

ASX Announcement

27 October 2021

Australian Unity Limited – Chair and Group Managing Director Address

Please find **attached** the Chair and Group Managing Director's addresses for Australian Unity Limited's Annual General Meeting, as held today.

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This announcement has been authorised for distribution to the ASX by:

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The listing of Australian Unity Securities on the ASX does not affect Australian Unity Limited's status as a mutual organisation

Australian Unity Annual General Meeting

27 October 2021



Peter Promnitz, Chair

Good afternoon and welcome to the 2021 Annual General Meeting of Australian Unity Limited.

My name is Peter Promnitz. I am the Chair of the Company and of this meeting.

As we gather for this AGM today—physically dispersed but virtually connected—let us reflect on the meaning of place and in doing so recognise the various traditional lands on which we meet.

I would like to acknowledge the traditional custodians of the people of the Kulin nations of the lands that I am speaking from today. I also acknowledge the traditional owners of the lands on which each of you are living and working from today. I pay my respects to their Elders, past, present and emerging.

Before I officially declare the 2021 AGM open, I'd like to mention that the webcast of this meeting will be available on our website after the event, so that members can catch up later.

Every year we have a lot of great questions from our members.

You will be able to submit questions via the Online Platform or ask a question by phone. I will provide sufficient notice for members to ask questions in these formats. If you are both watching the meeting online and submitting a question via phone, please mute that device. You can listen to the meeting via phone.

To use the teleconference facility, members must use their unique PIN that can be provided to you by Link Market Services. If you don't have a phone PIN and would like to ask a question via the phone, please contact Link on 1800 990 363 now to obtain your PIN.

If you are joining us on the Online Platform and would like to ask a question in writing, please click the 'Ask a question' link and type your question. You're welcome to submit multiple questions; however, please submit one question in the box at a time.

Further information on how to participate is detailed in the Online Platform Guide at the bottom of your screen or located at the Australian Unity website.

I encourage you to send them through as soon as possible. If we do not address your question today, a representative from Australian Unity will respond to you individually in due course.

Voting on the resolutions will be conducted by way of poll.

You are welcome to submit your vote at any time up until I announce the poll to be closed, or you can submit your vote before or after I announce each resolution. To do so, use the electronic voting card you received when your online registration was validated or click on the 'Get a voting card' link and follow the instructions. Step-by-step

instructions are also available in our Online Platform Guide on the Company performance page of our website.

After the final question time, I will provide five further minutes for voting after which I will formally close the meeting. A red bar with a countdown timer will appear at the top of the slide screen advising the remaining voting time. If you have not yet submitted your vote, you will need to do this by the end of the countdown. Please note, only Eligible Guardian Members and their proxyholders may vote.

I have several formal matters to attend to.

First, I can confirm that a quorum is present. Therefore, I formally declare the 2021 Annual General Meeting of Australian Unity Limited open.

Second, I would like to introduce my fellow non-executive directors who are all present at this virtual meeting today.

- Lisa Chung, who is Chair of the People, Culture & Remuneration Committee and a member of the Audit Committee, Investment Committee and Risk & Compliance Committee.
- Melinda Cilento, Chair of the Investment Committee and a member of the People, Culture & Remuneration Committee and the Risk & Compliance Committee.
- Paul Kirk, Chair of the Audit Committee and a member of the People, Culture and Remuneration Committee.
- Su McCluskey, Chair of the Risk & Compliance Committee and a member of the Audit Committee, the Investment Committee and the People, Culture & Remuneration Committee.
- Julien Playoust, who completed his first full year as a director in FY21, is a member of the Audit Committee and the Risk & Compliance Committee.

- Greg Willcock, member of the Risk & Compliance Committee and the Audit Committee.

In accordance with our procedures, both Su and Greg will be standing for re-election at this AGM. They will say a few words later in the meeting.

Rohan Mead, our Group Managing Director, is also here today. Rohan will shortly outline the major activities and achievements of the Company during the year.

We are also joined by Melinda Honig, our Company Secretary, General Counsel and Chief Risk Officer.

We also have our Group Leadership Team with us today, including Darren Mann, Group Executive—Finance & Strategy and Chief Financial Officer.

We have the three CEOs of the various business divisions we call our platforms:

- Kevin McCoy, the CEO of our Independent & Assisted Living platform.
- Christine Yates, the CEO of our Retail platform.
- Esther Kerr-Smith, the CEO of our Wealth & Capital Markets platform.

We also welcome representatives from the Company's auditors, regulators, advisers and other consultants.

I note that the auditor is available to respond to any member questions relevant to the role of the auditor.

Third, I advise that the Notice of Meeting has been given in accordance with the Company's Constitution and copies are available on our website.

I will accordingly take the Notice of Meeting as read.

The minutes of the 2020 Annual General Meeting of Australian Unity Limited have been reviewed by the Board and recorded as a true and correct proceeding, in accordance with the Corporations Act.

The minutes are tabled and available to download on this AGM platform with the 2021 Notice of Meeting and Annual Report.

Today we have several formal items of business to cover. These are set out in the Notice of Meeting.

Before we move to these items, I'd like to offer you some thoughts about the Group as we progress into the 2022 financial year.

Following this, Rohan will report to you on the operations of the Group.



Members, here we are again—another AGM being conducted virtually as we continue to deal with the challenges presented by a global pandemic.

In the 12 months since we came together in similar circumstances, we've continued to adjust how we operate to deal with COVID-19.

I'm particularly proud of our efforts to protect our aged care residents, our home care customers and the 6,000 employees who support them.

Despite the threat from community transmission, our residential aged care business has successfully restricted and contained any outbreaks in its facilities since COVID emerged in early 2020.

In terms of our financial results, I'm pleased to report that with our clear and focused business strategy and an eye on the future, we delivered a solid result in FY21.

We finished the year with a profit after tax of \$32.9 million, which was a significant improvement on the \$9.1 million of the previous year.

Rohan will provide some commentary in terms of the financial results of our various businesses, but before he does, I will speak to some of the Group's highlights for FY2021. Members who attended last year's AGM may recall that I spoke of our focus on maintaining a solid balance sheet position and the opportunity that Mutual Capital Instruments offered in that regard.

The ability to raise capital through the issuance of this type of financial instrument was made possible by legislative change in 2019 and a vote of members at that year's AGM.

In December 2020 we took the opportunity to conduct Australia's first MCI issue, which raised \$120 million from investors.

The proceeds from this capital raising are being used for a range of opportunities across the Group.

These include near-term growth opportunities within individual businesses, as well as the investment of capital where previously we have required third-party funding.

A portion of the capital raised through the MCI issue was used to acquire the Greengate retirement and aged care business.

The Greengate portfolio includes two established co-located communities in Sydney and one in Brisbane, as well as a prime development site, also in Brisbane.

The use of proceeds will also extend to merger and acquisition opportunities across the Group's platforms.

These include increasing investment in social infrastructure, as well as supporting business consolidation in important sectors such as private health insurance, banking and friendly societies.

Given the success of this capital raising, members will be aware that we have embarked upon a follow-on offer of MCIs through which we seek to raise approximately \$220 million in support of Group strategy.

Regarding our strategic agenda, in FY21 we continued to advance our social infrastructure ambitions.

Notably, the Australian Unity Healthcare Property Trust reached a major milestone with the completion and acceptance of the Surgical, Treatment and Rehabilitation Service public hospital in November 2020—part of the \$1.1 billion Herston Quarter development in Brisbane.

It should be noted here that in July this year, investors endorsed the Group's management of the Healthcare Property Trust by rejecting a takeover bid launched by an international consortium.

As foreshadowed last year, the board along with the executive team and other leaders from across the Group have spent time reviewing and revising our 10-year strategic plan.

In the next decade, the Group will continue its growth trajectory by leveraging our position across the continuum of care, incorporating key social determinants such as housing, community and social interaction, employment and education alongside healthcare.

We will also seek to:

- become a leading source of integrated, personalised healthcare

- continue to support Australians in building their financial wellbeing, and
- accelerate our participation in social infrastructure.

Members, I enter this year as Chair encouraged by the possibilities ahead for this Company.

The events of the past two years have demonstrated the relevance of a modern mutual with 180 years of experience in meeting the real wellbeing needs of Australians.

While other mutuals have disappeared over the past 180 years, during the past couple of years Australian Unity has deliberately sought to grow its member base exponentially.

Starting in 2019, we have formulated and implemented new membership rules that have enabled us to expand our membership base from 251,000 to 407,000. This project has run alongside initiatives to enhance member value and engagement.

Significantly, our membership rule changes have provided all Australian Unity employees with the opportunity to become members of the organisation for which they work.

After all, our solid results and future potential are largely the result of the work of our 7000-plus employees.

I express my gratitude to them and, on behalf of the board, publicly recognise our executive team led by Rohan for their leadership.

And finally, I thank all our members, for your ongoing support of this company, its products and services, and its commitment to building a better society for all Australians.

I will now ask Rohan to present his report on the performance of the Group, and I will be back later to continue with the formal business of the meeting.



Rohan Mead, Group Managing Director

Thank you, Peter. I would like to also extend a special welcome to everyone who has joined us today.

And I acknowledge the traditional owners of the land on which I'm speaking from, the people of the Kulin nations.

I also acknowledge the traditional owners of the lands on which each of you are working and living today. I pay my respects to their Elders, past, present and emerging, and acknowledge any other Elders from other Nations who may be present.

Members, I am pleased to report on the Australian Unity Group's performance in FY2021 and I note we have members here from across the Group's operations who have helped deliver these results.

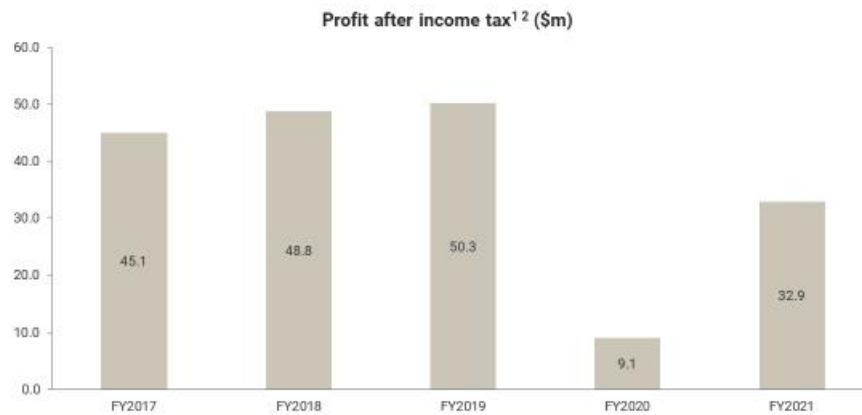
Despite the ongoing economic and social disruption caused by the global pandemic during FY2021, Australian Unity continued to advance its strategic agenda, while delivering a sound operational and financial result.

Significantly, as Peter mentioned earlier, there were no fatalities among our residential aged care customers or employees due to workplace exposure to COVID-19.

We maintained and, where possible, improved levels of service and responsiveness to the needs of members and customers, while at the same time pursuing efficiency measures to mitigate risks and curtail expenditures.

We also focused on the welfare of our employees and the impact COVID-19 has had on them.

FY2021 key metrics



¹ Included in the FY2018 result was a profit from discontinued operations of \$66.9m from the divestment of the Group's corporate health insurance subsidiary, Grand United Corporate Health Limited (GUCH) completed 31 October 2017.

² Comparative information has been restated following adjustments made to prior year financial statements. Further information about the nature and impact of the restatement is included in the 2021 Annual Report at Note 21(c).

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As Peter noted, the Group delivered a solid profit after income tax of \$32.9 million for FY21, compared to \$9.1 million in the prior year.

Of course, our results were affected by the pandemic and the measures we needed to take in response, including:

- the implementation of extraordinary measures to protect aged care residents, home care customers and the employees who support them, and
- the provision of hardship relief for health insurance and banking customers.

Our businesses also felt the effects of tightened economic circumstances on consumer spending patterns.

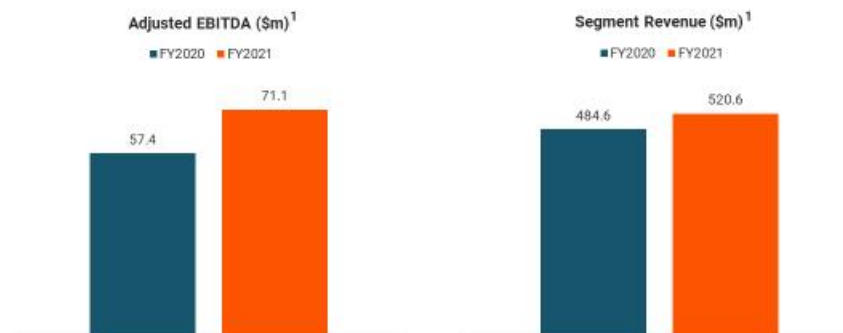
As Peter mentioned, the current operating environment has required a specific and strong focus on balance sheet resilience.

To this end, as well as the \$120 million raised through our MCI issue, we retired the remaining \$71.3 million of Series B Australian Unity Bonds when they matured in December 2020—further strengthening our balance sheet position.

And as Peter mentioned, we are currently in the process of a second MCI issuance.

Amidst the many challenges of operating in a turbulent environment, we continued to progress our strategy of developing a portfolio of valued health, wealth and care products and services for members across our three business platforms.

Independent & Assisted Living (IAL)



¹ Comparative information has been restated following adjustments made to prior year financial statements.

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Figures at 30 June 2021, unless otherwise noted

The Independent & Assisted Living platform operates retirement communities and provides home care, aged care, retirement living, disability and allied health services.

It offers preventative health and chronic disease management services through a wholly owned subsidiary, Remedy Healthcare, and direct healthcare services through dental clinics.

The IAL platform delivered a sound result given the complex pandemic year. Its adjusted EBITDA rose by \$13.7 million, or 23.9 percent on the prior year, to reach \$71.1 million.

Our Home Care Services, Residential Communities, and Health Services businesses all increased revenue—despite the significant disruption of high-touch human services caused by COVID-19.

Encouragingly, the first full year of operation of subsidiary Remedy Healthcare’s Ramsay Connect joint venture with Ramsay Healthcare earned more than \$5.0 million in revenue.

The IAL business also continued to pursue its strategy of accelerated growth opportunities in healthy ageing precincts with the acquisition of the Greengate retirement and aged care portfolio—as detailed by Peter.

Retail



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Figures at 30 June 2021, unless otherwise noted 10

The Retail platform brings together our private health insurance, banking, broking and general insurance businesses.

It delivered a strong financial result with adjusted EBITDA of \$81.8 million—33.6 percent higher than the prior year.

While business progress was positive, revenue was slightly lower—due primarily to COVID-19 effects.

The health fund progressively returned to growth over the course of the year and banking results were very solid in the operating circumstances.

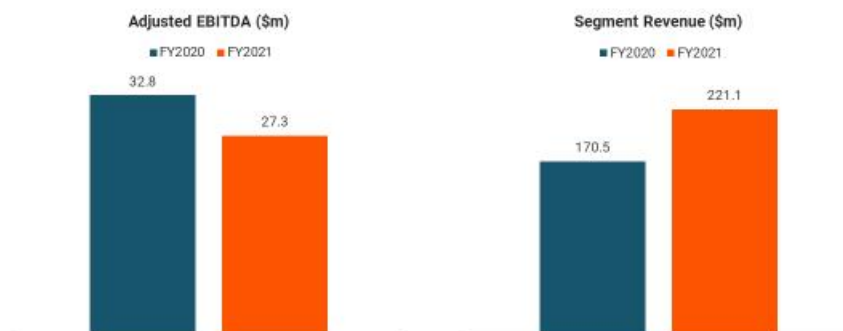
In addition, we also delivered:

- an average PHI premium increase of 1.99 percent—which was below the announced sector average of 2.74 percent. This was the sixth lowest annual increase of all 35 health funds—and Australian Unity’s lowest in 20 years; and
- supportive hardship measures for customers and members, including postponement of the April 2020 premium increase to October 2020.

In line with claims savings due to the impact of the pandemic, we recently announced further premium relief of approximately \$6 million to be delivered in the 2022 financial year.

Strong lending growth for Australian Unity Bank enabled the business to offset the impact of lower interest rates on revenue, with total assets at year-end growing by \$16.9 million to \$1,150.8 million.

Wealth & Capital Markets (W&CM)



Our Wealth & Capital Markets platform comprises advice, investments, life & super, property and trustee services.

It recorded an adjusted EBITDA of \$27.3 million for FY2021, which was a decrease of 16.8 percent on the prior year. This reflected the significant direct and indirect impacts of the pandemic on business activity and on some investment returns.

The Investments business unit experienced positive net flows from retail, middle and institutional markets and strong investment performance across key product areas.

Key property and equities funds performed strongly, with the Diversified Property Fund, Healthcare Property Trust Wholesale Units and the Platypus Australian Equities Fund each ranking in the upper quartile for the period after fees and expenses.

Sales across Life & Super products were also pleasing, given the prolonged low interest rate environment, and challenging economic conditions presented by COVID-19.

While the advisory and trustee services businesses were particularly impacted by the pandemic, there was notable uplift in the second half of the year.

As mentioned by Peter, our social infrastructure agenda achieved another milestone, with the completion and acceptance of the STARS public hospital as part of the Herston Quarter development in Brisbane.

Beyond healthcare, our social infrastructure interests continued to grow and broaden, with:

- solid growth in the Specialist Disability Accommodation Fund launched in FY20
- establishment of a Childcare Property Fund, and
- our residential aged care acquisitions and developments, including purchase of the Greengate portfolio.



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One initiative that I would like to foreshadow before we go back to Peter for the formal business of this meeting, is the pending release of our 2021 Impact Report, which will soon be available on our website.

This is the first time we've produced a standalone Impact report in which we seek to:

- demonstrate the sustainability of our business, and
- assess our key risks and opportunities against the environmental, social, and governance criteria that are increasingly used to measure company impact beyond financial performance.

I encourage you to read the report as a companion piece to our Annual Report and look forward to any feedback you may have.

Members, I am pleased to report that despite the ongoing impact of COVID-19, the Group's outlook remains positive.

We will continue to feel the impact of COVID-19 throughout the current year and beyond.

However, our strategic approach, balance sheet resilience and operational flexibility has us well prepared to meet the challenges ahead.

Indeed, we firmly believe that ongoing market disruption and growing community needs presents significant growth potential as we pursue our ambition to be known as the most trusted wellbeing company in Australia.

In conclusion, I join our Chair in thanking our employees and their managers—under the guidance of our leadership team and board—for their commitment and tremendous efforts in such a challenging year.

End of Group Managing Director address