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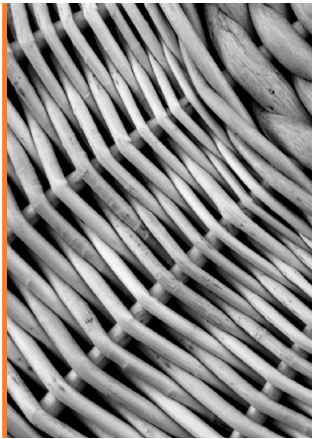
Australian Unity

Retirement Village Investment Notes Series 1 – Prospectus 5

Dated - 22 October 2012, Applications Close 30 November 2012

Issued by: Australian Unity Finance Limited
ABN 35 114 646 070





Australian Unity Retirement Village Investment Series 1 – Prospectus 5

Retirement Village Investment Notes – Series 1 ('Notes' or 'Series 1 Notes') comprised of Series 1 - Prospectus 1, Series 1 - Prospectus 2, Series 1 - Prospectus 3, Series 1 - Prospectus 4, and Series 1 - Prospectus 5 are issued by Australian Unity Finance Limited (ABN 35 114 646 070) ('Australian Unity Finance' or 'Issuer'). Australian Unity Finance is the issuer of this prospectus and takes full responsibility for it.

The Notes offered under this prospectus were originally issued under Retirement Village Investment Notes Prospectus #1 Part A dated 14 October 2005, and Retirement Village Investment Notes Prospectus #1 Part B - Detailed Terms - Series 1 dated 30 November 2005 ('Prospectus #1').

The Notes are secured notes for the purposes of Section 283BH of the Corporations Act 2001 (Cth), as modified by ASIC Class Order [CO 12/1482] *When debentures can be called secured notes*.

Australian Unity Finance does not hold, and is not required to hold, an Australian Financial Services (AFS) licence as the issue is being made pursuant to an agreement between Australian Unity Finance and Australian Unity Funds Management Limited (ABN 60 071 497 115, AFS Licence No. 234454) ('Australian Unity Funds Management') as the asset manager in accordance with the licence conditions and authorisations of the AFS Licence held by Australian Unity Funds Management. Australian Unity Funds Management relies upon an 'intermediary authorisation' for the purposes of Section 911A(2) (b) of the Corporations Act 2001 (Cth).

Australian Unity Property Limited (ABN 58 079 538 499, AFS Licence No. 234455) ('Australian Unity Property') is the trustee of the Australian Unity Retirement Village Trust #1 and Australian Unity Retirement Village Trust #2.

Australian Unity Finance, Australian Unity Retirement Living Investments Limited (ABN 27 114 646 098) ('Australian Unity Retirement Living Investments'), and Australian Unity Funds Management are wholly owned subsidiaries of Australian Unity Limited (ABN 23 087 648 888) ('Australian Unity').

A reference to 'we', 'us' and 'our' in this document is a reference to Australian Unity Finance.

A reference to 'Australian Unity Investments' in this document is a general description which covers those entities within the Australian Unity group of companies undertaking investment activities, which includes Australian Unity Funds Management, Australian Unity Property, Australian Unity Finance and Australian Unity Retirement Living Investments.

A Melbourne business day is a business day on which Australian banks are open for business in Melbourne excluding Saturday, Sunday and Public Holidays.

Neither Australian Unity, nor any member of the Australian Unity group of companies provides any guarantee or support for the payment of interest for, and the return of capital of, the Notes. You should consider this when assessing its suitability for your investment needs.

The Trust Company (Australia) Limited (ABN 21 000 000 993) ('Trustee') is the trustee of the Notes. Neither the Trustee nor any of its related parties or associates makes any representations or gives any guarantees or assurance as to the performance of Australian Unity Finance, payments under the Notes, or any particular overall rate of return. The Trustee has consented to the material in this prospectus which refers or relates to it. The Trustee can be contacted at the following address; Attention: Head of Structured Finance Services, The Trust Company (Australia) Limited, Level 3, 530 Collins St, Melbourne, Victoria, 3000.

Australian Unity Finance reserves the right to withdraw the offer for these Notes at any time. It reserves the right to decline any application received (either in whole or part) in its absolute discretion.

This prospectus expires 30 November 2012.

This document can only be used by investors receiving it (electronically or otherwise) in Australia. It does not constitute an offer or invitation in any place outside Australia.

All amounts in this document are in Australian dollars (\$AUD).

This prospectus is available in electronic format including via access to the Australian Unity Investments website. If you receive it electronically, please ensure that you have received the entire document and Application Form. If you are unsure whether what you have received is complete in its entirety, please contact us on 13 29 39. Paper copies are available free of charge while the offer is open by calling 13 29 39.

A copy of this prospectus has been lodged with the Australian Securities and Investments Commission (ASIC) who takes no responsibility for its contents.

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Australian Unity

Australian Unity focuses on improving the financial wellbeing of its investors and creating investments that are genuinely different to the rest of the market.

Investments

Understanding that it's the smaller things that often have the biggest impact on your financial wellbeing, Australian Unity's investment managers are always looking for better ways to manage money and have created a number of investment funds across all major asset classes including fixed interest, mortgages, property and equities.

Australian Unity Retirement Living Services

Australian Unity Retirement Living Services Limited (ABN 17 085 317 595) employs over 750 staff and has an enviable track record in the retirement living sector.

Australian Unity is a major provider of accommodation and related services to retirees, operating retirement villages and aged care facilities in 11 locations in New South Wales and in five locations in Victoria, offering over 1,700 home units, 450 aged care beds and 100 community care places as well as transitional and day respite care services.

Retirement village services range from completely independent living to assisted living in serviced apartments.

Whilst estimates vary, it is considered that retirement village living has penetrated only 5% of the over 65 age group. With the increasing consolidation in the sector leading to a greater focus on resident satisfaction and product quality, industry estimates indicate that retirement village living will continue to grow substantially over coming decades.

Australian Unity plans to increase the size of its retirement living business over the next few years. This growth strategy is underpinned by the rapidly rising demand for retirement and aged care accommodation in Australia.

These expansion plans demonstrate the commitment of Australian Unity to becoming an industry leader, differentiated by a commitment to quality and resident wellbeing.

A snapshot of the Notes

Snapshot	
Purpose of funds:	<p>The purpose of this capital raising is to facilitate withdrawals from Notes issued under Series 1 Prospectus #1. Notes redeemed from Prospectus #1 will be reissued to new investors under this prospectus.</p> <p>The capital raised by Australian Unity Finance under Prospectus #1 was lent to Australian Unity Retirement Living Investments to finance the acquisition of units in the Australian Unity Retirement Village Trust #1, which it continues to hold.</p> <p>Australian Unity Finance and Australian Unity Retirement Living Investments are related parties in the Australian Unity group of companies.</p>
Security:	<p>A Trustee has been appointed to hold certain security for the benefit of Note holders, and to enforce the security of the repayment of the funds invested by Note holders. This security is provided by Australian Unity Finance and consists of a registered first ranking security interest over:</p> <ul style="list-style-type: none"> ■ the loan, made by Australian Unity Finance to Australian Unity Retirement Living Investments; ■ the security interest, granted as security for the loan, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #1; and ■ the right to receive money payable in connection with the loan and the security interest. <p>The value of the assets supporting the security is sufficient and is reasonable likely to be sufficient to repay the Notes and other liabilities that rank in priority, or have equal priority, to the Notes. However, there is a risk that investors could lose some or all of their money.</p> <p>Details of the assets underlying the security are provided in Benchmark 5 on page 5. Further information concerning Australian Unity Finance's lending activities is provided in Benchmark 6 on page 6.</p> <p>Although these are secured Notes, they are not a bank deposit.</p>
Maximum amount to be raised in this prospectus:	A\$8,990,000 (8,990,000 Notes)
Issue price:	\$1.00 per Note
Minimum investment:	\$5,000 (5,000 Notes), and thereafter in multiples of \$1,000 (1,000 Notes)
Terms:	<p>3, 5, and 7 years.</p> <p>We may offer to extend the Notes for a further term in writing prior to maturity. See below for your withdrawal rights.</p>
Maturity dates:	<ul style="list-style-type: none"> ■ 3 Year Notes: 30 November 2015 ■ 5 Year Notes: 30 November 2017 ■ 7 Year Notes: 30 November 2019
Interest rates:	<ul style="list-style-type: none"> ■ 3 Year Notes: 7.00% per annum ■ 5 Year Notes: 7.50% per annum ■ 7 Year Notes: 7.50% per annum
Applications close:	30 November 2012. Offer may be closed earlier than this date.
Interest calculation and payment:	<p>Notes may be issued by Australian Unity Finance at any time after having received applications, up to the closure date. Regardless of when Notes are issued:</p> <ul style="list-style-type: none"> ■ Notes will be subject to the maturity dates specified above; and ■ Interest is calculated from the first Melbourne business day that your completed Application Form and application monies are accepted. <p>Generally, you will receive four equal payments of interest each year over the term of the Notes. Your first interest payment may also include interest from the day we accept your application.</p> <p>Interest is normally paid within 14 days of the end of each quarter, ending on:</p> <ul style="list-style-type: none"> ■ 28 February; ■ 31 May; ■ 31 August; and ■ 30 November
Fees:	We do not charge or deduct any management, entry or exit fees from investments that remain invested for the full term.
Early withdrawal:	Withdrawal prior to the maturity date will only be permitted solely at the discretion of Australian Unity Finance. Usually an early withdrawal request is approved only in exceptional circumstances, such as death or extreme financial hardship. An early withdrawal fee may apply. See page 11 for details.
Withdrawal at maturity:	<p>We may extend the term prior to the maturity date by notifying you in writing, together with all the information you need, including information on how to withdraw. Should you wish to withdraw, you will have an unrestricted opportunity to so do. You must notify us in writing no later than 3 months before the end of your scheduled maturity date of your election to withdraw.</p> <p>Should you not notify us that you wish to withdraw, your Notes will automatically extend for the same number of years as your original term. There are limited withdrawal rights, see page 11 for details. The interest rate payable for the extended term may vary from the interest rate noted above.</p>

ASIC Benchmarks

The Australian Securities and Investments Commission (ASIC) has issued a set of benchmarks to help you understand and assess unlisted debentures, such as these Notes. The benchmarks, including how the Notes measure against them, are set out below. This information has been provided to assist you in better understanding the nature of this investment. You should consider each of these benchmarks separately before making a decision to invest in the Notes.

In accordance with continuous disclosure obligations, we will maintain benchmark information for the Notes on our website, which will be updated at regular intervals and upon any material changes to the Notes.

The Notes are secured notes for the purposes of Section 283BH of the Corporations Act 2001 as modified by ASIC Class Order [CO 12/1482] *When debentures can be called secured notes*.

Benchmark 1: Equity Ratio

This benchmark requires issuers of debentures to have a minimum equity ratio (defined as total equity divided by total liabilities + total equity) of 8%, where they are not engaged in property development activities.

We meet this benchmark as we have an equity ratio of 10.7% as at 30 June 2012, which exceeds the minimum requirement of 8%. As at 30 June 2011 the rate was 10.3%.

Benchmark 2: Liquidity

This benchmark requires issuers to 'have cash flow estimates for the next three months' and to 'ensure that at all times they have cash or cash equivalents sufficient to meet projected cash needs over the next three months'.

We meet this benchmark as we prepare estimates of cash flows three months ahead to ensure that at all times we hold cash or cash equivalents sufficient to meet projected cash needs over the next three months.

We do not have a policy of matching loan terms with investment maturities as the underlying assets are long term businesses and are not realised at the end of loan terms.

In estimating cash flows, we take into account a reasonable estimate of rollovers based on previous experience. Material assumptions underlying cash flow projections include analysis of past maturities and consideration of budget projections, however we exclude new fundraising and new lending business.

Historically greater than 75% of Notes have been rolled over at maturity. Any changes to the interest rate offered on the Notes do not significantly impact net cash flow as the interest inflows are always 0.25% higher than interest outflows.

To ensure that at all times cash on hand or cash equivalents remains sufficient to meet projected cash needs over the next three months, Australian Unity Retirement Living Investments currently holds approximately \$1.3 million of cash which is available to cover cash flows from Australian Unity Retirement Village Trust #1 and Australian Unity Retirement Village Trust #2 should short term shortfalls in distributions from those trusts occur.

Cash flows for the three months to 31 December 2012 are estimated to be as follows:

Australian Unity Finance Limited	
Estimated Inflows	\$1.359m
Estimated Out Flows	\$1.299m
Estimated Net Cash Flow	\$0.060m

There are a total of \$16.071m worth of Notes expiring in the three months to 31 December 2012.

Benchmark 3: Rollovers

This benchmark requires issuers to clearly disclose their approach to rollovers.

We meet this benchmark as we outline our approach to rollovers in this prospectus. Rollovers do not happen automatically, however we may decide to extend the maturity date of the Notes. We may extend the term by notifying investors in writing at least four months prior to the maturity date, letting investors know the proposed interest rate and the maturity date for the extended term should the investor wish to extend.

Benchmarks 4 & 5: Debt Maturity and Loan portfolio

These benchmarks require issuers to disclose the maturity profile of interest bearing securities including value and interest rates or average interest rates applicable to their debts. And for issuers who on-lend funds to disclose the current nature of their loan portfolio.

We meet these benchmarks and understand the importance of a transparent loan portfolio. The nature of the loan portfolio at 30 June 2012 was as follows:

Interest bearing Debt	Years to maturity	Interest rate %p.a.	Value \$m
Series 1	0.42	9.00	8.990
	1.42	8.25	1.286
	2.42	8.25	8.598
	3.42	8.75	3.808
	4.42	8.50	1.318
Series 2	2.50	8.25	4.118
	3.75	8.00	2.912
	4.50	8.50	0.770
Series 3	0.50	8.00	7.081
	1.75	8.25	0.120
	2.00	8.50	5.823
	2.00	8.25	0.498
	2.75	8.25	0.130
	3.00	8.00	4.515
	3.75	7.50	7.045
	4.75	8.50	0.145
	4.00	8.75	3.521
	4.00	8.50	0.890
	4.50	8.50	0.233

What is the maturity profile of the interest bearing assets by term and value?

The maturity profile of the interest bearing assets at 30 June 2012 as follows:

Interest bearing Assets	Years to maturity	Interest rate %p.a.	Value \$m
Series 1	0.42	9.25	8.990
	1.42	8.50	1.286
	2.42	8.50	8.598
	3.42	9.00	3.808
	4.42	8.75	1.318
Series 2	2.50	8.50	4.118
	3.75	8.25	2.912
	4.50	8.75	0.770
Series 3	0.50	8.25	7.081
	1.75	8.50	0.120
	2.00	8.75	5.823
	2.00	8.50	0.498
	2.50	8.50	0.130
	2.75	8.25	4.515
	3.00	7.75	7.045
	3.75	8.75	0.145
	4.00	9.00	3.521
	4.00	8.75	0.890
	4.50	8.75	0.233

How many loans are in the portfolio and what is the value of them?

There are three loans:

- \$24,000,000; and
- \$7,800,000; and
- \$30,000,000.

What proportion of the total loan monies are lent on a 'secured' basis and what is the nature of the security?

All of the loan monies are lent on a secured basis.

Series 1 Notes and Series 2 Notes are secured by first ranking security interests held by the Trustee for the benefit of Note holders, over:

- the loans made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the security interests, granted as security for the loans, over allotments of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #1; and
- the right to receive money payable in connection with the loans and the security interests.

Series 3 Notes are secured by a first ranking security interest, held by the Trustee for the benefit of Note holders, over:

- the loan made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the security interest, granted as security for the loan, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #2; and
- the right to receive money payable in connection with the loan and the first ranking security interest.

Australian Unity Finance has provided the above security arrangements which are held by the Trustee for the benefit of Note holders.

How are the loans classified by activity and geographic region?

There is one loan for \$24,000,000 funded by Series 1 Notes which has been used by Australian Unity Retirement Living Investments to invest in units in a trust - the Australian Unity Retirement Village Trust #1, which owns and operates retirement villages and aged care facilities in Victoria and New South Wales.

There is a second loan for \$7,800,000 funded by Series 2 Notes which has been lent by Australian Unity Retirement Living Investments to Australian Unity Retirement Living Services to use to expand its retirement living business in Victoria and New South Wales.

There is a third loan for \$30,000,000 funded by Series 3 Notes which has been used by Australian Unity Retirement Living Investments to invest in units in a trust - the Australian Unity Retirement Village Trust #2, which owns and operates retirement villages in New South Wales.

Australian Unity Retirement Village Trust #1		
State	No of Retirement Villages	Value (\$M) (30 June 2012)
NSW	2	46.10
VIC	1	17.16

Australian Unity Retirement Village Trust #2		
State	No of Retirement Villages	Value (\$M) (30 June 2012)
NSW	3	60.09

What proportions of the loans are in default or arrears?

The loans funded by Series 1 Notes, Series 2 Notes and Series 3 Notes are not in default or arrears, and have not been at any time since the loans were established.

What proportion of the total loan monies have been lent to our largest borrower? And 10 largest borrowers?

All of the loan monies funded by Series 1 Notes have been lent to Australian Unity Retirement Living Investments.

All of the loan monies funded by Series 2 Notes have been lent to Australian Unity Retirement Living Investments, which on lent all of the loan monies to Australian Unity Retirement Living Services.

All of the loan monies funded by Series 3 Notes have been lent to Australian Unity Retirement Living Investments.

What proportions of the loans are in subject to legal proceedings?

There are no loans subject to legal proceedings.

Benchmark 6: Related party transactions

This benchmark requires issuers who on-lend funds to disclose their approach to related party transactions and any policy the Issuer has regarding related party lending.

We meet this benchmark. All loans have been lent to related parties. The prospectuses state that the proceeds raised by Australian Unity Finance from issuing the Series 1 Notes have been lent to a related party - Australian Unity Retirement Living Investments and the proceeds raised by Series 2 Notes have been lent by the Issuer to Australian Unity Retirement Living Investments and then on lent to Australian Unity Retirement Living Services.

These loans total \$61.8 million equating to 50.10% of total assets.

The proceeds raised by Australian Unity Finance from issuing the Series 3 Notes have been lent to a related party - Australian Unity Retirement Living Investments.

Investors should refer to Benchmarks 4 & 5 for further details on specific loans. The terms of the loans funded by the Notes are detailed in a loan agreement, and the loans have been entered into on commercial terms.

All other transactions we enter into in relation to the Notes, including those with related parties, are on arm's length commercial terms. Entities within the Australian Unity Group may provide registry, accounting and tax services to the Notes for fees charged at commercial rates.

Policies and guidelines are in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction. Related party transactions with Australian Unity group entities are reviewed and approved by senior management with clearly identified governance policies and guidelines.

Benchmark 7: Valuations

This benchmark for property valuations, where an issuer is involved in or lends money for property-related activities, requires the issuer to establish a panel of valuers, and to ensure that no one valuer conducts more than a third of the issuer's valuation work.

We do not meet this benchmark as the Issuer does not use property valuers for these valuations, and therefore has not established a panel of valuers for valuations.

Australian Unity Property values the units held by Australian Unity Retirement Living Investments in the Australian Unity Retirement Village Trust #1 and the Australian Unity Retirement Village Trust #2 (the Trusts) quarterly on a 'going concern' basis. The underlying assets in each of the Trusts are also valued at that time by the trustee, Australian Unity Property.

The nature of the assets in each of the Trusts is the business of owning and operating retirement villages and aged care facilities, rather than the direct property itself.

Series 1 Notes and Series 2 Notes are secured by first ranking security interests, held by the Trustee for the benefit of Note holders, over:

- the loans made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the security interests, granted as security for the loans, over allotments of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #1; and
- the right to receive money payable in connection with the loans and the security interests.

Series 3 Notes are secured by a first ranking security interests, held by the Trustee for the benefit of Note holders, over:

- the loan made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the security interest, granted as security for the loan, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #2; and
- the right to receive money payable in connection with the loan and the security interests.

The underlying assets of the Australian Unity Retirement Village Trust #1 and the Australian Unity Retirement Village Trust #2 – the physical retirement village properties – are not security for any of the Notes Series.

Benchmark 8: Lending principles - loan-to-valuation ratios

This benchmark requires loan-to-valuation ratios to not exceed 80%, where an issuer on-lends money in relation to property-related activities and the loan does not relate to property development.

We meet this benchmark as the ratios of the loans to the market value of Australian Unity Retirement Living Investments' units in each of the Trusts is less than the required 80% as shown below:

Trust	Loan-to-value Ratio (as at 30 June 2012)
Australian Unity Retirement Village Trust #1	60.70%
Australian Unity Retirement Village Trust #2	55.98%

Understanding the risk of investing

What is risk?

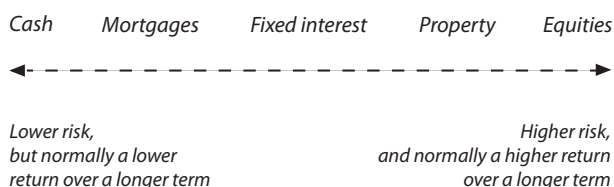
'Risk' can generally refer to the variability and volatility of an investment return and the likelihood of incurring a loss on your investment.

All investments come with a degree of risk. You will need to determine how much risk you are able, or willing, to tolerate. The main risks of investing include a decrease in the value of your investment, a fluctuation or a decrease in the amount of income generated from the investment, or a lower than expected rate of return.

These risks can arise from various circumstances, including:

- changes to government policies relating to tax or economics that may have adverse impacts on investment markets or the tax treatment of investment returns ('regulatory risk'); and
- changes to social, economic (e.g. inflation and interest rates), political, commercial and technological environments or to market sentiment, that may make certain investments less attractive ('market risk').

It is commonly accepted that there is a relationship between the level of return generated by an investment and its level of risk. The spectrum below shows the five main types of investments according to their relationship between risk and return for you to consider.



If the security of your money is your highest concern when selecting investments, you should choose an investment with lower risk, bearing in mind that your return may be lower in the long-term. Conversely, if your focus is towards achieving higher returns, you will need to be comfortable with the fluctuations in the value of your investment before selecting an investment with higher risk.

Risks relevant to this investment

A secured note is a type of fixed interest investment. It is a loan from you to the borrower at a fixed rate of interest, and for a defined term.

This is achieved by purchasing a note that has been issued by the borrower that is an obligation on the borrower to pay you accrued interest on the loan, and to repay to you the principal of the loan at the end of the term.

Interest rate risk

The rate of interest paid by the borrower is fixed for the term, whereas market interest rates may vary. There is a risk that market interest rates may go up over the term and be higher than that paid by the borrower to you as a Note holder. The interest rates applied for the terms of the Notes are listed on page 3. Should we extend the terms of the Notes upon maturity, the interest rates offered at that time may be different.

Term risk

Generally, you cannot withdraw your investment before the end of the term. Except in exceptional circumstances you will be required to hold the Notes for their full term. We may extend the term of the Notes by notice in writing at least four months before the scheduled maturity date. Unless you notify us in writing by no later than three months before the maturity date that you wish to withdraw your investment, you will be taken to have extended your Notes for the further term and at the interest rate specified in our notice. See "Early withdrawal" on page 11 for further details.

These Notes are not traded on a market exchange like equities are traded, therefore, unless you find a willing buyer they cannot be easily transferred or sold.

Borrower risk

There is a risk that the borrower may not be able to meet its obligations to pay you interest, and to repay your principal in full or at all, that is, there is a risk that investors could lose some or all of their money. A circumstance may arise where a significant number of Note holders wish to withdraw at maturity and we do not have the liquid assets available to meet withdrawals. In such a situation we would seek to raise replacement capital, however there is a risk we may be unable to do so.

The borrower's capacity to meet its obligations is affected by the performance of Australian Unity Retirement Living Services. Risk relating to the performance of Australian Unity Retirement Living Services is outlined in the "Retirement village operations risk" section below. The Notes are not secured against any direct property assets of the borrower, and in the event of a default on the part of the borrower there is a risk that the amount of capital repaid to you could be delayed and/or reduced. See page 16 "Defaults and how they are handled" for further information.

Retirement village operations risk

The operating and financial performance of Australian Unity Retirement Living Services, a related party to AUFL, is dependent on the value of the retirement village properties as well as the turnover of units at the retirement villages.

A significant decline in the value of the retirement village properties or the turnover of units would have a material adverse effect on the operating and financial performance of Australian Unity Retirement Living Services and impact the value of Australian Unity Retirement Village Trust#1. This in turn would impact the ability of Australian Unity Finance to meet its interest obligations to you as a Note holder.

Australian Unity Retirement Living Investments derives income from retirement villages and related assets. This income supports interest payments to Note Holders. There is the risk that operation of the underlying retirement villages and related assets does not deliver sufficient income to enable Australian Unity Retirement Living Investments to meet its repayment obligations to Australian Unity Finance. However, Australian Unity Retirement Living Investments holds an amount of cash which is available to support cash flows from Australian Unity Retirement Village Trust #1 should short term shortfalls in distributions from those trusts occur.

Regulatory risk

The operation of retirement villages is subject to government regulatory risk. Any change in government policy towards retirement villages may impact the operating and financial performance of Australian Unity Retirement Living Services and Australian Unity Retirement Living Investments' investment in AURVT#1. This in turn would impact the ability of Australian Unity Finance to meet its interest obligations to you as a Note holder.

How we manage risk

We are unable to eliminate all investment risks, but we do analyse, manage and aim to reduce the impact of risks through the use of carefully considered investment guidelines and processes.

How you can manage your risk

In managing your risk, we recommend that you:

- seek your own professional advice to help you understand how your current financial situation, and your investment objectives, affect the selection of investments that you can make;
- consider your investment timeframe, your investment objectives and your risk tolerance; and
- diversify your investments to help reduce risk and the volatility of investment returns.

Features of the Notes

Purpose

This prospectus invites applications for investment in secured notes which are a loan from you to Australian Unity Finance. We are obliged to pay you accrued interest on the loan quarterly and to repay to you the principal of the loan at maturity.

Funds raised under this prospectus will be used to facilitate withdrawals from Notes issued under Prospectus #1 that mature on 30 November 2012.

Notes that mature and are redeemed on 30 November 2011 will be reissued to new investors under this prospectus.

The capital raised by Australian Unity Finance under Prospectus #1 was loaned to Australian Unity Retirement Living Investments - a related party in the Australian Unity group of companies - to finance the acquisition of units in the Australian Unity Retirement Village Trust #1.

Security

The Notes are classified as 'secured notes' under the Corporations Act 2001 (Cth), as modified by ASIC Class Order [CO 12/1482] *When debentures can be called secured notes. These Notes are not a bank deposit.*

The Notes are issued under a Trust Deed which contains the terms and conditions on which applications for investment may be accepted, and contains a number of binding conditions on Australian Unity Finance for your protection.

The loan made by Australian Unity Finance to Australian Unity Retirement Living Investments is also subject to contractual arrangements and obligations between the various parties including a loan agreement and a first ranking security interest.

The Trustee has been appointed as independent trustee to hold certain security for the benefit of Note holders, and to enforce the security of the repayment of the funds invested by Note holders. This security consists of a first ranking security interest over:

- the loan made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the security interest, granted as security for the loan, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #1; and
- the right to receive money payable in connection with the loan and the security interest.

The value of the assets supporting the security is sufficient and is reasonably likely to be sufficient to repay the Notes and other liabilities that rank in priority, or have equal priority, to the Notes. However, there is the risk that investors could lose some or all of their money.

The security the Trustee holds for the benefit of Note holders may be affected by the financial position or performance of Australian Unity Retirement Living Services. Refer to "Retirement village operations risk" on page 9 for more information.

Applications to invest

The maximum amount to be raised under this prospectus will be A\$8,990,000 (8,990,000 Notes).

The issue price for a note is \$1.00. The minimum investment amount is \$5,000 (5,000 Notes), and thereafter in multiples of \$1,000 (1,000 Notes).

You can make an investment in the Notes by completing the Application Form at the back of this prospectus and sending it to us along with a cheque or with completed direct debit details. Pending the issue of Notes to an investor, the application monies will be held in a trust account that complies with the Corporations Act.

No applications will be accepted on the basis of this prospectus later than 30 November 2012. We may close this offer of Notes earlier than this date. If the Notes you have applied for are fully subscribed by the date on which we receive your Application Form and application monies, your application monies will be returned to you.

The 14 day cooling off period that applies to investors for some financial products does not apply to this investment.

Interest rate and term offered

There are three separate terms available for investment, each with the corresponding interest rate:

- 3 Year Notes: 7.00% per annum
- 5 Year Notes: 7.50% per annum
- 7 Year Notes: 7.50% per annum

The maturity date for each term is:

- 3 Year Notes: 30 November 2015
- 5 Year Notes: 30 November 2017
- 7 Year Notes: 30 November 2019

Interest calculations

The interest rates are quoted as a 'per annum' rate. They are calculated from the first Melbourne business day that your completed Application Form and application monies are accepted by us until the end of the term.

Interest payment frequency

Interest is paid quarterly in arrears, based on a quarter of the 'per annum' interest rate. There is no deferred interest payment or interest reinvestment option available.

Interest is normally paid within 14 days of the end of each quarter, ending on: 28 February, 31 May, 31 August and 30 November. Your first interest payment may also include interest from the day we accept your Application Form and application monies.

Payments only by direct credit

Interest payments and the repayment of your principal will only be made by direct credit into the account specified by you in the Application Form or as advised to us in writing. We cannot pay by cheque.

If you do not nominate an account (or your payment is not accepted into your nominated account), payments will be invested on your behalf in the Australian Unity Wholesale Cash Fund (ARSN 111 933 361), until you notify us otherwise.

Early withdrawal

We are not required to accept withdrawal requests before the end of the term or any other further term should the term of your Notes be extended for a further term. We may accept an early withdrawal request in whole or in part at our absolute discretion, and generally only in exceptional circumstances. Should you wish to withdraw some or all of your investment in the Notes before the end of the term and Australian Unity Finance agrees to your early withdrawal request, an early withdrawal fee may apply, see 'Fees and expenses' for the amount of the fee.

Transfers

You have the flexibility to transfer your Notes to another person prior to the end of the term free of charge by completing a standard transfer form. A copy can be obtained by telephoning Australian Unity Investments on 13 29 39.

The Notes may only be transferred in lots of 1,000 Notes. Any transfer registered by Australian Unity Finance prior to the payment of interest for the quarter will result in all of that quarter's interest being paid to the new holder of the Notes.

Withdrawal at maturity

At maturity, we will repay the principal in full together with any final interest payment within 14 days.

Term extensions or rollovers

We may extend the term or any further term by notifying you in writing at least four months prior to the scheduled maturity date, letting you know the proposed interest rate and the maturity date for the extended term.

If you do not wish to invest for the extended term, simply notify us in writing three months prior to the maturity date letting us know that you wish to withdraw. Should you wish to withdraw, you will have an opportunity to do so at the scheduled maturity of your Notes by giving three months notice as described above.

However, if you do not notify us that you wish to withdraw you will be taken to have extended your Notes for the additional term at the interest rate notified by us, and you will not be able to withdraw before the end of the term other than in accordance with the information under the heading 'early withdrawal' above.

Fees and expenses

We do not charge or deduct any entry, exit or management fees from your investment in the Notes if you hold them for the full term.

An early withdrawal fee may apply if we accept a withdrawal request before the end of the term. Australian Unity Finance may deduct from your principal an amount of up to 50% of the interest payable for the term of the Notes, should the withdrawal request be accepted.

Should we extend the term, then the early withdrawal fee will only apply from the original maturity date to the maturity date of the extended term. We will confirm this fee in writing to you before we accept your early withdrawal request.

Commissions

Your financial adviser will receive remuneration for placing your investment in the Notes unless they choose not to receive it. The remuneration is paid as commission. This is not a cost that is paid by you. It is paid by Australian Unity Funds Management.

The commission (including GST) is:

- an initial payment equivalent to 0.55% of the value of your investment; and
- an ongoing payment equivalent to 0.44% per annum of the value of your investment, paid quarterly, commencing 12 months after the issue of your Notes.

Your financial adviser is required to disclose to you all remuneration received for placing your investment in the Notes. You may be able to negotiate adviser remuneration with your financial adviser. Any reduction in adviser remuneration will be paid to you (excluding GST) in addition to the interest paid by the Notes.

Alternative remuneration register

From time to time, we may also offer other incentives (alternative remuneration to your financial adviser) which are determined by us and paid out of our own money.

Australian Unity Investments maintains an Alternative Remuneration Register in accordance with the FSC/FPA Industry Code of Practice on alternative forms of remuneration in the wealth management industry. The register outlines alternative forms of remuneration that are paid and received by us. You may inspect a copy of the register at our registered office at any time between 9:00am and 5:00pm on a Melbourne business day.

Duties and taxes

Any bank or government fees, duties or taxes incurred in connection with any investment under this prospectus may be deducted from either or both of the interest paid, or the capital returned to you.

Taxation

The interest payments you receive will generally be treated as assessable income and will need to be included in your annual income tax return for the financial year in which the interest payments are received.

Each year you will receive a statement providing details of your assessable income in relation to the Notes for the preceding 12 months to 30 June to assist you in preparing your income tax return.

Refer to page 18 for more information on taxation.

Stock exchange listing

Australian Unity Finance does not propose to apply to have the Notes listed for quotation on the Australian Securities Exchange Limited (ASX) or any other market on which the Notes may be traded.

Related party transactions

All transactions we enter into in relation to the Notes, including those with related parties, are conducted on commercial terms (i.e. on an arms-length basis). Consequently, investor approval has not been sought for these arrangements. Australian Unity Finance's business is to finance the activities of related companies, which in turn may invest in assets including retirement villages, retirement village unit trusts and retirement village related investments managed by related companies.

Those related companies will usually earn fees or investment returns in respect of the assets and investments. These fees will usually comprise establishment fees, ongoing management fees and deferred management fees. The amount of those fees will vary from time to time. Similarly, companies within the Australian Unity group of companies may earn fees in respect of the acquisition or management of any property where the deposit for the acquisition of the property is ultimately financed by Australian Unity Finance.

Directors of the Issuer

The directors of Australian Unity Finance are David Bryant, Anthony Connon, Ian Ferres, Rohan Mead, and Warren Stretton.

Interests of the directors of the Issuer

The following directors of Australian Unity Finance, namely David Bryant, Anthony Connon and Rohan Mead, are employees of a company in the Australian Unity group. The employment contracts for each of these directors contain terms for their remuneration under which performance bonuses may be paid in respect of the financial performance of Australian Unity. The success of this issue of Notes may affect the financial performance of Australian Unity, and therefore be a factor in making bonus determinations under those employment contracts.

As at the date of this prospectus Mr Warren Stretton, director of Australian Unity Finance, holds an interest in \$20,000 of Series 3 Notes. Mr Ian Ferres, director of Australian Unity Finance holds an interest in \$100,000 of Series Notes 1. Directors of Australian Unity Finance may acquire Notes under this prospectus. Directors of Australian Unity Finance are not required to hold Notes.

Consents of directors

The directors of Australian Unity Finance have given, and not withdrawn as at the date of this prospectus, their consent to the issue of this prospectus. This prospectus has been signed by Mr David Bryant, on behalf of Australian Unity Finance.



David Bryant
Director – Australian Unity Finance

Financing arrangements

How the funds raised are used

The Australian Unity group currently develops and operates retirement villages and aged care facilities in New South Wales and Victoria.

Australian Unity has in place a growth strategy which is underpinned by the rapidly rising demand for retirement villages and aged care facilities across Australia.

In order to support this growth strategy, Australian Unity Finance raised funds through the issue of the Notes under Prospectus #1 to loan to Australian Unity Retirement Living Investments.

Australian Unity Retirement Living Investments

Australian Unity Retirement Living Investments derives income from retirement villages and related assets and may participate in any capital growth in the value of the assets. It is this income that supports interest payments to investors in the Notes.

The assets of Australian Unity Retirement Living Investments include units in two trusts, Australian Unity Retirement Village Trust #1 and Australian Unity Retirement Village Trust #2.

Australian Unity Finance holds a first ranking security interest over an allotment of units in Australian Unity Retirement Village Trust #1 as part of the security arrangements for the loan to Australian Unity Retirement Living Investments.

Australian Unity Retirement Village #1 Trust owns and operates the following:

Willandra Village

Located at Cromer, New South Wales, Willandra Village comprises 225 self-care units and 43 serviced apartments.

Willandra Bungalows

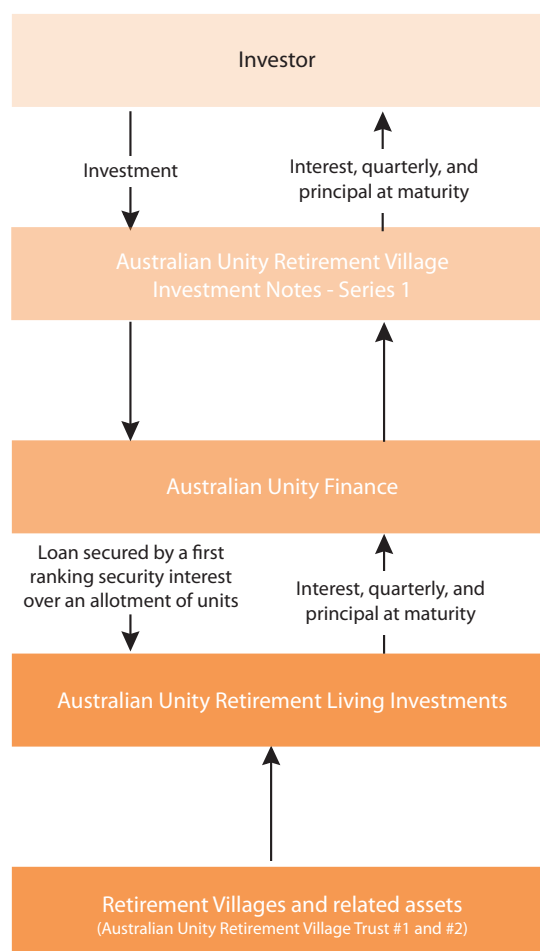
Located at Cromer, New South Wales, Willandra Bungalows provides a clubhouse and various recreational facilities to accompany 90 self-care individual bungalow style accommodation units.

Walmsley Friendship Village

Located at Kilsyth in Victoria, Walmsley Friendship Village comprises 198 villa style units, and caters for retirees looking to live independently in stand-alone accommodation.

Financing structure

The structure of the financing arrangements between Australian Unity Finance and Australian Unity Retirement Living Investments is set out in the diagram below.



Financial information

Summary balance sheet information from the audited financial statements of:

Australian Unity Finance Limited

	30-Jun-12*	30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-08
	\$000's	\$000's	\$000's	\$000's	\$000's
Assets					
Cash and deposits at call	8,345	7,833	7,581	4,561	3,365
Trade and other receivables	207	210	200	6,505	199
Loan to Australian Unity Retirement Living Investments Limited	61,800	61,800	61,800	61,800	24,000
Other non-current assets	-	1	4	8	-
Deferred Tax Asset	6	2	1	2	1
Total Assets	70,358	69,896	69,586	72,876	27,565
Liabilities					
Trade and other payables	(1,170)	(1,009)	(1,057)	(4,600)	(196)
Notes on issue	(61,800)	(61,800)	(61,800)	(61,800)	(24,000)
Total Liabilities	(62,970)	(62,809)	(62,857)	(66,400)	(24,196)
Net Assets	7,388	7,087	6,729	6,476	3,369
Shareholder's Equity					
Share Capital	6,000	6,000	6,000	6,000	3,000
Retained Earnings	1,388	1,087	729	476	369
Total Shareholder's Equity	7,388	7,087	6,729	6,476	3,369
LVR=1.1 (Assets/Liabilities)	1.12	1.11	1.11	1.10	1.14

Summary balance sheet information from the audited financial statements of:

Australian Unity Retirement Living Investments Limited

	30-Jun-12 ³	30-Jun-11		30-Jun-10		30-Jun-09		30-Jun-08	
	\$000's	\$000's		\$000's		\$000's		\$000's	
	Parent	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
Assets									
Cash and deposits at call	1,322	8,765	8,510	1,831	221	2,116	1,805	605	599
Trade and other receivables ¹	3,984	3,741	1,342	10,242	6,237	6,627	2,550	1,557	625
Loan receivable from RLS	7,800	9,800	7,800	7,800	7,800	7,800	7,800	-	-
Loan receivable from Australian Unity Limited	3,200	-	-	-	-	-	-	-	-
Investment in Village Units ²	-	113,887	-	104,297	-	94,008	-	40,597	-
Units in Australian Unity Retirement Village Trust #1 at cost	34,488	-	34,188	-	32,188	-	32,188	-	32,215
Units in Australian Unity Retirement Village Trust #2 at cost	44,339	-	44,339	-	44,339	-	44,339	-	-
Other assets	-	1	-	1	-	-	-	52	-
Property, plant and equipment	-	40	-	16	-	42	-	12	-
Deferred tax assets	-	7	-	1,067	-	3,263	1	4,798	14
Total Assets	95,133	136,241	96,179	125,252	90,785	13,856	88,683	47,621	33,453
Liabilities									
Trade and other payables	(5,136)	(5,640)	(4,551)	(4,235)	(3,114)	(2,001)	(805)	(180)	(180)
Australian Unity Finance Limited loan	(61,800)	(61,800)	(61,800)	(61,800)	(61,800)	(61,800)	(61,800)	(24,000)	(24,000)
Australian Unity Retirement Living Services loan	-	(1,100)	-	-	-	-	-	-	-
Australian Unity Limited loan	-	-	-	(7,994)	(5,494)	(900)	-	(750)	-
Deferred tax liabilities	-	(12,094)	-	(8,828)	-	(6,265)	-	(3,222)	-
Provisions	-	(14)	-	(83)	-	(183)	-	-	-
Total Liabilities	(66,936)	(80,648)	(66,351)	(77,846)	(65,314)	(71,149)	(62,605)	(28,152)	(24,180)
Net Assets	28,197	55,593	29,828	47,408	25,471	42,707	26,078	19,469	9,273
Shareholder's Equity									
Share Capital	27,172	26,872	26,872	24,872	24,872	24,872	24,872	8,215	8,215
Retained Earnings	1,025	25,709	2,956	19,702	599	15,180	1,206	11,254	1,058
Minority Interest	-	3,012	-	2,834	-	2,655	-	-	-
Total Shareholder's Equity	28,197	55,593	29,828	47,408	25,471	42,707	26,078	19,469	9,273
LVR = Net assets of AURVT #1 + AURVT #2 (held by AURLIL) / loan to AUFL	1.71	-	1.64	-	1.55	-	1.46	-	1.77
Australian Unity Retirement Village Trust #1 Valuations (Net assets as per accounts)	55,568	-	52,646	-	48,084	-	44,351	-	42,410
Market value of loan security based on units on issue in AURVT	42,392	-	42,392	-	42,392	-	42,392	-	41,199
Australian Unity Retirement Village #2 Trust Valuations (Net assets as per accounts)	53,593	-	51,644	-	50,379	-	48,803	-	-
Market value of loan security based on units on issue in AURVT #2	44,339	-	44,339	-	44,339	-	44,339	-	-

A copy of the latest Annual Report for Australian Unity, including audited financial statements, lodged with ASIC is available on our website in the 'About Us' section at australianunity.com.au, or by contacting us on 13 29 39 during business hours.

¹ includes net inter-entity receivables

² Net of deposits liabilities

³ In accordance with the provisions of Australian Accounting Standard AASB 127, the company has not prepared consolidated financial statements for the year ended 30 June 2012; audited financial statements for the period were prepared for the parent company only.

Investor protection

Security for your investment

The Notes are classified as 'secured notes' under the Corporations Act 2001 (Cth) as modified by ASIC Class Order [CO 12/1482] *When debentures can be called secured notes*.

The Notes are issued under a Trust Deed which contains a number of binding conditions on Australian Unity Finance for your protection.

The loans made by Australian Unity Finance to Australian Unity Retirement Living Investments are also subject to contractual arrangements and obligations between the two parties, including a loan agreement and a first ranking security interest over certain assets of Australian Unity Retirement Living Investments.

In addition, the Trustee has been appointed to hold certain security for the benefit of Note holders, and to enforce the security of the repayment of the funds invested by Note holders. This security consists of a first ranking security interest, registered with Personal Property Securities Register, over:

- the loan made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the security interest, granted as security for the loan, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #1; and
- the right to receive money payable in connection with the loan and the security interest.

The value of the assets supporting the security is sufficient and is reasonably likely to be sufficient to repay the Notes and other liabilities that rank in priority, or have equal priority, to the Notes.

Details of the assets underlying the security are provided in Benchmark 5 on page 5. Further information concerning Australian Unity Finance's lending activities is provided in Benchmark 6 on page 6.

Trustee and Trust Deed

Australian Unity Finance has appointed The Trust Company (Australia) Limited as the independent trustee of the Notes.

This issue of Notes is subject to a Trust Deed and the Corporations Act 2001 (Cth). They set out the powers and duties of the Trustee to ensure that certain obligations are met by Australian Unity Finance in relation to the issue of the Notes.

The Trust Deed contains certain protections for the interests of investors in the Notes.

For example:

- i. Australian Unity Finance is not permitted to issue Notes unless it has:
 - total eligible assets of at least 110% of its total weighted liabilities; and

- sufficient liquid assets to pay six months interest in respect of the liability for the Notes.
- ii. Australian Unity Finance is prohibited from creating any liability which would have priority over the interests of the holder of Notes.

At each quarter's end, when interest payments are due, these financial tests must be met by Australian Unity Finance.

If Australian Unity Finance was unable to satisfy these tests, a notice of the breach would be issued by the Trustee, giving 30 days notice to rectify the breach. A failure to do so would constitute an event of default.

In addition, Australian Unity Finance is required to promptly notify the Trustee if it should become aware of a breach of the financial tests referred to above. It must issue a quarterly report to the Trustee which confirms that the financial covenants have been met, and which states whether it has any reason to believe that the financial covenants may not be met for the following quarter.

The statements in this prospectus only provide a summary of some of the provisions of the Trust Deed. You can inspect a copy of the Trust Deed at our Melbourne office at any time between 9:00am and 5:00pm on a Melbourne business day.

The Trustee has given and not withdrawn its written consent to be named as Trustee in this prospectus. The Trustee has not authorised or caused the issue of this prospectus. Neither the Trustee nor any member of The Trust Company Group makes any representations as to the truth or accuracy of the contents of this prospectus. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any parts of this prospectus.

The Trustee has relied upon the Issuer for the accuracy of the contents of this prospectus. Neither the Trustee nor any member of The Trust Company Group makes any representations as to the performance of the issue, the maintenance of capital or any particular rate of return.

Defaults and how they are handled

Examples of events of default include, if:

- Australian Unity Finance fails to pay any amount due within 20 business days including payment of interest and repayment of your principal;
- Australian Unity Finance breaches any material provision of the terms under which the Notes are issued and the breach is not rectified within 30 business days after service of a notice from the Trustee;
- a defined insolvency event occurs in respect of Australian Unity Finance (including the appointment of a liquidator, receiver or administrator, or a person appointed to manage the affairs of Australian Unity Finance); or
- Australian Unity Finance creates or allows to exist an encumbrance over any property which is subject to the security arrangements.

If an event of default occurs, the Trustee must, if directed by an extraordinary resolution passed at a meeting of Note holders, amongst other things, give written notice to Australian Unity Finance, requiring it to immediately repay all outstanding and accrued interest on the Notes, together with the capital amount due. A meeting of Note holders may be convened by a request in writing from not less than 10 percent of the aggregate of all Notes on issue or the Notes of a Series. A notice of the meeting is then required to be provided to Note holders at least 21 days in advance of the meeting to inform them of the day, time, and place of the meeting. For an extraordinary resolution to be passed at such a meeting, not less than 75% of the votes cast must vote in favour of the resolution. The time this process takes may impact the Trustee's ability to recover, which may mean you do not receive repayment of your capital in full.

Interest will accrue on any unpaid amount from the original date of payment until the unpaid amount has been repaid in full, at the same interest rate.

In addition, at any time after an event of default has occurred, the Trustee can take any of the following enforcement actions:

- appoint a receiver of the security;
- undertake the functions of a receiver;
- require Australian Unity Finance to act exclusively in accordance with the Trustee's directions; or
- take any other action to enforce the security.

Additional security arrangements

The loan from Australian Unity Finance to Australian Unity Retirement Living Investments is subject to a loan agreement detailing the amount available, how the funds may be used, and the obligations of Australian Unity Retirement Living Investments.

Australian Unity Finance also holds a first ranking security interest, registered with ASIC, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #1 as security for the loan.

The loan agreement contains certain protections for the interests of investors in the Notes.

For example:

- Australian Unity Retirement Living Investments must make interest payments and repay the principal within seven days of the due date for payment;
- Australian Unity Retirement Living Investments must ensure the market value of the units, held as security for the loan, in Australian Unity Retirement Village Trust #1 are at least 110% of the total amount owing under the loan agreement;
- Australian Unity Retirement Living Investments is prohibited from creating any encumbrance over the security interests held as security for the loan which would have priority over the interests of Australian Unity Finance;
- Australian Unity Retirement Living Investments must not become insolvent; and
- Australian Unity Retirement Living Investments must remain a wholly owned subsidiary of Australian Unity.

At each quarter's end, when interest payments are due, these tests must be met by Australian Unity Retirement Living Investments and reported to Australian Unity Finance so that Australian Unity Finance can regularly monitor the security of the loan funds advanced.

A failure by Australian Unity Retirement Living Investments to meet its required obligations under the loan agreement can amount to an event of default, which would enable Australian Unity Finance to accelerate the repayment of all amounts owing, and to exercise its rights of enforcement under the security interest over the security for the loan.

Ranking and issue of new notes

Investments under this prospectus will rank equally with all other Notes that have been issued by Australian Unity Finance.

While there are Notes outstanding, and subject to the restrictions in the Trust Deed, Australian Unity Finance may issue other Notes, whether or not on the same terms and conditions as this issue.

Additional information

Taxation

Some tax implications of investing in the Notes are explained below. It is intended to be a brief guide only and does not purport to be a complete statement of the relevant taxation law. The taxation law is complex and its application is dependent on your individual circumstances. We recommend that you seek independent professional advice about how it applies in your specific circumstances.

The following summary generally applies to investors who hold their investment for the purpose of realising a long-term return (that is, hold their investment on capital account for tax purposes). It is based on our interpretation of the current law as at the date of this prospectus.

While you hold your investment

Interest payments you receive from investing in the Notes will generally be treated as your assessable income. You will need to include them in your income tax return.

To assist you to complete your income tax return, you will receive an annual tax statement from us. This statement will provide you with details of the interest payment to be included in your tax return.

When you withdraw

Generally, the Notes are regarded as 'traditional securities' for tax purposes. In the ordinary course of events, no income tax gain or loss arises on their sale or redemption in circumstances where the realised amount is the same as the face value of the Notes.

Where a sale or redemption at market value realises an amount greater or less than the face value of the Notes, an assessable or deductible amount may need to be included in your income tax return.

Taxation of Financial Arrangements

In addition to the above, the Taxation of Financial Arrangements (TOFA) rules apply. The rules could impact how taxpayers calculate gains and losses from certain financial arrangements. The TOFA rules would not automatically apply to all investors (e.g. individuals are excluded from the application of the TOFA regime). Please note that TOFA contains very complex rules. Investors are recommended to seek their own professional advice as to whether the TOFA rules have any application to their respective investments.

Non-residents

If you are not an Australian resident for tax purposes, withholding tax will be deducted from your interest payments at the prescribed rate.

TFN Withholding Tax

If you are an Australian resident, you may choose whether or not to provide a Tax File Number or Australian Business Number. If neither is quoted and no relevant exemption information is provided, we are required to withhold tax on your interest payments at the highest marginal tax rate plus the Medicare levy.

Goods and Services Tax (GST)

The acquisition, redemption and transfer of the Notes should not be subject to GST. Interest payments should also not give rise to any GST consequences.

Keeping you informed

To help keep you informed of your investment, we will send you the following:

Communication	Frequency
Confirmation of your initial application	At the time of the transaction
Tax statement showing full taxation details	Annually
Distribution Statement	Quarterly

Notes will be issued by registering you as a Note holder. No certificate will be issued for the Notes.

You can request from us a copy of the annual financial reports most recently lodged with ASIC and, if available, any half-yearly financial report and continuous disclosure notices that have been lodged after the annual reports but before the date of this prospectus. We are required to send you a copy (free of charge) within five business days of receiving your request.

Changing your personal details

It is important that we maintain accurate records about you. Please inform us of any changes to your personal details as soon as possible.

You can change your personal details, such as mailing address, phone or email address, by sending us a request by mail, by logging onto your account on our website, emailing us at investments@australianunity.com.au or contacting us on 13 29 39.

Please ensure that you provide us with the following information when requesting a change of personal details:

- your account number;
- the full name on your account;
- the change(s) you are requesting;
- a contact name and daytime phone number in case we need to contact you; and
- ensure each signatory to the account signs the request.

Providing instructions via fax and email

We offer a fax and email service that allows you to send us instructions on your account. By using our service, you are taken to have agreed and understood that neither we nor any part of the Australian Unity group of companies accept any responsibility or liability for any payment or action we make based on any instruction (even if not genuine) that we receive by fax or email bearing your account number, a signature which is apparently yours, or that of an authorised signatory on your account.

This means that you cannot make a claim for such a thing as a fraudulent fax or email redemption request made by someone who has access to your account number and a copy of your signature.

Any use of the service is entirely at your own risk.

Your personal information

We collect your personal information for the following purposes:

- to administer and provide products and services and to manage our relationship with you;
- to process transactions, to answer queries and for security purposes;
- to develop products and services; and
- to allow the Australian Unity group of companies to market products and services to you (subject to your right to opt-out of receiving various direct marketing materials at any time).

In managing your account, we may need to disclose your personal information to:

- your financial adviser, either directly or through other service providers (such as platform software including Xplan and Visiplan) with which we may have arrangements;
- reputable service providers who may carry out functions associated with our products and services on our behalf (e.g. mailing houses who conduct mailings for us);
- our financial institution to initiate the drawing from or payment to your nominated account (where you have selected the direct debit or credit facility); and
- third parties, as required by law.

You are entitled to access information we have about you. You should notify us immediately if any of the information we hold about you changes, so that we can ensure that your information is always complete, accurate and up to date. If you do not provide the information requested on the Application Form, we may be unable to process your application request.

If a financial adviser's details appear on the Application Form, you authorise us to give information relating to your account and investments to your financial adviser and acknowledge that your financial adviser is your agent for the purpose of receiving this information.

Our privacy policy can be found at:
www.australianunityinvestments.com.au

If you have any complaints or questions about the privacy of your personal information, please contact our Privacy Officer by writing to:

Privacy Officer
Australian Unity Investments
114 Albert Road
South Melbourne VIC 3205

If you are not satisfied with our response, you may write to the Privacy Commissioner at:

Office of the Federal Privacy Commission
GPO Box 5218
Sydney NSW 2001

Dispute Resolution

We take complaints seriously and aim to resolve them as quickly as possible. If you would like to make a complaint you can call us on 13 29 39, email us at investments@australianunity.com.au or write to us at the following address:

Manager – Client Services
Australian Unity Investments
114 Albert Road
South Melbourne VIC 3205

We will promptly acknowledge your complaint within 10 business days, investigate it and decide in a timely manner what action needs to be taken. We will notify you of our decision within 45 days after receipt of the complaint, together with any remedies that are available, or other avenues of appeal against the decision.

Direct Debit Request (DDR) Service Agreement

Our commitment to you

- Where you request a one off debit, the payment will be drawn from your nominated account on the date we accept your application.
- Where the due date for a drawing falls on a day not being a Melbourne business day, it will be drawn from your account on the next Melbourne business day.
- We will provide you with at least 14 days notice when we intend to make changes to the initial terms of the arrangement.
- We will terminate your direct debit arrangement if two consecutive payments are dishonoured or if you close your account.
- We will keep the details of your nominated account and financial institution private and confidential.
- We will investigate and deal promptly with any queries, claims or complaints regarding debits.

Your commitment to us

- It is your responsibility to check with your financial institution to confirm that direct debits are available on your account.
- It is your responsibility to ensure that the 'Direct debit request for investments to your account' authorisation at Section 5 of the Application Form matches the signing instructions on your nominated account.
- It is your responsibility to ensure that there are sufficient cleared funds in the nominated account on the drawing date.
- It is your responsibility to cover any charges resulting from the use of the direct debit program. This may include transaction fees charged by us or your bank due to dishonoured drawings.

Changes to the arrangement

If you want to make changes to the drawing arrangements, please notify us in writing at least five Melbourne business days prior to your next scheduled drawing date. These changes may include:

- deferring the drawing;
- altering the schedule;
- stopping an individual debit;
- suspending the DDR; or
- cancelling the DDR completely.

Enquiries

If you have any enquiries, they should be directed to us, rather than to your financial institution.

All personal customer information held by us will remain confidential, except for information that may be provided to our financial institution to initiate the drawing to your nominated account, or information that may be disclosed to third parties as required by law. Information may also be provided to any entity within the Australian Unity group of companies to enable the DDR to be effected as required by law.

Disputes

- If you believe that a drawing has been initiated incorrectly, you should raise the matter directly with us.
- If you do not receive a satisfactory response from us, then please follow up with your financial institution regarding your claim.
- You will receive a refund of the drawing amount if we cannot substantiate the reason for the drawing.

Note: Your financial institution will ask you to contact us initially to resolve your disputed drawing prior to involving them.

Completing the Application Form

Anti-money laundering legislation helps combat money-laundering and terrorism financing.

If you are applying through a financial adviser, your adviser will assist you in providing the necessary verification documents prior to lodging the application.

If you are submitting your application directly (without the assistance of a financial adviser), please refer below to the information that should be provided with your application.

We need to identify the underlying owner of each investment. For example, a private company will need to provide supporting documentation to identify their directors and shareholders as well as the usual account opening information.

If you are an existing investor with Australian Unity Investments and are making an additional investment using the same customer name, then you are not required to provide us with verification documents. However, we may, at our discretion, request these documents from you in an effort to comply with the new anti-money laundering legislation.

Submitting your application without the assistance of a financial adviser

If you are submitting this Application Form directly, without having consulted with a financial adviser, you must submit certified copies of your identification documents with the Application Form. The required identification documents are set out on page 23.

Please take your time to complete the Application Form, ensuring that all of the required information is included, or we may not be able to process your application.

Incomplete applications

There may be instances where we do not receive sufficient information from you. Where this happens, we will contact you to request the necessary information, as we may be unable to process your application until we receive the information. We recommend you carefully complete the Application Form and refer to the 'How to apply' on page 22 and the 'Application Form checklist' on page 24 to ensure that you provide all of the required information. If you require assistance with completing the Application Form, please call us on 13 29 39.

If your application is incomplete and if the additional information is not provided on request, we may return the application and your application monies to you.

Certification of documents

Where your identification documents need to be certified, we suggest that the person certifying the document(s) for you, use the following statement on the copy being certified:

'I certify this to be a true copy of [name of document] the original of which, was produced to me at the time of signing'

The document must also be dated, and have the signature, printed name, occupation, employer and address of the person certifying the document.

Some persons who may certify copies of original documents are:

- Officer with, or authorised representative of, an Australian financial services licence holder with two or more years of continuous service with one or more licensees;
- Chartered Accountant, Certified Practising Accountant, or member of the National Institute of Accountants with two or more years of continuous membership;
- Officer of a financial institution or finance company with two or more years of continuous service with one or more institutions or companies;
- Permanent employee of the Australian Postal Corporation with two or more years of continuous service, or someone who operates as an agent of the Australian Postal Corporation;
- Police Officer;
- Lawyer, magistrate, registrar of a Court, Justice of the Peace; or Notary Public.

How to apply

The following information is provided to assist you in completing and lodging the Application Form.

Completing the Application Form

- use a blue or black ballpoint pen
- print in **BLOCK** letters inside the boxes
- answer all sections unless otherwise indicated (if a section does not apply, please indicate using 'N/A')
- ensure you sign on page 30
- complete the 'Direct debit request for investments to your account' authorisation at Section 5 on page 28, or if you are paying by cheque, make it payable to:
Australian Unity Finance – <name of investor(s)> and crossed 'Not Negotiable'.
- mail your Application Form, certified identity documents (where required) and cheque or direct debit instructions to our Reply Paid address (see 'Lodgement').

Providing your Tax File Number (TFN)

You can decide whether you wish to provide your TFN on the Application Form. If we do not receive your TFN, ABN or appropriate exemption information, we must withhold tax at the highest marginal tax rate (plus the Medicare levy) from income distributions paid to you.

Investing on behalf of a superannuation fund

If an investment is made on behalf of a superannuation fund, we will consider the superannuation fund to be a complying fund under the Superannuation Industry (Supervision) Act.

Signing the Application Form

Read the declaration section carefully before signing the Application Form. Each signatory to the account must sign the Application Form.

- If signed under Power of Attorney, the Attorney must certify that they have not received notice of revocation of the Power. We require a certified true copy of the Power of Attorney for our reference.
- Company applications must be signed in accordance with the constitution or rules of the company.

Lodgement

You can send the completed application together with a cheque or your direct debit request instructions to:

Australian Unity Investments

Reply Paid 64466
South Melbourne VIC 3205
(No stamp required if mailed in Australia)

The completed application will be considered lodged when it is received in our Melbourne office on a Melbourne business day, prior to 3.00pm.

Applying for different types of investment accounts

If you are applying through a financial adviser, your financial adviser will assist you in providing the necessary identification documents. The following identification documents are required if you are submitting your application directly, without the assistance of a financial adviser.

Type of investor	Your account must be in the name of:	TFN(s) or exceptions to be submitted	Signature(s) required	Identification documents required (in support of this Application Form)
Individual account	The individual E.g. Jane Citizen	The individual's	The individual's	Certified copy of any of the following that verify your name, date of birth and current residential address:
Joint account	Both or all joint applicants E.g. Jane Citizen and John Citizen	Each applicant's	All joint applicants'	<ul style="list-style-type: none"> ■ Driver's Licence; or ■ Passport containing photo identification
Partnership	All partners E.g. Jane Citizen and John Citizen	The partnership's	All partners	<ul style="list-style-type: none"> ■ Certified copy or certified extract of a partnership agreement ■ Certified copy or certified extract of minutes of meeting <p>For an individual partner, please provide the same type of information requested for an Individual Account</p> <p>For a corporate partner, please provide the same type of information requested for a Company</p>
Company	The name of the company E.g. Sample Company Pty Ltd.	The company's	Two directors; or a director and a company secretary; or if there is only one director, that director	<ul style="list-style-type: none"> ■ Certified copy of the Certificate of Registration/Incorporation confirming the company's name, identification number and whether the company is a public or propriety company. <p>For one director only, please provide the same type of information requested for an individual account.</p>
Superannuation Fund	The trustee(s) of the fund and not the name of the Super Fund E.g. ABC Trustees ATF Jane Citizen Super Fund	The superannuation fund's	The trustee(s), 'as trustee(s) for...'	<ul style="list-style-type: none"> ■ Certified copy of first page and schedule of the Trust Deed <p>For individual trustees, please provide the same type of information requested for an Individual Account</p> <p>For corporate trustees, please provide the same type of information requested for a Company</p>
Trust	The trustee(s) of the Trust and not the name of the Trust E.g. ABC Trustees ATF Jane Citizen Trust	The trust's		
Estate	The executors of the Estate E.g. Estate of the late Jane Citizen	The deceased person's	The executor(s)	<ul style="list-style-type: none"> ■ Certified copy of the grant of probate or Letters of Administration; or ■ Certified copy of the Death Certificate.
Minor (a person under 18 years of age)	The adult's name in trust for the minor's name E.g. Jane Citizen ITF John Citizen Jr.	All adults	All adults investing on behalf of the minor	<ul style="list-style-type: none"> ■ Certified copy of birth certificate or birth extract of the minor <p>For adults please provide the same type of information requested for an Individual Account</p>

Application Form checklist

Ensure you complete the relevant section according to your investor type outlined in the table below:

Investor type	Application Form Part A	Application Form Part B
Individual	Complete Section 1-9	Not applicable
Joint	Complete Section 1-9	Not applicable
Partnership – Individual	Complete Section 1-9	Not applicable
Partnership – Corporate	Complete Section 1-9	Complete relevant sections
Company	Complete Section 1-9	Complete relevant sections
Superannuation Fund	Complete Section 1-9	Complete relevant sections
Trust	Complete Section 1-9	Complete relevant sections
Estates – Individual Executor	Complete Section 1-9	Complete relevant sections
Estates – Corporate Executor	Complete Section 1-9	Complete relevant sections
Other applicant types	Please contact us on 13 29 39 for assistance	

To ensure that we are able to process your Application Form quickly and efficiently, please indicate with an 'X' that you have completed the following:

- ☐ **Section 1 Investor type** – Indicate whether you are a new investor or if you have an existing account number (mandatory). Please note that if you have an existing account number with us, you are not required to supply identification documents.
- ☐ **Section 2 Investor details** – Indicate your account type and provide your personal details (mandatory).
- ☐ **Section 3 Mailing address** – Provide only if different from your residential address.
- ☐ **Section 4 Contact details** – Provide your contact details.
- ☐ **Section 5 Investment details** – Indicate the amount you wish to invest (mandatory) and provide details for your Direct Debit Request instructions (if applicable).
- ☐ **Section 6 Payments from your investment** – Indicate your preferred bank account details for receipt of payments.
- ☐ **Section 7 Adviser arrangements** – This section is to be completed by your financial adviser. If you are not using the services of a financial adviser, please leave blank.
- ☐ **Section 8 Declaration and investor signature(s) (mandatory)**
 - ☐ **Individual investors** – Provide your signature and date the form.
 - ☐ **Joint investors** – Provide your signatures and date the form.
 - ☐ **Partnership** – Provide your signatures and date the form.
 - ☐ **Corporate partnership** – Provide the signatures of two directors; or a director and a company secretary; or if there is only one director, of that director, and date the form. Ensure you also complete the relevant sections in **Part B**.
 - ☐ **Company** – Provide the signatures of two directors; or a director and a company secretary; or if there is only one director, of that director, and date the form. Ensure you also complete the relevant sections in **Part B**.
 - ☐ **Superannuation Fund** – Provide the signature of the trustee(s) and date the form. Ensure you also complete the relevant sections in **Part B**.
 - ☐ **Trust** – Provide the signature of the trustee(s) and date the form. Ensure you also complete the relevant sections in **Part B**.
 - ☐ **Estate** – Provide the signature of the executor(s) and date the form. Ensure you also complete the relevant sections in **Part B**.
 - ☐ **Power of Attorney** – Provide your signature and date the form. Attach a certified copy of the Power of Attorney. A Justice of the Peace, Solicitor or Notary Public must certify each page of the Power of Attorney. You also need to provide the same type of information requested for an **Individual investor** as it relates to the Attorney named in the application. Should the Power of Attorney document not contain a sample of the Attorney's signature, please provide a certified copy of identification documents for the Attorney, containing a sample of their signature, e.g. driver's licence, passport, etc.

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Contact Us

The Issuer: Australian Unity Finance Limited
ABN 35 114 646 070

The Arranger: Australian Unity Funds Management Limited
ABN 60 071 497 115, AFS Licence No. 234454

Investor Services

T 13 29 39

Website

australianunityinvestments.com.au

Address

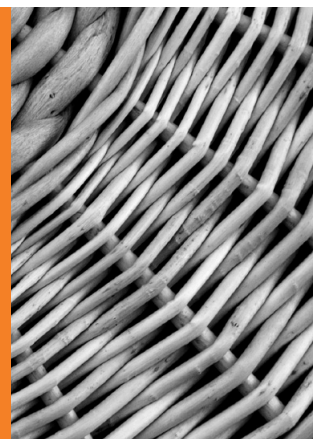
Australian Unity Investments
114 Albert Road
South Melbourne VIC 3205

Adviser Services

T 1800 649 033

Email

investments@australianunity.com.au



Contact Us

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