

ASX Announcement

11 October 2021

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

Please find **attached** correspondence sent to holders of Australian Unity Bonds Series C and D as at 7:00pm on 23 September 2021 inviting them to participate in a follow-on 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 securityholders or other 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

1800 810 827 (Monday to Friday 8:30am to 5:30pm)

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ASX code:
AYU

Securities on Issue:
AYUPA – 1,200,000
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

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.

11 October 2021

Reference Number: [#]

[insert name]

[address 1]

[address 2]

Australian Unity Limited
ABN 23 087 648 888

271 Spring Street
MELBOURNE VIC 3000

T 13 29 39 Australia-wide
F 03 8682 5555
W australianunity.com.au

Subject: A further opportunity to invest in the future of Australian Unity

Dear [insert name]

As an existing holder of an eligible Australian Unity Limited (Australian Unity) security, you may be aware that Eligible Securityholders have an opportunity to invest in Australian Unity's follow-on offer of mutual capital instruments (Australian Unity MCIs) at an Issue Price of \$103 per Australian Unity MCI (Offer).

Mutual capital instruments are a type of financial instrument created exclusively for Australian mutual entities, such as Australian Unity. They enable Australian Unity to raise permanent capital without making changes to its structure, purpose, or values, and are expected to help Australian Unity to grow sustainably. On 24 December 2020, Australian Unity issued \$120 million of Australian Unity MCIs, becoming the first issuer of mutual capital instruments.

On 11 October 2021, Australian Unity announced a follow-on offer of Australian Unity MCIs under a prospectus (Prospectus) that was lodged with the Australian Securities and Investments Commission (ASIC) on that day. Australian Unity intends to raise \$160 million under the Offer, 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;
- Dividends will be discretionary and non-cumulative;
- the Dividend Rate for Australian Unity MCIs is 5.00 per cent per annum;
- assuming that discretionary Dividends are paid in full, the running yield of Australian Unity MCIs issued under this Offer is expected to be 4.85 per cent per annum or 6.93 per cent per annum on a gross basis.¹ This is because the Issue Price of each Australian Unity MCI issued under this Offer (\$103) is higher than the Face Value of each Australian Unity MCI (\$100);
- the Dividends are expected to be fully franked; and
- Australian Unity MCIs issued under the Prospectus are expected to be quoted on the ASX under the ASX code 'AYUPA', along with existing Australian Unity MCIs on issue.

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 the Dividends paid on Australian Unity MCIs are fully franked and 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. The Offer opened on 11 October 2021 and is expected to close on 29 October 2021.

You are an Eligible Securityholder if as at 7:00pm on 23 September 2021 you are on the register of Australian Unity Bonds or Australian Unity Retirement Village Investment Notes and you are a person within the Target Market (as defined in the Target Market Determination) with a registered address in Australia.

Issuers making offers for financial products like Australian Unity MCIs are now subject to 'design and distribution' laws. These new laws require issuers to make a target market determination for the relevant financial product and to take reasonable steps to ensure that the financial product is distributed to those in the relevant target market. If you wish to apply under the Securityholder Offer, you will be required to complete an online assessment prior to accessing the online Application. This is intended to ensure that Australian Unity MCIs are not distributed in a way that is inconsistent with the target market determination for Australian Unity MCIs (Target Market Determination). If, based on your responses, you don't fall within the Target Market but you would still like to apply, Australian Unity strongly encourages you to speak to a financial adviser.

The online assessment is general in nature and is not a substitute for personal financial advice. Any general advice does not take into account your particular financial situation, needs or objectives. Before you make any decision about whether to apply for Australian Unity MCIs, you should read the Prospectus and Australian Unity recommends that you speak to a financial adviser.

Further information is contained in the Prospectus and the Target Market Determination, each of which can be viewed at www.australianunity.com.au/mci. You should read the Prospectus and the Target Market Determination, in full before deciding whether 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). However, in light of delays to postal services caused by the COVID-19 pandemic, there is a risk that paper copies of the Prospectus may not be received before the end of the Offer Period.

If you wish to participate, you should complete the online assessment available at www.australianunity.com.au/mci to determine whether you are eligible to apply. If you are determined to be an Eligible Securityholder, you will then be able to apply using the electronic Application Form and complete your 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 \$5,150. No brokerage, commission or stamp duty is payable by you on your Application to participate in the Securityholder Offer.

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 1800 810 827 (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

An offer of Australian Unity MCIs for issue is being made by Australian Unity Limited, pursuant to a prospectus dated 11 October 2021 (Prospectus). The Prospectus is available and may be obtained at www.australianunity.com.au/mci or by calling the Australian Unity MCI Offer Information Line on 1800 810 827 (Monday to Friday – 8.30am to 5.30pm AEDT). Offers of Australian Unity MCIs will be made in or accompanied by a copy of the Prospectus. You should consider the Prospectus in deciding whether to acquire Australian Unity MCIs. If you wish to apply for Australian Unity MCIs, you must complete an application form that is in or which accompanies the Prospectus.

This communication 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. The information in this communication 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 carefully and in its 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 communication have the meaning given to them in the Prospectus.

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This communication has been prepared for publication in Australia and may not be distributed or released in the United States. This communication does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this communication nor anything attached to this communication shall form the basis of any contract or commitment. In particular, this communication does not constitute an offer to sell, or a 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.

Australian Unity respects your privacy – you can view our privacy policy on <https://www.australianunity.com.au/privacy-policy>