

9 November 2015



Australian Unity Limited
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Dear 2011 Noteholder

2011 Australian Unity Notes ("2011 Notes") – ASX code: "AYUHA"

Reinvestment offer for 2011 Notes

As a holder of Australian Unity Notes issued in 2011 ("2011 Notes"), I am writing to inform you of an opportunity to realise your investment in the 2011 Notes early and invest in a new Australian Unity security ("**Reinvestment Offer**").

On 9 November 2015, Australian Unity announced an offer of simple corporate bonds called Series B Australian Unity Bonds – Tranche 1 ("**Bonds**") under a base prospectus and offer specific prospectus (together, "**Offer Documents**") that were lodged with the Australian Securities and Investments Commission on that day. The Bonds are 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 2011 Noteholders to sell their 2011 Notes and invest the proceeds in the Bonds.

You are eligible to participate in the Reinvestment Offer because you were registered as a 2011 Notes holder at 7.00pm (Melbourne time) on 5 November 2015 and are shown on our register as having an Australian address.

If you wish to participate in the Reinvestment Offer you may apply to reinvest some or all of your 2011 Notes under the Reinvestment Offer.

If you participate in the Reinvestment Offer, your participating 2011 Notes will be sold to Australian Unity, who will reinvest the sale proceeds in Bonds. You will receive one Bond for each 2011 Note sold as both have a face value of \$100. You will also receive a cash payment comprising:

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Insurances
Investments
Retirement Living

- the **Accrued Interest Amount** to compensate for the interest that you would have received for the period from (and including) the previous interest payment date to (but excluding) the Issue Date of Bonds; and
- the **Further Amount** to compensate for the difference in margin between the 2011 Notes and the Bonds for the period from the Issue Date to the 2011 Notes maturity date.

There are no transaction costs payable to participate in the Reinvestment Offer. There is also no minimum number of 2011 Notes you must hold to participate in the Reinvestment Offer.

However, if you wish to participate in the Reinvestment Offer and you own:

- 50 or fewer 2011 Notes, you must apply to reinvest all your 2011 Notes; or
- more than 50 2011 Notes, you must reinvest a minimum of 50 2011 Notes.

The Reinvestment Offer is not a simple rollover into a similar investment. Instead, 2011 Notes and the Bonds have different benefits and risks, which must be evaluated separately.

Key dates for the Reinvestment Offer

Reinvestment Record Date for determining eligible Australian Unity Noteholders (7.00pm Sydney time)	5 November 2015
Lodgement of Offer Documents with ASIC	9 November 2015
Bookbuild	16 November 2015
Announcement of the Bookbuild result (including the Margin) and lodgement of the Replacement Prospectus	17 November 2015
Opening Date for Offer	17 November 2015
Closing Date for Reinvestment Offer	4 December 2015
Issue Date	15 December 2015
Bonds commence trading on the ASX (deferred settlement basis)	16 December 2015
Holding Statements despatched	17 December 2015
Bonds commence trading on ASX (normal settlement basis)	18 December 2015

Options for 2011 Notes holders

Option 1 – Apply under the Reinvestment Offer to sell all of your 2011 Notes to fund your subscription for Bonds.

Option 2 – Apply under the Reinvestment Offer to sell only some of your 2011 Notes to fund your subscription for Bonds.

Option 3 – You may choose to sell or dispose of your 2011 Notes on market (in which case, you may have to pay brokerage) at the prevailing market price, which may be higher or lower than the price you would receive if you were to sell all your 2011 Notes to Australian Unity through the Reinvestment Offer and use the proceeds as you determine.

Option 4 – Take no action and the 2011 Notes will mature on 16 April 2016, at which time Australian Unity must redeem all outstanding 2011 Notes. At the maturity date, Australian Unity must pay outstanding 2011 Noteholders the Face Value of \$100 per Note, plus any outstanding interest due.

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

Further information on how to apply

- Access a link to the offer documents from www.australianunity.com.au/bonds.
- Call the Australian Unity Bonds Information Line, after the Offer opens on 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia) between 8.30am and 5.30pm AEDST Monday to Friday to receive a copy of the Offer Documents by post with a personalised Reinvestment Form and a reply paid envelope.

You should read the Offer Documents in full before deciding to apply for Bonds. Unless otherwise defined, capitalised expressions used in this letter have the meanings given to them in the Offer Documents. 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 (Monday to Friday, 8.30am to 5.30pm, AEDST) on +1800 550 560 (local call cost within Australia) or +61 1800 550 560 (outside Australia).

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

Yours sincerely,



Glenn Barnes
Chairman