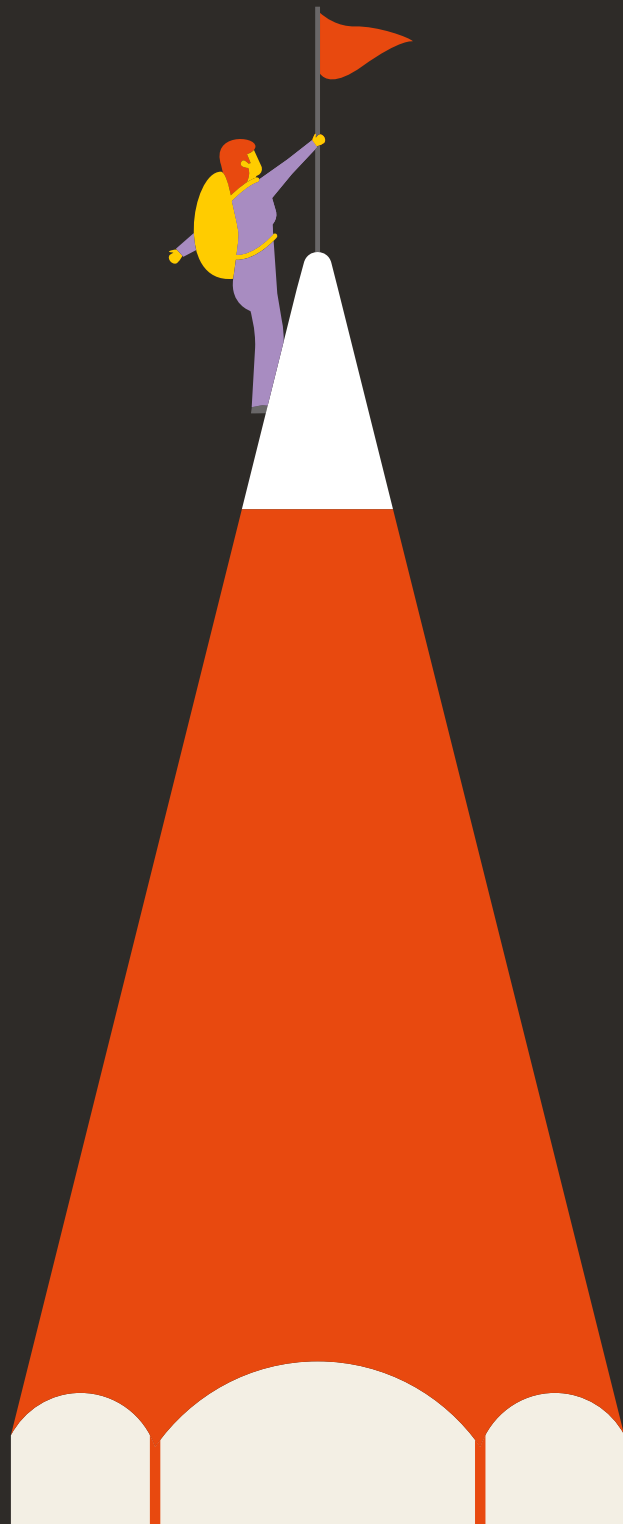


180
YEARS

Australian
Unity 
Real Wellbeing

APPENDIX A

Terms of
Australian Unity
MCIs



Terms of Australian Unity MCIs

1 Terms

These Terms set out the general terms and conditions of MCIs.

2 Face value and issue price

- (a) The face value of each MCI is \$100 (Face Value).
- (b) The issue price of each MCI will be determined by the Directors in their absolute discretion and may be the Face Value, more than the Face Value or less than the Face Value.
- (c) MCIs must be issued fully paid.

3 Dividend

3.1 Dividend

Subject to these Terms (including, but not limited to, clause 3.3), the Dividend payable on each MCI for each Dividend Period is payable in arrears on each Dividend Payment Date and is calculated according to the following formula:

$$\text{Dividend} = \frac{(\text{Dividend Rate} \times \text{Face Value} \times N)}{365}$$

where

Dividend Rate means 5.00 per cent per annum; and

N means, in respect of a Dividend Period, the number of days in that Dividend Period.

3.2 Adjustment to calculation of a Dividend for franking

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act, the Dividend will be calculated according to the following formula:

$$\text{Dividend} = \frac{D}{1 - [T * (1 - F)]}$$

where

D means the Dividend calculated under clause 3.1;

T means the Australian corporate tax rate applicable to the franking account of Australian Unity on the relevant Dividend Payment Date (expressed as a decimal); and

F means the franking percentage (as defined in Part 3-6 of the Tax Act) applicable to the franking account of Australian Unity on the relevant Dividend Payment Date (expressed as a decimal).

3.3 Dividends are discretionary and non-cumulative

- (a) Notwithstanding any other provision of these Terms, the payment of any Dividend is discretionary and subject to the Directors in their absolute discretion determining that Australian Unity pay the Dividend.
- (b) The Directors may in their absolute discretion determine that Australian Unity pay only part of a Dividend.
- (c) The Directors may in their absolute discretion determine that Australian Unity pay an Optional Dividend.
- (d) Australian Unity must notify the Exchange at least five Business Days before the relevant Record Date (or, if later, as soon as the Directors determine that Australian Unity will not pay the Dividend) if payment of any Dividend will not be made.
- (e) Dividends are non-cumulative. If all or any part of a Dividend is not paid, Australian Unity has no liability to pay that Dividend, or any part of that Dividend, and a Holder has no claim or entitlement against Australian Unity or any other person in respect of the non-payment. No interest or other amount accrues on any unpaid Dividend, or any unpaid part of a Dividend, and a Holder has no claim or entitlement in respect of interest or any other amount on any unpaid Dividend or any unpaid part of a Dividend.

3.4 Payment

- (a) A Dividend or Optional Dividend is only payable to the person registered at 7:00pm (Melbourne time) on the Record Date for that Dividend or Optional Dividend as the Holder.
- (b) Any amount which is payable to a Holder in respect of an MCI will, unless Australian Unity determines otherwise, be paid by direct credit into a nominated account at an Australian financial institution.
- (c) If a Holder fails to nominate an account for the purpose of clause 3.4(b) or the payment into the nominated account fails, the amount may be deposited by Australian Unity into a bank account maintained by Australian Unity or the Registry until the Holder nominates an account, or in the case of a failure of the nominated account, an alternative account. An amount so deposited shall be taken to have been duly paid to the Holder and shall not bear interest. Any interest accruing on any such account shall be paid to Australian Unity.
- (d) If any payment:
 - (1) is due on a day which is not a Business Day, then the due date for payment will be the next Business Day; or
 - (2) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place.No additional amount is payable in respect of any delay in payment.
- (e) For the purposes of making any payment in respect of a Holder's aggregate holding of MCIs, any fraction of a cent will be disregarded.
- (f) A payment made under this clause 3.4 to any one joint Holder of an MCI will discharge Australian Unity's liability to all joint Holders of that MCI.

3.5 Dividend restriction

- (a) If any Dividend is not paid to Holders in full on the relevant Dividend Payment Date, then, subject to clause 3.5(b), Australian Unity must not, without the approval of a Special Resolution:
 - (1) declare or determine or pay a dividend; or
 - (2) return any capital or undertake any buy-backs or repurchases,in relation to any mutual capital instruments (as that term is defined in the Corporations Act) or other security or share of Australian Unity which ranks equally with or behind MCIs in respect of a return of capital on the winding up of Australian Unity, unless the amount of any unpaid Dividend is paid in full within five Business Days of that Dividend Payment Date. If, on a subsequent Dividend Payment Date a Dividend is paid in full, or if all MCIs have been Repurchased or otherwise cease to be on issue, then these restrictions cease to apply.
- (b) Clause 3.5(a) does not restrict Australian Unity paying any dividend, returning any capital or undertaking any buy-back or repurchases which Australian Unity is legally obliged to pay, return, complete or undertake at the time that the relevant Dividend is not paid to Holders in full on the relevant Dividend Payment Date.

3.6 Deductions and gross-up

- (a) All payments made by Australian Unity in respect of MCIs must be made without any withholding or deduction in respect of Taxes, unless the withholding or deduction is required by law or permitted by this clause 3.6.
- (b) Australian Unity may deduct from any Dividend, Optional Dividend or other amount payable to a Holder in respect of an MCI, the amount of any withholding or other Tax required by any law, treaty, regulation or official administrative pronouncement to be deducted in respect of such amount. If any withholding or deduction arises, Australian Unity will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder for or in respect of any such withholding or deduction.
- (c) Australian Unity will pay the full amount deducted under clause 3.6(b) to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law or otherwise.

3.7 Determination final

Australian Unity's determination of all dates, rates and amounts under these Terms is, in the absence of wilful default, bad faith or manifest error, final and binding on Australian Unity, the Registry and each Holder.

3.8 Calculations

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest one Australian cent (with one half of an Australian cent being rounded up to one Australian cent).

4 Repurchase

4.1 Repurchase Notice

- (a) Australian Unity may, subject to clause 4.1(b), issue a Repurchase Notice.
- (b) A Repurchase Notice may only be issued:
 - (1) at any time after a Tax Event or Regulatory Event occurs; or
 - (2) at the same time as, or at any time after, the issue by Australian Unity of a notice of meeting which contains a resolution seeking Member approval of a Demutualisation.
- (c) A Repurchase Notice issued as a consequence of a Tax Event or a Regulatory Event is irrevocable.

4.2 Repurchase Date

- (a) The Repurchase Notice must set out the proposed Repurchase Date or details of the manner in which Australian Unity will determine the Repurchase Date, which in the case of a Repurchase that will result from a Demutualisation Event must be a date after the Demutualisation Event has occurred, but before the Demutualisation has occurred.
- (b) On the Repurchase Date:
 - (1) the Final Dividend Payment (if any) will at the absolute discretion of the Directors be paid to the Holder;
 - (2) each MCI will be Repurchased by Australian Unity for the Repurchase Amount which will be paid to the Holder; and
 - (3) the MCIs will be cancelled and all rights conferred by the MCIs will cease.
- (c) A payment made under this clause 4.2 to any one joint Holder of an MCI will discharge Australian Unity's liability to all joint Holders of that MCI.

4.3 Holder approval

- (a) If Australian Unity has determined that the Repurchase is to be effected by a buy-back of MCIs, each Holder is taken irrevocably to offer to sell all of its MCIs to Australian Unity on the Repurchase Date for the Repurchase Amount of each MCI (Holder Offer).
- (b) Australian Unity may accept a Holder Offer by giving notice to the Holder. Australian Unity or any other Appointed Person may receive Australian Unity's acceptance of the Holder Offer and execute the relevant agreement on behalf of the Holder.
- (c) If Australian Unity has determined that the Repurchase is to be effected by a capital reduction and cancellation of MCIs, each Holder is taken irrevocably to agree to the capital reduction and the cancellation of all of its MCIs on the Repurchase Date for the Repurchase Amount of each MCI.
- (d) If Australian Unity determines to Repurchase MCIs, each Holder must:
 - (1) vote in favour (subject to compliance with the law and to the extent that the Holder is entitled to do so) or otherwise abstain from any required resolution;
 - (2) provide all documentation and execute any authorisation or power necessary; and
 - (3) take all other action necessary or desirable, to effect the Repurchase.

Terms of Australian Unity MCIs *continued*

4.4 Final Dividend

For the avoidance of doubt, Repurchase may occur even if Australian Unity does not pay the Final Dividend Payment.

4.5 Warranty

Each Holder is deemed, when MCIs are Repurchased, to warrant and represent to Australian Unity that the Holder owns such MCIs, that such MCIs are free and unencumbered and that the Holder has not sold, alienated, donated or otherwise disposed of such MCIs.

5 MCI general rights

5.1 Ranking

- (a) MCIs rank equally amongst themselves in all respects.
- (b) Australian Unity may issue further mutual capital instruments (as that term is defined in the Corporations Act) on such terms as the Directors determine, including, but not limited to, different (but not in priority to MCIs) dividend rights, buy-back and capital reduction rights to MCIs, provided that those mutual capital instruments do not rank in priority to MCIs in respect of a payment of Dividends or a return of capital on the winding-up of Australian Unity. Such an issue does not constitute a variation or cancellation of the rights attached to MCIs and does not require the approval of Holders.
- (c) Australian Unity must not issue any mutual capital instruments (as that term is defined in the Corporations Act) which rank in priority to MCIs in respect of a payment of Dividends or a return of capital on the winding-up of Australian Unity, without first obtaining the approval of Holders by a Special Resolution. Such an issue does not constitute a variation of the rights attached to MCIs.

5.2 No set-off

- (a) Australian Unity has no right to set-off any amounts owing by it to a Holder in respect of MCIs against any claims owing by the Holder to Australian Unity.
- (b) No Holder has any right to set-off any amounts owing by it to Australian Unity or a member of the Australian Unity Group against any claims owing by Australian Unity or another member of the Australian Unity Group to such Holder.

5.3 Winding-up

On the winding-up of Australian Unity, Holders will be entitled to receive out of the assets of Australian Unity available for distribution to shareholders of Australian Unity, in respect of each MCI held, a cash payment (Winding-Up Amount) equal to:

- (a) the amount of any Dividend due but unpaid; and
- (b) the Face Value,

before any return of capital or distribution is made to holders of ordinary shares or any other class of securities or shares ranking behind MCIs, or to Non Shareholder Members. A payment made under this clause 5.3 to any one joint Holder of an MCI will discharge Australian Unity's liability to all joint Holders of that MCI.

5.4 Shortfall on winding-up of Australian Unity

If, upon a return of capital on the winding-up of Australian Unity, there are insufficient funds to pay in full the amounts referred to in clause 5.3 and any amounts payable in respect of any other shares in Australian Unity ranking as to such distribution equally with the MCIs on a winding-up of Australian Unity, Holders and the holders of any such other shares will share in any distribution of assets of Australian Unity in proportion to the amounts to which they respectively are entitled.

5.5 No participation in surplus assets

MCIs do not confer on Holders any further right to participate in the surplus assets of Australian Unity on the winding-up of Australian Unity beyond payment of the Winding-Up Amount.

5.6 Participation in new issues

MCIs confer no rights to subscribe for new securities of Australian Unity or to participate in any bonus issues of securities of Australian Unity.

5.7 No other rights

MCIs do not confer on Holders any right to participate in profits or property except as set out in these Terms.

6 Voting rights

- (a) Holders may attend and speak at the AGM and Special General Meetings.
- (b) An MCI does not entitle its Holder to vote on a Demutualisation, on a proposal to wind up Australian Unity or on a resolution referred to in rule 3.4(l) of the Constitution.
- (c) Each Holder has one vote only on a resolution at the AGM or a Special General Meeting. For the avoidance of doubt, if a Holder is also a Non Shareholder Member the Holder has one vote only.
- (d) The provisions of the Constitution relating to general meetings apply, with necessary changes, to any meeting of Holders as if that meeting were a general meeting except that:
 - (1) a quorum is at least 2 Holders present in person or by proxy and entitled to vote or, if there is only one Holder entitled to vote at that meeting, that Holder;
 - (2) any resolution at the meeting must be decided on a poll;
 - (3) on a poll, every Holder present and entitled to vote has one vote for each MCI held as at the Record Time; and
 - (4) if more than one joint Holder tenders a vote in respect of the relevant MCI, the vote of the joint Holder named first in the Register who tenders a vote, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Holders.
- (e) Australian Unity may suspend the voting rights of any Holder if Australian Unity reasonably determines that the Holder:
 - (1) is holding MCIs in whole or part for, on account of, to the benefit of or on behalf of any person; or
 - (2) has exercised, is exercising or is proposing to exercise any vote of an MCI for, on account of, to the benefit of or on behalf of any person,such that that person is able to directly or indirectly control or influence the exercise of more than one vote at the AGM or a Special General Meeting.

7 Non-resident Holders

- (a) Where MCIs are held by or on behalf of a person resident outside Australia, then, despite anything to the contrary contained in these Terms, it is a condition precedent to any right of the Holder to receive payment of any money in respect of those MCIs, that all necessary Authorisations (if any) which may then be required are obtained by the Holder at the cost of the Holder and any other statutory requirements are satisfied.
- (b) Where Australian Unity is not satisfied that all necessary Authorisations and other statutory requirements have been obtained or otherwise satisfied, any amount that would be otherwise payable to the non-resident Holder will be deposited by Australian Unity into an account in Australian Unity's name established for that purpose and held by Australian Unity until Australian Unity is satisfied that all necessary Authorisations and other statutory requirements have been obtained or otherwise satisfied. An amount so deposited shall be taken to have been duly paid to the Holder and shall not bear interest. Any interest accruing on any such account shall be paid to Australian Unity.
- (c) For the purposes of clause 7(a), **Authorisation** includes any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with any government or any Governmental Agency.

8 Indemnity

- (a) Whenever in consequence of:
 - (1) the death of a Holder;
 - (2) the non-payment of any Tax payable by a Holder;
 - (3) the non-payment of any stamp duty or other duty by the legal personal representative of a Holder or its estate; or
 - (4) any other thing in relation to MCIs or a Holder,

Terms of Australian Unity MCIs *continued*

any law of any country or place, imposes or purports to impose any liability of any nature whatever on Australian Unity to make any payment to any Governmental Agency, Australian Unity will, if it suffers a loss in respect of that liability, be indemnified by that Holder and its legal personal representative, and any monies paid by Australian Unity in respect of that liability may be recovered from that Holder and/or the Holder's legal personal representative as a debt due to Australian Unity which will have a lien in respect of those monies upon MCIs held by that Holder or its legal personal representative and upon any monies payable in relation to such MCIs.

- (b) Nothing in clause 8(a) will prejudice or affect any right or remedy which any such law may confer or purport to confer on Australian Unity.

9 Power of attorney

Each Holder irrevocably:

- (a) appoints Australian Unity, each of its Authorised Officers and any liquidator, administrator or statutory manager of Australian Unity (each an Appointed Person) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to do all such acts and things including signing all documents or transfers as may in the opinion of the Appointed Person be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms, including, but not limited to, effecting, recording or perfecting the Repurchase of any MCI or exercising any voting power in relation to any consent or approval required for the Repurchase of any MCI; and
- (b) authorises and directs Australian Unity to make such entries in the Register, including amendments and additions to the Register, which Australian Unity considers necessary or desirable to record the Repurchase of any MCI and to record that on that Repurchase the Holder ceases to be registered as the holder of the MCI.

The power of attorney given in this clause 9 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

10 Title and transfer of MCIs

- (a) Each entry in the Register of a person as a Holder constitutes:
 - (1) conclusive evidence of that person's:
 - (a) absolute ownership of that MCI;
 - (b) entitlement to the other benefits given to Holders under these Terms in respect of MCIs; and
 - (2) an undertaking by Australian Unity to pay Dividends and any other amount in accordance with these Terms, subject to correction of the Register for fraud or error.
- (b) Except as required by law or otherwise in accordance with these Terms, Australian Unity and the Registry must treat the person whose name is entered in the Register as a Holder as the absolute owner of that MCI. This clause applies despite any notice of ownership, trust or interest in that MCI. No recognition of any trust, encumbrance or interest shall be entered on the Register.
- (c) Where two or more persons are entered in the Register as joint Holders, they are taken to hold that MCI as joint tenants with rights of survivorship. The Registry is not bound to register more than three persons as joint Holders of any MCI.
- (d) No certificates will be issued to Holders unless Australian Unity is required to provide certificates by any applicable law or regulation.
- (e) A Holder may transfer MCIs:
 - (1) while MCIs are registered with CHESSE, in accordance with the rules and regulations of CHESSE; or
 - (2) at any other time:
 - (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or
 - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registry with any evidence the Registry reasonably requires to prove title to or the right to transfer MCIs.

Terms of Australian Unity MCIs *continued*

- (f) Title to MCIs passes when details of the transfer are entered in the Register.
- (g) MCIs may be transferred in whole but not in part.
- (h) Australian Unity must comply with all Transfer Regulations and any other relevant obligations imposed on it in relation to the transfer of MCIs.
- (i) Australian Unity must not charge any fee on the transfer of MCIs.
- (j) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with MCIs.
- (k) Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Terms in respect of the transferred MCIs.
- (l) Subject to Transfer Regulations, Australian Unity may determine that transfers of some or all MCIs will not be registered during any period reasonably specified by it.
- (m) Subject to clause 10(l), Australian Unity may only refuse to register a transfer of MCIs if permitted by, or if such registration would contravene or is forbidden by, Transfer Regulations or the Terms.
- (n) If Australian Unity refuses to register a transfer, Australian Unity must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registry.
- (o) A person who becomes entitled to an MCI because of a Transmission Event may, on producing any evidence Australian Unity or the Registry may request to prove that person's entitlement to the MCI, choose:
 - (1) to be registered as the holder of the MCI by signing and giving Australian Unity or the Registry a written notice stating that choice; or
 - (2) to nominate some other person to be registered as the transferee of the MCI by executing or effecting in some other way a transfer of the MCI to that other person.

11 Amendments to the Terms

11.1 Amendment without consent

Subject to complying with all applicable laws, Australian Unity may, without the authority, assent or approval of Holders, amend these Terms where the amendment or addition is, in the opinion of Australian Unity:

- (a) made to cure any ambiguity, correct any manifest error or correct or supplement any defective provision of these Terms;
- (b) of a formal, minor or technical nature;
- (c) necessary or expedient for the purpose of
 - (1) enabling MCIs to be listed for quotation, or to retain quotation, on any securities exchange or to be offered for subscription or for sale under the laws for the time being in force in any place; or
 - (2) complying with the provisions of any statute, the requirements of any statutory authority, the Listing Rules or the listing or quotation requirements of any securities exchange on which Australian Unity may propose to seek a listing or quotation of MCIs; or
- (d) not materially prejudicial to the interests of Holders as a whole.

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

11.2 Amendment by Special Resolution

Without limiting clause 11.1, Australian Unity may **amend** or add to these Terms if the **amendment** or addition has been approved by a Special Resolution.

Terms of Australian Unity MCIs *continued*

11.3 Meaning of amend

In clauses 11.1 and 11.2, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

12 Quotation

Australian Unity must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary in order to procure and maintain, at its own expense, quotation for MCIs on the Exchange.

13 Notices

Where Australian Unity is required to give a notice in relation to any act, matter or determination, the accidental omission to give that notice does not affect the validity of that act, matter or determination.

14 Governing law

14.1 Governing law

These Terms are governed by the law in force in the State of Victoria, Australia.

14.2 Jurisdiction

Australian Unity submits to the non-exclusive jurisdiction of the courts of the State of Victoria, Australia for the purpose of any legal proceedings arising out of the Terms.

15 Definitions and interpretation

15.1 Definitions

The following expressions shall have the following meanings:

AGM has the same meaning as in the Constitution.

APRA means the Australian Prudential Regulation Authority.

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

ASX Settlement Operating Rules means the operating rules of ASX Settlement Pty Limited (ABN 49 008 504 532) and, to the extent that they are applicable, the operating rules of the ASX and the operating rules of ASX Clear Pty Limited.

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

Australian Unity Group means the group of companies comprising Australian Unity and each of its Subsidiaries.

Authorised Officer means each director and secretary of Australian Unity and any person delegated, on the authority of the Directors, to exercise the power of attorney conferred by clause 9.

Business Day means a day which is (i) a business day within the meaning of the ASX Listing Rules, and (ii) for the purposes of calculation or payment of a Dividend, a date on which banks are open for general business in Melbourne.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Constitution means the constitution of Australian Unity as amended.

Corporations Act means the *Corporations Act 2001* (Cth).

Demutualisation has the same meaning as in the Constitution.

Demutualisation Event means when the Members pass a resolution authorising the entry into, implementation of or carrying out of a Demutualisation by Australian Unity.

Terms of Australian Unity MCIs *continued*

Directors means some or all of the directors of Australian Unity acting as a board.

Dividend means a dividend in the amount determined in accordance with clause 3.1 and 3.2.

Dividend Payment Date means in respect of each MCI 15 April and 15 October each year, and also the Repurchase Date. If any of these Dividend Payment Dates is not a Business Day, then the payment will be made in accordance with clause 3.4(d). The first Dividend Payment Date is 15 April 2021.

Dividend Period means each period commencing on (and including) a Dividend Payment Date and ending on (but excluding) the next Dividend Payment Date, whether or not a Dividend is paid on that date. However:

- (a) the first Dividend Period commences on (and includes) the Issue Date;
- (b) the first Dividend Period for an MCI issued after the Issue Date commences on (and includes) the previous Dividend Payment Date and ends on (but excludes) the next Dividend Payment Date, unless Australian Unity in its absolute discretion determines otherwise; and
- (c) the final Dividend Period ends on (but excludes) the Repurchase Date.

Dividend Rate has the meaning given in clause 3.1.

Exchange means ASX or such other body that is determined by the Directors to be Australian Unity's primary securities exchange for the purposes of this definition.

Face Value has the meaning given in clause 2.

Final Dividend Payment means the Dividend calculated for the final Dividend Period ending on the Repurchase Date, whether or not that Dividend is paid.

Governmental Agency means any government or any government department, governmental, semi-governmental, administrative, fiscal, judicial, investigative, review or regulatory body, department, commission, authority, tribunal, agency, stock exchange or entity in any jurisdiction relevant to Australian Unity.

Holder means a person whose name is entered in the Register as the holder of an MCI and, in the case of joint Holders for the purpose of clause 6(c), means the person named first in the Register.

Issue Date means the first date on which MCIs are issued.

Listing Rules means the listing rules of the Exchange as they apply to the company.

MCI means a fully paid mutual capital instrument (as that term is defined in the Corporations Act) in the capital of Australian Unity issued on these Terms.

Member has the same meaning as in the Constitution.

Non Shareholder Member has the same meaning as in the Constitution.

Optional Dividend means any amount additional to a Dividend that the Directors in their absolute discretion determine to pay to Holders as a dividend.

Record Date means, for the payment of a Dividend:

- (a) the date that is eight calendar days prior to the relevant Dividend Payment Date; or
- (b) such other date as determined by Australian Unity in its absolute discretion and notified to the Exchange;

or in either case such other date as may be required by, or agreed with, the Exchange.

The Record Date for the payment of an Optional Dividend is the date prior to the payment of the Optional Dividend that is determined by Australian Unity in its absolute discretion and which Australian Unity notifies to Holders by issuing an announcement to the Exchange not less than five Business Days before the record date.

Record Time means:

- (a) in the case of a meeting for which the caller of the meeting has decided, under the Corporations Act, that MCIs are to be taken to be held by the persons who held them at a specified time before the meeting: that time; and
- (b) in any other case, 48 hours before the relevant meeting, or, if this time would fall on a trading day, 7:00pm (Melbourne time) on that day or such other time specified in the ASX Settlement Operating Rules.

Terms of Australian Unity MCIs *continued*

Register means the register of MCIs maintained by the Registry and includes any CHESSE sub-register (as defined in the Listing Rules).

Registry means Link Market Services Limited (ABN 54 083 214 537) or any other registry that maintains the Register.

Regulatory Event means any amendment to, clarification of, or change (including any announcement of a prospective amendment, clarification or change) in, any law or regulation, the Listing Rules, or a statement, order or directive from APRA or any Governmental Agency, or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations, which amendment, clarification, change or interpretation is effective or pronouncement, action or decision is announced on or after the first Issue Date, and the Directors in their absolute discretion determine that:

- (a) additional requirements in connection with the MCIs would be imposed on Australian Unity or the Australian Unity Group which the Directors in their absolute discretion determine, might have a material adverse effect on Australian Unity, the Australian Unity Group or Non Shareholder Members;
- (b) to have any of the MCIs outstanding would be unlawful or impractical; or
- (c) Australian Unity would be exposed to a more than *de minimis* increase in its costs in connection with MCIs.

Repurchase means the buy back, or cancellation through a capital reduction of MCIs, at Australian Unity's discretion.

Repurchase Amount means:

- (a) in all Repurchases other than a Repurchase that has resulted from a Demutualisation Event, the Face Value; and
- (b) in a Repurchase that has resulted from a Demutualisation Event, the Face Value plus a 1% premium to the Face Value.

Repurchase Date means the date referred to in clause 4.2.

Repurchase Notice means the notice that may be issued by Australian Unity under clause 4.1.

Special General Meeting has the same meaning as in the Constitution.

Special Resolution means a resolution that has been passed by at least 75% of the votes cast by Holders entitled to vote on the resolution.

Subsidiaries has the meaning given to that term in Division 6 of Part 1.2 of the Corporations Act.

Tax means:

- (a) any tax, including GST, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding; or
 - (b) any income, stamp or transaction duty, tax or charge,
- which is assessed, levied, imposed or collected by any Governmental Agency and includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of the above.

Tax Act means the *Income Tax Assessment Act 1936* of Australia or the *Income Tax Assessment Act 1997* of Australia, as the case may be.

Tax Event means the receipt by Australian Unity of an opinion from a reputable legal counsel or other tax adviser, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of any jurisdiction or any political sub-division or taxing authority thereof or therein affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (**Administrative Action**); or
- (c) any amendment to, clarification of, or change (including any announced prospective change) in, the pronouncement that provides for a position with respect to an Administrative Action that differs from the theretofore generally accepted position,

Terms of Australian Unity MCIs *continued*

(in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change (including any announced prospective change) or Administrative Action is made known), which is effective on or after the Issue Date, there is a risk that:

- (d) Australian Unity would be exposed to more than a *de minimis* increase in its costs (including any amount of taxes, duties, assessments, costs or other government charges, the loss of any deductions or grossing-up for withholding tax) in relation to MCIs;
- (e) an additional franking debit will arise in the franking account of Australian Unity in respect of any Dividend; or
- (f) any Dividend will not be a frankable distribution (within the meaning of Division 202 of the Tax Act).

Terms means these terms of issue of MCIs.

Transfer Regulation means the Listing Rules, ASX Settlement Operating Rules, the rules and regulations of CHESSE, the Corporations Act and any rules or regulations made under or pursuant to them.

Transmission Event has the same meaning as in the Constitution.

15.2 Interpretation

- (a) Unless otherwise specified in these Terms, notices may be given by Australian Unity to a Holder in the manner prescribed by the Constitution for the giving of notices and the relevant provisions of the Constitution apply with all necessary modification to notices to Holders.
- (b) Definitions and interpretation under the Constitution will also apply to these Terms unless the contrary intention is expressed.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (d) Unless the contrary intention appears, an expression in these Terms that deals with a matter dealt with by a provision of the Listing Rules or the ASX Settlement Operating Rules has the same meaning as in that provision.
- (e) Headings (including those in brackets at the beginning of clauses) are for convenience only and do not affect the interpretation of these Terms.
- (f) Australian dollars, dollars, \$, A\$ or cent are references to the lawful currency of Australia.
- (g) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (h) The singular includes the plural and vice versa.
- (i) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.