

# ASX Announcement

27 November 2020

## Australian Unity Mutual Capital Instruments Investor Presentation

Please find attached the Investor Presentation relating to Australian Unity Limited's offer of Mutual Capital Instruments.

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

The Board of Australian Unity Limited

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## Australian Unity MCI Offer Information Line

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Monday to Friday 8:30am to 5:30pm

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**ASX code:**

AYU

**Securities on Issue:**

AYUHB – 713,257

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:**

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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

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.

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Australian Unity Limited

# Investor presentation

Inaugural offer of mutual capital instruments



# Important information

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The information contained in this document has been prepared by Australian Unity Limited ABN 23 087 648 888 (“Company”) in connection with a proposed offer of Australian Unity mutual capital instruments (“Offer” and “Australian Unity MCIs”). The Offer is being made under a prospectus which was lodged with ASIC on 27 November 2020 (“Prospectus”). A replacement Prospectus, which will include the final offer size, Dividend Rate and information on how to apply for the Offer, is expected to be lodged with ASIC on or about 11 December 2020.

You should consider and read the Prospectus in full (including information incorporated by reference) before deciding whether to invest in Australian Unity MCIs. Copies of the Prospectus are available at [www.australianunity.com.au/mci](http://www.australianunity.com.au/mci). Applications for Australian Unity MCIs can only be made in the relevant application form once the Offer opens.

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# Agenda

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1. Information about Australian Unity
2. Summary of Australian Unity MCIs
3. Overview of the Offer
4. Appendix

## Slide reference

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# 1. Information about Australian Unity



# Australian Unity

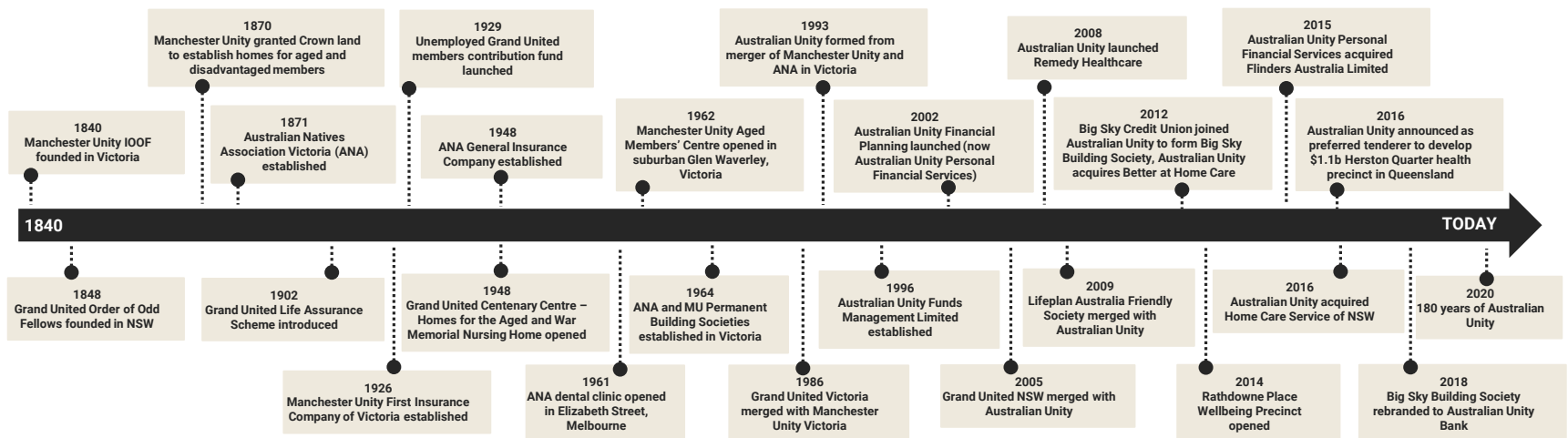
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## A mutual organisation with over 180 years of history

- Australian Unity's history traces back to 1840, when eight people came together in a Melbourne pub to form a friendly society to help fellow Australians in times of hardship.
- Through strategic mergers and diversifications into new activities, Australian Unity has grown to an organisation of approximately 7,000 employees across Australia, serving over 700,000 members and customers.
- Since its origins, Australian Unity has remained committed to its core purpose of providing of health, wealth and care products and services that deliver community and social value.
- Being a mutual entity, Australian Unity is governed by—and for the benefit of—its members.

### Key historical milestones

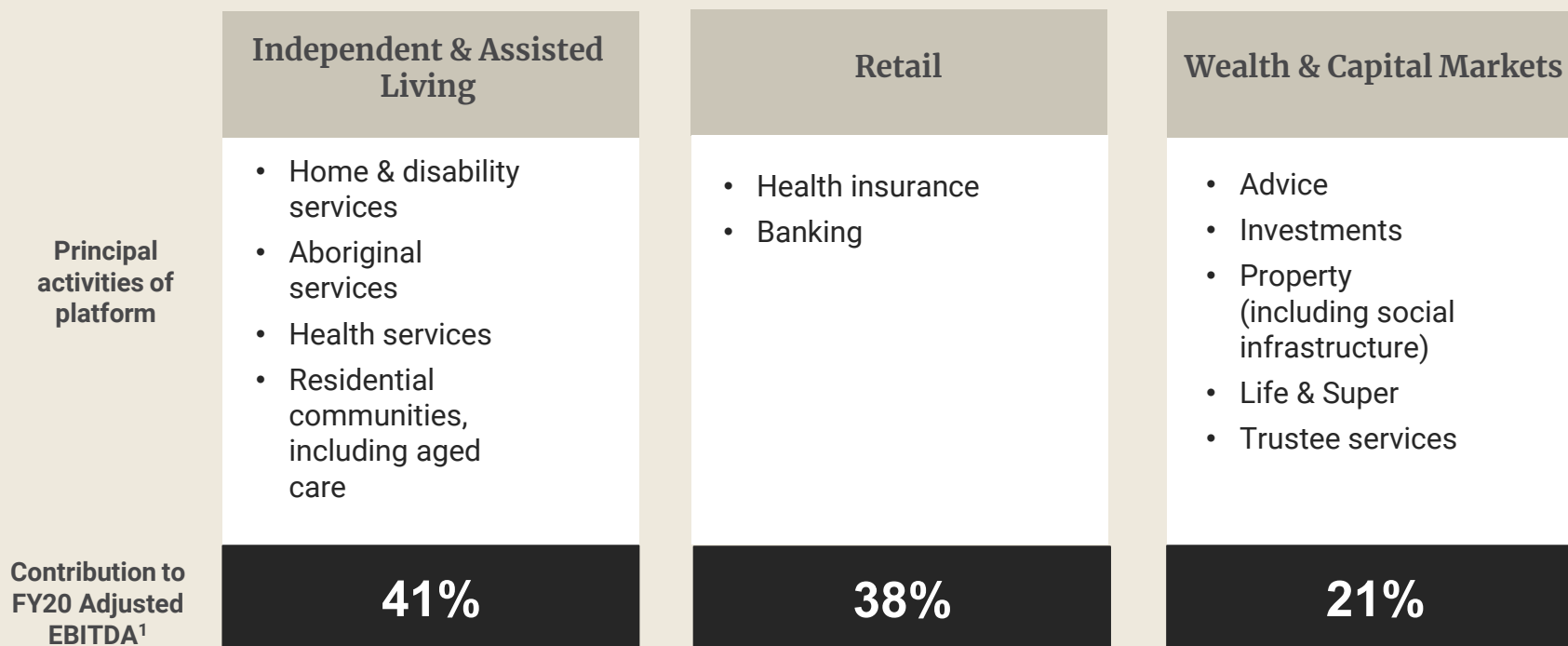


# Australian Unity Group portfolio

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Diversified portfolio of operating businesses, segmented into three platforms



<sup>1</sup> Adjusted EBITDA: the measure the Australian Unity Group uses in assessing the operating performance of its business segments. This measurement basis excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes Australian Unity Group overheads and other material non-recurring expenditure.



# Australian Unity today

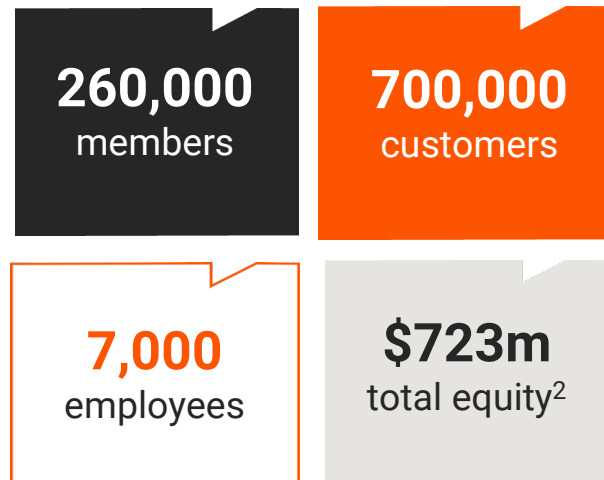
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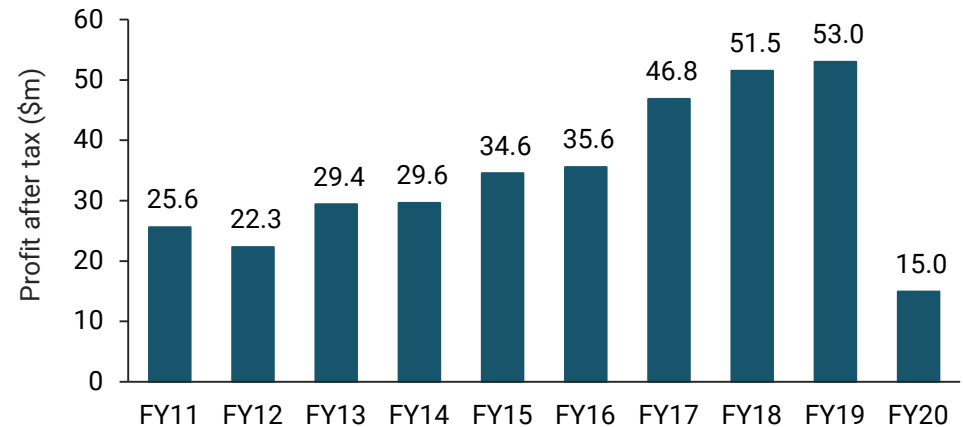
## Diversified business with a strong track record of profitable growth

- Australian Unity's portfolio of thematically linked businesses endeavour to foster individual and community wellbeing while also delivering commercial returns.
- Continued commercial and financial discipline has resulted in the historical generation of profits which have been reinvested over time to further expand and grow the organisation and deliver value to members.

### Australian Unity in 2020<sup>1</sup>



### Track record of profitable growth over past decade



Please refer to slide 10 for further information on FY20 results.

#### Notes:

<sup>1</sup>This financial information is provided for information purposes only and is not a forecast of performance to be expected in future periods. Past performance and trends should not be relied upon as being indicative of future performance and trends.

<sup>2</sup>FY16 result impacted by integration and additional funding costs associated with the transfer to the Australian Unity Group of the home care operations of the NSW Government (Home Care NSW).

<sup>3</sup>Included in FY18 result was a profit from discontinued operations of \$66.9m from the divestment of the Australian Unity Group's corporate health insurance subsidiary, Grand United Corporate Health Limited (GUCH) completed 31 October 2017. The FY18 results also included \$14.7m of costs arising from a transformation program. The result was also adversely impacted by capital management initiatives designed to proactively enhance the Australian Unity Group's balance sheet resilience, including accelerated depreciation and amortization of some capitalised assets (\$35.9m).

<sup>4</sup>FY19 result benefitted from legal settlements received by the Life & Super business.

<sup>1</sup> As at 30 June 2020.

<sup>2</sup> Equity attributable to members of Australian Unity.

# Social impact and purpose

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## Australian Unity – supporting individuals and communities to thrive

- Delivering value to members, customers, employees and the broader community is a hallmark of the Australian Unity Group.
- Through its 20 year partnership with Deakin University delivering the Australian Unity Wellbeing Index, Australian Unity understands there is more to real wellbeing than physical health.
- In line with its strong social purpose, Australian Unity has developed a Community & Social Value (CSV) framework for understanding, articulating and measuring the community and social value of what it does.
- Beyond its social impact, Australian Unity also seeks to meet the environmental and governance expectations of the communities in which it operates.

### Australian Unity's CSV framework

#### Impact areas

#### Description

#### Example outcome



Individuals and communities have more choice and control over the care they receive and remain healthier for longer – and the standard of care across the sector increases

More than 60% of Mindstep® patients recovered within three months, compared to a benchmark self-recovery rate over three months of 23% for untreated patients



Individuals and communities are better prepared for the future – both in terms of their financial security and financial resilience. Feelings of economic inclusion are not isolated to specific groups or cohorts

In FY20, almost 2,000 Australians started saving for their future via Australian Unity's new 10Invest product. More than 80% of these investments include a regular savings plan, helping people improve their financial resilience and plan for their futures



Community members feel socially connected, supported and have a sense of purpose. Their communities are resilient and set-up to meet the changing needs of the population

Research has shown Australian Unity's Better Together® model<sup>1</sup> results in 73% lower chance of emergency department presentation, 52% lower chance of being prescribed potentially inappropriate medication and a 68% lower rate of hospital admission

# Business strategy

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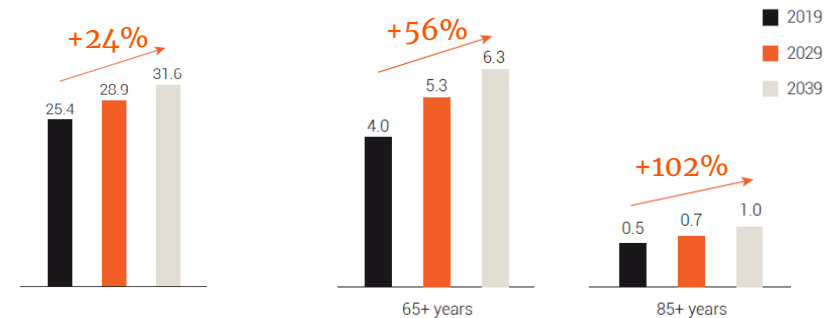
## Meeting Australia's future wellbeing needs

- Australian Unity's strategic agenda reflects a growing demand amongst its members and customers for valued health, wealth and care products and services.
- A rapidly ageing population and millions of Australians living with chronic illness are combining to accelerate this demand, threatening the sustainability of the system and viability of government budgets.<sup>1</sup>
- The connectedness of the Australian Unity Group's operations through its three business platforms allows it to take a holistic approach to addressing these challenges.
- This strategic agenda will also assist in building a commercial and sustainable portfolio of businesses.

## Australia's population is expected to both grow and age<sup>2</sup>

Total population (m)

Population by age group (m)



## Social infrastructure gap expected by 2025<sup>1</sup>

**\$24b**  
in capital  
costs

**\$13b**  
in operating  
costs (p.a.)

<sup>1</sup> Practical Innovation: Closing the Social Infrastructure Gap in Health & Ageing, PwC Consulting (commissioned by Australian Unity), February 2018.

<sup>2</sup> ABS 3222.0 Population Projections, Australia, 2017 (base) to 2066.

# Financial profile

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## Consolidated statement of comprehensive income

\$m	FY20
Revenue and other income	1,412.7
Expenses, excluding finance costs	(1,382.1)
Operating profit	30.6
Finance costs	(41.1)
Profit/(loss) before income tax	(9.6)
Profit/(loss) after income tax	15.0

## Australian Unity MCI Dividend Payout Ratio<sup>1</sup>

\$m	FY18	FY19	FY20
Pro forma Australian Unity MCI Dividends payable for the year	5.0	5.0	5.0
Profit after income tax	51.5	53.0	15.0
Pro forma Australian Unity MCI Dividend Payout Ratio	9.7%	9.4%	33.4%

- FY20 operating results were significantly impacted by the following:
  - Estimated direct and indirect impacts of the COVID-19 pandemic, including deferral of private health insurance premium increases, customer cancellations of home care, disability, dental and healthcare services, reduced funds management, reduced lending and property services activity fees and costs of additional personal protective equipment and related consumables, amongst other things (~\$26.0m);
  - Costs associated with the Australian Unity Group's head office moving to leased premises (\$7.0m); and
  - Timing-related costs due to the inception of new accounting standard on leases (\$5.4m).
- With the COVID-19 pandemic continuing there will be further effects in FY21, including the deferral of private health insurance premium increases and undertaking increased provisioning in response to the pandemic effects, including for deferred private health insurance claims. These effects will likely be evident in the interim results for the half year ending 31 December 2020, noting that, historically, the first half of the financial year has typically made a smaller contribution toward the overall annual result than the second half for Australian Unity.

# Financial profile

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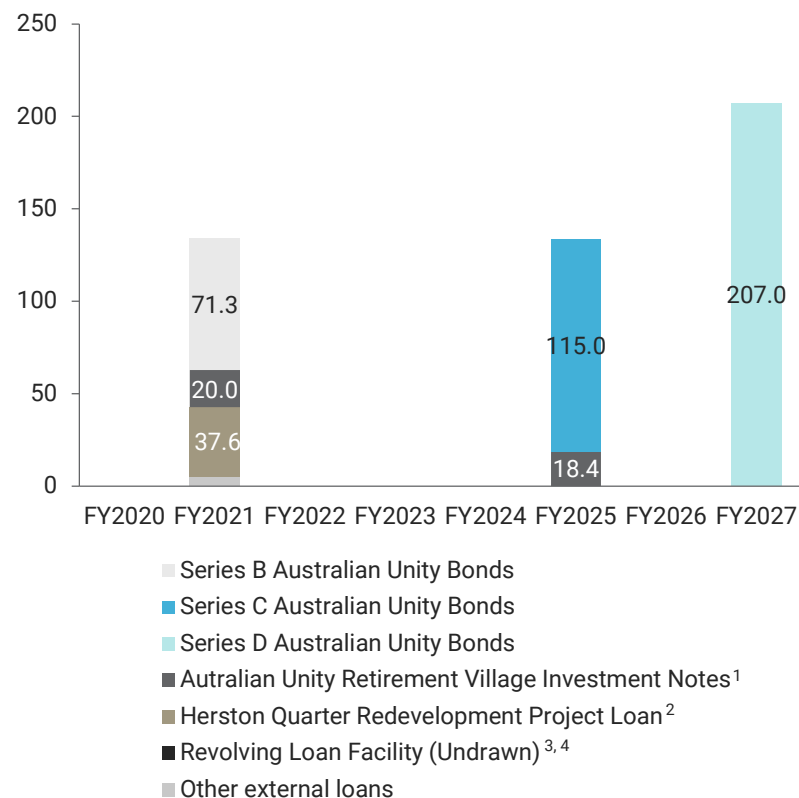
## Pro forma consolidated balance sheet

\$m	30 June 2020	Pro forma adjustments	Pro forma
Cash and cash equivalents	1,036.7	96.0	1,132.7
Total current assets	3,316.3	96.0	3,412.3
Total non-current assets	3,160.2		3,160.2
Total assets	6,476.5	96.0	6,572.5
Total non-current liabilities	2,599.1	(1.2)	2,597.9
Total liabilities	5,753.2		5,753.2
Net assets	723.3	97.2	820.5
<b>EQUITY</b>			
Members' balances	255.9		255.9
Mutual capital instruments	0.0	97.2	97.2
Reserves	(1.7)		(1.7)
Retained earnings	469.1		469.1
Equity attributable to members of Australian Unity	723.3	97.2	820.5
Total equity	723.3	97.2	820.5

Pro forma adjustments above show the changes that would be made to Australian Unity's consolidated balance sheet assuming the Offer was completed, \$100.0 million of Australian Unity MCIs were issued and approximate issue costs of \$4.0 million were incurred, on 30 June 2020.

AUL investor presentation – Offer of Australian Unity mutual capital instruments

## 30 June 2020 debt maturity profile (\$m)



<sup>1</sup> On 1 August 2020, an additional net \$22.0m of Australian Unity Retirement Village Investment Notes were issued for general corporate purposes.

<sup>2</sup> Loan facilities from a related entity for the development of the Herston Quarter health precinct in Brisbane, Queensland. The facilities are sized to cover development costs of the carpark and public domain assets at Herston Quarter that are scheduled for practical completion in Q2FY21 and are expected to be up to \$45 million.

<sup>3</sup> \$25.0m revolving loan facility maturing March 2021. Subsequent to 30 June 2020, the revolving loan facility limit was increased to \$45.0m and the maturity date extended to July 2022. \$20.0m was drawn under the facility as at 2 November 2020.

<sup>4</sup> Subsequent to 30 June 2020, Australian Unity entered into an additional \$25.0m revolving loan facility, maturing October 2023. This facility was fully drawn as at 2 November 2022.

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## 2. Summary of Australian Unity MCIs

# About mutual capital instruments

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- Mutual capital instruments are a specific type of security that was developed to provide mutual entities with a means to raise permanent capital without giving up their status as a mutual entity.
- Issuing mutual capital instruments has been a long-term focus for Australian Unity.
- **2015** - Australian Government initiated a multi-staged process to create mutual capital instruments as a security in the *Corporations Act*. Australian Unity and other major Australian mutual organisations participated in the development of the legislation.
- **April 2019** - the issue of mutual capital instruments was made possible through legislation enacted to amend the *Corporations Act*.

*This outcome reflected the recognition by the Australian Government that the difficulties faced by mutual entities when raising new capital was a primary barrier to the ability of mutual entities to invest, innovate, grow and compete*

- **October 2019** - Australian Unity's Constitution was amended to allow for the issuance of mutual capital instruments.

# Key features of Australian Unity MCI

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## Issuer with purpose

- Australian Unity is a mutual organisation with a core purpose of providing health, wealth and care products and services that deliver community and social value

## Permanent capital

- Perpetual shares with no rights for Holders to require repurchase or redemption by Australian Unity
- Australian Unity has call rights only in relation to a Tax Event, Regulatory Event or Demutualisation Event

## Ranking

- Rank for repayment ahead of Non Shareholder Members (i.e. preferred equity) but behind all creditors

## Regular income return

- Scheduled to pay fixed-rate Dividends semi-annually in arrears
- Indicative Dividend Rate of 5.00 to 5.25 per cent per annum
  - Equivalent to 7.14 to 7.50 per cent per annum on a gross basis<sup>1</sup>
  - Dividend Rate to be set through the Bookbuild
- Dividends are discretionary and non-cumulative

## Liquidity

- Expected to be listed on ASX under the code "AYUPA"

## Use of proceeds

- To be used for a range of opportunities across the Australian Unity Group
- Pursuing near-term growth opportunities within the individual businesses as well as investing capital across the Australian Unity Group where third-party funding has historically been utilised
- May also extend to merger and acquisition opportunities across the Australian Unity Group operating platforms – including to increase investment in social infrastructure and to help support business consolidations in important mutual sectors such as private health insurance, banking and friendly societies



# Key differences between Australian Unity MCIs and certain other securities

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Please refer to Section 2.2 of the Prospectus for further information on the differences between Australian Unity MCIs and certain other securities.

	Senior bonds	Australian bank Tier 1 hybrid instruments	Australian Unity MCIs	Ordinary shares
<b>Legal form</b>	Notes	Notes	Type of share	Shares
<b>Security</b>	Secured or unsecured	Unsecured and subordinated	None	None
<b>Term</b>	Fixed term – typically less than 10 years	Typically perpetual (no maturity date) but subject to issuer call options and mandatory conversion dates <sup>1</sup>	Perpetual (no maturity date) unless bought back or the subject of a capital return	Perpetual (no maturity date) unless bought back or the subject of a capital return
<b>Interest or dividend rate</b>	Floating or fixed	Typically floating	Fixed	Variable
<b>Franking</b>	Unfranked	Frankable, subject to the availability of franking credits	Frankable, subject to the availability of franking credits	Frankable, subject to the availability of franking credits
<b>Interest or dividend payment dates</b>	Quarterly (usually)	Quarterly (usually)	Semi-annually in accordance with the Terms	Semi-annually (usually)
<b>Interest or dividend is deferrable</b>	No	Interest is discretionary and not cumulative and may not be paid in certain circumstances	Dividends are discretionary and not cumulative and may not be paid in certain circumstances	Dividends are discretionary and not cumulative and may not be paid in certain circumstances
<b>Dividend stopper</b>	No <sup>2</sup>	Yes	Yes <sup>3</sup>	n/a
<b>Loss absorption event</b>	No	Yes	No	No

<sup>1</sup> Subject to specific share price tests.

<sup>2</sup> Interest payments are mandatory.

<sup>3</sup> Currently, Australian Unity does not have on issue any other mutual capital instruments or any shares or securities that would activate this restriction.

# Key terms of Australian Unity MCIs<sup>1</sup>

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<b>Security</b>	<ul style="list-style-type: none"> <li>• Perpetual, fully paid mutual capital instruments</li> </ul>
<b>Issue size</b>	<ul style="list-style-type: none"> <li>• \$100 million, with the ability to raise more or less</li> </ul>
<b>Issue price</b>	<ul style="list-style-type: none"> <li>• \$100 per Australian Unity MCI</li> </ul>
<b>Face value</b>	<ul style="list-style-type: none"> <li>• \$100 per Australian Unity MCI</li> </ul>
<b>Dividend Rate</b>	<ul style="list-style-type: none"> <li>• To be determined through the Bookbuild, expected to be in the range of 5.00 to 5.25 per cent per annum</li> <li>• The Dividends are expected to be fully franked. If a Dividend is unfranked, or partially franked, the Dividend will be grossed-up to compensate for the unfranked amount</li> </ul>
<b>Franking</b>	<ul style="list-style-type: none"> <li>• The Issuer expects the Dividends will be fully franked</li> </ul>
<b>Dividend payments</b>	<ul style="list-style-type: none"> <li>• Dividends are scheduled to be paid semi-annually in arrears on 15 April and 15 October. The first Dividend is scheduled to be paid on 15 April 2021</li> </ul>
<b>Discretionary and non-cumulative dividends</b>	<ul style="list-style-type: none"> <li>• Dividends are discretionary and non-cumulative</li> <li>• The Issuer may determine to pay no Dividend, a partial Dividend or an Optional Dividend</li> <li>• Dividends that are not paid do not accrue and will not subsequently be paid</li> <li>• Australian Unity will not be liable to Holders in respect of an unpaid Dividend</li> </ul>
<b>Dividend restriction on other securities</b>	<ul style="list-style-type: none"> <li>• If a Dividend is not paid in full on a Dividend Payment Date, then until a Dividend is paid in full on a subsequent Dividend Payment Date (or all of the Australian Unity MCIs cease to be on issue) Australian Unity cannot, without the approval of a Special Resolution:             <ul style="list-style-type: none"> <li>- declare or determine or pay a dividend; or</li> <li>- return any capital or undertake any buy-backs or repurchases,</li> </ul>             in relation to any other mutual capital instruments or other security or share of Australian Unity which ranks equally with or behind Australian Unity MCIs in respect of a return of capital on the winding-up of Australian Unity           </li> </ul>

<sup>1</sup>This is a brief summary of the Australian Unity MCIs terms and conditions only. Potential investors should refer to the Prospectus for the full Terms.

# Key terms of Australian Unity MCIs continued<sup>1</sup>

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<b>Holder exit rights</b>	<ul style="list-style-type: none"> <li>A Holder has no right to request or require repurchase of Australian Unity MCIs</li> </ul>
<b>Issuer call rights</b>	<ul style="list-style-type: none"> <li>The Issuer has the right to Repurchase Australian Unity MCIs in accordance with a Repurchase Notice given at any time if a Tax Event or Regulatory Event occurs; or a Demutualisation Event occurs. If a Demutualisation Event occurs, Australian Unity will be required to Repurchase Australian Unity MCIs before the Demutualisation takes effect</li> </ul>
<b>Repurchase Amount</b>	<ul style="list-style-type: none"> <li>In all Repurchases other than a Repurchase that has resulted from a Demutualisation Event, the Repurchase Amount will be the Face Value</li> </ul>
<b>Further issues of securities</b>	<ul style="list-style-type: none"> <li>The Issuer has the right to issue additional Australian Unity MCIs in the future in accordance with the Terms. The issue price of any additional Australian Unity MCIs will be determined by the Board and may be equal to the Face Value, more than the Face Value or less than the Face Value</li> </ul>
<b>Voting rights</b>	<ul style="list-style-type: none"> <li>Australian Unity MCIs allow Holders one vote at a general meeting of Australian Unity. A Holder will only have one vote at a general meeting of Australian Unity regardless of how many Australian Unity MCIs are held by the Holder</li> <li>A Holder is not entitled to vote on a Demutualisation, on a proposal to wind up Australian Unity or on a resolution which seeks to amend these voting limitations</li> </ul>
<b>Listing</b>	<ul style="list-style-type: none"> <li>Expected to be quoted on ASX under the code "AYUPA"</li> </ul>

<sup>1</sup>This is a brief summary of the Australian Unity MCIs terms and conditions only. Potential investors should refer to the Prospectus for the full Terms.

# Ranking of Australian Unity MCIs<sup>1</sup>

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The table below illustrates how the Australian Unity MCIs would rank on a winding-up of Australian Unity, assuming that the Australian Unity MCIs have been issued.

Ranking	Type of instrument	Illustrative examples	Existing debt obligations and equity
<p>Higher ranking</p> <p>Lower ranking</p>	<b>Secured debt</b>	Employee entitlements and secured creditors	Employee entitlements
	<b>Unsubordinated and unsecured debt</b>	Bank facilities, bonds and notes, trade and general creditors	Bank debt, Series B Australian Unity Bonds, Series C Australian Unity Bonds and Series D Australian Unity Bonds
	<b>Subordinated and unsecured debt</b>	Subordinated and unsecured debt obligations	None
	<b>Preferred equity</b>	Preference shares or other securities such as mutual capital instruments, expressed to rank behind creditors and ahead of ordinary equity and Non Shareholder Members	Australian Unity MCIs
	<b>Ordinary equity</b>	Non Shareholder Member interests in Australian Unity <sup>2</sup>	Members' balances, reserves, retained profits

<sup>1</sup> Certain Subsidiaries of Australian Unity have material external borrowings. The debt of Australian Unity's Subsidiaries is generally non-recourse to Australian Unity.

<sup>2</sup> Non shareholder Members do not have any constitutional entitlement to any of the assets of Australian Unity on the winding-up of Australian Unity.

# Key risk summary

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These and other risks associated with the Australian Unity MCIs and Australian Unity are discussed in more detail in Section 4 of the Prospectus. All potential investors should review the risks outlined in the Prospectus and not rely on this presentation.

## Key risks associated with Australian Unity MCIs

- Australian Unity MCIs are perpetual instruments with no set maturity;
- Subordinated ranking in a winding-up of Australian Unity;
- The Dividend Rate is fixed whereas interest rates may vary;
- The value of imputation credits may change;
- The payment of any Dividends on Australian Unity MCIs is discretionary;
- Australian Unity may not be able to pay Dividends on Australian Unity MCIs;
- Australian Unity is a non-operating holding company and relies on transfers of funds from other members of the Australian Unity Group to meet its financial obligations;
- Australian Unity MCIs may be suspended or delisted;
- Australian Unity MCIs may be Repurchased under certain circumstances;
- Australian Unity may incur further liabilities and undertake future issues of securities, including additional Australian Unity MCIs;
- The market price of the Australian Unity MCIs may fluctuate due to various factors;
- The market for Australian Unity MCIs may have limited liquidity;
- The Terms may be amended in certain circumstances;
- Limited impact of voting rights of Holders;
- Interests of Holders may not be the same as the interests of other Australian Unity members; and
- Tax consequences for Holders may depend on individual circumstances and are subject to change in laws.

# Key risk summary *continued*

180  
YEARS

**Australian  
Unity**   
Real Wellbeing

These and other risks associated with the Australian Unity MCIs and Australian Unity are discussed in more detail in Section 4 of the Prospectus. All potential investors should review the risks outlined in the Prospectus and not rely on this presentation.

## **Key risks associated with Australian Unity and the Australian Unity Group**

- Strategic and operational disruption due to the COVID-19 pandemic;
- A significant portion of Australian Unity's revenue and cashflow is from private health insurance and aged care or in-home care services businesses;
- A large part of the Australian Unity Group operates in heavily regulated industries and may be impacted by heightened regulatory scrutiny and complexity;
- Private health insurance risks including rising medical costs, rejection of application for change in premium rates and mispricing premiums;
- Increases in operational costs, capital investment requirements, changes to funding models and increased regulation, particularly in the aged care and home and disability service sectors;
- Part of the Australian Unity Group's strategy is to invest in property and social infrastructure, which have a number of inherent risks associated with development projects;
- Australian Unity has no access to ordinary share capital;
- Lack of access to capital or liquidity could negatively affect ability to fund business initiatives;
- Investments of the Australian Unity Group may not yield returns as expected;
- Failure of strategic and/or business decisions or impact of external events;
- Inability to respond to rapidly changing customer preferences;
- Increased competition and the risk of losing customers due to a poor or inconsistent customer experience;
- Customer harm, particularly in Australian Unity's aged care and home and disability services businesses, could result in reputational damage, sanctions and remediation costs;

# Key risk summary *continued*

180  
YEARS

**Australian  
Unity**   
Real Wellbeing

These and other risks associated with the Australian Unity MCIs and Australian Unity are discussed in more detail in Section 4 of the Prospectus. All potential investors should review the risks outlined in the Prospectus and not rely on this presentation.

## **Key risks associated with Australian Unity and the Australian Unity Group**

- Occupancy levels in residential aged care may not follow historical trends;
- Levels of liquidity may not be sufficient to respond to an event that leads to the refund of a large proportion of residential aged care deposits across Australian Unity's aged care facilities;
- Errors may arise from a failure of internal controls;
- Conduct risk could arise from the sale of products or the provision of services which are not appropriate to the needs of our customers;
- Failure to detect and prevent cyber security threats;
- Systems may not be fit for purpose or could fail to operate reliably;
- Credit defaults in the instance that Australian economic conditions deteriorate;
- Large part of the workforce perform work in a variety of locations which may expose them to greater risk of workplace injuries; and
- Inability to attract and retain a skilled and experienced workforce.

# Key risk summary *continued*

180  
YEARS

**Australian  
Unity**   
Real Wellbeing

These and other risks associated with the Australian Unity MCIs and Australian Unity are discussed in more detail in Section 4 of the Prospectus. All potential investors should review the risks outlined in the Prospectus and not rely on this presentation.

## General risks

- Australian Unity's financial position and earnings are significantly affected by general economic conditions in the domestic and international economies and the economic confidence of consumers and businesses;
- Australian Unity's earnings are significantly affected by market risks including liquidity or funding risk, interest rate risk and currency risk;
- Australian Unity's balance sheet may be affected by asset prices;
- Issues of a varying nature may emerge that would give rise to reputational risk and cause harm to the Australian Unity Group's business dealings and prospects;
- Exposure to the risk of litigation or disputes with various parties, such as contractual counterparties, members and customers;
- Australian Unity is subject to taxation legislation to various jurisdictions and any significant adverse change in taxation law could have an adverse effect on the results of its operations;
- The Australian Unity Group may be exposed to risks relating to climate change, both by way of physical risks to its property assets and potential risks associated with a transition to a low carbon economy;
- There may be changes in Australian Accounting Standards which have an adverse financial impact on Australian Unity or the Australian Unity Group; and
- Legal investment considerations may restrict certain investments.



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YEARS

Australian  
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### 3. Overview of the Offer



# Offer structure

180  
YEARS



## Member Offer

- Offer available to Eligible Members of Australian Unity
- Eligible Members are a financial member of Australian Unity within the meaning of the Constitution as at 23 September 2020, with a registered address in Australia

## Securityholder Offer

- Offer available to Eligible Securityholders of the Australian Unity Group
- Eligible Securityholders are on the register of Australian Unity Bonds or Australian Unity Retirement Village Investment Notes as at 7:00pm on 22 October 2020, with a registered address in Australia

## Broker Firm Offer

- Offer available to investors with a registered address in Australia who are clients of a Syndicate Broker, including Eligible Members and Eligible Securityholders of Australian Unity

## Institutional Offer

- Offer available to Institutional Investors

# Indicative dates for the Offer

180  
YEARS

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## Key dates for the Offer

Record date for determining Eligible Members for the Member Offer	23 September 2020
Record date for determining Eligible Securityholders (7:00pm) for the Securityholder Offer	22 October 2020
Lodgement of Prospectus with ASIC	27 November 2020
Bookbuild to determine the Dividend Rate and Allocations to Syndicate Brokers and Institutional Investors	11 December 2020
Announcement of Dividend Rate and lodgement of the Replacement Prospectus with ASIC	11 December 2020
Opening date of the Offer (“Opening Date”)	11 December 2020
Closing date of the Offer (“Closing Date”)	21 December 2020
Issue Date	24 December 2020
Holding Statements despatched by the Registry	30 December 2020
Australian Unity MCIs begin trading on ASX on a normal settlement basis	4 January 2021

## Key dates for the Australian Unity MCIs

First Dividend Payment Date	15 April 2021
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Note: The key dates above are indicative only and may change without notice.

# Key contacts

180  
YEARS



Name	Title	Phone	Email
<b>Australian Unity Limited</b>			
Darren Mann	Group Executive, Finance & Strategy and Chief Financial Officer	+61 3 8682 6039	<a href="mailto:dmann@australianunity.com.au">dmann@australianunity.com.au</a>
Adam Vise	Group Treasurer	+61 404 873 894	<a href="mailto:avise@australianunity.com.au">avise@australianunity.com.au</a>
Tim Steer	Deputy Treasurer	+61 450 381 012	<a href="mailto:tisteer@australianunity.com.au">tisteer@australianunity.com.au</a>
<b>Acacia Partners – Financial Adviser, Arranger and Joint Lead Manager</b>			
Damian Pretty	Director	+61 416 250 512	<a href="mailto:dpretty@acaciapartners.com.au">dpretty@acaciapartners.com.au</a>
<b>Morgans – Arranger and Joint Lead Manager</b>			
Steven Wright	Director	+61 407 624 992	<a href="mailto:steven.wright@morgans.com.au">steven.wright@morgans.com.au</a>
<b>National Australia Bank – Arranger and Joint Lead Manager</b>			
Nicholas Chaplin	Head of Hybrid & Structural Origination	+61 401 194 448	<a href="mailto:nicholas.chaplin@nab.com.au">nicholas.chaplin@nab.com.au</a>

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YEARS

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# 4. Appendix



# Independent & Assisted Living ("IAL")

180  
YEARS



## Seeks to deliver a continuum of care and services required by its customers

- IAL operates retirement communities and provides aged care, allied health and disability services.
- Revenue is predominantly sourced from Government programs, with a small portion sourced from individual customers, corporates and other third parties.
- Significant growth opportunities exist across all of the IAL businesses.
- COVID-19 pandemic has resulted in a material increase in personal protective equipment costs within the IAL businesses.

**5,713**  
employees<sup>1</sup>

**\$496.4m**  
revenue<sup>2</sup>

**2,496**  
independent  
retirement units

**786**  
aged care beds

**46,000**  
home care  
customers

**21**  
retirement  
communities

Note: As at 30 June 2020.  
<sup>1</sup> Presented on a headcount basis.  
<sup>2</sup> FY20.

## Provides packages and solutions that contribute to solving affordability challenges

- Retail encompasses Australian Unity's private health insurance and banking business.
- Primary revenue sources of the Retail platform are monthly health insurance premiums and loan interest payments paid by retail customers.
- Pressures on private health insurance from a cost, volume and capital perspective are being addressed by enhancing the customer value proposition, targeted partnering with healthcare providers and seeking opportunities to build scale through consolidation within the mutual sector.
- Banking, although relatively small, has enjoyed strong momentum over recent years through its 'banking that's good for you' customer value proposition.

**325**  
employees<sup>1</sup>

**\$709.5m**  
revenue<sup>2</sup>

**24,500**  
banking  
customers

**1.8m**  
ancillary services  
funded for health  
insurance  
policyholders

Note: As at 30 June 2020.  
<sup>1</sup> Presented on a headcount basis.  
<sup>2</sup> FY20.

# Wealth & Capital Markets (“W&CM”)

180  
YEARS

**Australian  
Unity**   
Real Wellbeing

## Helping Australians secure their financial wellbeing

- W&CM comprises advice, investments, life & super, property (including social infrastructure) and trustee services.
- Revenue is primarily sourced from funds and asset management fees along with advice and trustee service fees, with key customers being a mixture of institutional and retail investors and clients.
- W&CM is well placed to play a meaningful role in addressing Australia’s social infrastructure challenge through its expertise in property, particularly social infrastructure assets such as healthcare, retirement villages and aged care facilities.

**316**  
employees<sup>1</sup>

**\$170.5m**  
revenue<sup>2</sup>

**\$24.4b**  
of assets and  
funds under  
management and  
advice

**90,000**  
funeral market  
clients

**176**  
financial  
advisers

Note: As at 30 June 2020.  
<sup>1</sup> Presented on a headcount basis.  
<sup>2</sup> FY20.



# Board of Directors and senior management

180  
YEARS

**Australian  
Unity**  
Real Wellbeing

## Board of Directors



**Peter Promnitz**  
Chair  
BSc (Hons), AIAA,  
FAICD



**Rohan Mead**  
Group Managing  
Director & CEO



**Lisa Chung**  
Non-Executive Director  
AM, LLB, FIML, FAICD



**Melinda Cilento**  
Non-Executive Director  
BA, BEc (Hons), MEC,  
GAICD



**Paul Kirk**  
Non-Executive Director  
BEd, ACA, RITA, MAICD



**Su McCluskey**  
Non-Executive Director  
BCom, FCPA, MAICD



**Julien Playoust**  
Non-Executive Director  
BSc (Arch), BArch  
(Hons), MBA, FAICD



**Gregory Wilcock**  
Non-Executive Director  
BCom, FCPA, FAICD,  
MAIM, FFin

## Senior management



**Rohan Mead**  
Group Managing  
Director & Chief  
Executive Officer



**Kevin McCoy**  
Chief Executive Officer,  
Independent & Assisted  
Living



**Esther Kerr-Smith**  
Chief Executive Officer,  
Wealth & Capital  
Markets



**Christine Yates**  
Chief Executive Officer,  
Retail



**Darren Mann**  
Group Executive,  
Finance & Strategy and  
Chief Financial Officer



**Melinda Honig**  
Group Executive,  
Governance



**Prue Bowden**  
Group Executive, People  
& Culture

**180**  
YEARS

**Australian  
Unity**   
**Real Wellbeing**