

ASX Announcement

3 June 2024

Equity Raising Investor Presentation

Please find attached Australian Unity Limited's Equity Raising Investor Presentation.

-end-

This announcement has been authorised for release by the Board of Australian Unity Limited.

For further information:

Penny Bold

Senior Manager – Communications

T: 1300 408 776

E: media@australianunity.com.au

ASX code:

AYU

Securities on Issue:

AYUPA – 3,434,000

AYUHC – 321,157

AYUHD – 2,070,000

AYUHE – 2,558,050

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 entity

Equity raising Investor presentation

3 June 2024



Important notice and disclaimer

- The information contained in this presentation ("Information") dated 3 June 2024 has been prepared by Australian Unity Limited ABN 23 087 648 888 ("Company" or "Australian Unity") in connection with a proposed pro rata non-renounceable entitlement offer ("Entitlement Offer") and accompanying placement to wholesale investors ("Placement") of Australian Unity mutual capital instruments ("MCIs") (together the "Offer" or "Equity Raising"). The Offer is being made under section 708AA of the *Corporations Act 2001* (Cth) ("Corporations Act") as modified by Australian Securities and Investments Commission ("ASIC") Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.
- 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 presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. MCIs have not been, and will not be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, MCIs may not be offered or sold to, directly or indirectly, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except 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 securities law of any state or other jurisdiction of the United States. Refer to Appendix C of this presentation for further details about international offer restrictions.
- This Information is for information purposes only and is a summary only. It should be read in conjunction with Australian Unity's most recent financial report and Australian Unity's other periodic and continuous disclosure information lodged with the Australian Securities Exchange ("ASX"), which is available at www.asx.com.au. You should consider and read these in full before deciding whether to invest in MCIs.
- This Information 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. 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 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 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.
- Certain market and industry data used in this presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither the Company nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.
- This presentation is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC or any foreign regulator).

Important notice and disclaimer

- The entitlement offer booklet for the Offer will be available following its lodgement with ASX. Any eligible MCI holder in Australia or New Zealand who wishes to participate in the Offer should consider the entitlement offer booklet before deciding whether to apply under the Offer. Anyone who wishes to apply under the Offer will need to apply in accordance with the instructions contained in the entitlement offer booklet and the entitlement and acceptance form.
- An investment in MCIs is subject to known and unknown risks, some of which are beyond the control of the Company and its directors and officers. The Company does not guarantee any particular rate of return or the performance of Australian Unity nor does it guarantee any particular tax treatment. You should have regard to the risk factors outlined in Appendix B of this presentation when making your investment decision. Cooling off rights do not apply to the acquisition of MCIs.
- All financial information in this presentation is in Australian dollars (\$) and AUD unless otherwise stated. This presentation includes certain pro forma financial information. Any such pro forma financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its, or anyone else's, future financial position or performance. In addition, the pro forma financial information in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the standardised meaning prescribed under AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although the Company believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this presentation.
- Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.
- This presentation may contain forward looking statements and comments about future events, including in relation to the Company's expectations about the performance of the Company's business. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "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. **Investors are strongly cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and geopolitical tensions, including the conflict in Ukraine, Israel and Palestine.** 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.

Important notice and disclaimer

- By attending a presentation or briefing or accepting, accessing or reviewing 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 (as defined below) 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.
- Acacia Partners Pty Ltd (ABN 85 662 816 748), E&P Corporate Advisory Pty Limited (ABN 21 137 980 520), Morgans Financial Limited (ABN 49 010 669 726) and National Australia Bank Limited (ABN 12 004 044 937) are acting as joint lead managers to the Offer (“Joint Lead Managers”). None of the Company or the Joint Lead Managers, nor any of their respective related bodies corporate, MCI holders (in the case of the Company only), members or affiliates, nor any of their respective officers, directors, partners, employees, representatives, affiliates, agents, consultants 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. 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 (i) disclaims any and all responsibility and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any direct, indirect, consequential or contingent loss or damage arising from this presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this presentation; (ii) disclaims any obligations or undertakings to release any updates or revisions to the information in this presentation to reflect any change in expectations or assumptions; (iii) does not make any representation or warranty, express or implied, as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation or that this presentation contains all material information about the Company or that a prospective investor or purchaser may require in evaluating a possible investment in MCIs, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement; and (iv) disclaims any fiduciary relationship between them and the recipients of this presentation or the participants in the Offer, 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. No recommendation is made as to whether any person should participate in the Offer. You acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of Australian Unity and the Joint Lead Managers and each of Australian Unity and the Joint Lead Managers disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.
- The Limited Parties are involved in a wide range of financial services and businesses that may include (without limitation) some or all of securities issuing, securities trading, brokerage activities, provision of retail, business, private, commercial and investment banking, investment management, corporate finance, credit and derivatives trading and research products and services or the provision of finance out of which conflicting interests or duties may arise.
- In the ordinary course of these activities, each of the Limited Parties may at any time hold long or short positions, and may trade or otherwise effect transactions or take or enforce security, for its own account or the accounts of customers or investors, in debt, equity or hybrid securities or senior loans or financial products of any member of the Australian Unity Group (being Australian Unity and its subsidiaries) or any other party that may be involved in the Offer, and may finance the acquisition of those securities and/or financial products and take or enforce security over those securities and/or financial products. The Limited Parties may receive fees for, or profits and other financial benefits from, those activities.
- In particular, it should be noted that National Australia Bank Limited is also a lender to members of the Australian Unity Group or funds managed by members of the Australian Unity Group and has provided various facilities and other financial accommodation to members of the Australian Unity Group with maturities falling prior to the maturity date of the MCIs being offered under the Offer and as such its interests may conflict with the interests of the holders of MCIs.

Contents

	Page
Executive summary	6
Transformation agenda	7
FY24 trading update and outlook	13
Pro forma financial information	18
Equity raising details	21
Appendices	
<i>Appendix A: FY24 Trading update supplement</i>	25
<i>Appendix B: Key risks</i>	27
<i>Appendix C: Offer restrictions</i>	36



Executive summary

<p>Equity raising</p>	<ul style="list-style-type: none"> • Non-underwritten 1 for 3 pro rata non-renounceable entitlement offer (Entitlement Offer), and accompanying placement to wholesale investors targeting proceeds of approximately \$50m (Placement) of Australian Unity mutual capital instruments (MCIs) (together, the Equity Raising) • Offer price of \$72.50 per New MCI represents an 11.60 percent discount to the closing price of \$82.00 on 31 May 2024 • Australian Unity aims to raise approximately \$75m through the Equity Raising, with the ability to raise more or less. The non-underwritten Entitlement Offer, with a theoretical maximum of approximately \$83m, has an uncertain outcome. The Placement is intended to reduce the risk of raising substantially less than \$75m through the Equity Raising • At the Offer Price (assuming discretionary Dividends are paid in full), the cash running yield will be 6.90 per cent per annum and the grossed-up running yield will be 9.85 per cent per annum² for New MCIs • Proceeds from the Equity Raising will form part of Australian Unity’s ongoing capital management strategy and are intended to be used to enhance resilience and provide balance sheet flexibility to support Australian Unity’s core vision to enable real wellbeing for our members, customers and community through our portfolio of commercial, sustainable businesses. To this end, proceeds may be used to repay debt facilities that were utilised to fund the recent acquisition of <i>myHomecare Group (myHomecare)</i> as well as transaction costs
<p>Transformation agenda</p>	<ul style="list-style-type: none"> • Transformation process began in FY23 and will continue through to FY26. Objectives include maximising Community & Social Value (CSV) contributions as well as enhancing financial sustainability and recurring cash profits over the long term • FY24 activities include \$285m <i>myHomecare</i>³ and \$41m <i>IOOF Ltd (IOOF)</i> life bonds acquisitions, divestment of Advice, agreement to divest Australian Unity Property Limited (including Diversified Property Fund), Future of Healthcare Fund management rights and Altius Asset Management, and numerous efficiency and capability investments • Transformation has improved portfolio diversification and reduced structural reliance on earnings from the Health Insurance business
<p>FY24 trading update</p>	<ul style="list-style-type: none"> • FY24 Adjusted EBITDA expected to be ~\$63m compared to FY23 Adjusted EBITDA of \$162m • Movement largely driven by acquisition, divestment and transformation related costs, as well as non-recurring items within the Health Insurance business including the release of \$71m of Deferred Claims Liability (DCL) in FY23⁴ • Earnings remain exposed to the timing of execution of divestment transactions, property and investment market valuations, policy settings in the care economy and variability in risk insurance claims experience • The actual level of Health Insurance net claims, including the quarterly risk equalisation, can vary from expected. This is normally within a range of +/-1% (~\$6m) of total annual net claims⁵
<p>Outlook</p>	<ul style="list-style-type: none"> • Earnings expected to substantially recover to FY23 levels in FY25 as a result of realisation of transformation and broader restructuring benefits, lower transformation costs, organic growth in human services businesses and full-year contributions from FY24 acquisitions with annualised revenues of ~\$431m and ~\$39m of Adjusted EBITDA from FY25 • Improved quality of cash earnings and substantial acceleration of CSV from FY25 onwards

1. Adjusted EBITDA: adjusted earnings before tax, depreciation and amortisation, interest expense and investment income.

2. 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 MCIs 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.

3. On a debt and cash free basis.

4. The DCL relates to health insurance claims deferred due to restrictions imposed on elective surgery and access to ancillary benefits in response to the COVID-19 pandemic.

5. Under legislation, all private health insurers must participate in the Risk Equalisation Special Account in which all private health insurers share the cost of the eligible claims of members aged 55 years and over, and claims meeting the high-cost claim criteria.

Transformation agenda



Australian Unity overview

Our purpose

To positively impact the wellbeing of millions

Our vision

To enable real wellbeing for our members, customers and community through our portfolio of commercial, sustainable businesses

Areas of operation

Health, wealth & care

Organisational pillars

Providing health, wealth and care products and services that deliver real wellbeing. Australian Unity focuses on opportunities that deliver relevance, diversification and growth across four organisational pillars



Member & customer focus

We develop our products and services to support the changing wellbeing needs of our members and customers



Sustainable financial performance

The strength and scale of our operations allows us to generate sustainable financial performance with a greater positive impact for the future



Community & Social Value (CSV)

Our portfolio seeks to maximise positive community and social value, which is measured through *Our Impact Report*



People wellbeing & capability

We seek to ensure our people have the right skills, mindset, capability and culture to support our ambition, and enable them by supporting their wellbeing

Transformation objectives

Australian Unity is transforming to enable real wellbeing for members, customers and community through a portfolio of commercial, sustainable businesses

Key transformation agenda objectives

1 Maximise CSV contributions over the long term

- Optimise portfolio to achieve strategic potential and drive growth of CSV over the long term
- Position portfolio to deliver products and services aligned with strong megatrends and macroeconomic factors through a growing focus on wellbeing, impacts of an ageing population on demand for quality care, growing social infrastructure needs and intergenerational wealth transfer

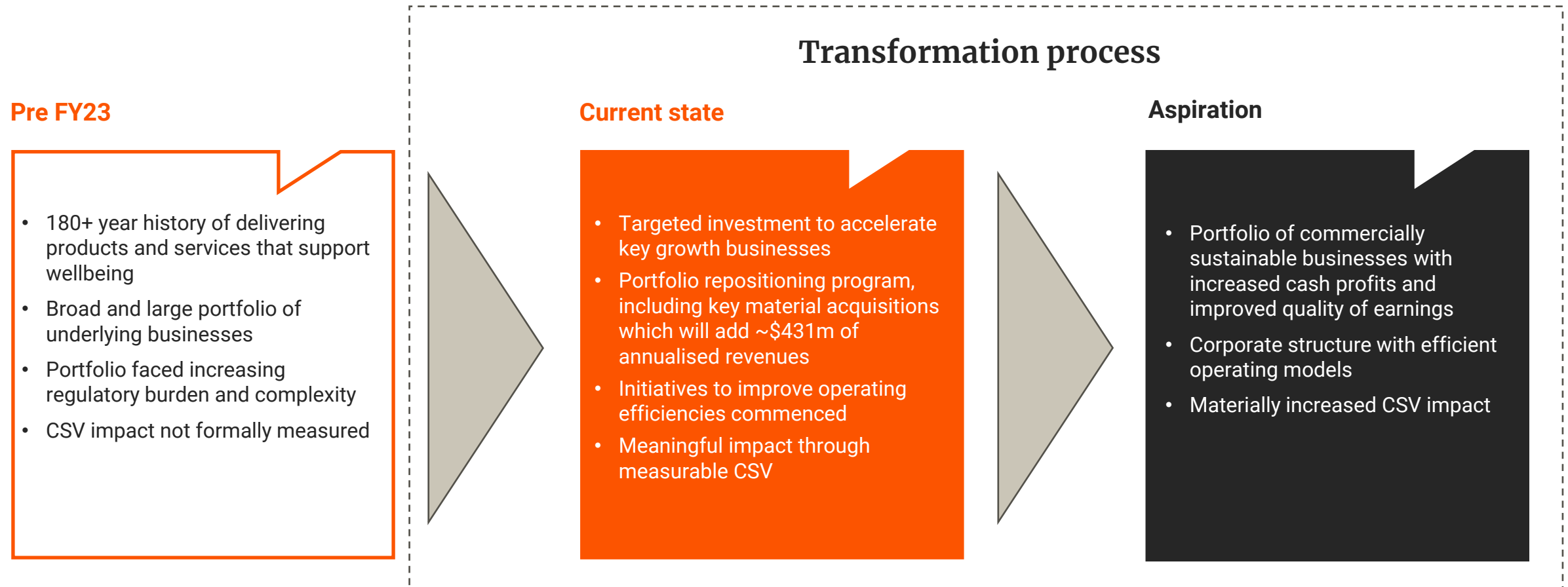
2 Enhance financial sustainability and recurring cash profits over the medium to long term

- Reposition and sharpen the focus of the portfolio, with emphasis on sustainable cash profit and improved quality of earnings
- Improve scalability, efficiency and effectiveness of corporate structure

The transformation activities support Australian Unity's ability and intention to make scheduled MCI dividend payments

Transformation agenda – stages of implementation

Transformation commenced in FY23 and will continue to progress through to FY26



Transformation agenda – FY24 progress

A year of significant change, with material strategic investment and portfolio optimisation

Strategic programs and investment

- Continued to reorganise and optimise business platforms (Home Health, Wealth & Capital Markets, Residential Aged Care, Retail)
- Commenced corporate efficiency program, including initiatives listed below, which is expected to generate greater than \$25m of savings per annum
- Upgraded Private Health processing system with material multi-year investment from FY24
- Commenced Home Health transformation including design and implementation of a new operating model and supporting systems with \$25.2m invested to date
- Commenced Life & Super transformation including new registry system, automation and reduced operational expenditure with \$9.9m invested to date
- Invested materially in human resources systems to support scalability, logistics competitiveness and growth in human services operations
- Invested additional \$50m in Australian Unity Healthcare Property Trust (HPT) to facilitate the withdrawal of Northwest interests, bringing total balance sheet investment to ~\$129m
- Invested a further \$3.3m in cybersecurity
- Evolved the *Our Impact Report*

Portfolio optimisation

- Accelerated key portfolio opportunities in targeted businesses including Home Health, Social Infrastructure and Life & Super including:
 - \$285m *myHomecare* acquisition¹
 - \$41m *IOOF* life bonds acquisition
 - \$17m Social Infrastructure funds support (Specialist Disability Accommodation and Purpose-Built Student Accommodation)
 - \$13m Herston Stage 9 acquisition for precinct optimisation
- Divested Advice and agreed to divest:
 - Australian Unity Property Limited (including Diversified Property Fund)
 - Future of Healthcare Fund management rights
 - Altius Asset Management

1. On a debt and cash free basis.

Transformation agenda – FY25 onwards

Transformation to continue with the following key areas of execution focus

<p>Integrate and optimise recent acquisitions</p>	<ul style="list-style-type: none"> • Integrate <i>myHomecare</i> business into the newly transformed Home Health operating model • Integrate <i>IOOF</i> into Life & Super business as part of overarching Life & Super transformation, including new registry system, automation and reduced operating costs
<p>Improve Health Insurance competitive positioning</p>	<ul style="list-style-type: none"> • Build on positive momentum to improve price competitiveness and value proposition to deliver net policyholder growth • Upgrade core system, expand value proposition and improve digital automation and artificial intelligence capabilities
<p>Accelerate Social Infrastructure agenda</p>	<ul style="list-style-type: none"> • Accelerate Social Infrastructure opportunities, including HPT, Childcare, Student Accommodation, Specialist Disability Accommodation, Residential Aged Care/Retirement Villages and continue development at Herston Quarter
<p>Evolve financial wellbeing proposition</p>	<ul style="list-style-type: none"> • Execute digital strategy, develop customer focused delivery model, evolve financial products and services and enable direct to consumer distribution • Review the Australian Unity banking business to assess how members can most sustainably access these services in the future
<p>Transform technology for scale and efficiency</p>	<ul style="list-style-type: none"> • Implement new operating model to deliver a material reduction in technology operating costs and improve speed to market • Invest in customer data and deliver digital experiences to customers and members at scale • Continue to strengthen cybersecurity

FY24 trading update and outlook



FY24 trading update

A range of items including acquisition, divestment and transformation related costs are expected to materially impact earnings in FY24 while strengthening the quality and diversification of earnings into the future¹

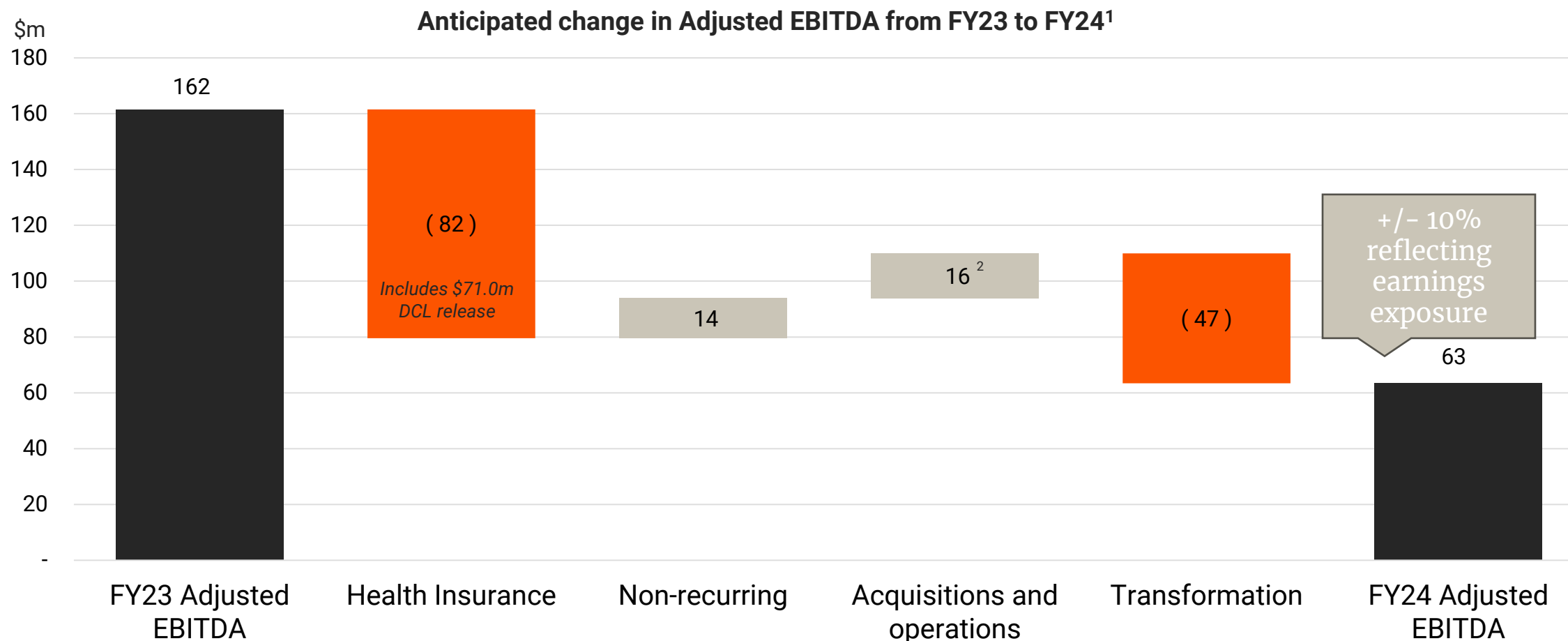
- Underlying business performance sound, with positive growth from Home Health, Life & Super, Residential Aged Care, Retirement Villages and Trustees businesses
- FY24 Adjusted EBITDA expected to be materially lower than FY23 Adjusted EBITDA as a result of:
 - A number of non-recurring items within the Health Insurance business including:
 - the release of a \$71.0m Deferred Claims Liability (DCL) in FY23 which arose as a result of COVID-19
 - a strategic decision to reduce premium indexation for policyholders, as opposed to simply providing cash givebacks, in FY24
 - Material acquisition, divestment and integration related costs being incurred in FY24, without the benefit of full year acquisition earnings
 - On an annualised basis, *myHomecare* and *IOOF* acquisitions expected to generate ~\$431 million in revenues and ~\$39 million of Adjusted EBITDA from FY25
 - Other transformation related initiatives implemented in FY24, with net benefit realisation expected in future periods
 - Non-recurring or one-off operational costs and adjustments relating to items such as litigation, development profits and divestments
- Earnings for Australian Unity remain exposed to the timing of execution of divestment transactions, property and investment market valuations, policy settings in the care economy and variability in risk insurance claims experience
 - The actual amount of Health Insurance net claims, including the quarterly risk equalisation, can vary from expected. This is normally within a range of +/-1% (~\$6 million) of total annual net claims³

1. Refer to Appendix A Trading Update Supplement for further information on these items and their expected impact.

2. Adjusted EBITDA: adjusted earnings before tax, depreciation and amortisation, interest expense and investment income.

3. Under legislation, all private health insurers must participate in the Risk Equalisation Special Account in which all private health insurers share the cost of the eligible claims of members aged 55 years and over, and claims meeting the high-cost claim criteria.

FY24 trading update



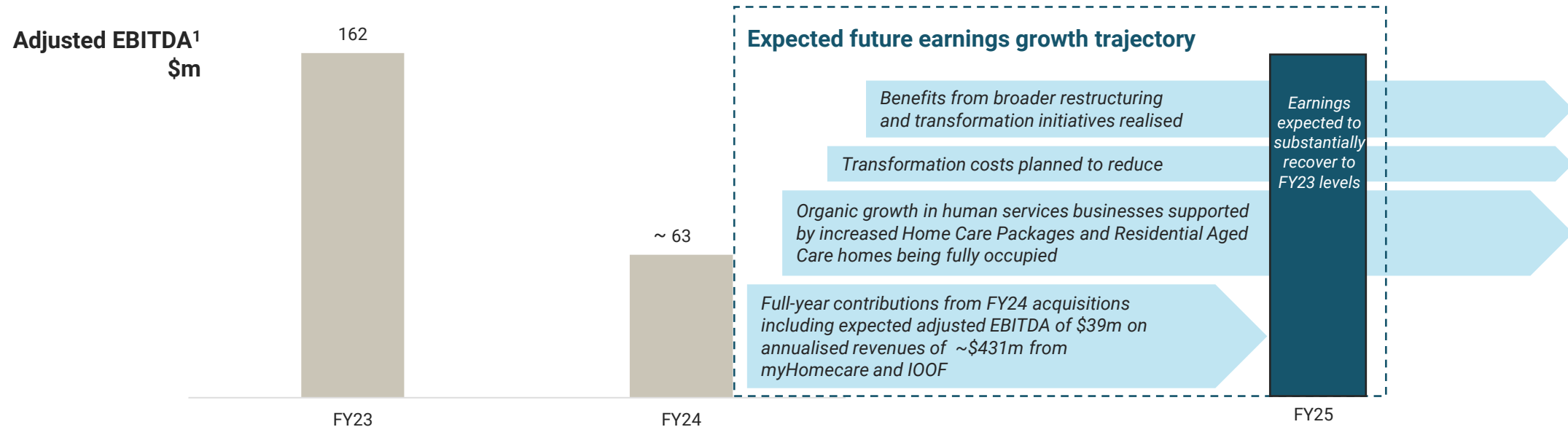
For further information on key underlying material items please refer to Appendix A – FY24 trading update supplement

1. Adjusted EBITDA: adjusted earnings before tax, depreciation and amortisation, interest expense and investment income.
2. Includes 3-month contribution from myHomecare acquisition and 8-month contribution from IOOF acquisition.

Outlook

Transformation supports earnings substantially recovering to FY23 levels in FY25

On a run-rate basis, FY25 earnings planned to substantially recover to FY23 levels, inclusive of ongoing transformation, with further planned improvements in FY26



Transformation agenda also expected to result in an improved quality of cash earnings in the future

- ✓ Strong underlying fundamentals for portfolio businesses in growth markets
- ✓ Improved stability, resilience and repeatability of revenue and earnings profiles
- ✓ Reduced revenue seasonality and improved growth potential across the portfolio
- ✓ Sound and diversified cash earnings to support future bond interest payments and mutual capital instrument dividends

1. Adjusted EBITDA: adjusted earnings before tax, depreciation and amortisation, interest expense and investment income.

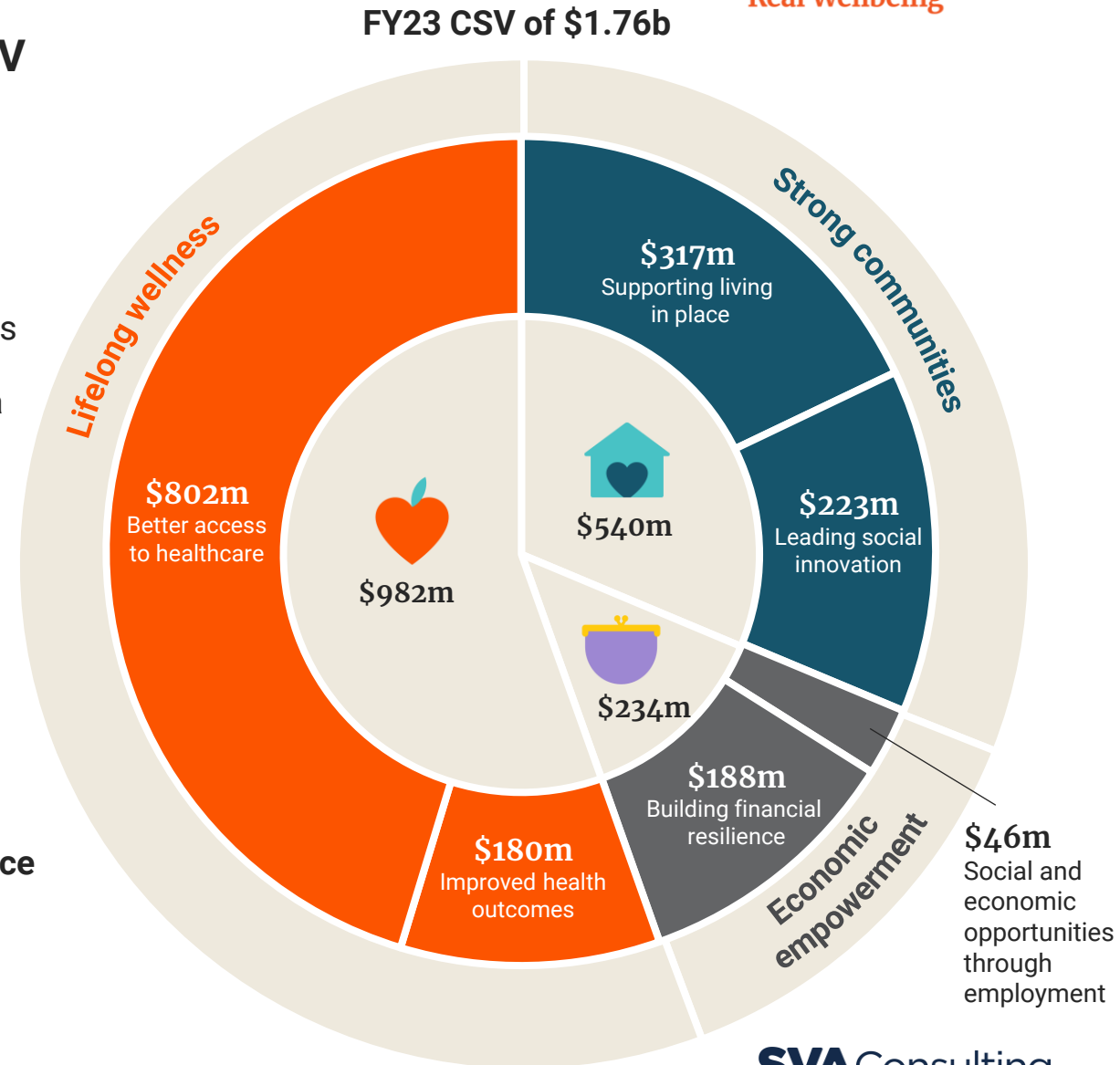
Community & Social Value (CSV)

Transformation to support substantial acceleration of CSV from FY25 onwards

FY24 CSV will be influenced by transformation:

- Significant uplift in Lifelong Wellness and Strong Communities from acquisition of *myHomecare* which services a large number of customers
- *IOOF* acquisition will increase the Economic Empowerment impact area via the onboarding of >30,000 customers
- Further investment in HPT will increase Australian Unity's support of Better Access to Healthcare. However, construction costs are impacting CSV benefit in FY24
- Advice divestment has resulted in ~\$140 million of CSV in FY23 not recurring going forward however, Australian Unity expects that the new owner will be able to enhance CSV outside Australian Unity

In FY24 it is expected that Home Care Services, HPT and Health Insurance will be the largest drivers of CSV



Pro forma financial information



Pro forma balance sheet

Consolidated balance sheet (\$'M)	As at 31 December 2023 ^{1,2}	MHC Acquisition ³	Dividends Declared and Paid	Equity Raising ⁴	Pro forma combined
Cash and equivalents	1,080	(98)	(9)	73	1,046
Financial assets at fair value	3,675	-	-	-	3,675
Loans and advances	1,288	-	-	-	1,288
Investment properties	2,114	-	-	-	2,114
Other assets	1,220	309	-	-	1,529
Total assets	9,377	211	(9)	73	9,652
Borrowings	1,932	77	-	-	2,009
Benefit fund liabilities	3,656	-	-	-	3,656
Other liabilities	2,625	138	-	-	2,763
Total liabilities	8,213	215	-	-	8,428
Net assets	1,164	(4)	(9)	73	1,224
Member's balances	256	-	-	-	256
MCI	342	-	-	73	415
Reserves	24	-	-	-	24
Retained earnings	542	(4)	(9)	-	529
Total equity	1,164	(4)	(9)	73	1,224

The pro forma consolidated balance shows the impact of the Offer on the 31 December 2023 balance sheet

The following adjustments have been made:

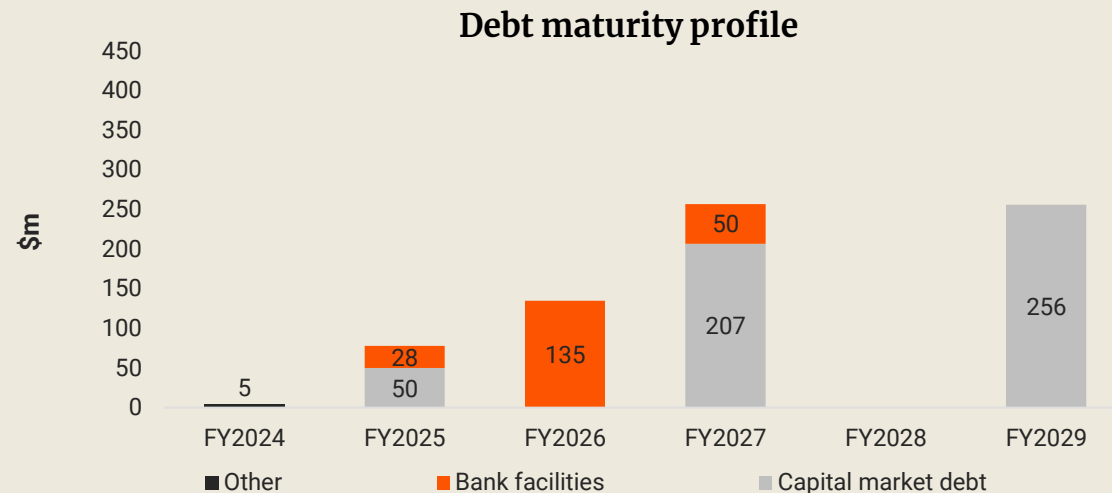
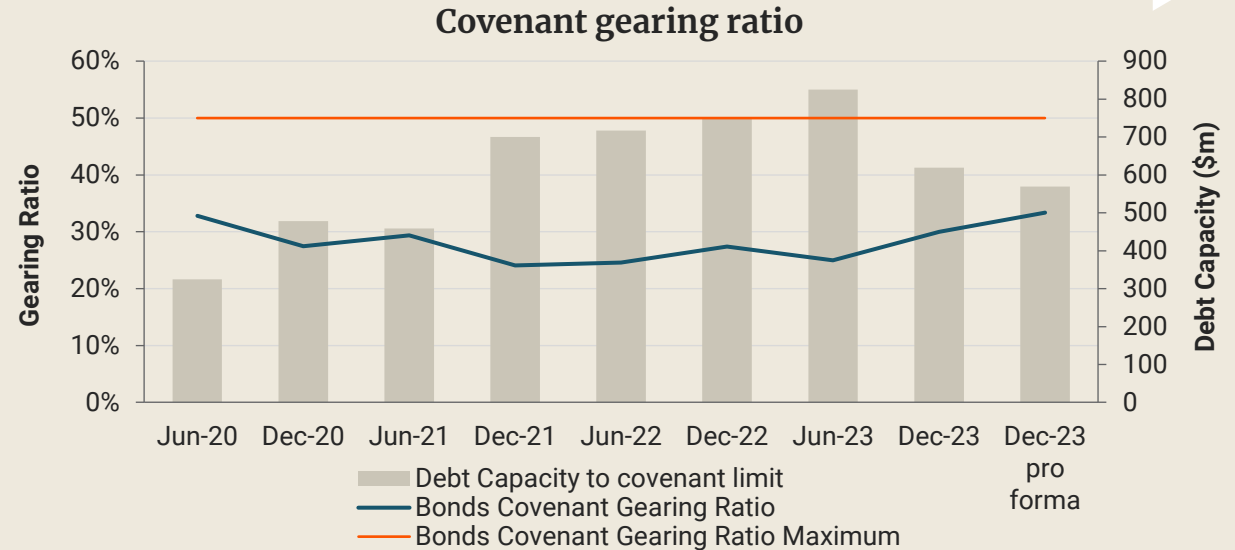
- Acquisition of *myHomecare (MHC)*³
 - The difference between the cash acquisition payment of \$161m (of which \$70m is deferred) and the acquired net tangible operating assets equal to \$(93)m of MHC has been allocated to goodwill in Other assets. A formal purchase price allocation exercise is still to be undertaken
 - Cash settlement of debt like items assumed as part of the transaction and transaction costs
- Impact of the interim dividend on MCIs paid in April 2024
- Impact of the Equity Raising from issuing MCIs of \$75m net of expected transaction costs of \$2m

Notes

1. The consolidated balance sheet is based on the reviewed half year accounts for the 6 months ended 31 December 2023.
2. The 31 December balance sheet reflects the acquisition of IOOF Ltd and its investment bonds business in October 2023 (and is subject to completion of purchase price allocation exercise).
3. The MHC acquisition does not include the finalisation of customary net debt and working capital transaction adjustments which are yet to be determined in accordance with the sale contract.
4. Australian Unity aims to raise approximately \$75m through the Equity Raising. The non-underwritten Entitlement Offer, with a theoretical maximum of approximately \$83m, has an uncertain outcome. The Placement is intended to reduce the risk of raising substantially less than \$75m through the Equity Raising.

Pro forma gearing

- Following the Equity Raise, Australian Unity's FY24 gearing ratio is expected to increase from 30.0 percent at 31 December 2023 to 33.4 percent on a pro forma basis adjusting for *myHomecare* acquisition, dividends paid and the Equity Raising
- \$102m of cash holdings and \$75m of bank facilities were used to fund the initial payment for the *myHomecare* acquisition
- Australian Unity Limited had \$87m of available cash holdings as at 30 April 2024
- Australian Unity Limited had undrawn bank facilities of \$110m as at 30 April 2024
 - In addition to the above, there was \$11m undrawn of the Herston Quarter limited recourse facility
- Australian Unity expects to have sufficient financial flexibility and liquidity to fund its transformational business activities, and maintain resilience to external market factors



Equity raising details



Equity Raising details

Offer structure and size	<ul style="list-style-type: none"> Non-underwritten Equity Raising aiming to raise approximately \$75 million,¹ with the ability to raise more or less, comprising: <ul style="list-style-type: none"> a 1 for 3 pro-rata non-renounceable entitlement offer to raise gross proceeds of up to approximately \$83 million (Entitlement Offer) a placement to wholesale investors targeting proceeds of approximately \$50 million (Placement)
Use of proceeds	<ul style="list-style-type: none"> The proceeds of the Equity Raising will form part of Australian Unity's ongoing capital management strategy and are intended to be used to enhance resilience and provide balance sheet flexibility to support Australian Unity's core vision to enable real wellbeing for our members, customers and community through our portfolio of commercial, sustainable businesses. To this end, proceeds may be used to repay debt facilities that were utilised in order to fund the recent acquisition of <i>myHomecare</i> as well as transaction costs
Offer price	<ul style="list-style-type: none"> Offer price of \$72.50 per New MCI (Offer Price) represents an 11.60 percent discount to the closing price of \$82.00 on 31 May 2024 At the Offer Price (assuming discretionary Dividends are paid in full), the cash running yield will be 6.90 per cent per annum and the grossed-up running yield will be 9.85 per cent per annum² for New MCIs
Placement	<ul style="list-style-type: none"> The Placement will be conducted on Monday, 3 June and Tuesday, 4 June 2024
Entitlement Offer	<ul style="list-style-type: none"> The Entitlement Offer is expected to open on Wednesday, 12 June and close on Friday, 21 June 2024 Eligible MCI Holder residing in Australia or New Zealand on the Record Date may participate in the Entitlement Offer Eligible MCI holders who take up their full entitlement may also apply for additional New MCIs in excess of their entitlement (subject to scale back, at Australian Unity's discretion) Australian Unity reserves the right to place any New MCIs that are not subscribed for under the Entitlement Offer, including under the Oversubscription Facility, with wholesale investors at the Offer Price
Record date	<ul style="list-style-type: none"> 7:00pm (Melbourne time) on Thursday, 6 June 2024 (Record Date)
Ranking	<ul style="list-style-type: none"> New MCIs issued under the Equity Raising will rank equally with existing MCIs on issue
Director and executive participation	<ul style="list-style-type: none"> The Chair, Group Managing Director and Chief Financial Officer, who are all existing MCI holders, have committed to take up their pro rata entitlements under the Entitlement Offer

1. The non-underwritten Entitlement Offer, with a theoretical maximum of approximately \$83m, has an uncertain outcome. The Placement is intended to reduce the risk of raising substantially less than \$75m through the Equity Raising.

2. 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 MCIs 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.

Equity Raising timetable

Events	Dates
Announcement of Entitlement Offer, Placement and trading halt	Monday, 3 June 2024
Placement bookbuild	Monday, 3 June – Tuesday, 4 June 2024
Announcement of results of Placement and MCIs recommence trading	Wednesday, 5 June 2024
Entitlement Offer Record Date (7.00pm AEST)	Thursday, 6 June 2024
Entitlement Offer opens (Offer Booklet and Entitlement and Acceptance Forms made available to Eligible MCI holders)	Wednesday, 12 June 2024
Entitlement Offer closes (5.00pm AEST)	Friday, 21 June 2024
Settlement of Entitlement Offer and Placement	Thursday, 27 June 2024
Allotment of New MCIs under the Entitlement Offer and Placement	Friday, 28 June 2024
New MCIs issued under the Entitlement Offer and Placement commence trading on ASX on a normal settlement basis	Monday, 1 July 2024

Appendices



A. FY24 trading update supplement

FY24 platform highlights

Home Health	Residential Aged Care	Retail	Wealth & Capital Markets
<ul style="list-style-type: none"> Acquired <i>myHomecare</i> business for \$285 million¹, with total integration costs of \$31.5 million anticipated across FY24-25 Commenced operating model transformation, with \$25.2 million invested to date Strong momentum from <i>myHomecare</i> acquisition in FY25 Positive market outlook with growing demand from ageing population and emerging private paid market Strategic strengthening of Health Services business with strong out of hospital care opportunities available across private and public hospitals 	<ul style="list-style-type: none"> Completed strategic review of Residential Aged Care Occupancy levels across the 11 mature facilities achieved an average of 97.4% which is 3% higher than sector top quartile (30 June 2023: 97.0%) Achieved full selldown of the new Walmsley facility in Victoria within 16 months Trading up of The Alba with occupancy now 60%. Projected selldown of this new facility currently on track for completion by December 2024 Strong revenue growth through higher government funding, optimised grant opportunities and indexation/price increases on additional services Effective cost management strategies Reduced external agency staff expenditure by 88% through enhanced workforce strategies to attract and retain staff (\$7m) 	<p>Health Insurance</p> <ul style="list-style-type: none"> Finalised material multi-year pandemic related items in Health Insurance Health Insurance claims returned closer to long-term trend levels, after being depressed for a number of years due to COVID-19 related factors Health insurance premium givebacks including low premium rise of 1.42% (market increase 3.03%²), and 12-month deferral of April 23 increase Strong focus on growth strategies has achieved net policyholder growth of +261 from June 2023 to March 2024⁴, a significant turnaround from -3,580 for the same period last year The overall number of policyholders increased to 162,555 at March 2024⁴, up from 162,294 at June 2023 and 161,971 at December 2023 Customer NPS +32.0 (July 2023 to March 2024) 	<ul style="list-style-type: none"> <i>IOOF</i> acquired in October 2023 Divested the Advice business Agreed to divest Australian Unity Property Limited (including Diversified Property Fund), Future of Healthcare Fund management rights, and Altius Asset Management Grew reach of Social Infrastructure funds including Specialist Disability Accommodation and Childcare, while leveraging Purpose-built Student Accommodation at Herston to establish a further fund in the same sector Advanced discussions with key tenants to realise further value on the Herston Quarter precinct Northwest proceedings were settled. Additional investment by Australian Unity Group in HPT Launched initial digital service delivery for key direct to consumer products

1. On a debt and cash free basis.

2. Health.gov.au.

3. Adjusted EBITDA: adjusted earnings before tax, depreciation and amortisation, interest expense and investment income.

4. Net policyholder numbers reflect those reported to APRA for the quarter ended March 2024.

Bank

- Reviewing Australian Unity Bank involving an exploration of strategic options

A. FY24 trading update supplement

Expected net movement of key material items between FY23 and FY24 Adjusted EBITDA¹ (\$m)

Health Insurance	(82.0)
Non-recurring release of DCL in FY23	(71.0)
Incremental health insurance premium givebacks in FY24	(16.6)
Underwriting profit improvement in FY24	5.6
Non-recurring	14.3
Non-recurring costs including litigation	5.3
Non-recurring development profit (The Alba) and recoveries from external parties in FY24	9.0
Acquisitions and operations	16.1
<i>IOOF</i> operations (for 8 months to 30 June 2024)	4.9
<i>myHomecare</i> operations (for 3 months to 30 June 2024)	8.0
Lower agency costs in Residential Aged Care (for year ending 30 June 2024)	7.5
Retirement Village Property Fund	(3.9)
Other items	(0.4)
Transformation	(46.6)
Non-recurring Dental divestment profit in FY23	(16.0)
Incremental transformation & integration costs for Home Health in FY24	(24.8)
Restructure costs relating to simplification across the Australian Unity Group in FY24	(12.8)
<i>IOOF</i> integration costs in FY24	(1.0)
Diversified Property Fund intended divestment in FY24	5.5
Other (operational outsourcing, corporate efficiency, other transformation, Advice divestment, net of FY23 integration)	2.5

Expected net movement of key material items between FY23 and FY24 Profit Before Tax (\$m)

Non-recurring intangibles write-down in FY23	7.0
Increase in interest expense due to Australian Unity Bonds Series E and acquisition funding costs in FY24, offset by less interest on RVINs as RVIN Series 6 matured in July 2023	(10.0)
Increase in AASB16 notional interest on refundable accommodation deposits (RADs) relating to new facilities trading-up in FY24	(4.1)
Other expenses from FY23 not recurring in FY24 (litigation costs)	5.0

1. Adjusted EBITDA: adjusted earnings before tax, depreciation and amortisation, interest expense and investment income.

B. Key risks

This Appendix B includes some of the key risks associated with any investment in Australian Unity. Australian Unity is subject to a variety of risk factors. Some of these are specific to its business activities, some of these are associated with Australian Unity MCIs specifically while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of Australian Unity, its investment returns and the value of an investment in Australian Unity MCIs.

The risks listed in this Appendix B are not an exhaustive list of risks associated with an investment in Australian Unity, either now or in the future, and this information should be considered in conjunction with all other information in this presentation. Many of the risks described below are outside the control of Australian Unity, its directors and management. There is no guarantee that Australian Unity will achieve its stated objectives or that any forward looking statements or forecasts of Australian Unity will eventuate.

This Appendix B discusses the key risks attaching to an investment in Australian Unity MCIs, which may affect the future operating and financial performance of Australian Unity and the value of Australian Unity MCIs. Before investing in Australian Unity MCIs, you should consider whether that investment is suitable for you having regard to publicly available information (including this presentation), your personal circumstances and following consultation with financial or other professional advisers. Additional risks and uncertainties that Australian Unity is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Australian Unity's operating and financial performance.

Business risks

Risk	Risk description
Transformation agenda	<ul style="list-style-type: none"> Australian Unity is continuing to undertake a significant transformation process which will continue to progress through to FY26. The transformation process involves strategic programs, investments and portfolio optimisation, including both acquisitions and divestments. The achievement of the expected benefits of the transformation process, including acquisition and divestment activity, such as cost reductions, realisation of synergies and efficiencies and growth in sustainable recurring cash earnings, may take longer to be realised, cost more than planned or not be realised to the extent expected. That may adversely impact revenue and earnings in FY24, FY25 and beyond.
Availability of a skilled and experienced workforce	<ul style="list-style-type: none"> Australian Unity relies on skilled and experienced employees to service members and customers. If Australian Unity is unable to access appropriately skilled people or retain current employees, Australian Unity may experience workforce constraints that adversely impact the provision of service, growth plans and financial performance. Australian Unity is currently experiencing this risk in its care workforce due largely to competition for talent and changes to sector workforce dynamics and government funding models.
Cyber security threats	<ul style="list-style-type: none"> Australian Unity's businesses are reliant on technology to deliver its products and services. To provide these products and services, Australian Unity handles large amounts of customer, member and employee data. Cyber security risk is on the rise due to increasing dependence on technology and the growing frequency, sophistication and severity of attacks. If its systems fail to detect and prevent cyber-attacks, Australian Unity could experience unauthorised access or loss of confidential information or business disruption as a result of system unavailability.

B. Key risks

Business risks (cont.)

Risk	Risk description
Deteriorating economic conditions	<ul style="list-style-type: none"> ▪ The increasing risks associated with deteriorating economic conditions including potential recession, enduring inflation and increased operating costs, and a tightened fiscal environment could result in restrained Government spending and impact Australian Unity's business operations and financial performance. For example, current inflationary pressures are leading to rising medical, construction, operational and staffing costs. ▪ Adverse economic conditions may also impact the returns Australian Unity achieves on its investments, occupancy levels in residential aged care and sales of residential villages and the level of credit defaults experienced in Australian Unity Bank's loan portfolio.
Changes to government policy	<ul style="list-style-type: none"> ▪ Many of Australian Unity's businesses operate in sectors that are dependent on government funding. Changes to government funding levels or structures may impact the profitability or viability of certain businesses. Funding decisions may be volatile or unpredictable in times of political uncertainty.
Convergence of major change	<ul style="list-style-type: none"> ▪ The amount and timing of significant changes in the business – including changes to operating models, the integrations of acquired businesses, embedding new technologies and processes – may create risks to successful execution of strategy and may result in employee burnout and other risks.
Adapting Australian Unity's products, services and technology	<ul style="list-style-type: none"> ▪ Australian Unity operates in markets where customer product demands are rapidly changing and preferences have been shifting to digital channels. The operation of Australian Unity's technology is an important part of how Australian Unity delivers services to customers. If Australian Unity is not successful in adapting its products, services and technology to meet changing customer preferences, and deliver reliable and efficient services, it may lose customers to its competition or fail to meet growth ambitions, which may adversely affect its financial performance.
Providing quality clinical and care services	<ul style="list-style-type: none"> ▪ Australian Unity provides high-trust services such as health and aged care services in the community. Poor quality clinical services may arise from inadequate policies and procedures, lack of training and supervision or other situational factors. ▪ The health, clinical safety and wellbeing outcomes of customers may be impacted if clinical practices are not designed or delivered to best practice standards. A severe event or series of events could result in mistreatment, injury or death to Australian Unity's customers, sanctions from regulators, reduced government funding, reputational damage and remediation costs.
Access to capital	<ul style="list-style-type: none"> ▪ Australian Unity is a mutual entity limited by shares and guarantee. Australian Unity is unable to issue ordinary shares to raise new capital but can raise capital via the issuance of MCIs, although MCIs are a novel instrument and there is no established deep market. Australian Unity also relies on external debt markets for a portion of its funding. ▪ Changes in the economic and market conditions and increased debt serviceability could result in reduced access to capital, difficulty in raising equity or increased costs of funding. This could negatively affect Australian Unity's capital position and its ability to fund business initiatives.

B. Key risks

Business risks (cont.)

Risk	Risk description
Liquidity demands	<ul style="list-style-type: none"> There is a risk that Australian Unity's liquidity and funding plans fail to operate effectively, or there may be factors outside Australian Unity's control which could adversely affect these plans. Australian Unity's liquid investments held to support liquidity needs may not be readily converted to cash, or levels of liquidity may not be sufficient to respond to a circumstance where liquidity demands exceed forecasts. For example, an event that simultaneously leads to a funding need in a number of regulated entities or operating entities may place significant demands on the liquidity and funding position.
Reliance on third parties	<ul style="list-style-type: none"> Australian Unity's business model increasingly relies on Australian Unity partnering with third party providers. If these third parties are not aligned to Australian Unity's purpose and objectives, or fail to deliver services in accordance with contractual arrangements, it may impact Australian Unity's services, reputation, and compromise the achievement of strategic objectives.
Workplace injuries or conditions	<ul style="list-style-type: none"> Australian Unity has a large workforce that could be exposed to workplace injuries or illness. Given the variability of locations, conditions and types of care delivered, Australian Unity's workforce may be subject to muscular or skeletal injuries, slips, trips, falls, driving accidents, mental stress or occupational violence and assault. Workplace injuries can impact Australian Unity's ability to service customers, retain employees, and can increase its costs.
Exposure to external events	<ul style="list-style-type: none"> With the diversity of Australian Unity's businesses, it is exposed to a variety of external events and factors, such as financial market volatility, government interventions or changes to funding policy, business disruptions through pandemics or extreme weather events (such as drought, bushfire, flood and storm), evolving ESG expectations and other community issues. Australian Unity may also make strategic or investment decisions that do not achieve the expected outcomes. If Australian Unity does not identify, understand or respond to its environment and make the right decisions, it may impact Australian Unity's ability to execute its strategy.
Regulatory complexity and change	<ul style="list-style-type: none"> Australian Unity operates a wide range of business activities which are subject to different laws and regulatory requirements and licence conditions. As regulatory standards and expectations are constantly changing, increased regulation and supervision could adversely affect Australian Unity's business activities. This could require changes to Australian Unity's business model, products or services and the incurrence of significant costs to implement change. Australian Unity may also face regulatory action and reputational damage if Australian Unity does not comply.
Growing Australian Unity's Community & Social Value	<ul style="list-style-type: none"> Community & Social Value (CSV) as a measure of wellbeing outcomes is a core component of Australian Unity's corporate purpose. Changes to Australian Unity's business composition or decisions which do not sufficiently increase CSV or fail to optimise Australian Unity's opportunities to increase CSV, may impact Australian Unity's ability to meet these objectives.

B. Key risks

Risks associated with Australian Unity MCIs specifically¹

Risk	Risk description
Perpetual instruments with no set maturity	<ul style="list-style-type: none"> Australian Unity MCIs are perpetual instruments and have no set maturity date. Holders are unable to request or require Repurchase of Australian Unity MCIs. As a result, Holders should be prepared to hold their Australian Unity MCIs for an indefinite period of time. Holders may seek to realise their investment in Australian Unity MCIs by selling on ASX but there is no guarantee that they will be able to do so, or do so at a price acceptable to them, and the price may be less than the Offer Price. Brokerage may also be payable if Holders sell their Australian Unity MCIs on ASX.
Subordinated ranking in a winding-up of Australian Unity	<ul style="list-style-type: none"> Australian Unity MCIs are not debt instruments. Holders will rank behind all creditors of Australian Unity, including holders of Australian Unity Bonds, but ahead of the interests of Non-Shareholder Members. Australian Unity MCIs may rank equally with, behind or ahead of, other series of mutual capital instruments or other securities issued by Australian Unity in the future. In the event of a winding-up of Australian Unity, Holders will be entitled to the Face Value for each Australian Unity MCI held and any Dividends which are due but unpaid. If there is a shortfall of funds on a winding-up of Australian Unity to pay the amounts above, Holders will not receive a full return of capital, and may not receive any payment of the amount to which they would otherwise be entitled.
The Dividend Rate is fixed whereas interest rates may vary	<ul style="list-style-type: none"> The Dividend Rate for the discretionary Dividend on Australian Unity MCIs is a fixed rate. Future market interest rates are influenced by a number of factors and may fluctuate over time. Investors in Australian Unity MCIs will not benefit from any increase in market interest rates via an increase in Dividends as they would under a floating rate instrument. If there is an increase in market interest rates, there is a risk that Australian Unity MCIs may become a less attractive investment compared to investments where the rates of return are based on a floating rate. As a result, in a rising interest rate market, the price at which Australian Unity MCIs trade may be expected to decline.
The value of imputation credits may change	<ul style="list-style-type: none"> Under the current dividend imputation system, the quantum of imputation credits associated with a Dividend is based on the prevailing corporate tax rate. If the corporate tax rate was reduced, the value of imputation credits and therefore of the Dividend received by Holders would decline.
The payment of any Dividends on Australian Unity MCIs is discretionary	<ul style="list-style-type: none"> Australian Unity MCIs are not debt instruments and Dividends are not the same as interest payments. The payment of any Dividends is discretionary and subject to the Directors in their absolute discretion determining that Australian Unity pay the Dividend or part of the Dividend. Australian Unity may not pay a Dividend unless to do so is fair and reasonable to its members, including Non-Shareholder Members, as a whole and the payment of Dividends may be restricted by law. Based on these factors there is a risk that a Dividend may not be paid or not paid in full. Dividends are non-cumulative and therefore Australian Unity is not required to make up any unpaid Dividend in subsequent periods. Australian Unity will not be liable to Holders in respect of an unpaid Dividend.

1. Defined terms have the same meaning as per the Terms of Issue.

B. Key risks

Risks associated with Australian Unity MCIs specifically¹ (cont.)

Risk	Risk description
Ability to pay Dividends on Australian Unity MCIs	<ul style="list-style-type: none"> The ability of Australian Unity to pay Dividends is dependent on its financial performance. Australian Unity's ability to pay a fully or partly-franked Dividend is also contingent on it generating a taxable profit. Financial performance and profits may fluctuate, making the reliable forecasting and payment and franking of Dividends difficult and unpredictable. No guarantee can be given concerning the future earnings of Australian Unity, nor the earnings or return on investment of its portfolio of businesses. As a strategic objective of Australian Unity is to deliver sustainable performance, there may be periods in respect of which Dividends may be low or are not paid at all.
Australian Unity MCIs may be suspended or delisted	<ul style="list-style-type: none"> The Terms contain certain obligations on Australian Unity to use reasonable endeavours to ensure that the Australian Unity MCIs remain quoted on ASX (or another securities exchange) while they are on issue. There is a risk that trading in Australian Unity MCIs could be suspended or could cease to be quoted in certain circumstances, including if Australian Unity fails to comply with applicable Listing Rules. As a result of any such suspension or cessation of quotation, the liquidity of Australian Unity MCIs may be substantially impacted. Holders do not have a right to require the Repurchase of the Australian Unity MCIs in these circumstances.
Volatility in the market price of the Australian Unity MCIs	<ul style="list-style-type: none"> The market price of Australian Unity MCIs may fluctuate due to various factors, including investor perceptions, worldwide economic conditions, interest rates, credit spreads, movements in the market price of other equity or debt issued by Australian Unity or the mutual industry, and factors that may affect Australian Unity's financial position and trading results and other factors beyond the control of Australian Unity and its Directors. Australian Unity MCIs may trade at a market price below the Offer Price. As a result, Holders who wish to sell their Australian Unity MCIs may be unable to do so at an acceptable price (if at all). Markets are volatile and the volatility of markets may change from time to time. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. During periods of elevated volatility investors typically seek higher returns, which may impact the price at which Australian Unity MCIs are traded. Unlike most debt and hybrid securities, Australian Unity MCIs are perpetual securities. As a consequence, the market price of Australian Unity MCIs is likely to be more sensitive to changes in interest rates than would be the case for a comparable investment of a fixed term.
Liquidity of the Australian Unity MCIs	<ul style="list-style-type: none"> Australian Unity MCIs issued under this Equity Raising will be quoted on ASX with existing Australian Unity MCIs under the ASX code AYUPA. However, there is no certainty that the market will be liquid. Insufficient liquidity may have a severely adverse effect on the market price of Australian Unity MCIs; the market price may be less than the Offer Price. Holders who wish to sell their Australian Unity MCIs may not be able to do so easily, at all, or at an acceptable price. The extent of liquidity may also affect the volatility of the market price of Australian Unity MCIs. Australian Unity does not guarantee the market price or liquidity of any Australian Unity equity or debt securities, including the MCIs, and there is a risk that you may lose some or all of the money you invested.

1. Defined terms have the same meaning as per the Terms of Issue.

B. Key risks

Risks associated with Australian Unity MCIs specifically¹ (cont.)

Risk	Risk description
Tax consequences for Holders	<ul style="list-style-type: none"> ▪ Holders should be aware that future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Australian Unity MCIs, or the holding and disposal of Australian Unity MCIs.
Australian Unity depends on transfers of funds from other members of the Australian Unity Group to meet its financial obligations	<ul style="list-style-type: none"> ▪ As a non-operating holding company, Australian Unity is reliant upon intercompany transfers of funds from other members of the Australian Unity group to meet its financial obligations. ▪ The ability of these entities to make payments to Australian Unity may be restricted by, among other things, applicable laws as well as agreements to which those entities may be a party, including capital adequacy requirements. Therefore, Australian Unity's ability to make Dividend payments in respect of the Australian Unity MCIs may be limited. ▪ In addition, if a subsidiary of Australian Unity is wound up, the claims of Australian Unity on its subsidiaries in respect of its investment in those subsidiaries may rank behind the claims of creditors of those subsidiaries. It follows that the assets of Australian Unity available to pay Holders are limited to what remains after the payment of the claims of creditors of those subsidiaries.
Australian Unity may Repurchase Australian Unity MCIs under certain circumstances	<ul style="list-style-type: none"> ▪ Australian Unity has the right to Repurchase Australian Unity MCIs in accordance with a Repurchase Notice given at any time if: <ul style="list-style-type: none"> - a Tax Event occurs; or - a 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. ▪ There is a risk that the Repurchase Amount may be less than the then current market value of Australian Unity MCIs, or the timing of such Repurchase may not accord with a Holder's individual financial circumstances or tax position.
Future incurrence of liabilities and future issuance of securities, including additional Australian Unity MCIs	<ul style="list-style-type: none"> ▪ While Australian Unity MCIs are on issue, there are no restrictions on Australian Unity incurring any debt or other obligations ranking ahead of Australian Unity MCIs, except other classes of mutual capital instruments which rank ahead of Australian Unity MCIs on the return of capital and payment of dividends on the winding-up of Australian Unity. There are also no restrictions on Australian Unity issuing additional Australian Unity MCIs or further instruments that rank equally with Australian Unity MCIs. There is a risk that the incurrence of any such debt obligations or other obligations ranking ahead of Australian Unity MCIs or the issue of further instruments, including any class of mutual capital instruments that rank equally with Australian Unity MCIs may reduce the amount available to pay Dividends, the amount (if any) recoverable by Holders on a winding-up of Australian Unity, or have an adverse impact on the market price of Australian Unity MCIs or the liquidity of that market. There is also a risk that Australian Unity's ability to service the payment of Dividends on the Australian Unity MCIs may be impacted if Australian Unity were to issue additional Australian Unity MCIs.
The Terms may be amended in certain circumstances	<ul style="list-style-type: none"> ▪ The Terms may be amended if the amendment has been approved by a Special Resolution and, in limited cases, without the need for any approval of Holders. There is a risk that such amendments will occur, and that some Holders may not agree with those amendments.

B. Key risks

Risks associated with Australian Unity MCIs specifically¹ (cont.)

Risk	Risk description
<p>Limited impact of voting rights</p>	<ul style="list-style-type: none"> Reflecting Australian Unity's status as a mutual entity the Constitution enshrines a limit of one vote per member for any member of Australian Unity. This approach will also apply to Holders, so that a Holder will only have one vote at a general meeting of Australian Unity regardless of the number of Australian Unity MCIs which they hold. In addition, Holders will not be entitled to vote on a Demutualisation of Australian Unity, on a proposal to wind up Australian Unity or on a resolution which seeks to amend these voting limitations. Holders will have only one vote at a general meeting of Australian Unity, even if they are also a Non Shareholder Member. Where a Holder is a joint holder of an Australian Unity MCI, only the first person named in the Register as a joint Holder is a member of Australian Unity and entitled to vote at a general meeting of Australian Unity. There is a risk as a consequence of these limited voting rights that a Holder or Holders as a class of members of Australian Unity will not be able to influence matters requiring Australian Unity member approval in a manner proportionate to their economic investment in Australian Unity.
<p>Interests of Holders may not be the same as the interests of other Australian Unity members</p>	<ul style="list-style-type: none"> Being a mutual entity, Australian Unity is governed by, and for the benefit of, all of its members. While Holders are members, only eligible customers and employees are able to become Non-Shareholder Members of Australian Unity. The interests of Non Shareholder Members may at times conflict with the interests of the Holders. The Constitution provides that the Board will, subject to Australian Unity complying with its obligations under the Terms, give preference to the interests of Non Shareholder Members over the interests of the holders of mutual capital instruments. Decisions may be made, either by the Board or by a vote of Non Shareholder Members, that may negatively impact the interests of Holders, including resulting in a lower or no Dividends being paid, and/or a reduction in the price at which the Australian Unity MCIs trade, or the Repurchase of Australian Unity MCIs in accordance with the Terms.
<p>General economic and financial market conditions</p>	<ul style="list-style-type: none"> General economic conditions (both domestic and international), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities, changes in domestic or international fiscal, monetary, regulatory and other government policies, changes in investor perceptions, geo-political conditions and the Australian Unity Group's financial position and earnings may adversely impact Australian Unity's ability to declare and pay Dividends to Holders, and may affect the market price of the Australian Unity MCIs. As a result of the above-mentioned factors, Australian Unity is unable to forecast the market price for the Australian Unity MCIs and they may trade on ASX at a price that is below the Offer Price.

1. Defined terms have the same meaning as per the Terms of Issue.

B. Key risks

General risks

Risk	Risk description
Market risks	<ul style="list-style-type: none"> ▪ Market risk is the risk of an adverse event in the financial markets that may result in a loss of earnings for Australian Unity and the Australian Unity Group. ▪ Market risk includes exposures to liquidity or funding risk (that is, being unable to meet financial obligations as they fall due, or over-reliance on a funding source whereby market or environmental changes limit access to that funding source and thereby increase overall funding costs or cause difficulty in raising funds). ▪ Market risk also includes interest rate risk (that is, the potential for a change in interest rates to have an adverse impact on the interest-related earnings of Australian Unity) and currency risk (that is, risks caused by fluctuations in foreign exchange rates).
Asset price risk	<ul style="list-style-type: none"> ▪ Australian Unity's balance sheet includes material investment in property and other asset classes. The market value of these classes of asset may fluctuate and such fluctuations may result in impairment charges being recognised against those assets. Property assets, in particular retirement communities and aged care assets, are by their nature illiquid investments. Therefore, it may not be possible for the Australian Unity Group to dispose of assets in a timely manner. To the extent that the Australian Unity Group invests in properties for which there may only be a limited number of willing buyers, the realisable value of those assets may be less than the full value indicated by the Australian Unity Group's expectations of future cash flows from the relevant properties.
Litigation	<ul style="list-style-type: none"> ▪ From time to time, the Australian Unity Group may be exposed to litigation or disputes with various parties, such as contractual counterparties, competitors, members and customers. Litigation and disputes may include, but are not limited to, customer/member claims, and disputes in relation to material investments, operations, products, memberships or other contracts. ▪ Losses, liability or legal expenses as a result of litigation proceedings could have a material adverse effect on the Australian Unity Group's business and financial performance and its ability to pay Dividends. Additionally, litigation involving the Australian Unity Group can also damage its reputation. Whilst the Australian Unity Group holds professional liability insurance and may from time to time make certain provisions against the possibility of adverse outcomes, there is no guarantee that the insurance will be sufficient to cover all potential claims or that the provisioned amounts (if any) will adequately cover any such loss suffered or liability incurred.
Taxation	<ul style="list-style-type: none"> ▪ The Australian Unity Group is subject to taxation legislation in the various jurisdictions in which it has operations and conducts business. Any significant change in taxation law or its interpretation and application by an administrative body could have an adverse effect on the results of its operations. As appropriate, the Australian Unity Group manages taxation risk by obtaining opinions from taxation specialists and/or rulings from revenue authorities. The Australian Unity Group employs a proactive approach to managing potential disputes with revenue authorities. Either directly or in conjunction with professional and industry bodies, the Australian Unity Group also engages in consultation with revenue authorities in relation to potential changes in law.
Climate change	<ul style="list-style-type: none"> ▪ 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.

B. Key risks

General risks (cont.)

Risk	Risk description
Reputational risk	<ul style="list-style-type: none"> 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. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, issues of ethics, money laundering laws, trade sanctions legislation, privacy, information security, wage review, sales and trading practices and conduct by companies in which the Australian Unity Group holds strategic interests. Failure to address these issues appropriately could give rise to additional legal risk, subject Australian Unity and its subsidiaries to regulatory actions, fines and penalties, or harm the reputation of Australian Unity among its members, customers, employees and Holders.
Changes in Australian Accounting Standards	<ul style="list-style-type: none"> The Australian Unity Group is subject to the usual business risks that there may be changes in Australian Accounting Standards which have an adverse financial impact on Australian Unity or the Australian Unity Group.
Legal investment considerations may restrict certain investments	<ul style="list-style-type: none"> The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult their legal advisers to determine whether and to what extent (i) the MCIs are legal investments for them; and (ii) other restrictions apply to the purchase or any proposed use as collateral of the Australian Unity MCIs. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Australian Unity MCIs under any applicable risk-based capital or similar rules.
Strategic decisions and corporate activities	<ul style="list-style-type: none"> Australian Unity regularly considers a range of corporate opportunities, including acquisitions, divestments, joint ventures, and investments. The pursuit of corporate opportunities inherently involves risks, including the risk that Australian Unity overvalues an acquisition or investment, or under-values a divestment, as well as exposure to reputational damage. Australian Unity may also encounter difficulties in integrating or separating businesses, including the failure to realise expected synergies, disruption to operations, diversion of management resources, or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on Australian Unity's financial performance and position. Additionally, Australian Unity may incur unexpected financial losses following an acquisition, joint venture, or investment if the business it invests in does not perform as planned or causes unanticipated changes to Australian Unity's risk profile. There can also be no assurance that customers, employees, suppliers, counterparties, and other relevant stakeholders will remain with an acquired business following the transaction, and any failure to retain such stakeholders may have an adverse impact on Australian Unity's overall financial performance and position.
Offer risk	<ul style="list-style-type: none"> There is a risk that the amount of proceeds that may be raised by Australian Unity may be adversely impacted by one or more events which may or may not be within the control of Australian Unity including in respect of the Offer not proceeding in part or in its entirety, particularly as the Offer is not underwritten.

C. Offer restrictions

Offer restrictions

This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (“FMC Act”).

The New MCIs may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.



**Australian
Unity**



Real Wellbeing