

# ASX Announcement

11 October 2021

## Australian Unity Mutual Capital Instruments Investor Presentation

Please find attached the Investor Presentation relating to the follow-on issue of Australian Unity Mutual Capital Instruments.

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

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## 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

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

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Follow-on offer of Australian Unity mutual capital instruments



# Important information

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- The information contained in this presentation has been prepared by Australian Unity Limited ABN 23 087 648 888 (“Company” or “Australian Unity”) 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 the Australian Securities and Investments Commission (“ASIC”) on 11 October 2021 (“Prospectus”).
- 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.
- The distribution of this presentation in jurisdictions outside Australia may be restricted by law and persons who come into possession of this presentation should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This presentation does not constitute an offer in any place which, or to any person to whom, it would not be lawful to make such an offer or receive this presentation.
- This information is for information purposes only and is intended only for those persons to whom it is delivered by, or on behalf of, the Company and is of a general nature and is not complete or verified. This information is not investment or financial product advice or any recommendation (nor tax, accounting or legal advice) and is not intended to be used as the basis for making an investment decision. This information does not form the basis of any contract or commitment and it is not intended to induce or solicit any person to engage in, or refrain from engaging in, any transaction. In providing this presentation, the Company has not considered the objectives, financial position or needs of any particular recipients. If you are in any doubt as to whether to invest in Australian Unity MCIs, you should seek professional guidance from your financial planner, stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding to invest.
- The information in this presentation is current as at the date of this presentation, remains subject to change without notice, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after that date. No other party has made a statement in, or authorised, permitted or caused the issue, submission, despatch or provision of this presentation. The information does not purport to be complete, does not necessarily contain all information which a prospective investor would consider material, and should not form the basis of any investment decision.
- This presentation is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act and has not been lodged with ASIC.
- None of the Company, its related bodies corporate, Australian Unity MCI holders (“Holders”), members or affiliates, nor any of their respective officers, directors, employees, affiliates, agents or advisers (each a “Limited Party”) guarantees or makes any representations or warranties, express or implied, as to or takes responsibility for, the accuracy, reliability, completeness or fairness of the information contained in this presentation (“Information”). No Limited Party makes any representation that this presentation is complete or that it contains all information that a prospective investor may require in evaluating a possible investment in the Company. To the maximum extent permitted by law (a) each Limited Party disclaims any liability for any loss arising from the use of the Information or this presentation including representations or warranties or in relation to the accuracy or completeness of the Information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this presentation; and (b) you agree to release and indemnify each Limited Party from and against all claims, actions, demands, remedies or other matters, whether in tort, contract or under law or otherwise, arising from, or which may arise from, or in connection with, the provision of, or any purported reliance on, the Information or this presentation and you covenant that no claim or allegations will be made against any of the Limited Parties in relation to the Information or this presentation.

# Important information *continued*

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- This presentation may contain forward looking statements and comments about future events, including in relation to the Company's business. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "forecast", "estimate" and other similar expressions. Guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements involve inherent risks (both known and unknown), uncertainties and many factors could cause the Company's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in forward looking statements, and many of these factors are beyond the Company's control. Forward looking statements should not be relied on as an indication or guarantee of future performance. Undue reliance should not be placed on any forward looking statement. Past performance is not a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements.
- By attending a presentation or briefing or receiving this presentation, you acknowledge and agree that (a) you understand the contents of this notice and that you agree to abide by its terms and conditions; and (b) the Company and the Limited Parties are relying on you complying with the contents of this notice and its terms and conditions and on the truth and accuracy of the representations, warranties, undertakings and acknowledgements given by you.

# Agenda

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	Slide reference
1. Information about Australian Unity	5
2. Summary of Australian Unity MCIs	13
3. Overview of the Offer	21
4. Appendix	25



Australian Unity has made a Target Market Determination (“TMD”) for Australian Unity MCIs as required under s994B of the Corporations Act

A copy of the TMD is available at [www.australianunity.com.au/mci](http://www.australianunity.com.au/mci)

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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 400,000 members.
- Since its origins, Australian Unity has remained committed to its core purpose of providing 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.



# Social impact and purpose

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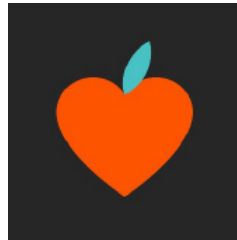
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## Australian Unity – supporting individuals and communities to thrive

- 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.
- The Australian Unity Group is currently measuring the social impact delivered by its activities, focused on each of its priority outcomes, with a view to launching its first Impact Report in late 2021.

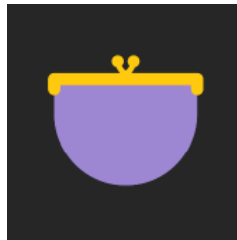
### Australian Unity's CSV framework

#### Priority outcomes



#### Lifelong wellness

1. Better access to healthcare
2. Improved health outcomes



#### Economic empowerment

3. Building financial resilience
4. Opportunities through employment



#### Strong communities

5. Leading social innovation
6. Supporting living in place

# Australian Unity Group portfolio

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Diversified portfolio of thematically-linked businesses, segmented into three platforms

	Independent & Assisted Living	Retail	Wealth & Capital Markets
Principal activities	<ul style="list-style-type: none"><li>• Residential communities (including aged care)</li><li>• Home care services</li><li>• Disability services</li><li>• Indigenous services</li><li>• Health services</li></ul>	<ul style="list-style-type: none"><li>• Health insurance</li><li>• Banking</li></ul>	<ul style="list-style-type: none"><li>• Advice</li><li>• Investments</li><li>• Property (including social infrastructure)</li><li>• Life &amp; Super</li><li>• Trustee services</li></ul>

# Business strategy

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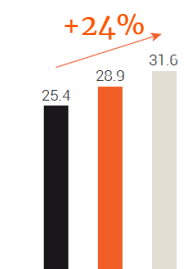
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## Meeting Australia's future wellbeing needs

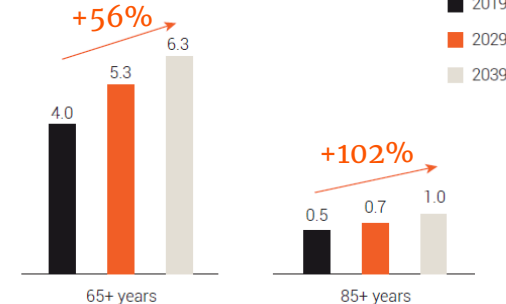
- Australian Unity's strategic agenda reflects a growing demand amongst its members and customers for valued health, wealth and care products and services.
- The connectedness of the Australian Unity Group's operations through its three business platforms allows it to take a holistic approach to addressing 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>1</sup>

Total population (m)



Population by age group (m)



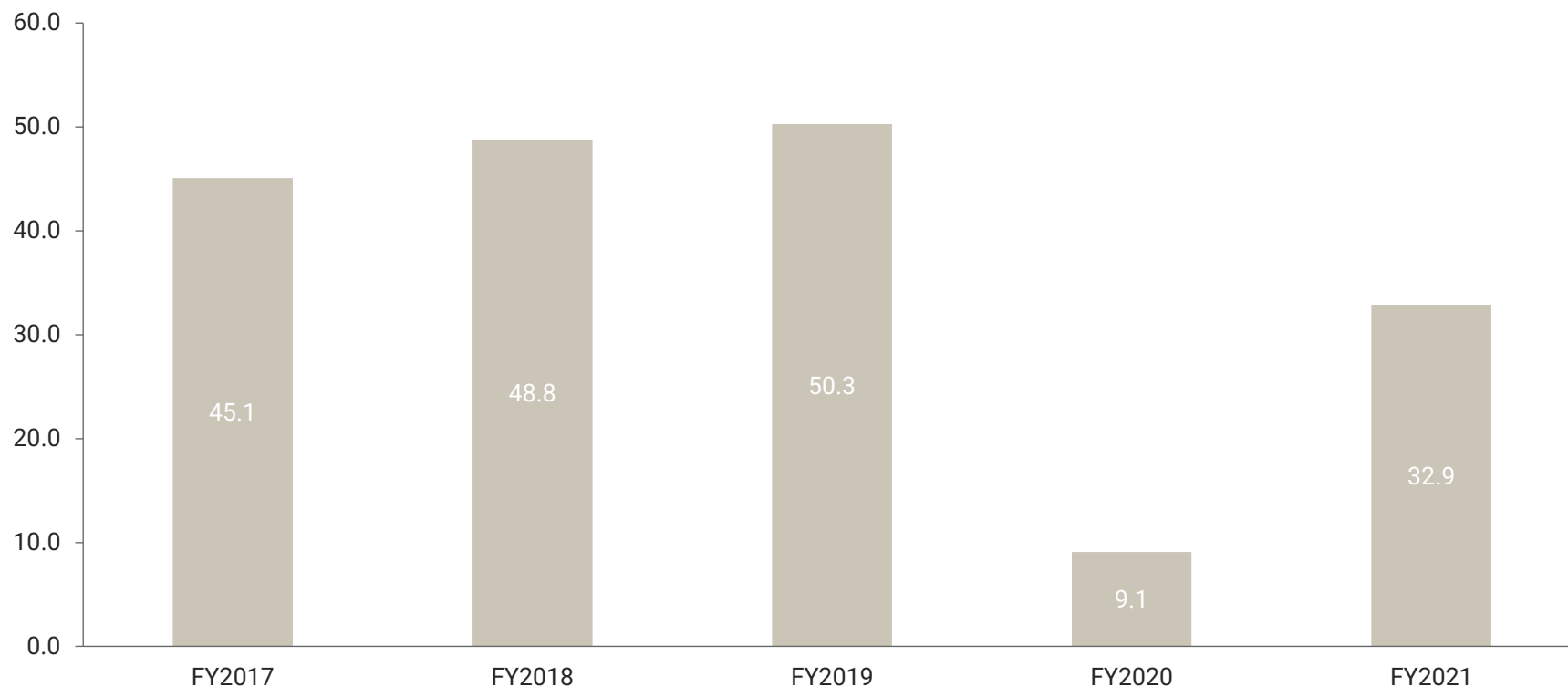
<sup>1</sup>ABS 3222.0 Population Projections, Australia, 2017 (base) to 2066.

# History of profitability

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Profit after income tax<sup>1 2</sup> (\$m)



<sup>1</sup> Included in the FY2018 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.

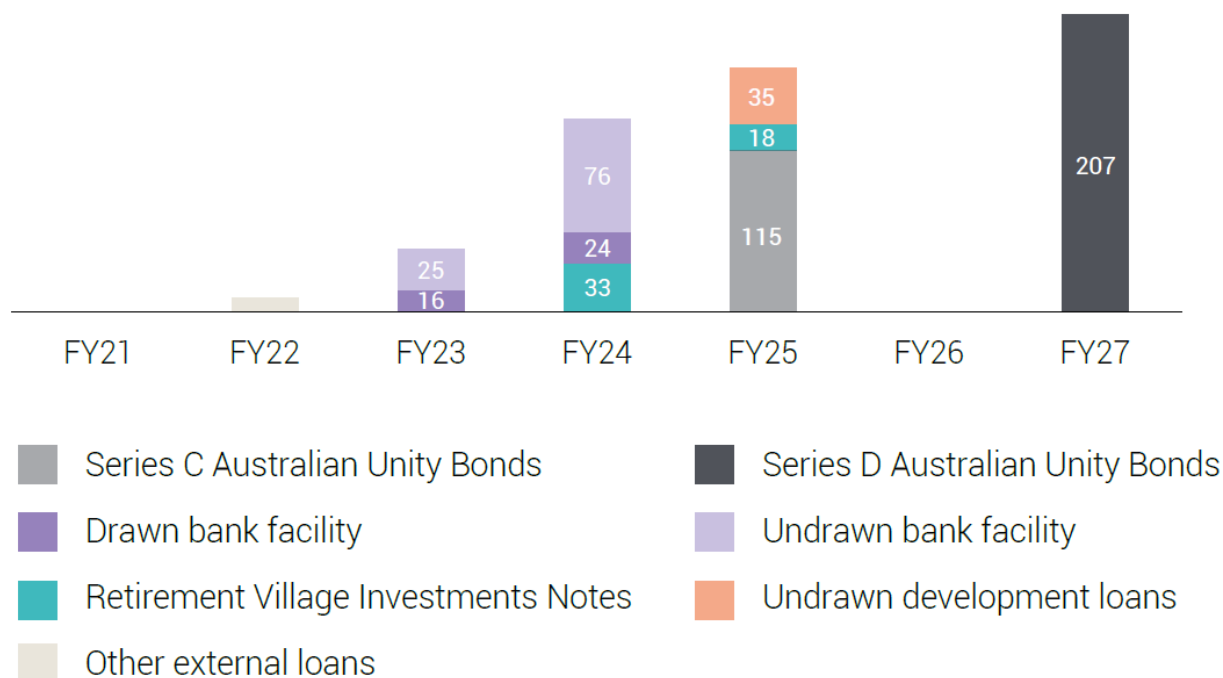
<sup>2</sup> Comparative information has been restated following adjustments made to prior year financial statements. Further information about the nature and impact of the restatement is included in the 2021 Annual Report at Note 21(c).

# Debt maturity profile

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30 June 2021 debt maturity profile (\$m)



<sup>1</sup>Subsequent to 30 June 2021 an additional \$25m bank facility maturing July 2023 was established and \$100m of corporate facilities were drawn.

# Impact of the Offer

## Pro forma consolidated balance sheet

\$m	30 June 2021	Pro forma adjustments for acquisitions	Pro forma adjustments for the impact of the Offer	Pro forma
Cash and cash equivalents	1,008.7	(21.9)	54.5	1,041.3
Total current assets	3,558.3	(13.6)	54.5	3,599.2
Total non-current assets	3,369.1	433.2 <sup>1</sup>		3,802.3
Total assets	6,927.4	419.6	54.5	7,401.5
Total non-current liabilities	2,790.4	105.3	(101.7)	2,794.0
Total liabilities	6,060.9	419.6	(101.7)	6,378.8
Net assets	866.5		156.2	1,022.7
<b>EQUITY</b>				
Members' balances	255.9			255.9
Mutual Capital Instruments	117.0		156.2	273.2
Reserves	7.1			7.1
Retained earnings	486.5			486.5
Equity attributable to members of Australian Unity Limited	866.5		156.2	1,022.7
Total equity	866.5		156.2	1,022.7

Pro forma adjustments above show the changes that would be made to Australian Unity's consolidated balance sheet for the year ended 30 June 2021 assuming the Offer was completed, \$160.0 million of Australian Unity MCIs were issued and approximate issue costs of \$5.5 million were incurred, on 30 June 2021. A deferred tax asset of \$1.7 million is recognised on the issue costs. The pro forma consolidated balance sheet has also been adjusted for the acquisition of Greengate on 7 July 2021 for \$95.0 million, less an upfront deposit of \$4.8 million paid in FY2021, a further net investment of \$67.0 million by Australian Unity in Australian Unity Healthcare Property Trust ("AUHPT") via a premium cash offer made to existing AUHPT investors and related transactions, and funding of these transactions with cash consideration supplemented by the drawing of \$100.0 million from debt facilities.

[AUL investor presentation – Follow-on offer of Australian Unity mutual capital instruments](#)

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## Australian Unity MCI Dividend Payout Ratio<sup>2</sup>

\$m	FY21
Pro forma Australian Unity MCI Dividends payable for the year	13.8
Profit after income tax	32.9
Pro forma Australian Unity MCI Dividend Payout Ratio	42%

<sup>1</sup> Includes \$1.0 million of pre-acquisition intangible assets within the Greengate entities.

<sup>2</sup> Calculated as Australian Unity MCI Dividends payable for the year divided by profit after income tax, assuming an issue size of \$160.0 million, total Australian Unity MCIs on issue of \$275.3 million and a Dividend Rate of 5.0%.

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## 2. Summary of Australian Unity MCIs

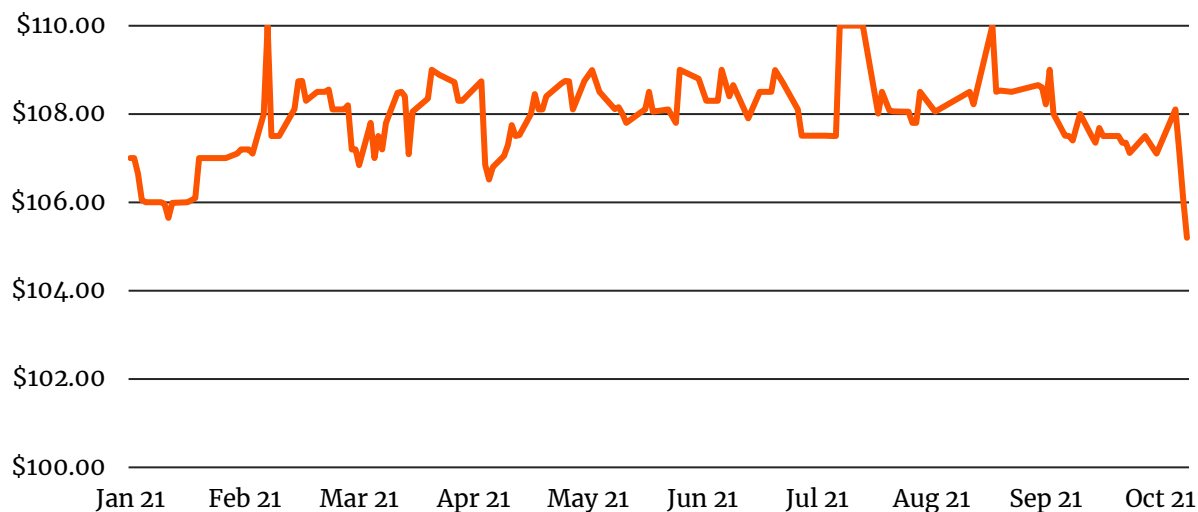
# Australian Unity MCIs

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**Australian Unity issued \$120 million of Australian Unity MCIs in December 2020, becoming the first issuer of mutual capital instruments**

**Australian Unity MCIs trading price history since listing**





# Key features of Australian Unity MCI's

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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
- Dividend Rate of 5.00 per cent per annum
- Given Australian Unity MCI's to be issued under the Prospectus are offered at a higher price (\$103) than the Face Value of \$100, the running yield at that Issue Price (assuming discretionary Dividends are paid in full) will be 4.85 per cent per annum or 6.93 per cent per annum on a gross basis<sup>1</sup>
- Dividends are discretionary and non-cumulative

## Liquidity

- Expected to be quoted on ASX under the ASX code AYUPA, along with existing Australian Unity MCI's on issue

## 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
- A portion of the proceeds will be used to repay debt facilities that were utilised for a number of recent strategic investments in social infrastructure
- 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

<sup>1</sup> Gross rate is based upon Australian Unity's current corporate tax rate of 30 per cent and assumes that the Dividends paid on Australian Unity MCI's are fully franked and that investors are able to fully benefit from attaching imputation credits. The gross rate will change if Australian Unity's corporate tax rate changes in the future.

# 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.

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 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 and the Repurchase Amount would be less than the Issue Price for Australian Unity MCIs offered under the Prospectus;
- 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*

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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 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 increased regulatory complexity and scrutiny;
- Private health insurance viability risks including rising medical costs, adverse selection, 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 social infrastructure 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;
- Limited access to capital could negatively affect capital position and 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 poor or inconsistent customer experience may result in loss of market share;
- Customer mistreatment or injury, 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*

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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 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 refundable accommodation 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 Australian Unity's customers;
- Inappropriate detection and prevention of 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 worsen;
- Large workforce could be exposed to risks or hazards that could lead to a workplace injury or illness; and
- Inability to attract and retain a skilled and experienced workforce.

# Key risk summary *continued*

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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.

## 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, competitors, 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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### 3. Overview of the Offer



# Offer structure

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## 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 2021, and a person within the Target Market (as defined in the Target Market Determination) with a registered address in Australia

## Securityholder Offer

- Offer available to Eligible Securityholders of the Australian Unity Group
- Eligible Securityholders are registered holders of Australian Unity Bonds or Australian Unity Retirement Village Investment Notes as at 7:00pm on 23 September 2021 and a person within the Target Market (as defined in the Target Market Determination) 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

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Key dates for the Offer	
Record date for determining Eligible Members for the Member Offer	23 September 2021
Record date for determining Eligible Securityholders (7:00pm) for the Securityholder Offer	23 September 2021
Lodgement of Prospectus with ASIC and opening date of the Offer (“Opening Date”)	11 October 2021
Bookbuild to determine the Allocations to Syndicate Brokers and Institutional Investors	15 October 2021
Closing date of the Offer (“Closing Date”)	29 October 2021
Issue Date	3 November 2021
Holding Statements despatched by the Registry	4 November 2021
Australian Unity MCIs issued under the Prospectus begin trading on ASX on a normal settlement basis	8 November 2021
Key dates for the Australian Unity MCIs	
First Dividend Payment Date for Australian Unity MCIs issued under the Prospectus	15 April 2022

Note: The key dates above are indicative only and may change without notice.

# Key contacts

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Name	Title	Phone	Email
<b>Australian Unity Limited</b>			
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# 4. Appendix



# Appendix A – 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 (as defined in slide 27)	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.

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

180  
YEARS



<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>• \$160 million, with the ability to raise more or less</li> </ul>
<b>Issue Price</b>	<ul style="list-style-type: none"> <li>• \$103 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>• The Dividend Rate is 5.00 per cent per annum</li> <li>• Given Australian Unity MCIs to be issued under the Prospectus are offered at a higher price (\$103) than the Face Value of \$100, the running yield at that Issue Price (assuming discretionary Dividends are paid in full) will be 4.85 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 each year. The first Dividend on the Australian Unity MCIs to be issued under the Prospectus is scheduled to be paid on 15 April 2022</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 of issue of the Australian Unity MCIs (“Terms”).

# Appendix B – Key terms of Australian Unity MCIs *continued*<sup>1</sup>

180  
YEARS



<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>Australian Unity MCIs issued under the Prospectus are expected to be quoted on ASX under the ASX code AYUPA, along with existing Australian Unity MCIs on issue</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.

**180**  
YEARS

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