

ASX Announcement

27 November 2020

Letter sent to Australian Unity Bonds Eligible Securityholders (ASX: AYUHB, AYUHC and AYUHD)

Please find attached correspondence sent to holders of Australian Unity Bonds Series B, C and D as at 7:00pm on 22 October 2020 inviting them to participate in the offer of Australian Unity Mutual Capital Instruments.

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This announcement has been authorised for distribution to the ASX by:

The Board of Australian Unity Limited

T: + 61 3 8682 6819

If interested parties require further information please contact:

Michael Moore

General Manager – Public Affairs & Communications

T: 1300 408 776

E: media@australianunity.com.au

Australian Unity MCI Offer Information Line

1300 494 861

Monday to Friday 8:30am to 5:30pm

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ASX code:
AYU

Securities on Issue:
AYUHB – 713,257
AYUHC – 1,150,192
AYUHD – 2,070,000

Issuer:
Australian Unity Limited
ACN 087 648 888

Enquiries:
Australian Unity Registry
1300 554 474

Contact details:
Australian Unity Limited
271 Spring Street
Melbourne VIC 3000
Tel: 13 29 39

The listing of Australian Unity Securities on the ASX does not affect Australian Unity Limited's status as a mutual organisation

solicitation of an offer to buy, securities in the United States. The Australian Unity MCIs have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Australian Unity MCIs may not be offered or sold, directly or indirectly, to persons in the United States unless they have been registered under the U.S. Securities Act (which Australian Unity has no intention or obligation to do or procure) or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

[insert date]

Entitlement Number: [#]

[insert name]

[address 1]

[address 2]

Australian Unity Limited
ABN 23 087 648 888

271 Spring Street
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T 13 29 39 Australia-wide
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Dear [insert name]

A unique opportunity to invest in the future of Australian Unity

As an existing holder of an eligible Australian Unity security, I am writing to inform you of an opportunity to invest in Australian Unity's inaugural issue of mutual capital instruments.

Mutual capital instruments are a type of financial instrument created exclusively for Australian mutual entities, such as Australian Unity. They will enable Australian Unity to raise permanent capital without making changes to its structure, purpose, or values, and will help Australian Unity to grow sustainably.

On 27 November 2020, Australian Unity announced an offer of Australian Unity mutual capital instruments ("Australian Unity MCIs") under a prospectus ("Prospectus") that was lodged with the Australian Securities and Investments Commission on that day. Australian Unity intends to raise \$100 million, with the ability to raise more or less.

The key features of Australian Unity MCIs include:

- Australian Unity MCIs are perpetual, fully paid mutual capital instruments;
- each Australian Unity MCI has a Face Value of \$100;
- the holders of Australian Unity MCIs are expected to receive fixed rate Dividend Payments to be paid semi-annually in arrears;
- the Dividends will be discretionary and non-cumulative;
- the Dividend Rate for Australian Unity MCIs will be determined through the bookbuild prior to the opening of the Offer and is expected to be in the range of 5.00 per cent to 5.25 per cent per annum;
- the Dividends are expected to be fully franked. The Dividend Rate grossed up for franking credits is expected to be in the range of 7.14 per cent to 7.50 per cent per annum;¹ and
- Australian Unity MCIs are expected to be quoted on the ASX and trade under the code "AYUPA".

Full details of the Australian Unity MCIs are contained in the Prospectus which can be viewed online at www.australianunity.com.au/mci.

¹ This is based upon Australian Unity's current corporate tax rate of 30 per cent and assumes that investors are able to fully benefit from attaching imputation credits. This gross rate will change if Australian Unity's corporate tax rate changes in the future.

Securityholder Offer

The Securityholder Offer is an opportunity for Eligible Securityholders to invest in Australian Unity MCIs. Please note if you are also a Member of Australian Unity, you may receive a separate invitation to participate in the Member Offer to invest in Australian Unity MCIs.

You will be eligible to participate in the Securityholder Offer if:

- you were registered as a holder of Australian Unity Bonds or Australian Unity Retirement Village Investment Notes as at 7.00pm AEDT on 22 October 2020;
- you are shown on our register as having an address in Australia (or another jurisdiction to which we determine to extend the Securityholder Offer); and
- we are satisfied that you are not in the United States or a US person, acting as nominee for, or for the account or benefit of, a US person, and are not otherwise prevented from the receiving the Securityholder Offer under the laws of any jurisdiction.

The Offer is expected to open on 11 December 2020.

No brokerage, commission or stamp duty is payable by you on your application to participate in the Securityholder Offer.

Further information is contained in the Prospectus which can be viewed at www.australianunity.com.au/mci. You should read the Prospectus, including the Replacement Prospectus which will include the Dividend Rate for the Australian Unity MCIs, in full before deciding to apply for Australian Unity MCIs. During the Offer Period, you may also request a paper copy of the Prospectus, free of charge, by contacting the Australian Unity MCI Offer Information Line (details below).

Eligible Securityholders who wish to participate should apply using the electronic Application Form available at australianunity.com.au/mci and complete their application by making a BPAY® payment.

Applications under the Securityholder Offer must be for a minimum of 50 Australian Unity MCIs, which is a minimum investment of \$5,000.

For more information about the Securityholder Offer, or to apply, visit www.australianunity.com.au/mci or call the Australian Unity MCI Offer Information Line on 1300 494 861 (Monday to Friday – 8.30am to 5.30pm AEDT).

You have received this letter as your details are contained on an Australian Unity information data base. If you no longer wish to receive promotional correspondence, please contact the Australian Unity MCI Offer Information Line or email AUL@linkmarketservices.com.au.

Finally, I would like to take this opportunity to thank you for your support of Australian Unity.

Yours sincerely



Peter Promnitz
Chair
Australian Unity Limited

IMPORTANT INFORMATION

This letter is not, and should not be considered to be, a recommendation to apply for Australian Unity MCIs, financial product advice or an offer of, or invitation to apply for, Australian Unity MCIs. The Offer is made in the Prospectus and the Replacement Prospectus. The information in this letter is general only and does not take into account your investment objectives, financial situation or particular needs. In deciding whether to apply for Australian Unity MCIs, you should read the Prospectus, including the Replacement Prospectus which will include the Dividend Rate for the Australian Unity MCIs, carefully and in their entirety and seek advice from your financial or other professional adviser.

An investment in Australian Unity MCIs is subject to investment risk, including possible loss of income and principal invested and risks in relation to Australian Unity. Payment of Dividends is discretionary and Australian Unity MCIs rank for payment behind all creditors, including Australian Unity Bonds, but ahead of Non-Shareholder Members. No member of the Australian Unity Group or any other person warrants or guarantees the value of Australian Unity MCIs, the performance of Australian Unity, the repayment of your investment or any particular rate of return. The Australian Unity MCIs are mutual capital instruments as defined in section 167AD of the Corporations Act.

Capitalised terms used but not defined in this email have the meaning given to them in the Prospectus or Replacement Prospectus (as applicable).

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