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Continuing to Deliver

Results for the period ended 31 December 2016

15 February 2017





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Overview



Strong Beginning to FY17



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Financial

- Underlying profit after tax of \$53.9m, an increase of 18% on PCP
- Lift in earnings across all retirement business segments
- Strong performance of the core Aveo retirement business was assisted by additional earnings contributions from the Freedom and RVG acquisitions

Operational

- Record total retirement sales of 621 units
- Strong lift in average DMF/CG amount per transaction to \$97.8k
- Portfolio turnover within target range at 10.3%
- 58 new retirement units delivered

Strategic

- RVG and Freedom portfolios are performing in line with the acquisition assumptions and have been successfully integrated
- Now allows management to focus on extracting value from the additional growth opportunities available in these two portfolios

Performance Continuing Into Second Half



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Established Business

- Sales remain in line with the long term 10% – 12% turnover target, which now equates to approximately 1,000 – 1,200 units per annum
- Strong sales rates and low vacancy rates across ILUs provides further opportunities to continue lifting unit prices

Development

- Delivery of 208 new units on track for second half of FY17, which will then complete the targeted total of 266 new unit deliveries in FY17
- Construction already commenced on a number of development projects with FY18 delivery timelines

Care and Support Services

- New Durack 123 bed aged care facility on track to be delivered in final quarter of FY17
- Will be the first new co-located aged care facility developed and allow a full continuum of care for residents at Durack

Financial

- FY17 EPS guidance of 18.3 cps, an increase of 7.6% on FY16 EPS of 17.0 cps
- Targeting full year distribution of 9 cps, up 13% from 8 cps in FY16
- Targeting further EPS growth of 7.5% from FY17 to FY18

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Financial Results and Capital Management



Key Financial Outcomes



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- Statutory profit after tax nearly doubled to \$121.2m
- Underlying profit increased by a smaller increment of 18% to \$53.9m
- Underlying EPS still increased by 7% despite the impact of the additional equity raised to fund the RVG and Freedom acquisitions
- FFO has decreased by 7% largely driven by lower capitalised interest included in COGS
- Retirement assets now comprise over 84% of total divisional assets, as further investment is made in retirement development and the non-retirement assets are progressively sold down
- NTA per security increase driven by statutory profit increase and no half year distribution

Outcome	HY17	HY16	Change
Statutory profit after tax ¹	\$121.2m	\$66.5m	82%
Statutory EPS	21.4cps	12.9cps	65%
Underlying profit after tax ²	\$53.9m	\$45.6m	18%
Underlying EPS	9.5cps	8.9cps	7%
FFO ³	\$82.8m	\$89.5m	(7%)
FFO per security	14.4cps	17.4cps	(17%)
Total assets	\$2,635.8m	\$2,391.7m ⁴	12%
Retirement assets	\$2,127.9m	\$1,808.8m ⁴	21%
Net assets	\$1,897.5m	\$1,660.4m ⁴	14%
NTA per security	\$3.23	\$3.00 ⁴	8%

¹ Net profit after tax attributable to stapled security holders of the Group – see slide 51

² Reconciliation of statutory profit to underlying profit shown on slide 50

³ FFO and AFFO reflect Property Council of Australia guidelines

⁴ Relates to FY16

Profit and Loss



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- Increase in retirement profit supported by increasing contributions across all segments
- Earnings contribution from the retirement business continues to increase
- Retirement contribution as a proportion of divisional contribution increased from 44% in HY16 to 60% in HY17
- Variance in statutory and underlying profit was largely driven by revaluation amounts:
 - Gain on acquisition of RVG
 - Retirement asset valuation increase as improved contract terms begin to be recognised across the portfolio
 - Gasworks valuation increase in line with a new external valuation

Profit and Loss	HY17 (\$m)	HY16 (\$m)	Change
Retirement			
Established Business	35.5	28.1	26%
Development ¹	9.0	0.4	NM
Care and Support Services	1.2	0.6	100%
Total Retirement	45.7	29.1	57%
Non-Retirement ¹	31.0	37.1	(16%)
Divisional contribution¹	76.7	66.2	16%
Group overheads and incentive scheme	(6.8)	(5.6)	21%
EBITDA	69.9	60.6	15%
Depreciation and amortisation	(1.1)	(1.1)	-
EBIT	68.8	59.5	16%
Interest and borrowing expense	-	-	-
Profit Before Tax	68.8	59.5	16%
Income tax	(14.8)	(13.8)	7%
Profit After Tax	54.0	45.7	18%
Non-controlling interests	(0.1)	(0.1)	-
Underlying profit after tax²	53.9	45.6	18%
Gain on acquisition of RVG	52.6	-	-
Change in fair value of investment properties	26.1	14.8	76%
Other	(11.4)	6.1	(287%)
Statutory profit after tax	121.2	66.5	82%

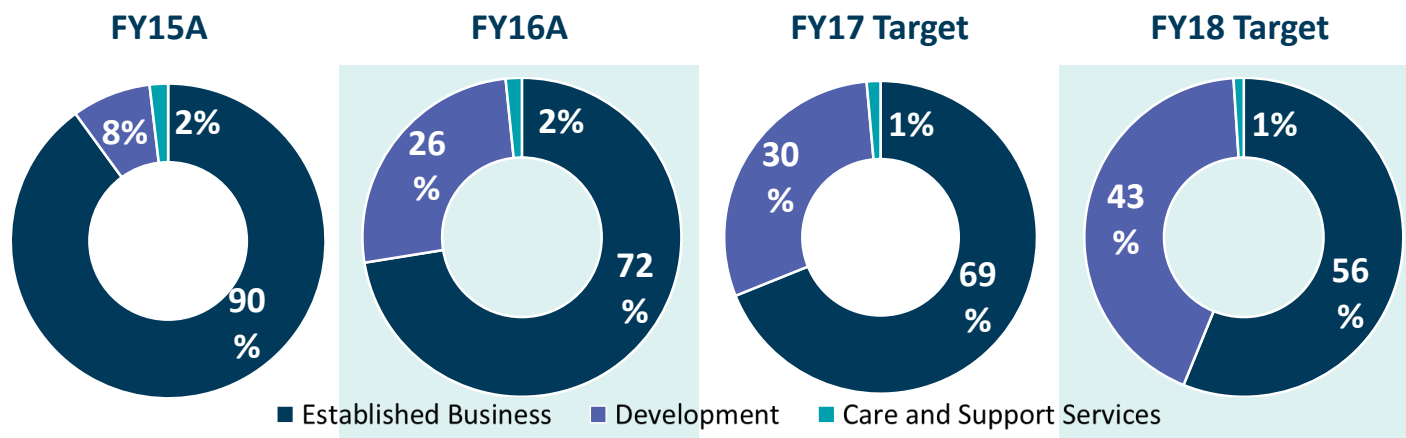
¹ Includes capitalised interest in cost of goods sold.

² The underlying profit has been calculated as per the AICD Underlying Profit Guidelines.

Retirement Asset Returns on Target



Retirement business remains on track to achieve its ROA targets



	FY15A	FY16A	FY17 Target	FY18 Target
Established Business	47.6	57.6	70.0 – 75.0	80.0 – 84.0
Development	4.3	20.6	27.5 – 35.0	60.0 – 65.0
Care and Support Services	1.0	1.3	1.0 – 2.0	1.0 – 2.0
Retirement EBIT ² (\$m)	52.9	79.5	98.5 – 112.0	141.0 – 151.0
Target Range		6.0% - 6.5%		7.5% - 8.0%
Actual/Target ROA ³	4.6%	6.3% ✓	5.5% – 6.3%	7.5% – 8.0% ✓

¹ Targeting a long term retirement earnings mix (based on EBIT) of 70%-80% recurring (Established Business and Care and Support Services) and 20%-30% active (Development)

² Excludes capitalised interest in cost of goods sold

³ See Appendix for further detail regarding target retirement return metrics and reconciliation of Retirement EBIT to Retirement Profit Contribution

Capital Management Metrics



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- Indicative terms have been agreed with lenders who are in the process of obtaining credit approval regarding;
 - Extension of the term of the existing Syndicated Facility to July 2020
 - Increase the total facility limits by \$50.0m to \$607.5m
 - Terms remain largely the same
- Upon completion of debt refinance;
 - Weighted average debt maturity will increase to approximately three years
 - Undrawn committed lines will increase by \$57.5m
 - No debt maturity until March 2019
- Debt remains unhedged
- Fall in interest rates have reduced the weighted average cost of debt to 3.2% pa
- Gearing remains within target range of 10% to 20% at 16.6%

Capital Management Metrics	HY17	FY16	Change
Reported gearing ¹	16.6%	17.4%	(0.8%)
Gross interest bearing liabilities	\$499m	\$462m	8%
Less: cash at bank ¹	\$30m	\$31m	(3%)
Net debt	\$469m	\$431m	9%
Undrawn committed lines ²	\$126m	\$163m	(23%)
Weighted average borrowing cost	3.2%	3.4%	(0.2%)
Weighted average debt maturity	1.2 years	1.7 years	(0.5 years)

¹ Adjusted for The Milton 50% cash at bank

² Undrawn facilities is dependant on having sufficient security

Summary of Debt Facilities ¹	Facility Limit (\$m)	Maturity
Aveo Group Syndicated Facility	520	24/12/2017
Aveo Healthcare Facility	105	30/03/2019
Total Facilities	625	
Drawn	499	
% Drawn	80%	
Undrawn¹	126	

¹ Excluding bank guarantee and surety bond limits.

² Undrawn facilities are dependent upon having sufficient security.

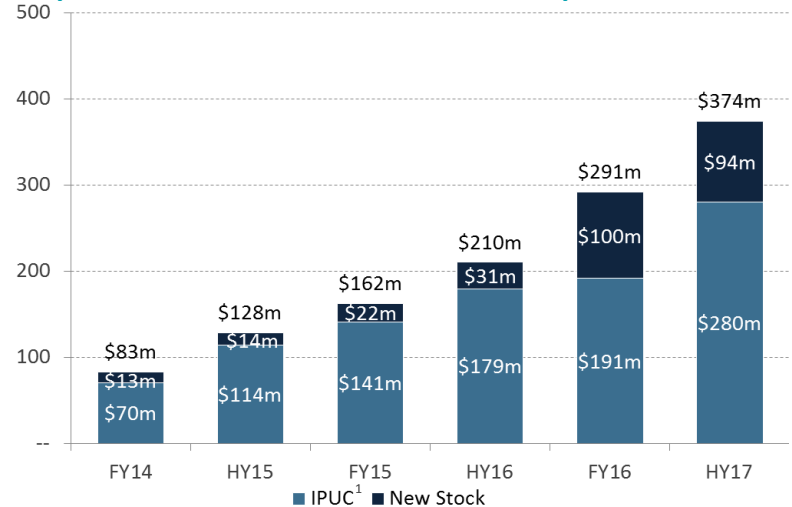
Retirement Development Capital Requirements



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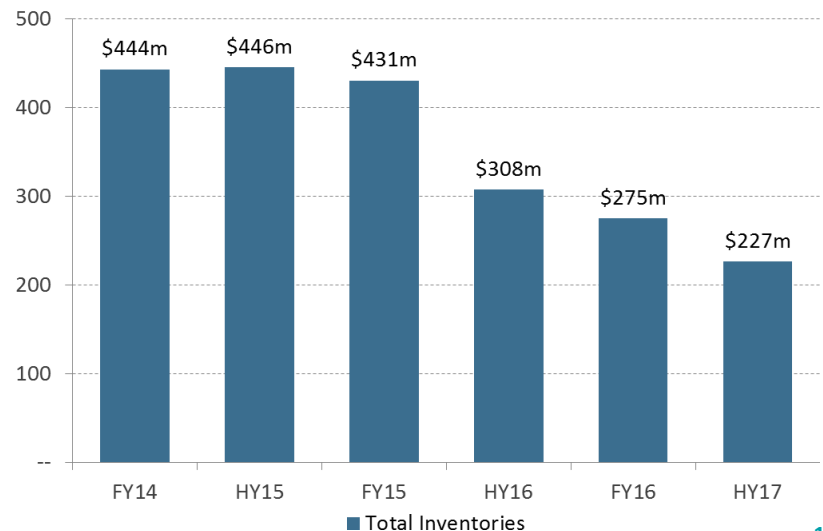
- Since FY14 a net \$291m has been invested in the development of new retirement units
- This has been primarily funded by a sell down in residential inventory stock, which has released \$217m in capital over the same time period
- An investment of approximately \$500m is required to fund the development and sell down of 500 retirement units per annum
- This requires a further \$126m of net capital investment from now through to FY18
- The ongoing sell down of the remaining \$227m in residential inventory will provide a source of funding for this required capital

Capital Investment in Retirement Developments



¹ Includes Investment properties under construction, development land and minor development – See slide 61

Capital Realised From Sale of Residential Inventory



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Retirement



Retirement Results



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- Increase in total profit of 57% to \$45.7m
- Profit contribution increased across all retirement business segments, supported by additional earnings from the Freedom and RVG assets
- Development result driven by delivery of 58 new retirement units plus contribution from former Freedom owned minor development units
- Development sales increasing as a proportion of total sales in line with increased delivery volumes
- Established business result driven by a combination of record higher volumes and higher sales prices
- Care and Support Services result driven by tight cost controls across aged care facilities

Key Performance Indicators	HY17	HY16	Change
Segment revenue			
Established Business	\$90.7m	\$58.6m	55%
Development	\$38.1m	\$12.3m	210%
Care and Support Services	\$6.4m	\$6.5m	(2%)
Total Retirement revenue	\$135.2m	\$77.4m	75%
Profit contribution¹			
Established Business	\$35.5m	\$28.1m	26%
Development ²	\$9.0m	\$0.4m	NM
Care and Support Services	\$1.2m	\$0.6m	100%
Total Retirement contribution	\$45.7m	\$29.1m	57%
EBIT contribution			
Established Business	\$35.0m	\$27.7m	26%
Development	\$9.0m	\$0.5m	NM
Care and Support Services	\$0.9m	\$0.3m	200%
Total Retirement EBIT	\$44.9m	\$28.5m	58%
Sales Volumes (units)			
Established Business sales	513	324	58%
Development sales	108	29	272%
Total	621	353	76%
Total value of units transacted	\$232.3m	\$105.1m	121%

¹ Full year FY17 target EBIT is in the range of \$98.5m - \$112.0m

² Development profit is accounted for in the change in fair value of the investment property

Note: Shown with full six month half year contribution for RVG assets

Established Business Sales and Margins



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- Sales volumes increased 58% to 513 units
- Turnover remains within the 10% to 12% target rate
- Significant increase in buyback purchases to facilitate the introduction of the Freedom care model across ten Aveo villages
- Lift in average transaction price point a combination of:
 - Continued price increases across the original Aveo portfolio
 - Impact of the RVG villages which are mostly located in higher value Sydney and Melbourne suburbs
- DMF margins impacted by legacy RVG resident contracts which have inferior terms relative to the average Aveo contract
- However this will be improved over the longer term as the Aveo Way contracts are introduced into the RVG portfolio

Sales and Margins	HY17	HY16	Change
Sales volumes (units)			
Resales	422	281	50%
Buyback sales	91	43	112%
Total	513	324	58%
Recurring operating buyback purchases	111	64	73%
Freedom transition buyback purchases	50	-	-
Total operating buyback purchases	161	64	151%
DMF/CG generating transactions ¹	583	345	69%
Deposits on hand	184	78	136%
Avg DMF/CG transaction price point ¹	\$350k	\$278k	25%
Avg DMF/CG per transaction ¹	\$97.8k	\$79.5k	23%
DMF/CG margin per transaction			
Resales	28%	30%	(2%)
Operating buyback purchases	27%	22%	5%
Portfolio turnover	10.3%	10.7%	(0.4%)
Occupancy ²	93%	96%	(3%)
Cumulative new Aveo Way contracts sold	1,327	317	319%

¹ Resales plus operating buyback purchases

² Excludes new units sold within the last five years

Note: Shown with full six month half year contribution for RVG assets

Established Business Results



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- Improved performance in the original business was supplemented by additional contributions from the RVG and Freedom assets
- Net DMF/CG contribution increased through a combination of both higher sales volumes and higher DMF/CG amounts per transaction
- Buyback sales revenues increased substantially as the higher levels of buyback stock acquired as part of the active asset improvement program were sold to incoming residents
- Increase in other expenses reflects increases due to Freedom and RVG costs

Established Business	HY17	HY16	Change
Revenue¹			
DMF/CG revenue			
Resales	\$45.0m	\$24.1m	86%
Operating buyback purchases	\$12.0m	\$3.3m	264%
Gross DMF/CG	\$57.0m	\$27.4m	108%
Other Revenue			
Buyback sales	\$24.3m	\$12.5m	94%
RVG ¹	-	\$12.0m	(100%)
Other ²	\$9.4m	\$6.7m	40%
Total other revenue	\$33.7m	\$31.2m	8%
Total revenue	\$90.7m	\$58.6m	55%
Profit contribution¹			
Net DMF/CG ³	\$53.5m	\$24.4m	119%
Net buyback sales	\$2.7m	\$0.9m	200%
Net RVG ¹	-	\$10.1m	(100%)
Other income	\$9.4m	\$6.7m	40%
Other expenses ⁴	(\$30.1m)	(\$14.0m)	115%
Total profit contribution	\$35.5m	\$28.1m	26%
Depreciation and amortisation	(\$0.5m)	(\$0.4m)	25%
EBIT	\$35.0m	\$27.7m	26%

¹ HY16 results include share of profit of, and fees charged to RVG. HY17 revenue excludes these items but includes 100% of RVG revenue from 1 July 2016. Profit contribution is after allowing for minority's share of RVG results until 24 August 2016, when RVG became a wholly owned subsidiary.

² Includes resident commissions and village administration fees.

³ Relates to resales and operating buyback purchases.

⁴ Includes marketing and other management expenses.

Development Results



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- Successfully delivered 58 new units
- Target delivery of 34 units at Durack was supplemented by the delivery of additional units at a former RVG joint venture community which was fully acquired in October
- More new units were sold than delivered in the period, as stock delivered at the end of FY16 was sold down
- Sale of 33 higher margin minor developments (legacy company owned Freedom stock) supplemented the profit contribution from delivery of traditional development units
- Remain on track to sell down the minor development stock over a 3 to 4 year period (circa 70 units per annum)
- Redevelopment buyback purchases increased as plans continue to progress at several redevelopment villages

Development	HY17	HY16	Change
Revenue	\$38.1m	\$12.3m	210%
Profit contribution	\$9.0m	\$0.4m	NM
Interest in COGS	-	\$0.2m	(100%)
Depreciation and amortisation	-	(\$0.1m)	100%
EBIT	\$9.0m	\$0.5m	NM
Gross profit (including interest)	\$12.3m	\$1.3m	838%
Gross profit (excluding interest)	\$12.3m	\$1.5m	708%
Average margin (including interest)	32%	11%	21%
Average margin (excluding interest)	32%	12%	20%
Average transaction value	\$444k	\$424k	5%
Number of major projects under construction	9	5	80%
Redevelopment buyback purchases	74	30	146%
Opening major units available	173	54	220%
Add : units delivered first half	58	29	100%
Less : development units sold	(75)	(29)	159%
Closing major units available	156	54	189%
Opening minor units available	258	-	-
Add : units delivered first half	-	-	-
Less : development units sold	(33)	-	-
Closing minor units available	225	-	-

Note: Shown with full six month half year contribution for RVG assets

Development Projects Update



- Construction programs for the delivery of the remaining 208 new units in FY17 remain on track

Community	H1 Delivery	H2 Delivery	Timing	Total FY17 Units	Development Status
Durack	34	-	-	34	Delivered in Q2 FY17
Clayfield	-	65	Q4	65	Work on roof now commenced
Island Point	-	10	Q4	10	Structural carpentry nearly completed
Mingarra	-	24	Q4	24	Builder on site and on track
Peregian	-	32	Q4	32	Builder on site and on track
Springfield	-	66	Q3	66	Unit fitouts are underway
RVG	24	11	Q3-Q4	35	Delivered in Q1-Q2 FY17 with additional units acquired from JV partner in October 2016
Total Major	58	208		266	
Minor	33	37	Q3-Q4	70	Being delivered progressively throughout the year
Total	91	245		336	

- Delivery is also significantly progressed for FY18, with the long stated target of 500 new retirement units by FY18 on track
- Construction has already commenced on FY18 delivery projects at Newcastle (50 units), Newstead (199 units) and Bella Vista (64 units)
- Remaining projects are in varying stages of progressing through the design and tender processes

Completed FY17 Development Projects



Durack new stage



Hunters Green new stage



Durack – photos of interior



FY17 Development Projects Under Construction



Springfield construction site



Island Point construction site



Mingarra construction site



Clayfield construction site



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FY18 Development Projects Under Construction



Newcastle construction site



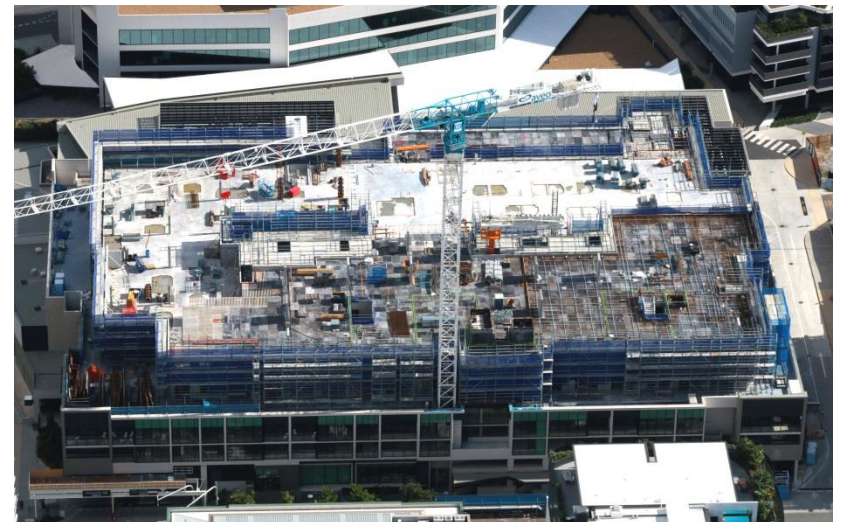
Newstead construction site



Bella Vista construction site



Newstead construction site



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Major Development Delivery Forecast – Units



Community	Category	State	Portfolio	Units ^{1,2}	FY17	FY18	FY19+
Clayfield	Brownfield	QLD	AEH	65			
Durack	Brownfield	QLD	AEH	34			
Peregian	Brownfield	QLD	AOG	32			
Island Point	Brownfield	NSW	AOG	105			
Springfield	Greenfield	QLD	AOG	2,372			
Hunters Green	Brownfield	VIC	RVG	88			
Mingarra	Brownfield	VIC	AOG	43			
Tanah Merah	Brownfield	QLD	FAC	114			
Bella Vista	Greenfield	NSW	AOG	441			
Newstead	Greenfield	QLD	AOG	199			
Newcastle	Greenfield	NSW	AOG	300			
Robertson Park	Redevelopment	QLD	AOG	205			
Carindale	Redevelopment	QLD	AOG	416			
Launceston	Brownfield	TAS	FAC	53			
Morayfield	Brownfield	QLD	FAC	44			
Redland Bay	Brownfield	QLD	FAC	110			
Tamworth	Brownfield	NSW	FAC	66			
Sanctuary Cove	Greenfield	QLD	AOG	163			
Rochedale	Greenfield	QLD	AOG	150			
Brightwater	Greenfield	QLD	FAC	146			
Newmarket	Redevelopment	QLD	AOG	300			
Southport	Redevelopment	QLD	AOG	215			
Total Retirement Community Product				5,661	266	513	4,882

¹ New units delivered for redevelopment projects is a gross figure which includes existing units that are subsequently redeveloped.

² Minor developments are not included.

Care and Support Services Results



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- Aged care facilities remain the main profit contributor
- Tight cost controls across the facilities helped lift the profit contribution in the period
- The allied health businesses continue to provide a positive contribution
- Their real value going forward is strategic and complementary to the broader care platform, especially as the Freedom model conversion program is rolled out at selected SAs

Key Performance Indicators	HY17	HY16	Change
Revenue			
Aged care	\$5.5m	\$5.7m	(4%)
Allied health	\$0.5m	\$0.1m	400%
Other	\$0.4m	\$0.7m	(43%)
Total revenue	\$6.4m	\$6.5m	(2%)
Profit contribution			
Aged care	\$1.1m	\$0.5m	120%
Allied health	\$0.1m	\$0.1m	-
Total profit contribution	\$1.2m	\$0.6m	100%
Depreciation and amortisation	(\$0.3m)	(\$0.3m)	-
EBIT	\$0.9m	\$0.3m	200%

Delivery Forecast – Aged Care Beds

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- Delivery of the new Durack aged care facility remains on track for final quarter of FY17
- Display apartments within the facility will be ready by the end of February, which will allow pre-sales to commence to prospective residents
- Construction of the Newstead integrated retirement community development has now commenced, which incorporates the next aged care facility, scheduled for delivery in FY18



Community	State	Portfolio	Total Beds ¹	FY17	FY18	FY19+
Durack	QLD	AEH	123			
Newstead	QLD	AOG	99			
Clayfield	QLD	AEH	108			
Springfield	QLD	AOG	128			
Carindale	QLD	AOG	100			
Minkara / Bayview	NSW	AOG	124			
Mingarra	VIC	AOG	108			
Bella Vista	NSW	AOG	144			
Newcastle	NSW	AOG	123			
Total Aged Care Product			1,057	123	99	835

¹ Inclusive of 209 existing beds

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Non-Retirement



Non-Retirement Results



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Lower profit contribution relative to HY16 impacted by the inclusion of the settlement of units in The Milton residential apartment project in HY16

- Land lot sales were impacted by the timing of various approvals which impacted settlements, with a skew to the second half expected as a result
- Land sales contracts on hand still remain high
- Gasworks, Newstead independently valued at \$166.8m as at 31 December 2016

Key Performance Indicators	HY17	HY16	Change
Sales revenue	\$117.3m	\$201.4m	(42%)
Rental income	\$7.7m	\$6.1m	26%
Total revenue	\$125.0m	\$207.5m	(40%)
Profit contribution ¹	\$31.0m	\$37.1m	(16%)
Gross profit	\$33.0m	\$38.5m	(14%)
Land lot sales	309	380	(19%)
Built product sales ²	12	257	(95%)
Average margin	28%	19%	9%
Contracts on hand	545	611	(11%)
Investment properties held	2	2	-

¹ Reflects 50% of Milton share of profits.

² Reflects 100% of Milton lots sold.

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Outlook



- The established portfolio continues to perform strongly, with strong sales results driving low resale stock vacancy levels across the ILU portfolio and opportunities to lift unit pricing
- This performance is allowing an increased focus on asset optimisation and improvement, which will assist to drive profit growth and value into the medium term
- The introduction of the Freedom care offering across ten selected Aveo communities, and the rollout of the Aveo Way contract through RVG communities are the first steps in implementing the growth opportunities available from the acquisition of the Freedom and RVG portfolios
- Development schedule is on track to meet FY17 delivery targets, with development activity well progressed to meet FY18 targets
- Maintain FY17 guidance
 - FY17 EPS of 18.3 cps, an increase of 7.6% on FY16 EPS of 17.0 cps
 - Full year FY17 distribution of 9 cps, up from 8 cps in FY16
- Remain on track to achieve FY18 retirement return on asset target of 7.5%- 8.0%
- Targeting further EPS growth of 7.5% from FY17 to FY18



Appendices



- Appendix i. Strategy**
- Appendix ii. Retirement Information
- Appendix iii. Non-Retirement Information
- Appendix iv. Profit and Loss
- Appendix v. Balance Sheet
- Appendix vi. Capital Management
- Appendix vii. Other Information

- Aveo to become Australia’s leading pure retirement community owner and operator
- Offering to residents will enhance their ability to “age in place” by providing a continuum of care approach, to increase the attractiveness of the overall offering that is made to Aveo customers
- Seeking to streamline and simplify the business into three key operating units:
 - Established Business
 - Development
 - Care and Support Services
- Proceeds from non-retirement divestments to be recycled into retirement growth opportunities
- Transition the business to up to 7.5% - 8.0% retirement ROA by FY18 (based on 1 July 2013 initial cost base)

Components of the Retirement Business



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Established Business

- Existing DMF/CG generating retirement villages and associated non-DMF fee revenue and operating cost streams
- Aveo share of equity accounted investments in US Senior Living and Aveo China
- Ongoing unit buyback and subsequent resale program
- Continue to achieve turnover rates at levels of 10%-12%
- Introducing Freedom care offering to selected villages in the Aveo and RVG portfolio
- Increase unit pricing in line with residential market price growth
- Improve Aveo contract terms for DMF/CG share and accrual period
- Maintain cost efficient operational and staffing structures

Development

- Major development projects comprising a mix of brownfield, greenfield and redevelopment opportunities
- Minor redevelopment of company owned units to assist in rolling out Freedom product
- Existing major development pipeline of over 5,000 units to be developed over 5-10 years
- Delivery planned for 266 new units in FY17
- Delivery target of over 500 new units from major developments p.a. by FY18
- Continue to expand pipeline through selected new site acquisitions
- Future acquisitions of new sites must meet required investment return metrics

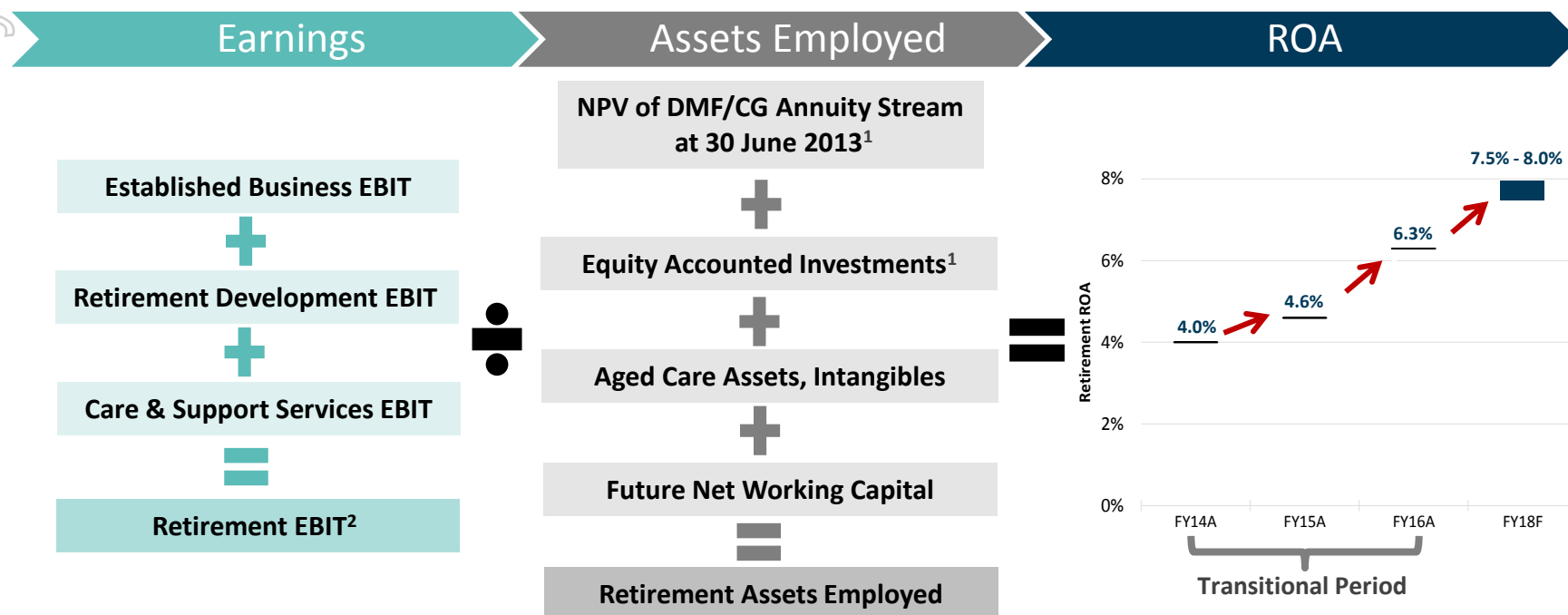
Care and Support Services

- Existing high care income from four co-located aged care facilities owned by Aveo
- Low care in-home services to residents via specialist care operators partnering with Aveo
- Aveo owned allied health care providers integrated into retirement community operations
- Existing pipeline of 1,057 aged care beds
- Delivery planned for 123 aged care beds in FY17
- Increase penetration rate for in home care service partners within villages
- Integrate allied health acquisitions into retirement community operations
- Delivery of one new aged care facility per financial year

ROA Enhancement Strategy (FY14 to FY18)



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- Existing or new projects that are forecast to be delivered post FY18 will not be included in the retirement assets employed for the periods FY14 to FY18 for the purposes of the ROA calculation

¹ Excludes any future retirement asset revaluations after 30 June 2013 from the calculation of retirement ROA.

² Excludes non-allocated overheads.

Achieving ROA Targets



Indicative earnings compositions for the FY17 and FY18 periods are shown below, as well as an estimate of the appropriate assets employed in each period

Indicative Aveo Retirement Return on Asset Outcomes

\$m	FY15A	FY16A	FY17T	FY18T
Retirement EBIT				
Established Business	47.6	57.6	70.0 – 75.0	80.0 – 84.0
Development ¹	4.3	20.6	27.5 – 35.0	60.0 – 65.0
Care and Support Services	1.0	1.3	1.0 – 2.0	1.0 – 2.0
Retirement EBIT	52.9	79.5	98.5 – 112.0	141.0 – 151.0
Average Assets Employed				
Retirement Assets Employed	1,155	1,267	1,783	1,888
Return on Assets				
Retirement ROA	4.6%	6.3%	5.5% - 6.3%	7.5% - 8.0%

¹ Development includes a notional development profit for the Aged Care delivered in FY17 and FY18, this development profit is not included in UPAT.

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Reconciliation of Retirement EBIT



Retirement EBIT figures used in determining Retirement ROA exclude capitalised interest in COGS to remove the impact of leverage

A reconciliation of the Retirement EBIT figures to the Retirement profit contribution is shown in the table below

\$m	FY14A	FY15A	FY16A ¹	FY17T	FY18T
Retirement EBIT					
Established Business	42.6	47.6	57.6	70.0 – 75.0	80.0 – 84.0
Development	0.4	4.3	20.6	27.5 – 35.0	60.0 – 65.0
Care and Support Services	0.7	1.0	1.3	1.0 – 2.0	1.0 – 2.0
Retirement EBIT	43.7	52.9	79.5	98.5 – 112.0	141.0 – 151.0
Development Adjustments					
Capitalised Interest in COGS	-	(1.1)	(1.3)	(1.5) – (1.0)	(13.5) – (12.0)
Development profit on aged care facilities	-	-	-	(4.5) – (4.0)	(4.5) – (4.0)
Total		(1.1)	(1.3)	(6.0) – (5.0)	(18.0) – (16.0)
Depreciation & Amortisation					
Established Business	0.5	0.7	1.0	1.5 – 2.0	1.5 – 2.0
Care and Support Services	0.6	0.5	0.6	0.5 – 0.7	1.0 – 1.5
Total	1.1	1.2	1.6	2.0 – 2.7	2.5 – 3.5
Retirement Profit Contribution					
Established Business	43.1	48.3	58.6	71.5 – 77.0	81.5 – 86.0
Development	0.4	3.2	19.3	21.5 – 30.0	42.0 – 49.0
Care and Support Services	1.3	1.5	2.0	1.5 – 2.7	2.0 – 3.5
Retirement profit contribution	44.8	53.0	79.9	94.5 – 109.7	125.5 – 138.5

¹ Excludes Freedom

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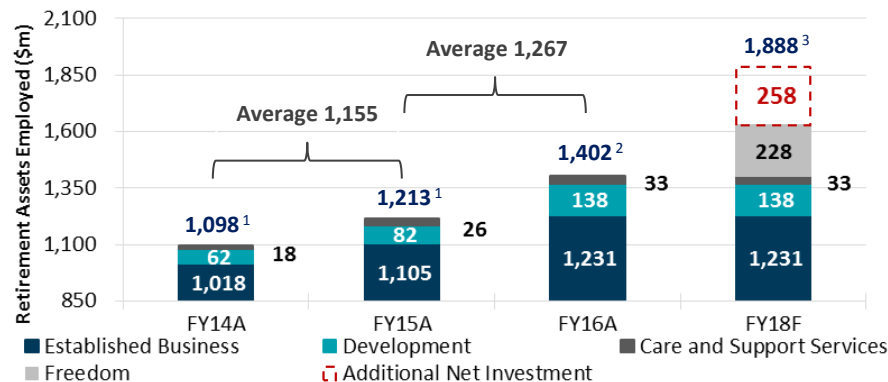
Indicative Retirement Assets



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- Average retirement assets for measuring ROA in FY14 was just under \$1.1bn
- This has increased to \$1,267m in FY16 and is expected to increase to \$1,888m by FY18
- The primary reasons for the increase in the asset levels by FY18 will be:
 - Acquisitions of Freedom and RVG (already acquired)
 - Expanding and accelerating the new retirement unit development pipeline
 - Capital expenditure on the established retirement community portfolio
 - Investment in additional aged care facilities
- Future revaluations are excluded for the purpose of calculating the retirement ROA
- FY18F retirement assets employed balances have no allowance for new development site acquisitions

Retirement Asset Profile



- ¹ Actual balance at point in time, refer table below for reconciliation.
- ² Balance at end of FY16 (excludes Freedom)
- ³ Average balance incorporating opening and closing balance for financial year (including Freedom).

Composition of Retirement Assets

\$m	FY15A	FY16A	Average ³
Average Assets Employed			
Established Business ¹			
Opening balance	1,018	1,105	
Change in net working capital	87	126	
Closing balance	1,105	1,231	
Development ²			
Opening balance	62	82	
Change in net working capital	20	56	
Closing balance	82	138	
Care & Support Services			
Opening balance	18	26	
Change in net working capital	8	7	
Closing balance	26	33	
Total Retirement²			
Opening balance	1,098	1,213	
Change in net working capital	115	189	
Closing balance	1,213	1,402	1,267

- ¹ NPV of DMF/CG annuity stream at FY13 plus capital expenditure on the established portfolio as future revaluations are excluded for the purpose of calculating Retirement ROA.
- ² Reported investment property under construction adjusted to include only those projects completing before or during FY18.
- ³ Weighted average reflecting timing of significant cash flows that occur unevenly during the year.



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Retirement: Our Portfolio

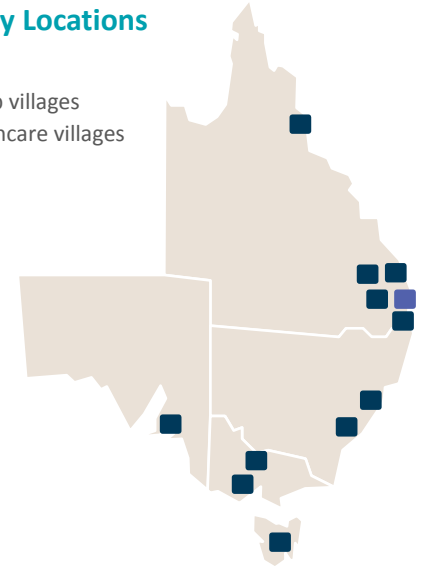


- Aveo owns 89 existing villages across the eastern seaboard and Adelaide, with four new greenfield villages to be completed by FY18
- Communities predominantly located in prime metropolitan locations
- Portfolio characterised by mature villages with 60 villages more than 20 years old, with established resident communities and a demonstrated resident turnover transaction history

Aveo Community Locations

Legend

- Aveo Group villages
- Aveo Healthcare villages



Portfolio Snapshot

Units	Communities	ILUs	SAs	Freedom SAs	Existing Total	Pipeline ⁴ – Units	Total Units	Aged Care Beds	Pipeline – Beds	Total Units and Beds
Aveo Group ^{1,2}	84	7,079	1,402	1,069	9,550	5,205	14,755	184	642	15,581
Aveo Healthcare ³	5	1,217	247	-	1,464	65	1,529	-	231	1,760
Total Aveo	89	8,296	1,649	1,069	11,014	5,270	16,284	184	873	17,341

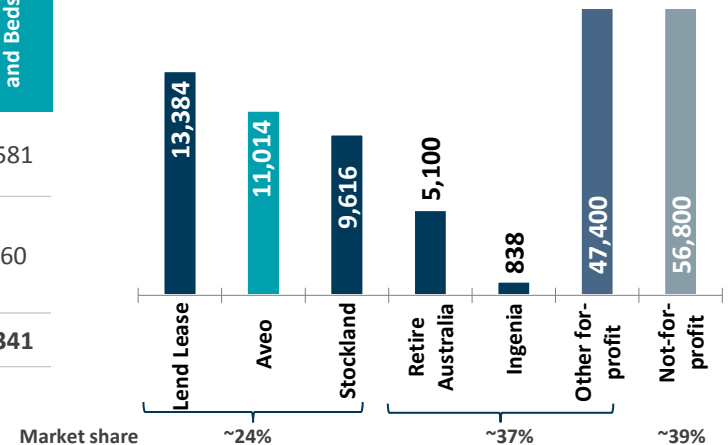
¹ Includes units from the RVG portfolio;

² Includes 26 units not offered for accommodation purposes e.g. managers' units.

³ Includes 5 units not offered for accommodation purposes e.g. managers' units. AEH is 86% owned by Aveo.

⁴ Development pipeline net of 345 units to be redeveloped.

Retirement Village Operators by Units Managed



Source: Retirement Living Council, Grant Thornton, 2014, National Overview of the Retirement Village Sector, Company Announcements 2015.

Retirement Community Portfolio: Aveo



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Queensland Communities										
Amity Gardens	Ashmore, Qld	119	-	-	119	-	119	-	-	119
Aspley Court	Aspley, Qld	118	44	-	162	-	162	-	-	162
Bridgeman Downs	Bridgeman Downs, Qld	113	73	-	186	-	186	-	-	186
Carindale	Carindale, Qld	66	41	-	107	-	107	309	100	516
Clayfield	Clayfield, Qld	-	-	39	39	-	39	-	-	39
Cleveland Gardens	Ormiston, Qld	154	-	66	220	-	220	-	-	220
Lindsay Gardens	Buderim, Qld	122	52	-	174	-	174	-	-	174
Manly Gardens	Manly, Qld	168	-	-	168	-	168	-	-	168
Morayfield	Caboolture South, Qld	-	-	64	64	-	64	44	-	108
Newmarket	Newmarket, Qld	75	-	-	75	-	75	225	-	300
Peregian Springs	Peregian Springs, Qld	157	48	-	205	-	205	32	-	237
Redland Bay	Redland Bay, Qld	-	-	46	46	-	46	110	-	156
Robertson Park	Robertson, Qld	35	38	-	73	-	73	132	-	205
Robina	Robina, Qld	126	-	-	126	-	126	-	-	126
Rochedale	Rochedale, Qld	-	-	110	110	-	110	-	-	110
Southport Gardens	Southport, Qld	90	-	-	90	-	90	125	-	215
Sunnybank Green	Sunnybank, Qld	56	-	-	56	-	56	-	-	56
Tanah Merah	Slacks Creek, Qld	-	-	62	62	-	62	114	-	176
The Domain Country Club	Ashmore, Qld	323	52	-	375	-	375	-	-	375
The Parks	Earlville, Qld	157	-	-	157	-	157	-	-	157
Toowoomba Bridge St	Toowoomba, Qld	-	-	58	58	-	58	-	-	58
Toowoomba Taylor St	Toowoomba, Qld	-	-	103	103	-	103	-	-	103

Retirement Community Portfolio: Aveo (Cont'd)



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline – Units	Pipeline – Beds	Total Units (Future)
Queensland Communities (Cont.)										
Tranquility Gardens	Helensvale, Qld	115	-	-	115	-	115	-	-	115
Total QLD		1,994	348	548	2,890	-	2,890	1,091	100	4,081
New South Wales Communities										
Banora Point	Banora Point, NSW	125	-	-	125	-	125	-	-	125
Banora Point	Banora Point, NSW	-	-	84	84	-	84	-	-	84
Bayview Gardens	Bayview, NSW	262	38	-	300	73	373	-	-	373
Camden Downs	Camden South, NSW	65	-	-	65	-	65	-	-	65
Coffs Harbour	Coffs Harbour, NSW	-	-	49	49	-	49	-	-	49
Fernbank	St Ives, NSW	156	39	-	195	-	195	-	-	195
Heydon Grove ILUs	Mosman, NSW	31	-	-	31	-	31	-	-	31
Island Point	St Georges Basin, NSW	60	-	-	60	-	60	105	-	165
Lindfield Gardens	East Lindfield, NSW	138	40	-	178	-	178	-	-	178
Manors of Mosman	Mosman, NSW	133	21	-	154	-	154	-	-	154
Maple Grove	Casula, NSW	112	-	-	112	-	112	-	-	112
Minkara	Bayview, NSW	159	43	-	202	51	253	-	-	253
Mosman Grove SAs	Mosman, NSW	-	37	-	37	-	37	-	-	37
Mountain View	Murwillumbah, NSW	220	51	-	271	-	271	-	-	271
Peninsula Gardens	Bayview, NSW	77	34	-	111	-	111	-	-	111
Pittwater Palms	Avalon, NSW	127	41	-	168	-	168	-	-	168
Tamworth	Tamworth, NSW	-	-	56	56	-	56	66	-	122
Tweed Heads	Tweed Heads, NSW	-	-	70	70	-	70	-	-	70
Total NSW		1,665	344	259	2,268	124	2,392	171	-	2,563

Retirement Community Portfolio: Aveo (Cont'd)



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Victoria Communities										
Balwyn Manor	Balwyn, Vic	-	54	-	54	-	54	-	-	54
Bendigo	Bendigo, Vic	-	-	95	95	-	95	-	-	95
Bentleigh	Bentleigh, Vic	27	43	-	70	-	70	-	-	70
Botanic Gardens	Cranbourne, Vic	157	-	-	157	-	157	-	-	157
Cherry Tree Grove	Croydon, Vic	354	36	-	390	-	390	-	-	390
Concierge Balwyn	Balwyn, Vic	73	-	-	73	-	73	-	-	73
Concierge Bayside	Hampton, Vic	86	-	-	86	-	86	-	-	86
Domaine	Doncaster, Vic	167	-	-	167	-	167	-	-	167
Dromana	Safety Beach, Vic	-	-	62	62	-	62	-	-	62
Edrington Park	Berwick, Vic	149	35	-	184	-	184	-	-	184
Fountain Court	Burwood, Vic	130	41	-	171	-	171	-	-	171
Geelong	Grovedale, Vic	-	-	48	48	-	48	-	-	48
Hampton Heath	Hampton Park, Vic	53	-	-	53	-	53	-	-	53
Hunters Green	Cranbourne, Vic	136	-	-	136	-	136	76	-	212
Kingston Green	Cheltenham, Vic	108	40	-	148	-	148	-	-	148
Lisson Grove	Hawthorn, Vic	-	39	-	39	-	39	-	-	39
Mingarra	Croydon, Vic	131	-	-	131	60	191	43	48	282
Oak Tree Hill	Glen Waverley, Vic	147	46	-	193	-	193	-	-	193
Pinetree	Donvale, Vic	73	-	-	73	-	73	-	-	73
Roseville	Doncaster East, Vic	111	38	-	149	-	149	-	-	149
Sackville Grange	Kew, Vic	97	-	-	97	-	97	-	-	97
Springthorpe	Macleod, Vic	88	-	-	88	-	88	-	-	88

Retirement Community Portfolio: Aveo (Cont'd)



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Victoria Communities (Cont.)										
Sunbury	Sunbury, Vic	102	-	-	102	-	102	-	-	102
The George	Sandringham, Vic	74	36	-	110	-	110	-	-	110
Toorak Place	Toorak, Vic	54	-	-	54	-	54	-	-	54
Veronica Gardens	Northcote, Vic	58	54	-	112	-	112	-	-	112
Total VIC		2,375	462	205	3,042	60	3,102	119	48	3,269
South Australia Communities										
Ackland Park	Everard Park, SA	30	20	-	50	-	50	-	-	50
Carisfield	Seaton, SA	103	-	-	103	-	103	-	-	103
Crestview	Hillcrest, SA	88	-	-	88	-	88	-	-	88
Fulham	Fulham, SA	68	27	-	95	-	95	-	-	95
Glynde Lodge	Glynde, SA	80	-	-	80	-	80	-	-	80
Gulf Point	North Haven, SA	55	-	-	55	-	55	-	-	55
Kings Park	Kings Park, SA	19	31	-	50	-	50	-	-	50
Leabrook Lodge	Rostrevor, SA	62	-	-	62	-	62	-	-	62
Leisure Court	Fulham Gardens, SA	43	-	-	43	-	43	-	-	43
Manor Gardens	Salisbury East, SA	40	32	-	72	-	72	-	-	72
Melrose Park	Melrose Park, SA	91	34	-	125	-	125	-	-	125
Riverview	Elizabeth Vale, SA	53	-	-	53	-	53	-	-	53
The Braes	Reynella, SA	103	28	-	131	-	131	-	-	131
The Haven	North Haven, SA	36	31	-	67	-	67	-	-	67
Westport	Queenstown, SA	62	-	-	62	-	62	-	-	62
Total SA		933	203	-	1,136	-	1,136	-	-	1,136

Retirement Community Portfolio: Aveo (Cont'd)



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Tasmania Communities										
Derwent Waters	Claremont, Tas	112	45	-	157	-	157	-	-	157
Launceston	Mowbray, Tas	-	-	57	57	-	57	53	-	110
Total TAS		112	45	57	214	-	214	53	-	267
Future Communities										
Brightwater	Brightwater, Qld	-	-	-	-	-	-	146	-	146
Newstead	Newstead, Qld	-	-	-	-	-	-	199	99	298
Sanctuary Cove	Sanctuary Cove, Qld	-	-	-	-	-	-	163	-	163
Springfield	Springfield, Qld	-	-	-	-	-	-	2,372	128	2,500
The Rochedale Estates	Rochedale, Qld	-	-	-	-	-	-	150	-	150
Newcastle	Newcastle, NSW	-	-	-	-	-	-	300	123	423
Bella Vista	Bella Vista, NSW	-	-	-	-	-	-	441	144	585
Total Future Communities		-	-	-	-	-	-	3,771	494	4,265
Total All Communities		7,079	1,402	1,069	9,550	184	9,734	5,205	642	15,581

Retirement Community Portfolio: Aveo Healthcare



Aveo Healthcare Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Queensland Communities										
Albany Creek	Albany Creek, Qld	309	78	-	387	-	387	-	-	387
Clayfield	Albion, Qld	171	-	-	171	-	171	65	108	344
Cleveland	Cleveland, Qld	110	28	-	138	-	138	-	-	138
Durack	Durack, Qld	525	104	-	629	-	629	-	123	752
Taringa	Taringa, Qld	102	37	-	139	-	139	-	-	139
Total		1,217	247	-	1,464	-	1,464	65	231	1,760

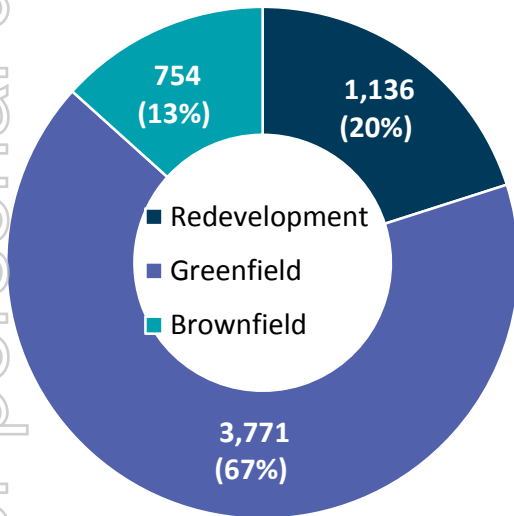
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Development Pipeline

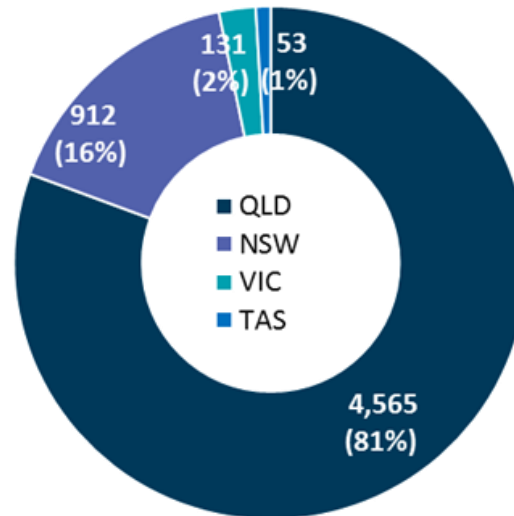


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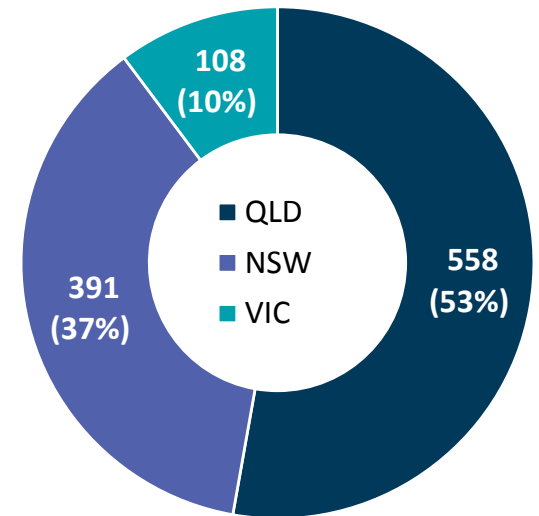
Retirement Development Pipeline by Type – Units



Retirement Development Pipeline by Location – Units



Retirement Development Pipeline by Location - Beds



Retirement: Investment Property Sensitivities



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- Key assumptions used in determining the fair value of the established retirement assets are shown in the table to the right
- Valuation sensitivities from the assumed inputs are also presented
- Both RVG and Freedom portfolios are included in the presented numbers
- Consideration must be given to various portfolio characteristics
 - **Property based:** age, location, quality of facilities etc. which will drive property demand and capital appreciation in unit prices
 - **Existing residents:** average resident age of 82.8 years
 - **Future residents:** characteristics of new residents who replace existing residents will impact long term resident turnover rates
 - **Discount rate:** reflects combination of portfolio investment characteristics and risks

Key Valuation Assumptions/Outcomes		HY17 ¹	HY16 ²
Discount rate		12.5% - 14.5%	12.5%
Future property price growth	Medium term	3.5% - 4.0%	3.65%
	Long term	3.5% - 4.25%	4.25%
Subsequent resident tenure (years)	ILUs	10	10
	SAs	4	4
NPV of annuity streams		\$1,568.0m	\$922.7m

¹ Includes Freedom and RVG portfolios

² Aveo portfolio only

Retirement Investment Property Annuity Stream Sensitivity (\$m)					
Long term property price growth	+1.0%	+0.5%	3.50% - 4.25%	(1.0%)	(0.5%)
Value of established portfolio	1,854.2	1,704.0	1,568.0	1,442.3	1,331.6
Subsequent turnover – ILUs (years)	8	9	10	11	12
Value of established portfolio	1,687.0	1,621.5	1,568.0	1,520.0	1,479.1
Discount rate	(1.0%)	(0.5%)	12.50%-14.50%	+0.5%	+1.0%
Value of established portfolio	1,757.7	1,658.0	1,568.0	1,486.5	1,412.5
Market value of units (Change)	5.0%	2.5%	-	(2.5%)	(5.0%)
Value of established portfolio	1,668.2	1,617.1	1,568.0	1,517.0	1,468.2



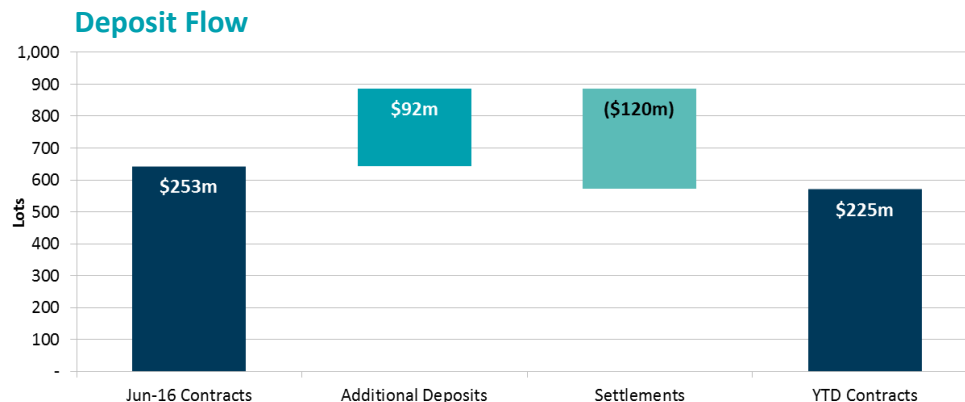
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Residential Communities and Apartments



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- Deposits are strong at the land estates with 543 on hand
- First half settlements of 321 lots
- Land estates are expected to be largely sold by FY18, with final settlements in FY19



As at 31 December 2016	Location	Remaining Lots approx.	Pre Sold Lots	Available Lots ¹	Percentage Pre Sold ³	YTD FY17 Settlements	FY17 Target Settlements
Active Land Projects							
Saltwater Coast, Point Cook	VIC	586	404	182	69%	107	250-300
Peregian Springs and Ridges, Peregian Springs	QLD	503	105	398	21%	64	175-225
The Rochedale Estates, Rochedale	QLD	177	29	148	16%	127	175-225
Shearwater, Cowes	VIC	70	5	65	7%	11	10-20
Total Active Land Projects		1,336	543	793	41%	309	610-770
Inactive Land Projects							
Currumbin	QLD	348	--	348	--	--	--
Total Land Projects		1,684	543	1,141	32%	309	610-770
Apartment Projects							
The Milton, Milton ²	QLD	3	2	1	67%	12	15
Total Apartment Projects		3	2	1	67%	12	15
Total Projects		1,687	545	1,142	32%	321	625-785

¹ Includes unreleased stages.

² Includes 100% of The Milton.

³ Calculated as pre sold lots/remaining lots approx.

Non-Retirement Assets Sell Down and Composition



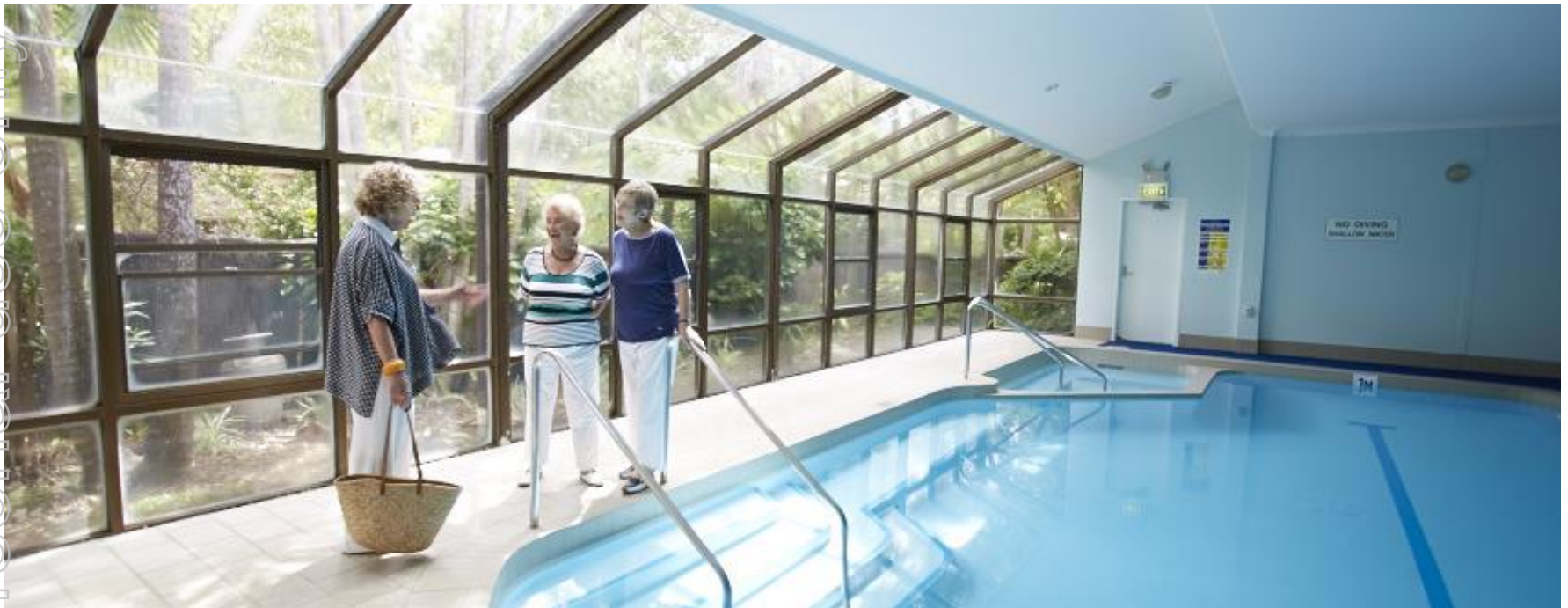
Non-Retirement Asset Balance Sheet Movement	HY17 (\$m)	FY16 (\$m)	Change
Non-Retirement Assets at beginning of period	430.6	558.8	(23%)
Less: Asset Sales announced during the period	-	-	-
Add: Net Development Activity during the period	(36.2)	(151.0)	(76%)
Add: Change in Fair Value of Non-Retirement Assets	4.5	22.8	(80%)
Closing Non-Retirement assets at end of period	398.9	430.6	(7%)
Represented by			
Inventories: Residential communities ¹	190.3	221.0	(14%)
Residential apartments ²	23.5	13.3	77%
Commercial ³	12.9	41.0	(69%)
Total inventories	226.7	275.3	(18%)
Investment properties	168.3	151.5	11%
Property, plant and equipment	3.9	3.8	3%
Non-Retirement assets at end of period	398.9	430.6	(7%)
Non-Retirement assets as percentage of total assets⁴	16%	19%	(3%)

¹ HY17 includes Point Cook, Rochedale, Peregrin Springs, Ridges, Currumbin and Shearwater.

² HY17 includes Milton and Albion.

³ HY17 includes Mackay and Metrolink Business Park.

⁴ Net of resident loans and deferred revenue and excludes non-allocated assets.



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Statutory Income Statement



	HY17 (\$m)	HY16 (\$m)	Change
Profit from continuing operations before income tax	143.5	89.3	61%
Income tax expense	(24.1)	(23.3)	(3%)
Profit after tax	119.4	66.0	81%
Non-controlling interest	1.8	0.5	260%
Net profit after tax attributable to stapled security holders of the Group	121.2	66.5	82%

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Reconciliation of Statutory Profit to Underlying Profit



	HY17			HY16		
	Gross (\$m)	Tax ¹ (\$m)	Net (\$m)	Gross (\$m)	Tax ¹ (\$m)	Net (\$m)
Statutory profit after tax and non-controlling interest			121.2			66.5
Retirement						
Change in fair value of retirement investment properties	(19.7)	(3.2)	(22.9)	(2.8)	0.3	(2.5)
Gain on acquisition of RVG	(52.6)	-	(52.6)	-	-	-
Share of non-operating loss of equity-accounted investments	-	-	-	1.9	-	1.9
Derecognition of deferred tax asset	-	8.9	8.9	-	-	-
Other	(5.3)	2.5	(2.8)	-	-	-
Total Retirement	(77.6)	8.2	(69.4)	(0.9)	0.3	(0.6)
Non-Retirement						
Change in fair value of non-retirement investment properties	(4.5)	1.3	(3.2)	(17.6)	5.3	(12.3)
Gain from sale of non-retirement assets	-	-	-	(7.1)	2.1	(5.0)
Other	7.2	(1.9)	5.3	(4.2)	1.2	(3.0)
Total Non-Retirement	2.7	(0.6)	2.1	(28.9)	8.6	(20.3)
Underlying profit after tax and non-controlling interest			53.9			45.6

¹ The tax adjustment in relation to the change in fair value of the retirement investment properties includes tax and OEI.

Statutory Profit and Loss by Segment



	Retirements	Non-Retirements	Other	Total HY17	Retirements	Non-Retirements	Other	Total HY16
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Sale of goods revenue	-	117.7	-	117.7	-	226.7	-	226.7
Revenue from rendering of services	66.6	7.7	-	74.3	40.1	6.1	-	46.2
Other revenue	4.5	0.6	(0.8)	4.3	5.8	5.2	0.1	11.1
Cost of sales	(9.3)	(91.9)	-	(101.2)	(8.7)	(181.3)	-	(190.0)
Change in fair value of investment properties	172.6	4.5	-	177.1	17.1	17.6	-	34.7
Change in fair value of resident loans	(126.9)	-	-	(126.9)	(12.0)	-	-	(12.0)
Employee expenses	(18.5)	(0.3)	(5.4)	(24.2)	(9.1)	(2.2)	(4.3)	(15.6)
Marketing expenses	(8.3)	(2.0)	-	(10.3)	(3.8)	(2.4)	-	(6.2)
Occupancy expenses	(0.2)	-	(0.7)	(0.9)	-	-	(0.5)	(0.5)
Property expenses	-	(1.6)	-	(1.6)	-	(1.6)	-	(1.6)
Administration expenses	(6.2)	-	(2.2)	(8.4)	(1.8)	(0.4)	(1.6)	(3.8)
Other expenses	(1.5)	(6.4)	1.7	(6.2)	(2.7)	(1.8)	0.4	(4.1)
Gain on acquisition of RVG	52.6	-	-	52.6	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
Share of net gain of equity-accounted investments	(2.8)	-	-	(2.8)	4.4	-	-	4.4
Profit/(loss) from continuing operations before income tax	122.6	28.3	(7.4)	143.5	29.3	65.9	(5.9)	89.3
Income tax (expense)	-	-	(24.1)	(24.1)	-	-	(23.3)	(23.3)
Profit/(loss) for the year	122.6	28.3	(31.5)	119.4	29.3	65.9	(29.2)	66.0
Non-controlling interests	-	-	1.8	1.8	-	-	0.5	0.5
Net profit/(loss) attributable to stapled security holders of the Group	122.6	28.3	(29.7)	121.2	29.3	65.9	(28.7)	66.5

Reconciliation of Underlying Profit to Segment Notes



HY17 (\$m)	Underlying Profit	Change in Fair Value of Retirement Investment Properties	Gain on acquisition of RVG	Recognition / (derecognition) of deferred tax asset	Change in Fair Value of Non-Retirement Investment Properties	Other	Statutory Result
Retirement							
Established Business	35.5	19.7	52.6	-	-	5.3	113.1
Development	9.0	-	-	-	-	-	9.0
Care and Support Services	1.2	-	-	-	-	-	1.2
Total Retirement	45.7	19.7	52.6	-	-	5.3	123.3
Total Non-Retirement	31.0	-	-	-	4.5	(7.2)	28.3
Group overheads and incentive scheme	(6.8)	-	-	-	-	(0.2)	(7.0)
EBITDA	69.9	19.7	52.6	-	4.5	(2.1)	144.6
Depreciation and amortisation	(1.1)	-	-	-	-	-	(1.1)
EBIT	68.8	19.7	52.6	-	4.5	(2.1)	143.5
Interest and borrowing expense	-	-	-	-	-	-	-
Profit before tax	68.8	19.7	52.6	-	4.5	(2.1)	143.5
Income tax	(14.8)	1.3	-	(8.9)	(1.4)	(0.3)	(24.1)
Profit after tax	54.0	21.0	52.6	(8.9)	3.1	(2.4)	119.4
Non-controlling interests	(0.1)	1.9	-	-	-	-	1.8
NPAT attributable to Aveo Group	53.9	22.9	52.6	(8.9)	3.1	(2.4)	121.2

Reconciliation of Retirement Segment Revenue to Segment Notes



	HY17 (\$m)	HY16 (\$m)	Change
Segment revenue			
Established Business	90.7	58.6	55%
Development	38.1	12.3	210%
Care and Support Services	6.4	6.5	(2%)
Total Retirement segment revenue (refer slide 13)	135.2	77.4	75%
Adjustments			
Established Business			
Sales Revenue – buyback sales	(24.3)	(12.5)	94%
Equity-accounted profits	2.8	(6.1)	(146%)
Other	(4.4)	(0.6)	633%
Development			
Development revenue	(38.1)	(12.2)	212%
Care and Support Services			
Equity-accounted profits	(0.1)	(0.1)	-
Retirement revenue per segment note	71.1	45.9	70%

¹ Other includes RVG pre-acquisition revenue eliminated on consolidation.

Interest Expense Reconciliation



	HY17 (\$m)	HY16 (\$m)	Change
Interest expense paid	9.6	6.5	48%
Less: Capitalised Interest			
Retirement			
Greenfield communities	3.6	-	-
Brownfield communities	1.8	-	-
Redevelopment	0.5	-	-
Non-Retirement			
Residential communities	3.7	4.8	(23%)
Residential apartments	-	1.7	(100%)
Total capitalised interest	9.6	6.5	48%
Net finance costs	-	-	-
Add: Capitalised interest expenses in COGS			
Retirement	-	0.2	(100%)
Residential communities	23.2	24.8	(6%)
Residential apartments	0.7	15.7	(96%)
Commercial	-	-	-
Total capitalised interest in COGS	23.9	40.7	(41%)
Finance costs including capitalised interest expensed in COGS	23.9	40.7	(41%)

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Income Tax Reconciliation



	HY17 (\$m)	HY16 (\$m)	Change
Statutory profit from continuing operations before tax	143.5	89.3	61%
Less: Aveo Group Trust Contribution	(6.7)	(9.6)	(30%)
Corporation profit before tax	136.7	79.7	72%
Plus/(less):			
Gain on acquisition of RVG	(52.6)	-	na
Recognition of previously unrecognised deferred tax assets less derecognition of previously recognised deferred tax asset	(10.2)	-	na
Equity-accounted profits/(losses)	2.3	(4.7)	na
Other non-deductible items (net of non-assessable items)	4.1	2.6	58%
Corporation adjusted taxable profit	80.3	77.6	3%
Tax expense	24.1	23.3	3%
Statutory effective tax rate ¹	17%	26%	(9%)
Underlying profit before tax	68.8	59.6	16%
Income tax expense	14.8	13.8	7%
Underlying effective tax rate	21%	23%	(2%)

¹ Calculated as adjusted tax expense or benefit divided by statutory profit/(loss) before tax.

Management Expense Ratio and Management Expenses

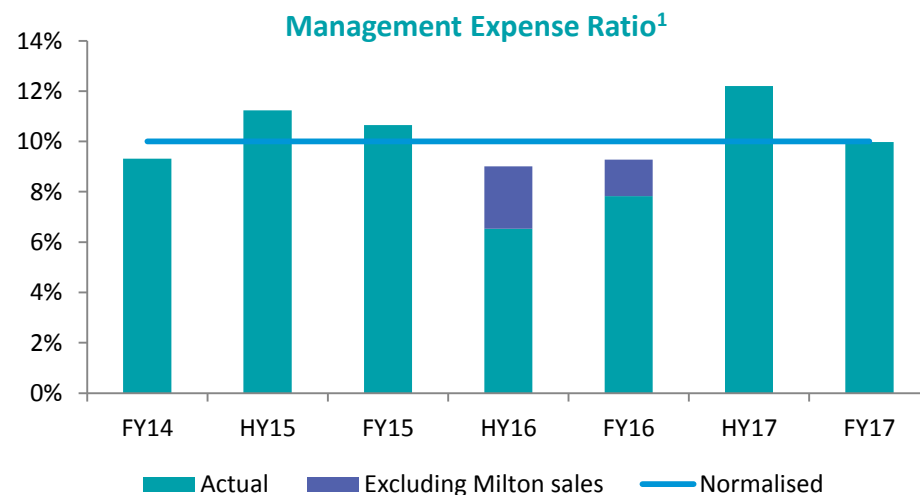


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Management expense ratio for HY17 distorted by mix of Established Business and Development revenue

- Return to a normalised range is expected for FY17
- HY16 and FY16 were unusually low due to Milton settlements

HY17 management expenses were increased by the inclusion of Freedom and RVG management expenses



¹ Ratio of management expenses to underlying revenue. FY17 is target.

Management Expenses ¹ by Category	HY17	HY16	Change
Employee expenses	\$20.1m	\$13.1m	54%
Occupancy expenses	\$0.9m	\$0.5m	60%
Administration expenses	\$6.7m	\$3.4m	98%
Other expenses	\$4.5m	\$1.6m	181%
Total	\$32.2m	\$18.6m	73%
Divisional expenses	\$26.0m	\$13.3m	95%
Corporate expenses	\$6.2m	\$5.3m	16%
Total	\$32.2m	\$18.6m	73%

¹ Management expenses excludes STI/LTI, sales and marketing related costs and property related costs.



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Summary Statutory Balance Sheet



	HY17 (\$m)	FY16 (\$m)	Change
Assets			
Retirement			
Investment properties	5,145.1	3,179.3	62%
Equity-accounted investments	27.0	301.8	(91%)
Property, plant and equipment	53.0	19.9	166%
Intangibles	4.4	4.9	(10%)
Total Retirement	5,229.5	3,505.9	49%
Non-Retirement			
Inventories	226.7	275.3	(18%)
Investment properties/assets held-for-sale	168.3	151.5	11%
Property, plant and equipment	3.9	3.8	3%
Total Non-Retirement	398.9	430.6	(7.4%)
Cash/receivables/other	109.0	152.4	(28%)
Total assets	5,737.4	4,088.9	40%
Liabilities			
Resident loans and retirement deferred revenue	3,047.9	1,634.8	86%
Interest bearing liabilities	503.7	462.0	9%
Deferred tax	124.9	100.9	24%
Other liabilities (including payables, provisions, deferred revenue)	163.4	230.8	(29%)
Total liabilities	3,839.9	2,428.5	58%
Net assets	1,897.5	1,660.4	14%
NTA per stapled security	\$3.23	\$3.00	8%

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Management Balance Sheet



	%	HY17 (Sm)	%	FY16 (Sm)	Change
Assets					
Retirement					
Retirement investment properties ¹		2,043.5		1,482.2	38%
Equity-accounted investments		27.0		301.8	(91%)
Property plant and equipment and intangibles		57.4		24.8	131%
Total Retirement	84%	2,127.9	81%	1,808.8	18%
Non-Retirement					
Commercial		179.7		191.0	(6%)
Residential communities		195.3		226.0	(14%)
Residential apartments		23.9		13.5	77%
Total Non-Retirement	16%	398.9	19%	430.5	(7%)
Total Divisional Assets	100%	2,526.8	100%	2,239.3	13%
Other assets (including cash and trade receivables)		109.0		152.4	(28%)
Total assets		2,635.8		2,391.7	10%
Liabilities					
Interest bearing liabilities		503.7		462.0	9%
Deferred tax liabilities		124.9		100.9	24%
Other liabilities (including payables, and provisions)		109.7		168.4	(35%)
Total liabilities		738.3		731.3	1%
Net assets		1,897.5		1,660.4	14%

¹ Net of resident loans, deferred income and deferred payment for development land.

Retirement Management Balance Sheet



	HY17 (\$m)	FY16 (\$m)	Change
Established Business			
NPV of annuity streams	1,580.0	1,157.6	36%
Equity accounted investments	27.0	294.4	(91%)
Buyback units (operating)	75.2	33.2	126%
Buyback units (Freedom transition)	14.2	-	-
Total	1,696.4	1,485.2	14%
Development			
Investment property under construction	255.6	175.8	45%
Net development land acquired ¹	5.3	5.0	6%
New units available for first occupancy	94.3	100.1	(6%)
Minor development units	18.9	10.5	80%
Total	374.1	291.4	28%
Care and Support Services			
Equity accounted investments	-	7.4	-
Property, plant and equipment and intangibles	57.4	24.8	131%
Total Retirement assets	2,127.9	1,808.8	18%

¹ Includes \$53.7m of deferred payments outstanding at 31 December 2016.

Investment Property Summary



	HY17 (\$m)	FY16 (\$m)	Change
Retirement			
NPV of annuity streams	1,580.0	1,157.6	36%
Investment properties under construction	255.6	175.8	45%
Development land acquired	59.0	67.3	(12%)
New units available for first occupancy	94.3	100.1	(6%)
Buyback units (operating)	75.2	33.2	126%
Buyback units (Freedom transition)	14.2	-	-
Minor development units	18.9	10.5	80%
Retirement net valuation	2,097.2	1,544.5	36%
Resident loans	2,881.3	1,519.4	90%
Deferred income net of accrued DMF	166.6	115.4	44%
Total Retirement Investment property	5,145.1	3,179.3	62%
Non-Retirement			
Investment properties	168.3	151.5	11%
Total investment properties per balance sheet	5,313.4	3,330.8	60%

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Non-Retirement Inventories Summary



	HY17 (\$m)	FY16 (\$m)	Change
Inventories			
Residential communities ¹	190.3	221.0	(14%)
Residential apartments ²	23.5	13.3	77%
Commercial ³	12.9	41.0	(69%)
Total Inventories	226.7	275.3	(18%)

¹ HY17 includes Point Cook, Rochedale, Peregrin Springs, Ridges, Currumbin and Shearwater.

² HY17 includes Milton and Albion.

³ HY17 includes Mackay and Metrolink Business Park.

	Residential Communities (\$m)	Residential Apartments (\$m)	Commercial (\$m)	Total (\$m)
Impairment				
Balance as at 30 June 2016	136.9	2.3	22.9	162.1
Impairment reclassification	(3.0)	-	3.0	-
Amounts utilised in relation to pre 30 June 2013 impairments – effecting underlying profit after tax	(1.4)	-	-	(1.4)
Amount utilised in relation to 30 June 2013 impairments – effecting underlying profit after tax	(9.4)	(2.1)	-	(11.5)
Transfer of Newstead to Retirement / investment property under construction	-	-	(19.6)	(19.6)
Balance as at 31 December 2016	123.1	0.2	6.3	129.6

Movement in Net Tangible Assets per Security



	Net Tangible Assets (\$m)	No. of Securities (m)	NTA per Security (\$)
As at 30 June 2016	1,623.1	541.1	3.00
Statutory net profit	121.2	-	0.21
Other comprehensive income	0.1	-	-
Increase in intangible assets ¹	(1.0)	-	-
Movements in reserves ²	0.6	-	-
Issue of new securities ³	127.6	38.1	0.02
Acquisition of treasury securities	(10.7)	(3.2)	-
Equity settled employee benefits	1.4	1.0	-
As at 31 December 2016	1,862.3	577.0	3.23

¹ Principally software licences.

² Acquisition of non-controlling interests and equity settled employee benefits.

³ On 22 August 2016, the Group issued 37,091,988 ordinary stapled securities as consideration for the acquisition of shares in RVG. On 26 October 2016, the Group issued 1,021,577 ordinary stapled securities as deferred consideration for the acquisition of Freedom.

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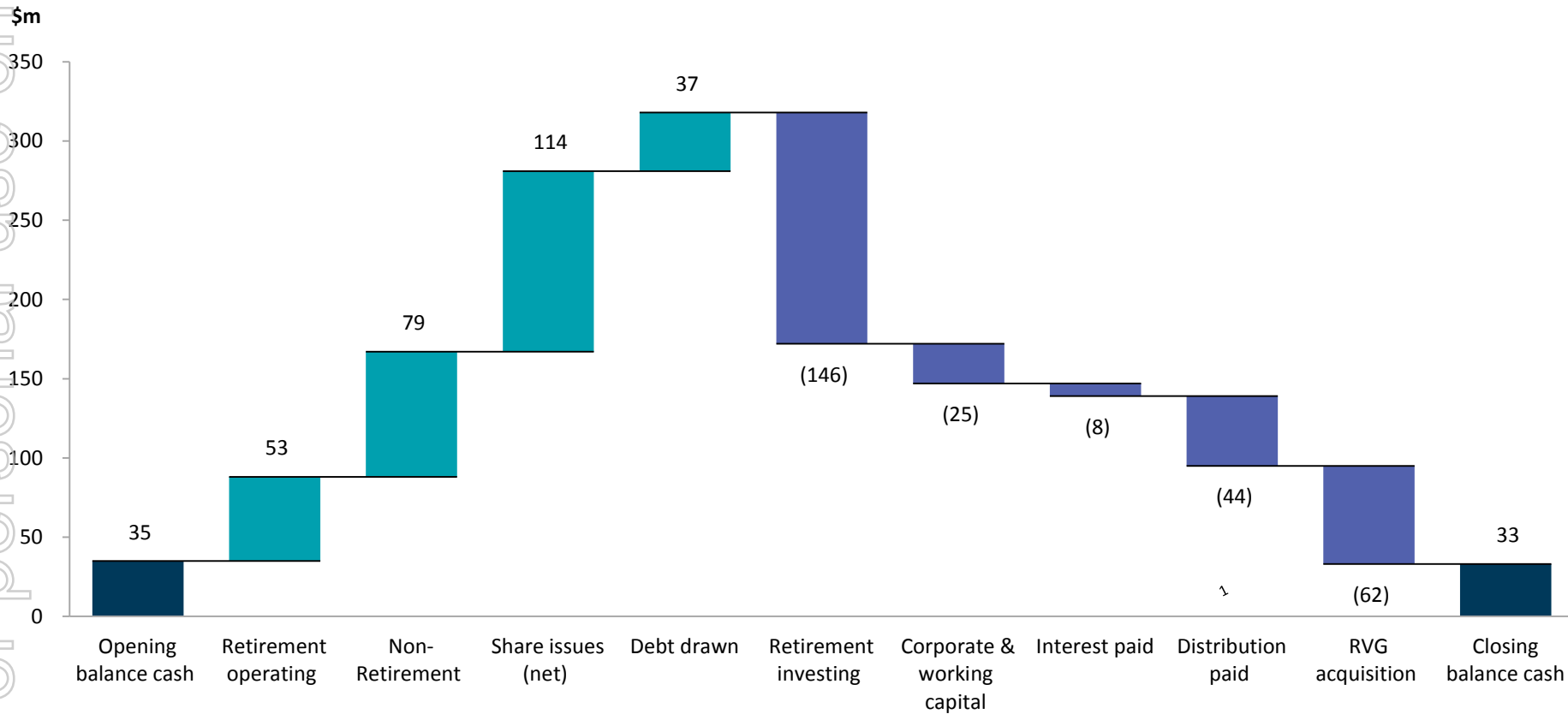
Funds from Operations and Adjusted Funds from Operations



	HY17 (\$m)	HY16 (\$m)	Change
Underlying profit after tax	53.9	45.6	18%
Adjustments:			
Profit from equity-accounted investments	(2.1)	(6.3)	66%
Dividends from equity-accounted investments	-	0.1	-
Depreciation	1.0	1.1	(9%)
Capitalised interest	(9.6)	(6.5)	(48%)
Capitalised interest Included in COGS	23.9	40.7	(41%)
Retirement Development: Profit adjustment on settled basis	(0.2)	0.4	(150%)
Amortisation of leasing incentives	1.1	0.6	83%
Deferred income tax expense	14.8	13.8	7%
Funds From Operations (FFO)¹	82.8	89.5	(7%)
Retirement capex	(11.5)	(3.8)	(203%)
Non-Retirement leasing commissions, tenant incentives and maintenance capital expenditure	(1.7)	(3.7)	54%
Adjusted Funds From Operations (AFFO)¹	69.6	82.0	(15%)

¹ FFO and AFFO reflect Property Council of Australia guidelines.

Cash Flow Reconciliation (\$m)



Financial Covenants



- All financial covenants met

Covenant		HY17	Required
Aveo Group Syndicated Facility			
Established Business, Care and Support Services and unallocated overheads to interest expense (12 months rolling)	Retirement ICR (Core)¹	2.7x	≥ 2.0x
EBITDA to interest expense of the consolidated group (12 months rolling)	Group ICR	8.1x	≥ 1.5x
Total assets less cash and resident loans / net debt	Group Gearing Ratio	16.6%	≤ 30%
Drawn debt less cash / retirement valuation and non-retirement valuation	LVR	22.7%	≤ 30%
Gasworks 1 net rental income to facility E interest expense	Gasworks ICR	5.8x	≥ 2.0x
Aveo Healthcare Facility			
Total assets less cash and resident loans / Bank debt less cash	Gearing Ratio	20.5%	≤ 30%
EBIT (adjusted for fair value of assets and resident loans) / Finance Charges	ICR	8.1x	≥ 1.5x

¹ Includes net cashflow from retirement established business and care and support, offset by unallocated overheads to interest expense of facility A and B only.



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FY17 Calendar



Date	Event	Location
15 February	HY17 Results Announcement	Sydney
15-17 February	Private Roadshow	Sydney
20-21 February	Private Roadshow	Melbourne
7-8 March	Private Roadshow	New Zealand
10 May	Asset Tour	Brisbane
16 August	FY17 Results Announcement @ 10:30am	Sydney

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Term	Definition
AEH	Aveo Healthcare Limited
AFFO	Adjusted Funds From Operations
AICD	Australian Institute of Company Directors
AOG	Aveo Group Limited
Average margin	Ratio of gross profit to revenue
Buyback Sales	Sales of units that have previously been bought back by Aveo to new residents
COGS	Cost of Goods Sold
CPS	Cents Per Security
Deposits on Hand	Number of deposits held for contracts yet to settle
DMF / CG	Deferred Management Fee / Capital Gains
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EPS	Earnings Per Security
Established Business	Existing revenue generating retirement villages
FAC	Freedom Aged Care
Freedom	Freedom Aged Care
FFO	Funds From Operations
Gross Profit	Revenue less cost of goods sold
ICR	Interest Cover Ratio

Term	Definition
ILU	Independent Living Unit
IPUC	Investment property under construction
LVR	Loan to value ratio
Major development	Construction of new units on vacant land or airspace
Minor development	Reconfiguration of existing saleable product into new product different in nature
NM	Not Meaningful
NPV	Net Present Value
NTA	Net Tangible Assets
Occupancy	Ratio of units occupied to units available for occupancy
Operating Buyback Purchases	Units that are bought back by Aveo from exiting retirement residents
PCP	Prior Corresponding Period
Portfolio Turnover	Sum of unit resales and buyback sales divided by total available units
Redevelopment Buyback Purchases	Repurchase of units from exiting residents for the purpose of redevelopment
Resales	Resident to resident retirement unit sale
ROA	Return On Assets
RVG	Retirement Villages Group
SA	Serviced Apartment
STI / LTI	Short term incentive / Long term incentive
UPAT	Underlying Profit After Tax



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