



PRODUCT DISCLOSURE STATEMENT

For an offer of Fraternal Bonds by Manchester
Unity Friendly Society open for acceptance by
New Zealand resident FAB, IAB and IAB
Endowment Policyholders

Date: 22 February 2023

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on business.govt.nz/disclose. Manchester Unity Friendly Society has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

1. KEY INFORMATION SUMMARY

What is this?

This is an offer of debt securities (called *Fraternal Bonds*) made to you because you are a New Zealand resident Member holding a Funeral Assurance Benefit (*FAB*) policy, an Increasing Assurance Benefit (*IAB*) policy and/or an IAB Endowment Policy (each a *Policy*) issued by Manchester Unity Friendly Society (*Society*). Fraternal Bonds are debt securities reflecting the current value (determined by the Society's actuary) of your interest in your FAB Policy, IAB Policy or IAB Endowment Policy. If you accept the offer, you do not have to give the Society any money. The Society promises to pay interest (if any) on the Fraternal Bonds at the times referred to in this PDS, and to pay you the total amount of your Fraternal Bond at the end of its term. If the Society runs into financial trouble, you might lose some or all of the money the Society has promised to pay you.

You can elect to accept a Fraternal Bond or the Cash-Out Value in respect of any Policy you hold.

About the Society

The Society is a friendly society registered under the Friendly Societies and Credit Unions Act 1982. The Society is a not-for-profit organisation which has provided Members with products and services, and fraternal activities, since 1842.

Purpose of this Offer

The Offer gives effect to the remit passed at the Society's Movable Conference on 5 November 2021 authorising the Society to issue debt securities to Members holding a Policy by way of conversion of Members' interests under the Policies.

Key terms of the Offer

(Refer to the Glossary of terms on page 44 of this PDS for definitions of key terms used throughout this PDS)

Description of the debt securities	Unsecured subordinated FAB Fraternal Bonds, IAB Fraternal Bonds and IAB Endowment Fraternal Bonds (each a <i>Fraternal Bond</i>), having the same terms apart from their maturity date.
Term / Maturity	<p>The Fraternal Bonds mature and are payable on the date when the benefits payable under the corresponding Policy would have been payable, as follows:</p> <ul style="list-style-type: none">▪ FAB Fraternal Bond: 10 Business Days following the date that the Society receives Documentary Evidence of Maturity following the death of the Holder, or the date the Society receives Documentary Evidence of the death of the Holder's Spouse (provided the Holder is aged 75 or older at that time);

Term / Maturity (cont)	<ul style="list-style-type: none"> ▪ IAB Fraternal Bond: 10 Business Days following the date that the Society receives Documentary Evidence of Maturity, following the Holder's death; <p>or</p> <ul style="list-style-type: none"> ▪ IAB Endowment Fraternal Bond: 10 Business Days following the earlier of the date the Society receives Documentary Evidence of Maturity following the Holder's death or the Specified Date.
Interest Rate and Interest Rate Reset	<p>If the Board exercises its discretion that no interest be applied to the Fraternal Bonds for an Interest Period, the applicable Interest Rate for that Interest Period will be 0%.</p> <p>If no such determination is made for an Interest Period, the Interest Rate applying to the Fraternal Bonds will be:</p> <ul style="list-style-type: none"> ▪ for the Initial Interest Period, the Base Rate (being 1% per annum) with a Margin of 0%; ▪ for each subsequent Interest Period, a rate set by the Board as at the relevant Interest Rate Reset Date, which will be the Base Rate (being 1% per annum) adjusted by a margin determined by the Board which can be positive or nil (<i>Margin</i>); and ▪ for any Partial Interest Period until any new rate has been determined as at the next Interest Rate Reset Date, the same Interest Rate as that applying for the immediately preceding Interest Period. <p>The Board will set the Margin as at each Interest Rate Reset Date on a prudent basis, in accordance with its Interest Rate Policy, taking into account factors such as prevailing economic conditions and the Society's financial condition and anticipated liabilities during the Interest Period. The Margin may be positive or nil.</p>
Opening Date	02 March 2023
Closing Date	13 April 2023
Interest Application Dates	<p>Interest (if any) will be applied (net of RWT) to the Fraternal Bonds at the Interest Rate for the relevant Interest Period on:</p> <ul style="list-style-type: none"> ▪ the last day of that Interest Period (and added to the principal amount of each Fraternal Bond); and ▪ the Fraternal Bond's Maturity Date during that Interest Period (if applicable).

Other payments	<p>Holders must remain Members of the Society (and pay annual membership fees) to retain their rights under their Fraternal Bonds.</p> <p>More information is in section 3 (Terms of the Offer).</p>
Right to cancel or reduce principal or interest in certain circumstances	<p>The Board may determine that no interest will be applied to the Fraternal Bonds for an Interest Period.</p> <p>The Society will cancel a Fraternal Bond if:</p> <ul style="list-style-type: none"> ▪ the Holder ceases to be a Member; or ▪ the Holder redeems their Fraternal Bond on an Early Redemption Date; or ▪ the Society redeems the Fraternal Bonds early. <p>If a Fraternal Bond is cancelled due to the Holder ceasing to be a Member, that Holder will not receive principal or any interest applied in respect of that Fraternal Bond.</p> <p>The Society may also suspend or cancel early redemption in certain circumstances.</p> <p>More information is in section 3 (Terms of the Offer) and Section 6 (Key features of Fraternal Bonds).</p>

No guarantee

The Fraternal Bonds are not guaranteed by any person. The Society is solely responsible for repayment of the Fraternal Bonds.

How you can get your money out early

You can redeem your Fraternal Bond early at a discount to the Outstanding Amount of the relevant Fraternal Bond, on a three yearly Early Redemption Date. The discount will be determined by applying the same proportion of the Outstanding Amount as is used to determine the Cash-Out Value of your relevant Policy.

The Society may pay the Fraternal Bonds before the Maturity Date in the circumstances set out in the Trust Deed.

Section 3 (Terms of the Offer) has more information about these early repayment options.

The Fraternal Bonds cannot be sold to anyone else.

How Fraternal Bonds rank for repayment

In a liquidation of the Society your rights as a Holder:

- rank after all secured creditors (if any), creditors preferred by law, and Non-Member Creditors; and
- are assumed to rank equally with Members' rights in the Society's Share Funds.

More information on how the Fraternal Bonds rank for payment is in section 6 (Key features of Fraternal Bonds).

No security

The Fraternal Bonds are unsecured.

Where you can find the Society's financial information

The financial position and performance of the Society are essential to an assessment of the Society's ability to meet its obligations under the Fraternal Bonds. You should also read section 7 of this PDS (the Society's financial information).

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that the Society does not meet its commitments to repay you or does not apply interest (credit risk). Section 8 of this PDS (Risks of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for the Fraternal Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer is fair.

The Society considers that the most significant risk factors are:

- **No further premium income:** The Society will cease to receive premium income on insurance policies.
- **Limited ability to raise money:** The Society cannot raise money from its Members by issuing shares, and has limited ability to raise funds from other sources.
- **Differing maturity profiles:** Holders of Fraternal Bonds maturing earlier will be exposed to a lower credit risk of the Society than Holders of Fraternal Bonds maturing later, because the Society's asset base may reduce over time.
- **No return is promised:** The Interest Rate for any Interest Period may be lower than for other types of debt securities, or nil. In addition, the amount payable to a Holder upon maturity of their Fraternal Bond could be less than might have been payable on maturity of their Policy.
- **Ranking for payment:** In a liquidation of the Society, the Fraternal Bonds rank for payment after other creditors of the Society and (it is assumed) equally with Members' interests in the Society's Share Funds. If this assumption is incorrect (for example, if the Fraternal Bonds are determined to rank after Members' Share Fund interests), this could affect returns to Holders in a liquidation.

This summary does not cover all of the risks of investing in the Fraternal Bonds. You should also read section 6 (Key features of Fraternal Bonds) and section 8 (Risks of investing) of this PDS.

No credit rating

The Society's creditworthiness has not been assessed by an approved rating agency. This means that the Society has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

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2. KEY DATES AND OFFER PROCESS

Opening Date	02 March 2023
Closing Date	13 April 2023
Issue Date	20 April 2023
<p>The Opening Date and the Closing Date are indicative only and are subject to change. The Society has the right in its absolute discretion and without notice to open or close the Offer early, to accept late applications, and to extend the Closing Date. If the Closing Date is extended, the Issue Date may be extended accordingly. Any such changes will not affect the validity of any applications received.</p> <p>The Society reserves the right to cancel the Offer and the issue of the Fraternal Bonds.</p>	
Who may apply under the Offer	Fraternal Bonds will only be issued to New Zealand resident Policyholders holding Policies who elect to accept the Offer to receive Fraternal Bonds.
Membership fees	No payments are required in respect of the Fraternal Bonds. However, Holders must be and remain Members of the Society (and must pay annual membership fees). A Holder's Fraternal Bond (including its Outstanding Amount) will be cancelled if they cease to be a Member.



3. TERMS OF THE OFFER

Note: The meanings of a number of key terms used throughout this PDS are set out or referred to in the Glossary of defined terms on page 44 of this PDS.

Issuer	Manchester Unity Friendly Society
Description	Unsecured subordinated Fraternal Bonds with a variable interest rate.
Offer Opening and Closing Dates	See section 2 of this PDS (Key dates and Offer process) on page 7.

(Terms of the offer continued on page 9).

Term / Maturity	<p>1. FAB Fraternal Bonds</p> <p>FAB Fraternal Bonds will mature and be payable as at a date on which the benefits payable under the corresponding Policy of the Holder would have been payable, being the earlier of the following dates:</p> <ul style="list-style-type: none"> ▪ the date which is 10 Business Days following the date that the Society receives Documentary Evidence of Maturity following the Holder's death; or ▪ the date which is 10 Business Days following the date that the Society receives Documentary Evidence of Maturity following the death of the Holder's Spouse (provided the Holder is over 75 years of age at that time). <p>2. IAB Fraternal Bonds</p> <p>IAB Fraternal Bonds will mature and be payable as at a date on which the benefits payable under the corresponding Policy of the Holder would have been payable, being 10 Business Days following the date that the Society receives Documentary Evidence of Maturity following the Holder's death.</p> <p>3. IAB Endowment Fraternal Bonds</p> <p>IAB Endowment Fraternal Bonds will mature and be payable as at a date on which the benefits payable under the corresponding Policy of the Holder would have been payable, being the earlier of the following dates:</p> <ul style="list-style-type: none"> ▪ 10 Business Days following the date that the Policy would have matured had it remained in force (being the date specified in or determined under their IAB Endowment Policy (the <i>Specified Date</i>)); and ▪ 10 Business Days following the date that the Society receives Documentary Evidence of Maturity following the Holder's death. <p>"Documentary Evidence of Maturity" means:</p> <ul style="list-style-type: none"> ▪ in respect of a Fraternal Bond that matures on the death of a Holder (including an IAB Endowment Fraternal Bond where the Holder dies before the Specified Date): <ul style="list-style-type: none"> - a certified copy of the death certificate of the Holder; and either - confirmation (with reasonable evidence) that a grant of administration or probate over the Holder's estate, or any equivalent legal process, has been obtained or completed; <p style="text-align: center;">OR</p>
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Term / Maturity (cont)	<ul style="list-style-type: none"> - where the Society can make a payment without administration in accordance with section 65(2) of the Administration Act 1969 (or any replacement legislation), such other evidence as the Society considers satisfactory that administration of the Holder's estate has not been obtained in New Zealand, and that the person seeking payment of the Fraternal Bond is one of the persons referred to in section 65(2)(a) to (e) of the Administration Act 1969 (or any replacement legislation). ▪ in respect of a FAB Fraternal Bondholder who applies for repayment of the FAB Fraternal Bond upon the death of the Holder's Spouse: <ul style="list-style-type: none"> - a certified copy of the death certificate of the Holder's Spouse; - evidence that the Holder is over the age of 75 as at the date of the Holder's Spouse's death; and - an application from the Holder to have the whole or part of their Fraternal Bond paid upon the death of their Spouse together with reasonable evidence, if required by the Society, that the Holder and the Spouse remained in a relationship in the nature of marriage at the time of the Spouse's death. <p>The meaning of the term "Spouse" is set out in the Glossary on page 47.</p>
Principal Amount	<p>The Principal Amounts of each Fraternal Bond offered to Policyholders will be the greater of:</p> <ul style="list-style-type: none"> ▪ the Conversion Value of the relevant Policy less any premiums that remain unpaid in respect of that Policy as at the Cancellation Time; and ▪ \$50.00. <p>The Conversion Values have been calculated by the Actuary to be equal to the value of the Society's current liability under, and the Policyholder's current interest in, their Policy or Policies as at 31 May 2022. These amounts represent each Policyholder's share of the IAB Fund and/or FAB Fund (as applicable), and have been calculated on a basis which the Actuary considers to be consistent with normal actuarial practice and based on robust and appropriate actuarial assumptions.</p> <p>The Principal Amount of each Fraternal Bond offered upon conversion of each Policy held by you is shown in the Fraternal Bond Election Form accompanying this PDS.</p>

Principal Amount (cont)	<p>Further information about the methodology applied by the Actuary to determine the Conversion Value of the Policies (and therefore the Principal Amounts of the Fraternal Bonds) is set out in the Actuary's letter which can be found on the Disclose register at business.govt.nz/disclose.</p> <p>See also section 6 (Key Features of Fraternal Bonds), and section 8 (Risks of investing) for information about the Conversion Value, the Principal Amount, and the various factors affecting the Outstanding Amount of a Fraternal Bond payable on its Maturity Date.</p>
Board's discretion to determine no interest will be applied for an Interest Period	<p>At any time prior to the Interest Application Date for an Interest Period, the Board has the discretion, under the Trust Deed, to determine that no interest will be applied to the Fraternal Bonds for that Interest Period, where the Board reasonably considers, taking into account prevailing economic conditions and the financial condition of the Society, and such other factors the Board considers relevant to the determination, that it is in the Society's best interests that no interest be applied to the Fraternal Bonds for that Interest Period.</p> <p>If the Board exercises this discretion, the Interest Rate for the relevant Interest Period will be effectively reset to 0%, and there will be no interest applied for that Interest Period (and the Society will have no obligation to apply or pay interest on any Interest Application Date applicable to that determination).</p> <p>The Society will promptly notify the Supervisor of any determination not to apply interest for an Interest Period.</p> <p>A determination by the Board that no interest will be applied to the Fraternal Bonds for the relevant Interest Period will not give rise to any right to accelerate payment of any amount due under a Fraternal Bond nor will it constitute a default by the Society for any purpose.</p>
Interest Rate and Interest Rate Reset	<p>If the Board exercises its discretion to determine that no interest will be applied to the Fraternal Bonds for an Interest Period, the Interest Rate for that Interest Period (and any applicable Partial Interest Period for maturing Fraternal Bonds) will be 0%.</p> <p>If the Board does not exercise this discretion, the Interest Rate applying to the Fraternal Bonds will be:</p> <ul style="list-style-type: none"> ▪ For the Initial Interest Period – the Base Rate (1% per annum) with a Margin of 0%. ▪ For each subsequent Interest Period - the Base Rate (being 1%) adjusted by a margin determined by the Board which can be positive or nil (<i>Margin</i>). The Board will determine the Margin as at each the Interest Rate Reset Date on a prudent basis, in accordance with its current Interest Rate Policy.

Interest Rate and Interest Rate Reset (cont)	<ul style="list-style-type: none"> ▪ For any Partial Interest Period (until any new rate has been determined on the next Interest Rate Reset Date) - the same interest rate as that applying for the immediately preceding Interest Period. <p>A copy of the Board's current Interest Rate Policy can be found on the Disclose register for the offer of Fraternal Bonds at business.govt.nz/disclose.</p>
Interest Application Dates	<p>As long as the Board has not exercised its discretion to determine that no interest will be applied to the Fraternal Bonds for an Interest Period, interest will be applied to the Fraternal Bonds at the Interest Rate for that Interest Period or Partial Interest Period and applied in arrears, after deduction of resident withholding tax (RWT), on:</p> <ul style="list-style-type: none"> ▪ the last day of that Interest Period (being 31 May of that Financial Year) and added to the principal amount of each Fraternal Bond; or ▪ the Fraternal Bond's Maturity Date during that Interest Period (each an <i>Interest Application Date</i>). <p>If an Interest Application Date is not a Business Day, the interest applicable on that Interest Application Date will be applied (and added, net of RWT, to the principal amount of the Fraternal Bonds) on the next following Business Day (and no adjustment will be made to the amount payable as a result of the delay in the interest being applied).</p>
Ranking of Bonds	<p>The Fraternal Bonds are unsecured subordinated obligations of the Society. See section 1 of this PDS (Key Information Summary) and section 6 (Key features of Fraternal Bonds) for further information.</p>
How to apply	<p>Application (election) instructions are set out in section 13 of this PDS (How to apply). Online applications are encouraged.</p> <p>Please note that if you do not complete and submit or return the election form so that it is received by the Closing Date, the Society will assume that you do not want to take up the offer of a Fraternal Bond and instead you will be deemed to have elected the Cash-Out Value shown in the election form for each Policy held by you (but the Society will not pay the cash amount to you until you claim it by notice to the Society in writing).</p> <p>The Society reserves the right to refuse all or any part of any application for Fraternal Bonds under the Offer without giving a reason.</p>
No underwriting	<p>The Offer is not underwritten.</p>

<p>Early redemption at option of Holder at a discount</p>	<p>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 any Early Redemption 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 (<i>Early Redemption Option</i>). These terms are summarised below.</p> <p>Early Redemption Amount: The amount a Holder is entitled to receive upon exercising an early redemption right will be a discount to the Outstanding Amount of the Fraternal Bond at the time of early redemption. That discount (the <i>Relevant Discount</i>) 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.</p> <p>For example, if the Cash-Out Value of the relevant Policy was 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. Additional information about the Early Redemption Amount calculation and the applicable discount (together with examples) can be found on the Disclose register at business.govt.nz/disclose.</p> <p>Early Redemption Dates: The Early Redemption Dates will fall on 31 May 2025, 31 May 2028, 31 May 2031, 31 May 2034, 31 May 2037, and three yearly thereafter (or if any of those dates is not a Business Day, on the next following Business Day).</p> <p>Notice of Early Redemption Date: At least nine months prior notice of an up-coming Early Redemption Date will be provided to Holders, together with notice of the Early Redemption Amount applying in respect of their Fraternal Bonds as at that Early Redemption Date (<i>Early Redemption Notice</i>).</p> <p>The Early Redemption Notice may be included in the annual Fraternal Bond Statement sent to Holders at least nine months prior to the next occurring Early Redemption Date.</p> <p>Holders can also contact the Society at any time for an indication of the Early Redemption Amount in respect of their Fraternal Bonds on the next Early Redemption Date.</p> <p>Exercising Early Redemption Option: If a Holder wishes to exercise an Early Redemption Option on an Early Redemption Date in respect of a Fraternal Bond, they must, not less than six months prior to that Early Redemption Date, advise the Society that they wish to redeem that Fraternal Bond early by writing to the address, or calling the number, set out in the Early Redemption Notice for that purpose.</p>
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<p>Early redemption at option of Holder at a discount (cont)</p>	<p><i>Society's right to suspend or cancel Early Redemption Option on an Early Redemption Date:</i> The Society will arrange for the Early Redemption Amount to be paid to the Holder's nominated account on the Early Redemption Date, unless the Society exercises its right to suspend or cancel the Early Redemption Option in respect of an Early Redemption Date, where the Board reasonably considers (and provides written notice to the Supervisor in accordance with the Trust Deed) that:</p> <ul style="list-style-type: none"> ▪ the Society will have insufficient immediately available funds to pay all the Early Redemption Amounts due to be paid on the Early Redemption Date; or ▪ the payment of Holders who have elected to exercise their Early Redemption Option on any Early Redemption Date would, or would be likely to, result in the Society becoming insolvent; or ▪ the payment of Holders who have elected to exercise their Early Redemption Option on any Early Redemption Date would, or would be likely to, cause the Society being in breach of any of its covenants under the Trust Deed or any of its other legal obligations. <p>If the Society suspends the Early Redemption Option for an Early Redemption Date, it may only reinstate that Early Redemption Option if the circumstances referred to above have been resolved to the satisfaction of the Society within twelve months of that Early Redemption Date. If that does not occur within such twelve month period, the Early Redemption Option for that Early Redemption Date will be cancelled.</p> <p>If the Society cancels an Early Redemption Option (whether initially due to the circumstances referred to above, or following a suspension of the Early Redemption Option) by providing written notice to the Supervisor in accordance with the Trust Deed, all elections by Holders to redeem their Fraternal Bonds on that Early Redemption Date will also be cancelled and of no force or effect and they will continue to hold their Fraternal Bonds and may exercise their right to redeem their Fraternal Bonds on the next Early Redemption Date if they so choose (subject to the Society's right to suspend or cancel the Early Redemption Option in respect of that Early Redemption Date).</p> <p>The Society will notify all affected Holders of the suspension or cancellation as applicable.</p>
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Early redemption at option of Society	<p>At any time that:</p> <ul style="list-style-type: none"> the total amount remaining outstanding in respect of the Fraternal Bonds is less than \$10,000,000.00 (or an adjusted amount approved by Members as described below); or the Society has determined (by approval of Members in accordance with the Rules) to reorganise its business structure, or to dispose of or transfer, all or part of its business, or to adjust the \$10,000,000.00 threshold referred to above, <p>the Society may pay the amount of the principal and all accrued interest remaining outstanding in respect of the Fraternal Bonds before their Maturity Dates (provided that the Society gives all remaining Holders and the Supervisor not less than 30 days' notice of its intention to do so).</p>
Cancellation of principal and interest on Bonds/ Forfeiture	<p>A Holder's rights in respect of their Fraternal Bond will be forfeited to the Society and the Fraternal Bond cancelled if the Holder ceases to be a Member of the Society prior to the Maturity Date of their Fraternal Bond.</p> <p>If a Holder's rights are forfeited in this way, the Holder will have no entitlement to receive any payment in respect of the principal and interest applied in respect of their Fraternal Bond.</p>
Supervisor	<p>The Supervisor is appointed by the Society to act on behalf of Holders on matters connected with the Trust Deed or the terms of the Fraternal Bonds.</p> <p>The Supervisor is The New Zealand Guardian Trust Company Limited or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.</p>
Events of Default	<p>If an Event of Default occurs the Supervisor may in its discretion, and must upon being directed to do so in accordance with the Trust Deed by holders of Fraternal Bonds under the Trust Deed, declare the Fraternal Bonds to be immediately due and payable.</p> <p>Section 6 of this PDS (Key features of Fraternal Bonds) contains more information about Events of Default.</p>
Non-transferable	<p>The Fraternal Bonds are not transferable.</p>

No reliance	<p>This PDS does not constitute a recommendation by the Supervisor to subscribe for any Fraternal Bonds.</p> <p>The Supervisor:</p> <ol style="list-style-type: none"> 1. does not accept responsibility or liability whatsoever for any loss arising from this PDS or the Disclose register or their contents or otherwise arising in connection with the Offer; and 2. has not independently verified the information contained in this PDS or the Disclose register and make no representation or warranty, express or implied, and does not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this PDS or the Disclose register. <p>Each recipient of this PDS must make their own independent investigation and assessment of the financial condition and affairs of the Society before deciding whether or not to apply for Fraternal Bonds.</p>
Governing Law	New Zealand

Further information about the terms of the Fraternal Bonds is set out in Section 6 (Key features of Fraternal Bonds).

Trust Deed

The terms and conditions of the Fraternal Bonds are set out in the Trust Deed and in this PDS. Holders are bound by, and are deemed to have notice of, the Trust Deed, and the Conditions in this PDS. If you require further information in relation to any terms and conditions of the Trust Deed you may obtain a copy of these documents from the Disclose register at business.govt.nz/disclose.

4. THE SOCIETY AND WHAT IT DOES

Summary

The Society is a friendly society registered pursuant to the Friendly Societies and Credit Unions Act 1982 (*the Act*). Its registration number is 1802898. The Society is also registered on the register of financial service providers (FSP22641).

The Society is a not-for-profit membership-based organisation, constituted by its General Rules (*Rules*). The Society provides Members with a wide range of services, including benevolent Share Fund benefits, study scholarships, and other fraternal membership benefits. Those services are provided in accordance with the objects of the Society, which are set out in the Rules.

Licensed insurer

As well as operating in accordance with the Act and the Rules, the Society is currently an insurer licensed under the Insurance (Prudential Supervision) Act 2010 (*IPSA*) (although the Society intends to seek a cancellation of its licence – see further below).

Brief history

The philosophy behind the Society has its origins in the United Kingdom, where a friendly society with the name “Manchester Unity” was established over 200 years ago. That philosophy involved people who knew and trusted each other pooling their funds together so that in the event of sickness, hardship or death, individual members could draw upon funds from the pool that they had contributed to.

The Society has expanded the range of services offered over time, but its helping philosophy and operating principle of *Members Helping Members* remains the same: the Society’s Members pay small annual amounts so that when they need study scholarships, access to affordable family holiday homes, or face financial hardship, they can access benefits through the Society. One feature (in the form of insurance benefits) will no longer be offered following the issue of the Fraternal Bonds, but the ethos of the Society will continue in the form of fraternity, Share Funds and the issue of the Fraternal Bonds offered in this PDS.

Business structure

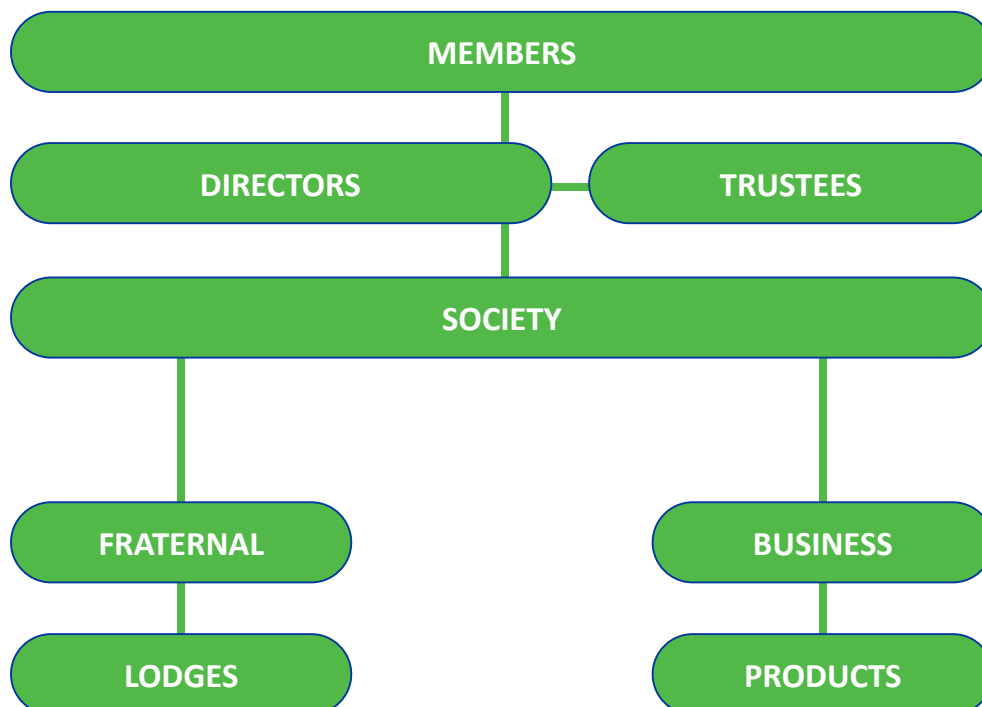
The Society is made up of 26 Lodges, and is overseen by the Board. Currently the Board consists of three elected members and two appointed independent Members. The Board elects the Chairperson. The elections take place at a general meeting held every two years, called a Movable Conference. Further information about the Board is set out below under the heading “The Board of the Society”.

Each Lodge is represented at the Movable Conference by deputies appointed by that Lodge. The number of deputies representing each Lodge, and the number of votes exercised by those deputies is determined by the number of members in each Lodge.

The property of the Society is held by the trustees of the Society appointed in accordance with section 29 of the Act. The role and duties of the trustees are set out in the Act and in the Rules.

Management of the day to day operations of the Society is carried out by the Chief Executive Officer (appointed by the Board under the Rules). The Society's Chief Executive Officer carries out the responsibilities of the General Manager under the Rules.

The Society's system of organisation and administration is illustrated below:



Membership

Becoming a Member is an essential requirement to access all the rights that the Society has offered including insurance benefits under the Rules. All Policyholders are Members of the Society.

Manchester Unity's operating model for FAB, IAB and IAB Endowment Policyholders

Eligibility criteria: Membership of the Society has been by invitation through a proposer. Eligibility for Membership requires that Policyholders must pay Lodge membership fees.

Member loses their benefit if they cease to pay membership fees:

To continue to enjoy benefits offered by the Society (for example, under a Policy), Members must continue to pay their Lodge membership fees as well as their benefit (Policy) premiums.

This key eligibility requirement has laid the foundations for the Society's *Members Helping Members* operating principle and the Society believes this is the chief reason the Society has remained in existence for 180 years in New Zealand.

Strategic priorities – cessation of insurance business

The Offer of Fraternal Bonds is part of a wider project the Society is undertaking to cease being a licensed insurer. The Society intends to request the Reserve Bank to cancel its licence as soon as practically possible following the issue of the Fraternal Bonds and cancellation of the FAB, IAB and IAB Endowment Policies.

Under its current insurance-based benefit structure, the Society is regulated by the Reserve Bank and governed by the IPSA. Amongst other things, this requires the Society to maintain an insurer's licence issued by the Reserve Bank of New Zealand (*Reserve Bank*) and a minimum amount of solvency capital (readily-accessible cash to pay out insurance claims). Combined with the recent long period of low interest rates, these restrictions on how the Society invests its assets have meant that the Society has been unable to make appropriations (distributions of operating surpluses to Members' Share Funds and Insurance Funds) for the past few years. If the Society was to retain its existing insurance-based structure, the Board of the Society considers it unlikely that the Society would be able to pay appropriations in the foreseeable future.

These regulatory pressures and costs, and lack of appropriations to Insurance Funds and Share Funds over recent years, resulted in the Board of the Society being tasked, at its 2020 Special Conference, to investigate "converting" the Policies into an instrument which is not a contract of insurance, and for the Society to cease carrying on the business of being a licensed insurer. At the 2020 Special Conference, it was agreed that taking action was likely to be in the best interests of policyholders. At the 2021 Movable Conference, there was an overwhelming majority vote in favour of implementing the conversion proposal. This Offer of Fraternal Bonds is made as a result of that positive vote. Further information on the remit can be found on the Disclose register for the offer of Fraternal Bonds at business.govt.nz/disclose.

Once the Society's insurance licence is cancelled, it will not be required to comply with the solvency standards issued under IPSA and the Society will have more freedom to pursue its fraternal objects, to the benefit of all of its Members (which may include, if feasible and of benefit to Members, making available new investment funds or other investment opportunities for Members).

Once the Society's insurance licence has been cancelled the Society will no longer be regulated by the Reserve Bank as a licensed insurer. However, as an issuer of Fraternal Bonds, the Society will be:

- supervised by the licensed supervisor (The New Zealand Guardian Trust Company Limited or any replacement supervisor) appointed to act on behalf of Holders in relation to the Fraternal Bonds under the Trust Deed; and
- regulated under the Financial Markets Conduct Act 2013.

How the Society generates income

The Society generates income by membership dues. Currently, the Society has 11,620 members paying annual membership dues.

Insurance premiums have provided income to date (but premium income has now ceased). The Society also has a number of investments which contribute to its overall income from holiday home accommodation for the use of members, residential and commercial properties, fixed interest and equity investments.

Once all the Society's insurance policies have been converted, cashed out or transferred, the Society intends to adjust its investment holdings in accordance with its Asset Allocation Policy, with a view to generating short term cash flow from the portfolio while ensuring medium term capital appreciation of net assets to benefit Members.

Subsidiaries

The Society has one subsidiary, Unity Limited. Unity Limited is incorporated in New Zealand and is registered on New Zealand's Companies Register, company number 1012938. Unity Limited ceased trading on 31 May 2013.

The Board of the Society

Details of the current Board and Chief Executive Officer can be viewed on the Society's website - <https://www.manchesterunity.org.nz/about-us/>. The Society's Chief Executive Officer carries out the responsibilities of the General Manager under the Rules.

Details of the Society's Board and Chief Executive Officer disclosed on the Society's website are current as at the date of this PDS, but may change from time to time.

"Other" insurance products

The Society has discontinued providing health insurance benefits and has arranged for a third party insurer to assume any remaining medical insurance liabilities.

The Society has cancelled all Education Support Plan, Sick Fund, and Funeral Plan policies and has paid substantially all those Members the value of their interest in those policies, as calculated by the Actuary.

Member Share Funds

The Society is responsible for administering Member "Share Funds". Share Funds are a conditional benevolent grant of a limited "share" in a fund historically established by way of an allocation of reserves:

- which is contingent on the person remaining a Member;
- to which members are not required to contribute; and
- which is payable in certain limited circumstances, being, in the main, death or financial hardship.

Share Funds receive appropriations of the Society's surplus from time to time at the Board's discretion.

5. PURPOSE OF THE OFFER

No money is being raised under the Offer of Fraternal Bonds. The purpose of the Offer is to give effect to that part of the remit (the *Conversion Remit*) passed at the Society's Movable Conference on 5 November 2021 which authorised the Society (subject to compliance with regulatory requirements) to issue debt securities in the Society to Members of the Society holding a FAB Policy, an IAB Policy or an IAB Endowment Policy by way of conversion of the Members interests under the Policies.

The Offer to, and issue of, the Fraternal Bonds to New Zealand resident Policyholders is part of a broader series of steps set out in the Conversion Remit that the Society is taking to cease carrying on insurance business in New Zealand.

Further information on the Conversion Remit can be found on the Disclose register for the offer of Fraternal Bonds at business.govt.nz/disclose.

In line with the Conversion Remit, all Policies will be cancelled at the Cancellation Time (which is 11:59pm on the day immediately preceding the Issue Date). New Zealand Resident Policyholders may elect to be issued with Fraternal Bonds or to receive the Cash-Out Value. The Offer of Fraternal Bonds is not available to Overseas Policyholders who instead will be offered a cash payment, with their Policies also being cancelled at the Cancellation Time.

Following satisfaction of all other requirements of the Reserve Bank, the Society will cease to be a licensed insurer under the IPISA.

The Offer is not underwritten.



6. KEY FEATURES OF FRATERNAL BONDS

General

A number of the key features of the Fraternal Bonds are described in section 3 of this PDS (Terms of the Offer). Other key features of the Fraternal Bonds and further detail about some of the key features described in section 3 of the PDS are described below. A copy of the Trust Deed is included on the Disclose register at business.govt.nz/disclose. The information in this section is a summary of certain terms of the Trust Deed, and terms of the Fraternal Bonds that differ from the terms of the Policies.

Ranking

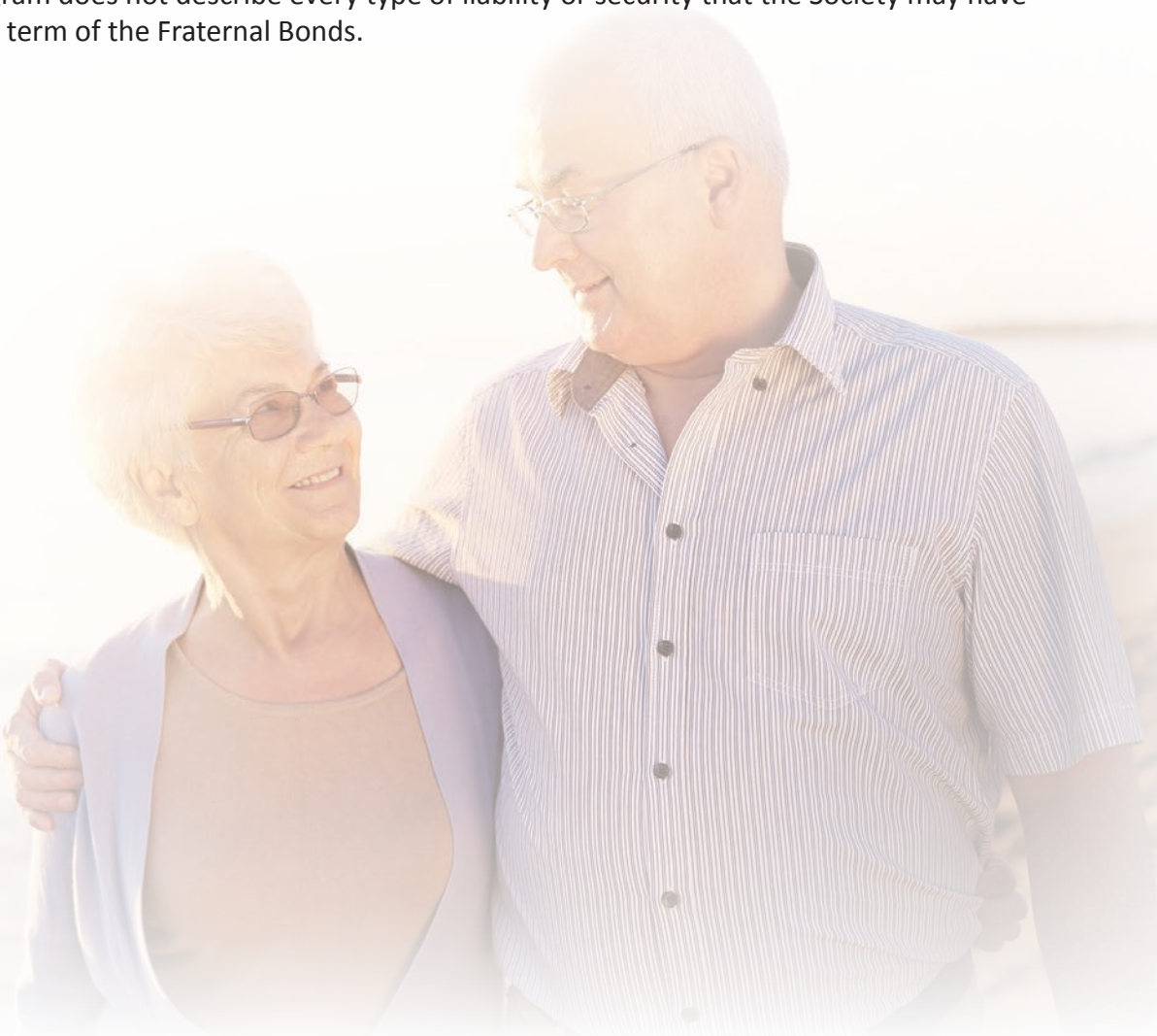
The Fraternal Bonds constitute unsecured subordinated obligations of the Society.

Accordingly, on a liquidation of the Society (if your Fraternal Bonds remain outstanding), there is a risk that you may lose some or all of the value of your Fraternal Bonds. This is because if there are insufficient assets to satisfy creditors of the Society whose claims rank ahead of the Fraternal Bonds, your Fraternal Bonds will not be paid and you will not receive any interest which has been applied to your Fraternal Bond at that time.

If there are sufficient assets to satisfy creditors of the Society whose claims rank ahead of the Fraternal Bonds, there is still a risk that your Fraternal Bonds may not be paid as there may be insufficient assets to satisfy that payment and other equal ranking obligations.


The diagram on the following page shows how the Society's liabilities, including the Fraternal Bonds, are assumed to rank in a winding up of the Society.

The diagram does not describe every type of liability or security that the Society may have over the term of the Fraternal Bonds.



Important Note:

The Society considers that there is some uncertainty concerning the priority rules that may apply on the liquidation of the Society, and how those rules may be applied in practice, which is why the table below is based on certain assumptions. These assumptions are summarised underneath the table.

	Ranking on the liquidation of the Society	Example of obligations / securities	Indicative amount ¹
 <p>Higher ranking</p>	Liabilities that rank in priority to the Fraternal Bonds ²	Secured creditors and creditors preferred by law	\$0.2 m
		Unsecured unsubordinated obligations to non-Members (including money owed by the Society to banks under any overdraft facility, and trade and other sundry creditors) (<i>Non-Member Creditors</i>)	\$0.1 m
	Liabilities that rank equally with the Fraternal Bonds (including the Fraternal Bonds) ³	Subordinated obligations:	
		<ul style="list-style-type: none"> Includes money owed by the Society to Holders of Fraternal Bonds and to Overseas Policyholders in lieu of being issued a Fraternal Bond 	\$30.7m ⁴
		<ul style="list-style-type: none"> Also assumed to include Members' interests in the Society's existing Share Funds, adjusted for amounts anticipated to be appropriated to the proposed new Benevolent Benefit Fund after the Issue Date. (See the notes below this diagram for more information about this assumption)⁵ 	\$26.4 ⁴
Lower ranking		<ul style="list-style-type: none"> Also assumed to include other liabilities owed to policyholders 	\$0.6m
	Liabilities that rank after the Fraternal Bonds	Other than Equity (referred to below) there are no liabilities that rank after the Fraternal Bonds	\$0.0
	Equity	The Society's retained earnings and accumulated reserves.	\$14.3m ⁴

The actual amount of liabilities and equity of the Society at the point of its liquidation will be different to the indicative amounts set out in the diagram above.

Basis of preparation of table:

1. Amounts in the table above are indicative and are based on the financial position of the Society as at 30 November 2022. These amounts are adjusted based on an assumptions that:
 - (i) there is a 100% take up of the offer of Fraternal Bonds by New Zealand Resident Policyholders being 8,903 Fraternal bonds having an aggregate value of \$29.4 million which, when aggregated with amounts owing to Overseas Policyholders in lieu of being issued a Fraternal Bond, results in a total liability of the Society of \$30.7 million;
 - (ii) all obligations under the Policies are extinguished; and
 - (iii) no repayment of further liabilities is made at the time of issue.

(See note 4 for a comparison of the impact on the financial position of the Society if a smaller percentage of Members accept the offer of Fraternal Bonds.)

2. Liabilities that rank in priority to the Fraternal Bonds (using amounts as at 30 November 2022) (including creditors preferred by law and Non-Member Creditors) include:
 - (i) Employee entitlements for unpaid salaries and wages, holiday pay and bonuses and PAYE of \$232,796;
 - (ii) Amounts owing to Inland Revenue for unpaid Goods and Services Tax of \$2,908;
 - (iii) Amounts owing to the Society's bank under any overdraft facility; and
 - (iv) Amounts owing to trade creditors and suppliers of goods and services.

The Society pays most of its creditors on a weekly to monthly payment cycle. Some trade creditors retain a security interest in the products they have sold to the Society until they have been paid. At 30 November 2022 the total value of creditors where a creditor retained a security interest was estimated to be \$0.

3. The Fraternal Bonds rank for payment after all Non-Member Creditors, and therefore, in the event of the Society being wound up, claims for repayment of the Fraternal Bonds must not be paid until those Non-Member Creditors' claims have been paid.

4. The amounts in the table in respect of liabilities that rank equally with the Fraternal Bonds:

- ⦿ do not include the Society's liabilities under the Policies or under other insurance policies in existence as at 30 November 2022. This is because the Policies will be cancelled at the Cancellation Time and the Society's other insurance policies will no longer be liabilities of the Society on the Issue Date (because the Society will have either transferred such liabilities to another insurer or cancelled such policies upon making a cash payment to the policyholders); and
- ⦿ have been adjusted to include amounts that are intended to be credited to the proposed new Benevolent Benefit Fund (a share fund to be established by the Society under the Rules) following the issue of the Fraternal Bonds. It is anticipated that approximately up to \$14.4 million of reserves will be credited to the proposed new Benevolent Benefit Fund, assuming 100% take up of the offer of Fraternal Bonds by New Zealand Resident Policyholders. *(The amount to be credited to the proposed new Benevolent Benefit Fund will depend upon the number of Policyholders who accept the offer of a Fraternal Bond, the rate of the appropriation of reserves to that Fund per year of each relevant Policyholders' membership in the FAB and IAB Funds approved by the Board, and the value of any excess premiums paid by Policyholders who accept the offer of a Fraternal Bond). That liability will rank equally with the Fraternal Bonds.

****For comparison purposes:***

- If only 90% of the Fraternal Bonds are issued, the amount owed by the Society to Holders would be \$26.5 million, the amount paid to, and remaining owing to, Overseas Policyholders will not change. Equity would increase to \$16.2 million, which reflects;
 - (a) the lower amount of the Cash Out Value payments made or payable to Policyholders who do not elect to receive a Fraternal Bond; and
 - (b) the reduced appropriation of reserves to the proposed new Benevolent Benefit Fund.
- If only 75% of the Fraternal Bonds are issued, the amount owed by the Society to Holders would be \$22.0 million, the amount paid to, and remaining owing to, Overseas Policyholders will not change. Equity would increase to \$19.2 million, which reflects;
 - (a) the lower amount of the Cash Out Value payments made or payable to Policyholders who do not elect to receive a Fraternal Bond; and
 - (b) the reduced appropriation of reserves to the proposed new Benevolent Benefit Fund.

5. On a liquidation of the Society, it is assumed, based on the manner in which the Society has operated to date with regard to the treatment of Member entitlements, and taking into account legal advice received by the Society, that:
- ⦿ the Fraternal Bonds will rank equally with Members' interests in the Society's Share Funds and the proposed new Benevolent Benefit Fund; and
 - ⦿ interests of Members in the Society's Share Funds and the proposed new Benevolent Benefit Fund rank for payment after all Non-Member Creditors.

However, the legal position regarding the ranking of Members' interests in the Society in a liquidation is not clear (due to, amongst other things, the absence of any express legislative framework addressing such ranking and minimal case law). On that basis, the Society believes that the reasonable assumption is as stated above. See further section 8 of this PDS (Risk of investing) for an explanation of the risk if that assumption proves to be incorrect.

There are no restrictions on the Society creating further liabilities that rank equally with, or in priority to, the Fraternal Bonds on a liquidation of the Society after the Fraternal Bonds have been issued. However, the Act provides that the Society is not entitled to borrow money (aside from an overdraft facility granted by a bank carrying on business in New Zealand).

The Society is therefore limited in its power to create further liabilities that rank equally with, or in priority to, the Fraternal Bonds after the Issue Date.

No Guarantee

The Fraternal Bonds are not guaranteed by any person.

The Supervisor

A Supervisor is appointed to act as supervisor for the Holders on the terms contained in the Trust Deed. The Supervisor's functions are to:

- act in relation to any matter connected with the Trust Deed or the terms of the regulated offer and any contravention or alleged contravention of the issuer obligations; and
- supervise the Society's performance of its obligations as issuer of the Fraternal Bonds and to ascertain whether the Society's assets are sufficient or likely to be sufficient to pay the amounts owing on the Fraternal Bonds as they become due for payment.

You can only enforce your rights under the Fraternal Bonds through the Supervisor (although you can enforce your rights under the Fraternal Bonds against the Society directly if the Supervisor is obliged to enforce, but has failed to do so within a reasonable period).

Financial covenants and other undertakings

Under the Trust Deed the Society covenants with the Supervisor that, except with the prior written consent of the Supervisor and for so long as any Fraternal Bond is outstanding, at each Test Date (being 31 May, 31 August, 30 November and 28 (or 29) February in each Financial Year):

- (a) Total Liquid Assets will be at least 100% of the aggregate amount of Fraternal Bond Moneys; and
- (b) the Leverage Ratio (being the ratio of Net Assets as at the relevant Test Date to Total Assets as at that Test Date) will be no less than 15%,

in each case calculated, in the case of a Test Date falling on the last day of a Financial Year, by reference to the Financial Statements for that Financial Year, and in the case of a Test Date falling on the last date of any other Financial Quarter, by reference to the Society's internal management accounts for the last month of that Financial Quarter.

The capitalised terms in the above financial covenants refer to terms defined in the Trust Deed. Those defined terms contain the financial information that forms the basis of the financial covenants. For full details of these financial covenants see clause 8.3 of the Trust Deed and the related definitions in clause 1.1 of the Trust Deed.

The Trust Deed includes certain other undertakings that the Society has agreed for the benefit of the Supervisor and the Holders. In particular, the Society may not, without the Supervisor's consent make any appropriations to a Share Fund while any event of default or circumstance which could constitute an event of default under the Trust Deed, has occurred or is continuing, or if that appropriation would result in the occurrence of an event of default.

Events of Default

The Events of Default are contained in clause 9.1 of the Trust Deed. They include a failure by the Society to make a payment on Fraternal Bonds when due, an unremedied breach by the Society of a material undertaking in the Trust Deed that the Supervisor considers is or is likely to be materially prejudicial to Holders, and also insolvency-type events affecting the Society.

If an Event of Default occurs, the Supervisor may in its discretion, and must upon being directed to do so in accordance with the Trust Deed by Holders, declare the Fraternal Bonds to be immediately due and payable.

The above is a summary of the Events of Default. For full details of the Events of Default see clause 9.1 of the Trust Deed.

Other relevant information about the Trust Deed

The Trust Deed also contains a number of standard terms, including relating to:

- The role of the Supervisor, and the powers and duties of the Supervisor.
- The process for replacement of the Supervisor.
- The right of the Supervisor to be indemnified.
- The payment of fees, expenses and other amounts owing to the Supervisor (including that amounts owing to the Supervisor are, on a default, paid from the proceeds of enforcement before payments to Holders).
- Holding meetings of Holders.
- The process for amending the Trust Deed. To summarise, the Trust Deed can be amended:
 - ◉ with the consent of the Supervisor; or
 - ◉ by the Financial Markets Authority under section 109 of the FMC Act; or
 - ◉ under section 22(7) or 37(6) of the Financial Markets Supervisors Act 2011 or any other enactment.

The Supervisor must only consent to an amendment if:

- the amendment is approved by a Special Resolution (as defined in the Trust Deed) of the Holders; or
- the Supervisor is satisfied that the amendment does not have a material adverse effect on the Holders.

You should read clause 17 of the Trust Deed for further information.

Terms of the Fraternal Bonds that differ from the terms of the Policies

The terms in the following table differ from the Policy terms in the manner described:

Term	Description
Principal Amount and the Outstanding Amount payable on maturity	<p>As noted in section 3 (Terms of Offer), the Principal Amounts of each Fraternal Bond offered to Policyholders will be the greater of:</p> <ul style="list-style-type: none"> the Conversion Value of the relevant Policy less any premiums that remain unpaid in respect of that Policy as at the Cancellation Time; and \$50.00. <p>The Conversion Values have been calculated by the Actuary to be equal to the Society's current liability under, and the Policyholder's current interest in, their Policy or Policies as at 31 May 2022. These amounts represent each Policyholder's share of the IAB Fund and/or FAB Fund (as applicable), and has been calculated on a basis which the Actuary considers to be consistent with normal actuarial practice and based on robust and appropriate actuarial assumptions.</p> <p>The Outstanding Amount of a Fraternal Bond payable on its Maturity Date will be different from the insured benefit that would have been payable under the relevant Policy, had it remained in force and had premiums continued to be paid, and will depend on a number of factors, including:</p> <ul style="list-style-type: none"> the Principal Amount of the Fraternal Bond, which varies from Policy to Policy because the Conversion Value of each Policy is based on a number of variables including, the length of time that the Policy has been in place, premiums paid, the level of benefit covered by the Policy before its conversion, and the Policyholder's life expectancy. (For example, Policies which have been held for a shorter period of time will have a lower Conversion Value than Policies with the same insured benefit that have been held for a longer period of time). whether there are any unpaid premiums on the Policy, (which will be deducted from the Conversion Amount in setting the Principal Amount);

<p>Principal Amount and the Outstanding Amount payable on maturity (cont)</p>	<ul style="list-style-type: none"> ▪ the age the Holder lives to after the Issue Date of the Fraternal Bond compared to their life expectancy; and ▪ whether interest is applied to the Fraternal Bonds for any Interest Period during the term of the Fraternal Bond, and at what Interest Rate. <p>By comparison, under your Policy:</p> <ul style="list-style-type: none"> ▪ the insured benefit would be paid on your death or other maturity date whether that date occurred earlier or later than actuarial expectations; and ▪ you would have to continue to pay premiums on your Policy to maintain your entitlement to be paid the insured benefit; and ▪ no guarantee or promise was given that any amount out of the Society's annual surplus would be appropriated to the Policies in any year.
<p>Forfeiture of Fraternal Bonds upon ceasing to be a Member</p>	<p>A Holder's rights in respect of their Fraternal Bonds will be forfeited and the Fraternal Bonds cancelled if the Holder ceases to be a Member of the Society prior to Maturity of the Fraternal Bonds, and they will forfeit their principal and interest. Membership of the Society is a condition of the Fraternal Bonds.</p> <p>This is also a feature of the FAB Policies.</p> <p>However, IAB Policies and IAB Endowment Policies include a term allowing a Policyholder to hold their Policy upon ceasing to be a Member, provided Policy contributions continue to be paid. However, because no ongoing contributions are required to be made on the Fraternal Bonds, the Fraternal Bonds do not have an equivalent term.</p> <p>The risk of a Holder having their Fraternal Bond cancelled due to non-payment of membership dues can be mitigated by the Holder applying for hardship relief provisions from their Lodge's fraternal administrator / financial secretary, or the Holder can elect to redeem their Fraternal Bond on an Early Redemption Date before ceasing to pay membership fees.</p>

Term	Description
Fraternal Bonds are not transferable	<p>The Fraternal Bonds are not transferable.</p> <p>This is also the case for the FAB Policies.</p> <p>By comparison, it is a term of IAB Policies and IAB Endowment Policies that the policy may be assigned or mortgaged.</p> <p>The Society considered it impracticable for the Fraternal Bonds to have an equivalent term because the offer is personal to Members holding Policies, and ongoing membership of the Society is a key condition of the Fraternal Bonds.</p>
Early Redemption Option	<p>Holders will have a right, to redeem their Fraternal Bond at a discount on an Early Redemption Date. (Refer to Section 3 (Terms of Offer) for further information).</p> <p>There is no equivalent term under the Policies (although the IAB Policies and IAB Endowment Policies include a right for Policyholders to cancel their Policies early and receive the Surrender Value of their Policy).</p>
The Society can suspend or cancel the Early Redemption Option for any Early Redemption Date	<p>The Society may suspend or cancel the Early Redemption Option in respect of an Early Redemption Date in certain limited circumstances.</p> <p>This is a term of the Fraternal Bonds that is directly linked to the Early Redemption Option, and there is therefore no equivalent Policy term.</p> <p>Refer to Section 3 (Terms of Offer) for more details about the Society's right to suspend or cancel an Early Redemption Option.</p>

Term	Description
Early payment of the Fraternal Bonds at the Society's option	<p>The Trust Deed provides that the Society may pay the amount of the principal and all accrued interest remaining outstanding in respect of the Fraternal Bonds before their Maturity Dates in the following circumstances:</p> <ul style="list-style-type: none"> the total amount remaining outstanding in respect of the Fraternal Bonds is less than \$10,000,000.00 (or an adjusted amount approved by Members as described below); or the Society has determined (by approval of Members in accordance with the Rules) to reorganise its business structure, or to dispose of or transfer, all or part of its business or to adjust the \$10,000,000.00 threshold referred to above. <p>If either of these circumstances arise, the Society must give all remaining Holders and the Supervisor not less than 30 days' notice of its intention to pay all amounts remaining outstanding under the Fraternal Bonds.</p> <p>There is no equivalent term under the Policies, but the Policy terms are able to be amended by the Society at any time in accordance with the Rules.</p>

Actuary

Where there is a statement in this PDS or the register entry attributed to (or based on a statement by) the Actuary, the Actuary has consented to that statement being included in this PDS or the register entry (as applicable) in the form and context in which it is included.

The Actuary is a qualified actuary and a Fellow of the New Zealand Society of Actuaries and the Institute of Actuaries of Australia. The Actuary has an on-going relationship with the Society as a supplier to the Society for the purposes of providing actuarial advice and reports as appointed actuary of the Society as required under the IPSA. However, the Society's engagement of the Actuary for the purpose of calculating the conversion values of the Policies to establish the principal amounts of the Fraternal Bonds offered to Members has not been undertaken in his role as appointed actuary for the purposes of IPSA.

7. THE SOCIETY'S FINANCIAL INFORMATION

This table provides selected financial information about the Society. Full financial statements are available on the offer register at business.govt.nz/disclose.

The Society's financial performance and position are critical to the Society's ability to meet its obligations, including those owed to you. If you do not understand this sort of financial information, you can seek professional advice.

The Society's financial position and performance is relevant to the repayment of the Fraternal Bonds because the Society is liable to repay the Fraternal Bonds, and the ability of the Society to do that is dependent on the financial performance of the Society as a whole.

Selected financial information and ratios (NZ\$000)	Audited As reported FY 2020	Audited As reported FY 2021	Audited As reported FY 2022	Unaudited Interims Nov 2021	Unaudited Interims Nov 2022
Revenues	4,805	4,525	4,284	2,075	1,801
Net profit after tax plus interest, tax, depreciation and amortisation (EBITDA)	(1,254)	3,499	4,238	4,796	(3,815)
Net profit after tax	(1,444)	3,266	4,011	4,686	(3,926)
Net cash flows from operating activities	(1,489)	(2,043)	(3,720)	(1,623)	(3,961)
Cash and cash equivalents	1,256	598	146	681	558
Total assets	85,600	84,355	80,711	86,588	72,654
Total debt (interest bearing)	-	-	-	-	-
Total liabilities	59,634	55,162	47,507	52,709	44,003
Equity	25,966	29,193	33,204	33,879	28,651
Debt/EBITDA	-	-	-	-	-
Debt/EBITDA is an indicator of the degree to which an entity has borrowed against earnings. The higher the number, the greater the risk that an entity will not be able to pay off its debts.					
Interest expense	-	-	-	-	-
EBITDA/interest expense	-	-	-	-	-
EBITDA/interest expense is a measure of the ability of an entity to pay interest on borrowings. The lower the number, the greater the risk that the entity will not be able to pay interest.					

Additional financial information showing the impact of the issue of the Fraternal Bonds and other aspects of the Society's conversion plan on the Society's financial position immediately after conversion can be found on the Disclose register at business.govt.nz/disclose.

Other limitations, restrictions and prohibitions

The Trust Deed contains certain financial covenants, relating to the maintenance of sufficient liquidity to meet the Society's debts as they fall due, and also the amount of the Society's liabilities against its assets. These financial covenants are set out on page 27 in Section 6 (Key features of Fraternal Bonds).

Other than compliance with these financial covenants, that indirectly restrict the Society's ability to incur indebtedness, there are no specific restrictions on the ability of the Society to borrow that result from any agreement entered into by the Society. However, the Act provides that the Society is not entitled to borrow money (aside from an overdraft facility granted by a bank carrying on business in New Zealand, or as otherwise provided in the Act).

There are no prohibitions or restrictions on the Society entering into transactions with any of its associated persons (other than under insurance prudential regulation, pending the Society's insurer's licence being cancelled). In addition, general principles of governance may restrict the Society entering into such transactions with affiliated persons.

8. RISKS OF INVESTING

Introduction

This section 8 describes potential risks associated with an investment in the Fraternal Bonds. This section describes certain:

- general risks associated with an investment in the Fraternal Bonds; and
- specific risks relating to the Society's creditworthiness.

The selection of risks relating to the Society's creditworthiness has been based on an assessment of a combination of the probability of a risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Society as at the date of this PDS. There is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge over time.

Where practicable, the Society seeks to implement risk mitigation strategies to minimise the exposure to certain of the risks outlined below, although there can be no assurance that such arrangements will fully protect the Society from such risks.

Members should carefully consider these risk factors (together with the other information in this PDS) before deciding whether to invest in the Fraternal Bonds or instead elect to accept a cash payment.

This summary does not cover all of the risks of investing in the Fraternal Bonds.

The statement of risks in this section does not take account of the personal circumstances, financial position or investment requirements of any particular investor. It is important, therefore, that before making any investment decision, Members give consideration to the suitability of an investment in the Fraternal Bonds in light of their individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

Members should seek legal and/or financial advice if they are unsure.

General risks

An investment in the Fraternal Bonds is subject to the general risk that the Society becomes insolvent and is unable to meet its obligations under the Fraternal Bonds.

In the event of the insolvency of the Society, including a liquidation of the Society, the rights and claims of a Holder will rank equally with other Holders and after the rights and claims of Non-Member Creditors, secured creditors and creditors preferred by law. Depending on the circumstances, and the claims of prior ranking creditors, it is possible that there may be a shortfall of funds, resulting in Holders not receiving a full return of all amounts owing to them under their Fraternal Bond.

(This is also a risk that Members have in terms of their interests in the Society's Share Funds and the proposed new Benevolent Benefit Fund).

Payments under the Fraternal Bonds may also be suspended or cancelled under the Trust Deed, meaning amounts may not be paid on the Fraternal Bonds when scheduled.

Specific risks relating to the Society's creditworthiness

The Society is exposed to a number of risks that may affect its business and therefore its financial performance and creditworthiness. The circumstances that the Society is aware of that exist or could arise that significantly increase the risk that payments may not be made on the Fraternal Bonds upon their maturity are described below.

The assessment of these circumstances is based on the business of the Society as conducted as at the date of this PDS as well as the expected nature of its business once it ceases to be a licensed insurer.

No ongoing insurance premium income: With the cancellation or transfer by the Issue Date of all remaining insurance policies issued by the Society, the Society will cease to receive further premium income. The Society will manage this risk by adopting an investment strategy targeted at increasing its investment income through an adjustment of holdings in its investment portfolio. The Society intends to adjust its investment holdings in accordance with its Asset Allocation Policy, with a view to generating short term cash flow from the portfolio while ensuring medium term capital appreciation of net assets to benefit Members.

Market risk: It is the Society's intention to pursue a balanced mix of income and medium-term capital growth from its investments. This will expose the Society to capital movements in equity, property and bond markets and may produce capital loss in some years. The Society will manage this risk by taking market and investment advice and periodically updating Asset Allocations Policy to address any changes in market conditions.

Differing maturity profiles: The Fraternal Bonds will mature at different times determined by the date the Holder (or Holder's Spouse) dies or (in respect of IAB Endowment Fraternal Bonds) reaches the Specified Date. Holders whose Fraternal Bonds mature and are paid earlier are exposed to a lower credit risk on the Society than Holders whose Fraternal Bonds mature and are paid later, because the size of the Society's asset base will decrease over time (together with the Society's liabilities).

Early repayment option creates liquidity constraint: With the early repayment option available to Holders, there is risk that the Society is exposed to a larger than expected liquidity pressure upon Early Redemption Dates.

The Society will manage this risk by applying the Relevant Discount to the Outstanding Amount of the relevant Fraternal Bond payable on Early Redemption Dates in order to protect those Holders who are prepared to hold their Fraternal Bonds till death/maturity. Holders are also required to provide at least six months' written notice of their wish to redeem their Fraternal Bond on an Early Redemption Date, which will provide the Society with advance notice of liquidity requirements.

The Society can also exercise its right to suspend or cancel the Early Redemption Option for any Early Redemption Date in circumstances where paying all requested Early Redemption Amounts would or may result in the Society becoming insolvent or breaching any of its Issuer Obligations or any other legal obligation.

Risk that no interest will be applied to the Fraternal Bonds for one or multiple Interest Periods or a lower than expected rate of interest will be applied: As set out in section 3 (Terms of the Offer) and section 6 (Key Features of Fraternal Bonds), the Society does not promise that interest will be paid or applied to the Fraternal Bonds for any Interest Period (in the same way that appropriations on the Policies are not promised). In addition, if interest is applied to the Fraternal Bonds for an Interest Period, the interest will be applied at the Interest Rate set by the Board for that Interest Period, which could be as low as the Base Rate of 1% with a margin of 0%.

Holders are therefore exposed to the risk:

- that the Interest Rate applying to the Fraternal Bonds in respect of any Interest Period may be lower than the prevailing market for other types of debt securities; and
- that no interest may be payable or applied in respect of one or more Interest Periods (depending upon the Board's assessment at the relevant time of prevailing economic conditions, the financial condition of the Society and the anticipated liabilities of the Society becoming due during the Interest Period).

In addition, the Outstanding Amount payable to a Holder upon maturity of their Fraternal Bond could be less than the insured benefit that would have been payable on maturity of their Policy (had the Policy remained in place and premiums continued to be paid).

The further risks described below are relevant in the context of the Society's current obligations under the Policies, and are expected to continue to be a risk that payments may not be made on the Fraternal Bonds upon their maturity.

Limited ability to raise money from other sources: As a friendly society, the Society exists for the benefit of its Members and does not have share capital. It cannot raise money from its Members by the issue of shares, and has limited ability to raise funds from other sources. For example, the Society is not permitted to borrow money, other than by way of bank overdraft facilities. This limited access to new capital means the Society is vulnerable to larger, more remote operational risks and changes in the external operating environment.

The Society manages this risk by using retained earnings to support financial flexibility, and following prudent debt to asset management policies.

In addition, the Board of the Society will reset the Interest Rate applying to the Fraternal Bonds for each Interest Period, applying a margin to the Base Rate which may be positive or nil depending upon the Board's assessment of relevant factors (such as the prevailing economic conditions, the financial condition of the Society and anticipated liabilities of the Society during the Interest Period). The Board also has the discretion to determine, during an Interest Period, that no interest will be applied to the Fraternal Bonds on an Interest Application Date in respect of that Interest Period, where it considers it in the best interests of the Society (again taking into account prevailing economic conditions, the financial condition of the Society and such other factors the Board considers relevant to the determination).

Refer to Section 3 (Terms of Offer) for more information about interest rates and the Board's discretion to determine that no interest will be applied in respect of an Interest Period.

Investment and liquidity risk: The Society's investments are exposed to changes in interest rates, exchange rates and equity prices. In addition, a large proportion of the Society's invested assets are in commercial and leasehold properties and holiday homes, for which the values can move up or down, and which can take time to realise.

The Society intends to manage its investment and liquidity risk through a prudent investment approach in accordance with the Asset Allocation Policy, maintaining a large investment portfolio compared with the size of the Society's immediate policyholder liabilities.

In addition, as referred to above, the Board of the Society will reset the Interest Rate applying to the Fraternal Bonds for each Interest Period, and also has the discretion to determine, during an Interest Period, that no interest will be applied to the Fraternal Bonds on an Interest Application Date during that Interest Period, where it considers it in the best interests of the Society.

Risk of excessive appropriations: The application by the Board of the Society's Appropriations Policy (which is designed as a mechanism by which the Society is able to transfer wealth from the Society to Members through appropriations of reserves to the Society's Share Funds) means that the Society is exposed to the risk that an insufficient proportion of annual surplus is retained as capital reserves for reinvestment in the Society for growth.

Once its insurer's licence is cancelled, the Society will need to obtain the consent of the registrar of friendly societies before making any appropriations. This regulatory requirement will act as a risk mitigant. In addition, the Society will manage this risk by following its Appropriations Policy and capital management objectives and strategies as approved by the Board, and reviewing the policy annually to ensure the level of appropriations provided for in the Appropriations Policy remains prudent.

Declining Member numbers: The Society generates income from annual membership fees. The Society's business has been facing a declining membership base over the last several decades. In the last two years, it has embarked on several promotional campaigns to arrest the decline in membership. While the promotional campaigns have yielded new Members and have allowed the Society to break-even against membership exits, the Society will remain under pressure to generate ongoing new Members.

The Society manages this risk by continuing to pursue new membership campaigns, and striving to provide membership experiences and benefits that are valued by Members, so that the number of Members leaving the Society is kept to a minimum.

Ranking for payment against other Member interests: In a liquidation of the Society, the Fraternal Bonds will rank for payment after all Non-Member Creditors, secured creditors and creditors preferred by law. In addition, it is assumed the Fraternal Bonds will rank for payment equally with Members' interests in the Society's Share Funds and the proposed new Benevolent Benefit Fund. If this assumption is incorrect (for example, if on a liquidation Fraternal Bonds are determined to rank after Members' interests in the Share Funds and the proposed new Benevolent Benefit Fund), this means that in a liquidation of the Society Holders will need to wait until all other prior ranking creditors of the Society (including Members who have Share Fund interests) have been paid before receiving any payment in respect of their Fraternal Bond, which could affect returns to Holders in a liquidation scenario.

Holders can remain informed about the performance of the Society from a variety of sources such as the Society's annual report, publications, communications and its half year results.

Other risks relating to certain features of the Fraternal Bonds are discussed in section 6 (Key features of Fraternal Bonds). These are summarised as:

- factors affecting the Outstanding Amount of a Fraternal Bond payable on maturity (such as the Conversion Value of your Policy and whether interest is applied to the Fraternal Bonds in each year (and, if so, at what rate));
- forfeiture of your Fraternal Bond if you cease to be a Member of the Society;
- non-transferability of Fraternal Bonds;
- early redemption of a Fraternal Bond before its maturity only being possible on Early Redemption Dates and at a discount to the Outstanding Amount (with the Society being able to suspend or cancel redemptions in specified circumstances); and
- the Society's right to repay the Fraternal Bonds early in certain circumstances.

9. TAX

The interest earned on the Fraternal Bonds will be affected by taxes. The information in this section is based on the law in force at the date of this PDS and relates to New Zealand tax resident Holders only.

Resident withholding tax (*RWT*) will be deducted from interest paid to New Zealand tax resident Holders at the relevant rate.

There may be other tax consequences for Holders from the Fraternal Bonds, including under the financial arrangements rules in the Income Tax Act 2007.

If you have any questions regarding the tax consequences of investing in the Fraternal Bonds you should seek professional advice.

10. WHO IS INVOLVED?

	Name	Role
Issuer	Manchester Unity Friendly Society	Issuer of the Fraternal Bonds
Supervisor	The New Zealand Guardian Trust Company Limited	Holds certain covenants on trust for the benefit of the Holders, including the right to enforce the Society's obligations under the Fraternal Bonds
Securities Registrar	Computershare Investor Services Limited	Maintains Register of Holders
Solicitors to the Issuer	Chapman Tripp	Provides legal advice to the Society in respect of the Offer
Solicitors to the Supervisor	Simpson Grierson	Provides legal advice to The New Zealand Guardian Trust Company Limited in respect of the Offer

11. HOW TO COMPLAIN

If you have any problems or concerns about the Fraternal Bonds, please contact the Society via the contact details in section 15 of this PDS (*Contact information*) outlining your problems or concerns and the Society will endeavour to resolve the issues through its internal dispute resolution procedures. You may request a copy of these procedures by writing to the Society at the address in section 15 of this PDS.

The Society is, and will remain a member of an external, independent dispute resolution scheme operated by Insurance and Financial Services Ombudsman Scheme (IFSO) until such time as its insurers' licence is cancelled. If the Society has not been able to resolve your issue, and the Society remains a member of IFSO, you can refer the matter to IFSO at the contact details below:

IFSO

PO Box 10-845
Wellington 6143
Phone number: 0800 888 202 or +64 (4) 499 7612
Email address: info@ifso.nz

The IFSO will not charge a fee to any complainant to investigate or resolve a complaint.

You may also direct any complaints about the Fraternal Bonds to the Supervisor at the contact details below:

The New Zealand Guardian Trust Company Limited

L2, 99 Customhouse Quay
PO Box 3845
Wellington 6140
Phone number: 0800 300 299
Email address: ct-wellington@nzgt.co.nz
Attention: Senior Relationship Manager

The Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL). If the Supervisor has not been able to resolve your issue, you can refer the matter to FSCL at the contact details below:

Financial Services Complaints Limited

Level 4, Sybase House
101 Lambton Quay,
Wellington 601
Phone number: 0800 347 257
Email address: complaints@fscl.org.nz
Attention: Complaint Investigation Officer

Complaints may also be made to the Financial Markets Authority through their website fma.govt.nz.

12. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to the Society and the Fraternal Bonds is available free of charge on the online Disclose register at business.govt.nz/disclose. A copy of the information on the Disclose register is also available on request to the Registrar of Financial Service Providers at registrar@fspr.govt.nz.

The information contained on the Disclose register includes financial information relating to the Society, a copy of the Trust Deed and other material information.

Further information relating to the Society (including the Rules and financial statements of the Society) is available free of charge on the Register of Friendly Societies of the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office website www.companies.govt.nz under “Search for other Registers”.

13. HOW TO APPLY

You may apply for Fraternal Bonds online at www.muconversion.co.nz and entering your membership number and date of birth, or by completing the election form mailed to you (if applicable) and sending it to the Securities Registrar by email or post to the address below by the Closing Date.

Online applications are strongly encouraged.

We can send you an election form via post, on request.

14. CONTACT INFORMATION

Contact details of the Issuer, Manchester Unity Friendly Society

L10, 117 Lambton Quay,
PO Box 5083
Wellington 6140
NEW ZEALAND
Phone: 0800 101 842 or
+64 (4) 473 6155

Contact details of the Securities Registrar

Computershare Investor Services Limited
Private Bag 92119
Victoria Street West
Auckland 1142
NEW ZEALAND
Phone: +64 (9) 488 8700
mufs@computershare.co.nz

15. GLOSSARY OF DEFINED TERMS

GLOSSARY	
Act	The Friendly Societies and Credit Unions Act 1982.
Actuary	Charles Cahn of Greystone Consulting Limited, who is the Society's actuary for the purposes of the Insurance (Prudential Supervision) Act 2010.
Appropriations Policy	The Society's appropriations policy, as may be determined and varied by the Board from time to time.
Asset Allocation Policy	The Society's policy regarding its investment and asset allocations.
Base Rate	1% per annum.
Board	The Board of the Society.
Business Day	A day on which banks are open for the transaction of general banking business in Auckland and Wellington.
Cancellation Time	11:59pm on the day immediately preceding the Issue Date.
Cash-Out Value	<ul style="list-style-type: none"> For an IAB Policy and an IAB Endowment Policy, the Surrender Value of that policy (as determined by the Society on the advice of the Actuary). For a FAB Policy, an amount calculated by the Actuary applying the same methodology used to determine the Surrender Value of IAB Policies.
Closing Date	13 April 2023, subject to change, as described in Section 2 of this PDS (Key dates and Offer process).
Conversion Value	The value, as calculated by the Actuary, of the Society's current liability under, and the Policyholder's current interest in, their Policy or Policies (reflecting that Policyholder's share of the FAB Fund and/or IAB Fund, as applicable) as at the expected date for the conversion of such Policyholder interests to Fraternal Bond values (being the Issue Date of the Fraternal Bonds).
Disclose register	The online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose".
Documentary Evidence of Maturity	This term is defined in section 3 (Terms of the Offer) on page 9 of this PDS.
Early Redemption Amount	This term is defined in section 3 (Terms of the Offer) on page 13 of this PDS.
Early Redemption Date	This term is defined in section 3 (Terms of the Offer) on page 13 of this PDS.
Early Redemption Option	This term is defined in section 3 (Terms of the Offer) on page 13 of this PDS.
EBITDA	The Society's net profit after tax plus interest, tax, depreciation, and amortisation as each of those items is determined in accordance with GAAP.
Event of Default	This term has the meaning given to it in clause 9.1 of the Trust Deed, and is summarised in section 6 of this PDS (Key features of Fraternal Bonds).

GLOSSARY

FAB Fraternal Bond	A Fraternal Bond issued to a Member who on the Record Date held a FAB Policy.
FAB	Funeral assurance benefit.
FAB Fund	The fund established under the Rules from and under which FAB Policy Benefits are paid.
Financial Year	The financial year of the Society, being the period from 1 June to 31 May (as may be amended from time to time).
FMC Act	Financial Markets Conduct Act 2013.
FMC Regulations	Financial Markets Conduct Regulations 2014.
Fraternal Bonds	The Fraternal Bonds constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS.
Generally accepted accounting practice or GAAP	Has the meaning given to that term in the FMC Regulations.
Holder	A person whose name is entered in the Register as a holder of a Fraternal Bond.
IAB	Increasing assurance benefit.
IAB Endowment Fraternal Bond	A Fraternal Bond issued to a Member who on the Record Date held an IAB Endowment Policy.
IAB Fraternal Bond	A Fraternal Bond issued to a Member who on the Record Date held an IAB Policy.
IAB Fund	The fund established under the Rules from and under which IAB Policy and IAB Endowment Policy benefits are paid.
IAB Policy	An increasing assurance benefit policy issued by the Society which is a whole of life policy.
IAB Endowment Policy	An increasing assurance benefit policy issued by the Society the terms of which provide for the payment of a benefit on a specified date or a date determined in accordance with the terms of the policy (for example, the date on which the policyholder reaches a specified age).
Initial Interest Period	The period from and including the Issue Date to and including 31 May 2023.
Insurance Fund	The funds of the Society out of which insurance liabilities are paid.
Interest Application Dates	Both: <ul style="list-style-type: none"> ▪ 31 May in each Interest Period; and ▪ For a Partial Interest Period, the Maturity Date of the relevant Fraternal Bond.
Interest Period	<ul style="list-style-type: none"> ▪ The Initial Interest Period; ▪ Each subsequent Financial Year from 1 June 2023; and ▪ For each maturing Fraternal Bond, the Partial Interest Period.

GLOSSARY

Interest Rate	The Interest Rate is defined in section 3 (Terms of the Offer) on page 11 of this PDS.
Interest Rate Reset Date	The date, determined by the Board, being not later than 30 June in each Interest Period, on which the Board sets the Margin for the relevant Interest Period
Issue Date	20 April 2023, subject to change, as described in Section 2 of this PDS (Key dates and Offer process).
Issuer Obligations	Has the meaning given to that term in section 6 of the FMC Act
Lodge	Any of the lodges of the Society (including any lodge branches) constituted in accordance with the Rules and the Friendly Society and Credit Unions Act.
Margin	The margin determined by the Board as at each Interest Rate Reset Date, which can be positive or nil.
Maturity Date	The date on which the Fraternal Bond matures, as described in section 3 of this PDS.
Member	A member of the Society, in accordance with the Rules.
New Zealand Resident Policyholder	A Policyholder whose last residential address recorded in the Society's records is a New Zealand residential address.
Non-Member Creditors	This term is defined in section 6 (Key features of Fraternal Bonds) on page 23 of this PDS.
Offer	The offer of Fraternal Bonds made by the Society pursuant to this PDS.
Opening Date	02 March 2023, subject to change, as described in Section 2 of this PDS (Key dates and Offer process).
Outstanding Amount	In respect of a Fraternal Bond, means the Principal Amount of that Fraternal Bond plus any interest which has been applied and added to that amount and other moneys (if any) payable to the Holder at the direction of the Supervisor under the Trust Deed.
Overseas Policyholder	A policyholder who is not a not New Zealand Resident Policyholder.
Partial Interest Period	In respect of a Fraternal Bond, the period from and including 1 June in a Financial Year to and including the Maturity Date in respect of that Fraternal Bond, if the Maturity Date is before the next Interest Rate Reset Date.
PDS	This product disclosure statement for the Offer dated 22 February 2023.
Policy	A FAB Policy, an IAB Policy or an IAB Endowment Policy, as applicable.
Policyholder	The holder of a Policy.
Principal Amount	In respect of a Fraternal Bond, means the greater of: <ul style="list-style-type: none"> the Conversion Value of the relevant Policy less any premiums that remain unpaid in respect of that Policy as at the Cancellation Time; and \$50.00.

GLOSSARY

Record Date	The date for determination of Members entitled to be issued Fraternal Bonds as notified by the Society to the Supervisor.
Register	The register in respect of the Fraternal Bonds maintained by the Securities Registrar.
Registrar	The Registrar of Financial Service Providers appointed under section 35 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.
Relevant Discount	This term is defined in section 3 (Terms of the Offer) on page 13 of this PDS.
Rules	The rules of the Society dated 27 February 2015 (as amended from time to time).
Securities Registrar	Computershare Investor Services Limited or any replacement Securities Registrar.
Share Fund	A description of the characteristics of a share fund is set out on page 20. The proposed new Benevolent Benefit Fund will be a share fund.
Specified Date	In respect of a Holder of an IAB Endowment Fraternal Bond, the date specified in, or determined under the terms of, the Policy at which that Holder's Policy would have matured had it remained in force.
Spouse	A person who is in a union in the nature of a legal marriage with the Holder (regardless of the person's sex, sexual orientation or gender identity), or who is the Holder's civil union partner.
Supervisor	The New Zealand Guardian Trust Company Limited or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.
Surrender Value	An actuarially determined amount based on a discount to the insurance benefit payable on maturity of a Policy, taking into account the Policyholder's, age, benefit level, the type of Policy and number of years the Policy has been held, amongst other actuarial principles.
The Society	Manchester Unity Friendly Society.
Trust Deed	The Trust Deed dated 22 February 2023 between the Society and the Supervisor relating to the Fraternal Bonds (as amended from time to time).



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