

15 December 2015

Australian Unity Limited announces close of Series B Australian Unity Bonds – Tranche 1 offer raising A\$250 million

Australian Unity Limited (“**Australian Unity**”) has completed its offer of Series B Australian Unity Bonds – Tranche 1 (“**Bonds**”), raising a total of A\$250 million (“**Offer**”). Australian Unity has also confirmed the allocation policy for the Offer with 2,500,000 Bonds issued at A\$100 each.

The proceeds from the Bonds will be used for refinancing the Australian Unity Notes issued in 2011 (“**2011 Notes**”), partly financing the purchase of Home Care NSW and for general corporate purposes.

Trading on ASX

Bonds were issued today, 15 December 2015, and are expected to begin trading on a deferred settlement basis on the ASX on 16 December 2015 under the ASX code ‘AYUHB’. Trading on a normal settlement basis is expected to commence on 18 December 2015.

Allocation policy

All valid applications received under the Member Offer and the Reinvestment Offer were accepted in full.

Allocations to syndicate brokers and institutional investors were determined under the bookbuild completed on 16 November 2015.

Reinvestment Offer and Member Offer applicants can confirm their allocations for Bonds by calling the Australian Unity Bonds Information Line (details below). Broker firm offer applicants can confirm their allocations with their broker.

Holding statements and refund cheques

CHESS confirmations and issuer sponsored holding statements stating the number of Bonds issued to each successful applicant will be sent to holders by 17 December 2015. Any refunds are also expected to be sent by this date.

All successful applicants are responsible for determining and confirming the number of Bonds allocated to them prior to selling any Bonds. Applicants

ASX code:
AYU

Securities on Issue:
AYUHA – 574,066
AYUHB – 2,500,000

Issuer:
Australian Unity Limited
ACN 087 648 888

Enquiries:
Australian Unity Registry
1300 554 474

Contact details:
Australian Unity Limited
114 Albert Road
South Melbourne VIC 3205
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

who sell Bonds before receiving their CHESS confirmation or issuer sponsored holding statement do so at their own risk.

Interest Rate and first interest payment

The first interest payment will be A\$1.71 per Bond and will be paid on 14 April 2016 for the first Interest Period. The first Interest Period is a period of 121 days from (and including) 15 December 2015 to (but excluding) 14 April 2016.

The Interest Rate for the first Interest Period is 5.1683 per cent per annum. This has been determined under the terms of the Bonds as follows:

- Bank Bill Rate (rate for prime bank eligible securities with a 4 month period designated as the "AVG MID" on the Bloomberg 'AFRS 1' screen page at approximately 10.15am on 15 December 2015): 2.3683 per cent per annum
- plus Margin: 2.80 percent per annum
- Interest Rate: 5.1683 per cent per annum

Security interest – 2011 Notes

The amendment of the terms of the 2011 Notes, which was referred to in Australian Unity's announcement on 9 November 2015, has become effective today following the deposit of some of the cash proceeds of the issue of the Bonds into a deposit account with ANZ. This means that a security interest in favour of The Trust Company (Australia) Limited on behalf of the holders of the 2011 Notes has also become effective. That security interest is a "Permitted Encumbrance" under the terms of the Bonds, and is therefore not subject to the negative pledge in the terms of the Bonds.

Participation by Australian Unity directors and their associates

Australian Unity advises that the total number of Bonds issued directly or indirectly to directors of Australian Unity is 7,200.

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For more information contact:

Australian Unity Bonds Information Line
1800 550 560 (within Australia)
+61 1800 550 560 (outside Australia)

Monday to Friday 8:30am to 5:30pm (AEDST)

Verran Fehlberg

Company Secretary

Media enquiries

For any media enquiries please contact:

Andrew Scannell, Head of Public Affairs and Communications

03 8682 6777 or mobile 0429 187 105

Disclaimer

This announcement does not constitute an offer of any securities (including Bonds) for sale or issue. No action has been taken to register or qualify Bonds or the offer or to otherwise permit a public offering of Bonds outside Australia. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, of for the account or benefit of, any US person (as defined in regulation S of the US Securities Act). Any securities described in this announcement have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, US persons except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

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