

Australian Unity Limited

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[insert name]
[insert address]
[insert address]

[insert date]

Dear [insert name]

Reinvestment Offer for AYUHB

As a holder of Series B Australian Unity Bonds - Tranche 1 issued in 2015 (AYUHB), I am writing to inform you of a potential opportunity to realise your investment in AYUHB early and reinvest in a further series of bonds (Reinvestment Offer) to be issued by Australian Unity Limited (Australian Unity). If you are a member of Australian Unity, you may also receive an offer to participate in the Member Offer which is being made to Eligible Members.

On 9 September 2019, Australian Unity announced an offer of two new series of unsecured debt securities called Series C Australian Unity Bonds - Tranche 1 and Series D Australian Unity Bonds - Tranche 1 (Bonds) (together the Offer) under the Base Prospectus and Offer Specific Prospectus (together, the Offer Documents) that were lodged with the Australian Securities and Investments Commission on that day. Each series of Bonds is expected to be quoted on the ASX.

Full details of the Bonds are contained in the Offer Documents which can be viewed on the Australian Unity website at www.australianunity.com.au/bonds.

Reinvestment Offer

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

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

- you were registered as an AYUHB holder at 7.00pm on 5 September 2019;
- you are shown on our register as having an address in Australia (or another jurisdiction to which we determine to extend the Reinvestment 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 receiving the Reinvestment Offer under the laws of any jurisdiction.

If you are an Eligible AYUHB Holder and wish to participate in the Reinvestment Offer, you may apply to reinvest some or all of your AYUHB under the Reinvestment Offer.

If you participate in the Reinvestment Offer, your participating AYUHB will be sold to Australian Unity who will reinvest a portion of the sale proceeds in Bonds. You will receive one Bond for each AYUHB sold as both have a face value of \$100. You may elect to receive either, or a combination of, Series C Australian Unity Bonds - Tranche 1 or Series D Australian Unity Bonds - Tranche 1. You will also receive a cash payment for each AYUHB sold, comprising:

- the Accrued Interest Amount as compensation for the interest AYUHB Holders would have received in respect of the AYUHB sold under the Reinvestment Offer for 14 October 2019 (Stub Day) on the basis of the market rate applicable to AYUHB on the Stub Day plus a margin of 2.80 percent per annum for the Stub Day. Participating AYUHB Holders will also receive the scheduled interest payment on 14 October 2019; and
- the Further Amount to compensate you for the difference in margin between AYUHB and the Bonds for the period from the date the Bonds are issued to the AYUHB maturity date.

There are no transaction costs payable to participate in the Reinvestment Offer. There is also no minimum number of AYUHB you must hold to participate in the Reinvestment Offer.

The Reinvestment Offer is not a simple rollover into a similar investment. Instead, there are differences between AYUHB and Series C Australian Unity Bonds - Tranche 1 and Series D Australian Unity Bonds - Tranche 1, which must be evaluated separately. Those differences are outlined in the Offer Documents.

Options for AYUHB holders

Option 1

Apply under the Reinvestment Offer to sell all or some of your AYUHB to fund your subscription for Bonds in which case you may elect to receive either, or a combination of, Series C Australian Unity Bonds - Tranche 1 and Series D Australian Unity Bonds - Tranche 1.

Option 2

Choose to sell or dispose of your AYUHB on market at the prevailing market price (in which case you may have to pay brokerage) which may be higher or lower than the price you would receive if you were to sell all your AYUHB to Australian Unity through the Reinvestment Offer, and use the proceeds as you determine.

Option 3

Take no action and your AYUHB will mature on 15 December 2020, at which time Australian Unity must redeem all outstanding AYUHB for \$100 per AYUHB plus any outstanding interest due.

Further information on these options is contained in the Offer Documents which can be viewed on the Australian Unity website at www.australianunity.com.au/bonds.

You should read the Offer Documents in full before deciding to apply for Bonds.

For more information about the Reinvestment Offer visit the Australian Unity website at www.australianunity.com.au/bonds or call the Australian Unity Bonds Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (outside Australia) Monday to Friday 8.30am to 5.30pm. By calling that line, you can also request that a copy of the Offer Documents and your personalised Reinvestment Application Form be sent to you by post.

Finally, I would like to take this opportunity to thank you for your investment and 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 Bonds, financial product advice or an offer of, or invitation to apply for, Bonds. The Offer is made in the Offer Documents. 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 Bonds, you should read the Offer Documents, including the replacement Offer Specific Prospectus which will include the Margin for each series of Bonds and the application form, carefully and in their entirety and seek advice from your financial or other professional adviser.

An investment in Bonds is subject to investment risk, including possible loss of income and principal invested and risks in relation to Australian Unity. No member of the Australian Unity Group guarantees the value or performance of Bonds, the repayment of your investment or any particular rate of return. The Bonds are unsecured notes for the purposes of section 283BH of the Corporations Act.