Australian Unity
Retirement Village Investment Notes Series 3 – Prospectus 5

Dated - 21 April 2011, Applications Close 30 June 2011
Issued by: Australian Unity Finance Limited
ABN 35 114 646 070
Australian Unity Finance Limited (ABN 35 114 646 070) (‘Australian Unity Finance’ or ‘Issuer’) is the issuer of this prospectus and takes full responsibility for it.

The Notes are unsecured notes for the purposes of Section 283BH of the Corporations Act 2001 (Cth). This is notwithstanding the security arrangements that may support a particular series or issue of Notes.

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

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

Australian Unity Finance, Australian Unity Retirement Living Investments Limited (ABN 27 114 646 098) (‘Australian Unity Retirement Living Investments’), Australian Unity Retirement Living Services Limited (ABN 17 085 317 595) (‘Australian Unity Retirement Living’) and Australian Unity Funds Management are wholly owned subsidiaries of Australian Unity Limited (ABN 23 087 648 888) (‘Australian Unity’).

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

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

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

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

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

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

This prospectus expires 30 June 2011.

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

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

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

A copy of this prospectus has been lodged with the Australian Securities and Investments Commission (ASIC) who takes no responsibility for its contents.
This Prospectus offers Note holders, whose Notes are due to mature on 30 June 2012, the opportunity to extend the term of their Notes 12 months earlier to take advantage of a higher interest rate.

If you wish to continue your Notes until the original maturity date you do not need to do anything. Your Notes will continue for the original term until maturity on 30 June 2012.
Australian Unity focuses on improving the financial wellbeing of its investors and creating investments that are genuinely different to the rest of the market.

**Investments**

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

With a sizable portfolio of managed funds in property and many years of experience in managing real property assets, Australian Unity’s property team knows that secure tenants, the potential to increase the value of the properties and good mixes of locations are vital. They also ensure the assets are managed on a day-to-day basis.

Australian Unity also actively manages its mortgage funds in-house. The mortgages team recognises that the security of investors’ capital is critical but it’s also important to receive a consistent income – Australian Unity’s mortgage products aim to provide just that.

Genuine investment talent is increasingly rare. It’s for this reason Australian Unity has created joint ventures with a number of original thinkers in investments, including:

- Vianova Asset Management, focusing on the fixed interest sector;
- Platypus Asset Management, a high conviction Australian equities manager;
- Acorn Capital, uncovering the hidden potential of Australian shares outside the ASX top 250 (the microcap sector);
- Wingate Asset Management, a distinctly different international equities manager;
- Seres Asset Management, a boutique fund manager specialising in Asian equities; and
- Altius Asset Management, a boutique fund manager, with a diversified approach to fixed interest funds management.

Australian Unity Retirement Living

Australian Unity’s retirement living group employs over 750 staff and has an enviable track record in the retirement living sector.

Australian Unity is a major provider of accommodation and related services to retirees, operating retirement villages and aged care facilities in 11 locations in New South Wales and in four locations in Victoria, offering over 1,750 home units, 451 aged care beds and 115 community care places, as well as transitional and day respite care services.

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

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

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

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

### Purpose of funds
The purpose of this prospectus is to offer Series 3 Prospectus 2 Note holders the opportunity to extend the term of their Notes 12 months earlier than the scheduled maturity to take advantage of a higher interest rate currently being offered.

The funds raised by Australian Unity Finance under Series 3 Prospectus 2 were loaned to Australian Unity Retirement Living Investments to finance the acquisition of units in the Australian Unity Retirement Village Trust #2, which it continues to hold.

Australian Unity Finance and Australian Unity Retirement Living Investments are related parties in the Australian Unity group of companies.

### Security
These are unsecured notes. A Trustee has been appointed to hold certain security for the benefit of Note holders, and to enforce the security of the repayment of the funds invested by Note holders. This security consists of a registered mortgage over:

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

### Maximum amount to be raised under this prospectus
A$16,388,613 (16,388,613 Notes)

This is the amount originally raised under Series 3 Prospectus 2.

### Issue price
$1.00 per Note

### Minimum investment
rollover
$5,000 (5,000 Notes), and thereafter in multiples of $1,000 (1,000 Notes)

### Terms
3 and 5 years

### Maturity dates
- 3 Year Notes: 30 June 2014
- 5 Year Notes: 30 June 2016

### Interest rates
- 3 Year Notes: 8.50% per annum
- 5 Year Notes: 8.75% per annum

### Applications close
30 June 2011

Offer may be closed earlier than this date.

### Interest calculation and payment
Notes may be issued by Australian Unity Finance at any time after having received applications, up to the closure date. Regardless of when the Notes are issued:

- Notes will be subject to the maturity dates specified above; and
- Interest will be calculated quarterly from 1 July 2011.

Generally, you will receive four equal payments of interest each year over the term of the Notes. Interest is normally paid within 14 days of the end of each quarter, ending on:

- 30 September;
- 31 December;
- 31 March; and
- 30 June.

### Fees
We do not charge or deduct any management, entry or exit fees from investments that are invested for the full term.

### Early withdrawal
Withdrawal prior to the maturity date will only be permitted solely at the discretion of Australian Unity Finance. Usually an early withdrawal request is approved only in exceptional circumstances, such as death or extreme financial hardship. See page 8 for details.

### Withdrawal at maturity
At maturity we will repay the principal in full together with any final interest payment within 14 days of the maturity date.

We may extend the term prior to the maturity date by notifying you in writing with all the information you need, including information on how to withdraw. Should you wish to withdraw, you will have an unrestricted opportunity to do so. Please refer to the ‘Term extensions or rollovers’ section on page 8 for more details.
The Australian Securities and Investments Commission (ASIC) has issued a set of benchmarks to help you understand and assess unlisted debentures, such as these Notes. The benchmarks, including how the Notes measure against them at 31 December 2010, are set out below. This information has been provided to assist you in better understanding the nature of this investment. You should consider each of these benchmarks separately before making a decision to invest in the Notes.

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

The Notes are unsecured notes for the purposes of Section 283BH of the Corporations Act 2001.

Benchmark 1: Equity Ratio
This benchmark requires issuers of debentures to have a minimum equity ratio (defined as total equity divided by total liabilities + total equity) of 8%, where they are not engaged in property development activities.

We meet this benchmark as we have an equity ratio of 9.9%, which exceeds the minimum requirement of 8%.

Benchmark 2: Liquidity
This benchmark requires issuers to ‘have cash flow estimates for the next three months’ and to ‘ensure that at all times they have cash or cash equivalents sufficient to meet projected cash needs over the next three months’.

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

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

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

Estimated cash flows for the three months to 31 March 2011 are:

<table>
<thead>
<tr>
<th>Australian Unity Finance Limited</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Inflows</td>
<td>$1.367m</td>
</tr>
<tr>
<td>Estimated Out Flows</td>
<td>$1.344m</td>
</tr>
<tr>
<td>Estimated Net Cash Flow</td>
<td>$0.023m</td>
</tr>
</tbody>
</table>

Benchmark 3: Rollovers
This benchmark requires issuers to clearly disclose their approach to rollovers.

We meet this benchmark as we have outlined our approach to rollovers in our prospectus. Rollovers do not happen automatically. We may decide to extend the maturity date of the Notes (and the term) by notifying investors in writing at least four months prior to the maturity date, letting investors know the proposed interest rate and the maturity date for the extended term. Should investors wish to withdraw, they have an unrestricted opportunity to do so.

Benchmark 4 & 5: Debt Maturity and Loan portfolio
These benchmarks require issuers to disclose the maturity profile of interest bearing securities including value and interest rates or average interest rates applicable to their debts. And for issuers who on-lend funds to disclose the current nature of their loan portfolio.

We meet these benchmarks. We understand the importance of a transparent loan portfolio. The current nature of the loan portfolio is:

<table>
<thead>
<tr>
<th>Interest bearing Debt</th>
<th>Years to maturity</th>
<th>Interest rate %p.a.</th>
<th>Value $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1</td>
<td>0.92</td>
<td>8.50</td>
<td>9.916</td>
</tr>
<tr>
<td></td>
<td>1.92</td>
<td>9.00</td>
<td>8.990</td>
</tr>
<tr>
<td></td>
<td>2.92</td>
<td>8.25</td>
<td>1.266</td>
</tr>
<tr>
<td></td>
<td>4.92</td>
<td>8.75</td>
<td>3.828</td>
</tr>
<tr>
<td>Series 2</td>
<td>1.00</td>
<td>8.50</td>
<td>4.888</td>
</tr>
<tr>
<td></td>
<td>1.25</td>
<td>8.50</td>
<td>2.912</td>
</tr>
<tr>
<td>Series 3</td>
<td>1.25</td>
<td>8.00</td>
<td>4.514</td>
</tr>
<tr>
<td></td>
<td>1.50</td>
<td>8.00</td>
<td>16.389</td>
</tr>
<tr>
<td></td>
<td>2.00</td>
<td>8.00</td>
<td>7.081</td>
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<tr>
<td></td>
<td>3.25</td>
<td>8.25</td>
<td>0.120</td>
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<tr>
<td></td>
<td>3.50</td>
<td>8.25</td>
<td>0.498</td>
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<tr>
<td></td>
<td>4.00</td>
<td>8.25</td>
<td>0.130</td>
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<tr>
<td></td>
<td>5.25</td>
<td>8.50</td>
<td>0.145</td>
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<tr>
<td></td>
<td>5.50</td>
<td>8.50</td>
<td>0.890</td>
</tr>
<tr>
<td></td>
<td>6.00</td>
<td>8.50</td>
<td>0.233</td>
</tr>
</tbody>
</table>

From time to time we will update this information on our website at australianunityinvestments.com.au
What is the maturity profile of the interest bearing assets by term and value?

The maturity profile of the interest bearing assets is as follows:

<table>
<thead>
<tr>
<th>Interest bearing Assets</th>
<th>Years to maturity</th>
<th>Interest rate % p.a.</th>
<th>Value $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1</td>
<td>0.92</td>
<td>8.75</td>
<td>9.916</td>
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<tr>
<td></td>
<td>1.92</td>
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<td>8.50</td>
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<td>0.890</td>
</tr>
<tr>
<td></td>
<td>6.00</td>
<td>8.75</td>
<td>0.233</td>
</tr>
</tbody>
</table>

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

There are three loans:
- $24,000,000;
- $7,800,000; and
- $30,000,000.

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

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

Series 1 and Series 2 Notes are secured by registered mortgages held by the Trustee for the benefit of Note holders, over:
- the loans made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the mortgages, granted as security for the loan, over allotments of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust; and
- the right to receive money payable in connection with the loans and the mortgages.

Series 3 Notes are secured by a registered mortgage, held by the Trustee for the benefit of Note holders, over:
- the loan made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the mortgage, granted as security for the loan, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #2; and
- the right to receive money payable in connection with the loan and the mortgage.

How are the loans classified by activity and geographic region?

The loan for $24,000,000 has been used by Australian Unity Retirement Living Investments to invest in units in the Australian Unity Retirement Village Trust, which owns and operates retirement villages and aged care facilities in Victoria and New South Wales.

The loan for $7,800,000 has been lent by Australian Unity Retirement Living Investments to Australian Unity Retirement Living to use to expand its retirement living business in Victoria and New South Wales.

The third loan for $30,000,000 has been used by Australian Unity Retirement Living Investments to invest in units in the Australian Unity Retirement Village Trust #2, which owns and operates retirement villages in New South Wales.

<table>
<thead>
<tr>
<th>Australian Unity Retirement Village Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>NSW</td>
</tr>
<tr>
<td>VIC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Australian Unity Retirement Village Trust #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>NSW</td>
</tr>
</tbody>
</table>

What proportions of the loans are in default or arrears?

None of the loans is in default or arrears and they have not been at any time since the loans were established.
What proportion of the total loan monies have been lent to our largest borrower? And 10 largest borrowers?
All of the loan monies have been lent to Australian Unity Retirement Living Investments.

The loan monies funded by Series 2 Notes have been lent by Australian Unity Retirement Living Investments to Australian Unity Retirement Living Services.

What proportions of the loans are in subject to legal proceedings?
There are no loans subject to legal proceedings.

Benchmark 6: Related party transactions
This benchmark requires issuers who on-lend funds to disclose their approach to related party transactions and any policy the Issuer has regarding related party lending.
We meet this benchmark. Our approach to and policy regarding related party transactions is disclosed in this prospectus.

All loans have been lent to related parties. Each of our prospectuses disclosed to investors that the proceeds raised by Australian Unity Finance from issuing the Notes have been lent to a related party - Australian Unity Retirement Living Investments. Further, the proceeds raised by Series 2 Notes have been on lent to Australian Unity Retirement Living Services. Investors should refer to Benchmarks 4 & 5 for further details on specific loans. The terms of the loans funded by the Notes are detailed in a loan agreement, and the loans have been entered into on commercial terms. Australian Unity has a Related Party Transactions Policy in place to enable it to manage these transactions appropriately.

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

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

Benchmark 7: Valuations
This benchmark for property valuations, where an issuer is involved in or lends money for property-related activities, requires the issuer to establish a panel of valuers, and to ensure that no one valuer conducts more than a third of the issuer’s valuation work.
We do not meet this benchmark as the issuer does not use property valuers for these valuations, and therefore has not established a panel of valuers for property valuations.

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

The nature of the assets in each of the Trusts is the business of owning and operating retirement villages and aged care facilities, rather than the direct property itself. Series 1 Notes and Series 2 Notes are secured by registered mortgages, held by the Trustee for the benefit of Note holders, over:

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

Series 3 Notes are secured by a registered mortgage, held by the Trustee for the benefit of Note holders, over:

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

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

Benchmark 8: Lending principles - loan-to-valuation ratios
This benchmark requires loan-to-valuation ratios to not exceed 80%, where an issuer on-lends money in relation to property-related activities and the loan does not relate to property development.
We meet this benchmark as the ratios of the loans to the market value of Australian Unity Retirement Living Investments’ units in each of the Trusts is less than the required 80% as shown below:

<table>
<thead>
<tr>
<th>Trust</th>
<th>Loan-to-value Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Unity Retirement Village Trust</td>
<td>61.66</td>
</tr>
<tr>
<td>Australian Unity Retirement Village Trust #2</td>
<td>55.83</td>
</tr>
</tbody>
</table>
Features of the Notes

**Purpose**
This prospectus invites Series 3 Prospectus 2 Note holders to extend the term of their investment 12 months before their original scheduled maturity. By extending the term now, Note holders may take advantage of a higher interest rate currently on offer. Note holders may also select one of two terms to maturity, namely 3 or 5 years.

All extended applications for investment in unsecured notes are a loan from you to Australian Unity Finance. We are obliged to pay you accrued interest on the loan quarterly and to repay to you the principal of the loan at maturity.

The money raised by Australian Unity Finance under Series 3 Prospectus 2 was loaned to Australian Unity Retirement Living Investments - a related party in the Australian Unity group of companies - to finance the acquisition of units in the Australian Unity Retirement Village Trust #2. Australian Unity Retirement Living Investments continues to own these units.

**Security**
The Notes are classified as ‘unsecured notes’ under the Corporations Act 2001 (Cth), as repayment is not secured over land or tangible (real) property.

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

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

The Trustee has been appointed to hold certain security for the benefit of Note holders, and to enforce the security of the repayment of the funds invested by Note holders. This security consists of a registered mortgage over:

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

**Applications to rollover Notes**
The maximum amount to be rolled under this prospectus will be A$16,388,613 (16,388,613 Notes), which is equivalent to the amount originally raised under Series 3 Prospectus 2.

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

You can rollover all or part of the Notes you hold by completing the application form at the back of this prospectus and sending it to us.

No Notes will be rolled on the basis of this prospectus later than 30 June 2011. We may close this offer earlier than this date.

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

**Interest rate and term offered**
There are two separate terms available for investment, each with a corresponding interest rate:

- 3 Year Notes: 8.50% per annum
- 5 Year Notes: 8.75% per annum

The maturity date for each term is:

- 3 Year Notes: 30 June 2014
- 5 Year Notes: 30 June 2016

**Interest calculations**
The interest rates are quoted as a ‘per annum’ rate. They are calculated from 1 July 2011 and paid quarterly until the end of the investment term.

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

Interest is normally paid within 14 days of the end of each quarter, ending on: 31 March, 30 June, 30 September and 31 December.

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

If you don’t nominate an account (or your payment is not accepted into your nominated account), payments will be invested on your behalf in the Australian Unity Wholesale Cash Fund, until you notify us otherwise.
Early withdrawal
We are not required to accept withdrawal requests before the end of the term. We may accept an early withdrawal request in whole or in part at our absolute discretion, and generally only in exceptional circumstances. Should you wish to withdraw some or all of your investment in the Notes before the end of the term and Australian Unity Finance agrees to your early withdrawal request, an early withdrawal fee may apply.

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

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

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

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

If you don’t wish to invest for the extended term, simply notify us in writing three months prior to the maturity date letting us know that you wish to withdraw. Should you wish to withdraw, you will have an unrestricted opportunity to do so.

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

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

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

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

The commission (including GST) is:
- an initial payment equivalent to 0.55% of the value of your investment; and
- an ongoing payment equivalent to 0.44% per annum of the value of your investment, paid quarterly, commencing 12 months after the issue of your Notes.

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

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

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

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

Refer to page 16 for more information on taxation.

Related party transactions
All transactions we enter into in relation to the Notes, including those with related parties, are conducted on commercial terms (i.e. on an arm’s-length basis). Australian Unity Finance’s business is to finance the activities of related companies, which in turn may invest in assets including retirement villages, retirement village unit trusts and retirement village related investments managed by related companies.

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

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

**Interests of the directors of the Issuer**

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

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

**Consents of directors**

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

Signed

David Bryant
Director – Australian Unity Finance
How the funds raised are used
The Australian Unity group develops and operates retirement villages and aged care facilities in New South Wales and Victoria.

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

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

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

The assets of Australian Unity Retirement Living Investments include units in the following trusts:

The Australian Unity Retirement Village Trust which owns the following retirement villages:

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

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

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

The Australian Unity Retirement Village Trust #2 which owns the following:

Constitution Hill
One of the largest retirement communities in New South Wales, Grand United Constitution Hill is located in Northmead and consists of 425 independent living units ranging in size from one to three bedrooms.

Constitution Hill retirement village is co-located with a residential aged care facility also operated by Australian Unity.

Karagi Court
Karagi Court is located on the Central Coast of New South Wales in Bateau Bay and is made up of 68 independent living units ranging in size from studio to two bedrooms.

Kiah Lodge
Kiah Lodge is also situated in the coastal town of Bateau Bay, New South Wales. The village consists of 81 independent living units. The units range in size from studio to two bedrooms.

Financing structure
The structure of the financing arrangements between Australian Unity Finance and Australian Unity Retirement Living Investments is set out in the diagram below:
## Financial information

Summary balance sheet information from the audited financial statements of:

**Australian Unity Finance**

<table>
<thead>
<tr>
<th></th>
<th>30-Jun-10</th>
<th>30-Jun-09</th>
<th>30-Jun-08</th>
<th>30-Jun-07</th>
<th>30-Jun-06*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits at call</td>
<td>7,581</td>
<td>4,561</td>
<td>3,365</td>
<td>3,205</td>
<td>3,055</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5,294</td>
<td>6,505</td>
<td>199</td>
<td>180</td>
<td>175</td>
</tr>
<tr>
<td>Loan to Australian Unity Retirement Living Investments Limited</td>
<td>56,706</td>
<td>61,800</td>
<td>24,000</td>
<td>24,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>4</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax Asset</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>69,586</td>
<td>72,876</td>
<td>27,565</td>
<td>27,389</td>
<td>27,239</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(1,057)</td>
<td>(4,600)</td>
<td>(196)</td>
<td>(194)</td>
<td>(192)</td>
</tr>
<tr>
<td>Notes on issue</td>
<td>(61,800)</td>
<td>(61,800)</td>
<td>(24,000)</td>
<td>(24,000)</td>
<td>(24,000)</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>(62,857)</td>
<td>(66,400)</td>
<td>(24,196)</td>
<td>(24,194)</td>
<td>(24,192)</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>6,729</td>
<td>6,476</td>
<td>3,369</td>
<td>3,195</td>
<td>3,047</td>
</tr>
<tr>
<td><strong>Shareholder’s Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>6,000</td>
<td>6,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>729</td>
<td>476</td>
<td>369</td>
<td>195</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total Shareholder’s Equity</strong></td>
<td>6,729</td>
<td>6,476</td>
<td>3,369</td>
<td>3,195</td>
<td>3,047</td>
</tr>
<tr>
<td><strong>LVR=1.1 (Assets/Liabilities)</strong></td>
<td>1.11</td>
<td>1.10</td>
<td>1.14</td>
<td>1.13</td>
<td>1.13</td>
</tr>
</tbody>
</table>

* Financial year 7-Jun-05 to 30-Jun-06.
## Summary balance sheet information from the audited financial statements of:

**Australian Unity Retirement Living Investments**

<table>
<thead>
<tr>
<th>30-Jun-10</th>
<th>30-Jun-09</th>
<th>30-Jun-08</th>
<th>30-Jun-07</th>
<th>30-Jun-06*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$000's</strong></td>
<td><strong>$000's</strong></td>
<td><strong>$000's</strong></td>
<td><strong>$000's</strong></td>
<td><strong>$000's</strong></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td><strong>Consolidated</strong></td>
<td><strong>Parent</strong></td>
<td><strong>Consolidated</strong></td>
<td><strong>Parent</strong></td>
</tr>
<tr>
<td>Cash and deposits at call</td>
<td>1,831</td>
<td>221</td>
<td>2,116</td>
<td>1,805</td>
</tr>
<tr>
<td>Trade and other receivables¹</td>
<td>10,242</td>
<td>6,237</td>
<td>6,627</td>
<td>2,550</td>
</tr>
<tr>
<td>Loan receivable from RLS</td>
<td>7,800</td>
<td>7,800</td>
<td>7,800</td>
<td>7,800</td>
</tr>
<tr>
<td>Investment in Village Units²</td>
<td>104,297</td>
<td>94,008</td>
<td>-</td>
<td>40,597</td>
</tr>
<tr>
<td>Units in Australian Unity Retirement Village Trust #2 at cost</td>
<td>-</td>
<td>44,339</td>
<td>-</td>
<td>44,339</td>
</tr>
<tr>
<td>Other current assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>52</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>17</td>
<td>-</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,067</td>
<td>-</td>
<td>3,263</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>125,252</td>
<td>90,785</td>
<td>13,856</td>
<td>88,683</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td><strong>Trade and other payables</strong></td>
<td>(4,235)</td>
<td>(3,114)</td>
<td>(2,001)</td>
</tr>
<tr>
<td></td>
<td>Loan to Australian Unity Finance Limited</td>
<td>(56,706)</td>
<td>(56,706)</td>
<td>(61,800)</td>
</tr>
<tr>
<td></td>
<td>Loan to Australian Unity Limited</td>
<td>(7,994)</td>
<td>(5,494)</td>
<td>(900)</td>
</tr>
<tr>
<td></td>
<td>Deferred tax liabilities</td>
<td>(8,828)</td>
<td>-</td>
<td>(6,265)</td>
</tr>
<tr>
<td></td>
<td>Provisions</td>
<td>(83)</td>
<td>-</td>
<td>183</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>47,408</td>
<td>25,471</td>
<td>42,707</td>
<td>26,078</td>
</tr>
<tr>
<td><strong>Shareholder's Equity</strong></td>
<td><strong>Share Capital</strong></td>
<td>24,872</td>
<td>24,872</td>
<td>24,872</td>
</tr>
<tr>
<td></td>
<td>Retained Earnings</td>
<td>19,702</td>
<td>599</td>
<td>15,180</td>
</tr>
<tr>
<td></td>
<td>Minority Interest</td>
<td>2,834</td>
<td>-</td>
<td>2,653</td>
</tr>
<tr>
<td><strong>Total Shareholder's Equity</strong></td>
<td>47,408</td>
<td>25,471</td>
<td>42,707</td>
<td>26,078</td>
</tr>
</tbody>
</table>

\[
LVR = \frac{(AURVT\#1 + \#2)}{\text{loan to AUFL}} \cdot \frac{1}{1.34} = 1.24
\]

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

* Financial year 7-Jun-05 to 30-Jun-06.

¹ Includes net inter-entity receivables

² Net of deposits liabilities
Understanding the risks of investing

What is risk?
‘Risk’ can generally refer to the variability and volatility of an investment return and the likelihood of incurring a loss on your investment.

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

These risks can arise from various circumstances, including:
- changes to government policies relating to tax or economics that may have adverse impacts on investment markets or the tax treatment of investment returns (‘regulatory risk’); and
- changes to social, economic (e.g. inflation and interest rates), political, commercial and technological environments or to market sentiment, that may make certain investments less attractive (‘market risk’).

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

Cash   Mortgages   Fixed interest   Property   Equities

Lower risk, but normally a lower return over a longer term   Higher risk, and normally a higher return over a longer term

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

Risks relevant to this investment
An unsecured note is a type of fixed interest investment. It is a loan from you to the borrower at a fixed rate of interest, and for a defined term.

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

The rate of interest paid by the borrower is fixed for the term, whereas market interest rates may vary. There is a risk that market interest rates may go up over the term and be higher than that paid by the borrower.

Generally, you cannot withdraw your investment before the end of the term. These securities are not traded on a market exchange like equities are traded, therefore, unless you find a willing buyer they cannot be easily transferred or sold.

There is a risk that the borrower may not be able to meet its obligations to pay you interest, and to repay your principal in full or at all. As this is an unsecured note it is not secured against any direct property assets of the borrower, and in the event of a default on the part of the borrower there is a risk that the amount of your principle repaid could be delayed and/or reduced.

Where the borrower on-lends the money raised to a related party or third party (counter party), there is a risk that the loan is not made at arms-length and/or on commercial terms. There is a risk that the counter-party may not be able to meet its obligations to the borrower to pay interest, and to repay the principal in full, thereby delaying and/or reducing the borrowers ability to pay you interest, and to repay your principal in full.

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

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

Security for your investment

The Notes are classified as ‘unsecured notes’ under the Corporations Act 2001 (Cth) as repayment is not secured over land or tangible (real) property.

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

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

In addition, the Trustee has been appointed to hold certain security for the benefit of Note holders, and to enforce the security of the repayment of the funds invested by Note holders.

Series 1 Notes and Series 2 Notes are secured by registered mortgages, held by the Trustee for the benefit of Note holders, over:
- the loans made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the mortgages, granted as security for the loans, over allotments of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust; and
- the right to receive money payable in connection with the loans and the mortgages.

Series 3 Notes are secured by a registered mortgage, held by the Trustee for the benefit of Note holders, over:
- the loan made by Australian Unity Finance to Australian Unity Retirement Living Investments;
- the mortgage, granted as security for the loan, over an allotment of units held by Australian Unity Retirement Living Investments in Australian Unity Retirement Village Trust #2; and
- the right to receive money payable in connection with the loans and the mortgage

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

Trustee and Trust Deed

Australian Unity Finance has appointed The Trust Company (Australia) Limited (formerly ‘Trust Company Fiduciary Services Limited’) as the independent trustee of the Notes.

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

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

For example:

i. Australian Unity Finance is not permitted to issue Notes unless it has:
   - total eligible assets of at least 110% of its total weighted liabilities; and
   - sufficient liquid assets to pay six months interest in respect of the liability for the Notes.

ii. Australian Unity Finance is prohibited from creating any liability which would have priority over the interests of the holder of Notes.

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

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

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

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

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

Examples of events of default include, if:

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

If an event of default occurs, the Trustee must, if directed by an extraordinary resolution passed at a meeting of Note holders, amongst other things, give written notice to Australian Unity Finance, requiring it to immediately repay all outstanding and accrued interest on the Notes, together with the principle amount due.

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

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

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

Additional security arrangements

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

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

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

For example:

- Australian Unity Retirement Living Investments must make interest payments and repay the principal within 7 days of the due date for payment;
- Australian Unity Retirement Living Investments must ensure that the market value of the units, held as security for the loan, in Australian Unity Retirement Village Trust are at least 110% of the total amount owing under the loan agreement;
- Australian Unity Retirement Living Investments is prohibited from creating any encumbrance over the units mortgaged as security for the loan which would have priority over the interests of Australian Unity Finance;
- Australian Unity Retirement Living Investments must not become insolvent; and
- Australian Unity Retirement Living Investments must remain a wholly owned subsidiary of Australian Unity.

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

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

Ranking and issue of new notes

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

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

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

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

**While you hold your investment**

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

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

**When you withdraw**

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

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

**Taxation of Financial Arrangements**

In addition to the above, the Taxation of Financial Arrangements (TOFA) rules apply from 1 July 2010 (unless early adoption was elected). The rules could impact how taxpayers calculate gains and losses from certain financial arrangements. The TOFA rules would not automatically apply to all investors (e.g. individuals are excluded from the application of the TOFA regime).

Please note that TOFA contains very complex rules. Investors are recommended to seek their own professional advice as to whether the TOFA rules have any application to their respective investments.

**Non-residents**

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

---

**TFN Withholding Tax**

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

**Goods and Services Tax (GST)**

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

**Keeping you informed**

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

<table>
<thead>
<tr>
<th>Communication</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmation of your initial application</td>
<td>At the time of the transaction</td>
</tr>
<tr>
<td>Statement showing full taxation details</td>
<td>Annually</td>
</tr>
<tr>
<td>Distribution Statement</td>
<td>Annually</td>
</tr>
</tbody>
</table>

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

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

**Changing your personal details**

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

You can change your personal details, such as mailing address, phone or email address, by:

- logging into your account at: www.australianunityinvestments.com.au;
- sending us a request by mail;
- emailing us at: investments@australianunity.com.au; or
- contacting us on 13 29 39.
Please ensure that you provide us with the following information when requesting a change of personal details:

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

Providing instructions via fax

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

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

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

Your personal information

We collect your personal information for the following purposes:

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

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

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

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

If a financial adviser’s details appeared on your original investment application form for Series 3 Prospectus 2, you authorise us to give information relating to your account and investments to your financial adviser and acknowledge that your financial adviser is your agent for the purpose of receiving this information.

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

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

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

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

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

Dispute Resolution

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

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

We will promptly acknowledge your complaint within 14 days, investigate it and decide in a timely manner what action needs to be taken. We will notify you of our decision within 45 days after receipt of the complaint, together with any remedies that are available, or other avenues of appeal against the decision.
Direct Debit Request (DDR) service agreement

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

**Your commitment to us**
- It is your responsibility to check with your financial institution to confirm that direct debits are available on your account.
- It is your responsibility to ensure that the authorisation at Step X ‘direct debit request details’ of the application form matches the signing instructions on your nominated account.
- It is your responsibility to ensure that there are sufficient cleared funds in the nominated account on the drawing date.
- It is your responsibility to cover any charges resulting from the use of the direct debit program. This may include transaction fees charged by us or your bank due to dishonoured drawings.

**Changes to the arrangement**
If you want to make changes to the drawing arrangements, please notify us in writing at least five Melbourne business days prior to your next scheduled drawing date. These changes may include:
- deferring the drawing;
- altering the schedule;
- stopping an individual debit;
- suspending the DDR; or
- cancelling the DDR completely.

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

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

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

**Note** Your financial institution will ask you to contact us initially to resolve your disputed drawing prior to involving them.
Completing the application form

Anti-money laundering legislation has been introduced to help combat money-laundering and terrorism financing. This requires significant changes to the information we are required to collect from investors. If you are applying through a financial adviser, your adviser will assist you in providing the necessary verification documents prior to lodging the application.

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

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

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

Submitting your application without the assistance of a financial adviser

If you are submitting this application form directly, without having consulted with a financial adviser, you must submit certified copies of your identification documents with the application form.

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

Incomplete applications

There may be instances where we do not receive sufficient information from you. Where this happens, we will contact you to request the necessary information, as we may be unable to process your application until we receive the information. We recommend you carefully complete the application form and refer to the ‘How to apply’ on page 20 to ensure that you provide all of the required information. If you require assistance with completing the application form, please call us on 13 29 39.

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

Certification of documents

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

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

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

Some persons who may certify copies of original documents are:

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

The following information is provided to assist you in completing and lodging the application form.

Completing the application form
- use a blue or black ballpoint pen
- print in BLOCK letters inside the boxes
- answer all sections unless otherwise indicated (if a section does not apply, please indicate using ‘N/A’)
- ensure you sign on page 22
- mail your application form

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

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

Signing the application form
Read the declaration section carefully before signing the application form. Each signatory to the account must sign the application form.
- If signed under Power of Attorney, the Attorney must certify that they have not received notice of revocation of the Power. We require a certified true copy of the Power of Attorney for our reference.
- Company applications must be signed in accordance with the constitution or rules of the company.

Lodgement
You can send the completed application instructions to:

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

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

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

The Arranger: Australian Unity Funds Management Limited
ABN 60 071 497 115

Investor Services
T 13 29 39

Adviser Services
T 1800 649 033

Website
australianunityinvestments.com.au

Email
investments@australianunity.com.au

Address
Australian Unity Investments
114 Albert Road
South Melbourne VIC 3205