range of corporate opportunities, including acquisitions, divestments, joint ventures, and investments. The pursuit of corporate opportunities inherently involves risks, including the risk that Australian Unity overvalues an acquisition or investment, or under-values a divestment, as well as exposure to reputational damage. Australian Unity may also encounter difficulties in integrating or separating businesses, including the failure to realise expected synergies, disruption to operations, diversion of management resources, or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on Australian Unity's financial performance and position. Additionally, Australian Unity may incur unexpected financial losses following an acquisition, joint venture, or investment if the business it invests in does not perform as planned or causes unanticipated changes to Australian Unity's risk profile. There can also be no assurance that customers, employees, suppliers, counterparties, and other relevant stakeholders will remain with an acquired business following the transaction, and any failure to retain such stakeholders may have an adverse impact on Australian Unity's overall financial performance and position.

## 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](http://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.

**(l) Eligible Holders participating in a reinvestment offer**

An offer of simple corporate bonds by Australian Unity in the future may enable eligible Holders to apply to have some or all of their Bonds purchased by Australian Unity with a portion of the proceeds applied directly to the subscription of an equivalent number of the new bonds being offer (referred as a reinvestment offer). Eligible Holders who participate in a reinvestment offer will sell each Bond that participates in the reinvestment offer for the sum of \$100 plus the 'accrued interest amount' (representing compensation for the interest that would have been received up to the reinvestment date (if any)).

As the Bonds are 'traditional securities' for Australian tax purposes, Australian resident Holders who participate in a reinvestment offer will make either an assessable gain or a deductible loss under sections 26BB or 70B of the Australian Tax Act. Such gain or loss will be determined by reference to the cost of acquiring those Bonds and the proceeds of sale to Australian Unity. If a capital gains tax event also occurs on the sale of the Bonds then any resulting capital gain or loss will be reduced to the extent of that gain or loss.

This summary applies only to Australian resident Holders who do not hold their Bonds in carrying on business at or through a permanent establishment outside Australia and are not subject to Division 230 of the Australian Tax Act. The above summary is also subject to the specific terms of issue of any 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.



## 5.2 Privacy

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.

#### 5.2.1 General

If you lodge an Application, Australian Unity and your Syndicate Broker (if applicable) will collect information about you. That information will be used 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 Syndicate Broker to apply for the Bonds, Australian Unity may disclose details of your holding to that Syndicate Broker.

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 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.

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.

## 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 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 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 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 (see Section 3.6 above for further details).

## 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. These materials will be available at [www.australianunity.com.au/bonds](http://www.australianunity.com.au/bonds) during the Covered Period.

- **Information on Australian Unity's Board of Directors** is available on Australian Unity's website [www.australianunity.com.au](http://www.australianunity.com.au) and is set out in the section titled "Directors' report", paragraph "Information on directors" of Australian Unity's annual financial report for the 2023 financial year, which was filed with ASX on 11 September 2023;
- **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 2023 financial year, which was filed with ASX on 11 September 2023;
- **Trust Deed**, which was filed with ASIC on 30 October 2023. 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 in relation to and the Bonds. The Trustee has a general duty to act in the best interests of the Holders at all times;
- **The Base Terms** (which are included as a schedule to the Trust Deed) were filed with ASIC on 30 October 2023. 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 2023. This document was filed with ASIC on 30 October 2023.

## 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

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 3.7.2 of this Base Prospectus
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	The electronic form 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)
Australian Unity Bonds Series C	Australian Unity Bonds Series C – Tranche 1 issued in 2019 by Australian Unity

Term	Meaning
Australian Unity Bonds Series D	Australian Unity Bonds Series D – Tranche 1 issued in 2019 by Australian Unity
Australian Unity Group	Australian Unity and each of its Subsidiaries
Australian Unity Guarantees	The meaning given in Clause 12.4 of the Base Terms
Australian Unity MCIs	Mutual Capital Instruments issued in 2020 and 2021 by Australian Unity
AYUHC	Australian Unity Bonds Series C – Tranche 1 issued under the Offer Specific Prospectus dated 17 September 2019
AYUHD	Australian Unity Bonds Series D – Tranche 1 issued in 2019 by Australian Unity
Banking Act	<i>Banking Act 1959</i> (Cth)
Base Prospectus	This base prospectus which was lodged with ASIC on 30 October 2023
Base Terms	The base terms of the Bonds as incorporated by reference in this Base Prospectus and available on the Australian Unity website <a href="http://www.australianunity.com.au/bonds">www.australianunity.com.au/bonds</a>
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 May 2022
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 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

Term	Meaning
Constitution	The constitution of Australian Unity as amended
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth)
Covenant Gearing Ratio	The meaning given in Section 3.7.2 of this Base Prospectus
Covered Period	From 30 October 2023 to 30 October 2026
Credit Rating	The credit rating assigned to the relevant Series of Bonds
CRS	OECD Common Reporting Standard for Automatic Exchange of Financial Account Information
CSV	The meaning given in Section 3.2.7
Day Count Fraction	The meaning given in Clause 12.4 of the Base Terms
DAPs	Daily Accommodation Payments
Demutualisation	The meaning given in Clause 12.4 of the Base Terms
Director	Director of Australian Unity
Distribution Conditions	The meaning given in the relevant Offer Specific Prospectus
Eligible AYUHC Holder	The meaning given in the relevant Offer Specific Prospectus
Eligible Member	The meaning given in the relevant Offer Specific Prospectus
Eligible Securityholder	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 3.7.2 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 AUL 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

Term	Meaning
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
Interest Cover Ratio	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.7.2 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)



Term	Meaning
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 and in the Offer Specific Terms
Maturity Date	Refer to the relevant Offer Specific Prospectus
Maximum Application Value	Refer to the relevant Offer Specific Prospectus
Member	The meaning given in the Constitution
Mutual Capital Instruments	Any “MCIs” as defined in the Corporations Act, including Australian Unity MCIs on issue
Non Shareholder Member	The meaning given in the Constitution
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
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
Priority Offer	The Offer as described in the Offer Specific Prospectus
Programme	A programme for the issuance of Bonds
Record Date	The meaning given in Clause 12.4(a) of the Base Terms
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

Term	Meaning
<b>Redemption Amount</b>	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
<b>Redemption Date</b>	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
<b>Register</b>	The register of Bonds maintained by the Registrar on Australian Unity's behalf and including any subregister established and maintained in CHES
<b>Registrar</b>	Link Market Services Limited, or such other person as may be appointed registrar of the Bonds from time to time
<b>Reinvestment Offer</b>	The offer to holders of Australian Unity Bonds Series C to subscribe for Bonds using proceeds from the Australian Unity Bonds Series C, as described in the relevant Offer Specific Prospectus
<b>Relevant Indebtedness</b>	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
<b>Retail Investor</b>	A person who is classified as a retail client under the Corporations Act
<b>Retirement Village Investment Notes</b>	The Australian Unity Retirement Village Notes Series 5 and Australian Unity Retirement Village Notes Series 6
<b>Series</b>	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)
<b>Shareholder Member</b>	The meaning given in the Constitution
<b>SFA</b>	Securities and Futures Act of Singapore
<b>SFO</b>	Securities and Futures Ordinance of the Laws of Hong Kong
<b>Special Resolution</b>	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
<b>Subsidiary</b>	The meaning given to that term in Division 6 of Part 1.2 of the Corporations Act
<b>Syndicate Broker</b>	Any of the Joint Lead Managers, Co-Managers and Participating Brokers
<b>TAA</b>	<i>Taxation Administration Act 1953</i> (Cth)
<b>Target Market</b>	The meaning given in the relevant Offer Specific Prospectus
<b>Tax</b>	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
<b>Tax Event</b>	The meaning given in Clause 12.4 of the Base Terms
<b>Terms</b>	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
<b>TMD or Target Market Determination</b>	The meaning given in the relevant Offer Specific Prospectus
<b>TFN</b>	Tax File Number

Term	Meaning
<b>Total Equity</b>	(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
<b>Tranche</b>	An Offer of Bonds specified as such in the applicable Offer Specific Prospectus
<b>Trust Deed</b>	The trust deed dated 30 October 2023 between Australian Unity and the Trustee, pursuant to which the Bonds may be issued (as amended or supplemented from time to time)
<b>Trustee</b>	Certane CT Pty Ltd (ABN 12 106 424 088) or such other trustee as may hold office as trustee under the Trust Deed from time to time
<b>Wholesale Investor</b>	A wholesale client as defined in the Corporations Act
<b>Working Capital Ratio</b>	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.7.2 of this Base Prospectus

# For Real Wellbeing Since 1840

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