

9 November 2015



Australian Unity Limited
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Dear Investor

Offer of Series B Australian Unity Bonds – Tranche 1

Australian Unity is pleased to offer you the opportunity to invest in Series B Australian Unity Bonds – Tranche 1 (**Bonds**), new five year debt securities to be issued by Australian Unity and to be listed on ASX. Australian Unity intends to raise approximately \$200 million by issuing Bonds (although the actual proceeds may be more or less than this amount).

Holder of Bonds will be entitled to receive quarterly interest payments and repayment of the Face Value when the Bonds mature on 15 December 2020. The interest rate will be a variable rate based on a three-month bank bill rate plus a fixed margin expected to be in the range of 2.80 percent to 2.90 percent per annum. The Margin will be determined following completion of the Bookbuild and may be outside that range.

The proceeds of the Offer 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. The Bonds will lengthen Australian Unity’s debt maturity profile and may reduce Australian Unity’s exposure to refinancing risk in the coming years.

Members of Australian Unity can apply for Bonds under the Member Offer. The minimum investment under the Member Offer is \$2,000. The Member Offer is scheduled to close on 4 December 2015. It is possible that the Offer may close early, so if you wish to apply for Bonds, you are encouraged to consider submitting your Application as soon as possible after the Opening Date which is expected to be 17 November 2015. The Offer also comprises a Broker Firm Offer, an Institutional Offer and a 2011 Notes Reinvestment Offer.

Full details of the investment opportunity, including the terms of issue of the Bonds and the risks associated with the investment, are set out in the Offer Documents. The Offer Documents consists of both a Base Prospectus incorporating general information about Australian Unity and an Offer Specific Prospectus which specifically relates to the issue of Bonds and includes additional detail on terms, timing and how to apply. You must read the Offer Documents carefully before deciding whether to invest in Bonds.

Anyone wishing to acquire Bonds must either complete and return the application form included in or accompanying the Offer Documents, or apply electronically online.

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If you have any questions about the Bonds or the Offer, you should seek advice from your financial adviser or other professional adviser.

You can also call the Australian Unity Bonds information line on 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia) (Monday to Friday 8.30am – 5.30pm AEDST) during the Offer Period.

On behalf of the board of Australian Unity, I invite you to consider this new investment opportunity.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Glenn Barnes', written in a cursive style.

Glenn Barnes
Chairman
Australian Unity Limited