

180
YEARS

Australian
Unity 
Real Wellbeing

Australian Unity Future of Healthcare Fund

Information Memorandum
1 April 2021



Important information

The Fund

The Australian Unity Future of Healthcare Fund comprises a stapled security of either Ordinary units, Class A units or Wholesale Units in two managed investment schemes: Australian Unity Future of Healthcare Fund No. 1 and Australian Unity Future of Healthcare Fund No. 2 (collectively, the 'Fund'). Wholesale Units are the only class offered under this information memorandum and the only class currently open for investment. The Fund is a managed investment scheme that is not registered and is not required to be registered under the Corporations Act 2001 (Cth).

The Trustee

Australian Unity Funds Management Limited ('AUFM', 'us', 'we', 'our', or 'Trustee') ABN 60 071 497 115 AFS Licence No. 234454 is the trustee and issuer of units in the Fund. AUFM is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

About this information memorandum ('IM')

This IM is not a 'disclosure document' or a 'Product Disclosure Statement' as defined in the Corporations Act. It does not constitute a recommendation by the Trustee, Australian Unity group of companies, or any other person to any recipient of this IM on the merits or otherwise of participating in the Fund.

The IM contains important information but does not consider your investment objectives, financial situation or particular needs and does not purport to contain all the information that you may require in evaluating a possible investment in the Fund. Before making any decision based upon information contained in this document, you should read it carefully in its entirety and consider consulting with a financial adviser or tax adviser. An investment in the Fund should be considered in the context of the risks outlined in this IM.

Class of Units

There are a series of classes of units issued under the Trust Deeds in the Fund which are stapled in accordance with the Stapling Deed. Wholesale Units issued under the Trust Deeds (referred to as 'Units' in this IM) in the Fund are the only Units currently open for investment. Wholesale Units in Australian Unity Future of Healthcare Fund No. 1 and Wholesale Units in Australian Unity Future of Healthcare Fund No. 2 are stapled in accordance with the Stapling Deed.

Units in each trust which comprises the Fund are issued by AUFM in its capacity as Trustee of those trusts. No Units are offered to any person whose registered address is outside of Australia unless the Trustee is satisfied that it would be lawful to make such an offer.

This IM may be updated or replaced from time to time. A copy of the IM is available on request, free of charge by contacting Investor Services on 13 29 39 or visiting australianunity.com.au/wealth.

The distribution of this IM in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this IM should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This IM does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Certain statements in this IM may constitute forward-looking statements or statements about future matters (including forecast target returns) that are based upon information known and assumptions made as of the date of this IM. These statements are subject to internal and external risks and uncertainties. Actual results may differ materially from any future performance expressed, predicted or implied by the statements contained herein. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not a reliable indicator of future performance.

No information outside of this IM made available to investors or potential investors in the Fund is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future by, the Fund, the Trustee or any other person (including any director, officer or any related body corporate of the Trustee), except as required by law.

No guarantee

An investment in the Fund is not guaranteed or otherwise supported by the Trustee or any member of the Australian Unity Group of companies ('Australian Unity Group'). You should consider this when assessing the suitability of the investment and particular aspects of risk.

Eligible investors

This is a limited offer and Units are only available for subscription at AUFM's discretion. Investment is only available to Wholesale Clients as defined in section 761G of the Corporations Act receiving this IM (electronically or otherwise) in Australia.

All applications under this IM are subject to acceptance by AUFM. An investment in the Fund should be considered in the context of the risks outlined in this IM.

Business day

In this document, 'business day' refers to a Melbourne business day on which Australian banks are open for business in Melbourne excluding Saturday and Sunday.

Terms and conditions

Units are issued on the terms and conditions contained in the Trust Deeds, Stapling Deed and this IM. We reserve the right to change those terms and conditions.

Currency

All dollar amounts referred to in this IM are in reference to the Australian currency.

Availability of this IM

This IM is available in electronic format. If you receive it electronically, please ensure that you have received the entire IM. If you are unsure whether the electronic document you have received is complete, please contact us.

Contents

| Section | Page |
|--|-------------|
| 1. Fund at a glance | 2 |
| 2. About the Fund | 4 |
| 3. Investment strategy | 5 |
| 4. Investment philosophy and process | 8 |
| 5. Management of the Fund | 10 |
| 6. Applications | 13 |
| 7. Withdrawals | 14 |
| 8. Unit prices and distribution payments | 15 |
| 9. Risk factors | 16 |
| 10. Fees and costs | 18 |
| 11. Tax | 20 |
| 12. Other Information | 23 |
| 13. Glossary | 24 |

1. Fund at a glance

| Fund | | |
|----------------------|---|--------------|
| Fund | Australian Unity Future of Healthcare Fund is a reference to a stapled security of either Ordinary, Class A or Wholesale Units in two managed investment schemes: Australian Unity Future of Healthcare Fund No. 1 and Australian Unity Future of Healthcare Fund No. 2 (collectively, the 'Fund'). Wholesale Units are the only Units currently open for investment. | Inside cover |
| Trustee and manager | Australian Unity Funds Management Limited ('AUFM') is the Trustee of the Fund and the issuer of this IM. AUFM is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888 and forms part of the Australian Unity Group of companies. AUFM is also the Manager of the Fund. | Inside cover |
| Custodian | BNP Paribas Securities Services and Perpetual Nominees Limited (for direct property assets). | |
| The Offer | | |
| Eligible investors | Only wholesale clients can invest. | Inside cover |
| Minimum investment | \$50,000, however we may at our discretion elect to accept investments less than this amount. | Page 13 |
| Investment objective | <p>Primary objective: To generate long term capital growth from providing strategic capital investment to address key issues of an ageing population, rise of chronic disease, disability, mental health and wellbeing and shortage of social and medical infrastructure in Australia.</p> <p>Non-financial purpose: To enhance the wellbeing of Australians via investment in preventative and remedial healthcare services and health associated businesses and assets.</p> | Page 4 |
| Investment approach | <p>The Fund will have three primary allocations that are aligned with the Fund's investment objective:</p> <ul style="list-style-type: none"> • Venture capital and private equity – predominantly growth investments in revenue generating Australian businesses; • Social infrastructure and health related real estate, as well as retirement, independent living and aged care; and • Listed equities – investments in domestic and international companies. | Page 5 |
| Fund structure | Stapled securities comprising Units in two open ended Australian unit trusts. | Page 4 |
| Classes of Units | While the Fund has three classes of units, the class currently open for investment is Wholesale Units. The difference between each class of unit is the management fee related to each class which is dependent upon when the application form is received. The application open date for Ordinary Units and Class A Units has now passed. All other features are the same. | Inside cover |
| Target return | To achieve pre-fee returns in excess of 12% p.a. over rolling five-year periods. | |
| Investment timeframe | At least 5 years | |
| Fees and other costs | | |
| Management fee | 0.95% p.a. (excluding GST) of the Gross Asset Value of the Fund for Wholesale Units. | Page 18 |
| Expenses | The Fund will reimburse AUFM for expenses or liabilities it has incurred associated with the establishment, promotion, operation or activities of the Fund capped at 0.25% p.a. (excluding GST). | Page 18 |
| Performance fee | 15% (excluding GST) of gross returns above an IRR hurdle of 9% p.a. subject to a high-water mark. | Page 18 |
| Buy/sell spread | Nil | |
| Features | | |
| Applications | <p>Applications may be made on a daily basis. Your Application Form will be considered lodged and accepted when it is received and fully completed at our registered office by 3:00 pm on a Melbourne business day. Otherwise, you will receive the next business day's unit price.</p> <p>As an application is a commitment to provide funds as and when investments are identified and/or for other general liquidity purposes, Units will be issued on a fully paid basis at the prevailing Unit price for that part of your commitment that is drawn. If an application or commitment is not initially drawn in full, you may be issued Units in tranches of differing amounts, and at a different Unit price, as and when the commitment is drawn.</p> | Page 13 |

| Features continued | | |
|--------------------------------|---|---------|
| Commitment period | Applications have a two-year commitment period. Your application amount can be drawn over a period of two years as investments are identified and acquired and/or for other general liquidity purposes. After the two-year period you may extend your commitment to the Fund. Otherwise AUFM will return any unused portion of your application amount to you. | Page 13 |
| Redemptions | There is an initial lock up period of three years from the First Closing Date (18 December 2020). No investor withdrawals are allowed during this period. Following the lock up period, there will be semi-annual liquidity windows offered in March and September each year. Liquidity is offered on a queued basis and limited, in aggregate, up to 25% of the Fund's NAV for each liquidity window. In the event that the Fund is not able to meet withdrawal requests in full, AUFM will as soon as practicable communicate how it plans to meet withdrawal requests and will process the withdrawal request in tranches at the prevailing Unit price as and when the Fund has the capacity to pay a tranche of the withdrawal request. This means that investors may remain invested in the Fund for a period of time as it relates to the unpaid component of the withdrawal request, and therefore continue to receive distributions and be subject to Unit price changes until the withdrawal request is paid in full. AUFM will make reasonable endeavours to satisfy any redemption request within a two-year period. | Page 14 |
| Unit pricing | Unit prices are generally calculated daily. | Page 15 |
| Distribution frequency | The Fund aims to pay distributions on a half-yearly basis. Only investors who are Unit holders on the record date will be entitled to a distribution. | Page 15 |
| Borrowings | The Fund will have the flexibility to borrow up to 20% of its total assets at the Fund level, subject to debt serviceability. The Fund will not ordinarily borrow but may do so to partially fund property developments (where interest will likely be capitalised), for property investments or to raise money for working capital or liquidity purposes. | Page 7 |
| Risks, valuation and reporting | | |
| Key risks specific to the Fund | <p>While we actively monitor and manage risks in the interests of all investors, when considering an investment into the Fund, you should consider the following and the possible impacts to your individual circumstances:</p> <ul style="list-style-type: none"> • Early stage business – there is a risk specific to venture capital investments which can lead to a higher rate of failure compared to mature businesses. This may affect the value and performance of the Fund. • Valuation risk – the Fund may invest in assets that may be difficult to accurately value and, as a result, may over or under value an asset which may affect the Fund. • Property development – property developments carry a risk that the costs of the project might be higher than budgeted or the project may be delayed. Borrowings may also be used to partially fund property developments, which may exacerbate this risk. This may impact the value and ultimately returns to investors. • Illiquidity risk – The Fund may invest in real property assets, venture capital and private equity and listed equities (some microcap shares). Investments may also be made into unlisted trusts. All of these assets tend to be less liquid than other forms of investment such as equities and, as a result, there is a risk that it could take longer to withdraw money if many investors decide to withdraw money at the same time. • Withdrawal risk – An investment in the Fund should be considered illiquid. While AUFM will offer two liquidity windows each year (limited, in aggregate, to 25% of the Fund's NAV at each liquidity window) after the three year lock up period from the First Closing Date, there is no guarantee of liquidity being granted to investors. AUFM will use reasonable endeavours to satisfy redemptions within two years of the withdrawal request. <p>For information about other risks, please refer to Section 9.</p> | Page 16 |
| Valuation policy | <p>We have established valuation policies for each of the Fund's asset classes.</p> <ul style="list-style-type: none"> • Listed equities and cash are valued daily (based on the last available trading price for equities); and • Property, venture capital and private equity investments are generally valued once each year based on an external independent valuation, and more often if the Portfolio Manager forms the view that there is a likelihood that there has been a material change in the value of the investment (e.g. dislocation of markets or a capital raise). Valuers are rotated every two (for property) and three years (for venture capital and private equity) and valuations are staggered across the portfolio | |
| Reporting | <p>You will receive quarterly performance reports for the Fund as well as semi-annual distribution statements, annual reports including financial statements and an annual tax or attribution managed investment trust member annual (AMMA) statement.</p> <p>A Sustainability and Impact Report will be issued for the Fund annually.</p> | Page 23 |

2. About the Fund

About Australian Unity

Australian Unity has a distinguished track record in providing innovative health solutions to its customers and members dating back to 1840, being one of Australia's oldest member-owned companies. Australian Unity's ambition is to serve and enhance the wellbeing of members, customers and the community. Our unique breadth of in-house expertise and capability creates an opportunity to be the market leader in thematic based healthcare investing.

The Fund is a key component of the Australian Unity Group; a mutual organisation with a 180 year heritage. The Fund's positioning within the Group is depicted in the diagram below (all data as at 30 June 2020):



Fund objectives

Australian Unity has established the Fund to generate long term capital growth from providing strategic investment capital to address the key issues of Australia's ageing population, rise of chronic and communicable disease, disability, mental health and wellbeing, as well as seeking to address the shortage of social and medical infrastructure. In doing so, the non-financial objective of the Fund is to enhance the real wellbeing of Australians via investment in preventative and remedial healthcare and health associated businesses and assets.

The Fund will seek to achieve its objectives through investing in both public and privately held investments across a strategic set of asset classes being publicly traded equities, venture capital, private equity, social infrastructure, medical and health related real estate and aged care.

Unique characteristics of the Fund

1. Benefits from Australian Unity's insights and its unique information advantage from the broader Australian Unity health, wealth and care businesses:
 - No other firm in Australia has access to the collective insights from private health insurance, Remedy healthcare, retirement villages, aged care, dental, healthcare property, social infrastructure assets, healthcare precincts, and venture capital and private equity; and
 - This intellectual property complements the Portfolio Manager's experience of more than 25 years in the healthcare sector and financial markets with access to opportunities and themes across the sector through his first-hand experience with healthcare inventions that are currently widely used globally – see section 5.
2. Has flexible investment parameters:
 - Can invest in private through to public investments, venture capital through to private equity. The Fund can develop a property and then hold for a period as a stable asset if, for example, further redevelopment opportunities are present – see section 3; and
 - Greater opportunities are presented to the Fund given the breadth of investment parameters, the Fund's long-term investment horizon and Australian Unity's diversified business lines.
3. Has demonstrable social and community impact for Australians:
 - Through its investments, the Fund will actively contribute to the future capacity of the healthcare sector and the wellbeing of Australians – see section 4;
 - The Fund provides individuals and communities more choice and control over the care they receive to remain healthier for longer – aiming to increase the standard of care across the sector; and
 - The Fund provides an opportunity to support the needs of a growing market of investors wanting to support the healthcare sector.

Fund structure

The Australian Unity Future of Healthcare Fund comprises a stapled security of either ordinary units, Class A units or Wholesale Units in two managed investment schemes: Australian Unity Future of Healthcare Fund No. 1 for passive investments and Australian Unity Future of Healthcare Fund No. 2 for active investments (collectively, the 'Fund'). Wholesale Units are the only class currently open for investment.

The schemes which comprise the Fund are managed investment schemes that are not registered, and are not required to be registered, under the Corporations Act 2001 (Cth).

The Trustee may at any time make income or capital payments from one stapled security to the other under the terms set out in the Trust Deeds.

3. Investment strategy

The Fund will leverage Australian Unity's internal capability along with its strategic network in the identification of investment opportunities across the healthcare sector. The Fund's strategic asset allocation (SAA) ranges are as follows:

| Asset class | SAA range | Description |
|--|-----------------------|---|
| Venture capital and private equity | 0% – 50% ¹ | Provides opportunity at more attractive valuations than the listed markets at certain points in the cycle; Ability to more directly influence investment outcome and company strategy; Ability to get set pre-IPO; Benefit from superior returns that can accrue to the innovator, first-mover from market disrupting products and services. |
| Social infrastructure & health related real estate | 0% – 40% | Able to leverage off Australian Unity's expertise in real estate, particularly in the healthcare sector; Participate in a meaningful way to ameliorate the significant capacity / demand mismatch for high quality aged care, speciality disability accommodation, other shifts to best venue and wherever high-quality healthcare businesses require property; Participate and drive investment in healthcare precinct development, and large-scale health infrastructure that facilitates medical science collaboration and translation of new technology into clinical practice. |
| Listed equities | 0% – 50% ¹ | Operating in a key thematic; Companies developing novel therapies, services and preventative approaches to address the most prevalent chronic disease conditions; Where active / activist investing, restructuring, delisting / private approach may be advantageous, spin out; Where there is revenue or other synergies to existing investment; Will participate in initial public offers and placements, particularly where companies are seeking growth capital; May be used as a liquidity management tool. Allows for VC & pre-IPO investments to be held into the listed growth phase of the company, providing for longer duration hold periods where that is advantageous. |
| Cash | 0% – 15% ² | Liquidity in order to manage cashflows. |

1. In the early stages of the Fund, prior to the Fund reaching \$200 million in net assets, the allocation to venture capital and private equity may be up to 60%, listed equities may be up to 100% and cash may be up to 25%. Following the Fund reaching \$200 million in net assets, the allocation to venture capital and private equity will return to its strategic range of between 0% – 50%, listed equities will return to its strategic range of between 0% – 50% and cash will return to its strategic range of between 0% – 15%.

2. When the Portfolio Manager is preparing to make an investment, the cash balance of the Fund may increase above the SAA range on a temporary basis.

The investment strategy for each of these asset classes is set out on the following pages.

(i) Venture capital and private equity

The Fund will access exposure to venture capital and private equity investments. Our focus is to source, research, structure, value, and execute high growth healthcare investment opportunities through several strategic channels. The Fund expects to generate opportunities for venture capital and private equity investments through networks and activities of the Fund's portfolio management team (see section 5). The Fund will also see opportunities that are developed by or referred from the Australian Unity Group, through the Fund's Advisory Committee, or through our strategic venture capital and private equity partner, Acorn Capital (these avenues for origination are all discussed further below).

The Fund will also explore other opportunities in the market via advisory firms, brokers and investment banks where, by its nature, it may participate as a strategic investor.

Australian Unity Group

Australian Unity has been a pioneer in a number of areas across the health and aged care spectrum. The connectivity between our businesses across private health insurance, dental, Remedy healthcare, aged care, home care services, retirement living and social infrastructure means there is a substantial pipeline of organic opportunities. The Group is also presented with strategic or adjacent growth opportunities on a frequent basis. Australian Unity will seek to leverage its extensive network to identify such opportunities and the Fund may review and participate in these opportunities in its own capacity or potentially in conjunction with the Australian Unity Group.

Advisory Committee

The Fund's dedicated Advisory Committee (see section 5) will use their combined industry and financial markets expertise to provide thought stimulus, general advice, insights and constructive feedback with respect to health and ageing policy, social infrastructure and sourcing deals.

The Portfolio Manager for the Fund may raise and discuss investment opportunities with the Advisory Committee to gain its feedback and integrate the feedback into the consideration of the opportunity at any point in the investment cycle.

Acorn Capital

Our 20-year strategic partnership and, more recently, co-ownership of Acorn Capital has helped to establish a distinguished track record in investing in venture capital and private equity. Over the last 12 years the Acorn Capital team has made 52 investments and successfully generated 31 liquidity events from its portfolio of venture capital and private equity investments. The Internal Rate of Return¹ (IRR) achieved on private healthcare investments, which includes TPI, Genea, Ausbio, Aroa, CleanSpace and Telix, was 38%. With Acorn's longevity and reputation in the market, it has an active pipeline of opportunities including opportunities in the health and care sectors. We will be actively working with Acorn Capital to source venture capital and private equity investments suited to the Fund's mandate.

The Fund will also likely utilise Acorn's capability in microcap investing – see 'Listed equities' below.

Stage of maturity

The Fund can invest in venture capital opportunities typically from series B onwards through to more mature private equity opportunities including early expansion and expansion lifecycle stages and more mature businesses with high growth potential. The Fund will also participate in pre-IPO opportunities where valuation arbitrage can be achieved by investing in private markets and selling in public markets. Our pre-IPO investments will provide growth capital, restructuring or bridge financing prior to a larger capital raising at IPO usually within 3-18 months. Unlike funds that focus specifically on venture capital or private equity only, the Fund has been specifically designed with the flexibility to hold the investment for a longer period into the listed markets, if desired.

¹ IRR is gross of fees and costs, is calculated on a time zero basis and represents the discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis. Unlisted investments have been included at the unrealised portfolio value as at 31 July 2020.

(ii) Social infrastructure, health and medical related real estate and aged care

Australian Unity has a wealth of expertise in investing and developing health and medical related real estate, specialist disability accommodation, retirement living and aged care. Australian Unity also benefits from having expertise in operating aged care and retirement facilities and running a sizeable home care platform. The Fund may pursue real estate investments in palliative care, medical research facilities and institutes, rehabilitation clinics, healthcare precincts, health and other specialist infrastructure and associated investments.

The Australian Unity Healthcare Property Trust, established over 20 years ago, is one of Australia's preeminent unlisted property funds with approximately \$2.1 billion of hospital, medical office and aged care assets. In addition, Australian Unity has expertise in complex developments and was awarded the master development contract for the \$1.1 billion Herston Quarter redevelopment in Brisbane in 2018. The Herston Quarter will encompass a public hospital (now complete), private hospital, aged care and retirement living, student accommodation, multi-deck car park and more.

In terms of social infrastructure, Australian Unity has an active pipeline in the social disability accommodation sector as well as aged care. It recently completed its \$40 million raising for a fund which own properties accredited by the National Disability Insurance Agency as Specialist Disability Accommodation.

The Fund's focus in healthcare real estate and social infrastructure is primarily to invest in building new capacity rather than existing capability. However, the Fund has flexibility to invest through the lifecycle of an investment i.e. from the development stage through to when the asset is considered to be stabilised. The Fund will consider co-investing alongside the Australian Unity Healthcare Property Trust or other sophisticated partnerships developed by Australian Unity where the opportunity being pursued fits the Fund's mandate.

In addition, the Fund may also pursue investment opportunities presented by external relationships.

Key strategic drivers for investments may include:

- acquiring healthcare or healthcare-related properties that are leaders in their particular geographical area;
- selectively developing suitable long-term expansion and/or improvement strategies for the properties;
- ensuring the Fund maintains adequate diversification including by geographic location, property type and the type of healthcare services provided by each tenant;
- building strong, secure relationships with tenants that have relevant experience and expertise in the healthcare sector; and
- where practical upon re-development or completion, putting in place carefully structured, long-term leases, with the aim of achieving stable and predictable rental income as well as growth in rental income over the long-term to enhance market place appeal.

(iii) Listed equities

The Fund will selectively invest in publicly traded domestic and international equities. We will primarily seek to deliver value in making investments where, through Australian Unity's depth of knowledge and expertise, we can identify or bring to bear strategic value in a particular company, or thematic. This is distinct from a typical portfolio construction approach where risk is balanced by the number of holdings and sizing. While we will still draw on our expertise in portfolio construction, our primary value add will be in identifying and unlocking strategic value by making active investments.

The investments made within this allocation will be conviction investments in terms of size, contribution, or thematic and/or in terms of the Fund's representation on the register of the company. Unlike traditional equities funds, the allocation to listed equities will not seek to replicate, reference or have regard to any index and will not be built within a traditional portfolio construction framework. There will be a range of traditional factors underlying the decision to invest; for example, valuation, earnings growth outlook, sustainable competitive advantage and management.

Key strategic drivers for investment may include where:

- the trading price exhibits a fundamental discount to inherent value;
- significant growth prospects exist;
- there are robust downside scenarios;
- there is management expertise and track record;
- merger and acquisition potential exists;
- a synergistic positive effect for an unlisted investment held by the Fund can be realised;
- a private equity approach is applied to deliver value;
- the Fund or Australian Unity can add strategic value;
- the business model and attributes of the opportunity fit with the strategic purpose of the Fund;
- there is a review of key environmental, social and governance factors; and
- the Portfolio Manager has a high conviction.

The Fund may utilise Acorn Capital's capability in microcap investing for some of the smaller strategic listed equity investments¹. Acorn Capital has one of the longest track records in investing in microcaps in Australia. Acorn Capital distinguishes itself through its relatively large research and investment team with expertise across all industries as well as its provision of expansion capital to developing companies.

Borrowings

The Fund will have the flexibility to borrow up to 20% of its total assets at the Fund level, subject to debt serviceability. The Fund will not ordinarily borrow but may do so to partially fund property developments (where interest will likely be capitalised), for property investments or to raise money for working capital or liquidity purposes.

¹ Subject to an Investment Management Agreement.

4. Investment philosophy and process

Investment philosophy

The Fund’s portfolio management team will create, structure, invest, actively manage, grow, realise and exit healthcare investment opportunities largely inaccessible to individual Australian investors to create and capture value, and generate growth returns.

The Fund will focus on investing into public and private markets, as well as real estate investments, which seek to add new technology, products, services or capacity to the healthcare system.

We strive to be the market leader in healthcare investing and, through our efforts, to enhance the wellbeing of Australians by addressing the key issues of ageing population, rise of chronic disease, disability, mental health, and the shortage of social and medical infrastructure via our investments in preventative and remedial healthcare and health-associated businesses and assets.

We see the thematic of Australia’s ageing demographics combined with rising health care needs and costs as a long-term fundamental trend. Combining our heritage and mindset with this backdrop, we seek to apply the capital of the Fund in strategic investments with a long-term perspective to value. Our long-term mindset also means that the Fund may hold investments for a longer period than a venture capital or private equity investor, or a traditional portfolio manager investing in listed equities.

We view the investments that the Fund will make and the overall portfolio being a natural hedge for investors against the rising costs of healthcare and insurance as well addressing many of the challenges that will become increasingly prevalent in an ageing population including rise of chronic disease. Given the objectives of the Fund, the types of investments it will make and its long-term outlook, the returns of the Fund will primarily represent capital growth orientation rather than income.

We believe that ESG issues can have a direct impact on the risk and consequently value of our investments. ESG assessment is an integral part of our investment process and enhances our knowledge and understanding of a company’s management, culture and business strategy. This enables us to make better informed investment management decisions of behalf of our clients.

Our core beliefs that relate to how we will invest and strategically add value through the lifecycle of an investment are summarised below:

- Consideration of the risk and return attributes of the investment compared to the objectives of the Fund;
- Consideration of how the opportunity fits within its industry and the various elements of the industry structure, how the business model and attributes of the opportunity fit with the strategic purpose of the Fund;
- Review of key management expertise and track record where relevant;
- Acquisition strategy and competitive advantage;
- Consideration of growth prospects as well as downside scenarios;
- Review of key environmental, social and governance factors; and
- Consideration of the exit strategy.

Summary of the investment process

Investments may be sourced by the Portfolio Manager, from the Advisory Committee or the broader Australian Unity Group given its reach across property, health insurance, retirement living, and our broker, consulting and advisor networks. Once a potential opportunity is sourced, these prospective investments are subject to rigorous vetting through our investment process which includes:



Origination and initial screening of potential investments and selecting or rejecting them for further due diligence.

At this or any other stage during the investment process the Portfolio Manager may refer the opportunity to the Advisory Committee for input and feedback.

Fundamental research on the prospective opportunity.

The investment team will dedicate a substantial amount of time, effort and resource to perform detailed analysis in this phase to identify and assess the risks and opportunities associated with the proposed investment.

Confirmatory due diligence and structuring involves determining valuation, deal metrics and structure, completing any consideration of material ESG issues.

The due diligence undertaken will be scaled to the investment opportunity and risk. In certain situations, third party advice and due diligence reports to help highlight, verify and ameliorate key risks and opportunities associated with the transaction may be obtained.

Portfolio construction involves appropriately weighting and sizing the investment to balance portfolio risk, return and ESG ranking against Fund targets and considering the liquidity requirements of the Fund.

Once a prospective investment is deemed likely to be a suitable investment by the Portfolio Manager, the investment is assessed to see if it is complementary to other investments, adds to existing exposures, poses concentration risks, skews/tilts asset allocation in relation to strategic and tactical targets. The impact on portfolio return and build up to the target return is analysed and considered in the context of existing portfolio investments and other available or expected investment opportunities.

Investment execution involves executing definitive agreements and managing the deal through to completion.

Asset management involves optimising the growth potential for the investee company or asset. We are focused on leveraging the broad capabilities within Australian Unity and our network to drive growth in our investee companies and maximise the potential for strong returns. Ongoing management of the investment asset will include engagement with company management and board (including structuring where required), input into company's strategy, business and risk management plans; as well as monitoring and assistance to achieve key milestones and planning for and ultimately exiting the investment.

As a Fund focused on capital growth, we are acutely aware that both entry and **exit** valuation are critical to achieving the Fund's target returns. From our first initial screening of an investment through long term holdings we maintain rigorous focus on the options around potential realisation of value and ultimate exit from the investment.

Labour standards, environmental, social, ethical and impact considerations

The Fund has a social purpose and is founded on Australian Unity's mission to deliver social and community value.

The Fund's impact objective is to enhance the health and wellbeing of Australians, both now and in the future. The Fund will measure and report against specific impact goals including where relevant mapping the investments to the Australian Unity Community and Social Outcomes Framework and the United Nations Sustainable Development Goals.

We assess and consider labour standards and environmental, social and ethical considerations when undertaking qualitative company analysis.

We believe that ESG issues can have a direct impact on the risk and value of our investments. Incorporating ESG assessment enhances our knowledge and understanding of a company's management, culture and business strategy and enables us to make better informed investment management decisions of behalf of our clients.

Our ESG risk assessment involves considering the potential financial impact of material sustainability issues from an investment standpoint. Our ESG risk assessment is informed by the SASB Materiality Map^{®1} to drive focus to the most relevant and material ESG risks; that is, those factors that are most likely to affect the fundamental value of healthcare firms.

We consider the relevance and materiality of the following types of ESG issues:

- **Social:** Product quality/safety, access and affordability, product design and lifecycle, supply chain risks, human rights, privacy, data security, selling practices, labour practices, health & safety, diversity, competitive behaviour.
- **Governance:** Business integrity, board expertise, regulatory systems, risk management systems
- **Environment:** Climate change (greenhouse gas emission), air quality, energy resources and management, water management, water and hazardous materials management, ecological impacts

Ultimately the ESG assessment leads to a determination of a proprietary ESG rank which can result in the exclusion from investment, impact our valuation of firms, a more active management approach to the asset, or exit from the investment. There is no predetermined view about how far these considerations will be considered other than to the extent that these factors may influence selection, retention or realisation of investments in the Fund offered under the IM.

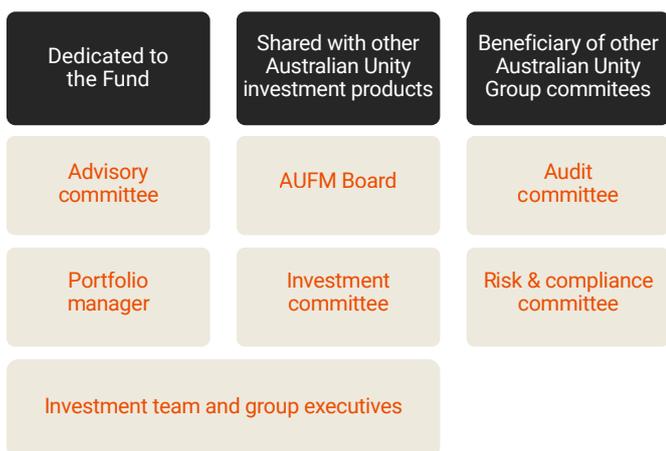
A Sustainability and Impact Report will be issued for the Fund annually and may be included in the Fund's annual report.

1. Australian Unity Limited and Australian Unity Funds Management Limited (AUFM) license and apply the SASB Materiality Map[®] General Issue Categories in our work.

5. Management of the Fund

Governance structure

Australian Unity has a governance team comprising of over 50 staff which, as a team, report directly to the Group Managing Director. Their role is to ensure governance and compliance is maintained for the group including the Fund. The interaction of the Boards, Committees and various executives is set out in the diagram below:



Australian Unity Funds Management Limited ('AUFM') is the trustee and manager of Australian Unity Future of Healthcare Fund No. 1 and Australian Unity Future of Healthcare Fund No. 2 (collectively, the 'Fund').

AUFM is a well-established investment manager which is part of the Australian Unity Wealth & Capital Markets platform. As at 30 June 2020, the Wealth & Capital Markets platform had more than \$24 billion in funds under management.

AUFM comprises staff specifically responsible for funds management, property and asset management, capital markets transactions, treasury, finance and legal functions. Its expertise is complemented by the diversified resources of the wider Australian Unity Wealth & Capital Markets platform, providing long term business support (e.g. legal, accounting, tax, compliance, governance) and institutional oversight. Collectively, these capabilities and resources enables AUFM to effectively execute the Fund's strategy, and to deliver on its key objectives.

Given Australian Unity Group's diverse businesses and investments, it is regulated by APRA, ASIC, the ACCC and the ASX.

The table below describes the key functions of the Fund's governance structure:

| Description | Key functions |
|-------------------------------|--|
| AUFM Board | <ul style="list-style-type: none"> Approval of the Fund's strategy; Oversee the integrity of financial reporting systems (including external audit); Approve and monitor the risk management strategy applicable to the Fund; Approve major investments and material capital commitments where this is outside of the delegations; Review and oversee the Fund's corporate governance policies and practices, risk management framework and internal controls and compliance; and Oversee, direct and monitor compliance with the Corporations Act, conditions of AUFM's AFSL and other statutory duties and obligations imposed by law. |
| Investment Committee | <ul style="list-style-type: none"> Oversee investment management matters and monitor investment performance; and Review and, if appropriate, endorse any matters outside the delegated limits of the CEO Wealth & Capital Markets and Group Managing Director for approval by the relevant board. This includes property transactions over \$200m and certain property debt deals. |
| Audit Committee | <ul style="list-style-type: none"> Oversight of the supervisory and statutory reporting requirements, as well as other financial reporting and professional accounting requirements; Resourcing, performance and scope of work of the Group's internal audit function; and Ensuring the adequacy and independence of both internal |
| Risk and Compliance Committee | <ul style="list-style-type: none"> Oversee the Risk Management Framework for identifying, assessing, mitigating and monitoring material risks arising within Australian Unity Limited and its related companies; and Review, and assess, the Group's compliance policies, procedures and frameworks. |
| Advisory Committee | <ul style="list-style-type: none"> Contribute strategically to the Funds' remit including investment ideas and activities, investment landscape, policy developments and their impacts as well as future trends; and Provide feedback into the consideration of an acquisition opportunity. The Committee has no regulatory or legal obligations. All investment decisions remain the responsibility of the Portfolio Manager, within delegation. |
| Investment team | See the following page. |

The team managing your investment



Victor Windeyer
*Portfolio Manager,
 Future of Healthcare Fund*

Australian Unity: <1 year
 Industry: 25 years

Victor has over 25 years of health sector expertise in both industry and financial roles. Some of Victor’s standout achievements in the healthcare sector include:

- Developed the Audallion speech processor, the first commercial noise cancelling adaptive beamformer to improve hearing reception for Cochlear implant recipients. This technology is the foundation for super directional microphones and noise cancelling headphones;
- Invented, then led the development and commercialisation of the Pelorus Tissue Processor, which is currently widely used globally today for processing of biopsies. Victor’s patented method reduced time to diagnosis and improved laboratory safety removing the need to use cancer causing xylene. This product was core to the Australian export award winning Vision Biosystems suite which was the primary target of Danaher’s takeover of Vision Systems for \$700 million in 2006;
- Co-founder and director of Austral Bionics Limited, developing a bionic eye;
- A director of BronchoDx, which is developing lung cancer detection equipment;
- Led the Australian Healthcare Equities Research team at Citigroup winning the Thompson Reuters Starmine analyst award in 2017; and
- Originated QIC Global Infrastructure’s first healthcare acquisition, Nexus Hospitals.
- Victor joined Australian Unity from a role advising QIC Global Infrastructure on healthcare investments and before that he spent eight years at Citigroup where he led the Australian Healthcare Equities Research team. Prior to Citi he was the General Manager and Chief Operating Officer at ASX listed medical device company, Sunshine Heart. Victor also had senior roles at Ventracor, Vision Systems as well as Cochlear. Victor holds a Bachelor of Mechanical Engineering (Mechatronics) from The University of Sydney and a Graduate Certificate in Management from The University of NSW.



Esther Kerr-Smith
*Chief Executive Officer,
 Wealth & Capital Markets and
 Chief Investments Officer*

Australian Unity: 3 years
 Industry: 20 years

Esther is Chief Executive Officer for Wealth & Capital Markets in the Australian Unity Group. Esther is responsible for all of Australian Unity’s financial services and investment activities, spanning investment management, advice, trustee services, life and superannuation, as well as the Group’s property, development and capital management activities. Esther is also a board member of many of its operating entities.

Prior to joining Australian Unity in September 2017, Esther’s previous experience covered financial services, infrastructure and human services design and delivery. Esther was a senior executive with the National Disability Insurance Agency— leading the market stewardship and commissioning functions, including working with start-up accelerators and investors to support the development of the disability sector, and has held senior roles at strategy consulting firm Boston Consulting Group and within Macquarie Group’s infrastructure division.



Joe Fernandes
*Chief Investment Officer,
 Wealth & Capital Markets
 Australian Unity*

Australian Unity: <1 year
 Industry: 24 years

Joe has more than two decades of experience in senior investment leadership roles, including 17 years with Colonial First State, Colonial First State Global Asset Management and First State Investments where he was the Managing Director – Asia. Joe has a proven track record in investment stewardship and responsible investment programs. Most recently he has held a number of independent advisory roles in superannuation and wealth management companies.



Damian Diamantopoulos
*Portfolio Manager &
 Head of Research, Property*

Australian Unity: 4 years
 Industry: 17 years

Damian has 17 years' experience in investment management and research of both listed and unlisted property securities as well as direct property. Prior to joining Australian Unity, Damian managed various property securities funds during his time at Karara Capital and 360 Capital Group. Damian also has experience in managing several A-REIT and direct property funds having concluded an extensive 12-year career at APN Property Group. Damian graduated with a bachelor's degree in Commerce from Monash University, has completed the FINSIA Graduate Diploma in Applied Finance and Investment and holds a Diploma in Property Investment and Finance from the Property Council of Australia.



Sam Walker
Senior Portfolio Analyst

Australian Unity: 6 years
 Industry: 11 years

Sam oversees a number of products across the Australian Unity Group including multi-sector diversified funds, single-sector funds, liability aware and corporate portfolios. Sam holds a bachelor's degree in Commerce (Finance and Economics) and a Master of Applied Finance from Kaplan Professional. In 2014, Sam was admitted to the Chartered Financial Analyst Institute as a charter holder.

Advisory Committee

A dedicated Advisory Committee has been established for the Fund. The committee will comprise a maximum of six members including:

- at least two, and up to four external members; and
- up to two Australian Unity Group representatives.

Members of the Advisory Committee are:

| Member | Current position |
|---------------|--|
| Robert Herkes | Chief Medical Officer, Australian Commission on Safety and Quality in Health Care |
| David Thomas | Director of Kinghorn Cancer Centre; Head, Cancer Theme, Garvan Institute of Medical Research; CEO, Australian Genomic Cancer Medicine Centre |
| Rohan Mead | Group Managing Director, Australian Unity |

The role of the Advisory Committee is to contribute strategically to the Fund's remit including providing feedback on investment ideas and activities, investment landscape, policy developments and their impacts as well as future trends.

All investment decisions remain the responsibility of the Portfolio Manager.

- More specifically, the Committee will:
- Use combined industry and financial markets expertise and insights to provide thought stimulus, general advice, insights and constructive feedback with respect to health and ageing policy, social infrastructure and related opportunities;
- Provide views and feedback on investments for the Fund;
- Observe investment markets in which the Fund operates for major developments and sharing insights in relation to these developments; and
- Recommend external research and advice and industry contacts where necessary.

The Advisory Committee will also provide key insights to a select group of the Fund's investors and consultants. The Portfolio Manager may discuss existing and prospective investments with the Advisory Committee to gain its feedback and integrate the feedback into the consideration of the opportunity at any point in the investment cycle. Typically, this will occur in the early stages of the investment process prior to acquisition; however, in some instances may be at other points of the lifecycle of an investment.

6. Applications

The Application Form is available by contacting Wholesale Wealth Solutions on 1300 407 698.

Applications may be made on a daily basis. Your Application Form will be considered lodged when it is received and fully completed at our registered office by 3:00 pm on a Melbourne business day. Otherwise, you will receive the next business day's unit price. We reserve the right to vary minimum investment amounts.

As an application is a commitment to provide funds as and when investments are identified and/or for other general liquidity purposes, Units will be issued on a fully paid basis at the prevailing Unit price for the part of your commitment that is drawn.

If an application or commitment is not initially drawn in full, you may be issued Units in tranches of differing amounts, and at a different Unit price, as and when the commitment is drawn.

Minimum amounts below are aggregated across the schemes which comprise the Fund.

| | What you need to send us | Minimum |
|-----------------------|--|----------|
| Initial investment | A completed application form and completed payment details. | \$50,000 |
| Additional investment | Provide us with appropriate written instructions. | \$50,000 |

Commitment period

Applications have a two-year commitment period where the investment amount you have applied for (committed investment) can be drawn in one or more tranches over a period of two years as investments are identified and acquired and/or for other general liquidity purposes. After the two-year period, you may extend the term of your undrawn commitment to the Fund, or AUFM will return any unused portion of your commitment to you.

If we draw down only part of your commitment when your application has been accepted, we will provide you with a Drawdown Notice 10 business days prior to each subsequent capital call. Fully paid units will be issued in accordance with the amount of your commitment which is drawn at the prevailing unit price.

Rejection and cancellation of applications

We may, in our discretion, accept or reject in whole or in part any application. We do not need to give any reasons for accepting or rejecting in whole or in part any application.

To ensure your application is not wholly or partially rejected:

- Submit a fully completed application form with all relevant identification. Refer to the application form for more information on the types of identification documents you may be required to provide; and

- Ensure that cleared funds are available to be drawn from your nominated Australian financial institution account from the date your application is submitted.

If we are unable to wholly or partially accept your application for any reason we may cancel your application.

Maximum exposure limit

We have limited the maximum exposure of an investor, or the aggregated exposure of a group of 'associated investors', to 15% of the Fund's net tangible assets ('Maximum Limit') subject to the Trustee's discretion. This means that we may in whole or part reject an application on the basis that the Maximum Limit may be exceeded.

The Maximum Limit will apply until further notice.

Associated investors

We may consider whether an investor is likely to be a member of a group of 'associated investors'. An investor may be considered to be an 'associated person' of another investor if we deem the investor to exhibit, or we become aware of one or more of the following attributes with respect to the investor:

the investor is, either in partnership with or by other arrangement, associated with another person or entity which also has investments in the Fund (trustee and custodial arrangements may be excluded in this assessment);

the investor has indicated that it has an arrangement with an AFS Licensee or authorised dealership and/or adviser which also has arrangements with other investors of the Fund;

the investor is an 'associated person' of one or more existing investors under a Duties Act of a State or Territory.

If an investor is identified as an 'associated person' of another investor under the above tests we may consider the aggregated exposure to the Fund of the 'associated investors'. If the limit of 15% of the Fund's net tangible assets is likely to be exceeded, the Maximum Limit will apply to the 'associated investors'.

However, we reserve the right, in our sole absolute discretion, to interpret how the Maximum Limit applies in relation to any particular investor or class or group of investors, including whether two or more investors are associated investors.

Suspension of applications

In exceptional circumstances, where it is considered to be in the best interest of investors, the processing of all applications may be suspended. If this occurs, your application request will be processed using the next available unit price.

Changing your mind

As the Fund is for Wholesale Clients, cooling off rights do not apply.

7. Withdrawals

Lock up period

There will be a lock up period of three years from the First Closing Date which was 18 December 2020. There will be no redemptions allowed during the lock up period. However, you may be able to transfer your investment at the discretion of the Trustee.

Redemptions

Following the three year lock up period, AUFM will offer two liquidity windows in March and September each year.

If you are requesting redemption from the Fund:

- you will be required to complete a withdrawal form or letter requesting the amount you wish to withdraw signed by the account holders or the authorised signatories and your nominated Australian financial institution account details.
- your written request must be received by 3:00pm on 31 March or 30 September (as the case may be) at our Melbourne office on a Melbourne business day. All redemption requests will be effective the date of the liquidity window being either 31 March or 30 September or at another date specified by the Trustee.
- withdrawal payments by cheque or to third-parties are not available and incomplete withdrawal requests may not be accepted.
- redemptions will be prioritised in the order that a completed withdrawal form is received.
- redemptions, in aggregate, will be limited to 25% of the Fund's NAV as it relates to each liquidity window.

AUFM will use reasonable endeavours to satisfy redemptions within two years of the withdrawal request. In the event that the Fund is not able to meet withdrawal requests in full, AUFM will:

- as soon as practicable communicate how it plans to meet withdrawal requests. This communication will include the steps to be taken over the next 24 months and the expected liquidity position during this time. This may involve raising equity from new investors, utilising existing cash, selling listed or unlisted securities, selling direct property or, in extraordinary circumstances, obtaining short-term borrowings, or undertaking a combination of these measures.
- process the withdrawal request in tranches at the prevailing Unit price as and when the Fund has the capacity to pay a tranche of the withdrawal request. This means that investors may remain invested in the Fund for a period of time as it relates to the unpaid component of the withdrawal request, and therefore continue to receive distributions and be subject to Unit price changes until the withdrawal request is paid in full.

The minimum you can redeem is \$50,000, although we reserve the right to vary minimum redemption amounts and to accept or reject any redemption requests (in whole or in part) at our discretion. If your withdrawal causes your account balance to fall below the minimum, it may be treated as a full redemption.

As each class of units in each trust which comprise the Fund are stapled, stapled units will be redeemed together in the Stapling Ratio.

Additional information about redemptions

Redemptions may be funded using cash reserves held by the Fund or any other assets. Cash reserves are primarily accumulated from applications, retained earnings or through the sale of assets.

Transferring your investment

A Unit holder may transfer any Unit owned by them to any person, provided the transferor complies with the pre-emptive rights regime set out in the Trust Deeds which requires the Unit holder to first offer the Units for sale to the Trustee in its own capacity (or its nominee) and other investors in the Fund in certain circumstances. As each class of units in each trust which comprise the Fund are stapled, those units must be transferred together.

The Trustee may refuse transfer requests.

8. Unit prices and distribution payments

Unit pricing frequency

Unit prices are generally calculated daily. In exceptional circumstances, where it is considered to be in the best interests of investors, Unit prices may be calculated less frequently.

Under the Fund's Trust Deeds, AUFM can apply its judgement to unit pricing.

Distributions

Generally, net investment income, which may include realised capital gains, is paid to you after each distribution period.

Distributions from Australian Unity Future of Healthcare Fund No. 1 are intended to have flow through tax treatment provided the net income of the trust is fully distributed on an annual basis. Distributions from Australian Unity Future of Healthcare Fund No. 2 are likely to be taxed as a company and paid as franked distributions. Section 11 provides more detail.

Distributions are generally paid within 21 business days of the end of each distribution period. The Fund aims to pay distributions on a half yearly basis.

Only investors who are Unit holders on the record date will be entitled to a distribution. If you redeem your investment prior to a record date, you will not receive a distribution for that half year period (or part thereof).

Although it is not our intention to source future distribution payments from sources other than net income, including net realised capital gains, we may do so if we consider it to be in the interests of our investors and where payment from that source is expected to be sustainable given the circumstances.

Payment of your distribution

Unless an investor requests otherwise, distributions will be reinvested in the Fund. The distribution reinvestment price is the ex-distribution Unit price, calculated as the cum-distribution Unit price at the end of the distribution period less the cents per unit distribution payable.

You can have your distribution paid directly to an account held at an Australian financial institution. If you wish to have the distribution paid to you, complete section 6 of the Application Form and provide your Australian financial institution account details. If you do not provide Australian financial institution account details, then your distributions will be automatically reinvested.

9. Risk factors

In general, there is a relationship between the level of return generated by an investment and its level of risk. Assets with the highest potential long-term returns often also carry the highest level of risk.

AUFM does not guarantee any level of return to investors and the historic performance of investments managed by the AUFM or its respective affiliates and associates cannot be taken as an indication of the future performance of the Fund. 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 over 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.

How we manage risk

We are unable to eliminate all investment risks. However, we do analyse, manage and aim to reduce the impact of risks for investors through our investment process.

Particular significant risks relevant to the Fund

While not exhaustive, the following risks should be considered prior to any investment:

| Risk | Detail |
|---------------------------|--|
| Valuation risk | <p>The value per Unit is expected to fluctuate over time with the performance of the Fund's investments. You may not fully recover your initial investment when you choose to redeem your Units if at the time of redemption, the Unit price is less than the subscription price paid by you.</p> <p>Valuation of the Fund's investments may involve uncertainties and judgemental determinations, and if such valuations are incorrect, the Unit price could be adversely affected.</p> <p>The Fund may also invest in assets that may be difficult to accurately value or where liquidity in a listed investment is low. Additionally, independent pricing information may not be available at times to value the Fund's investments. This may mean that the value assigned by the Fund may differ from the actual value and the value per Unit may be under or over-stated.</p> |
| Illiquid investments | <p>The Fund may invest in real property assets, venture capital and private equity, and some microcap listed shares. Investments may also be made into unlisted trusts or companies. All of these assets tend to be less liquid than other forms of investment such as cash and equities and, as a result, there is a risk that it could take longer to withdraw money if many investors decide to withdraw money at the same time. If this happens and if the level of withdrawals exceeds the available level of liquid assets there is a risk that the Fund may have insufficient cash to meet withdrawal obligations in a timely manner. This could result in it taking longer for investors to withdraw money or the Fund losing value from selling assets at an inopportune time. For this reason, AUFM may take up to two years from the withdrawal request to satisfy redemptions. Section 7 of this IM sets out how we plan to meet withdrawal requests if the Fund is not able to meet withdrawal requests in full at the time of the request.</p> |
| Early stage business risk | <p>There are a number of risks that are specific to venture capital and early stage investments which lead to a higher rate of failure compared to more mature businesses including:</p> <ul style="list-style-type: none"> • lack of trading history; • loss of experienced staff; • failure to achieve market acceptance of its offer; or • inability to scale its operations or manage its cash flows. <p>Some early stage investments may also have limited financial resources and may be unable to meet their obligations under their banking requirements (if applicable) which may reduce the value of their equity or any guarantees provided with respect to their debt.</p> |
| Australian equities risk | <p>The Fund will have exposure to selected companies/securities listed, or soon to be listed, on the ASX. Equities are typically exposed to market risk. In addition to market risk, the value of a specific company's share price can rise or fall depending on the market's perception of the company's internal operations, management, financial position or business environment. Share prices can be volatile, which means the value of your investment can increase or decrease frequently.</p> |
| Property investment risk | <p>The Fund may invest in stabilised property assets related to healthcare and social infrastructure. Property assets tend to be less liquid than other forms of investment and it may take considerable time to sell a property. The value of property is closely linked to rental income, occupancy levels, tenant quality, lease terms, location and supply and demand factors, and may also be impacted by environmental risks.</p> |

| Risk | Detail |
|--|--|
| Property development risk | A risk of property development is construction risk. Construction projects carry a risk that the costs of the project might be higher than budgeted or the project may be delayed. Borrowings may also be used to partially fund property developments, which may exacerbate this risk. This may impact the value and ultimately returns to investors in the Fund. |
| Sector concentration risk | The Fund will invest in healthcare and social infrastructure related opportunities across listed, venture capital, private equity and property. The performance of the Fund will largely depend on the performance of this specific sector. |
| Foreign currency risk | <p>Changes in the value of the Australian dollar against foreign currencies may affect the value of international investments (in Australian dollar terms).</p> <p>The Fund is not managed to neutralise exchange rate risk and, accordingly, the Fund may be affected by currency fluctuations, and its value may be reduced with a change in the Australian dollar or other currencies. At times, the Fund may decide to hedge part or a majority of its direct foreign currency exposure using derivatives.</p> <p>Derivatives can expose a fund to risks such as market risk (the risk that the value of the derivative will fluctuate due to movement in the price of the underlying security, index or financial obligation), basis risk (the risk where the value of the derivative moves independently from the value of the underlying security, index or financial obligation) and counterparty risk (the risk of loss arising from the failure of another party to meet contractual obligations).</p> |
| International equities risk | International equities are exposed to general market risk, including company specific risks, in the same way as Australian equities. However, the ability to monitor these risks closely can be more challenging when investing internationally. The Fund seeks to predominantly invest in well-developed, highly liquid markets. The Fund may hold investments in different jurisdictions. The laws in such jurisdictions may differ from those in Australia and therefore may not necessarily provide the same level of protection to investors. |
| Borrowing risk (mainly relating to property) | <p>The Fund may (mainly for the purpose of investing in property investments or developments) combine investors' money with borrowed money and invest the combined amount in property related assets. This process, known as gearing, magnifies the effect of gains and losses on your investment and is considered more risky than similar investments that are not geared.</p> <p>If property values or rental income falls significantly, the Fund may be unable to meet its loan covenants, and this may result in the sale of assets.</p> <p>In addition to the property risks outlined above, changes to interest rates or lender credit margins may impact borrowing costs and ultimately impact the level of income you receive. There is also a risk that the Fund may not be able to refinance its borrowings when borrowing facilities mature. If this occurred, the Fund may lose value from selling assets in poor market conditions in order to repay the borrowed amount.</p> |
| Leverage | The Fund's portfolio may include interests in investments that have significant debt in their capital structures. Such investments have increased exposure to increasing interest rates, refinance risk, economic downturns and reductions in the financial performance of asset. Leverage may also exacerbate losses. |
| Co-investment | The Fund may co-invest with third parties. Possible risks of such investments include inconsistent interests or goals compared to the Fund, or the co-investor being in a position to act contrary to the Fund's investment objectives. |
| Management of conflicts | In addition to managing the assets of the Fund, AUFM is also the trustee, manager or responsible entity of various other funds which focus on healthcare and social infrastructure related assets. The management of these other funds, including deal flow allocation, may lead to conflicts of interest which will be governed by Australian Unity's Conflicts of Interest Policy. |
| Unforeseen risk and insurance risk | Major external events including natural phenomena, pandemics, attacks or other like events may affect the Fund's investments or the underlying funds in which the Fund invests. These are events for which insurance cover is either not available, or the Fund does not have cover. The performance of the Fund may be adversely affected where any unforeseen event results in losses to Fund assets due to uninsurable risks, uninsured risks or under-insured risks, or the cost of the insurance premiums being in excess of those forecasts. Any failure by an insurer or re-insurer may also adversely affect the Fund's ability to make claims under an insurance policy. These occurrences may result in a loss of capital, in turn reducing the price of Units and amounts that may be available for distribution by the Fund. |

10. Fees and costs

The following sections show fees and other costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the assets of the Fund as a whole. Taxes are set out in section 11 of this IM. You should read all of the information about fees and costs, as it is important to understand their impact on your investment.

Management fee

As Trustee, AUFM has agreed to charge a management fee of 0.95% p.a. (exclusive of GST) or 1.045% p.a. (inclusive of GST) expressed as a percentage of the gross asset value of the Fund.

Recoverable expenses and reimbursements

The Fund will reimburse AUFM for any expense or liability it has incurred with the establishment, promotion, operation or activities of the Fund capped at 0.25% p.a. (excluding GST). This includes, among other things, for the cost of legal counsel, auditors, accountants, professional advisers, travel and indemnification of its Affiliates and other Appointees for expenses or liabilities incurred in connection with their respective duties in relation to the Fund.

The Fund will not reimburse AUFM for any Overheads. AUFM may in whole or in part waive or postpone reimbursement of any or all expenses.

Performance Fee

The Performance Fee will be equal to 15% (before GST) of the amount by which the gross return of the Fund ('Fund Return') exceeds 9% ('Benchmark Return'). The Performance Fee will accrue daily and be paid annually.

If the Fund Return does not exceed the Benchmark Return, no Performance Fee will be payable in that period.

The Performance Fee will be calculated every year. The first performance fee period will end on 30 June 2021.

Any Performance Fees calculated in accordance with the procedures described above will be subject to adjustment as described below.

Underperformance

If the Fund Return does not exceed the Benchmark Return for a period, then any underperformance will be carried forward into future performance fee periods. No Performance Fee will be payable until all previous underperformance has been remedied.

For example, if in respect of a performance fee period, the Fund Return is 1.5% per annum lower than the Benchmark Return, then this negative 1.5% per annum will be carried forward into the next performance period. At the end of that later performance fee period, AUFM will only be entitled to a Performance Fee if the Fund Return exceeds the Benchmark Return plus the 1.5% previous underperformance.

Termination

If the Trustee is removed (other than as a result of the Trustee's material breach), all accrued but unpaid deferred Performance Fees will become immediately due and payable.

Payment

AUFM will have the right (but not the obligation) to apply up to 50% of the Performance Fee payable in any period to subscribe for Units. The Units will be issued at any issue

price equal to net asset value of the Fund at the end of the Performance Fee period.

Indirect costs

Indirect costs are amounts that the Trustee knows, or estimates, will reduce the Fund's returns. The costs are paid from the Fund's assets, or the assets of the interposed vehicle in which the Fund may invest from time to time. Typically, an interposed vehicle will be another fund in which the Fund has invested.

The costs may include reasonable estimates of fees charged by an interposed vehicle, including management fees, expense recoveries and performance related fees; and if applicable, the costs of investing in over-the-counter (OTC) derivatives (incurred either by a Fund or an interposed vehicle in which the Fund invests), which may be used by a Fund to gain exposure to assets.

Where the Fund invests in other funds managed by us

The Fund may invest in other funds or investment companies (interposed vehicles) managed or operated by us or by our Affiliates. Where this occurs, base management fees will not be taken from each fund. Instead, our base management fees will be adjusted to reflect a maximum of the Fund's fees described above. This adjustment does not apply to Performance Fees.

For example, if the Fund invested in a fund managed by Australian Unity which charged a base management fee of 0.40% p.a., the Fund would reduce its base management fee proportionately on that investment.

However, if the Fund invested in a fund managed by Australian Unity which charged a performance fee, the Fund would not reduce its Performance Fee (if any) to reflect the performance fee of the underlying fund.

Transaction and operational costs

In managing the investments of the Fund or the Fund's underlying investments, transaction costs such as brokerage, settlement costs, clearing costs and government charges may be incurred. Changes in the Fund's investment portfolio (or when new investments into or redemptions out of the Fund are paid) can also incur fees.

Transaction and operational costs incurred from changing the Fund's investment portfolio will be borne by the Fund.

Borrowing costs

Borrowing is permitted under the Trust Deeds to raise money for the purposes of the Fund, to lend and grant security over the Fund's assets. The Fund will not ordinarily borrow but may do so to partially fund property developments (where interest will likely be capitalised), for property investments or to raise money for working capital or liquidity purposes.

The Fund's underlying investments may also borrow to finance new and existing assets, to develop and maintain those assets, and to provide liquidity for operating purposes and managing the Fund's working capital.

Borrowing costs may include debt arranger fees, loan establishment fees and hedging costs. The costs involved with the Fund's underlying investments' borrowings are recoverable from the Fund's underlying investments.

Costs associated with transacting on your account

You may also incur costs directly associated with transactions made on your account, such as government taxes, stamp duty and bank fees. These costs will be directly deducted from your account by reducing the number of units you hold within the Fund. We are unable to estimate these costs until they are incurred.

Fee changes

Fees may increase or decrease for many reasons, including changes in the competitive, industry and regulatory environments or simply from changes in costs. We can change fees without your consent but will provide written notice of any increase.

Wholesale clients

From time to time, we may rebate some of our fees (or issue units in the Fund) to wholesale clients and/or sophisticated investors as defined in Section 761GA of the Corporations Act or to employees of the trustee and related entities so that they pay reduced fees. We do not enter into individual fee arrangements with other investors.

Payments to financial advisers and intermediaries

The Corporations Act 2001 contains provisions which regulate, and in some cases prohibit, payment to financial advisers and intermediaries by product issuers. Any arrangement by us to make payments or provide incentives to financial advisers and intermediaries will be entered into in compliance with the legislation.

11. Tax

Australian taxation

Certain tax implications of investing in the Fund are explained below. It is intended to be a brief guide only and does not purport to be a complete statement of the relevant tax law, nor does it consider your individual circumstances. Accordingly, we strongly recommend that you seek independent professional taxation advice on the tax implications of investing in the Fund relevant to your specific circumstances.

The following summary is intended for Australian resident investors and 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). This summary does not consider the tax implications for those investors who hold their investment in the Fund on revenue account, as an isolated investment made with profit making intent or as trading stock. It does not consider those investors who may be subject to special tax rules, such as financial institutions, insurance companies, partnerships (except where expressly stated), tax exempt organisations or superannuation funds (except where expressly stated) or any investors who are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth).

This summary is based on our interpretation of the current Australian tax laws at the date of publication of this document, including applicable case law and published guidance by the Australian Taxation Office, which may be subject to change.

While you hold your investment

Australian Unity Future of Healthcare Fund No. 1 for passive investments ('Fund 1')

On the basis that Fund 1 meets the requirements for being an eligible Managed Investment Trust ('MIT') for tax purposes, the Trustee intends to make an irrevocable election under the MIT provisions to treat certain eligible assets of Fund 1 (primarily, real property or equity investments) as being held on capital account.

Fund 1 may also qualify for and may irrevocably choose to apply the Attribution MIT ('AMIT') rules. If Fund 1 qualifies as an AMIT, the Trustee will make a determination prior to Fund 1 making its first distribution whether it will elect to apply the AMIT rules. Eligibility for MIT/AMIT status will depend on satisfying the widely held and closely held thresholds for Fund 1. This will ultimately depend on the nature and holdings of the investors in Fund 1.

It is intended that Fund 1 will be administered to distribute taxable income on a present entitlement basis or attribute trust components to investors each financial year on a fair and reasonable basis, and therefore Fund 1 itself should not pay tax. You will need to include in your income tax return your share of the Fund's taxable income for each financial year. This applies regardless of whether the distribution is received in cash during that income year or a later year and may include amounts that have been reinvested.

To assist you to complete your tax return, you will receive an annual tax statement or AMMA statement from us. This statement will provide you with the components to be included in your tax return. The sum of these components may differ to the amount of cash distribution you receive.

Tax losses (if any) generated by Fund 1 cannot be passed onto investors. However, provided specific requirements are satisfied, Fund 1 should be able to carry forward tax losses, offsetting them against income generated in a later income year.

Dividends

Where Fund 1 receives franked distributions in relation to investments in Australian and international equities, you may receive as part of your distribution franking credits (subject to relevant franking credit integrity measures, such as the 45-day holding period rule). These franking credits will not represent part of your cash receipts but will need to be included in your tax return as part of your taxable income. Depending on your individual circumstances, these may be available to offset your tax liability or be paid as a refund.

Foreign income

Where Fund 1 derives foreign sourced income including dividends from foreign companies, Australian tax resident investors may be able to claim a Foreign Income Tax Offset ('FITO') against their Australian income tax liability in respect of their share of any foreign tax paid on that income. FITO's not utilised in the income year in which they are derived will be forfeited and cannot be carried forward to a later year.

Capital gains

Where Fund 1 derives net capital gains to which you become entitled, you may need to include these amounts in your assessable income. Investors will generally be required to double any discounted capital gains. A capital gains tax ('CGT') discount may then be available for some investors, as outlined below.

If you choose to invest in a class of units that invests in an 'early stage innovation company' (ESIC), the capital gains that arise from the disposal of the shares in the ESIC may be disregarded in certain cases.

Early stage venture capital limited partnership (ESVCLP) investments

If you choose to invest in a class of units in Fund 1 that invests in an ESVCLP that is registered with Innovation Australia under the Venture Capital Act 2002 (Cth), you may be entitled to a non-refundable tax offset of up to 10% of your investment in that class (where amounts contributed are used by the ESVCLP to make certain eligible venture capital investments).

Income and gains derived from investments in an ESVCLP made by a class may also be tax exempt for investors in that class.

All investors should seek their own personal tax advice specific to their own circumstances regarding their investment in a class of units with ESVCLP's exposures.

Australian Unity Future of Healthcare Fund No. 2 for active investments ('Fund 2')

The income of Fund 2 will generally flow through to investors and retain its character in the hands of investors unless the public trading trust rules apply (see below).

Given the nature of the investments that will be made by Fund 2, neither the MIT nor the AMIT rules should apply.

Most, if not all, gains and losses made through an investment in Fund 2 should be on revenue account. The CGT discount cannot be applied to revenue gains.

Public trading trust ('PTT') rules

Depending on the nature of investments made in, and the investor base of, each trust in Fund 2, the PTT rules may apply to a trust. If the PTT rules apply to a trust, the trust will be taxed as a company at the prevailing company tax rate. Any distributions paid to investors in that trust that is a PTT will be treated as dividends which may be franked to the extent that company tax has been paid in respect of that trust.

To assist you to complete your tax return, you will receive a semi-annual distribution statement and annual tax statement from us. These statements will provide you with the amount of the distribution and the amount of franking credit attached to the distribution to be included in your tax return.

When you withdraw

When you fully or partially withdraw or redeem your investment in the Fund, you are treated as having disposed of your investment, and as a result, any net gain derived on disposal may be included in your taxable income under the CGT provisions. This may include where you move between Funds or classes within a Fund or transfer your units in a particular Fund to another investor.

An investor will make a capital gain in respect of the disposal of its investment to the extent that the capital proceeds attributable to the disposal exceed the investor's cost base. Alternatively, an investor will make a capital loss in respect of the disposal of its investment to the extent that the capital proceeds attributable to the disposal of the investment are less than the cost base in that investment.

In determining the cost base or reduced cost base of your investment in a Fund, you will need to consider any returns of capital and certain tax components of distributions that will increase or decrease the cost base of your investment (which should be reported on your annual tax statements).

If Fund 1 is subject to the AMIT rules where the amount of cash distribution is more than your share of the taxable income of Fund 1 in an income year, your cost base of the investment in Fund 1 should decrease by the difference ('AMIT cost base net amount – excess') (or known as tax deferred for a non-AMIT fund). These amounts may have the effect of increasing your capital gain or decreasing your capital loss.

Conversely, where the amount of cash distribution from Fund 1, assuming it is an AMIT is less than your share of the taxable income of Fund 1 in an income year, your cost base of the investment in Fund 1 should increase by the difference ('AMIT cost base net amount – shortfall'). This amount should have the effect of decreasing your capital loss upon disposal of your investment.

Where Fund 1 is an AMIT, the AMMA statement you receive from the Fund will state the amounts that the Trustee reasonably estimates to be the 'AMIT cost base net amount – excess' and the 'AMIT cost base net amount – shortfall'.

Any net capital loss resulting from the disposal of your investment in the Fund may be able to be used to reduce capital gains derived in that or future income years.

Investors that are individuals and trusts may be entitled to a CGT discount that reduces their capital gains by 50% where they have held their investment for more than 12 months. Investors that are complying superannuation funds may be entitled to a 33.33% reduction of their CGT liability. No such discount is available to corporate investors.

Non-residents

This summary does not consider the Australian income tax implications for non-resident investors. However, it is noted that the Australian tax law imposes obligations on the Trustee to withhold tax on distributions paid to non-residents for Australian tax purposes.

If you are not an Australian resident for tax purposes, withholding tax will be deducted from your distributions at the prescribed rates. The rates may vary according to the components of the distribution and the country in which you reside.

Stamp duty

No marketable securities duty (also known as share/unit transfer duty) is payable on the issue, redemption or transfer of units in the Fund.

However, landholder duty and/or trust acquisition duty may be payable upon the issue, redemption or transfer of units in the Fund, at rates of up to 7% plus any applicable foreign purchaser surcharge at rates of up to 8%.

Whether such duty applies and the rates at which it applies can depend on:

- the jurisdiction in which the Fund's dutiable property is located and the value of the property at the time of the issue, redemption or transfer of units in the Fund; and
- the percentage interest in the Fund held by an investor (on an associate-inclusive or aggregated transaction basis) upon, or resulting from, the issue, redemption or transfer of units in the Fund. For example, this can be as low as 20-% where land held by the Fund in Victoria has an unencumbered value of at least \$1 million. Separately in Queensland, unless the Fund qualifies as a widely held public unit trust, there is no threshold on trust acquisition duty.

Investors should obtain independent stamp duty advice in respect of an investment in the Fund.

Tax File Number withholding tax

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

Goods and Services Tax ('GST')

The acquisition, redemption and transfer of units in the Fund should not be subject to GST. Distributions made by the Fund should also not give rise to any GST consequences.

Australian Tax Reform

Australia is in the process of ongoing taxation reform. There is considerable uncertainty as to the breadth and ultimate impact of the reforms. The Trustee will continue to monitor the tax reform process and its impact on the Fund. It is an investor's responsibility to monitor tax reform developments that may impact on their investment in the Fund.

Automatic Exchange of Information ('AEOI')

The Trustee intends to meet any requirements imposed on the Fund under Australian legislation designed to give effect to the AEOI regimes.

Australia's obligations under AEOI regimes include legislation designed to give effect to the Foreign Account Tax Compliance Act ('FATCA') and the Organisation for Economic Co-operation and Development's ('OECD') Common Reporting Standard ('CRS'). As such, we may collect certain information from you, report payments made in respect of your investment, report details of certain investors to the ATO and retain information to meet record keeping requirements. It is recommended you consult with your tax adviser to discuss the impact of these AEOI regimes may have on you.

12. Other information

Trust Deeds and Stapling Deed

The Fund comprises a stapled security of either ordinary units, Class A or Wholesale Units in two managed investment schemes: Australian Unity Future of Healthcare Fund No. 1 and Australian Unity Future of Healthcare Fund No. 2. Wholesale Units are the only class currently open for investment. These managed investment schemes have separate trust deeds: the Australian Unity Future of Healthcare Fund No. 1 Trust Deed for the Australian Unity Future of Healthcare Fund No. 1, and the Australian Unity Future of Healthcare Fund - Active Trusts Trust Deed for the Australian Unity Future of Healthcare Fund No. 2 ('Trust Deeds').

Wholesale Units in Australian Unity Future of Healthcare Fund No. 1 and Wholesale Units in Australian Unity Future of Healthcare Fund No. 2 are stapled in accordance with the Stapling Deed.

The Trust Deeds provide the framework for each scheme's operation and together with relevant laws, sets out our relationship with you. Some of the provisions of the Trust Deeds are referred to in this IM. We are not liable for any loss unless we fail to comply with our duties under the Trust Deeds or relevant laws.

AUFM may in its discretion create additional unit classes in either trust which comprises the Fund and establish additional active trusts in accordance with the Australian Unity Future of Healthcare Fund - Active Trusts Trust Deed. Any such additional unit classes or active trusts may or not be stapled to other unit classes or trusts and may or may not form part of the Fund.

The Trust Deeds and the Stapling Deed are available in the electronic data room for investors to review.

Terminating the Fund

The Fund may be terminated at any time subject to the Trust Deeds.

Powers and duties of the Trustee

AUFM as Trustee must act in accordance with the Trust Deeds. The Trustee's role is to set the investment policy in relation to the Fund and carry out the general administration and operation of the Fund. Legal title to the assets are held by a custodian on behalf of the Trustee.

Payments to third parties

AUFM may pay a fee to a third party for distribution services. Third parties may include an adviser and other intermediaries. Any fee paid to third parties for distribution services will be paid out of the base management fee that AUFM receives for managing the Fund and will not be deducted from your investment nor will it impact the returns you may receive.

Authorised investments

A broad range of investments is permitted in the Fund.

The Fund may gain exposure to certain assets by investing through other investment vehicles including those managed by a related entity. These investment vehicles may include investment companies, registered managed investment schemes, other unregistered schemes and partnerships.

The investment manager may use derivatives in the management of the Fund but will not use derivatives for gearing purposes or speculative activities.

Related party transactions

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

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 policies and guidelines.

Keeping you informed about your investment

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 application |
| Confirmation of subsequent applications | At the time of the transaction applications |
| Tax statement showing full taxation details | Annually |
| Annual Report (available on our website). | Annually on request |
| Distribution confirmation statement | Half-yearly |
| Fund update | Quarterly |
| Sustainability and Impact Report | Annually (may be incorporated in Annual report) |

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 Wealth & Capital Markets
 GPO Box 4360
 Melbourne VIC 3000

13. Glossary

| Term | Definition |
|------------------------|--|
| ABN | Australian Business Number as defined in the Corporations Act. |
| Affiliate | In respect of any person, any other person, that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with that person. |
| AMIT | A trust, for an income year, that is an Attribution Managed Investment Trust for the purposes of section 276-10 of the Income Tax Assessment Act 1997 (Cth). |
| AMMA statement | Attribution managed investment trust member annual statement. |
| Appointee | Any person engaged as an agent, contractor, or delegate in relation to the Fund by the Trustee or another Appointee who is an Affiliate of the Trustee. |
| Commitment Period | Means a period determined by the Trustee, during which the Trustee may draw down on an application amount in full or in part in one or more tranches. As outlined in this IM, the commitment period is two years. |
| Drawdown Notice | A notice to investors seeking to draw funds from the application amount, in one or more tranches, over a period of two years as investments are identified and acquired and/or for other general liquidity purposes. |
| First Closing Date | The date on which an initial issue of Units is made to an investor that is not associated (in its capacity as trustee, employer or otherwise) with the Australian Unity Group, which was 18 December 2020. |
| IM | This information memorandum. |
| IRR | Internal Rate of Return means the compounded rate of return per annum (expressed as a percentage) which when applied as an inflation rate to the total cash flows to and from Unit holders for such Performance Fee Period results in an amount equal to the Benchmark Net Fund Value. |
| Lock up Period | Period of three years from the First Closing Date in which Unit holders have no right to redeem any Units. |
| NAV | Net asset value of the Fund. |
| Overhead | Rents, office maintenance and administration expenses, wages, salaries and personal income tax expense of the Trustee. It also includes any premiums for insurance in respect of the Trustee, their Affiliates, and the directors, officers, employees and agents of the Trustee and their Affiliates. |
| Performance Fee | A fee payable to the Trustee for generating returns in excess of a benchmark, equal to 15% (before GST) of outperformance over the performance hurdle of 9% per annum, subject to high-water mark. |
| Performance Fee Period | The period beginning on the date on which Units are first issued to Unit holders and ending on the first Performance Fee calculation date of 30 June 2021. The Performance Fee Period is as at 30 June annually thereafter until the date of termination of the Trust. |
| Stapling Deed | The Stapling Deed between AUFM in its capacity as trustee of the Australian Unity Future of Healthcare Fund No. 1 and AUFM in its capacity as trustee of the Australian Unity Future of Healthcare Fund No. 2. |
| Trustee | Australian Unity Funds Management (AUFM), ABN 60 081 497 115, AFS Licence No. 234454. |
| Trust Deeds | Collectively, the trust deeds of the Australian Unity Future of Healthcare Fund No. 1 dated 7 October 2020 and the Australian Unity Future of Healthcare Fund - Active Trusts Trust Deed (under which AUFM established the Australian Unity Future of Healthcare Fund No. 2) dated 7 October 2020. |
| Unit | Wholesale Units in Australian Unity Future of Healthcare Fund No. 1 and Australian Unity Future of Healthcare Fund No. 2 which are stapled in accordance with the Stapling Deed. |
| Withdrawals | Withdrawal offers will be made available on a semi-annual basis on a queued basis following the end of the Lock up Period. |

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For Real Wellbeing Since 1840

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