Retirement Village Investment Notes

Continuous Disclosure Notice

11 September 2024

Understanding our Investment Notes

The Australian Securities and Investments Commission (ASIC) has issued a set of benchmarks under Regulatory Guide 69: Debentures and notes: *Improving disclosure for retail investors*, to help you understand and assess unlisted debentures and notes, such as these Australian Unity Retirement Village Investment Notes (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.

The Notes are classified as secured notes for the purposes of Section 283BH of the *Corporations Act 2001* as modified by ASIC Class Order (CO 12/1482). Although these Notes are secured notes, they are not a bank deposit and investors could lose some or all of their money.

All information is as at 30 June 2024 unless otherwise specified and is based on unaudited accounts.

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 25.35% as at 30 June 2024, which exceeds the minimum requirement of 8%. As at 30 June 2023 the equity ratio was 12.75%.

We expect that we will continue to meet this benchmark as the value of equity is expected to remain steady or increase over time, ensuring we have sufficient capital to cover liabilities.

Benchmark 2: Liquidity

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

We meet this benchmark and expect that we will continue to meet this benchmark. 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.

To help ensure that at all times cash on hand or cash equivalents remain sufficient to meet projected cash needs over the next three months, at 30 June 2024, Australian Unity Retirement Living Investments Limited (AURLIL) holds approximately $1.41 million of cash, both directly, which is available to cover any payments in relation to the Notes.

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.

In the three months prior to 30 June 2024, no Notes matured, and no Notes were rolled over.

Cash flows for the three months to 30 September 2024 are estimated to be as follows:

Australian Unity Finance Limited (AUFL)	Value $million
Estimated Inflows	0.266
Estimated Out Flows	(0.288)
Estimated Net Cash Flow	(0.02)

Benchmark 3: Rollovers

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

We meet this benchmark and expect that we will continue to meet this benchmark. We outline our approach to rollovers in the Notes' prospectuses. Rollovers do not happen automatically however, as we may decide to extend the maturity date of the Notes. We may extend the term by notifying Note holders in writing at least three months prior to the maturity date for Series 5 Notes, letting them know the proposed interest rate and the maturity date for the extended term should Note holders wish to hold the Notes for the extended period. At that time, we will also refer Note holders to the most recent Continuous Disclosure Notice on our website in relation to the Notes. Where this occurs, unless the Note holder notifies us no later than two months before the maturity date for Series 5 Notes, that they wish to withdraw, they will hold the Notes for the extended period.

Benchmarks 4 & 5: Debt maturity and loan portfolio

These benchmarks require issuers to disclose an analysis of the maturity profile of interest-bearing liabilities including term and value and interest rates or average interest rates applicable to their debts. They also require issuers who on-lend funds to disclose the current nature of their loan portfolio.

We meet these benchmarks and expect to continue to meet these benchmarks. We understand the importance of a transparent loan portfolio.

The nature of the loan portfolio as at 30 June 2024 was as follows:

Interest bearing debt	Years to maturity	Interest rate %p.a.	Value $million
Series 5	0.39	4.95	18.401

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

The maturity profile of the interest-bearing assets as at 30 June 2024 was as follows:

Interest bearing assets	Years to maturity	Interest rate %p.a.	Value $million
Series 5	0.39	5.20	18.401

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

As at 30 June 2024, there was one loan between AUFL and AURLIL:

- $18,401,000.

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

All of the Notes are secured by a registered first ranking security interest held by the Trustee for those Notes for the benefit of Note holders, over AUFL's rights under:

- each of the loans made by AUFL to AURLIL;
- its first ranking security over certain units held by AURLIL in the Australian Unity Retirement Village Trust #1 (AURVT#1); and
- the right to receive money payable in connection with each of the loans and the security interests.

How are the loans classified by activity and geographic region?

$18.401 million funded by Series 5 Notes has been used by AURLIL to invest in units in AURVT #1, which owns and operates retirement villages and aged care facilities in Victoria and New South Wales.

The table show the retirement village assets of AURVT #1. However, security is not held directly over these assets. Investors should refer to Benchmark 7 for further details on the valuations used for retirement village assets.

AURVT#1		
State	No. of Retirement Villages	Asset value $million 30 June 2024
NSW	2	95.51
VIC	1	23.31

What proportions of the loans are in default or arrears?

The loan funded by Series 5 Notes is 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 5 Notes have been lent to AURLIL.

As the loan money is lent to one party, the loan portfolio is not diversified. This may raise the risk that a single negative event affecting one loan will increase the risk for the overall loan portfolio.

What proportion of the loans are 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, including; how many loans they have made to related parties, the value of those loans, the value of loans as a percentage of total assets, and the assessment and approval process they follow with related party loans when loans are advanced, varied or extended (e.g. are they subject to the approval of the Trustee?).

We meet this benchmark and expect to continue to meet this benchmark.

The proceeds raised by AUFL from issuing Notes have been lent to related parties. The proceeds from Series 5 have been lent to AURLIL which is a related party.

As at 30 June 2024 the loans totalled $18,401,000 equating to 15.42% of the total valuation of the retirement village assets of AURVT #1. See Benchmark 7 for further details on the valuations used for retirement village assets.

Investors should refer to Benchmarks 4 and 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 arm's length and commercial terms. Note holder approval is not required for these arrangements.

All other transactions we enter into in relation to the Notes, including those with related parties, are on arm's length and commercial terms. Entities within the Australian Unity Group may provide registry, accounting, distribution, underwriting and tax services in relation to the Notes for fees charged at commercial rates. The value of related party transactions is reported yearly as part of AUFL's annual financial report. A copy of this report is available free of charge by contacting Australian Unity on 1300 997 774.

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. This reduces the risk that they may not be conducted with the same rigour as transactions with independent parties. Related party loans are not subject to the approval of the Trustee.

Benchmark 7: Valuations

This benchmark for property valuations, where an issuer is involved in or lends money for property-related activities, includes a number of requirements, including for example, requiring the issuer to establish a panel of valuers, ensuring that no one valuer conducts more than a third of the issuer's valuation work, etc.

We are not required to meet this benchmark as the issuer no longer lends money for property -related activities.

While we are not required to meet this benchmark, Australian Unity Property Limited (AUPL) values the underlying assets in AURVT #1 bi-annually on a 'going concern' basis, and any changes are reflected in the net asset values of AURVT #1 which are reported monthly.

Series 5 Notes are secured by first ranking security interests, held by the Trustee for those Notes for the benefit of Note holders, over AUFL's rights under:

- the loan made by AUFL to AURLIL;
- its first ranking security over certain units held by AURLIL in AURVT #1; and
- the right to receive money payable in connection with the loan and the security interests.

The underlying assets of AURVT#1– 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 are not required to meet this benchmark as we are not required to meet Benchmark 7 because the issuer no longer lends money for property related activities.

While we are not required to meet this benchmark, we can calculate a Loan-to-valuation ratio. To calculate the loan-to-valuation ratio below, we use net assets which includes valuations of AURVT #1 as described in Benchmark 7. The ratio of the loans to the market value of AURLIL's units in the AURVT #1 is within the benchmark maximum of 80%. The lower the number the less vulnerable the investment is to any decline in market conditions.

Trust	Loan-to-valuation Ratio (as at 30 June 2024)
AURVT#1	15.42%

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Important Information

This notice is issued by Australian Unity Finance Limited ABN 35 114 646 070 ('Australian Unity Finance', 'issuer', 'we', 'us', 'our'), as authorised by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No. 234454 (upon an intermediary authorisation for the purposes of Section 911A(2)(b) of the Corporations Act 2001 (Cth)). Retirement Village Investment Notes – Series 5 ('Series 5 Notes'), are issued by Australian Unity Finance Limited. A reference to 'Australian Unity Retirement Living Investments' in this document is a reference to Australian Unity Retirement Living Investments Limited (ABN 27 114 646 098). A reference to 'Australian Unity Retirement Living Services' in this document is a reference to Australian Unity Retirement Living Services Limited (ABN 17 085 317 595). Australian Unity Property Limited (ABN 58 079 538 499, AFS Licence No. 234455) ('AUPL') is the Trustee of the Australian Unity Retirement Village Trust #1. All amounts in this document are in Australian dollars. This information is intended only to provide a general update on the investment particulars of, Series 5 Retirement Village Investment Notes. The information in this document is not based on the objectives, financial situation or needs of a particular investor. You should refer to the Retirement Village Investment Notes Prospectus relevant to your Note holding(s). If you wish to know more about this product a copy of a particular Prospectus is available from Australian Unity by contacting the Investor Services team on 1300 997 774. The information provided here was current at the time of publication unless otherwise stated.