

Date of replacement Offer Specific Prospectus: 17 September 2019

This replacement Offer Specific Prospectus relates to the offer of “Series C Australian Unity Bonds – Tranche 1” and “Series D Australian Unity Bonds – Tranche 1” by Australian Unity Limited (the “Offer”) under the Base Prospectus dated 9 September 2019 (“Base Prospectus”). This replacement Offer Specific Prospectus must be read together with the Base Prospectus. Both the Series C Australian Unity Bonds – Tranche 1 and the Series D Australian Unity Bonds – Tranche 1 are simple corporate bonds.

The disclosure documents for the Offer consist of this replacement Offer Specific Prospectus and the Base Prospectus.

Australian Unity Bonds

Part A: replacement Offer Specific Prospectus for the issue of Series C Australian Unity Bonds – Tranche 1 and Series D Australian Unity Bonds – Tranche 1

Issuer

Australian Unity Limited ABN 23 087 648 888

Arrangers

Acacia Partners Pty Ltd
National Australia Bank Limited

Joint Lead Managers

Acacia Partners Pty Ltd
ANZ Securities Limited
Evans Dixon Corporate
Advisory Pty Limited
National Australia Bank Limited

Co-Managers

Australian Unity Funds
Management Limited
JBWere Limited



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Section 1

What you need to know



1. This replacement Offer Specific Prospectus is **not a summary** of the information contained in the Base Prospectus. You must read the Base Prospectus together with this replacement Offer Specific Prospectus.
2. This replacement Offer Specific Prospectus is only relevant for the offer of Series C Australian Unity Bonds – Tranche 1 and Series D Australian Unity Bonds – Tranche 1 (the “Offer”). In this replacement Offer Specific Prospectus, the Series C Australian Unity Bonds – Tranche 1 and Series D Australian Unity Bonds – Tranche 1 are referred to as the “Bonds”.
3. A Base Prospectus applies to this Offer. This replacement Offer Specific Prospectus and the Base Prospectus are together referred to as the “Offer Documents”.
4. This replacement Offer Specific Prospectus provides details, key dates and other relevant information for the Offer. The Base Prospectus provides additional information that is also critical to your investment decision. You should take all of the information in the Base Prospectus into consideration before making your decision in relation to the Offer.
5. **About this Offer Specific Prospectus**
This replacement Offer Specific Prospectus relates to an offer by Australian Unity Limited (ABN 23 087 648 888) (“Australian Unity” or the “Issuer”) to raise a total aggregate amount of \$300 million with the ability to raise more or less subject to a minimum issue amount of \$50 million. This replacement Offer Specific Prospectus is dated 17 September 2019 and was lodged with the Australian Securities and Investments Commission (“ASIC”) on that date. This replacement Offer Specific Prospectus replaces the Offer Specific Prospectus dated and lodged with ASIC on 9 September 2019 (“Original Offer Specific Prospectus”). References to the Offer Specific Prospectus in this document are references to this replacement Offer Specific Prospectus. This Offer Specific Prospectus is only relevant to the Offer and expires on the date which is 13 months after the date the Original Offer Specific Prospectus was lodged with ASIC. No Bonds will be issued on the basis of the Offer Documents after that date.
6. **Status of Bonds**
The Bonds are unsecured notes for the purposes of section 283BH of the Corporations Act.

The Bonds are not deposit liabilities and are not protected accounts of Australian Unity Bank under the Banking Act, are not policy liabilities with any member of the Australian Unity Group under the Life Insurance Act, and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. The Issuer is not an authorised deposit taking institution authorised under the Banking Act (an “ADI”) and its obligations do not represent deposits or other liabilities of Australian Unity Bank.
7. The Offer Documents contain important information (including any information referred to or incorporated by reference into the Offer Documents). It is important that you read the Offer Documents in full before making a decision to invest in Bonds and consider the risks that could affect the performance of the Bonds. Information about Australian Unity can be found in Section 3 (“About Australian Unity”) of the Base Prospectus and is also available at www.australianunity.com.au/bonds.
8. You should rely only on information in the Offer Documents. No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in the Offer Documents. Any information or representation not contained in the Offer Documents may not be relied upon as having been authorised by Australian Unity or any other member of the Australian Unity Group in connection with the Offer.
9. **The Offer Documents do not provide financial product or investment advice**
The information contained in the Offer Documents does not constitute financial product or investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Offer Documents in full before deciding whether to invest in the Bonds and consider the risks that could affect the performance of the Bonds. The Offer Documents are only relevant for investors or potential investors in the Bonds and should not be used for any other purpose.
10. **Obtaining the Base Prospectus and Application Form**
Paper copies of this Offer Specific Prospectus, the Base Prospectus, an Application Form and any documents incorporated by reference into those documents can be obtained free of charge by calling the Australian Unity Bonds Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8:30am to 5:30pm. Links to electronic copies may also be obtained from www.australianunity.com.au/bonds during the Offer Period and following the completion of the Offer.
11. **Defined words and expressions**
Some words and expressions used in this Offer Specific Prospectus have defined meanings. These words and expressions are capitalised and, unless defined in this Offer Specific Prospectus, are defined in Section 6 (“Glossary”) of the Base Prospectus. A reference to time in this Offer Specific Prospectus is a reference to Melbourne, Australia time.

12. Australian Unity has received relief from ASIC under section 741(1)(b) of the Corporations Act that confirms the offer of Series C Australian Unity Bonds and Series D Australian Unity Bonds under this Offer Specific Prospectus will constitute the one “offer” for the purposes of sections 713B to 713D of the Corporations Act, as there are no differences between the two Series other than the Margin, the Maturity Date, the persons who can apply for each Series and, potentially, the size of each Series.

ASIC guidance for corporate bond investors

To find out more about the pros and cons of investing in corporate bonds (such as the Bonds), visit ASIC’s MoneySmart website: www.moneysmart.gov.au

ASIC and ASX have also published guidance for retail investors who are considering investing in bonds such as the Bonds. Information on where to obtain a copy of this guidance is set out in Section 2.2.1 (“Other guidance from ASIC and ASX”) of the Base Prospectus.

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Section 2

Key dates and Offer details



More information on bonds (such as the Bonds) and things you should consider before making an investment decision can be found on ASIC's MoneySmart website at www.moneysmart.gov.au

Credit Rating and Product Complexity Indicator

The Bonds have been assigned a BBB+ long-term Credit Rating by Australia Ratings. Australia Ratings has also assigned a 'Green' Product Complexity Indicator to the Bonds. Refer to Section 3.6 for further information about the Credit Rating and Product Complexity Indicator associated with the Bonds and Section 3.7.1 for risks associated with Credit Ratings.

Key dates for the Offer

Record date for determining Eligible Members	16 August 2019
Record date for determining Eligible AYUHB Holders (7:00pm) for the Reinvestment Offer	5 September 2019
Lodgement of Original Offer Specific Prospectus with ASIC	9 September 2019
Bookbuilds to determine Margins and Allocations to Syndicate Brokers and Institutional Investors	13 September 2019
Opening Date for the Offer and lodgement of this Offer Specific Prospectus with ASIC	17 September 2019
Closing Date for the Member Offer, Reinvestment Offer and Broker Firm Offer	8 October 2019
Issue Date	15 October 2019
Holding Statements despatched by the Registrar	16 October 2019
Bonds commence trading on ASX on normal settlement basis	18 October 2019

Key dates for Series C Australian Unity Bonds – Tranche 1

First Interest Payment Date ¹	14 January 2020
Tenor	Approximately 5 years
Maturity Date	15 December 2024

Key dates for Series D Australian Unity Bonds – Tranche 1

First Interest Payment Date ¹	14 January 2020
Tenor	Approximately 7 years
Maturity Date	15 December 2026

Dates may change

The key dates for the Offer are indicative only and subject to change without notice. Australian Unity may, in agreement with the Joint Lead Managers, vary the timetable, including to close the Member Offer, the Reinvestment Offer, the Broker Firm Offer or Institutional Offer early, extend any one or all of them, or to withdraw any one or all of them at any time before the Bonds are issued. If any of the dates are changed, subsequent dates may also change. If you decide to invest in the Bonds, you are encouraged to lodge your Application as soon as possible after the Opening Date.

¹ Note – Interest is scheduled to be paid on the quarterly Interest Payment Dates, until the applicable Maturity Date or any earlier Redemption Date. If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day.

2.1 Terms of the Bonds

The following terms (“Offer Specific Terms”), together with the terms set out in the Base Prospectus (“Base Terms”) (as supplemented, amended, modified or replaced by the Offer Specific Terms), are the terms and conditions of the Bonds and the Offer (the subject of this Offer Specific Prospectus) (“Terms”). Unless otherwise specified, capitalised expressions in the Offer Specific Terms have the meanings given in the Base Terms.

The Offer comprises two Series of Bonds, being the Series C Australian Unity Bonds and Series D Australian Unity Bonds. Investors should be aware that there are differences in the terms and conditions applicable to each Series. In particular, a different Maturity Date and Interest Rate applies to each Series.

		Further information
Issuer	Australian Unity Limited (ABN 23 087 648 888)	Section 3 of this Offer Specific Prospectus Base Prospectus (Section 3)
Series / Tranche	Series C Australian Unity Bonds - Tranche 1 Series D Australian Unity Bonds - Tranche 1	
Nature of the Bonds	Interest paying, unsubordinated and unsecured debt obligations, issued by Australian Unity. Each Bond is issued on and subject to the provisions of the Trust Deed and the Terms.	Base Prospectus (Sections 2.1.1, 2.1.2 and 2.1.5) Base Terms (Clauses 2 and 3)
Offer size	\$300 million in aggregate, with the ability to raise more or less. The minimum Offer size is \$50 million. If total Application Monies received are less than \$50 million, then no Bonds will be issued under the Offer.	
Face Value / Issue Price	\$100 per Bond	
Offer structure	The Offer comprises: – Member Offer – Broker Firm Offer – Institutional Offer – Reinvestment Offer	Section 4 of this Offer Specific Prospectus
Minimum Application	50 Bonds for applicants under the Institutional Offer and Broker Firm Offer (\$5,000) and 20 Bonds for applicants under the Member Offer (\$2,000).	
Term	Series C Australian Unity Bonds: Approximately 5 years Series D Australian Unity Bonds: Approximately 7 years	
Maturity Date	Series C Australian Unity Bonds: 15 December 2024 (unless Redeemed early in accordance with the Terms) Series D Australian Unity Bonds: 15 December 2026 (unless Redeemed early in accordance with the Terms)	
Not guaranteed or insured	The payment obligations of the Issuer under the Bonds are not guaranteed by any Subsidiary of Australian Unity, any government, government agency or compensation scheme of Australia or any other jurisdiction, or any other party.	

		Further information
Not deposit liabilities, protected accounts or policy liabilities	The Bonds are not deposit liabilities or protected accounts of Australian Unity Bank under the Banking Act and are not policy liabilities with any member of the Australian Unity Group under the Life Insurance Act.	Base Terms (Clause 1.1)
Interest Rate	Floating Interest Rate. The Interest Rate is the sum of the Market Rate plus the Margin.	Base Prospectus (Section 2.1.2) Base Terms (Clause 2)
Market Rate	BBSW Rate for a three month period.	
BBSW Rate	Refer to Section 2.1.2 of the Base Prospectus which describes the BBSW Rate.	Base Prospectus (Section 2.1.2)
Margin	Series C Australian Unity Bonds: The Margin is 2.00 percent per annum which was determined under the Bookbuild. Series D Australian Unity Bonds: The Margin is 2.15 percent per annum which was determined under the Bookbuild.	
Interest Payment Dates	The first Interest Payment Date will be 14 January 2020. Interest will be paid quarterly in arrears on the following dates in each year as well as on the applicable Maturity Date for the Bonds of the Series, or any earlier Redemption Date: – 14 January – 14 April – 14 July – 14 October. If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day. Interest will continue to accrue until that date. Holders are not entitled to any additional payment in respect of that delay.	Base Prospectus (Section 2.1.2)
Business Day Convention	Following Business Day Convention	Base Prospectus (Section 6)
Day Count Fraction	Actual/365 (Fixed)	Base Prospectus (Section 6)
Early Redemption at Australian Unity's option	Australian Unity will have the right (but not an obligation) to Redeem the Bonds prior to the applicable Maturity Date for Bonds of the Series: – following the occurrence of a Tax Event; – following the occurrence of a Change of Control Event; or – when a Clean Up Condition subsists.	Base Prospectus (Section 2.1.3) Base Terms (Clause 5)
Early Redemption rights of Holders	Holders of Bonds have the right to vote to require Redemption prior to the applicable Maturity Date for Bonds of the Series following the occurrence of a Change of Control Event. Redemption in these circumstances requires a Holder Resolution to be passed in favour of Redemption. Holders have no right to require Redemption before the applicable Maturity Date in any other circumstances.	Base Prospectus (Section 2.1.3) Base Terms (Clause 5.4)

		Further information
Negative pledge	Australian Unity will not secure any “Relevant Indebtedness” without according the same security (or an equal ranking security) to the Bonds. Some security interests are excluded from the negative pledge – including any security interests in respect of syndicated or term loan arrangements within the limit described in Section 2.1.4 of the Base Prospectus. “Relevant Indebtedness” broadly means debt securities issued by Australian Unity (including Bonds of another Series) which are, or are capable of being, quoted on a stock exchange and indebtedness owing under syndicated or term loan arrangements.	Base Prospectus (Section 2.1.4) Base Terms (Clause 4.1)
Covenant Gearing Ratio limit	While any Bonds remain outstanding, the Issuer will ensure that, on each 30 June and 31 December occurring after the Issue Date, the Covenant Gearing Ratio is not greater than 50 percent.	Base Prospectus (Section 2.1.4) Base Terms (Clause 4.2)
Restrictions on Subsidiary Indebtedness	Certain Subsidiaries of Australian Unity must not incur Financial Indebtedness, as described in Section 2.1.4 of the Base Prospectus. For the purposes of Clause 4.3(e) of the Base Terms, the following Subsidiary Financial Indebtedness is not subject to this restriction: – any present or future Retirement Village Investment Notes issued by Australian Unity Finance Limited (“AUFL”) provided the recourse of the holders of those notes is limited to the assets of AUFL and Australian Unity Retirement Living Investments Limited; – any subordinated capital notes from time to time issued by Australian Unity Health Limited, provided the outstanding aggregate principal amount of such notes does not exceed \$60 million; – \$5.1 million in loans between Australian Unity Support Foundation Limited (previously known as Grand United Centenary Centre Limited) and Australian Unity Retirement Living Management Pty Ltd (“AURLM”) made on or about 31 August 2012; – any present or future Financial Indebtedness incurred by Herston Company Pty Limited (or any Subsidiary thereof) in connection with the Herston Projects, provided the outstanding aggregate principal amount of such indebtedness does not exceed \$60 million; and – any present or future Financial Indebtedness owing by Australian Unity Home Care Service Pty Ltd (“AUHCS”) or AURLM in respect of government funding provided to AUHCS or AURLM (as the case may be) in connection with the provision of homecare or disability care services by AUHCS or AURLM (as the case may be). These exceptions are cumulative upon the general exceptions in Clause 4.3 of the Base Terms and do not limit any other exceptions.	Base Prospectus (Section 2.1.4) Base Terms (Clause 4.3)

		Further information
Ranking on winding-up	A Holder's claim will rank equally with holders of other Series of Bonds, and equally with claims of all other unsubordinated and unsecured creditors (other than any obligations preferred by mandatory provisions of applicable law, including employee entitlements and secured creditors). A Holder's claim will rank ahead of the claims of all holders of subordinated instruments and Mutual Capital Instruments, and members of Australian Unity. Holders' claims are subject to structural subordination which is explained in the Base Prospectus.	Base Prospectus (Sections 2.1.5 and 4.2.7) Base Terms (Clause 3)
Events of Default	Events of Default are set out in the Base Terms and described in the Base Prospectus and include non-payment of principal or interest, failure by Australian Unity to comply with certain other obligations, the insolvency of Australian Unity and the cessation or suspension by Australian Unity of the conduct of its business.	Base Prospectus (Section 2.1.3) Base Terms (Clause 6)
Fees and charges	No fees, charges, brokerage, commission or stamp duty is payable by you on your application for the Bonds. You may be required to pay brokerage if you sell your Bonds after the Bonds are quoted on ASX.	
Fees and costs associated with the Offer	The total expenses of the Offer (including fees payable to the Arrangers, Joint Lead Managers, legal, accounting, tax, marketing, and administrative fees, as well as printing, advertising and other expenses related to the Offer) are expected to be \$5.8 million. All of these expenses have been, or will be, borne by Australian Unity out of the proceeds of the Offer.	Further details incorporated by reference (Section 3.8.3)
Listing	Australian Unity has applied for the quotation of the Bonds on ASX. It is expected that the Series C Australian Unity Bonds will be quoted under the code "AYUHC" and that the Series D Australian Unity Bonds will be quoted under the code "AYUHD".	
Selling restrictions	Selling restrictions apply to the sale of Australian Unity Bonds in foreign jurisdictions. Certain selling restrictions are summarised in the Base Prospectus.	Base Prospectus (Section 5.3)

2.2 Reinvestment Offer

The Reinvestment Offer provides Eligible AYUHB Holders with the ability to apply to have some or all of their AYUHB purchased by Australian Unity, with a portion of the proceeds received applied directly to the subscription for an equivalent number of Bonds.

Eligible AYUHB Holders applying under the Reinvestment Offer can apply for either Series C Australian Unity Bonds – Tranche 1 or Series D Australian Unity Bonds – Tranche 1 (or a combination of each Series of Bonds).

You are an Eligible AYUHB Holder and eligible to participate in the Reinvestment Offer if:

- you were a registered holder of AYUHB as at 7.00pm on 5 September 2019;
- you are shown on the register of holders of AYUHB as having an address in Australia (or another jurisdiction to which Australian Unity determines to extend the Reinvestment Offer); and
- Australian Unity is satisfied that you are not in the United States or a US person, or acting as a nominee for, or for the account or benefit of, a US person, and are not otherwise prevented from receiving the Offer under the laws of any jurisdiction.

Further information on the Reinvestment Offer and how to apply is set out in Section 4. Before submitting an Application under the Reinvestment Offer you should read that information as the Reinvestment Offer is not a simple rollover into a similar investment. AYUHB and the Bonds, while having a number of similar features, have different benefits and risks (as outlined in Section 4.3(e)), that must be evaluated independently.

If you have any questions about the Bonds or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Australian Unity Bonds information line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8:30am – 5:30pm.

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Section 3

Offer specific information
you should consider



3.1 Business update

Constitutional amendments under consideration

Australian Unity is proposing to seek approval under section 167AJ of the Corporations Act to amend its Constitution to enable it to issue Mutual Capital Instruments. Mutual Capital Instruments are a new permanent capital instrument that can only be issued by eligible mutual entities. Like other financial instruments Mutual Capital Instruments will generally offer a rate of return and may be able to be bought and sold. For the proposed amendments to Australian Unity's Constitution to permit the issuance of Mutual Capital Instruments to be binding they will need to be approved by a special resolution of members. Any Mutual Capital Instruments issued by Australian Unity if approval is obtained would rank junior to the Bonds for payment of distributions and repayment on a winding-up of Australian Unity.

3.2 Use of proceeds of the Offer

The proceeds of the Offer will be used to refinance the Series B Australian Unity Bonds that participate in the Reinvestment Offer and for general corporate purposes.

3.3 Effect of the Offer on Australian Unity

Assuming the Offer raises \$300 million, there will be no material impact on the net assets of Australian Unity as the net cash raised (after transaction costs of \$5.8 million) from the issue of the Bonds will be used initially to repay existing debt or held in cash and may then be invested in a manner consistent with Australian Unity Group's strategy. The subsequent application of cash to undetermined future investments may result in a higher Covenant Gearing Ratio.

3.4 Key Financial Ratios

Sources of financial information

This section describes some of the key financial indicators that will help you assess the financial position and strength of Australian Unity. In addition to these key financial indicators, you should also consider Australian Unity's financial statements for the year ended 30 June 2019 which are available at www.australianunity.com.au/about-us/annual-reports.

You must refer to Section 3.8.2 of the Base Prospectus which describes the Key Financial Ratios.

The tables below set out:

- the prescribed Key Financial Ratios (Gearing Ratio, Interest Cover Ratio and Working Capital Ratio) which are calculated on the basis prescribed by the Corporations Act and Corporations Regulation 6D.2.06;
- the Covenant Gearing Ratio, which is the gearing ratio typically reported by the business and is reflected in certain of Australian Unity's credit facilities and, in particular, which is a provision of the Base Terms;
- the Australian Unity Interest Cover Ratio, which the Australian Unity Group also uses to monitor the state of its business; and
- the ADI Tier 1 Capital Ratio.

The ratios are based on financial information for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019 and on the basis of applicable accounting standards in force as at those dates. For ongoing reporting of these ratios the amount of debt included in the Covenant Gearing Ratio will continue to be calculated by reference to the Australian Accounting Standards in place as at the date of the Base Prospectus, unless Australian Unity decides to determine the amount of debt in accordance with current applicable accounting standards and notifies the Holders of that decision. As a result, a change in accounting standards may cause movements in the prescribed Gearing Ratio but will not change the calculation methodology of the Covenant Gearing Ratio.

Prescribed Key Financial Ratios

Financial ratio	FY17	FY18	FY19
Gearing Ratio (prescribed)	735.1%	710.1%	709.7%
Working Capital Ratio (prescribed)	1.2x	1.2x	1.1x
Interest Cover Ratio (prescribed)*	(3.5)x	(10.1)x	(6.5)x

* In the case of Australian Unity, a negative Interest Cover Ratio indicates that interest income exceeds interest expense.

Important note: The Gearing Ratio, Working Capital Ratio and Interest Cover Ratio set out above are calculated on the prescribed basis. The intended purpose of this requirement is to give an indication of the capacity of an issuer to meet its obligations to Holders under the Bonds.

Refer to Section 3.8.2 of the Base Prospectus under the heading “Corporations Act Prescribed Ratios” and Section 5.6 of the Base Prospectus for further information.

Other relevant financial ratios

Financial ratio	FY17	FY18	FY19
Covenant Gearing Ratio	39.9%	21.3%	21.9%
Australian Unity Interest Cover Ratio	4.2x	6.8x	6.6x
ADI Tier 1 Capital Ratio	13.7%	14.3%	13.5%

The methods for calculating the “Other relevant financial ratios”

The method for calculating these financial ratios and the reasons they are used by Australian Unity are described in Section 3.8.2 of the Base Prospectus.

3.5 Details of ranking and other debt on issue

Illustration of ranking upon winding-up

	Type of instrument	Existing debt obligations and equity	Amount drawn as at 30 June 2019, adjusted for the amount to be raised under the Offer (\$300m) ¹
	Higher ranking	Secured debt	None
		Unsubordinated unsecured debt	Bank debt and Series B Australian Unity Bonds and, if issued, Series C Australian Unity Bonds and Series D Australian Unity Bonds
		Subordinated, unsecured debt (including any Mutual Capital Instruments and hybrid instruments)	None
	Lower ranking	Ordinary equity	Members’ balances, reserves, retained profits

1. Assumes \$300 million total raised under the Offer, with approximately \$103.7 million of Series C Australian Unity Bonds and approximately \$196.3 million Series D Australian Unity Bonds being issued, and with discretion reserved for the Offer size to be greater or lesser than this amount. Assumes approximately \$161.5 million raised under the Reinvestment Offer and the cancellation of the same amount of Series B Australian Unity Bonds.

Section 3 Offer specific information you should consider

Australian Unity currently has no secured debt or unsecured debt which ranks ahead of the Bonds, however, the Bonds place only limited restrictions on Australian Unity granting security for other indebtedness (see Section 2.1.4 of the Base Prospectus). Certain Subsidiaries of Australian Unity have external borrowings. The debt of Australian Unity's Subsidiaries is generally non-recourse to Australian Unity. Notwithstanding this, any default at a Subsidiary level, including any ADI, may still have important consequences for Australian Unity, including the potential to reduce cash flows to Australian Unity, to cause Australian Unity to extend resources supporting the Subsidiary, to cause a write-down in the value of Australian Unity's investments in its subsidiaries and to affect Australian Unity's ability to obtain credit. These consequences may impact on Australian Unity's ability to meet its obligations in respect of the Bonds.

Most of Australian Unity's claims on its Subsidiaries rank behind creditors of those Subsidiaries and the Bonds are not guaranteed by a Subsidiary so no Holder has a claim on any Subsidiary. The chart below sets out the maturity profile of Australian Unity and its Subsidiary external debt facility drawings including capital markets debt as at 30 June 2019. The second chart below shows the adjusted debt maturity profile of Australian Unity and its Subsidiaries following the Offer, based on assumptions of the adjustments arising from the potential purchase and cancellation of AYUHB resulting from the offer to holders of AYUHB to subscribe for Bonds using proceeds from the AYUHB, which is described in Section 4.3 ("Reinvestment Offer").

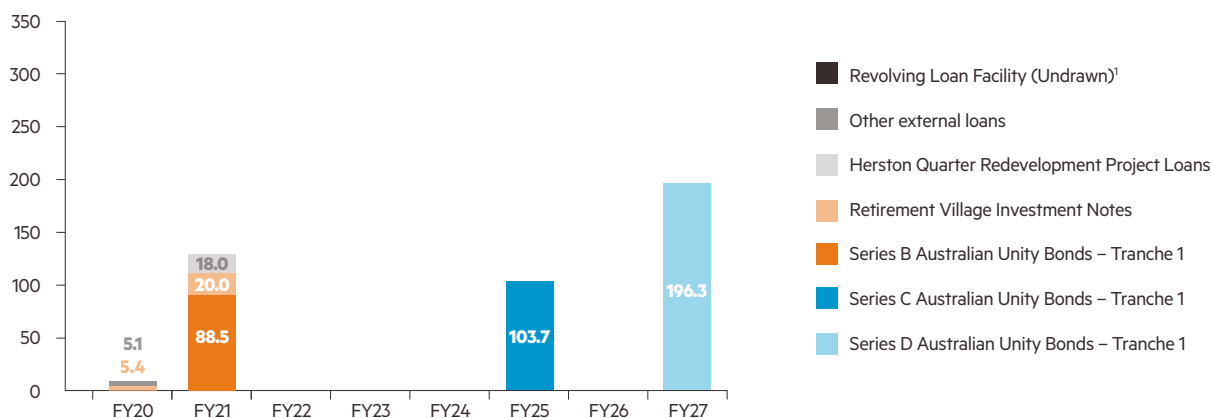
Debt maturity profile (drawn \$ million)

Prior to the Offer



Debt maturity profile (drawn \$ million)*

Following the Offer



¹ \$25 million revolving loan facility. Please refer to Section 3.8.5 for information about the interests of the lender.

* Assumes \$300 million total raised under the Offer, with approximately \$103.7 million of Series C Australian Unity Bonds and approximately \$196.3 million Series D Australian Unity Bonds being issued, and with discretion reserved for the Offer size to be greater or lesser than this amount. Assumes approximately \$161.5 million raised under the Reinvestment Offer and the cancellation of the same amount of Series B Australian Unity Bonds.

Australian Unity's existing external debt facilities and their maturities are as follows as at 30 June 2019:

Facility	Amount drawn	Maturity
Revolving Loan Facility ¹	\$0.0m	March 2021
Series B Australian Unity Bonds	\$250.0m	December 2020

The existing interest bearing external debt obligations and their maturities for Subsidiaries of Australian Unity are as follows as at 30 June 2019:

Facility	Amount drawn	Maturity
Herston Quarter Redevelopment Project Loan ²	\$18.0m	Expected Q2FY21
ADI deposits (interest bearing liabilities)	\$806.1m	On demand subject to notice
Retirement Village Investment Notes	\$25.4m	November 2019 to December 2020
Other external loans	\$5.1m	Rolling three month

The Australian Unity Group had \$36.8 million of outstanding bank guarantees as at 30 June 2019.

The issue of the Bonds and the cancellation of AYUHB of holders which participate in the Reinvestment Offer will have the effect of lengthening the debt maturity profile of the Australian Unity Group. The resulting debt maturity profile may reduce Australian Unity's exposure to refinancing risk in the coming years.

Under the Terms of AYUHB, Australian Unity has the right (but not the obligation) to redeem all (but not some) of the AYUHB if a "Clean Up Condition" subsists. A "Clean Up Condition" will subsist in respect of the AYUHB if less than 10 percent of the aggregate face value of the AYUHB remain on issue. Australian Unity currently expects that if a "Clean Up Condition" subsists as a result of participation in the Offer, and Australian Unity has access to appropriate additional funding, it will likely redeem the balance of outstanding AYUHB prior to their maturity date in accordance with their terms. On such a redemption, holders of AYUHB will be paid the "Redemption Amount", being the face value of each AYUHB and any accrued interest to (but excluding) the redemption date.

3.6 Credit Rating and Product Complexity Indicator

3.6.1 About Australia Ratings

Australia Ratings is licensed by ASIC to issue Credit Ratings for use in the retail and wholesale financial markets. For more information visit www.australiaratings.com.

3.6.2 Credit Ratings

A Credit Rating is a statement, opinion or research in relation to the creditworthiness of a body or the ability of an issuer of a financial product to meet its obligations under the financial product.

Australia Ratings assigns Credit Ratings to differentiate the degree of credit worthiness of organisations and debt securities available to investors in the Australian financial market. Credit Ratings are assigned on a long-term and short-term rating scale. A long-term Credit Rating is assigned to an organisation or fixed income product where the term of the investment or financial exposure is greater than 12 months and a short-term Credit Rating is assigned where the period of the financial exposure or term of the debt security is less than 12 months.

¹ \$25 million revolving loan facility. Please refer to Section 3.8.5 for information about the interests of the lender.

² Loan facilities from a related entity for the development of the Herston Quarter health precinct in Brisbane, Queensland. The facilities are sized to cover development costs of the carpark and public domain assets at Herston Quarter that are scheduled for practical completion in Q2FY21, and are expected to be up to \$45 million.

Australia Ratings assigns long-term ratings from 'AAA' to 'C'. The ratings from 'AA' to 'C' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories. Australia Ratings' rating scale is set out below:

Creditworthiness classification	Long-term categories include	Short-term categories include
High	'AAA', 'AA', 'A'	'a-1', 'a-2'
Intermediate	'BBB', 'BB'	'a-3'
Low	'B', 'CCC', 'CC', 'C'	'b', 'c'

3.6.3 Product Complexity Indicators

A Product Complexity Indicator is a colour coded indicator that helps differentiate debt securities which may have similar credit attributes by highlighting to potential investors the nature of the security in terms of complexity or non-standard features that could give rise to unanticipated variability or change in the returns from the investment.

Australia Ratings assigns Product Complexity Indicators ranging from 'Green' to 'Red'.

3.6.4 Credit Rating assigned to the Bonds

Australia Ratings has assigned a long-term Credit Rating of BBB+ to the Bonds, subject to no material changes occurring to the transaction structure or documentation. According to Australia Ratings, a Credit Rating of BBB+ represents a moderate degree of creditworthiness with adequate credit attributes and a good capacity to meet financial obligations in a timely manner. Credit Ratings are statements of opinion, not statements of fact or recommendations to buy or hold securities. Credit Ratings may be changed, withdrawn or suspended at any time.

3.6.5 Product Complexity Indicator assigned to the Bonds

Australia Ratings has assigned a 'Green' Product Complexity Indicator to the Bonds, subject to no material changes occurring to the transaction structure or documentation.

According to Australia Ratings, a 'Green' Product Complexity Indicator represents a simple financial product and reflects that the terms of the Bonds are simple and straightforward for a retail investor to understand.

Product Complexity Indicators are statements of opinion, not statements of fact or recommendations to buy or hold securities.

Product Complexity Indicators may be changed, withdrawn or suspended at any time.

3.6.6 Australia Ratings' disclaimer

Australia Ratings has made every effort to ensure the accuracy and reliability of the Credit Rating and Product Complexity Indicator as disclosed in this Offer Specific Prospectus. The Credit Rating and Product Complexity Indicator assigned are based on information provided to Australia Ratings or which was obtained from sources which it believed to be accurate and reliable at the time of the assignment of the rating. Australia Ratings does not guarantee the completeness and accuracy of the rating and it is possible that subsequent material events or information may come to light after the publication of the Credit Rating which are not known to Australia Ratings and which may have a material impact on the Credit Rating assigned.

Information in this Section 3.6 has been supplied by Australia Ratings. To the extent permitted by law, Australian Unity takes no responsibility for this information.

3.7 Key risks update

A detailed outline of risks relating to the Bonds and Australian Unity Group's business is contained in Section 4 ("Risks") of the Base Prospectus. You should read the Base Prospectus in full before deciding whether to invest in the Bonds.

In addition to the risks described in Section 4 of the Base Prospectus, investors should consider the following risks.

3.7.1 Additional risk disclosure in relation to Credit Rating

The Credit Rating of the Bonds is subject to revision, change or withdrawal at any time in accordance with Australia Ratings' methodologies and procedures, and its Australian Financial Services Licence conditions. It may change as a result of, among other things, changes in the Australian Unity Group's operating and financial performance, capital structure or for some other reason which might not be known to Australia Ratings at the date of this Offer Specific Prospectus. The Credit Rating issued in respect of the Bonds is a statement, an opinion or research dealing with the ability of Australian Unity to meet its obligations under the Bonds in a timely manner, and has been based on information provided to Australia Ratings.

A downgrade of the Credit Rating indicates a deterioration in Australia Ratings' opinion of the creditworthiness of the Bonds. A deterioration of creditworthiness could make it more difficult for Australian Unity to source or seek external funding and this may have an adverse impact on the operating and financial performance of Australian Unity and its ability to pay Interest owed on the Bonds or the Redemption Amount due on the Bonds.

A change in or the withdrawal of the Credit Rating of the Bonds could also directly affect the market price and liquidity of the Bonds.

The Credit Rating also may not reflect the potential impact of all risks related to the Bonds, market and additional factors disclosed in Section 4 of the Base Prospectus, and other factors that may affect the actual value or trading value of the Bonds or Australian Unity's financial position. The Credit Rating is not a "market" rating, nor is it a recommendation to buy, hold or sell securities (including the Bonds), in as much as it does not comment as to market price or suitability for a particular investor. Additional information on Credit Ratings can be found in Section 3.6.

3.8 Other information

3.8.1 No material breaches of loan covenants or debt obligations

Australian Unity has not materially breached any loans or debt obligations in the two years prior to the date of this Offer Specific Prospectus.

3.8.2 Base Prospectus is up-to-date

Except as updated by this Offer Specific Prospectus, all information in the Base Prospectus remains current as at the date of this Offer Specific Prospectus.

You must read the Base Prospectus in conjunction with this Offer Specific Prospectus.

3.8.3 Other important information

The following documents have been incorporated by reference and as such form part of the Offer Specific Prospectus.

A link to the following materials is on Australian Unity's website www.australianunity.com.au/bonds and a copy of each document can be obtained free of charge by calling the Australian Unity Bonds Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8:30am to 5:30pm.

- **Offer Specific Terms**, which were filed with ASIC on 17 September 2019. The Terms consist of the Base Terms as supplemented, amended, modified or replaced by the Offer Specific Terms;
- **Consents to be named**. This is a list of the consents from relevant parties that Australian Unity can name them in this Offer Specific Prospectus, filed with ASIC on 9 September 2019;
- **Summary of interests and benefits**. This is a summary of the interests of certain persons involved in the Offer and the fees they are being paid, including the Directors and relevant advisers, filed with ASIC on 9 September 2019. Directors are permitted to participate in the Offer; and
- **Australia Ratings Financial Services Guide**. This is a financial services guide supplied by Australia Ratings in respect of the Credit Ratings advice in this Offer Specific Prospectus. To the extent permitted by law, Australian Unity takes no responsibility for the content of the Australia Ratings Financial Services Guide.

Under the law, Australian Unity must immediately disclose any information which would have a material impact on the trading price of its debt securities. This information is publicly available through ASIC and ASX. You should consider this information when making an investment decision in relation to the Bonds.

It is important that you read the Base Prospectus and this Offer Specific Prospectus before you make any decision to invest in the Bonds.

3.8.4 Cornerstone investor fees

Certain Institutional Investors have, prior to the lodgement of this Offer Specific Prospectus, committed to the Arrangers to apply for Bonds on the same terms as all other investors. The Arrangers will pay these Institutional Investors (but not any other investors that subsequently give commitments to invest under the Bookbuild) 0.50 percent of the amount they commit to, which is then allocated to them. This fee is in addition to any other amounts payable in connection with the Offer.

3.8.5 Joint Lead Manager interests

The Joint Lead Managers and their respective affiliates (the “JLM Groups”) are involved in a wide range of financial services and businesses including securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each JLM Group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any member of the Australian Unity Group or any other party that may be involved in the Offer.

In particular, it should be noted that each of National Australia Bank Limited and ANZ Securities Limited (each a Joint Lead Manager) is also a lender (or a subsidiary of a lender) to members of the Australian Unity Group and has provided various facilities and other financial accommodation to members of the Australian Unity Group with maturities falling prior to the maturity dates of both the Series C Australian Unity Bonds and the Series D Australian Unity Bonds being offered under this Prospectus and as such its interests may conflict with the interests of the holders of Bonds.

3.8.6 Trustee’s liability

The Trustee, being Sargon CT Pty Ltd:

- (a) has not made any statement or purported to make any statement in the Offer Documents or any statement on which a statement in the Offer Documents is based, other than as specified below in this Section 3.8.6;
- (b) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of the Offer Documents, or any statements in, or omissions from, the Offer Documents, other than the references to its name included in the Offer Documents with its written consent;
- (c) has given and has not, before the lodgement of the Offer Documents with ASIC, withdrawn its written consent to be named in the Offer Documents in the form and context in which it is named;
- (d) does not, nor does any related person, make any representation as to the truth and accuracy of the contents of the Offer Documents;
- (e) has relied on Australian Unity for the accuracy of the contents of the Offer Documents; and
- (f) does not, nor does any related person, make any representation or warranty as to the performance of Bonds or the payment of Interest or the Redemption of the Bonds.

The Interest payments on Bonds are obligations of Australian Unity and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity.

The obligation to Redeem Bonds in accordance with their Terms is a direct obligation of Australian Unity. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity guarantees the Redemption of or prepayment of any principal under Bonds.

Subject to its obligations as a debenture trustee under the Corporations Act, the Trustee is not responsible for monitoring Australian Unity’s compliance with the Trust Deed (other than to the extent required by law) nor Australian Unity’s business.

3.8.7 Acknowledgements

Each person who applies to participate in the Offer, or submits an Application Form will be deemed to have:

- acknowledged having personally received a paper or electronic copy of this Offer Specific Prospectus and the Base Prospectus (and any supplementary or replacement document) accompanying the Application Form and having read them all in full;
- acknowledged that they understand the Terms and have had an opportunity to consider the suitability of an investment in the Bonds with their professional advisers;
- agreed to be bound by the Terms;
- declared that all details and statements in their Application Form are complete and accurate;
- consented to the use and disclosure of their personal information as described in Section 5.2 of the Base Prospectus, and understood and agreed that the use and disclosure of their personal information applies to any personal information collected by Australian Unity and any entity in the Australian Unity Group in the course of their relationship with Australian Unity and any entity in the Australian Unity Group;
- declared that, if they are a natural person, they are over 18 years of age;
- acknowledged that once Australian Unity or the Registrar receives an Application Form it may not be withdrawn, except as allowed by law;
- applied for the number of Bonds at the Australian dollar amount shown on the Application Form;
- agreed to being allocated the number of Bonds applied for (or a lower number allocated in a way described in this Offer Specific Prospectus), or no Bonds at all;
- authorised Australian Unity and the Joint Lead Managers and their respective officers or agents, to do anything on their behalf necessary for Bonds to be allocated to them, including to act on instructions received by the Registrar upon using the contact details in the Application Form;
- acknowledged that the information contained in this Offer Specific Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Bonds are suitable for them, given their investment objectives, financial situation or particular needs;
- declared that they are an Australian resident or otherwise a person to whom the offer of Bonds can be made, and to whom the Bonds can be issued, in accordance with Section 4.2 of this Offer Specific Prospectus;
- acknowledged that Bonds have not been, and will not be, registered pursuant to the securities laws of any other jurisdiction outside Australia;
- acknowledged that Bonds are not protected accounts or deposit liabilities of Australian Unity Bank under the Banking Act and are not policy liabilities with any member of the Australian Unity Group under the Life Insurance Act; and
- acknowledged that investments are subject to investment risk, including possible delays in repayment and loss of income and principal invested.

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Section 4

How to apply



4.1 Overview

The Offer comprises:

- a Member Offer;
- an Institutional Offer;
- a Broker Firm Offer; and
- a Reinvestment Offer.

Details on how to apply under each component of the Offer are set out in Section 4.2.

If you are applying to participate in the Reinvestment Offer directly to Australian Unity, you can apply for either Series C Australian Unity Bonds – Tranche 1 or Series D Australian Unity Bonds – Tranche 1 (or a combination of each Series of Bonds).

If you are applying to participate in the Reinvestment Offer through a Syndicate Broker, you must speak to the Syndicate Broker about the Series of Bonds you can apply for.

If you are applying to participate in the Offer other than by reinvesting your Series B Australian Unity Bonds you can only apply for Series D Australian Unity Bonds – Tranche 1.

4.2 Applying for the Bonds

Offer tranche	Who can Apply	When to Apply	How to Apply using a paper Application Form	How to Apply online
Member Offer	Eligible Members. An Eligible Member is a member of Australian Unity as at 16 August 2019 with a registered address in Australia.	Applications will only be accepted during the Offer Period, which commenced on 17 September 2019 and is expected to close on 8 October 2019. Your online Application or paper Application Form must be completed and your Application Monies must be received by the Registrar by the Closing Date.	You can request a free paper copy of the Offer Documents and a Member Offer Application Form by contacting the Australian Unity Bonds Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8:30am to 5:30pm. Instructions on how to complete the Application Form are set out in the form. When applying via a paper Application Form you may pay for the Bonds using cheque(s) and/or money order(s). You will also be required to provide your entitlement number and surname. The entitlement number is included on the postcard or email sent to Eligible Members.	You can apply online at www.australianunity.com.au/bonds . Instructions on how to complete your Application are provided online.

Section 4 How to apply

Offer tranche	Who can Apply	When to Apply	How to Apply using a paper Application Form	How to Apply online
Institutional Offer	Institutional Investors – that is an investor who was invited by the Joint Lead Managers to bid for the Bonds in the Bookbuild.	Institutional Investors were required to contact the Joint Lead Managers for instructions on participating in the Bookbuild.	Applications and settlement procedures for Institutional Investors will be advised by the Joint Lead Managers.	
Broker Firm Offer	Australian resident retail clients of a Syndicate Broker.	Applications will only be accepted during the Offer Period, which commenced on 17 September 2019 and is expected to close on 8 October 2019. Your completed Application Form and Application Monies (if applicable) must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.	You must contact your Syndicate Broker for instructions about how to complete your Application. You must not return your Application to the Registrar or Australian Unity.	
Reinvestment Offer	Eligible AYUHB Holders (see Section 4.3(a)).	Applications will only be accepted during the Offer Period, which commenced on 17 September 2019 and is expected to close on 8 October 2019.	You can request a free paper copy of the Offer Documents and a Reinvestment Offer Application Form by contacting the Australian Unity Bond Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8:30am to 5:30pm. Instructions on how to complete the Application Form are set out in the form. When applying, you will be required to provide your security holder reference number ("SRN") or holder identification number ("HIN"), surname or company name and postcode.	You can apply online at www.australianunity.com.au/bonds . Instructions on how to complete your Application are provided online.

4.3 Reinvestment Offer

AYUHB are unsecured and unsubordinated debt securities which were issued by Australian Unity in 2015. AYUHB trade on ASX under the code "AYUHB".

(a) Eligibility to participate in the Reinvestment Offer

You are an "Eligible AYUHB Holder" and eligible to participate in the Reinvestment Offer if:

- you were a registered holder of AYUHB as at 7:00pm on 5 September 2019 (the "Reinvestment Record Date");
- you are shown on the register of holders of AYUHB as having an address in Australia (or another jurisdiction to which Australian Unity determines to extend the Reinvestment Offer); and
- Australian Unity is satisfied that you are not in the United States or a US person, or acting as a nominee for, or for the account or benefit of, a US person, and are not otherwise prevented from receiving the Offer under the laws of any jurisdiction.

(b) What is the Reinvestment Offer?

Under the Reinvestment Offer, Eligible AYUHB Holders can apply to have some or all of their AYUHB purchased by Australian Unity with a portion of the proceeds received applied directly to the subscription of an equivalent number of Bonds.

AYUHB which are not sold to Australian Unity under the Reinvestment Offer will remain on issue (subject to their terms) until the scheduled maturity date of 15 December 2020.

The Reinvestment Offer is not a simple rollover into a similar investment. AYUHB and the Bonds, while having a number of similar features, have different benefits and risks, which must be evaluated independently (see section (e) below). The key differences include the following:

- The current margin for AYUHB is 2.80 percent per annum. As a consequence of the change in market conditions since 2015 when AYUHB were issued, the Margin for the Series C Australian Unity Bonds (being 2.00 percent per annum) and the Margin for the Series D Australian Unity Bonds (being 2.15 percent per annum) are less than the margin for AYUHB.
- The Maturity Date for the Series C Australian Unity Bonds is 15 December 2024 and the Maturity Date for Series D Australian Unity Bonds is 15 December 2026. The maturity date for the AYUHB is 15 December 2020.

Eligible AYUHB Holders who participate in the Reinvestment Offer will sell each relevant AYUHB to Australian Unity for \$100 plus the "Accrued Interest Amount" and the "Further Amount".

The "Accrued Interest Amount" is payable as compensation for the interest the holder would have received in respect of the AYUHB sold under the Reinvestment Offer for 14 October 2019 (the "Stub Day") on the basis of the market rate applicable to AYUHB on the Stub Day plus a margin of 2.80 percent per annum for the Stub Day. The participating AYUHB holder will also receive the scheduled interest payment on 14 October 2019.

The "Further Amount" is payable as compensation in respect of the AYUHB sold under the Reinvestment Offer for the difference in margin between the AYUHB and the Bonds for the period from the Issue Date to the AYUHB maturity date. Based on the Margins for the Series C Australian Unity Bonds and Series D Australian Unity Bonds of 2.00 percent per annum and 2.15 percent per annum respectively, and assuming that the Issue Date for the Bonds is 15 October 2019, the Further Amount for each Series of Bonds will be:

- Series C Australian Unity Bonds: \$0.9359 per AYUHB; and
- Series D Australian Unity Bonds: \$0.7604 per AYUHB.

\$100 of the proceeds of the sale of an AYUHB to Australian Unity will be applied to fund the subscription for a Bond and the participating Eligible AYUHB Holder will receive an amount per AYUHB sold equal to the sum of the Accrued Interest Amount and the Further Amount.

(c) Options available to Eligible AYUHB Holders

Option	Details
Option 1 – Apply under the Reinvestment Offer to sell all or some of your AYUHB to fund your subscription for Bonds	You may choose to sell all or some of the AYUHB you held on the Reinvestment Record Date to Australian Unity to fund your subscription for Bonds. To choose this option, you must complete your personalised paper or online Reinvestment Offer Application Form, specifying the number of Series C Australian Unity Bonds and/or Series D Australian Unity Bonds you would like to apply for. Please refer to Section 4.2 for further information on how to apply for Bonds under the Reinvestment Offer. If on the Closing Date of the Reinvestment Offer you hold a greater or lesser number of AYUHB than shown on your personalised Reinvestment Offer Application Form you will be taken to have applied to sell to Australian Unity the lower of the number of AYUHB specified on your personalised Reinvestment Offer Application Form and the number of AYUHB registered in your name on the Closing Date of the Reinvestment Offer which is expected to be 8 October 2019. In addition to participating in the Reinvestment Offer, an Eligible AYUHB Holder wishing to increase their investment in Australian Unity may apply for Series D Australian Unity Bonds under the Member Offer (if an Eligible Member) or the Broker Firm Offer (if a client of a Syndicate Broker).
Option 2 – Sell your AYUHB on market	You may choose to sell or dispose of your AYUHB on market (in which case, you may have to pay brokerage) at the prevailing market price, which may be higher or lower than the price you would receive if you were to sell all your AYUHB to Australian Unity through the Reinvestment Offer, and use part of the proceeds to fund a subscription of Bonds. To choose this option, you should contact your broker. If you sell your AYUHB on market and use the proceeds to apply for Bonds, you will need to apply under the Member Offer or Broker Firm Offer (if eligible to do so) and there is a risk you may not receive the level of allocation you may have through participation in the Reinvestment Offer. You will also only be able to apply for Series D Australian Unity Bonds under the Member Offer and Broker Firm Offer. The market price of AYUHB is subject to change from time to time. As at the close of trading on 13 September 2019, the market price per AYUHB was \$102.00. Up-to-date information about the market price of AYUHB can be obtained from asx.com.au (ASX code "AYUHB"). If you sell your AYUHB on market you will not receive the Accrued Interest Amount or the Further Amount. Your ability to sell and the price at which you sell your AYUHB depends on the liquidity of the market and the trading price at that time.

Section 4 How to apply

Option	Details
Option 3 – Take no action	You are not required to participate in the Reinvestment Offer, or to sell your AYUHB on market and as such, you are not required to take any action. Should you take no action, you will continue to hold your AYUHB and will receive quarterly interest payments until the scheduled maturity date of 15 December 2020, or such earlier date on which Australian Unity may redeem your AYUHB (in accordance with the terms of AYUHB). If less than 10% of the aggregate face value of AYUHB remains on issue, Australian Unity is likely to redeem all (but not some) of the AYUHB. Refer to Section 3.5 for further information.

(d) Ineligible holders of AYUHB

If you are a holder of AYUHB with a registered address outside Australia on the Reinvestment Record Date then you are ineligible to participate in the Reinvestment Offer. In these circumstances, you are limited to Options 2 or 3 in the table in section (c) above.

(e) Comparison between AYUHB and Bonds

There are a number of key differences between AYUHB and Bonds. A comparison of the key features of AYUHB and Bonds is set out in summary form below. This comparison is not exhaustive.

Feature	AYUHB	Bonds
Issuer	Australian Unity Limited	Australian Unity Limited
Guarantor	None	None
Legal form	Unsecured debt obligations	Unsecured debt obligations
Issue price	\$100 per AYUHB	\$100 per Bond
Term	5 years	Series C Australian Unity Bonds: Approximately 5 years Series D Australian Unity Bonds: Approximately 7 years
Early redemption (at Issuer's option)	Yes, for taxation reasons, on a change of control or if less than 10% remain on issue	Yes, for taxation reasons, on a change of control or if less than 10% remain on issue
Margin	2.80%	Series C Australian Unity Bonds: 2.00% Series D Australian Unity Bonds: 2.15%
Interest rate	Floating	Floating
Interest payments	Mandatory, not deferrable	Mandatory, not deferrable
Payment frequency	Quarterly	Quarterly
Transferable	Yes – quoted on ASX	Yes – to be quoted on ASX
Gearing covenant	50%	50% (but there are differences in the basis of computation of the covenant)
Negative pledge	Yes (but it only applies to similar capital markets indebtedness and indebtedness under syndicated or term loan arrangements)	Yes (but it only applies to similar capital markets indebtedness and indebtedness under syndicated or term loan arrangements)
Restrictions on subsidiary indebtedness	Yes	Yes (but there are differences in the terms of this restriction)
Holder early redemption rights	Only on a change of control of Australian Unity (and provided that a holder resolution is passed in favour of requiring redemption)	Only on a change of control of Australian Unity (and provided that a Holder Resolution is passed in favour of requiring redemption)
Credit rating assigned by Australia Ratings	BBB+	BBB+
Product complexity indicator assigned by Australia Ratings	Green	Green

(f) Comparison of Series C Australian Unity Bonds and Series D Australian Unity Bonds

There are important differences between Series C Australian Unity Bonds and Series D Australian Unity Bonds. Eligible AYUHB Holders who are considering participating in the Reinvestment Offer should note these differences.

In particular:

- The Maturity Date for the Series C Australian Unity Bonds is 15 December 2024 and the Maturity Date for Series D Australian Unity Bonds is 15 December 2026; and
- the Margin for the Series C Australian Unity Bonds is 2.00 percent per annum and the Margin for the Series D Australian Unity Bonds is 2.15 percent per annum.

The Margin applicable to the Series D Australian Unity Bonds is higher than the Margin applicable to the Series C Australian Unity Bonds, to reflect the longer term to maturity in respect of the Series D Australian Unity Bonds.

(g) Risks associated with participating in the Reinvestment Offer

Once you apply to participate in the Reinvestment Offer, you will not be able to sell your AYUHB on market. If you apply to participate in the Reinvestment Offer, it is your responsibility to ensure that you do not sell or dispose of any of those AYUHB the subject of your Application, other than as part of the Reinvestment Offer.

If you apply to participate in the Reinvestment Offer you are taken to agree to a holding lock being placed on the AYUHB you have elected to sell, pending completion of the Reinvestment Offer—but it is your obligation to ensure that you do not sell or transfer those AYUHB. If you do, the number of Bonds you may be allocated will be reduced to the extent the required number of AYUHB are not available on the Closing Date for the Reinvestment Offer.

Once you have submitted an Application Form under the Reinvestment Offer, you will not be able to successfully deal with those AYUHB unless the holding lock which will be placed on those AYUHB is released (which will only occur if the Offer does not proceed or your Application is not accepted in full or in part).

If you elect to participate in the Reinvestment Offer but the Offer (including the Reinvestment Offer) does not proceed or your Application is not accepted in full or in part, those AYUHB that you elected to sell to Australian Unity that were not purchased by Australian Unity will be released from the holding lock as soon as practicable. Once released, you may sell your AYUHB on ASX at the prevailing market price subject to the liquidity of that market.

AYUHB not sold to Australian Unity under the Reinvestment Offer (and not sold on the ASX) will remain outstanding until redeemed by Australian Unity in December 2020 (unless redeemed early in accordance with the terms of the AYUHB). Where there is less than 10 percent of the aggregate face value of the AYUHB remaining on issue, Australian Unity intends to exercise its rights under the Clean Up Condition in accordance with the AYUHB Base Terms. Please refer to Section 3.5 for further information.

(h) Brokerage and stamp duty

No brokerage or stamp duty is payable on the sale of your AYUHB to Australian Unity under the Reinvestment Offer or on your Application for Bonds. AYUHB holders who choose to sell their AYUHB on market may be required to pay any applicable brokerage.

4.4 Minimum application

The amount you have to pay for each Bond is \$100. The minimum application size for Applicants under the Institutional Offer and Broker Firm Offer is 50 Bonds (\$5,000). The minimum application size for Applicants under the Member Offer is 20 Bonds (\$2,000).

4.5 No brokerage or stamp duty

You do not have to pay brokerage or stamp duty on your Application for Bonds. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of Bonds on the ASX.

4.6 Exposure period

The Corporations Act prohibited Australian Unity from processing Applications to subscribe for Bonds under the Offer Documents in the seven day period after the lodgement date of the Original Offer Specific Prospectus ("Exposure Period").

That period was to enable the Original Offer Specific Prospectus (and the Base Prospectus) to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period were not processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

4.7 Allocation policy and refunds

Bookbuilds

The Arrangers have conducted Bookbuilds to determine the Margins and firm Allocations of each Series of Bonds to Bookbuild participants. The Bookbuilds were conducted on 13 September 2019 in accordance with the terms and conditions agreed by Australian Unity and the Joint Lead Managers. As part of the Bookbuilds, certain Institutional Investors and Syndicate Brokers were invited to lodge bids for Bonds. On the basis of those bids, Australian Unity, in consultation with the Arrangers, has determined a Margin of 2.00 percent per annum for Series C Australian Unity Bonds and 2.15 percent per annum for Series D Australian Unity Bonds, and the firm Allocations of Bonds to Syndicate Brokers and Institutional Investors. A total of approximately \$103.7 million of Series C Australian Unity Bonds and \$196.3 million Series D Australian Unity Bonds were allocated under the Bookbuilds. Bonds allocated under the Bookbuilds will be issued under this Offer Specific Prospectus.

Member Offer

Australian Unity will endeavour to provide Applicants under the Member Offer with an allocation of Series D Australian Unity Bonds however Australian Unity does not guarantee any minimum allocation and the extent of any allocation will ultimately depend on the total level of Applications under the Offer and the level of applications under the Reinvestment Offer.

Australian Unity has absolute discretion to determine the method and extent of the allocation to Applicants under the Member Offer.

In particular, Australian Unity reserves the right (at its discretion) to:

- allocate to any Eligible Member all Series D Australian Unity Bonds for which they have applied; or
- allocate to any Eligible Member a lesser number of Series D Australian Unity Bonds for which they have applied, or none at all.

Broker Firm Offer

If you have applied under the Broker Firm Offer, your Syndicate Broker is responsible for determining your allocation from their Broker Firm Allocation. Australian Unity takes no responsibility for any allocation, scale-back or rejection that is decided by your Syndicate Broker.

Institutional Offer

Allocations to Institutional Investors have been determined by Australian Unity in consultation with the Joint Lead Managers following the Bookbuild.

Reinvestment Offer

Applications under the Reinvestment Offer will be treated with priority when received, but may be limited by the overall size of the Offer, the size of each Series of Bonds and any earlier Allocations under the Bookbuild.

Refunds

Until the Bonds are issued, Australian Unity will hold the Application Monies in a trust account. The account will be established and kept solely for the purpose of depositing Application Monies and dealing with those funds.

If you are not allocated any Bonds or less than the number of Bonds you applied for, you will receive a refund cheque as soon as practicable after the Closing Date. No interest will be payable on Application Monies which are refunded. Any interest earned in the trust will be retained by Australian Unity.

4.8 Issue and quotation of Bonds

It is expected that the Bonds will be quoted on the ASX. Series C Australian Unity Bonds are expected to be quoted under the ASX code AYUHC and Series D Australian Unity Bonds are expected to be quoted under the ASX code AYUHD. If ASX does not grant permission for the Bonds to be quoted by the Issue Date, the Bonds will not be Issued and all Application Monies will be refunded (without interest) as soon as practicable.

4.9 Trading and Holding Statements

(a) Commencement of trading of Bonds on ASX

It is expected that the Bonds will begin trading on ASX on a normal settlement basis on 18 October 2019.

It is your responsibility to determine your holding of Bonds before trading to avoid the risk of selling Bonds you do not own. You should check your holding by asking your broker or by calling the Registrar.

(b) Holding Statements

Australian Unity will apply for the Bonds to participate in CHESS and, if accepted, no certificates will be issued. Instead, a Holding Statement will be mailed to Holders. If your holding of the Bonds changes, you will receive an updated Holding Statement.

(c) Provision of TFN and/or ABN

When your Holding Statement is mailed, you will also receive a welcome letter which details how to provide your TFN and/or ABN to the Registrar should you wish to do so (see Section 5.1.8 ("Provision of TFN and/or ABN") of the Base Prospectus).

(d) Provision of bank account details for payments

Interest will be paid in Australian dollars by direct credit into nominated Australian financial institution accounts (excluding credit card accounts), for Holders with a registered address in Australia. For all other Holders, including Holders that have not nominated a bank account to receive direct credits, Interest will be paid by Australian dollar cheque. When your Holding Statement is mailed, you will also be mailed a welcome letter which details how to provide your bank account details to the Registrar for payments of Face Value and Interest.

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Corporate directory

Registered Office of the Issuer

Australian Unity Limited
Level 15, 271 Spring Street
Melbourne VIC 3000
www.australianunity.com.au

Trustee

Sargon CT Pty Ltd
Suite 19.03, Level 19
60 Castlereagh Street
Sydney NSW 2000

Legal Adviser

King & Wood Mallesons
Level 50, Bourke Place
600 Bourke Street
Melbourne VIC 3000

Registrar

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008

Arrangers and Joint Lead Managers

Acacia Partners Pty Ltd
Level 39, 55 Collins Street
Melbourne VIC 3000

National Australia Bank Limited
Level 25, 255 George Street
Sydney NSW 2000

Joint Lead Managers

ANZ Securities Limited
Level 9, 833 Collins Street
Docklands VIC 3008

Evans Dixon Corporate Advisory Pty Limited
Mayfair Building, 171 Collins Street
Melbourne VIC 3000

Co-Managers

Australian Unity Funds Management Limited
Level 15, 271 Spring Street
Melbourne VIC 3000

JBWere Limited
Level 16, 101 Collins Street
Melbourne VIC 3000

Australian Unity Bonds Information Line

1800 992 793 (within Australia)
+61 1800 992 793 (outside Australia)
8:30am to 5:30pm, Monday to Friday

Website

www.australianunity.com.au/bonds

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Your Guide to the Member Offer Application Form

This Member Offer Application Form relates to the Member Offer by Australian Unity Limited (**Australian Unity**) of Series D Australian Unity Bonds – Tranche 1 (**Bonds**) made under the Base Prospectus and Offer Specific Prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) on 9 September 2019 and 17 September 2019 respectively (**Offer Documents**). In accordance with the requirements of the *Corporations Act 2001* (Cth), this Member Offer Application Form must not be distributed unless included in, or accompanied by, the Offer Documents. Capitalised terms have the meaning given to them in the Offer Documents unless otherwise defined.

If you are in doubt as to how to deal with this Member Offer Application Form, please contact your financial or other professional adviser without delay. The Offer Documents contain information relevant to a decision to invest in Bonds and you should read the entire Offer Documents carefully before applying for Bonds.

While the Offer Documents are current, Australian Unity will send paper copies of the Offer Documents, any supplementary document and the Member Offer Application Form, free of charge on request.

By submitting an Application, you will be deemed to have provided the acknowledgments in Section 3.8.7 of the Offer Specific Prospectus.

Please complete all relevant white sections of the Member Offer Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

- A** Insert the number of Bonds you wish to apply for. The Application must be for a minimum of 20 Bonds (\$2,000). Australian Unity will endeavor to provide Applicants under the Member Offer with an Allocation of at least 100 Bonds or such lesser amount as applied for.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Bonds applied for by the Issue Price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Bonds. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Australian Unity will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Australian Unity and the Registrar will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Bonds will be issued to Australian Unity's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
Make your cheque or bank draft payable to "**Australian Unity Limited**" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

LODGEMENT INSTRUCTIONS

This Member Offer Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm on 8 October 2019 at:

Mailing Address

Australian Unity Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Australian Unity Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 (**do not use this address for mailing purposes**)

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Bonds. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Member Offer Application Form.

Your Guide to the Broker Firm Offer Application Form

This Broker Firm Offer Application Form relates to the Broker Firm Offer by Australian Unity Limited (**Australian Unity**) of Series D Australian Unity Bonds – Tranche 1 (**Bonds**) made under the Base Prospectus and Offer Specific Prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) on 9 September 2019 and 17 September 2019 respectively (**Offer Documents**). In accordance with the requirements of the *Corporations Act 2001* (Cth), this Broker Firm Offer Application Form must not be distributed unless included in, or accompanied by, the Offer Documents. Capitalised terms have the meaning given to them in the Offer Documents unless otherwise defined.

If you are in doubt as to how to deal with this Broker Firm Offer Application Form, please contact your financial or other professional adviser without delay. The Offer Documents contain information relevant to a decision to invest in Bonds and you should read the entire Offer Documents carefully before applying for Bonds.

While the Offer Documents are current, Australian Unity will send paper copies of the Offer Documents, any supplementary document and the Broker Firm Offer Application Form, free of charge on request.

By submitting an Application, you will be deemed to have provided the acknowledgments in Section 3.8.7 of the Offer Specific Prospectus.

Please complete all relevant white sections of the Broker Firm Offer Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

- A** Insert the number of Bonds you wish to apply for. The Application must be for a minimum of 50 Bonds (\$5,000). You may be issued all of the Bonds applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Bonds applied for by the Issue Price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Bonds. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Australian Unity will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Australian Unity and the Registrar will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Bonds will be issued to Australian Unity's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Bonds. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Broker Firm Offer Application Form.

Contact Australian Unity

 memberrelations@australianunity.com.au

 13 29 39

 australianunity.com.au

 Level 15, 271 Spring Street
Melbourne
VIC 3000

 facebook.com/AustralianUnity

 [@australianunity](https://twitter.com/australianunity)

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Australian Unity Limited
ABN 23 087 648 888

