

Summary of Offer Management Agreement

Australian Unity Limited (the **Company**) is undertaking an initial public offer of mutual capital instruments (**Australian Unity MCIs**) and the quotation of those Australian Unity MCIs on the Australian Securities Exchange (**ASX**) (**Offer**) under a prospectus dated 27 November 2020 and a replacement prospectus to be dated on or about 11 December 2020 (**Prospectus**). The Company has appointed Acacia Partners Pty Limited (**Acacia**), National Australia Bank Limited (**NAB**) and Morgans Financial Limited (**Morgans**) (Acacia, NAB and Morgans together, the **Joint Lead Managers**) to act as joint arrangers, managers and bookrunners to the Offer and has appointed Acacia to act as financial adviser pursuant to an offer management agreement dated 27 November 2020 between the Company and the Joint Lead Managers (**Offer Management Agreement**).

Terms used in this Summary of the Offer Management Agreement have the same meaning in the Prospectus.

1. Fees, costs and expenses

Within 3 Business Days after receipt of a tax invoice by the Company and no earlier than the date for settlement of the Offer, the Company must pay:

- (a) to Acacia, a financial adviser fee of 0.10% of the gross proceeds of the Offer;
- (b) to each Joint Lead Manager, an arranger fee of 0.15% of the gross proceeds of the Offer;
- (c) to each Joint Lead Manager, a management fee, comprised of:
 - (1) an equal share of 0.50% of the gross proceeds of the Offer; and
 - (2) an amount equal to 0.50% of the gross proceeds of the number of Australian Unity MCIs allocated to that Joint Lead Manager and its Affiliates;
- (d) a cornerstone fee (to be paid by the Joint Lead Managers on behalf of the Company) comprised of an amount equal to 0.25% of the Cornerstone Proceeds (with each Cornerstone Investor entitled to a fee equal to 0.25% of that Cornerstone Investor's Proceeds); and
- (e) a distribution fee of 1.00% of the gross proceeds of all Australian Unity MCIs allocated to the Broker Firm Offer.

Within 3 Business Days after receipt by the Company of written notification from the Joint Lead Managers confirming that a Cornerstone Investor has become a Committed Cornerstone Investor, the Company must pay an additional amount equal to 0.25% of the Committed Cornerstone Proceeds, (with each Committed Cornerstone Investor entitled to a fee equal to 0.25% of that Committed Cornerstone Investor's Proceeds).

The Cornerstone Proceeds are calculated by multiplying the Issue Price by the total number of Australian Unity MCIs issued to Cornerstone Investors (being those Institutional Investors who provide a binding commitment to subscribe to the Australian Unity MCIs prior to the date the Prospectus is lodged with ASIC).

Committed Cornerstone Proceeds are calculated by multiplying the Issue Price by the total number of Australian Unity MCIs issued to Committed Cornerstone Investors (being Cornerstone Investors who continue to hold Australian Unity MCIs issued to them under the Offer, on the date that is three months after the Issue Date).

Any fees payable to Syndicate Brokers and co-managers appointed in relation to the Offer are payable by the Joint Lead Managers from the fees described above.

The Company has agreed to reimburse the Joint Lead Managers for reasonable costs incurred in respect of the Offer.

2. Termination events

At any time a Joint Lead Manager may terminate the Offer Management Agreement (without any cost or liability to the Joint Lead Manager) by notice to the Company and the other Joint Lead Managers, if any of the following events occur:

- **(supplementary prospectus)** a supplementary prospectus must, in the reasonable opinion of a Joint Lead Manager be lodged with ASIC section 719(1) of the Corporations Act or the Company lodges a supplementary prospectus with ASIC other than in accordance with the Offer Management Agreement;
- **(listing approvals)** approval is refused or not granted to the official quotation of all of the Australian Unity MCIs as debt securities on ASX, on or before the 23 December 2020, or if granted, the approval is subsequently withdrawn, qualified (other than by conditions that a customary for debt securities or otherwise conditions acceptable to the Joint Lead Managers acting reasonably) or withheld, or the ASX indicates to the Company that approval is likely to be withdrawn, qualified (other than by customary conditions or otherwise conditions acceptable to the Joint Lead Managers acting reasonably) or withheld;
- **(notifications)** any of the following events occur:
 - ASIC holds a hearing in relation to the Prospectus under section 739(1) of the Corporations Act or issues an order or interim order under section 739 of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Prospectus or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or other Offer related document;
 - any person (other than a Joint Lead Manager) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus or to be named in the Prospectus (other than a Joint Lead Manager) withdraws that consent; or
 - any person (other than a Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to this Prospectus;
- **(withdrawal)** the Company withdraws the Offer;
- **(insolvency events)** an event of insolvency has occurred in relation to the Company or any Subsidiary or an act has occurred or any omission made which may result in an event of insolvency occurring in respect of the Company or any Subsidiary;
- **(indictable offence)** a director or member of the senior management team of the Company is charged with an indictable offence;
- **(disqualification)** a director of the Company is disqualified from managing a corporation under the Corporations Act;
- **(listing and Australian Unity Bonds)** the Company ceases to be admitted to the official list of ASX or a series of the Australian Unity Bonds (or interests in them) cease trading or are suspended from official quotation or cease to be quoted on ASX, except where Series B Australian Unity Bonds cease trading on or are suspended from official quotation or cease to be quoted on ASX, for the purposes of their redemption on maturity on 15 December 2020;



- **(credit rating)** any credit rating assigned to the Company and each of its Subsidiaries, any member of the Company and its Subsidiaries or the Australian Unity MCIs by Australia Ratings or Standard & Poor's as at the date of the Offer Management Agreement is downgraded;
- **(market fall)** the S&P/ASX200 Index falls by an amount that is 12.5% or more of the level as at the close of trading on the Business Day before the date of the Offer Management Agreement, and remains at or below that level for a period of at least 2 consecutive Business Days or a period ending on the close of trading on the Issue Date;
- **(timetable)** other than as otherwise contemplated by the Offer Management Agreement, a step specified in the timetable for the Offer is delayed for more than 2 Business Days without the prior written approval of the Joint Lead Managers (such approval not to be unreasonably withheld or delayed);
- **(unable to issue)** the Company is prevented from allotting or issuing the Australian Unity MCIs within the time required by the ASX Listing Rules, ASX, ASIC, applicable laws, an order of a court or a Governmental Agency.

3. Termination events subject to materiality

At any time a Joint Lead Manager may terminate the Offer Management Agreement (without any cost or liability to the Joint Lead Manager) by notice to the Company and the other Joint Lead Managers, if any of the following events occur but only if the Joint Lead Manager has reasonable grounds to believe and does believe that the event:

- has or is likely to have a materially adverse effect on the outcome, success or settlement of the Offer or the ability of the Joint Lead Manager to market, promote or settle the Offer; or
- has given or could give rise to a contravention by that Joint Lead Manager of, or that Joint Lead Manager being involved in a contravention of, any law or regulation, or a liability of that Joint Lead Manager under any law or regulation.

The events are:

- **(disclosures in Offer Documents)** a statement contained in the Prospectus or other Offer related document is misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act or the Corporations Regulations is omitted from the Prospectus or other Offer related document, or the Prospectus or other Offer related document otherwise fails to comply with the Corporations Act, the Corporations Regulations, the Listing Rules or any other applicable laws;
- **(disclosures in the due diligence report)** the due diligence committee report or any other information supplied by or on behalf of the Company to a Joint Lead Manager in relation to the Company or its Subsidiaries or the Offer (including any information supplied prior to the date of the Offer Management Agreement) is misleading or deceptive or likely to mislead or deceive (including by omission);
- **(Offer Documents, Offer and Australian Unity MCIs to comply)** the Prospectus and other Offer related documents, any aspect of the Offer or the Australian Unity MCIs do not comply with the Corporations Act, the Corporations Regulations, the Listing Rules or any other applicable laws;
- **(adverse change)** an event occurs which is or is likely to give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and its Subsidiaries (taken as a whole), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and its



Subsidiaries (taken as a whole) from those respectively disclosed in the Prospectus and other Offer related documents or public or other media statements made by or with approval from the Company in relation to the affairs of the Company, its Subsidiaries or the Offer;

- **(default)** a default by the Company in the performance of any of its obligations under the Offer Management Agreement occurs;
- **(warranties)** a representation or warranty contained in the Offer Management Agreement on the part of the Company is not true in any respect, or is misleading or deceptive;
- **(certificate)** a certificate given under the Offer Management Agreement by the Company is false, misleading, deceptive or inaccurate;
- **(change in management)** a change in the senior management or board of directors of the Company occurs;
- **(compliance with regulatory requirements)** a contravention by the Company or any of its Subsidiaries of the Corporations Act, the Corporations Regulations, the Listing Rules, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth), or its constitution;
- **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Offer Management Agreement), any of which does or is likely to prohibit or adversely regulate the Offer, capital issues or stock markets or adversely affect the taxation treatment of the Australian Unity MCIs;
- **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, a member state of the European Union, Russia, Japan, Singapore, Hong Kong or the People's Republic of China or a major terrorist attack is perpetrated anywhere in the world;
- **(disruption in financial markets)** any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United States of America, or the United Kingdom is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading; or
 - the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States of America, or the United Kingdom, or any change or development involving a prospective adverse change in any of those conditions or markets.

4. Representations, warranties and undertakings

The Offer Management Agreement contains certain standard representations, warranties and undertakings provided by the Company to the Joint Lead Managers.



The representations and warranties relate to matters such as powers and capacities to enter into and perform obligations under the Offer Management Agreement, conduct of the Company (including in respect of its compliance with applicable laws and the Listing Rules, status, due diligence and disclosure), certain documents issued by the Company in connection with the Offer (which includes the Prospectus and the associated offering documents), the information provided to the Joint Lead Managers (including financial information), insolvency, conduct of the Offer and litigation.

The Company's undertakings include that it will not, after the date of the Offer Management Agreement up until 180 days after the Issue Date, without the prior written consent of the Joint Lead Managers (acting reasonably and without delay), allot or agree to allot (or indicate that it may or will do so) any Australian Unity MCIs other than pursuant to the Offer or the Offer Management Agreement.

The Company also undertakes from the date of the Offer Management Agreement until 90 days after Completion not to dispose or agree to dispose of the whole or any part of its business or its property (except in the ordinary course of trade) or to enter into any agreement, which in either case, is material to the Company's business, without the prior written consent of the Joint Lead Managers (acting reasonably and without delay).

5. Indemnity

The Company agrees to keep the Joint Lead Managers and certain of the Joint Lead Managers' affiliated parties indemnified from losses directly or indirectly suffered arising out of or in connection with the Offer or the Offer Management Agreement, subject to customary exclusions including fraud, negligence and wilful misconduct of the Joint Lead Managers and certain of the Joint Lead Managers' affiliated parties.