



On The Right Track Towards FY16

HY15 Results for the period ended 31 December 2014

18 February 2015





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Overview



On The Right Track towards FY16



Category	Milestone	Status
Financial	<ul style="list-style-type: none">Strong financial result - underlying profit of \$24.1m up 26% on previous period	✓
	<ul style="list-style-type: none">Strong improvement in cash generation	✓
	<ul style="list-style-type: none">Continued improvement in profit contributions from all core retirement business segments with Retirement EBITDA up 24%	✓
Strategic	<ul style="list-style-type: none">Strategic and operational targets being met to improve financial returns	✓
Asset sales	<ul style="list-style-type: none">Exit from non-retirement assets and recycling of capital into retirement on target	✓
Investor appeal	<ul style="list-style-type: none">Revising FY15 profit guidance upwards	✓

Established Business

- New record first half sales performance – 11.4% turnover at industry high
- On target to exceed last year's highest ever unit sales level
- Valuation prices continuing to be achieved
- Transaction margin levels at 30% continuing to improve

Development

- All eight projects for FY15 and FY16 delivery on target
- Profitability of projects for FY15 and FY16 in line with strategic plan requirements
- Well advanced on acquisition opportunities which will substantially enlarge 2,800 pipeline

Care and Support Services

- Focus on expanding existing internal aged care capability rather than a partnering approach
- Announce intention to expand to 800 beds
- Low care alliances now largely complete with three major partners
- Also focus on further expanding allied health capabilities



Financial Results and Capital Management



Key Financial Outcomes



- Profit lifted by increased contribution from retirement businesses and reduced interest expense
- Improved retirement results and lower interest also lifted FFO
- Reduction in underlying EPS due to additional shares outstanding following the December 2013 capital raise
- Small increase in NTA per security to \$2.85
- Gearing is in the preferred range of 10%-20%

Outcome	HY15	HY14	Change
Statutory Profit after Tax ¹	\$30.1m	\$2.2m	nm
Statutory EPS	6.0cps	0.6cps	900%
Statutory Profit after Tax ¹ before transfer from FCTR ²	\$30.1m	\$20.9m	44%
Underlying Profit after Tax	\$24.1m	\$19.2m	26%
Underlying EPS	4.8cps	5.0cps	(4%)
FFO ³	\$28.0m	\$6.9m	306%
FFO per Security	5.6cps	1.8cps	211%
Net Assets	\$1,459.7m	\$1,429.5m ⁴	2%
NTA per Stapled Security	\$2.85	\$2.78 ⁴	3%
Gearing	15.9%	15.8% ⁴	0.1%

¹ Net profit after tax attributable to stapled security holders of the Group – see slide 47.

² Foreign Currency Translation Reserve

³ Funds From Operations has been calculated in accordance with the Property Council of Australia guidelines.

⁴ Relates to FY14.

Profit and Loss



	HY15 (\$m)	HY14 (\$m)	Change
Retirement			
Established Business	23.8	20.1	18%
Development	1.1	0.2	450%
Care and Support Services	1.0	0.6	67%
Total Retirement EBITDA	25.9	20.9	24%
Total Non-Retirement EBITDA	11.6	15.9	(27%)
Divisional EBITDA	37.5	36.8	2%
Non-Allocated Overheads	(5.3)	(5.1)	4%
EBITDA	32.2	31.7	2%
Depreciation and Amortisation	(0.8)	(0.9)	(11%)
EBIT	31.4	30.8	2%
Interest and Borrowing Expense	(2.7)	(10.0)	(73%)
Profit Before Tax	28.7	20.8	38%
Income Tax	(4.5)	(1.5)	200%
Profit After Tax	24.2	19.3	25%
Non-Controlling Interests	(0.1)	(0.1)	-
Underlying Profit after Tax¹	24.1	19.2	26%
Statutory Profit	30.1	2.2	nm

¹ The underlying profit has been calculated as per the AICD Underlying Profit Guidelines.

Capital Management: HY15 Metrics



- New \$275m group facility executed in December 2014
- New facility consolidated and refinanced the existing Development MOF, Retirement Syndicate and Wilbow facilities
- Simplifies group debt structure and bank reporting requirements
- Significantly improved margins achieved
- Closed \$150m in interest rate hedges, reducing hedging to 47% of debt drawn
- Weighted average borrowing cost reduced to 5.8%
- Continually managing the existing hedging profile as debt levels reduce
- All covenants are met

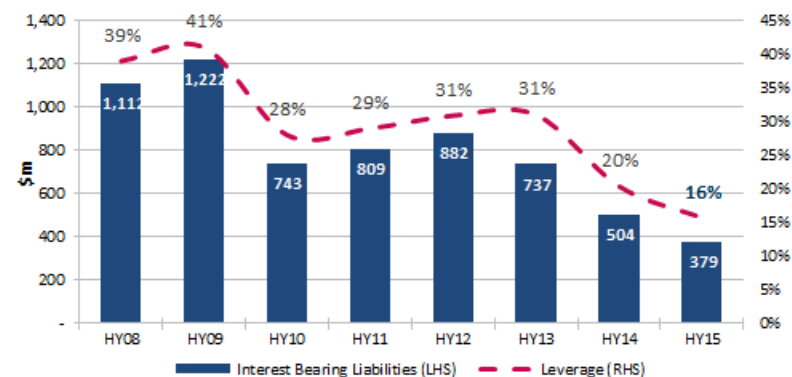
Metrics	HY15	FY14	Change
Reported Gearing ¹	15.9%	15.8%	0.1%
Look Through Gearing ¹	16.0%	16.4%	(0.4%)
Net Debt Drawn ¹	\$315m	\$313m	1%
Gross Interest Bearing Liabilities	\$379m	\$345m	10%
Undrawn Committed Lines ²	\$160m	\$250m	(36%)
Available Facilities ²	\$83m	\$121m	(31%)
Weighted Average Borrowing Cost	5.8%	8.6%	(2.8%)
Weighted Average Debt Maturity	2.5 years	1.8 years	0.7 years
Fixed % on Drawn Debt	47% ³	87%	(40%)
Fixed % on Facility Limit	28%	51%	(23%)
Weighted Average Hedge Maturity	1.5 years	2.1 years	(0.6) years

¹ Only includes 50% of The Milton project finance debt.

² Undrawn facilities are dependent upon having sufficient security.

³ Excludes The Milton project finance debt.

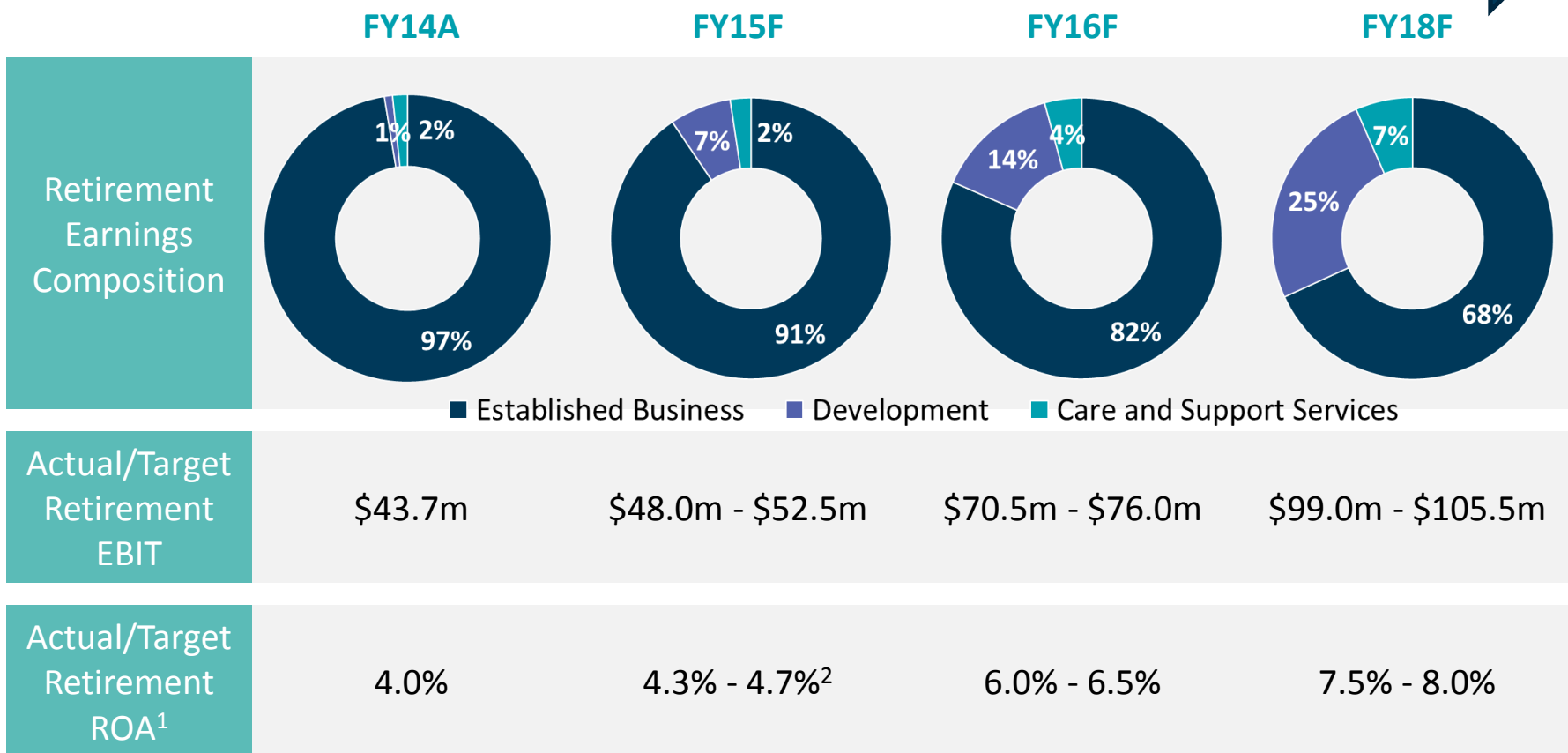
Interest Bearing Liabilities and Gearing History



Focus on Asset Returns



Focused on growing the retirement business while also increasing Return on Assets



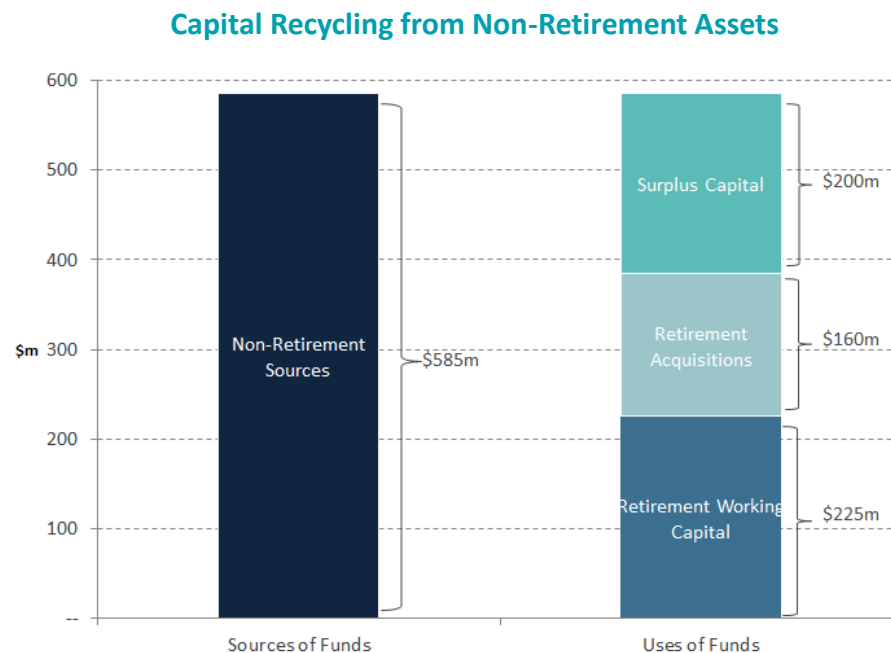
¹ See Appendix 1 for further detail regarding target retirement return metrics.

² Actual ROA for HY15 is 4.6%.

Capital Availability and Allocation



- \$585m of non-retirement assets to be disposed of starting in FY15
- During the period from FY15 to FY18
 - \$225m to be applied to working capital investment in retirement developments
 - \$40m per annum available for retirement asset acquisitions (\$160m in total)
- Number of options available for the use of the remaining \$200m surplus capital in the following order of priority
 - Increase capital invested in retirement development above \$225m
 - Increase level of retirement acquisitions to over \$40m per annum
 - Acquire securities in the existing on-market buyback
 - Pay down debt levels
- Will manage capital allocation priorities within the context of maintaining a gearing level in the target range of 10%-20%





Retirement



Retirement Results



- Increase in profit of 24% to \$25.9m
- Increased profit contribution from all business segments
- Total unit sales at record levels
- Lift in Established Business results driven by strong resident resale volumes and higher transaction margin levels
- Significant increase in Development contribution driven by higher margins
- Pipeline delivery skewed to the second half of FY15 should further support the full year Development contribution
- Care and Support Services results are assisted by a partial contribution from the allied health investments post acquisition

Key Performance Indicators	HY15	HY14	Change
Segment Revenue			
Established Business ¹	\$50.9m	\$47.5m	7%
Development ²	\$9.6m	\$3.5m	174%
Care and Support Services ³	\$5.9m	\$5.1m	16%
Total Retirement Revenue	\$66.4m	\$56.1m	18%
Profit Contribution			
Established Business	\$23.8m	\$20.1m	18%
Development ⁴	\$1.1m	\$0.2m	450%
Care and Support Services	\$1.0m	\$0.6m	67%
Total Retirement Contribution	\$25.9m	\$20.9m	24%
Sales Volumes (units)			
Established Business Sales	358	322	11%
Development Sales	12	11	9%
Total	370	333	11%
Total Value of Units Transacted	\$97.1m	\$89.9m	8%

¹ Includes DMF/CG, admin fees and other income relating to the Established Business, RVG and US Senior Living Equity Accounted Profits.

² Includes new sales income.

³ Includes aged care and other support income.

⁴ Development profit is accounted for in the change in fair value of investment property.

Established Business Results



- Increase in gross DMF/CG generated driven by an increase in resident resales levels
- Decrease in revenue on buyback sales reflects lower volumes as resales have increased share of total sales mix
- Other revenue services tend to net against operating expenses to result in an overall profit contribution which is similar to net DMF/CG generated

	HY15	HY14	Change
Revenue			
DMF/CG Revenue			
Resales	\$25.9m	\$21.2m	22%
Buyback Purchases	\$2.2m	\$2.5m	(12%)
Gross DMF/CG	\$28.1m	\$23.7m	19%
Other Revenue			
Buyback Sales	\$7.7m	\$9.3m	(17%)
Other Revenue	\$15.1m	\$14.5m	4%
Total Other Revenue	\$22.8m	\$23.8m	(4%)
Total Revenue	\$50.9m	\$47.5m	7%
Profit Contribution			
Net DMF/CG	\$25.2m	\$19.4m	30%
Net Other	(\$1.4m)	\$0.7m	(300%)
Total Profit Contribution	\$23.8m	\$20.1m	18%

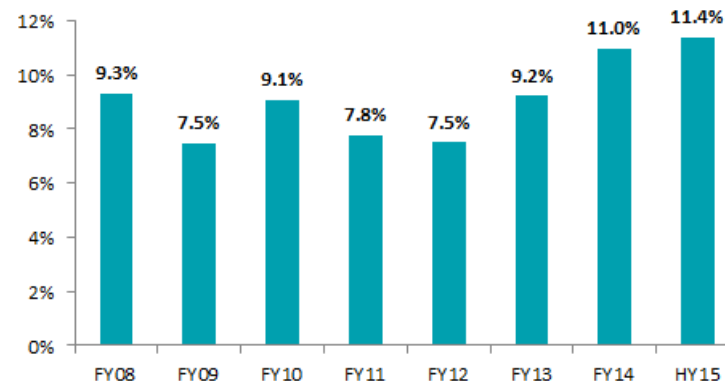
Established Business Sales and Margins



- Deposit levels remain healthy, providing continued momentum into the second half
- Units sales levels continue to improve with 358 units sold in the period
- Decline in average DMF/CG transaction price point mainly due to the sales mix
- Higher proportion of lower priced SAs sold in HY15 relative to prior period
- Average DMF/CG per transaction increased due to transaction margin levels returning to more normalised levels
- Portfolio turnover of 11.4% is nearing the top of the target range of 10%-12% unit turnover

	HY15	HY14	Change
Sales volumes (units)			
Resales	328	287	14%
Buyback Sales	30	35	(14%)
Total	358	322	11%
Buyback Purchases (units)	34	35	(3%)
DMF Generating Transactions	362	322	12%
Deposits on Hand	116	122	(5%)
Avg DMF/CG Transaction Price Point	\$256k	\$267k	(4%)
Avg DMF/CG Per Transaction	\$78k	\$73k	7%
DMF/CG Margin Per Transaction	30%	27%	3%
Portfolio Turnover	11.4%	10.3%	1.1%

Portfolio Turnover



Development Delivery Forecast - Units



Village	Category	State	Portfolio	New Units ¹	FY15	FY16	FY17	FY18	FY19+ ²
Albany Creek	Brownfield	QLD	AEH	12					
The Parks	Brownfield	QLD	AOG	14					
Cleveland	Brownfield	QLD	AEH	19					
Durack	Brownfield ³	QLD	AEH	148					
Island Point	Brownfield	NSW	AOG	121					
Mingarra	Brownfield	VIC	AOG	76					
Peregian	Brownfield	QLD	AOG	62					
Clayfield	Brownfield	QLD	AEH	149					
Newmarket	Redevelopment	QLD	AOG	300					
Carindale	Redevelopment	QLD	AOG	400					
Sanctuary Cove	Greenfield	QLD	AOG	163					
Southern Gateway	Greenfield	NSW	AOG	450					
Gasworks	Greenfield	QLD	AOG	169					
Southport	Redevelopment	QLD	AOG	214					
Other	Redevelopments	QLD/NSW/SA	AOG/AEH	238					
Other	Greenfield	VIC/QLD	AOG	300					
Total Retirement Village Product				2,835⁴	62	182	224	553	1,814

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

² Includes potential to substitute identified units for aged care beds.

³ Includes a portion of redevelopment units.

⁴ Includes ten units delivered in HY15, remaining pipeline 2,825.

Near Term Development Projects



- Ten new units delivered at the Albany Creek and Mingarra villages in HY15
- Construction of next stages underway or continuing at five villages with construction expected to commence at a further three villages in the coming months

	HY15	HY14	Change
Revenue	\$9.6m	\$3.5m	174%
Gross Profit	\$1.8m	\$0.2m	800%
Profit Contribution	\$1.1m	\$0.2m	450%
Development Units Delivered	10	11	(9%)
Average Margin	19%	6%	13%
Number of Projects under Development	5	1	400%

Village	FY15 Delivery	FY16 Delivery	Development Progress
Albany Creek	12		▪ Three units delivered in December 2014 with the balance to be delivered in February/March 2015
The Parks	14		▪ Builder on site and programme approximately 70% complete
Cleveland	7	12	▪ Civil works predominantly complete with builder on track for FY15 delivery of seven units
Durack	14	40	▪ Builders on site; FY15 stock to be delivered in May 2015 ▪ FY16 stock: 13 to be delivered in July 2015; civils to commence on balance in April 2015
Island Point	8	20	▪ Builder on track for delivery in June 2015 with civil works for FY16 delivery stock 50% complete
Mingarra	7	14	▪ Units for FY15 already delivered ▪ Amended DA lodged for FY16 stock; civil works expected to commence in April 2015
Peregian		30	▪ DA received in December 2014; civils to commence in April 2015
Clayfield		66	▪ Tenders complete; Court approved DA received; builder to commence on site in March 2015
Subtotal	62	182	

- Engaged in discussions with multiple existing aged care operators through 2014, but could not reach a suitable agreement on establishing a profit share model without significant value leakage
- Now progressing a strategy to enhance existing Aveo in house aged care capabilities (already four aged care facilities in the portfolio) and proceed on a stand alone basis
- While not precluding the involvement of other potential partners in the future at certain sites, this enables the timetable for expansion of care to progress with full control over the process
- Results in higher returns (not sharing development upside) and can retain operational control across all aspects of the continuum of care in a village from ILUs through SAs to high care beds
- Targeting the delivery of an additional two aged care facilities by FY18
- High care strategy complemented by an expansion of low care services to residents in existing retirement village portfolio
 - Partnering with not-for-profit care organisations already delivering in home care services
 - Expand the presence of Aveo owned allied health care providers within the villages

Care and Support Services Result



- Improved aged care performance driven by increase in occupancy across existing facilities
- Progressing plans for the redevelopment of the existing 25 bed aged care facility at Durack
 - Allocated an additional 83 bed licences in the most recent ACAR allocations (total 108)
 - Initial concept planning underway
- Finalised strategic relationships with a number of organisations for in home low care support services to existing village residents
 - RDNS servicing 47 villages across NSW, QLD and VIC
 - RSL Care servicing 15 villages in QLD
 - St Ives servicing ten villages in VIC

Key Performance Indicators	HY15	HY14	Change
Revenue			
Aged Care	\$5.3m	\$4.5m	18%
Other	\$0.6m	\$0.6m	-
Total Revenue	\$5.9m	\$5.1m	16%
Profit Contribution			
Aged Care	\$0.8m	\$0.4m	100%
Other	\$0.2m	\$0.2m	-
Total Profit Contribution	\$1.0m	\$0.6m	67%

Allied Health Acquisitions

- Completed the acquisition of 50% interests in Mobile Rehab and The Physio Co
- Exclusively focused on the provision of physiotherapy services to the aged
- Founding shareholders retain the remaining equity and have an active management role
- Operators incentivised to grow the business
- Focussing on further like acquisitions

Delivery Forecast - Beds



Village	State	Portfolio	Total Beds ¹	FY15	FY16	FY17	FY18	FY19+
Durack	QLD	AEH	108					
Clayfield	QLD	AEH	108					
Carindale	QLD	AOG	100					
Minkara / Bayview	NSW	AOG	124					
Mingarra	VIC	AOG	108					
Gasworks	QLD	AOG	108					
Southern Gateway	NSW	AOG	144					
Total Aged Care Product			800	0	0	108	72	620

¹ Beds inclusive of 209 existing bed licences.



Non-Retirement



Non-Retirement Results



- Residential land sales volumes in HY15 reflect timing of settlements. Sales volumes for FY15 are expected to be significantly higher than FY14
- Second display village is well underway at Rochedale in Brisbane with official opening planned for June 2015
- Strong residential apartment sales, with volumes increased by 375% relative to HY14 due to final settlements at Luxe in Sydney in August 2014
- Milton, in Brisbane, is progressing ahead of schedule with completion forecast for HY16 and residential units 85% pre-sold
- Successfully completed the sale of Miller Street, Sydney in December 2014 for \$20m

Key Performance Indicators	HY15	HY14	Change
Revenue	\$89.6m	\$67.9m	32%
Profit Contribution	\$11.6m ¹	\$15.9m ²	(27%)
Residential			
Sales Revenue	\$88.2m	\$57.7m	53%
Gross Profit	\$12.3m	\$13.3m	(8%)
Profit Contribution	\$8.2m	\$12.2m	(33%)
Land Lot Sales ³	159	193	(18%)
Built Product Sales ³	38	8	375%
Land Average Margin ⁴	26%	26%	-
Built Product Average Margin ⁴	1%	-	1%
Contracts on Hand	837	618	35%
Commercial			
Revenue	\$1.4m	\$10.4m	(87%)
Gross Profit	(\$0.1m)	\$2.1m	(105%)
Profit Contribution	\$3.4m	\$3.7m	(8%)
Average Margin	(5%)	20%	(25%)
Investment Properties Held	2	1	100%

¹ Includes utilisation of \$5.0m of impairment raised at June 2013 – refer slide 59.

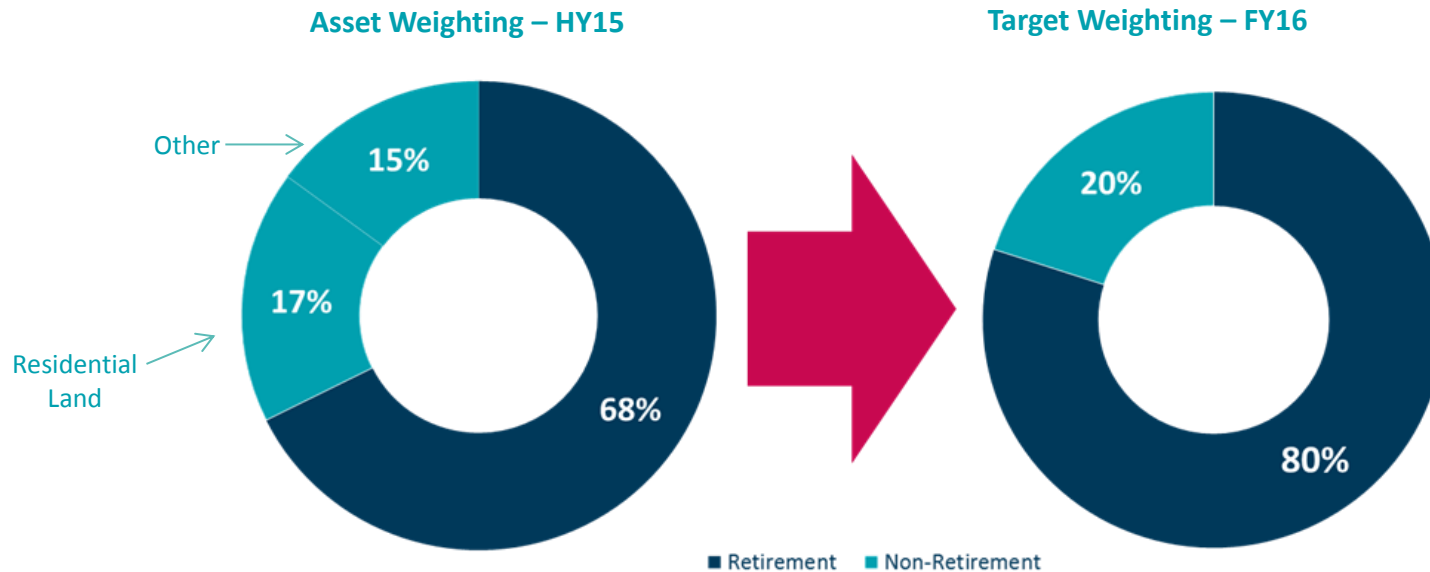
² Includes utilisation of \$4.8m of impairment raised at June 2013.

³ Excludes one-off asset disposals.

⁴ Does not include MulphaFKP.

Non-Retirement Asset Weighting

- Sell down of non-retirement assets on target to achieve target 20% weighting by FY16
- Retirement / Non-Retirement split estimated to be 77% / 23% by FY16 through natural sell down of residential land lots and apartments
- Existing sales rates at land banks would see Rochedale sold down by FY18 and Point Cook and Peregrin Springs sold down by FY19
- Negotiations are continuing on the potential sale of the Gasometer retail/commercial assets





Outlook

- Established business continuing to perform well, underpinned by record sales levels
- Acceleration of retirement development pipeline well progressed and on track to meet profit and unit delivery targets
- Resident take-up of increased care and support services continues to grow
- Non-retirement assets continue to provide strong cash flows for recycling into retirement growth projects as they are sold down
- Increasing previous guidance for FY15 underlying profit after tax of a 15%-20% increase on FY14 to over 20% increase on FY14 result
- Confirm full year FY15 distribution of 5 cents per security



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 village 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:
 1. Established Business
 2. Development
 3. Care and Support Services
- Continued divestment of non-retirement assets to an 80/20 retirement/non-retirement asset split by FY16
- Proceeds from non-retirement divestments to be recycled into retirement growth opportunities
- Transition the business to up to 6.5% retirement ROA by FY16 and up to 8.0% retirement ROA by FY18

Established Business

- All of the existing DMF/CG generating retirement villages owned by Aveo
- Other non-DMF fee revenue and operating cost streams associated with the existing village portfolio
- Ongoing unit buyback and subsequent resale program
- Current funds management platform comprising of asset management and fund management services to RVG
- Aveo share of equity accounted investments in RVG and US Senior Living

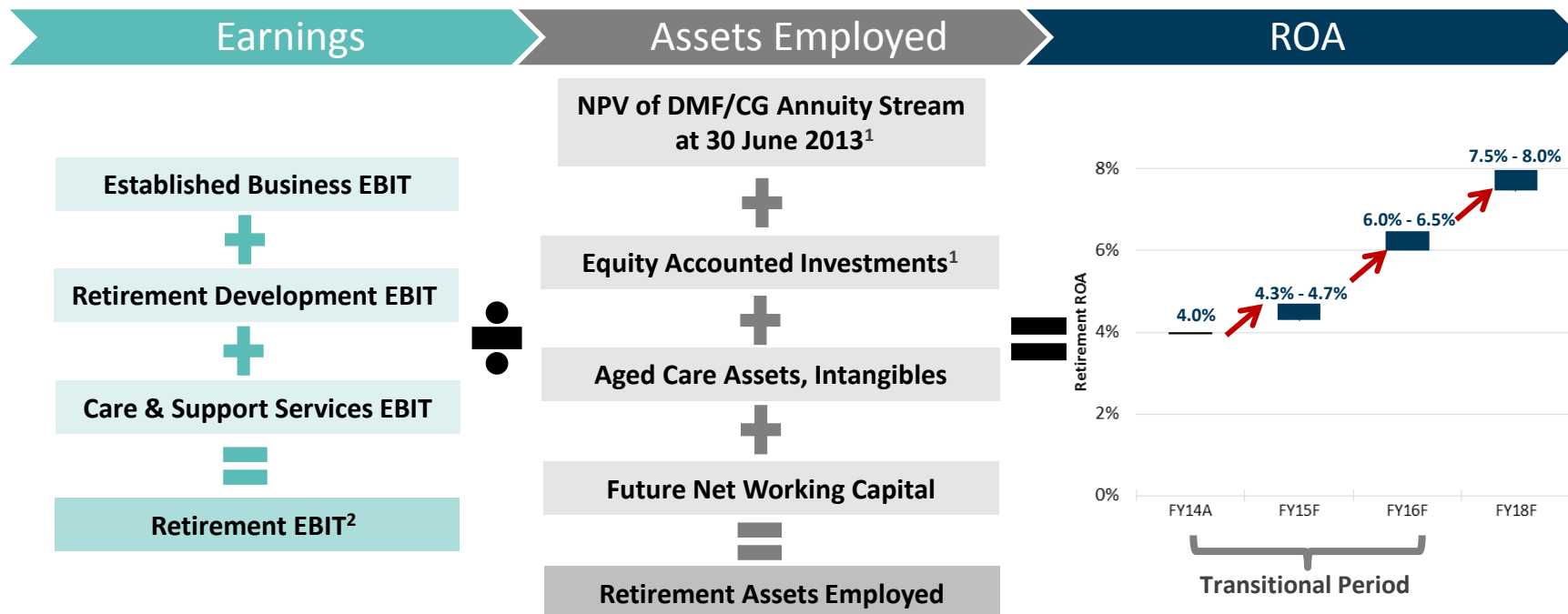
Development

- Delivery of newly constructed retirement units
- Comprises a mix of brownfield, greenfield and large scale redevelopment opportunities
- Existing retirement development pipeline of around 2,800 units
- Expected to be developed over the next 5-10 years
- Delivery planned for 200 new units per annum by FY16
- Delivery target of 500 new units per annum by FY18
- Future acquisitions of development sites will supplement existing holdings

Care and Support Services

- Existing high care income from four co-located aged care facilities owned by Aveo
- Low care services provided in-home to residents via specialist care operators partnering with Aveo
- Aveo owned allied health care providers integrated into retirement village operations
- High care services in traditional residential aged care accommodation
- Existing pipeline of 800 aged care beds

Medium Term ROA Enhancement Strategy



- 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



- Achieving the retirement ROA targets will require earnings growth across all three segments of the Aveo retirement business – the Established Business, Development and Care and Support Services
- Indicative earnings compositions for the FY16 and FY18 years are shown below, as well as an estimate of the appropriate assets employed, required to reach the target retirement FY16 and FY18 ROA ranges

Indicative Aveo Retirement Return on Asset Outcomes

\$m	FY14A	FY15F	FY16F	FY18F
EBIT				
Established Business	42.6		57.5 – 60.0	67.5 – 70.0
Development	0.4		10.0 – 12.5	25.0 – 27.5
Care and Support Services	0.7		3.0 – 3.5	6.5 – 8.0
Retirement EBIT	43.7	48.0 – 52.5	70.5 – 76.0	99.0 – 105.5
FY15 Growth		10% - 20%		
Average Assets Employed				
Retirement Assets Employed	1,092	1,125	1,175	1,325
Return on Assets				
Retirement ROA	4.0%	4.3% - 4.7%¹	6.0% - 6.5%	7.5% - 8.0%

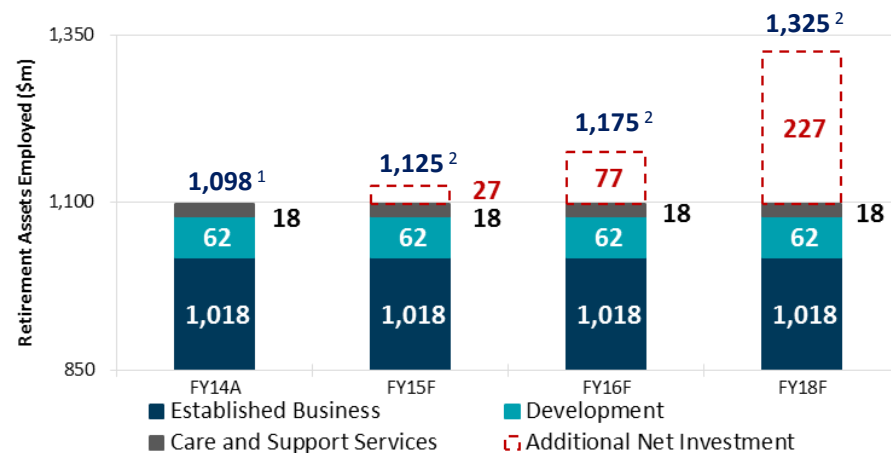
¹ Actual ROA for HY15 is 4.6%.

Indicative Retirement Assets



- Average retirement assets for measuring ROA in FY14 was just under \$1.1bn
- This is expected to increase to:
 - \$1,175m by FY16
 - \$1,325m by FY18
- The primary reasons for the increase in the asset levels will be:
 - Expanding and accelerating the new retirement unit development pipeline
 - Capital expenditure on the established retirement village portfolio
 - Investment in additional aged care facilities
- Future revaluations are excluded for the purpose of calculating the retirement ROA

Retirement Asset Profile



¹ Actual balance at point in time, refer table below for reconciliation.

² Average balance incorporating opening and closing balance for financial year.

Composition of Retirement Assets

Composition of Retirement Assets Employed

\$m	FY14	FY15F	Average
DMF/CG annuity ¹	900		
RVG	87		
Buyback Units	26		
US Seniors Living	5		
Established Business	1,018		
Investment Property Under Construction ²	49		
New Units Available for Occupancy	13		
Development	62		
Property, Plant & Equipment	15		
Intangibles	3		
Care and Support Services	18		
Retirement Assets	1,098	1,154	1,125

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.

Ongoing Steps to Achieve Returns



- Key operating steps will need to be successfully implemented in order for the business to generate the earnings levels required to achieve the target asset returns

Established Business	Development	Care and Support Services
<ul style="list-style-type: none">▪ Continue to achieve turnover rates at levels of 10%-12%▪ Increase unit pricing in line with general residential market price growth▪ Continue to improve Aveo contract terms for DMF/CG share and accrual period▪ Maintain cost efficient operational and staffing structures	<ul style="list-style-type: none">▪ Delivery planned for 200 new units per annum by FY16▪ Delivery target of 500 new units per annum by FY18▪ Continue to expand pipeline through selected new site acquisitions▪ Future acquisitions of new sites must meet required investment return metrics	<ul style="list-style-type: none">▪ Increase penetration rate for in home care service partners within villages▪ Integrate allied health acquisitions into retirement village operations▪ Delivery of two new aged care facilities by FY18



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Retirement: Our Portfolio

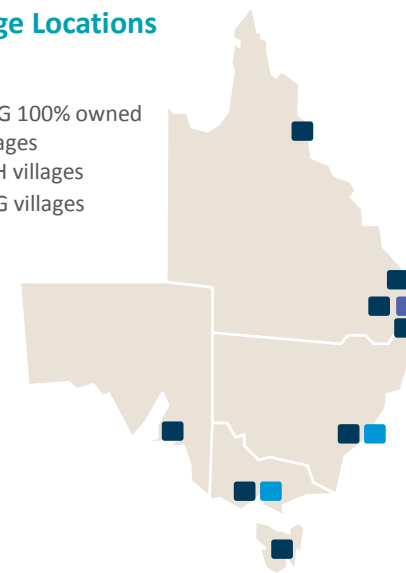


- Aveo Group manages 75 villages across the eastern seaboard and Adelaide
- Villages predominantly located in prime metropolitan locations
- Portfolio characterised by mature villages with 58 villages more than 20 years old, with established resident communities and a demonstrated resident turnover transaction history

AOG Village Locations

Legend

- AOG 100% owned villages
- AEH villages
- RVG villages



Portfolio Snapshot

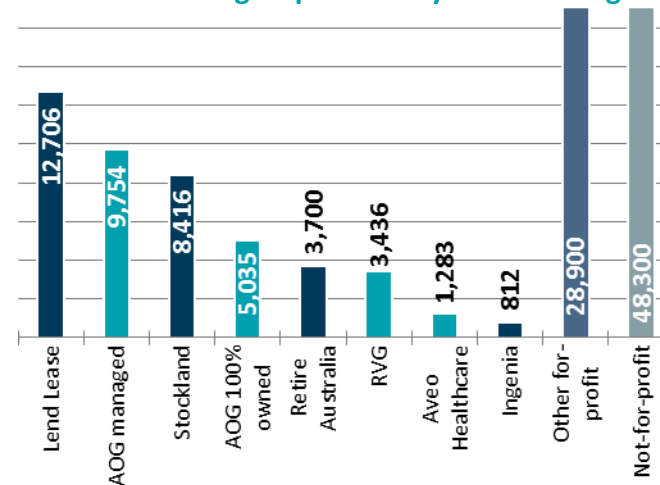
Units	Villages	ILUs	SAs	Existing Total	Pipeline – Units	Total Units	Aged Care Beds	Pipeline – Beds	Total Units and Beds
AOG Balance Sheet ¹	41	4,160	875	5,035	2,470	7,505	184	400	8,089
Aveo Healthcare ²	5	1,031	252	1,283	355	1,638	25	191	1,854
Total Aveo Group	46	5,191	1,127	6,318	2,825	9,143	209	591	9,943
RVG Australia ³	29	2,834	602	3,436	251	3,687	-	-	3,687
Total Managed	75	8,025	1,729	9,754	3,076	12,830	209	591	13,630

¹ Includes 17 units not offered for accommodation purposes e.g. managers' units.

² Includes 10 units not offered for accommodation purposes e.g. managers' units.

³ Includes 21 units not offered for accommodation purposes e.g. managers' units.

Retirement Village Operators by Units Managed

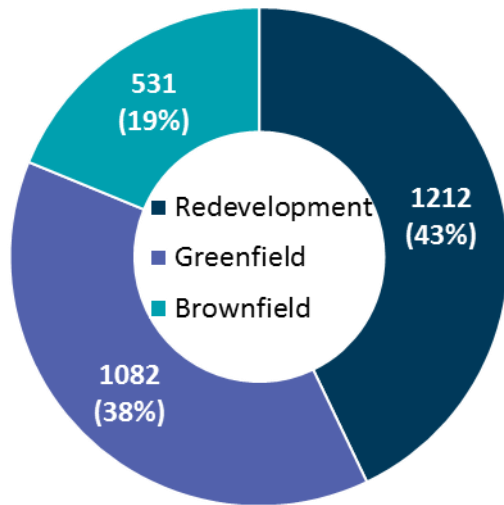


Source: Retirement Living Council, Jones Lang/Property Council Retirement Living Database, Company Announcements 2013.

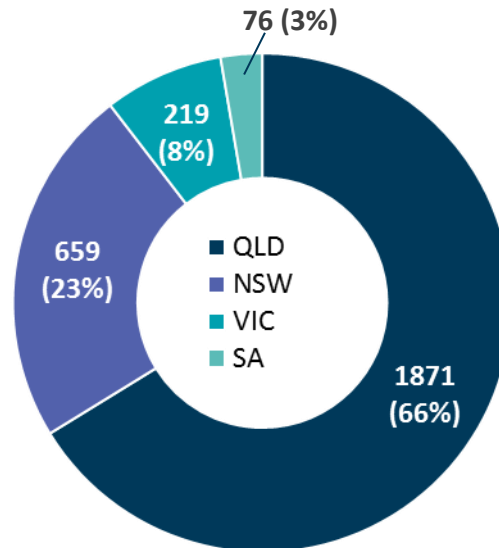
Development Pipeline



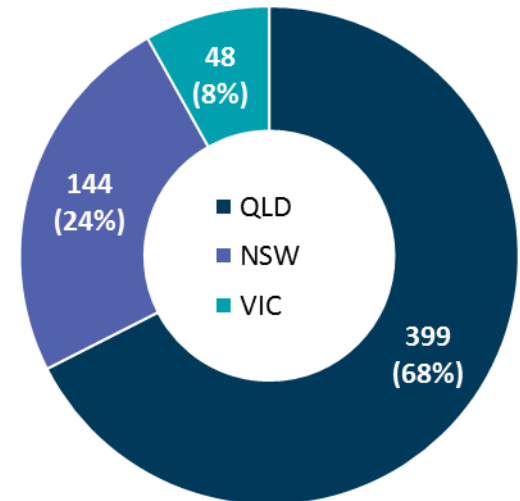
Retirement Development Pipeline by Type - Units



Retirement Development Pipeline by Location - Units



Retirement Development Pipeline by Location - Beds



Retirement Village Portfolio: 100% Owned



Aveo Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Ackland Park	Everard Park, SA	30	20	50	-	50	20	-	70
Amity Gardens	Ashmore, QLD	119	-	119	-	119	-	-	119
Aspley Court	Aspley, QLD	118	44	162	-	162	-	-	162
Bayview Gardens	Bayview, NSW	263	38	301	73	374	64	-	438
Bridgeman Downs	Bridgeman Downs, QLD	113	73	186	-	186	-	-	186
Carindale	Carindale, QLD	66	41	107	-	107	400	100	607
Carisfield	Seaton, SA	103	-	103	-	103	-	-	103
Cleveland Gardens	Ormiston, QLD	154	66	220	-	220	-	-	220
Crestview	Hillcrest, SA	88	-	88	-	88	-	-	88
Derwent Waters	Claremont, TAS	112	45	157	-	157	-	-	157
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
Hampton Heath	Hampton Park, VIC	53	-	53	-	53	-	-	53
Island Point	St Georges Basin, NSW	32	-	32	-	32	121	-	153
Kings Park	Kings Park, SA	19	31	50	-	50	16	-	66
Leabrook Lodge	Rostrevor, SA	62	-	62	-	62	-	-	62
Leisure Court	Fulham Gardens, SA	43	-	43	-	43	40	-	83
Lindfield Gardens	East Lindfield, NSW	138	41	179	-	179	-	-	179
Lindsay Gardens	Buderim, QLD	122	52	174	-	174	-	-	174
Manly Gardens	Manly, QLD	168	-	168	-	168	-	-	168
Manor Gardens	Salisbury East, SA	40	32	72	-	72	-	-	72
Maple Grove	Casula, NSW	112	-	112	-	112	-	-	112
Melrose Park	Melrose Park, SA	89	36	125	-	125	-	-	125

Retirement Village Portfolio: 100% Owned (Cont'd)



Aveo Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Mingarra	Croydon, VIC	117	-	117	60	177	69	48	294
Minkara	Bayview, NSW	159	43	202	51	253	-	0	253
Mountain View	Murwillumbah, NSW	220	51	271	-	271	-	-	271
Newmarket (Parkland)	Newmarket, QLD	75	-	75	-	75	300	-	375
Peninsula Gardens	Bayview, NSW	73	38	111	-	111	24	-	135
Peregian Springs	Peregian Springs, QLD	127	48	175	-	175	62	-	237
Riverview	Elizabeth Vale, SA	53	-	53	-	53	-	-	53
Robertson Park	Robertson, QLD	35	38	73	-	73	10	-	83
Robina	Robina, QLD	126	-	126	-	126	-	-	126
Southport Gardens	Southport, QLD	90	-	90	-	90	214	-	304
Sunnybank Green	Sunnybank, QLD	56	-	56	-	56	-	-	56
The Braes	Reynella, SA	103	28	131	-	131	-	-	131
The Domain Country Club	Ashmore, QLD	323	52	375	-	375	34	-	409
The Haven	North Haven, SA	36	31	67	-	67	-	-	67
The Parks	Earlville, QLD	143	-	143	-	143	14	-	157
Tranquility Gardens	Helensvale, QLD	115	-	115	-	115	-	-	115
Westport	Queenstown, SA	62	-	62	-	62	-	-	62
Southern Gateway	Bella Vista, NSW	-	-	-	-	-	450	144	594
Sanctuary Cove	Sanctuary Cove, QLD	-	-	-	-	-	163	-	163
Gasworks	Newstead, QLD	-	-	-	-	-	169	108	277
The Rochedale Estates	Rochedale, Qld	-	-	-	-	-	150	-	150
Point Cook	Point Cook, VIC	-	-	-	-	-	150	-	150
Total		4,160	875	5,035	184	5,219	2,470	400	8,089

Retirement Village Portfolio: Aveo Healthcare



Aveo Healthcare Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Albany Creek	Albany Creek, QLD	295	83	378	-	378	9	-	387
Clayfield	Albion, QLD	105	-	105	-	105	149	108	362
Cleveland	Cleveland, QLD	91	28	119	-	119	19	-	138
Durack	Durack, QLD	438	104	542	25	567	148	83	798
Taringa	Taringa, QLD	102	37	139	-	139	30	-	169
Total		1,031	252	1,283	25	1,308	355	191	1,854

Retirement Village Portfolio: RVG



RVG Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline – Units	Pipeline – Beds	Total Units (Future)
Balwyn Manor	Balwyn, VIC	-	54	54	-	54	-	-	54
Banora Point	Banora Point, NSW	124	-	124	-	124	-	-	124
Bentleigh	Bentleigh, VIC	27	43	70	-	70	-	-	70
Botanic Gardens	Cranbourne, VIC	156	-	156	-	156	-	-	156
Camden Downs	Camden South, NSW	65	-	65	-	65	-	-	65
Cherry Tree Grove	Croydon, VIC	353	36	389	-	389	-	-	389
Concierge Balwyn	Balwyn, VIC	75	-	75	-	75	-	-	75
Concierge Bayside	Hampton, VIC	86	-	86	-	86	-	-	86
Domaine	Doncaster, VIC	167	-	167	-	167	-	-	167
Edrington Park	Berwick, VIC	149	35	184	-	184	-	-	184
Fernbank	St Ives, NSW	156	40	196	-	196	-	-	196
Fountain Court	Burwood, VIC	130	41	171	-	171	-	-	171
Hunters Green	Cranbourne, VIC	123	-	123	-	123	77	-	200
Kingston Green	Cheltenham, VIC	108	40	148	-	148	-	-	148
Lisson Grove	Hawthorn, VIC	-	39	39	-	39	-	-	39
Manors of Mosman	Mosman, NSW	133	21	154	-	154	-	-	154
Heydon Grove ILUs	Mosman, NSW	31	-	31	-	31	-	-	31
Mosman Grove SAs	Mosman, NSW	-	37	37	-	37	-	-	37

Retirement Village Portfolio: RVG (Cont'd)



RVG Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Oak Tree Hill	Glen Waverley, VIC	147	46	193	-	193	-	-	193
Pinetree	Donvale, VIC	73	-	73	-	73	-	-	73
Pittwater Palms	Avalon, NSW	127	41	168	-	168	-	-	168
Rose Grange	Tarneit, VIC	33	-	33	-	33	162	-	195
Roseville	Doncaster East, VIC	110	38	148	-	148	-	-	148
Sackville Grange	Kew, VIC	97	-	97	-	97	-	-	97
Springthorpe	Macleod, VIC	88	-	88	-	88	-	-	88
Sunbury	Sunbury, VIC	90	-	90	-	90	12	-	102
The George	Sandringham, VIC	75	36	111	-	111	-	-	111
Toorak Place	Toorak, VIC	54	-	54	-	54	-	-	54
Veronica Gardens	Northcote, VIC	57	55	112	-	112	-	-	112
Total		2,834	602	3,436	0	3,436	251	0	3,687

Retirement: Investment Property Sensitivities



- 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
- 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 82.4 years will determine proximity of a turnover event and economic contract terms (e.g. accrual period)
 - **Future residents:** forecast age of entry for 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		HY15	FY14	Change
Discount Rate		12.5%	12.5%	-
Future Property Price Growth	Medium term	3.5%	3.5%	-
	Long term	4.5%	4.5%	-
Average 20 Year Growth Rate		4.3%	4.3%	-
Current Resident Tenure	ILUs + SAs	Life tables	Life tables	-
Subsequent Resident Tenure (years)	ILUs	10	10	-
	SAs	4	4	-
NPV of Annuity Streams		\$920.4m	\$909.4m	1%

Retirement Investment Property Annuity Stream Sensitivity (\$m)					
Medium Term Property Price Growth	4.5%	4.0%	3.5%	3.0%	2.5%
Value of established portfolio	962.2	941.5	920.4	899.2	879.7
Long Term Property Price Growth	5.5%	5.0%	4.5%	4.0%	3.5%
Value of established portfolio	1,050.7	980.2	920.4	866.2	817.9
Subsequent Turnover – ILUs (years)	8	9	10	11	12
Value of established portfolio	1,020.4	967.1	920.4	879.6	845.3
Discount Rate	11.5%	12.0%	12.5%	13.0%	13.5%
Value of established portfolio	1,056.5	983.1	920.4	865.4	814.8
Average Age of Residents (years)	86.4	84.4	82.4	80.4	78.4
Value of established portfolio	1,033.5	980.8	920.4	855.5	785.0
Market Value of Units (Change)	5.0%	2.5%	-	(2.5%)	(5.0%)
Value of established portfolio	974.3	946.4	920.4	894.1	868.0

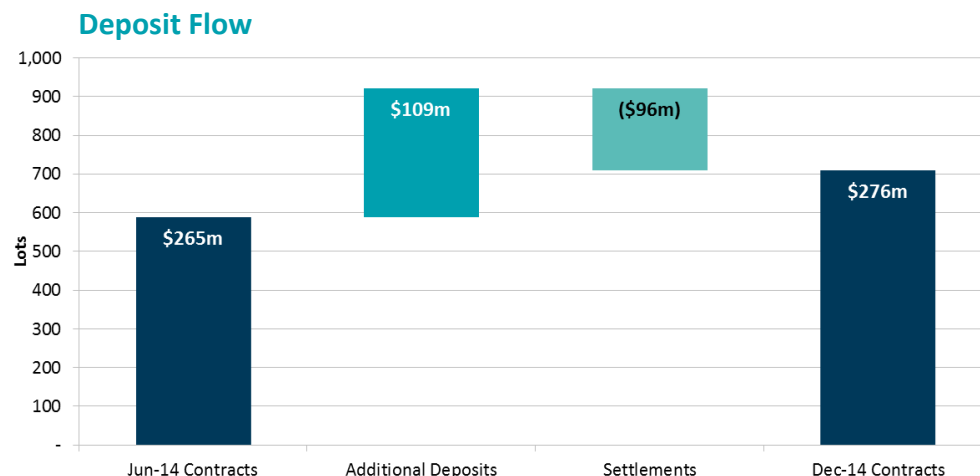


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Residential Communities and Apartments



- Deposits are strong at the major land estates with 584 on hand
- Depending on sales rates, the land estates are expected to be sold down by FY19
- The Milton project is 85% sold with completion expected HY16



	Location	Remaining Land Lots and Total Apartment Units	Pre Sold Lots	Available Lots ¹	Percentage Pre Sold ³	HY15 Settlements	FY15 Target Settlements
Active Land Projects							
Saltwater Coast, Point Cook	VIC	1,226	245	981	20%	26	200 - 225
Peregian Springs and Ridges, Peregian Springs	QLD	848	132	716	16%	76	175 - 200
The Rochedale Estates, Rochedale	QLD	645	207	438	32%	56	125 - 150
Shearwater, Cowes	VIC	92	--	92	0%	1	5 - 10
		2,811	584	2,227	21%	159	505 - 585
Inactive Land Projects							
Currumbin	QLD	348	--	348	0%	--	--
Total Land Projects		3,159	584	2,575	18%	159	505 - 585
Apartment Projects							
Aerial	VIC	144	1	3	98%	5	9
Luxe	NSW	77	--	--	100%	33	33
The Milton, Milton ²	QLD	296	252	44	85%	--	--
Total Apartment Projects		517	253	47	49%	38	42
Total Projects		3,676	837	2,622	23%	197	585 - 627

¹ Includes unreleased stages.

² Includes 100% of The Milton.

³ Calculated as Pre Sold/Remaining Lots approx.

Non-Retirement Assets Sell Down and Composition



Non-Retirement Asset Balance Sheet Movement from 30 June 2014 to 31 December 2014		(\$m)
Non-Retirement Assets at 30 June 2014 ¹		585.8
Less: Asset Sales announced during HY15		(20.0)
Add: Net Development Activity during HY15		1.5
Add: Change in Fair Value of Non-Retirement Assets		6.0
Closing Non-Retirement Assets at 31 December 2014		573.3
Represented by		
Inventories: Residential Communities ²		309.5
Residential Apartments ³		82.1
Commercial ⁴		54.1
Total Inventories		445.7
Investment Properties		123.5
Property, Plant and Equipment		4.1
Non-Retirement Assets at 31 December 2014		573.3¹
Non-Retirement Assets at 31 December 2014 as Percentage of Total Assets⁵		32%

¹ Will reduce further upon re-allocation of identified retirement sites from existing land portfolio.

² Includes Point Cook, Rochedale, Peregrin Springs, Ridges, Currumbin and Shearwater.

³ Includes Milton, Albion Stage 2 and Aerial.

⁴ Includes Gasworks and Mackay.

⁵ Net of resident loans and deferred revenue of \$1,386.7m and excludes non-allocated assets of \$165.6m.



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Statutory Income Statement



	HY15 (\$m)	HY14 (\$m)	Change
Profit From Continuing Operations Before Income Tax	39.5	2.4	nm
Income Tax Expense	(8.6)	(1.6)	438%
Profit for the Year	30.9	0.8	nm
Non-Controlling Interest	(0.8)	1.4	(157%)
Net Profit After Tax Attributable to Stapled Security Holders of the Group	30.1	2.2	nm

Reconciliation of Statutory Profit to Underlying Profit



	HY15			HY14		
	Gross (\$m)	Tax ¹ (\$m)	Net (\$m)	Gross (\$m)	Tax ¹ (\$m)	Net (\$m)
Statutory Profit after Tax and Non-Controlling Interest			30.1			2.2
Retirement						
Change in Fair Value of Retirement Investment Properties	(3.4)	1.7	(1.7)	3.4	(2.2)	1.2
Share of Non-Operating Loss of Equity Accounted Investments	1.6	-	1.6	16.5	-	16.5
Total Retirement	(1.8)	1.7	(0.1)	19.9	(2.2)	17.7
Non-Retirement						
Change in Fair Value of Non-Retirement Investment Properties	(5.3)	1.8	(3.5)	-	-	-
Development Impairments	-	-	-	0.9	-	0.9
Provision for Losses	-	-	-	0.9	(0.3)	0.6
Other	(1.0)	0.5	(0.5)	1.9	(0.5)	1.4
Total Non-Retirement	(6.3)	2.3	(4.0)	3.7	(0.8)	2.9
Change in Fair Value of Derivatives	(2.7)	0.8	(1.9)	(5.2)	1.6	(3.6)
Underlying Profit after Tax and Non-Controlling Interest			24.1			19.2

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 HY15	Retirements	Non- Retirements	Other	Total HY14
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Sale of goods revenue	-	89.6	-	89.6	0.2	68.0	-	68.2
Revenue from rendering of services	41.1	5.9	-	47.0	35.4	4.9	-	40.3
Other revenue	5.9	2.4	0.3	8.6	8.1	(0.2)	0.8	8.7
Cost of sales	(7.7)	(78.1)	-	(85.8)	(8.9)	(53.3)	-	(62.2)
Change in fair value of investment properties	30.4	5.3	-	35.7	(11.1)	0.2	-	(10.9)
Change in fair value of resident loans	(25.5)	-	-	(25.5)	8.1	-	-	8.1
Change in fair value of financial assets and derivative financial liabilities	-	-	2.7	2.7	-	-	5.2	5.2
Employee expenses	(9.2)	(1.9)	(4.0)	(15.1)	(8.4)	(2.4)	(2.6)	(13.4)
Marketing expenses	(3.9)	(1.1)	-	(5.0)	(2.2)	(2.7)	-	(4.9)
Occupancy expenses	(0.1)	(0.2)	(0.5)	(0.8)	(0.1)	(0.1)	(1.2)	(1.4)
Property expenses	-	(1.3)	-	(1.3)	-	(1.3)	-	(1.3)
Administration expenses	(2.3)	(0.6)	(2.0)	(4.9)	(2.3)	(0.8)	(2.1)	(5.2)
Impairment of trade and other receivables	-	-	-	-	-	(0.9)	-	(0.9)
Impairment of equity accounted investments	-	-	-	-	-	(0.9)	-	(0.9)
Other expenses	(1.9)	(2.1)	0.6	(3.4)	(1.5)	(1.2)	(0.3)	(3.0)
Finance costs	-	-	(2.7)	(2.7)	-	-	(10.7)	(10.7)
Share of net (loss)/gain of associates and joint ventures accounted for using the equity method	0.4	-	-	0.4	(16.8)	3.5	-	(13.3)
Profit/(loss) from continuing operations before income tax	27.2	17.9	(5.6)	39.5	0.5	12.8	(10.9)	2.4
Income tax (expense)	-	-	(8.6)	(8.6)	-	-	(1.6)	(1.6)
Profit/(loss) for the year	27.2	17.9	(14.2)	30.9	0.5	12.8	(12.5)	0.8
Non-controlling interests	-	-	(0.8)	(0.8)	-	-	1.4	1.4
Net profit/(loss) attributable to stapled security holders of the Group	27.2	17.9	(15.0)	30.1	0.5	12.8	(11.1)	2.2

Reconciliation of Underlying Profit to Segment Notes



(\$m)	Underlying Profit	Change in Fair Value of Retirement Investment Properties	Change in Fair Value of Non-Retirement Investment Properties	Change in Fair Value of Derivatives	Share of Non-Operating Loss of Equity Accounted Investments	Other	Statutory Result
Retirement							
Established Business	23.8	3.4	-	-	(1.6)	-	25.6
Development	1.1	-	-	-	-	-	1.1
Care and Support Services	1.0	-	-	-	-	-	1.0
Total Retirement	25.9	3.4	-	-	(1.6)	-	27.7
Total Non-Retirement	11.6	-	5.3	-	-	1.1	18.0
Non-Allocated Overheads	(5.3)	-	-	2.7	-	(0.1)	(2.7)
EBITDA	32.2	3.4	5.3	2.7	(1.6)	1.0	43.0
Depreciation and Amortisation	(0.8)	-	-	-	-	-	(0.8)
EBIT	31.4	3.4	5.3	2.7	(1.6)	1.0	42.2
Interest and Borrowing Expense	(2.7)	-	-	-	-	-	(2.7)
Profit Before Tax	28.7	3.4	5.3	2.7	(1.6)	1.0	39.5
Income Tax	(4.5)	(1.0)	(1.8)	(0.8)	-	(0.5)	(8.6)
Profit After Tax	24.2	2.4	3.5	1.9	(1.6)	0.5	30.9
Non-Controlling Interests	(0.1)	(0.7)	-	-	-	-	(0.8)
NPAT Attributable to Aveo Group	24.1	1.7	3.5	1.9	(1.6)	0.5	30.1

Reconciliation of Retirement Segment Revenue to Segment Notes



	HY15 (\$m)	HY14 (\$m)
Segment Revenue		
Established Business	50.9	47.5
Development	9.6	3.5
Care and Support Services	5.9	5.1
Total Retirement Segment Revenue (refer slide 13)	66.4	56.1
Adjustments		
Established Business		
Sales Revenue – Buyback Sales	(7.7)	(9.3)
Equity Accounted Profits	(1.9)	0.3
Other	(0.1)	0.1
Development		
Sales Revenue – New Sales	(4.7)	(3.5)
Development Revenue	(4.9)	-
Care and Support Services		
Equity Accounted Profits	(0.1)	-
Retirement Revenue per Segment Note	47.0	43.7

Interest Expense Reconciliation



	HY15 (\$m)	HY14 (\$m)	Change
Interest Expense Paid	15.5	29.9	(48%)
Less: Capitalised Interest			
Non-Retirement			
Residential Communities	12.8	17.2	(26%)
Commercial	-	2.7	(100%)
Total Capitalised Interest	12.8	19.9	(36%)
Net Finance Costs	2.7	10.0	(73%)
Add: Capitalised Interest Expenses in COGS			
Residential Communities	7.6	4.6	65%
Residential Apartments	5.1	0.9	467%
Commercial	0.1	0.7	(86%)
Total Capitalised Interest in COGS	12.8	6.2	106%
Finance Costs including Capitalised Interest Expensed in COGS	15.5	16.2	(4%)

Income Tax Reconciliation



	HY15 (\$m)	HY14 (\$m)	Change %
Statutory Profit from Continuing Operations before Tax	39.5	2.4	nm
Less: Aveo Group Trust Contribution	(11.5)	(12.7)	(9%)
Corporation Profit/(Loss) before Tax	28.0	(10.3)	(372%)
Add: Transfer from Foreign Currency Translation Reserve on Disposal of Foreign Operation	-	18.7	(100%)
Add: Other Non-Deductible Items (net of non-assessable items)	0.8	(3.1)	(126%)
Corporation Adjusted Taxable Profit	28.8	5.3	443%
Tax Expense	8.6	1.6	438%
Statutory Effective Tax Rate ¹	31%	(16%)	nm
Underlying Profit Before Tax	28.7	20.8	38%
Income Tax Expense	4.5	1.5	200%
Underlying Effective Tax Rate	16%	7%	9%

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

Management Expenses



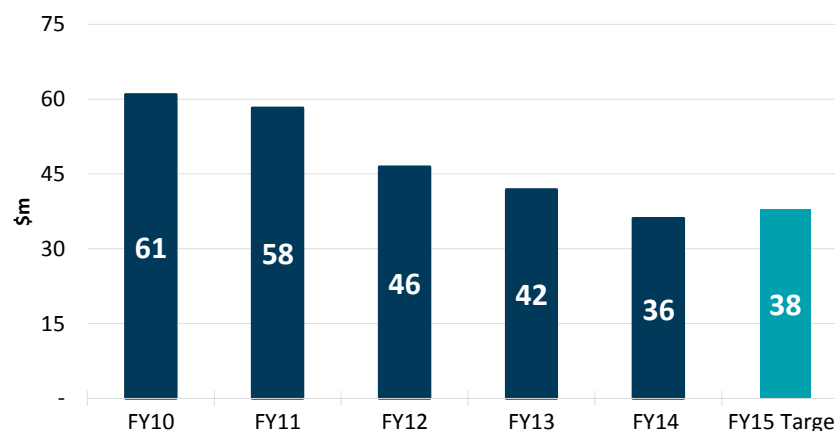
- Management continue to identify and implement cost saving initiatives across the business
- Marginal increase in HY15 reflecting growth in the care and support business and development activity
- Resources continue to be reallocated from non-retirement to retirement development in line with the decline in non-retirement activity

Management Expenses ¹ by Category	HY15	HY14	Change
Employee expenses	\$12.1m	\$11.7m	3%
Occupancy expenses	\$0.8m	\$0.9m	(11%)
Administration expenses	\$3.9m	\$4.0m	(3%)
Other expenses	\$1.4m	\$1.1m	27%
Total	\$18.2m	\$17.7m	3%

Management Expenses ¹	HY15	HY14	Change
Divisional management expenses	\$12.9m	\$12.6m	2%
Corporate expenses	\$5.3m	\$5.1m	4%
Total	\$18.2m	\$17.7m	3%

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

Full year Management Expenses by Year





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Summary Statutory Balance Sheet



	HY15 (\$m)	FY14 (\$m)	Change
Assets			
Retirement			
Investment Properties (refer slide 58)	2,458.2	2,373.5	4%
Investments	107.9	101.6	6%
Property, Plant and Equipment	14.4	14.6	(1%)
Intangibles	4.1	3.2	28%
Total Retirement	2,584.6	2,492.9	4%
Non-Retirement			
Inventories (refer slide 59)	445.7	443.5	-
Investment Properties/Assets Held for Sale (refer slide 58)	123.5	138.1	(11%)
Property, Plant and Equipment	4.1	4.2	(2%)
Total Non-Retirement	573.3	585.8	(2%)
Cash/Receivables/Other	166.2	191.1	(13%)
Total Assets	3,324.1	3,269.8	2%
Liabilities			
Payables/Provisions/Deferred Revenue/Other	42.3	80.7	(48%)
Resident Loans and Retirement Deferred Revenue	1,386.7	1,355.5	2%
Interest Bearing Liabilities	379.1	344.6	10%
Deferred Tax	48.4	39.7	22%
Hedge Liability	7.9	19.8	(60%)
Total Liabilities	1,864.4	1,840.3	1%
Net Assets	1,459.7	1,429.5	2%
NTA per Stapled Security	\$2.85	\$2.78	3%

Management Balance Sheet



	HY15 (\$m)	FY14 (\$m)	Change
Assets			
Retirement			
Retirement Investment Property ¹ (refer slide 58)	1,073.0	1,018.0	5%
Equity Accounted Investments	107.9	101.6	6%
Property Plant and Equipment and Intangibles	17.6	17.9	(2%)
Total Retirement	1,198.5	1,137.5	5%
Non-Retirement			
Non-Retirement Investment Property (refer slide 58)	123.5	138.1	(11%)
Commercial Developments	54.1	58.1	(7%)
Residential Communities	312.7	299.7	4%
Residential Apartments	83.0	89.9	(8%)
Total Non-Retirement	573.3	585.8	(2%)
Other Assets (including Cash and Trade Receivables)	165.6	189.3	(13%)
Total Assets	1,937.4	1,912.6	1%
Liabilities			
Interest Bearing Liabilities (refer slide 64)	379.1	344.6	10%
Derivative Liabilities	11.0	22.9	(52%)
Deferred Tax Liabilities	48.4	39.7	22%
Other Liabilities (including Trade Payables, Provisions, Deferred Revenue)	39.2	75.9	(48%)
Total Liabilities	477.7	483.1	(1%)
Net Assets	1,459.7	1,429.5	2%

¹ Net of resident loans and deferred income.

Investment Property Summary



	HY15 (\$m)	FY14 (\$m)	Change
Retirement			
NPV of Annuity Streams (refer slide 42)	920.4	909.4	1%
Investment Properties Under Construction	114.3	70.3	63%
New Units Available for First Occupancy	14.0	12.7	10%
Buyback Units Available for Occupancy	24.3	25.6	(5%)
Retirement Net Valuation	1,073.0	1,018.0	5%
Resident Loans	1,288.7	1,258.8	2%
Deferred Income Net of Accrued DMF	96.5	96.7	-
Total Retirement Investment Property	2,458.2	2,373.5	4%
Non-Retirement			
Investment Properties	123.5	138.1	(11%)
Total Investment Properties	123.5	138.1	(11%)
Assets Reclassified as Available for Sale	-	(20.5)	(100%)
Total Non-Retirement Investment Property	123.5	117.6	5%
Total Investment Properties per Balance Sheet	2,581.7	2,491.1	4%

Non-Retirement Inventories Summary



	HY15 (\$m)	FY14 (\$m)	Change
Inventories			
Residential Communities ¹	309.5	296.5	4%
Residential Apartments ²	82.1	88.9	(8%)
Commercial ³	54.1	58.1	(7%)
Total Inventories	445.7	443.5	-

¹ HY15 includes Point Cook, Rosedale, Peregrin Springs, Ridges, Currumbin and Shearwater.

² HY15 includes Milton, Albion Stage 2 and Aerial.

³ HY15 includes Gasworks and Mackay.

	Residential Communities (\$m)	Residential Apartments (\$m)	Commercial (\$m)	Total (\$m)
Impairment				
Balance as at 30 June 2014	178.0	12.8	25.7	216.5
Impairment reclassification	(5.0)	1.9	3.1	-
Amounts utilised in relation to pre 30 June 2013 impairments – effecting underlying Profit After Tax	-	-	(1.2)	(1.2)
Amount utilised in relation to 30 June 2013 impairments – effecting underlying Profit After Tax	(3.9)	(0.8)	(0.3)	(5.0)
Balance as at 31 December 2014	169.1	13.9	27.3	210.3

Movement in Net Tangible Assets per Security



	Net Tangible Assets (\$m)	No. of Securities (m)	NTA per Security (\$)
As at 30 June 2014	1,391.1	500.1	2.78
Statutory Net Profit	30.1	-	0.07
Other Comprehensive Income	1.4	-	-
Increase in Intangible Assets ¹	(0.8)	-	-
Movements in Reserves ²	0.7	-	-
Acquisition of treasury securities	(0.8)	(0.3)	-
Securities bought back	(1.2)	(0.6)	-
As at 31 December 2014	1,420.5	499.2	2.85

¹ Principally software licences.

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



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Funds from Operations and Adjusted Funds from Operations



	HY15 (\$m)	HY14 (\$m)	Change %
Underlying Profit After Tax	24.1	19.2	26%
Adjustments:			
Profit from equity accounted investments	(2.0)	(3.4)	(41%)
Dividends from equity accounted investments	-	2.0	(100%)
Depreciation	0.8	0.9	(11%)
Capitalised interest	(12.8)	(19.9)	(36%)
Capitalised interest Included in COGS	12.8	6.2	106%
Amortisation of leasing incentives	0.6	0.4	50%
Deferred income tax expense	4.5	1.5	200%
Funds From Operations (FFO)	28.0	6.9	306%
Derivative close out costs	(9.1)	-	(100%)
Retirement maintenance capex	(4.1)	(2.2)	86%
Non-Retirement leasing commissions, tenant incentives and maintenance capital expenditure	(1.0)	(3.3)	(70%)
Adjusted Funds From Operations (AFFO)	13.8	1.4	886%

¹ Aveo's calculation of FFO and AFFO (including that for HY14) has been amended to reflect Property Council of Australia guidelines.

Distributions



- FY15 distribution is expected to be in line with previously adopted policy of distributing between 40% - 60% of underlying profit after tax
- Confirm full year FY15 distribution of 5 cents per security
- No dividend/distribution will be paid for HY15 (HY14 nil)

	HY15 (\$m)	HY14 (\$m)	Change %
Underlying Profit After Tax	24.1	19.2	26%
Funds from Operations ¹	28.0	6.9	306%
Adjusted Funds from Operations ¹	13.8	1.4	886%
Distribution Declared	-	-	-
Distribution as a % of UPAT	-	-	-
Distribution as a % of FFO	-	-	-
Distribution as a % of AFFO	-	-	-

¹ Aveo's calculation of FFO and AFFO (including that for HY14) has been amended to reflect Property Council of Australia guidelines.

Summary of Debt Facilities



Net Bank Debt Drawn	HY15 (\$m)	FY14 (\$m)	Change (\$m)
Interest Bearing Liabilities ¹	379	345	34
Add: Establishment Fee Adjustments	1	1	--
Less: Vendor Finance and Leases	(1)	(3)	2
Total Debt Facilities Drawn	379	343	36
Less: Available Cash	(33)	(22)	(11)
Less: The Milton 50% Project Finance	(31)	(8)	(23)
Net Bank Debt Drawn	315	313	2

Summary of Undrawn Debt Facilities ²	Limit (\$m)	Drawn (\$m)	Undrawn (\$m)
Retirement Facilities	365	252	113
Non-Retirement Facilities	65	65	--
Non-Retirement Project Finance	109	62	47
Total	539	379	160

Summary of Drawn Debt Facilities ¹	Facility Limit (\$m)	Maturity
Retirement		
Group Facility	250	24/12/2017
Aveo Healthcare ³	80	30/03/2017
Working Capital Facility ²	35	31/08/2015
Total Retirement Facilities	365	
Drawn	252	
% Drawn	69%	
Non-Retirement		
Gasometer 1 Facility	65	31/10/2016
Total Non-Retirement Facilities	65	
Drawn	65	
% Drawn	100%	
Project Finance		
The Milton Project Finance	109	7/05/2017
Total Project Finance	109	
Amount Drawn	62	
% Drawn	57%	

¹ Excludes Bank Guarantees.

² Undrawn facilities are dependent upon having sufficient security.

³ Debt is in two tranches, Tranche 1 is secured at \$50m and available, Tranche 2 for \$30m is available subject to bank approval.

Interest Rates



- Current weighted average cost of debt (including margins and line fees) of 5.8%

Base Funding Cost Summary HY15

Drawn Debt Type	(\$m)	(%)	Avg Base Rate	Weighted Avg Maturity (years)
Floating Rate Debt	229	53%	2.63% ¹	NA
Fixed Rate Debt	150	47% ⁴	5.73% ²	1.5
Total/Weighted Average	379	100%	5.80%	NA

Fixed Rate Debt Profile

	HY15	FY15	FY16	FY17
Face Value of Fixed Rate Debt (\$m) ³	150	150	150	0
Weighted Average Interest Rate on Fixed Rate Debt	5.73%	5.73%	5.73%	0.00%
Weighted Average Time to Maturity (years)	1.5	1.0	0.0	0.0

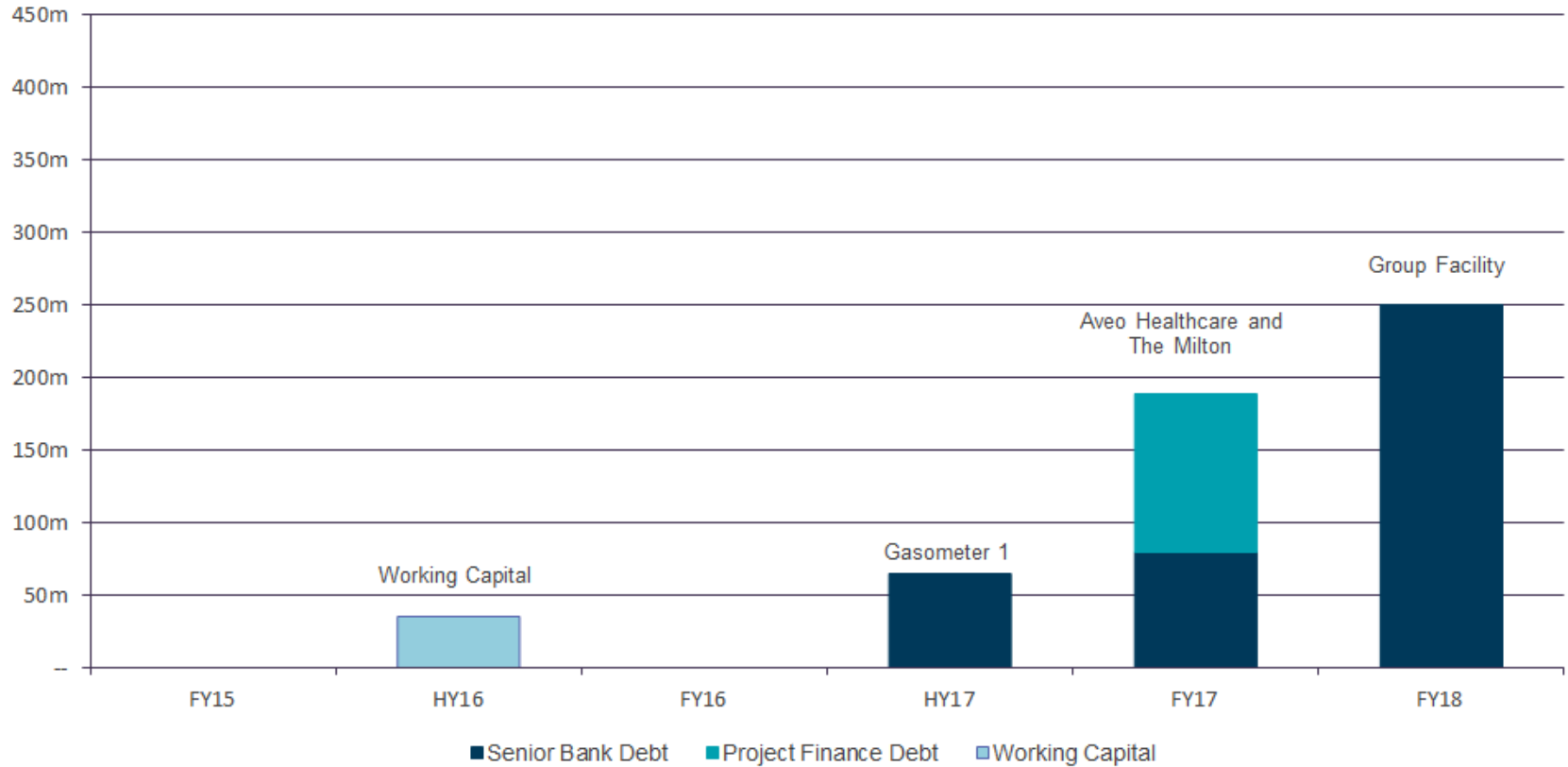
¹ Based on BBSY at 31 December 2014.

² Includes working capital facility fixed debt.

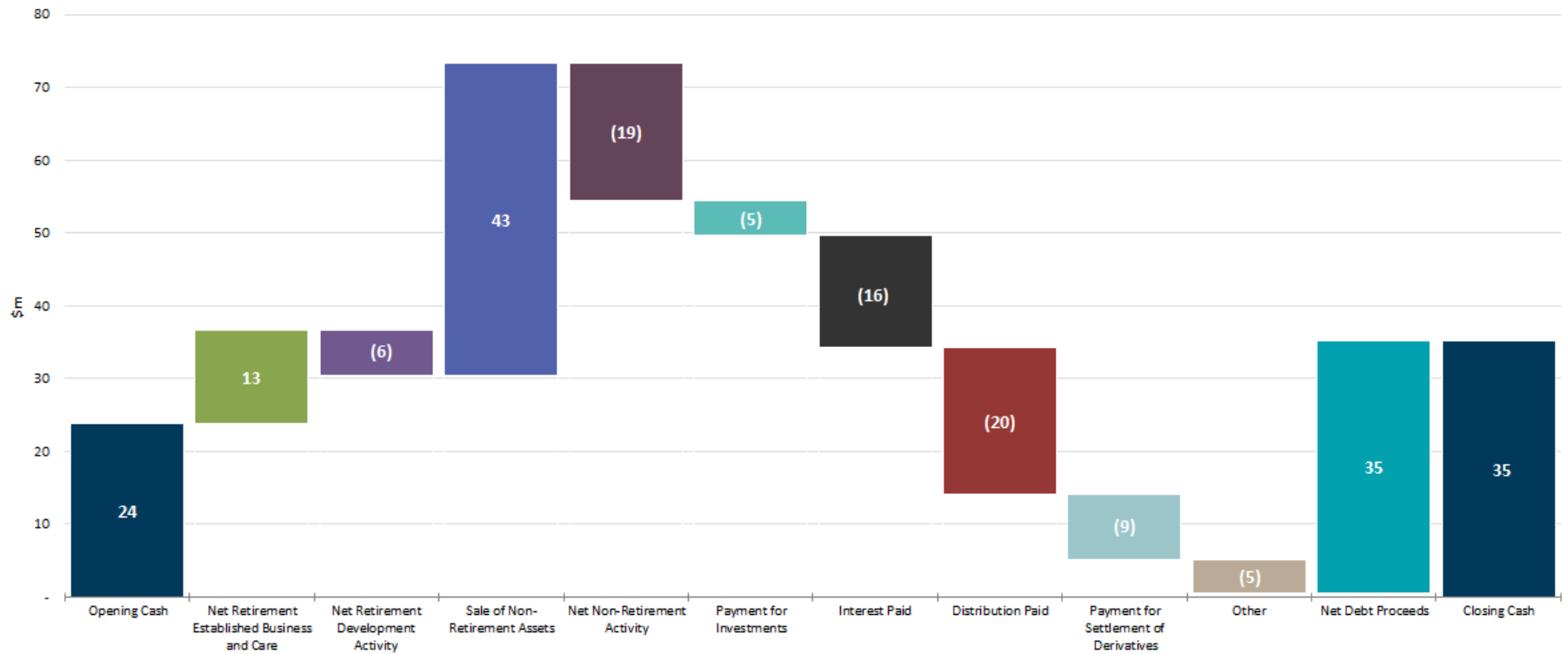
³ Based on bank interest rate swap hedges only.

⁴ Excludes The Milton project finance facility.

Major Debt Maturity



Cash Flow Reconciliation



Financial Covenants



- All financial covenants met

Covenant		HY15	Required
Established Business, Care and Support Services and Unallocated Overheads to Interest Expense (12 months rolling)	Retirement ICR (Core)¹	NA²	$\geq 2.0x$
EBITDA to Interest Expense of the consolidated Group (12 months rolling)	Interest Cover	1.9x	$\geq 1.5x$
Total Assets less Cash and Resident Loans / Net Debt	Reported Gearing Ratio	17%	$\leq 30\%$
Drawn Debt less Cash / Retirement Valuation and Non-Retirement Valuation	Loan to Value Ratio³	19%	$\leq 30\%$

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.

² First tested at 31 March 2015 and quarterly thereafter.

³ This ratio is based on the 30 June 2014 Retirement book value of AOG Retirement assets and the latest Non-Retirement bank valuations.



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FY15 Calendar



Date	Event	Location
18 February	1HY15 Results Announcement @ 10.30am	Sydney
18-19 February	Private Roadshow	Sydney
20 February	Private Roadshow	Brisbane
24-25 February	Private Roadshow	Melbourne
10-11 March	Private Roadshow	New Zealand
30 March – 1 April	JP Morgan REIT Conference	Hong Kong / Singapore
19 August	FY15 Results Announcement @ 10.30am	Sydney

Term	Definition
ACAR	Aged Care Approvals Round
AFFO	Adjusted Funds from Operations
Average margin	Ratio of gross profit to revenue
Buyback Purchases	Units that are bought back by Aveo from exiting retirement residents
Buyback Sales	Sales of units that have previously been bought back by Aveo to new residents
COGS	Cost of Goods Sold
DA	Development Application
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
FCTR	Foreign Currency Translation Reserve
FFO	Funds from Operations

Term	Definition
Gross Profit	Revenue less cost of goods sold
ICR	Interest Cover Ratio
ILU	Independent Living Unit
MOF	Multi-Option Facility
NM	Not meaningful
NPV	Net Present Value
NTA	Net Tangible Assets
Portfolio Turnover	Sum of unit resales and buyback sales divided by total available units
REIT	Real Estate Investment Trusts
Resales	Resident to resident retirement unit sale
ROA	Return on Assets
SA	Serviced Apartment
STI / LTI	Short term incentive / Long term incentive
UPAT	Underlying Profit After Tax



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