

## Manchester Unity Friendly Society Fraternal Bonds

### Other Material Information – Calculation of Early Redemption Amount

*This document contains other information about the Early Redemption Amount referred to in section 3 (Terms of the Offer) and section 6 (Key Features of Fraternal Bonds) of the product disclosure statement dated 22 February 2023 (PDS) for the offer of Fraternal Bonds by Manchester Unity Friendly Society open for acceptance by New Zealand resident FAB, IAB and IAB Endowment Policyholders (the Offer), which is considered to be material to the Offer but which is not contained elsewhere in the PDS or the register entry for the Offer.*

*Capitalised terms in this document have the same meanings as set out in the PDS.*

Subject to the Society's right to suspend or cancel early repayments of the Fraternal Bonds in the circumstances referred to below, Holders will have a right, on 31 May 2025, and once every three years after that date during the term of their Fraternal Bond, to redeem their Fraternal Bond prior to its Maturity Date, on the terms set out in the Trust Deed (*Early Redemption Option*).

The amount a Holder is entitled to receive upon exercising an early redemption right will be calculated by applying a discount which will be equal to the level of discount the Cash-Out Value represents to the Conversion Value of the relevant Policy from which the Fraternal Bond was converted.

(The Cash Out Value of each Policy reflects an actuarially calculated discount to the insurance benefit that would have been payable on maturity of a Policy, taking into account a number of factors, including the Policyholder's, age, benefit level, the type of Policy and number of years the Policy has been held, amongst other actuarial principles).

This means that, for example, if the Cash-Out Value of the relevant Policy represents a 25% discount to the Conversion Value, then the amount you receive on an early redemption of a Fraternal Bond will be a 25% discount to the Outstanding Amount of the relevant Fraternal Bond at the time of early redemption.

### Early Redemption Amount Examples

The table on the following page shows examples of the Early Redemption Amounts that would be payable on different Early Redemption Dates for two Fraternal Bonds issued at different principal amounts (representing the Conversion Value of the relevant converted Policy) and for which different discount rates were applied to determine the Cash-Out Value of the relevant Policy.

- *Fraternal Bond issued upon conversion of an FAB Policy:* The first example relates to a Fraternal Bond with Conversion Value (principal amount) of \$2,718. The Cash-Out Value for that FAB Policy (\$2,269) represents a **17%** discount to the Conversion Value in respect of that Policy. A **17%** discount will therefore be applied to the Outstanding Amount of the Fraternal Bond on the applicable Early Redemption Date to determine the Early Redemption Amount for that Fraternal Bond.
- *Fraternal Bond issued upon conversion of an IAB Policy:* The second example relates to a Fraternal Bond with Conversion Value (principal amount) of \$38,525. The Cash-Out Value for that IAB Policy (\$27,368) represents a **29%** discount to the Conversion Value in respect of that Policy. A **29%** discount will therefore be applied to the Outstanding Amount of the Fraternal Bond on the applicable Early

Redemption Date to determine the Early Redemption Amount for that Fraternal Bond.

An assumed interest rate of 1% per annum on the Fraternal Bonds has been applied (net of RWT at 33%) to the Fraternal Bond in each Interest Period.

	Conversion Value /principal amount of Fraternal Bond	Policy Cash-Out Value		Early Redemption Amount in 2025	Early Redemption Amount in 2031	Early Redemption Amount in 2034	Early Redemption Amount in 2037
<b>FAB Policy</b>	\$2,718	\$2,269		\$2,302	\$2,396	\$2,444	\$2,494
<b>IAB Policy</b>	\$38,525	\$27,368		\$27,906	\$29,047	\$29,635	\$30,235