

ASX Announcement

1 June 2020

Australian Unity Limited Investor Presentation

Australian Unity Limited is undertaking a series of investor presentations to wholesale investors over the period of 1 June 2020 to 9 June 2020.

Please find attached a copy of the presentation.

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

About Australian Unity Established in 1840, Australian Unity is one of Australia's first member owned wellbeing companies. From our early days, we've been here to help people thrive and been strong advocates in the community for positive change and the wellbeing of Australians. Today, while we've grown to a company of more than 7,000 employees with hundreds of thousands of members and customers, we remain true to our roots. Our broad range of health, wealth and living products and services are focused on enhancing the wellbeing of Australians.

www.australianunity.com.au

ASX code:

AYU

Securities on Issue:

AYUHB – 713,257

AYUHC – 1,150,192

AYUHD – 2,070,000

Issuer:

Australian Unity Limited

ACN 087 648 888

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

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YEARS

Australian
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Real Wellbeing

Australian Unity Limited

June 2020



Important information

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1. Group overview
2. Financial performance and position
3. Strategic priorities
4. Business update
5. Appendices

Rohan Mead
Group Managing Director &
CEO



Esther Kerr-Smith
Group Executive,
Finance & Strategy



Melinda Honig
Group Executive,
Governance



Adam Vise
Group Treasurer



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Group overview



Overview of Australian Unity

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Australia's first member-owned wellbeing company

- Established in 1840, we're Australia's first member-owned wellbeing company, with 270,000 members and more than 700,000 customers
- We trace our origins back to a pub in Melbourne, where a group of eight people formed a friendly society to look after the health and wellbeing of its members
- As a mutual, we operate on commercial principles, but **invest our profits directly back into our business**
- We operate under a governance model that provides **one vote for each member**, regardless of how many products they hold. Under this democratic model, no person/s has a controlling vote or interest in the company
- We are focused on developing and delivering contemporary, evidence-based and person-centred services and social infrastructure to market segments where we envisage there is the most scope to contribute to community value
- Our growth has been organic – by continuously evolving to provide the services and products needed by the communities it serves – as well as through successful strategic mergers and diversification into new business activities
- Our Constitution was amended on 30 October 2019 to allow for the issuance of mutual capital instruments (MCIs)¹

¹ Please refer to Appendix B on slides 32 and 33, which provide a relevant MCI case study for Nationwide Building Society in the UK.

Summary COVID-19 Update

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See also slides 27 and 28

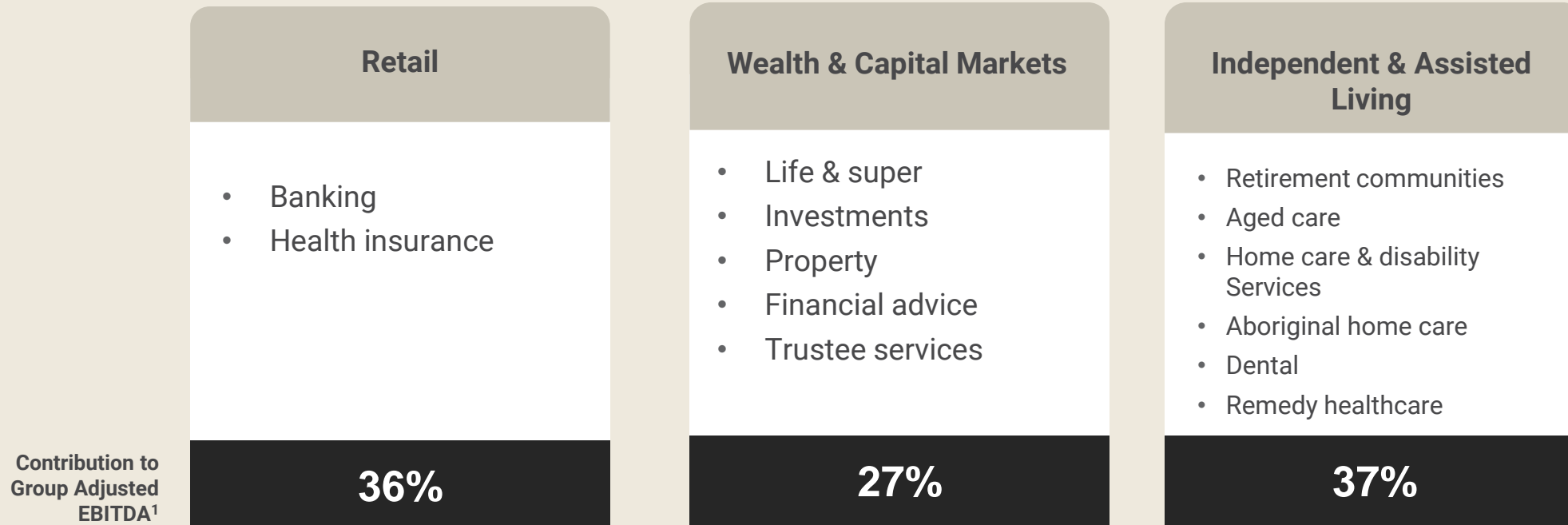
- The Group has not been immune to the effects of COVID-19, in terms of both revenue and expenses. For instance, we have observed increased costs associated with supplying our human services operations with personal protective equipment (PPE) and the broader economic impacts on our members, customers, employees, and the communities in which we operate will have an inevitable effect on revenue
- In response to the unfolding COVID-19 situation we have prioritised our focus on balance sheet resilience and the long-term sustainability of our operations rather than maximising near term earnings, which can be expected to be impacted somewhat when compared to prior years
- We remain confident that our diversified portfolio of thematically linked businesses has equipped us to respond to the current economic environment

Australian Unity platforms

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Diversified portfolio with extended participation in higher-growth human services and social infrastructure sectors



¹ Last twelve months (being 2HFY19 and 1HFY20) excluding corporate costs. Adjusted EBITDA: the measure the Group uses in assessing the operating performance of its business segments. This measurement basis excludes the effects of depreciation and amortization, interest on external borrowings and investment income. It also excludes non-recurring expenditure. See note 1 to the Consolidated Financial Statements in Australian Unity Limited's Annual Report for the Financial Year to 30 June 2019.

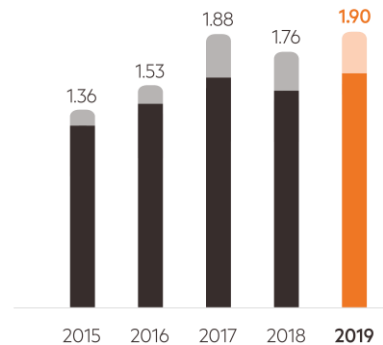
A growing organisation

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YEARS

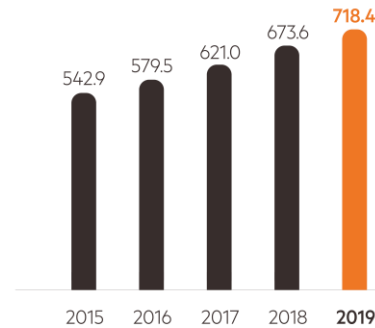
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Consistent growth demonstrated over last five years

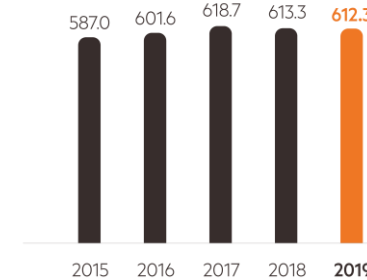
Revenues (\$b)[‡]
\$1.90 billion



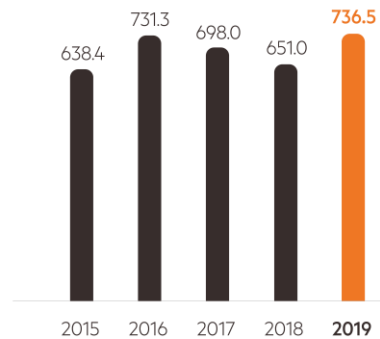
Members' funds (\$m)[‡]
\$718.4 million



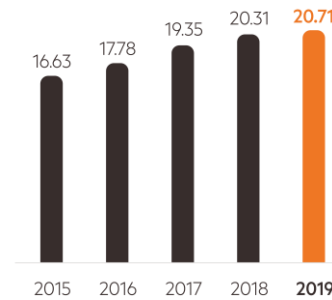
Private health insurance
gross claims paid (\$m)
\$612.3 million



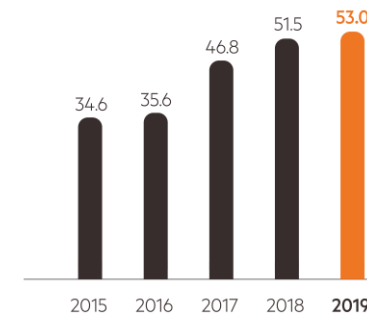
Australian Unity
Bank loan book (\$m)
\$736.5 million



Assets & funds under
management and advice (\$b)^{*}
\$20.71 billion



Profit after
income tax (\$m)
\$53.0 million



Σ The FY2018 year includes the sale of the Group's corporate health insurance business, Grand United Corporate Health Limited (GUCH), affecting the comparative results for FY2017.

† Revenues: comprise revenue and other income receipts (shown as the bottom section of the bar chart) as shown in the Consolidated statement of comprehensive income in the Annual Report, excluding discontinued operations, plus life investment contract premium receipts (shown as the top section of the bar chart). The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the statement of comprehensive income.

‡ Members' funds: net assets of the Group attributable to members.

* Assets & funds under management and advice: including developments and associated debt facilities.

Quick facts

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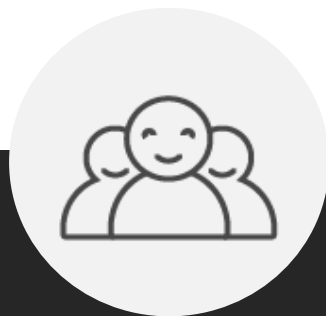
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Create a great
place to work

7,000+
employees

70%
management
personnel female



Put our customers
and members front
and centre

700,000+
customers

270,000+
members

54,000+
home care
customers



Deliver sustainable
performance

\$1.61b
revenue

\$20.71b
in assets and funds
under
management
and advice



Make a difference
in our community

3.8m
hours of home &
disability care

300,000+
hours of care to
Aboriginal Home
Care clients

390,000+
Remedy Healthcare
episodes of
care across 14
treatment programs

Note: Figures for the full year ending 30 June 2019.

Highly regulated commercial business

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Retail

- Australian Prudential Regulation Authority (APRA)
- Australian Securities and Investments Commission (ASIC)
- Australian Transaction Reports and Analysis Centre (AUSTRAC)
- Australian Competition and Consumer Commission (ACCC)

Wealth & Capital Markets

- APRA
- ASIC
- AUSTRAC

Independent & Assisted Living

- Commonwealth Department of Health
- Aged Care Quality & Safety Commission
- NDIS Quality and Safeguards Commission
- Australian Health Practitioner Regulation Agency



- Regulated by APRA as non-operating holding company since 2012
- Listed on ASX for debt since 2011, with continuous disclosure obligations
- Australian Unity's operations have been captured by three recent royal commissions – Financial Services Royal Commission, Royal Commission into Aged Care Quality and Safety and Disability Royal Commission. To date Australian Unity has not had an adverse finding

ESG – “S” = wellbeing

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Australian Unity Wellbeing Index

- We've been measuring the wellbeing of Australians with Deakin University since 2000
- Known as the Australian Unity Wellbeing Index, it's one of the most enduring and credible studies of wellbeing in Australia
- The Australian Unity Wellbeing Index tracks how satisfied people across Australia are with their lives as a whole, using seven key areas of wellbeing, including: standard of living, health, achieving in life, relationships, safety, community-connectedness, future security
- It shows that real wellbeing is about much more than just health
- Using the Australian Unity Wellbeing Index as a guide, everything we do – from the smart products and services we deliver, to the way we go about our day-to-day activities – is for building real wellbeing for all Australians

Community & Social Value Framework



Lifelong
wellness

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



Economic
empowerment

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



Strong
communities

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

Member Value Framework

Community & social value outcomes framework

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Lifelong wellness		Economic empowerment		Strong communities	
Health through: being more healthy & well	Take preventative action to stay in good health	Safety & Future security through: financial security	Job security & meaningful employment	Achieving through: sense of purpose	Fostering meaningful engagement between people and communities
	Reduce impact of chronic diseases on quality of life		Sense of confidence about future		
	Maintain strong mental health				
Health through: being more in control	Make informed decisions regarding own health	Safety & Future security through: financial resilience	More resilient to adverse financial or other life events	Relationships through: socially connected	Can create and maintain positive and constructive relationships
	Access to supports that are centred around needs		Access to trusted, appropriate products & advice		Access to a support network
	Supported to maintain self-reliance		Proactive wealth management		Increased availability of community spaces to foster social connectedness
Future security through: well resourced & efficient health systems	Reduced burden to the health systems	Standard of Living through: economic inclusion	Increased economic participation and inclusion	Community connectedness - thriving communities	Provide access to services in local communities
	Improved customer health outcomes		Regional economic development		Fostering social innovation that addresses changing community needs
	Better standards of care		Increased representation & diversity at all levels		Reducing social infrastructure gap
					Building connected communities

We are already delivering value under each of the impact areas

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Lifelong
wellness

- Mindstep® – evidence-based phone counselling service for anxiety and depression
- Ramsay Connect – hospital in the home
- Telehealth for allied health (new since COVID-19)
- Wellbeing plans for all aged care and NDIS customers
- Better Together® aged care model



Economic
empowerment

- Targeting 85% permanent care workers, intentionally avoiding casualisation
- Indigenous procurement program
- Trustees services for people under guardianship orders
- Friendly Society status of Lifeplan allows for intergenerational wealth transfer with confidence



Strong
communities

- Meals on wheels, community transport, mobile libraries
- Disability Housing Fund to foster building of appropriate accommodation for people with disability
- Co-location of aged care and retirement villages
- Public position on Reconciliation – including need for warm-hearted discussion on moving date of Australia Day

Financial performance and position



Strong FY19 complemented by sound progress in first half FY20

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FY19

**Solid performance
against broad
ambitions**

- Continued to progress a strategy of developing a commercially sustainable, thematically linked, portfolio of businesses
- Revenue and other income of \$1.6 billion, up 8.2%
- Adjusted EBITDA¹ of \$93.0 million, up 135.6%
- Profit after tax up 2.8% to \$53.0 million (after the 2018 sale impact of GUCH)

1H FY20

**Revenue and other
income of \$764.9
million, up 9.4%**

- Overall revenue growth generated by operating businesses (up \$17.8 million) and solid investment returns (up \$3.2 million) supported by \$44.5 million increase in benefit fund revenue
- A 2.8 % (\$18.5 million) increase in overall operating expenses included higher health insurance net claims (up \$8.6 million). Benefit fund expenses up \$23.5 million

**Operating
earnings of \$18.5
million, up 18.0%**

- Operating earnings of \$18.5 million—an increase of \$2.8 million
- Overall outcome a significant improvement in the aggregate trading position

**Profit after tax of
\$8.4 million,
down 36.8%**

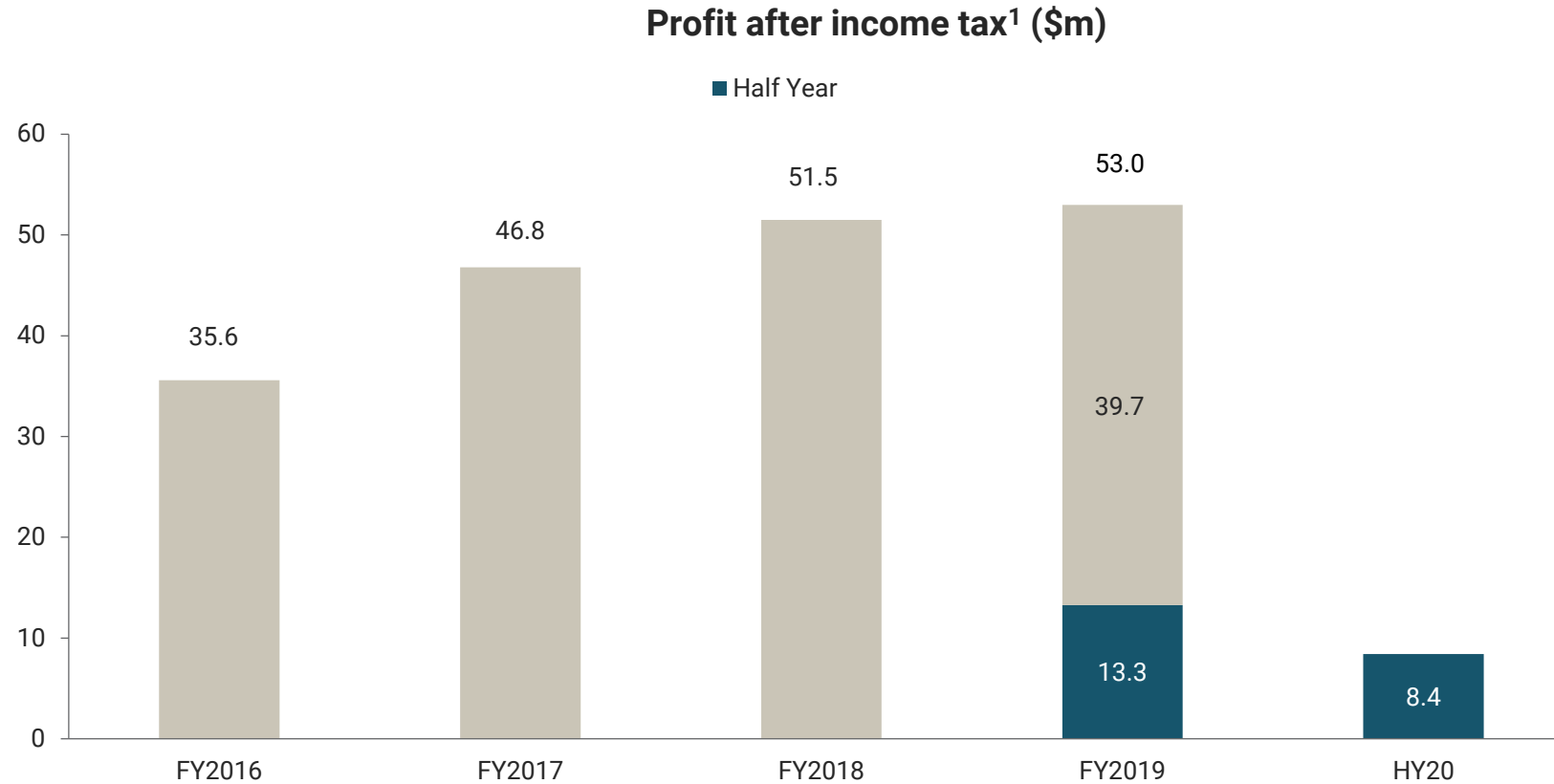
- Net profit after tax was \$8.4 million—a \$4.9 million decrease on the prior corresponding period
- Movement includes \$2.0 million adverse new lease accounting impact, as well as costs associated with relocation of the Group's head office and no equivalent this half-year to the legal settlement received in the Life & Super business in the prior corresponding period

1. Adjusted EBITDA: the measure the Group uses in assessing the operating performance of its business segments. This measurement basis excludes the effects of depreciation and amortization, interest on external borrowings and investment income. It also excludes non-recurring expenditure. See note 1 to the Consolidated Financial Statements in Australian Unity Limited's Annual Report for the Financial Year to 30 June 2019.

FY20 key metrics

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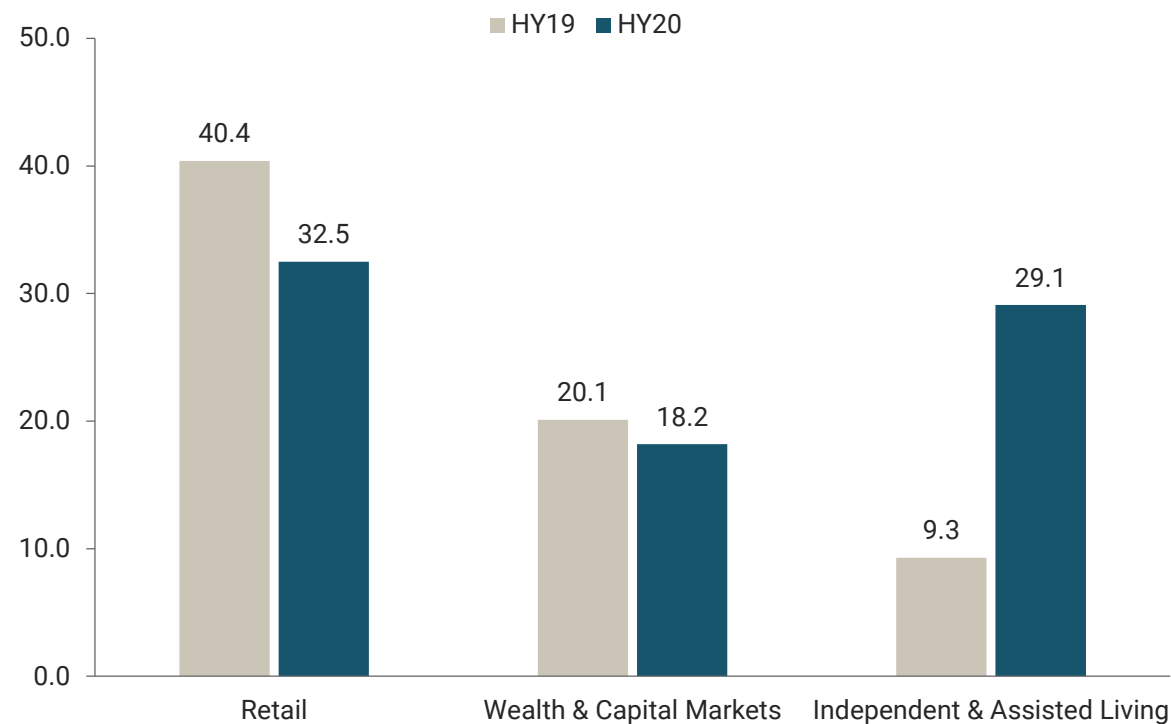
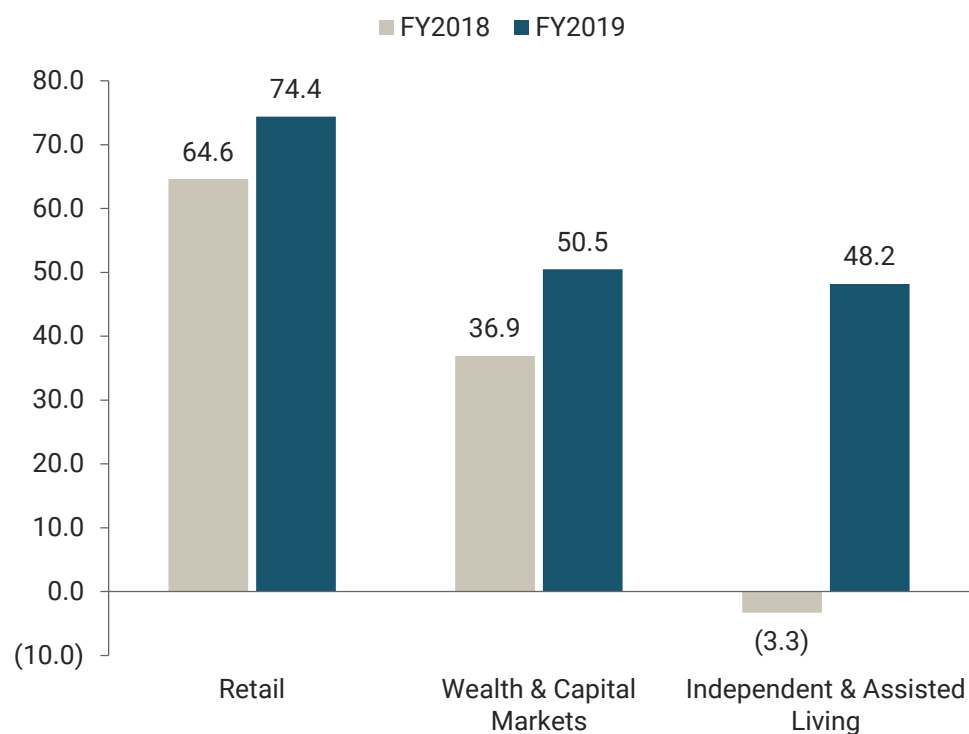
¹ Included in the FY2018 result was a profit from discontinued operations of \$66.9 million from the divestment of the Group's corporate health insurance subsidiary, Grand United Corporate Health Limited (GUCH) completed 31 October 2017 which was offset by the large investment made in the Home & Disability Services business which operated at a loss during the period.

Segment earnings growth

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Adjusted EBITDA¹ (\$m)



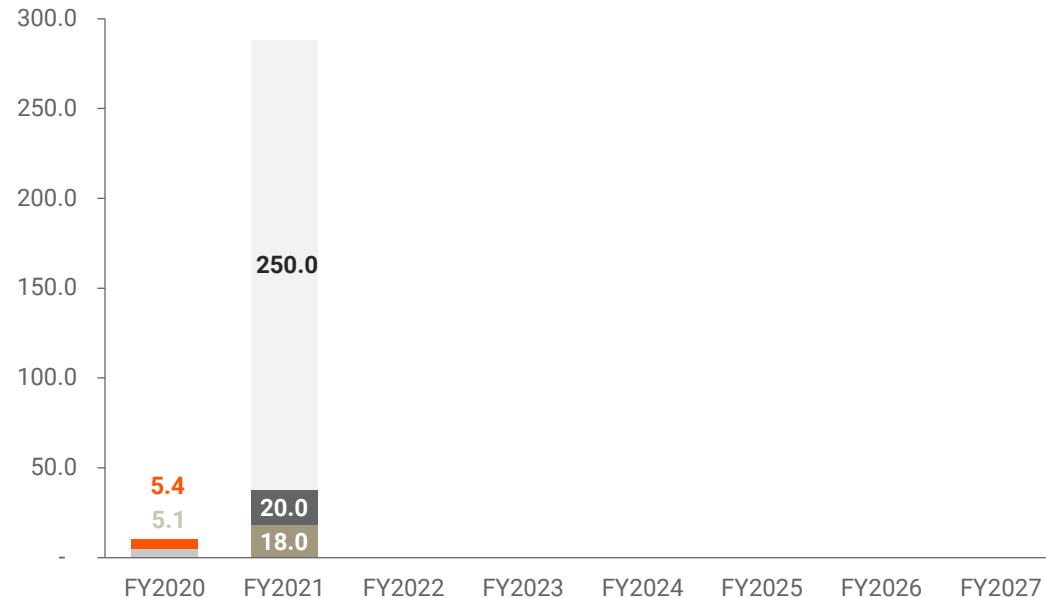
¹ Adjusted EBITDA: the measure the Group uses in assessing the operating performance of its business segments. This measurement basis excludes the effects of tax, depreciation and amortisation, interest expense and investment income. It also excludes material non-recurring expenditure and shared services costs. See note 3 to the Consolidated Financial Statements in Australian Unity Limited's Interim Financial Report for the half-year ended 31 December 2019.

MCI to further enhance balance sheet?

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YEARS

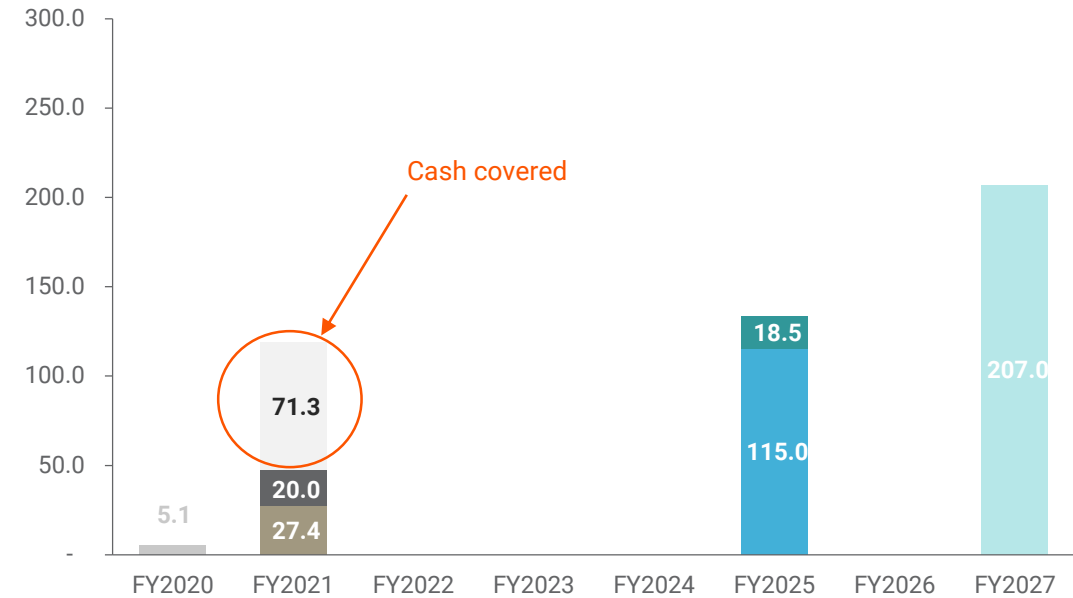
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30 June 2019 debt maturity profile¹ (\$m)



- Retirement Village Investment Notes (Refinanced)
- Series B Australian Unity Bond Tranche 1 (Refinanced)
- Retirement Village Investment Notes
- Herston Quarter Redevelopment Project Loans²
- Revolving Loan Facility (Undrawn)³
- Other external loans⁴

31 December 2019 debt maturity profile¹ (\$m)



- Retirement Village Investment Notes (New Issue)
- Series C Australian Unity Bond Tranche 1 (New Issue)
- Series D Australian Unity Bond Tranche 1 (New Issue)
- Series B Australian Unity Bond Tranche 1 (Funds reserved for maturity)
- Retirement Village Investment Notes
- Herston Quarter Redevelopment Project Loans²
- Revolving Loan Facility (Undrawn)³
- Other external loans⁴

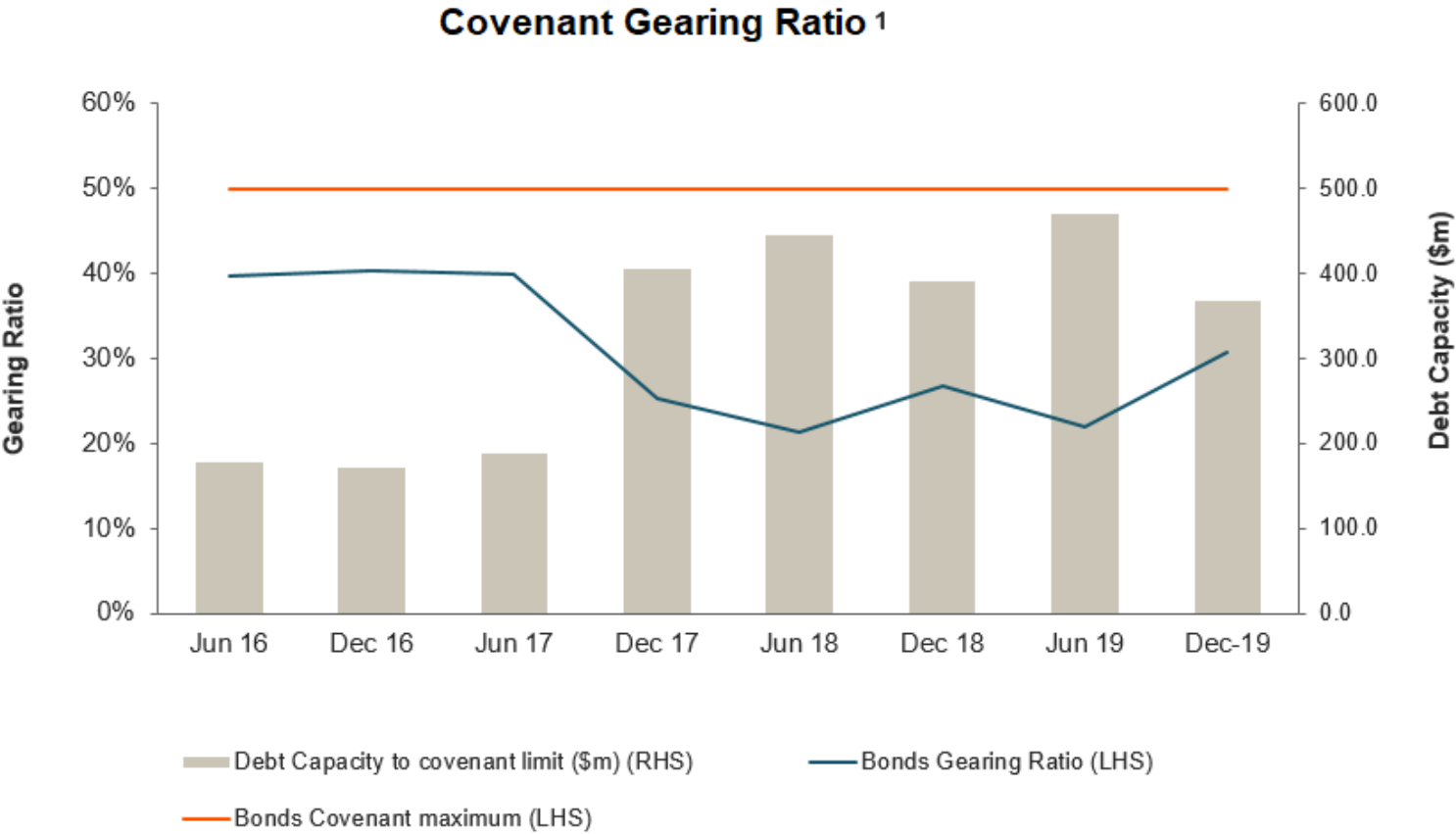
¹ Funding maturity profile shows consolidated interest bearing liabilities that contribute to the gearing ratio, excluding Authorised Deposit-taking Institution (ADI) borrowings.

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

³ \$25 million revolving loan facility maturing March 2021.

⁴ Other external loans rolls on a quarterly basis.

Gearing analysis



1 Covenant Gearing Ratio calculated as $\text{Gearing Ratio Debt} / (\text{Gearing Ratio Debt} + \text{Gearing Ratio Equity})$, as defined under the Series B and Series C and Australian Unity Bond terms.

2 Gearing Ratio Debt means the sum of Consolidated Interest Bearing Liabilities and Australian Unity Guarantees, less ADI Interest Bearing Liabilities, ADI Guarantees, Benefit Fund Interest Bearing Liabilities, Junior Ranking Obligations (including any MCIs that may be issued), Lease Liabilities and AUL Cash.

3 Gearing Ratio Equity means Total Equity (including any MCIs that may be issued) less ADI Equity.

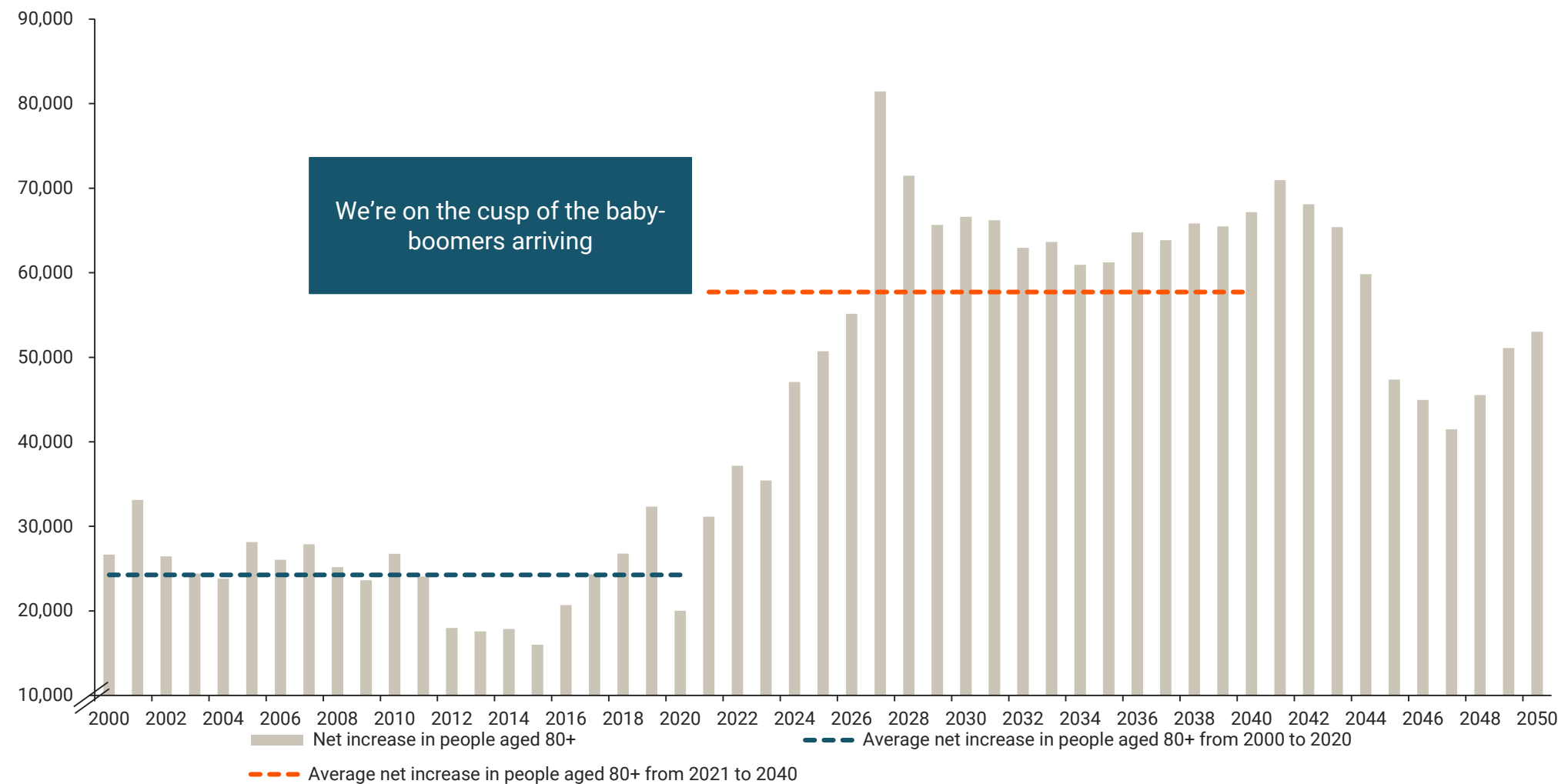
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Strategic priorities

Demand for health & aged care already growing



Source: ABS 3101.0 Australian Demographic Statistics, Jun 2019 & ABS 3222.0 Population Projections, Australia, 2017 (base) – 2066.

Meeting the nation's social infrastructure challenge

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In just over 20 years from now, by 2040, there will be:

2.6m+

people with
high or very
high anxiety,
or distress

4.6m+

people with
circulatory system
disease

5m+

people aged
70+

On current policy settings, by 2040, the health and aged care systems are projected to require **an additional:**

\$57b

in capital costs
for aged care
and hospitals

\$30b

in annual
operating costs
for aged care
and hospitals

120,000

nurses (by 2030)

400,000+

aged care workers

Significant social infrastructure gaps are emerging:

- Facilities:
 - Hospitals and healthcare facilities
 - Aged care
 - Retirement communities
 - Disability accommodation
 - Housing
- Home-based services
- Workforce
- Business systems innovation
- Logistics

Strategic priorities

FY20 and beyond

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Private health insurance sector reforms

Working with government and industry to influence and drive structural and policy reform

Realising the home care and Aboriginal home care opportunity

Orientating around the needs of customers and their wellbeing

Capability, innovation and cost

Enabling and leading operational agility, resilience, efficiency and optionality

Social infrastructure

Progressing development portfolio and pipeline, including Herston Quarter (refer overleaf on slide 24 for further information)

Capital and funding

Continued growth and maturity in our investments and financial strategies





Key strategic project case study

Herston Quarter Health Precinct – a \$1.1bn social infrastructure development

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- In February 2017, Australian Unity signed a series of agreements with the Queensland Government to develop the Herston Quarter in Brisbane
- The \$1.1 billion project, includes development of a public hospital, a private hospital, aged care and retirement living as well as student accommodation
- The public hospital (Surgical, Treatment and Rehabilitation Service (STARS)) is due for completion this calendar year
- The project has been funded by Australian Unity's Healthcare Property Trust (HPT), which is one of Australia's largest unlisted healthcare property funds with \$2.1 billion gross assets
- Herston Quarter should serve as a useful additional model for governments seeking to mobilise private sector capacity for the delivery of much-needed social infrastructure

	2 hospitals (one public, one private)	3 commercial carparks	Better Together®	Heritage buildings
	HPT  Queensland Government	 INTERNATIONAL PARKING GROUP	 Australian Unity	 Australian Unity
Strategic partners	\$2.1bn Healthcare Property Trust	14 structured car parks across 9 major Australian public hospitals	Retirement living and residential aged care operated under Better Together®	Funded predominantly through an Australian Unity Social Infrastructure fund
Status	<ul style="list-style-type: none"> STARS on track for Q2FY21 (\$390m) Private hospital forecast to commence FY22 	<ul style="list-style-type: none"> STARS carpark on track for Q2FY21 Others due to commence FY21 and FY22 	<ul style="list-style-type: none"> Due to commence FY21 	<ul style="list-style-type: none"> EDQ DA approved Commenced in May 2020 Complete Jan 2022
PRECINCT ACTIVATION & ENABLING WORKS Enabling works and public realm, commercial and residential vacant land, management rights				

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Key strategic project case study

Home & Disability Services – building a sustainable consumer-directed human services business

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- Our Home & Disability Services (HDS) business delivers homecare to more than 50,000 aged care and National Disability Insurance Scheme (NDIS) clients across NSW, including in rural and remote areas
- Services include: personal care, domestic services, home maintenance, transport, nursing and social support
- HDS has strong linkages with our other business, especially Remedy Healthcare, our trustees business, and residential aged care
- Adjacent to HDS is Aboriginal Homecare - a dedicated business unit providing culturally appropriate care to Indigenous Australians throughout metropolitan, rural and remote NSW

Australian Unity commenced the integration of Home Care NSW into its operations in 2016, in line with strategic ambition to build a portfolio of sustainable, high value human services businesses



Challenges

Extensive transition of existing business representing 70% NSW market share

Integration of 4,000 employees and more than 50,000 clients

42 branches and 100 physical office locations

Inclusion of specialist indigenous area providing culturally appropriate care



Strategic actions

Multi million dollar investments to support new model of branch / site operations

New technology and systems for business intelligence

Process improvements in admin automation, logistical efficiency and billing systems

Review and resizing of NDIS footprint to address sustainability and growth



Achievements

\$50.6 million
two-year turnaround
(FY19)

\$14.5 million
adjusted EBITDA
(FY19)

13.3% growth
HDS total revenue
(FY19)

87.7%
increase in Home
Care Packages
revenue (FY19)

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Business update



COVID-19 update

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Group

- The Group has not been immune to the effects of COVID-19, in terms of both revenue and expenses. For instance, we have observed increased costs associated with supplying our human services operations with personal protective equipment (PPE) and the broader economic impacts on our members, customers, employees, and the communities in which we operate will have an inevitable effect on revenue
- In response to the unfolding COVID-19 situation, we have prioritised our focus on balance sheet resilience and the long-term sustainability of our operations, rather than maximising near term earnings, which can be expected to be impacted somewhat when compared to prior years
- We remain confident that our diversified portfolio of thematically linked businesses has equipped us to respond to the current economic environment

Independent & Assisted Living

- Residential Communities (aged care and retirement villages): the current focus of these businesses is on maintaining our high standard of services through this period of significant operational disruption and protecting residents and employees from exposure to COVID-19. Consistent with industry experience, this is having an impact on costs relating to personal protective equipment (PPE), training, technology expenses and staffing (some of which is mitigated by government support). We have not observed any systemic exit of residents that might permanently undermine revenues. We are not aware of any specific outbreaks in any of our sites and continue to monitor the situation closely
- Home care and disability services (HDS): likewise, staffing, training, transport and PPE costs are higher across the industry, and there have been periods of changing demand which impact staff utilisation, but customer care needs and government support for care package funding remains
- Remedy Healthcare: as a predominantly allied healthcare business, Remedy has been adversely affected by the pause in elective surgery. This impact has not been material to the Group's overall trading position. Remedy's new partnership to deliver hospital in the home with Ramsay Healthcare (Ramsay Connect) is developing positively
- Dental: our dental clinics have been affected by the government lockdowns. These restrictions are now loosening and the adverse impact of the interruption has not been material to the Group's position

COVID-19 update

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Retail

- Private health insurance: elective surgery and other claims have been lower across the industry. The impact of this lower utilisation has been a temporary improvement of the cash position for PHI funds, AUHL included, although we expect this position to normalise over coming periods
- Banking: our banking services are principally focused around residential mortgage loans. At this stage we have not experienced a material decline in the performance of the mortgage book, with only modest hardship claims received to date

Wealth & Capital Markets

- Asset management (including property, investments and investment bonds) businesses have been affected by market movements and related reductions in the value of assets under management and will be affected by some reductions in asset-based fees. But at this stage we have experienced no material adverse levels of investor withdrawals and these businesses continue to produce the relatively defensive annuity income streams by which they are characterised
- Advice and trustees businesses derive their revenues from client-based advisory fees - which can be variable, and asset-based fees which are annuity in character. Both these broad fee streams have been marginally affected by market conditions. While also not a material effect at this stage, these businesses are also experiencing increased client enquiry and advisory engagement levels in response to these same market conditions

Appendices



Appendix A. Management biographies

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Rohan Mead, Group Managing Director & CEO

Mr Rohan Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. As Group Managing Director, he is a member of subsidiary boards and most committees. Rohan is chairman of the Business Council of Australia's Healthy Australia task force and a member of its Indigenous Engagement task force. He is also a director of the Business Council of Co-Operatives and Mutuals Limited (BCCM) and the Centre for Independent Studies. Prior to joining Australian Unity, Rohan was employed by Perpetual Trustees Australia Limited (1996-2003) in a range of senior roles.



Esther Kerr-Smith, Group Executive, Finance & Strategy

Ms Esther Kerr-Smith joined Australian Unity in September 2017 as Group Executive, Finance & Strategy. She has oversight of the Group's finance function and is responsible for the effective execution of strategic direction and initiatives, treasury, capital management and organisation-wide performance measures. Esther's most recent role in Australia was with the National Disability Insurance Agency (NDIA). Esther was part of the senior leadership team responsible for implementing the National Disability Insurance Scheme (NDIS), leading the market stewardship and commissioning work, including housing and transport. Her previous employers include strategy consulting firm Boston Consulting Group and Macquarie Bank.

Esther has experience working with companies across a diverse range of industries and regulatory environments including in financial services, human services, government, retail, asset and funds management, and infrastructure.

Appendix A. Management biographies

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Melinda Honig, Group Executive, Governance

Ms Melinda Honig joined Australian Unity in February 2016. In her role as Group Executive, Governance, Melinda is responsible for managing the Group's Legal, Compliance, Risk, and Secretariat function. She is also secretary for all Group subsidiary boards. Prior to joining Australian Unity, Melinda worked for GE for 15 years, five of those years with GE Capital in the role of General Counsel, overseeing the provision of legal services to GE Capital's commercial finance, consumer finance and insurance businesses in Australia and New Zealand. Melinda brings to Australian Unity her executive experience in legal, compliance and company secretary functions and has worked abroad as Counsel for GE Indonesia, in operations which included transportation, energy and GE Capital. Prior to joining GE, Melinda was at KPMG for 5 years and undertook her legal training in Tax at KPMG.



Adam Vise, Group Treasurer

Mr Adam Vise joined Australian Unity in December 2018. In his role as Group Treasurer he has been responsible for managing the Group's capital structure. In particular he has led the transactions to substantially refinance and materially extend the Group's debt maturities.

Adam has over 20 years' experience in capital markets developing and implementing strategic funding for Australia's leading corporations and institutions. This included time with ANZ and Macquarie where he had the good fortune of having exposure to the full gamut of capital market forms, having being involved or leading many innovations in the Australian market, including the re-establishment of the retail bond market and the creation of innovative hybrid capital forms to support the recapitalisation of the Australian major banks post the GFC. Adam is also a member elected director of the ANZ Staff Superannuation scheme and a director of Birchall, Australia's leading equity crowdfunding platform.

Appendix B. Nationwide Building Society Case Study

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Over £1 billion issued Core Capital Deferred Shares (CCDS) issued

- Nationwide Building Society is a British mutual financial institution and the world's largest building society with over 15 million members
- Nationwide Building Society has a senior unsecured credit rating of Aa3
- CCDS are a form of Common Equity Tier 1 capital and were developed in response to the need to have sufficient flexibility to raise capital in a changing regulatory landscape
- CCDS are permanent shares with class voting rights and 1 vote at members' meetings

CCDS key terms	
Security	Fully paid, permanent, non-withdrawable deferred shares
Maturity	Perpetual
Ranking	Unsecured and subordinated
Distributions	Semi-annual discretionary and non-cumulative distributions, subject to the Distribution Policy
Distribution Policy	Stable distribution of £10.25 per annum targeted subject to certain factors including, amongst other things, profitability, outlook and macro-economic environment. Distributions capped, with the cap adjusted for inflation annually by reference to the UK CPI
Repayment features	None
Winding-up or dissolution	The amount of any Surplus CCDS holders are eligible to receive is capped at the Average Principal Amount. The current Average Principal Amount is £129.24

Appendix B. Nationwide Building Society Case Study

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Liquidity provided via secondary listing on the London Stock Exchange

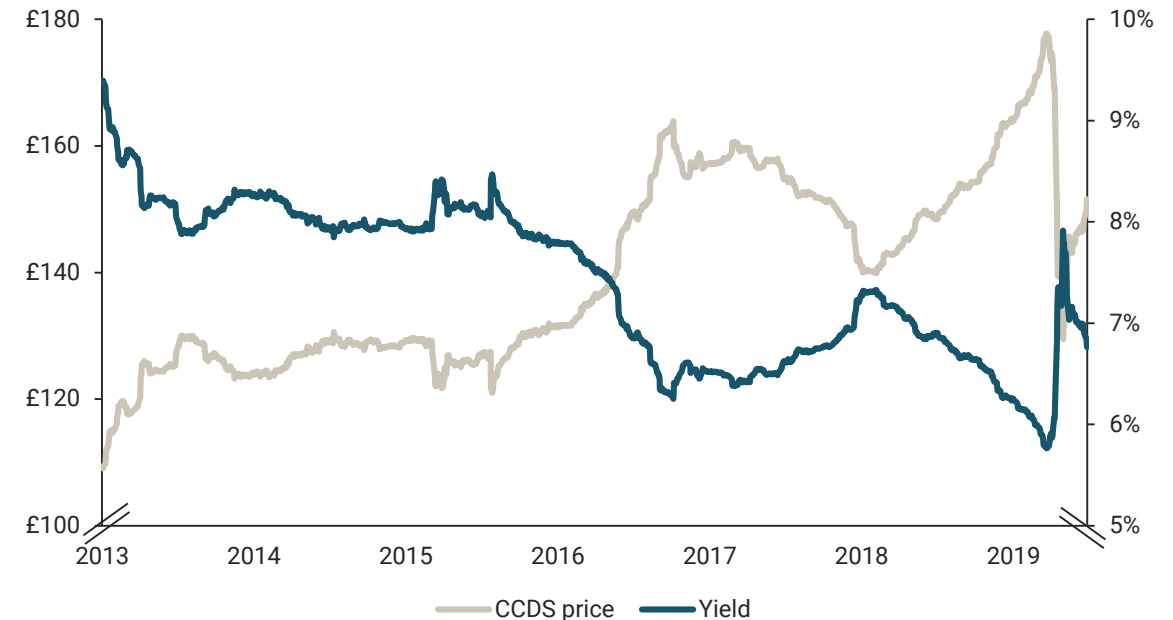
- Nationwide Building Society undertook its inaugural issue of CCDS in 2013, with a tap undertaken in 2017

Issue date	CCDS issued	Issue price	Yield
Dec 2013	5.5 million	£100.00	10.25%
Sep 2017	5.0 million	£159.00	6.44%

- CCDS are currently trading at £151.57, representing a yield of 6.76%¹

¹ As at 28 May 2020.

Secondary market trading of CCDS



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YEARS

