Delivering to Plan

Results for the year ended 30 June 2016 and acquisition of RVG

17 August 2016

Agenda

Overview

FY16 Targets Delivered

Financial	▪ Underlying profit after tax increased by 63% to $89.0m ▪ Statutory profit after tax doubled to $116.0m ▪ Funds from operations up 85% to $137.0m ▪ Retirement return on assets increased to 6.3%
Operational	▪ Record total retirement sales of 799 units ▪ Lift in average DMF/CG amount per transaction of 8% ▪ Portfolio turnover increased to 11.9% ▪ Ramp up in developments saw 182 new retirement units delivered
Strategic	▪ Acquisition of minority interest in RVG provides Aveo full operational and strategic control over more than 3,400 units across Sydney and Melbourne ▪ Freedom integration progressing to schedule, with planning well progressed on expanding the Freedom product offering to existing Aveo villages

Positive Outlook for FY17

Established Business	▪ Strong sales rates have continued into FY17 ▪ Freedom villages continue to perform in line with acquisition expectations ▪ Sales performance is providing additional scope for unit price increases
Development	▪ Pipeline of 301 new units scheduled for delivery in FY17 ▪ Planning well advanced on projects scheduled for FY18 delivery ▪ Sell down of new units is progressing well
Care and Support Services	▪ Expansion of Freedom supported living offering to selected Aveo and RVG serviced apartment villages will contribute positively to second half earnings ▪ Completion of new Durack 123 bed aged care facility scheduled for late FY17
Financial	▪ FY17 EPS guidance of 18.3 cps, an increase of 7.6% on FY16 EPS of 17.0cps ▪ Targeting further EPS growth of 7.5% from FY17 to FY18 ▪ Targeting full year distribution of 9 cps, up 13% from 8 cps in FY16

Acquisition of Retirement Villages Group (RVG)

Transaction Overview

- Aveo has entered into an unconditional transaction to acquire the remaining 27% minority holdings in RVG
- Completion is scheduled for 24 August 2016
- The remaining securities have been acquired at a 13% discount to the RVG current security value
- This completes the progressive acquisition of RVG securityholder interests that began in May 2015 when Aveo had only a 23% interest in RVG
- The combination of all acquisitions since this date have been achieved at an overall discount of 17% to the relevant current security value
- The removal of all outside interests and full consolidation of RVG significantly simplifies the Aveo portfolio structure
- Allows Aveo to take full control over the strategic and operational direction of the RVG villages and accelerate value adding development and care initiatives across the portfolio
- Aveo Group is raising $125m to fund the acquisition cost (approximately $100m) and repay debt drawn to fund the acquisition of previous RVG interests

Equity Raising - Overview

Offer	▪ A fully underwritten institutional placement of up to 37.1 million Aveo stapled securities to raise approximately $125 million
Use of Proceeds	▪ Acquire the remaining 27% of RVG ▪ Repay debt drawn to fund the acquisition of previous stakes in RVG
Floor Price	▪ Institutional placement price to be determined via a variable price bookbuild with an underwritten floor price of $3.37 per New Security, representing a 2.6% discount to the closing price of $3.46 on 16 August 2016
Financial Impact	▪ Pro forma gearing at June 16 would have been 15% post acquisition (see pro forma balance sheet on slide 18)

Timetable

Timetable for Institutional Placement

17 August 2016	▪ Trading halt and announcement
18 August 2016	▪ Announcement of completion of Institutional Placement
19 August 2016	▪ Settlement of New Securities under the Institutional Placement
22 August 2016	▪ Issue and trading of New Securities under the Institutional Placement

RVG Background

- RVG is a wholesale investment fund established in 2007 with a 10 year initial investment period
- RVG's portfolio is the fifth largest for-profit retirement village portfolio in Australia and is predominantly located in metropolitan Sydney and Melbourne
- Aveo is very familiar with the RVG portfolio being;
  - provider of fund management services;
  - provider of property services (operation of the villages); and
  - the largest securityholder
- The existing RVG ownership and fund governance structure limited the potential for Aveo to implement its desired strategy within the RVG portfolio despite these roles
- Non-Aveo investors had largely been focused on the short term with a liquidity review to take place in 2017 rather than long term value creation
- As a result there has only been a limited application of the elements of the strategy implemented in the Aveo portfolio over the past two years in the RVG portfolio

RVG Portfolio

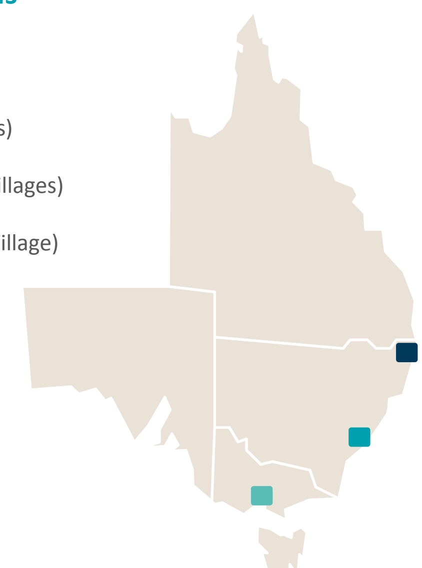
- Mostly mature villages developed 10-30 years ago
- Located in well established suburbs with high barriers to entry (lack of suitable sites)
- Metropolitan and inner-ring locations provides strong demographics for future demand
- RVG units represents a significant part of Aveo’s managed portfolio in the key markets of Sydney and Melbourne
- Substantial presence in the medium to higher end of the retirement village market with a $447k average unit value (versus Aveo average of $325k) and unit values going up to over $2m
- Existing development pipeline consisting of a single brownfield site, but significant opportunities for redevelopment of low density inner city village locations

RVG Portfolio	
Villages	28
Units	3,415
ILUs / SAs	2,814 ILUs; 601 SAs
Development Units Pipeline	75
Average Unit Value	$447k
Average resident age	83
Village Occupancy	93%

RVG Village Locations

Legend

- Sydney (6 Villages)
- Melbourne (21 Villages)
- Banora Point (1 Village)



Implementing the Aveo Strategy in RVG

Established Business & Care	▪ Roll out of the Aveo Way contract to increase DMF/CG margins while providing a more customer friendly product ▪ Active asset management, improve quality of units and look for price growth opportunities in a portfolio that has historically been capital constrained ▪ Schedule already planned for the conversion of serviced apartment facilities to a Freedom style assisted living product ▪ Delivery of additional allied health services to existing facilities to improve product appeal
Development	▪ Provides an incremental brownfield development opportunity ▪ Major attraction is redevelopment potential at a number of villages in prime locations, which will increase the development pipeline in NSW and VIC
Financial	▪ Significant value uplift over medium term from the roll out of Aveo Way resident contracts and Freedom assisted living product to RVG villages ▪ Savings achieved through consolidation synergies will help negate the loss in fund and property management fees previously received

Financial Results and Capital Management

Key Financial Outcomes

- Statutory profit after tax doubled, driven by a higher contribution from both the retirement and non-retirement businesses
- Increase in underlying profit after tax of 63% to $89.0m
- Greater statutory profit increase is primarily due to the profit contribution from fair value gains on investment property
- Significant increase in FFO of 85% to $137.0m
- Distribution lifted 60% to 8 cps
- NTA per security increased to $3.00, post the payment of the distribution

Outcome	FY16	FY15	Change
Statutory profit after tax[1]	$116.0m	$58.0m	100%
Statutory EPS	22.1cps	11.6cps	91%
Underlying profit after tax[2]	$89.0m	$54.7m	63%
Underlying EPS	17.0cps	10.9cps	56%
FFO[3]	$137.0m	$73.9m	85%
FFO per security	26.2cps	14.8cps	77%
Distribution	$43.5m	$25.7m	69%
Distribution per security	8.0 cps	5.0 cps	60%
Net assets	$1,660.4m	$1,505.6m	10%
NTA per security	$3.00	$2.85	5%
Gearing[4]	17.4%	13.8%	3.6%

[1] Net profit after tax attributable to stapled security holders of the Group – see slide 57.
[2] Reconciliation of statutory profit to underlying profit shown on slide 58.
[3] FFO and AFFO reflect Property Council of Australia guidelines.
[4] Adjusted for The Milton 50% cash at bank.

Profit and Loss

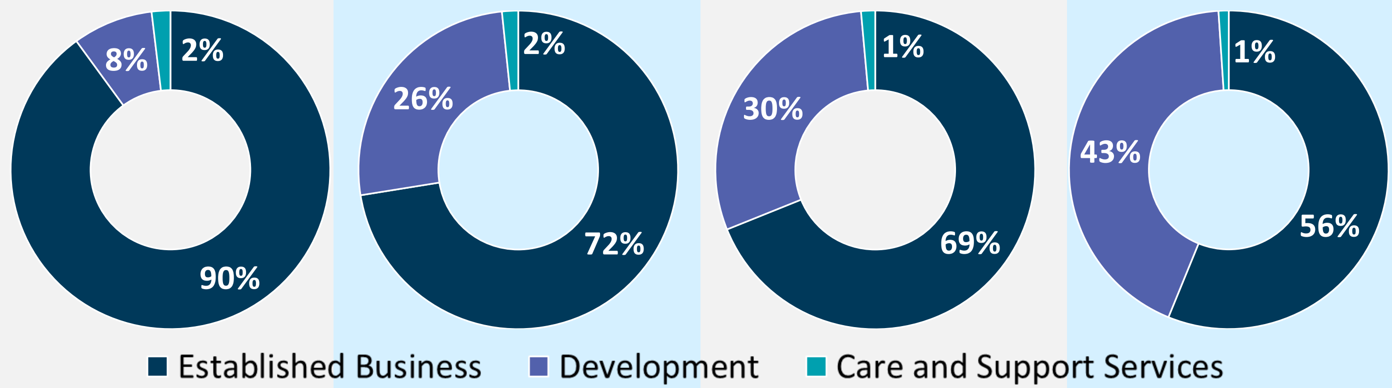
	%	FY16 ($m)	%	FY15 ($m)	Change
Retirement					
Established Business		58.6		48.3	21%
Development[1]		19.3		3.2	503%
Care and Support Services		2.0		1.5	33%
Total Retirement	59%	79.9	62%	53.0	51%
Non-Retirement[1]	41%	55.1	38%	33.1	66%
Divisional contribution[1]	**100%**	**135.0**	**100%**	**86.1**	**57%**
Group overheads and incentive scheme		**(15.2)**		**(13.1)**	16%
EBITDA		**119.8**		**73.0**	**64%**
Depreciation and amortisation		(2.7)		(2.0)	35%
EBIT		**117.1**		**71.0**	**65%**
Interest and borrowing expense		-		(3.0)	(100%)
Profit Before Tax		**117.1**		**68.0**	**72%**
Income tax		(26.3)		(12.7)	107%
Profit After Tax		**90.8**		**55.3**	**64%**
Non-controlling interests		(1.8)		(0.6)	200%
Underlying profit after tax[2]		**89.0**		**54.7**	**63%**
Statutory profit after tax		**116.0**		**58.0**	**100%**

[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 achieved its targeted FY16 ROA

Retirement Earnings Composition[1]



	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 ($m)[2]	**52.9**	**79.5**	**98.5 – 112.0**	**141.0 – 151.0**
Target Range		**6.0% - 6.5%**		**7.5% - 8.0%**
Actual/Target Retirement 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 1 for further detail regarding target retirement return metrics and reconciliation of Retirement EBIT to Retirement Profit Contribution.

Capital Management Metrics

- Group Syndicate Facility limit increased by $270m to $520m for Gasometer refinance, Freedom acquisition and RVG share purchase
- Gasometer refinanced into the Group Syndicate Facility in October 2015
- Aveo Healthcare[1] facility limit increased by $45m to $105m to provide additional capacity to fund the development pipeline
- Debt remains unhedged
- Funding cost movements have reduced the weighted average cost of debt to 3.4%
- Pro-forma gearing after RVG acquisition is 15%, at the mid point of the target gearing range of 10%-20%

Metrics	FY16	FY15[3]	Change
Reported gearing[2]	17.4%	13.8%	3.6%
Net debt[2]	$431m	$280m	54%
Gross interest bearing liabilities	$462m	$359m	29%
Undrawn committed lines[1]	$163m	$145m	12%
Weighted average borrowing cost	3.4%	4.0%	(0.6%)
Weighted average debt maturity	1.7 years	2.2 years	(0.5 years)
Pro-forma Metrics Post RVG Acquisition and Equity Raise			
Reported gearing[2]	15.0%	13.8%	1.2%
Net debt[2]	$395m	$280m	41%
Gross interest bearing liabilities	$439m	$359m	22%
Undrawn committed lines[1]	$186m	$145m	28%

[1] Undrawn facilities are dependent upon having sufficient security.
[2] Adjusted for The Milton 50% cash at bank.
[3] Includes 100% The Milton undrawn debt.

[1] Aveo owns 86% shares in Aveo Healthcare.

Pro-forma Management Balance Sheet 30 June 2016

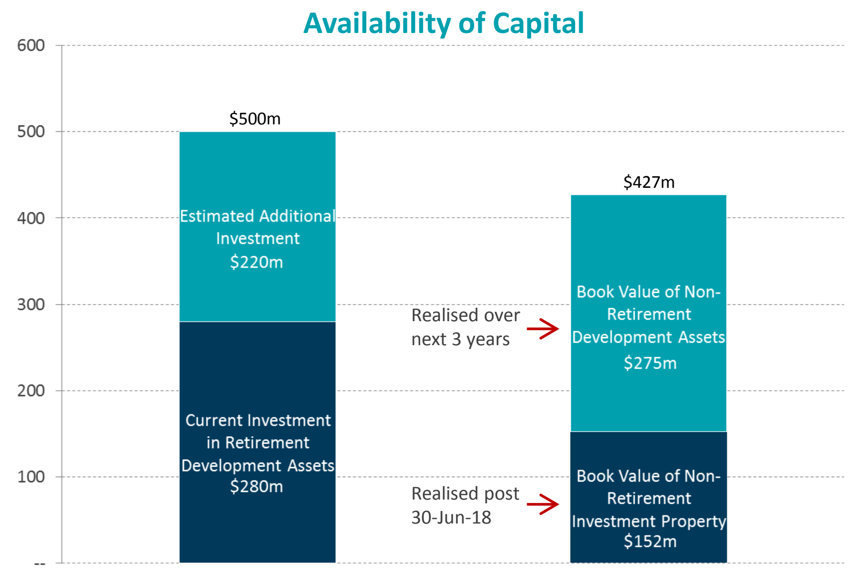
- The adjacent table shows the pro-forma management balance sheet as if the acquisition of the remaining 27% minority holdings in RVG and associated equity raising had occurred on 30 June 2016

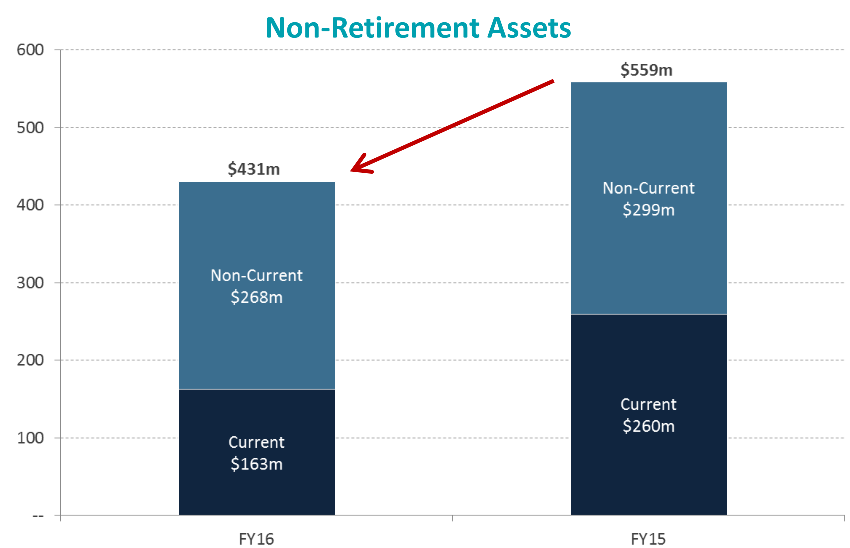
	Aveo ($m)	RVG Transaction[1] ($m)	Pro-forma ($m)
Assets			
Retirement			
Retirement investment properties[2,3]	1,482.2	371.2	1,853.4
Equity-accounted investments	301.8	(267.0)	34.8
Property plant and equipment and intangibles	24.8	0.8	25.6
Total Retirement	**1,808.8**	**105.0**	**1,913.8**
Non-Retirement			
Commercial	191.0		191.0
Residential communities	226.0		226.0
Residential apartments	13.5		13.5
Total Non-Retirement	**430.5**		**430.5**
Other assets (including cash and trade receivables)	152.4	22.8	175.2
Total assets	**2,391.7**	**127.8**	**2,519.5**
Liabilities			
Interest bearing liabilities[2]	462.0	(23.1)	438.9
Deferred tax liabilities	100.9	16.4	117.3
Other liabilities (including payables, and provisions)	168.4	11.4	179.8
Total liabilities	**731.3**	**4.7**	**736.0**
Net assets	**1,660.4**	**123.1**	**1,783.5**
NTA per security	$3.00		$3.02
Gearing	17.4%		15.0%

[1] Includes the effect of the acquisition and the associated equity raising.
[2] Also includes the acquisition of the remaining 50% interest in the Hunters Green village.
[3] Reflects the cost of the RVG acquisition – RVG investment properties have not been restated to fair value.

Retirement Development Capital Requirements

- Currently have approximately $280m invested in retirement development assets
- Circa $500m investment is required to fund the development and sell down of 500 units p.a.
- Require circa another $220m of capital investment through to FY18
- $275m of non-retirement development assets are carried on the balance sheet at 30 June 2016
- The sell down of these development assets will allow this capital to be recycled into the development of new retirement units
- Additional capital could also be generated from the realisation of non-retirement development assets above current book value





Retirement

Retirement Results

- Increase in total profit contribution of 51% to $79.9m
- Record total sales volume of 799 units achieved
- Profit contribution increased across all retirement business segments
- Established Business results driven by combination of higher volumes and higher sales prices
- Development result driven by delivery of a record number of 182 new retirement units
- Increase in Care and Support contribution assisted by an improved performance across the existing aged care facilities

Key Performance Indicators	FY16	FY15	Change
Segment revenue			
Established Business	$148.9m	$109.7m	36%
Development	$103.0m	$27.9m	269%
Care and Support Services	$12.3m	$12.2m	1%
Total Retirement revenue	**$264.2m**	**$149.8m**	**76%**
Profit contribution			
Established Business	$58.6m	$48.3m	21%
Development[1]	$19.3m	$3.2m	503%
Care and Support Services	$2.0m	$1.5m	33%
Total Retirement contribution	**$79.9m**	**$53.0m**	**51%**
EBIT contribution			
Established Business	$57.6m	$47.6m	21%
Development	$20.6m	$4.3m	379%
Care and Support Services	$1.3m	$1.0m	30%
Total Retirement EBIT	**$79.5m**	**$52.9m**	**50%**
Sales Volumes (units)			
Established Business sales	736	685	7%
Development sales	63	36	75%
Total	**799**	**721**	**11%**
Total value of units transacted	$220.7m	$200.7m	10%

[1] Development profit is accounted for in the change in fair value of investment property.

Established Business Sales and Margins

- Strong lift in total sales volumes to 736 units
- Buyback sales and buyback purchases remain broadly in line as capital is recycled into the business to continually upgrade units
- A focus on maximising potential unit price growth has resulted in increases in both average DMF/CG transaction price point and average DMF/CG per transaction
- Improved portfolio turnover assisted by the shorter average stay of Freedom residents
- Drop in occupancy due to a large amount of vacant company owned stock held by Freedom upon acquisition
- New residents continue to enter villages under the Aveo Way contract, which now has an established record of market acceptance

	FY16	FY15	Change
Sales volumes (units)			
Resales	605	602	1%
Buyback sales	131	83	58%
Total	**736**	**685**	7%
Operating buyback purchases (units)	152	90	69%
DMF/CG generating transactions[1]	**757**	**692**	9%
Deposits on hand	83	96	(14%)
Avg DMF/CG transaction price point[1]	$287k	$267k	7%
Avg DMF/CG per transaction[1]	**$90k**	**$83k**	8%
DMF/CG margin per transaction	31.3%	30.9%	0.4%
Resales	31.3%	31.7%	(0.4%)
Operating buyback purchases	31.4%	25.7%	5.7%
Portfolio turnover[2]	11.9%	11.0%	0.9%
Occupancy[3]	92%	96%	(4%)
Cumulative new Aveo Way contracts sold	843	147	473%

[1] Resales plus operating buyback purchases.
[2] Excludes new units sold within the last five years.
[3] Established Business occupancy excludes new units available for sale for less than 12 months.

Established Business Results

- Improved result driven by increased DMF/CG revenue amounts and a higher contribution from RVG
- Net DMF/CG increase was supported by an increase in both volumes and transaction pricing levels
- Higher levels of buyback sales allowed a substantial reinvestment into new buyback purchases and unit refurbishments
- The combination of improved underlying asset performance and a higher ownership interest in RVG, resulted in an increase in Other revenue and Net other profit contribution
- Post the acquisition of RVG, earnings from the RVG villages will be reported as per existing Aveo villages, rather than as equity accounted in the Net other line

	FY16	FY15	Change
Revenue			
DMF/CG revenue			
Resales	$55.5m	$50.9m	9%
Operating buyback purchases	$12.5m	$6.3m	98%
Gross DMF/CG	$68.0m	$57.1m	19%
Other Revenue			
Buyback sales	$43.3m	$23.4m	85%
RVG[1]	$22.3m	$17.3m	29%
Resident commissions	$7.2m	$7.3m	(1%)
Village administration fee	$5.5m	$4.3m	28%
Other	$2.6m	$0.3m	767%
Total other revenue	$80.9m	$52.6m	54%
Total revenue	**$148.9m**	**$109.7m**	**36%**
Profit contribution			
Net DMF/CG	$57.0m	$52.1m	9%
Net other	$1.6m	($3.8m)	(142%)
Total profit contribution	**$58.6m**	**$48.3m**	**21%**
Depreciation and amortisation	($1.0m)	($0.7m)	43%
EBIT	**$57.6m**	**$47.6m**	**21%**

[1] Includes fund and asset management fees, marketing expense recoveries and share of profits.

Development Results

- Achieved target of delivering a record number of 182 new units, across six different villages
- Profit contribution assisted by development margins exceeding the target margin rates of 16%-20% (before funding costs)
- Timing skew to the final quarter of FY16 for the delivery of newly developed units resulted in the discrepancy between units delivered and units sold
- Sell down rates of available delivered units into the beginning of FY17 are proceeding as expected

	FY16	FY15	Change
Revenue	$103.0m	$27.9m	269%
Profit contribution	$19.3m	$3.2m	503%
Interest in COGS	$1.3m	$1.1m	18%
EBIT	$20.6m	$4.3m	379%
Gross profit (including interest)	$22.3m	$4.5m	396%
Gross profit (excluding interest)	$23.6m	$5.6m	321%
Average margin (including interest)	22%	16%	6%
Average margin (excluding interest)	23%	20%	3%
Opening units available	54	28	93%
Add : units delivered first half	29	10	190%
Add : units delivered second half	153	52	194%
Less : development units sold	(63)	(36)	75%
Closing units available	173	54	220%
Average transaction value	$566k	$444k	27%
Number of major projects under development	6	6	-
Redevelopment buyback purchases[1]	68	17	300%

[1] Units bought back from residents to enable the village to be redeveloped.

FY17 Development Projects

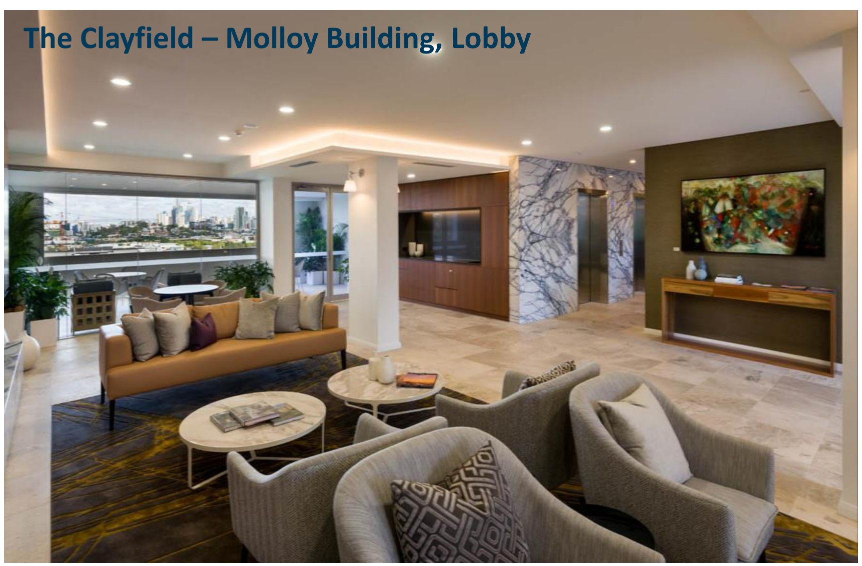
- Construction programs for the delivery of 301 units in FY17 is proceeding as scheduled
- Includes 70 minor development units, relating to the reconfiguration and redevelopment of Freedom villages, to allow the continued roll out of the Freedom product
- Scenario will be similar to FY16 delivery timelines, with the majority of new product scheduled for completion in the second half of FY17

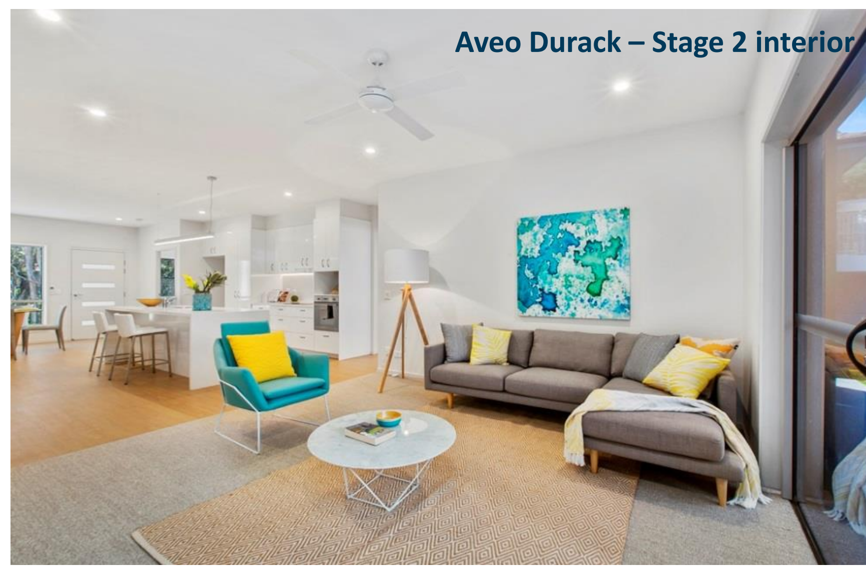
Village	Total FY17 Units	Expected Completion	Development Status
Clayfield	65	Q4	▪ Basement complete and ground floor being poured
Durack	34	Q2	▪ Practical completion on target to deliver in first half FY17
Island Point	10	Q4	▪ Builder has been contracted and remains on schedule
Mingarra	24	Q4	▪ Civil works have commenced and currently assessing builder tenders
Peregian	32	Q3	▪ Builder has been contracted and remains on schedule
Springfield	66	Q4	▪ Builder has been contracted and remains on schedule
Total Major	231		
Minor	70		▪ Will be delivered progressively throughout the year
Total	**301**		

Selected Development Projects


Clayfield – Molloy Building (66 units)


Aveo Durack – Stage 2


The Clayfield – Molloy Building, Lobby


Aveo Durack – Stage 2 interior

Major Development Delivery Forecast - Units

Village	Category	State	Portfolio	Units[1,2]	FY17	FY18	FY19+
Clayfield	Brownfield	QLD	AEH	65			
Durack	Brownfield	QLD	AEH	34			
Island Point	Brownfield	NSW	AOG	105			
Mingarra	Brownfield	VIC	AOG	24			
Peregian	Brownfield	QLD	AOG	32			
Springfield	Greenfield	QLD	AOG	2,372			
Hunters Green	Brownfield	VIC	RVG	75			
Tanah Merah	Brownfield	QLD	FAC	114			
Southern Gateway	Greenfield	NSW	AOG	441			
Newstead	Greenfield	QLD	AOG	191			
Newcastle	Greenfield	NSW	AOG	300			
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			
Robertson Park	Redevelopment	QLD	AOG	205			
Total Retirement Village Product				**5,621**	**231**	**501**	**4,889**

[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

- Profit contribution continues to primarily relate to the existing aged care facilities
- Increases in Care and Support profit contributions going forward will be impacted by a change in Aveo's strategic approach
- Post the Freedom acquisition, expansion will focus on their business model of delivering direct care on a not-for-profit basis, while receiving a relatively higher DMF/CG amount
- This will mean lower Care and Support profit growth rates, but higher Established Business (where the DMF/CG is recognised) growth
- Increases in Care and Support profit contribution will be driven by the delivery of new aged care facilities and expansion of services such as food and allied health

Key Performance Indicators	FY16	FY15	Change
Revenue			
Aged care	$10.7m	$10.8m	(1%)
Allied health	$0.2m	$0.3m	(33%)
Other	$1.4m	$1.1m	27%
Total revenue	**$12.3m**	**$12.2m**	**1%**
Profit contribution			
Aged care	$1.7m	$1.3m	31%
Allied health	$0.2m	$0.3m	(33%)
Other	$0.1m	($0.1m)	200%
Total profit contribution	**$2.0m**	**$1.5m**	**33%**
Depreciation and amortisation	($0.7m)	($0.5m)	(40%)
EBIT	**$1.3m**	**$1.0m**	**30%**

Delivery Forecast – Aged Care Beds

- Construction at Durack commenced May 2016 with practical completion on target for Q4 FY17
- Aveo Newstead (at Gasworks) targeted for FY18 completion in line with completion of the retirement tower
- Targeting to deliver at least one aged care facility every year from FY17 onwards

Village	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			
Southern Gateway	NSW	AOG	144			
Newcastle	NSW	AOG	123			
Total Aged Care Product			**1,057**	**123**	**99**	**835**

[1] Beds inclusive of 209 existing bed licences.

Non-Retirement

Non-Retirement Results

- Profit contribution has substantially increased due to improved sales across both land and built product
- Land lot sales are up 28% to 648 and continue to maintain average margin of 24%
- Built product sales have been boosted by completion of The Milton apartments with 280 units being settled in FY16
- The sell down of The Milton will complete Aveo's exit from the residential apartment market
- Gasworks, Newstead revalued from $124m at 30 June 2015 to $150m at 30 June 2016

Key Performance Indicators	FY16	FY15	Change
Sales revenue[1]	$277.7m	$191.2m	45%
Rental income	$14.0m	$11.2m	25%
Total revenue	$291.7m	$202.4m	44%
Profit contribution	$55.1m[2,3,4]	$33.1m	66%
Gross profit	$54.5m	$35.1m	55%
Land lot sales[1]	648	508	28%
Built product sales[1,5]	283	41	590%
Average margin	20%	18%	2%
Contracts on hand	646	762	(15%)
Investment properties held	2	2	-

[1] Excludes one-off asset disposals.
[2] Includes utilisation of $23.5m of impairment raised at June 2013 – refer slide 70.
[3] Includes utilisation of $11.1m of impairment raised pre June 2013 – refer slide 70.
[4] Reflects 50% of Milton share of profits.
[5] Reflects 100% of Milton lots sold.

Outlook

Outlook

- Established business continues to trade well supported by strong lead generation volumes
- Freedom business continues to trade in line with expectations
- Retirement development ramp up continues with scheduling on track for delivery of 301 new units in FY17
- Progressing on strategic projects to expand the Freedom care offering to selected Aveo villages and the roll out Aveo operational improvements to RVG villages
- Focus on maximising prices and profit levels at the land estates as stock levels are run down
- FY17 guidance of
  - FY17 EPS of 18.3 cps, an increase of 7.6% on FY16 EPS of 17.0cps
  - EPS growth of 7.5% from FY17 to FY18
  - Full year FY17 distribution of 9 cps, up from 8 cps in FY16

Appendices

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

Appendix viii. Equity Raise Information

Aveo Strategy

- 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:
  - 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

Components of the Retirement Business

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
- Aveo share of equity accounted investments in US Senior Living and Aveo China

Development

- Major development comprises a mix of brownfield, greenfield and redevelopment opportunities
- Minor redevelopments of company owned units to assist in rolling out Freedom product
- Existing major development pipeline of over 5,000 units
- Expected to be developed over the next 5-10 years
- Delivery planned for 301 new units in FY17
- Delivery target of over 500 new units from major developments p.a. by FY18
- Future acquisitions 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 1,057 aged care beds
- Delivery planned for 123 aged care beds in FY17

Medium Term ROA Enhancement Strategy

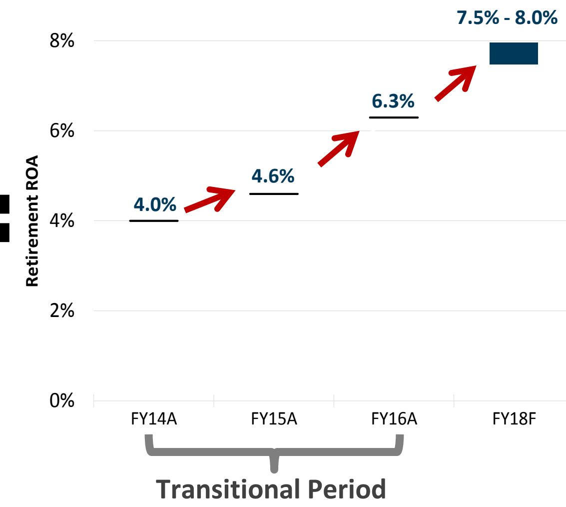
Earnings | **Assets Employed** | **ROA**

Established Business EBIT
+
Retirement Development EBIT
+
Care & Support Services EBIT
=
Retirement EBIT[2]

÷

NPV of DMF/CG Annuity Stream at 30 June 2013[1]
+
Equity Accounted Investments[1]
+
Aged Care Assets, Intangibles
+
Future Net Working Capital
=
Retirement Assets Employed

=



- 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 UPAT.

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

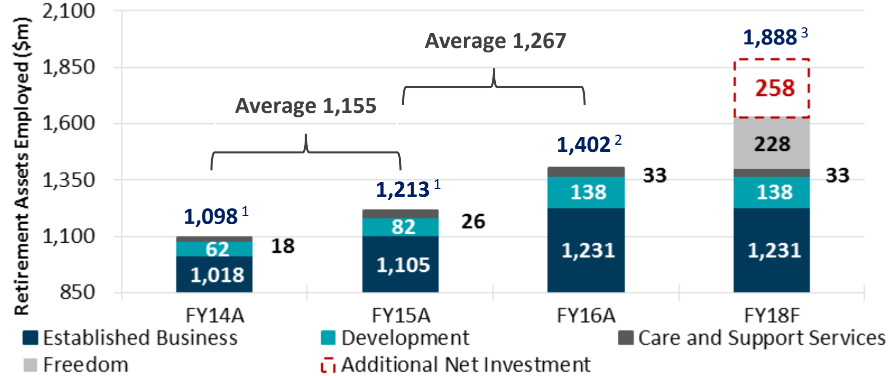
$m	FY14A	FY15A	FY16A[1]	FY17T	FY18T
Retirement EBIT					
Established Business	42.6	47.6	57.6	70.0 – 75.0	80.0 – 84.0
Development	0.4	4.3	20.6	27.5 – 35.0	60.0 – 65.0
Care and Support Services	0.7	1.0	1.3	1.0 – 2.0	1.0 – 2.0
Retirement EBIT	**43.7**	**52.9**	**79.5**	**98.5 – 112.0**	**141.0 – 151.0**
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

Indicative Retirement Assets

- 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 village 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 Retirement[2]			
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.

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

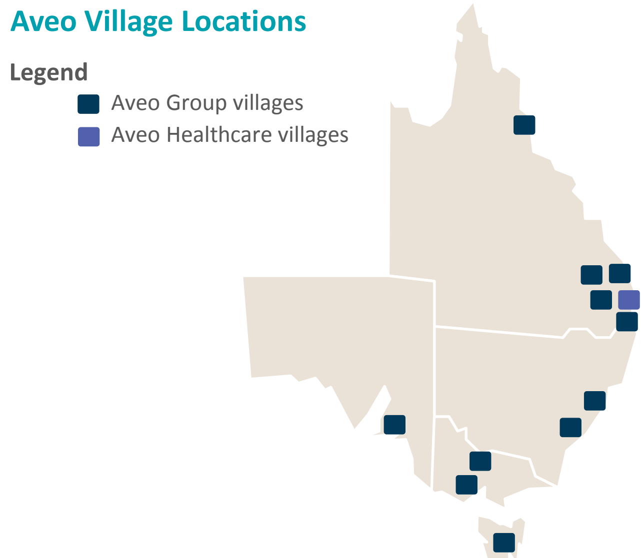
Established Business	Development	Care and Support Services
▪ Continue to achieve turnover rates at levels of 10%-12% ▪ Increase unit pricing in line with general residential market price growth ▪ Continue to improve Aveo contract terms for DMF/CG share and accrual period ▪ Maintain cost efficient operational and staffing structures	▪ Delivery planned for 301 new units in FY17 ▪ Delivery target of over 500 new major development 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	▪ Increase penetration rate for in home care service partners within villages ▪ Integrate allied health acquisitions into retirement village operations ▪ Delivery of one new aged care facility per financial year

Appendices

Retirement: Our Portfolio

- Aveo manages 89 villages across the eastern seaboard and Adelaide
- Villages 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 Village Locations

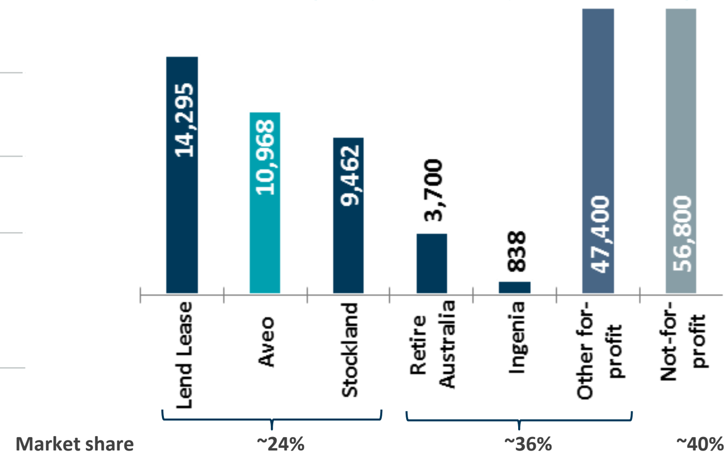


Portfolio Snapshot

Units	Villages	ILUs	SAs	Existing Total	Pipeline[4] – Units	Total Units	Aged Care Beds	Pipeline – Beds	Total Units and Beds
Aveo Group [1, 2]	84	7,059	2,479	9,538	5,177	14,715	184	642	15,541
Aveo Healthcare[3]	5	1,178	252	1,430	99	1,529	0	231	1,760
Total Aveo	**89**	**8,237**	**2,731**	**10,968**	**5,276**	**16,244**	**184**	**873**	**17,301**

[1] Includes units from the RVG portfolio;
[2] Includes 40 units not offered for accommodation purposes e.g. managers' units.
[3] Includes 10 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 Village Portfolio: Aveo

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	-	-	50
Amity Gardens	Ashmore, Qld	119	-	119	-	119	-	-	119
Aspley Court	Aspley, Qld	118	44	162	-	162	-	-	162
Bayview Gardens	Bayview, NSW	262	38	300	73	373	-	-	373
Bridgeman Downs	Bridgeman Downs, Qld	113	73	186	-	186	-	-	186
Carindale	Carindale, Qld	66	41	107	-	107	309	100	516
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	60	-	60	-	60	105	-	165
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
Lindfield Gardens	East Lindfield, NSW	138	40	178	-	178	-	-	178
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: Aveo (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	131	-	131	60	191	24	48	263
Minkara	Bayview, NSW	159	43	202	51	253	-	-	253
Mountain View	Murwillumbah, NSW	220	51	271	-	271	-	-	271
Newmarket	Newmarket, Qld	75	-	75	-	75	225	-	300
Peninsula Gardens	Bayview, NSW	73	38	111	-	111	-	-	111
Peregian Springs	Peregian Springs, Qld	157	48	205	-	205	32	-	237
Riverview	Elizabeth Vale, SA	53	-	53	-	53	-	-	53
Robertson Park	Robertson, Qld	35	38	73	-	73	132	-	205
Robina	Robina, Qld	126	-	126	-	126	-	-	126
Southport Gardens	Southport, Qld	90	-	90	-	90	125	-	215
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	-	-	375
The Haven	North Haven, SA	36	31	67	-	67	-	-	67
The Parks	Earlville, Qld	157	-	157	-	157	-	-	157
Tranquility Gardens	Helensvale, Qld	115	-	115	-	115	-	-	115
Westport	Queenstown, SA	62	-	62	-	62	-	-	62
Newstead	Newstead, Qld	-	-	-	-	-	191	99	290
Newcastle	Newcastle, NSW	-	-	-	-	-	300	123	423
Sanctuary Cove	Sanctuary Cove, Qld	-	-	-	-	-	163	-	163
Southern Gateway	Bella Vista, NSW	-	-	-	-	-	441	144	585
Springfield	Springfield, Qld	-	-	-	-	-	2,372	128	2,500
The Rochedale Estates	Rochedale, Qld	-	-	-	-	-	150	-	150

Retirement Village Portfolio: Aveo (Cont'd)

Former 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	125	-	125	-	125	-	-	125
Bentleigh	Bentleigh, Vic	27	43	70	-	70	-	-	70
Botanic Gardens	Cranbourne, Vic	157	-	157	-	157	-	-	157
Camden Downs	Camden South, NSW	65	-	65	-	65	-	-	65
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
Edrington Park	Berwick, Vic	149	35	184	-	184	-	-	184
Fernbank	St Ives, NSW	156	39	195	-	195	-	-	195
Fountain Court	Burwood, Vic	130	41	171	-	171	-	-	171
Hunters Green	Cranbourne, Vic	123	-	123	-	123	75	-	198
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: Aveo (Cont'd)

Former 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
Roseville	Doncaster East, Vic	111	38	149	-	149	-	-	149
Sackville Grange	Kew, Vic	97	-	97	-	97	-	-	97
Springthorpe	Macleod, Vic	88	-	88	-	88	-	-	88
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	57	55	112	-	112	-	-	112

Retirement Village Portfolio: Aveo (Cont'd)

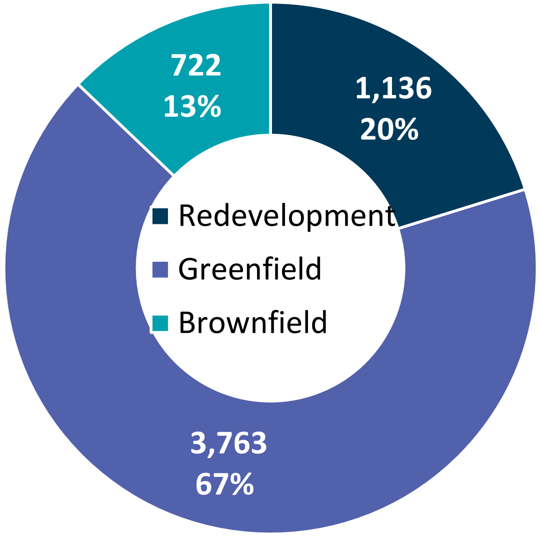
Former Freedom Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Banora Point	Banora Point, NSW	-	84	84	-	84	-	-	84
Bendigo	Bendigo, Vic	-	96	96	-	96	-	-	96
Brightwater	Brightwater, Qld	-	-	-	-	-	146	-	146
Clayfield	Clayfield, Qld	-	39	39	-	39	-	-	39
Coffs Harbour	Coffs Harbour, NSW	-	49	49	-	49	-	-	49
Dromana	Safety Beach, Vic	-	62	62	-	62	-	-	62
Geelong	Grovedale, Vic	-	48	48	-	48	-	-	48
Launceston	Mowbray, Tas	-	57	57	-	57	53	-	110
Morayfield	Caboolture South, Qld	-	64	64	-	64	44	-	108
Redland Bay	Redland Bay, Qld	-	46	46	-	46	110	-	156
Rochedale	Rochedale, Qld	-	110	110	-	110	-	-	110
Tanah Merah	Slacks Creek, Qld	-	62	62	-	62	114	-	176
Tamworth	Tamworth, NSW	-	56	56	-	56	66	-	122
Toowoomba Bridge Street	Toowoomba, Qld	-	58	58	-	58	-	-	58
Toowoomba Taylor Street	Toowoomba, Qld	-	103	103	-	103	-	-	103
Tweed Heads	Tweed Heads, NSW	-	70	70	-	70	-	-	70
Total		**7,059**	**2,479**	**9,538**	**184**	**9,722**	**5,177**	**642**	**15,541**

Retirement Village Portfolio: Aveo Healthcare

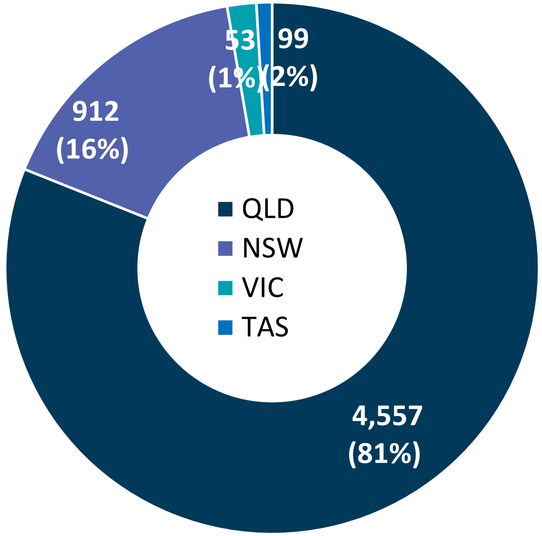
Aveo Healthcare Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Albany Creek	Albany Creek, Qld	304	83	387	-	387	-	-	387
Clayfield	Albion, Qld	171	-	171	-	171	65	108	344
Cleveland	Cleveland, Qld	110	28	138	-	138	-	-	138
Durack	Durack, Qld	491	104	595	-	595	34	123	752
Taringa	Taringa, Qld	102	37	139	-	139	-	-	139
Total		**1,178**	**252**	**1,430**	**-**	**1,430**	**99**	**231**	**1,760**

Development Pipeline

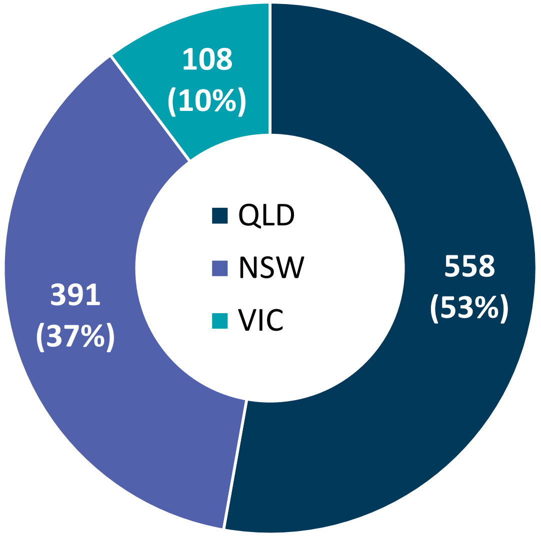
Retirement Development Pipeline by Type – Units



Retirement Development Pipeline by Location – Units



Retirement Development Pipeline by Location - Beds



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 82.5 years
  - **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		FY16[1]	FY15	Change
Discount rate		12.50%-14.50%	12.50%	NA
Future property price growth	Medium term	3.50%-4.00%	3.65%	NA
	Long term	3.50%-4.25%	4.25%	NA
Subsequent resident tenure (years)	ILUs	10	10	-
	SAs	4	4	-
NPV of annuity streams		$1,157.6	$916.5m	26.3%

[1] Excludes Robertson Park with Jun-15 IP value of $8.9m

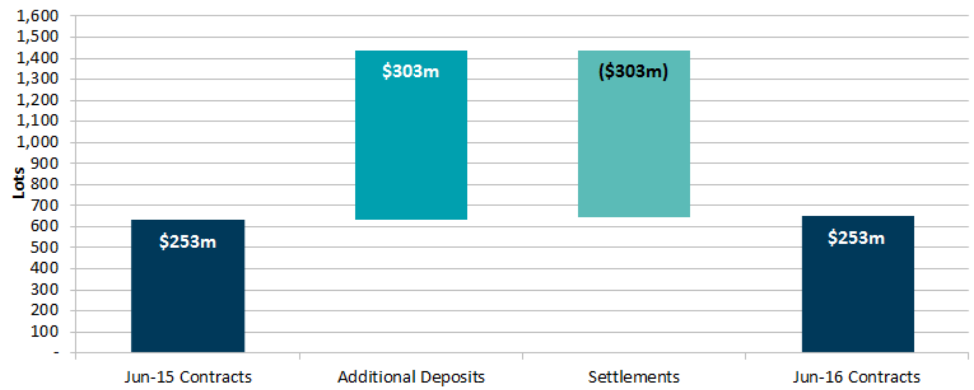
Retirement Investment Property Annuity Stream Sensitivity ($m)					
Long term property price growth	**+1.0%**	**+0.5%**	**3.50%-4.25%**	**(1.0%)**	**(0.5%)**
Value of established portfolio	1,299.4	1,225.8	1,157.6	1,096.8	1,041.2
Subsequent turnover – ILUs (years)	**8**	**9**	**10**	**11**	**12**
Value of established portfolio	1,255.0	1,201.8	1,157.6	1,121.4	1,087.8
Discount rate	**(1.0%)**	**(0.5%)**	**12.50%-14.50%**	**+0.5%**	**+1.0%**
Value of established portfolio	1,304.2	1,277.0	1,157.6	1,095.0	1,038.2
Market value of units (Change)	**5.0%**	**2.5%**	**-**	**(2.5%)**	**(5.0%)**
Value of established portfolio	1,228.5	1,194.8	1,157.6	1,123.0	1,088.5

Appendices

Residential Communities and Apartments

- Deposits are strong at the land estates with 646 on hand
- Land estates are expected to be sold down by FY18
- The Milton project settled 280 units in FY16

Deposit Flow[1]



As at 30 June 2016	Location	Remaining Lots approx.	Pre Sold Lots	Available Lots[1]	Percentage Pre Sold[3]	FY16 Settlements	FY17 Target Settlements
Land Projects							
Saltwater Coast, Point Cook	VIC	693	438	255	63%	296	250-300
Peregian Springs and Ridges, Peregian Springs	QLD	567	91	476	16%	193	175-225
The Rochedale Estates, Rochedale	QLD	304	108	196	36%	148	175-225
Shearwater, Cowes	VIC	81	6	75	7%	11	10-20
Currumbin	QLD	348	--	348	--	--	--
Total Land Projects		**1,993**	**643**	**1,350**	**32%**	**648**	**610-770**
Apartment Projects							
Aerial, Camberwell	VIC	--	--	--	100%	3	--
The Milton, Milton[2]	QLD	15	3	12	20%	280	15
Total Apartment Projects		**15**	**3**	**12**	**20%**	**283**	**15**
Total Projects		**2,008**	**646**	**1,362**	**32%**	**931**	**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	FY16 ($m)	FY15 ($m)	Change
Non-Retirement Assets at beginning of period	558.8	585.8	(5%)
Less: Asset Sales announced during the period	-	(20.0)	(100%)
Add: Net Development Activity during the period	(151.0)	(12.3)	nm
Add: Change in Fair Value of Non-Retirement Assets	22.8	5.3	330%
Closing Non-Retirement assets at end of period	**430.6**	**558.8**	**(23%)**
Represented by			
Inventories: Residential communities[1]	221.0	278.1	(21%)
Residential apartments[2]	13.3	97.4	(86%)
Commercial[3]	41.0	55.5	(26%)
Total inventories	275.3	431.0	(36%)
Investment properties	151.5	123.8	22%
Property, plant and equipment	3.8	4.0	(5%)
Non-Retirement assets at end of period	**430.6**	**558.8**	**(23%)**
Non-Retirement assets as percentage of total assets[4]	**19%**	**30%**	**(11%)**

[1] FY16 includes Point Cook, Rochedale, Peregian Springs, Ridges, Currumbin and Shearwater.
[2] FY16 includes Milton.
[3] FY16 includes Gasworks and Mackay.
[4] Net of resident loans and deferred revenue and excludes non-allocated assets.

Appendices

Statutory Income Statement

	FY16 ($m)	FY15 ($m)	Change
Profit from continuing operations before income tax	156.7	81.5	92%
Income tax expense	(39.1)	(21.2)	84%
Profit for the year	**117.6**	**60.3**	**95%**
Non-controlling interest	(1.6)	(2.3)	(30%)
Net profit after tax attributable to stapled security holders of the Group	**116.0**	**58.0**	**100%**

Reconciliation of Statutory Profit to Underlying Profit

	FY16			FY15		
	Gross ($m)	Tax[1] ($m)	Net ($m)	Gross ($m)	Tax[1] ($m)	Net ($m)
Statutory profit after tax and non-controlling interest			**116.0**			**58.0**
Retirement						
Change in fair value of retirement investment properties	(17.4)	5.1	(12.3)	(6.2)	3.3	(2.9)
Share of non-operating loss of equity-accounted investments	0.4	-	0.4	1.1	-	1.1
(Recognition)/Derecognition of deferred tax asset	-	0.8	0.8	-	3.6	3.6
Freedom acquisition costs	11.3	(3.4)	7.9	-	-	-
Total Retirement	**(5.7)**	**2.5**	**(3.2)**	**(5.1)**	**6.9**	**1.8**
Non-Retirement						
Change in fair value of non-retirement investment properties	(22.8)	6.8	(16.0)	(5.3)	1.8	(3.5)
Gain from sale of non-retirement assets	(7.1)	2.1	(5.0)	-	-	-
Other	(4.0)	1.2	(2.8)	1.0	0.2	1.2
Total Non-Retirement	**(33.9)**	**10.1**	**(23.8)**	**(4.3)**	**2.0**	**(2.3)**
Change in fair value of derivatives	-	-	-	(4.1)	1.3	(2.8)
Underlying profit after tax and non-controlling interest			**89.0**			**54.7**

[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 ($m)	Non-Retirements ($m)	Other ($m)	Total FY16 ($m)	Retirements ($m)	Non-Retirements ($m)	Other ($m)	Total FY15 ($m)
Sale of goods revenue	-	319.1	-	319.1	-	191.2	-	191.2
Revenue from rendering of services	94.9	14.0	-	108.9	82.8	11.2	-	94.0
Other revenue	11.5	5.6	0.2	17.3	11.8	2.6	0.6	15.0
Cost of sales	(16.1)	(257.7)	-	(273.8)	(15.3)	(159.1)	-	(174.4)
Change in fair value of investment properties	55.2	22.8	-	78.0	32.1	5.3	-	37.4
Change in fair value of resident loans	(14.9)	-	-	(14.9)	(20.6)	-	-	(20.6)
Change in fair value of financial assets and derivative financial liabilities	-	-	-	-	-	-	4.1	4.1
Employee expenses	(19.1)	(7.4)	(12.9)	(39.4)	(18.8)	(3.8)	(9.3)	(31.9)
Marketing expenses	(11.7)	(2.7)	-	(14.4)	(7.8)	(2.6)	-	(10.4)
Occupancy expenses	(0.5)	-	(0.9)	(1.4)	(0.1)	(0.2)	(1.1)	(1.4)
Property expenses	-	(2.9)	-	(2.9)	-	(2.7)	-	(2.7)
Administration expenses	(8.4)	-	(3.9)	(12.3)	(5.7)	(1.1)	(4.0)	(10.8)
Other expenses	(18.0)	(1.9)	1.4	(18.5)	(4.2)	(3.5)	-	(7.7)
Finance costs	-	-	-	-	-	-	(3.0)	(3.0)
Share of net gain of equity-accounted investments	11.0	-	-	11.0	2.7	-	-	2.7
Profit/(loss) from continuing operations before income tax	**83.9**	**88.9**	**(16.1)**	**156.7**	**56.9**	**37.3**	**(12.7)**	**81.5**
Income tax (expense)	-	-	(39.1)	(39.1)	-	-	(21.2)	(21.2)
Profit/(loss) for the year	**83.9**	**88.9**	**(55.2)**	**117.6**	**56.9**	**37.3**	**(33.9)**	**60.3**
Non-controlling interests	-	-	(1.6)	(1.6)	**-**	**-**	**(2.3)**	**(2.3)**
Net profit/(loss) attributable to stapled security holders of the Group	**83.9**	**88.9**	**(56.8)**	**116.0**	**56.9**	**37.3**	**(36.2)**	**58.0**

Reconciliation of Underlying Profit to Segment Notes

FY16 ($m)	Underlying Profit	Change in Fair Value of Retirement Investment Properties	Share of Non-Operating Loss of Equity-accounted Investments	Recognition /(derecognition) of deferred tax asset	Freedom acquisition costs	Change in Fair Value of Non-Retirement Investment Properties	Gain from sale of non-retirement assets	Other	Statutory Result
Retirement									
Established Business	58.6	17.4	(0.4)	-	(11.3)	-	-	-	64.3
Development	19.3	-	-	-	-	-	-	-	19.3
Care and Support Services	2.0	-	-	-	-	-	-	-	2.0
Total Retirement	**79.9**	**17.4**	**(0.4)**	**-**	**(11.3)**	**-**	**-**	**-**	**85.6**
Total Non-Retirement	**55.1**	**-**	**-**	**-**	**-**	**22.8**	**7.1**	**4.0**	**89.0**
Group overheads and incentive scheme	**(15.2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15.2)**
EBITDA	**119.8**	**17.4**	**(0.4)**	**-**	**(11.3)**	**22.8**	**7.1**	**4.0**	**159.4**
Depreciation and amortisation	(2.7)	-	-	-	-	-	-	-	(2.7)
EBIT	**117.1**	**17.4**	**(0.4)**	**-**	**(11.3)**	**22.8**	**7.1**	**4.0**	**156.7**
Interest and borrowing expense	-	-	-	-	-	-	-	-	-
Profit before tax	**117.1**	**17.4**	**(0.4)**	**-**	**(11.3)**	**22.8**	**7.1**	**4.0**	**156.7**
Income tax	(26.3)	(5.3)	-	(0.8)	3.4	(6.8)	(2.1)	(1.2)	(39.1)
Profit after tax	**90.8**	**12.1**	**(0.4)**	**(0.8)**	**(7.9)**	**16.0**	**5.0**	**2.8**	**117.6**
Non-controlling interests	(1.8)	0.2	-	-	-	-	-	-	(1.6)
NPAT attributable to Aveo Group	**89.0**	**12.3**	**(0.4)**	**(0.8)**	**(7.9)**	**16.0**	**5.0**	**2.8**	**116.0**

Reconciliation of Retirement Segment Revenue to Segment Notes

	FY16 ($m)	FY15 ($m)	Change
Segment revenue			
Established Business	148.9	109.7	36%
Development	103.0	27.9	269%
Care and Support Services	12.3	12.2	1%
Total Retirement segment revenue (refer slide 21)	**264.2**	**149.8**	**76%**
Adjustments			
Established Business			
Sales Revenue – buyback sales	(38.4)	(23.4)	64%
Equity-accounted profits	(11.2)	(3.5)	220%
Other	(5.0)	(0.2)	nm
Development			
Development revenue	(103.0)	(27.9)	269%
Care and Support Services			
Equity-accounted profits	(0.2)	(0.3)	(33%)
Retirement revenue per segment note	**106.4**	**94.5**	**13%**

Interest Expense Reconciliation

	FY16 ($m)	FY15 ($m)	Change
Interest expense paid	**13.3**	**27.1**	**(51%)**
Less: Capitalised Interest			
Retirement			
Greenfield communities	(2.2)	-	100%
Non-Retirement			
Residential communities	(9.4)	(20.2)	(53%)
Residential apartments	(1.7)	(3.9)	(56%)
Total capitalised interest	**(13.3)**	**(24.1)**	**(45%)**
Net finance costs	**-**	**3.0**	**(100%)**
Add: Capitalised interest expenses in COGS			
Retirement	1.3	1.1	18%
Residential communities	36.2	27.0	34%
Residential apartments	21.1	5.2	306%
Commercial	-	0.1	(100%)
Total capitalised interest in COGS	**58.6**	**33.4**	**75%**
Finance costs including capitalised interest expensed in COGS	**58.6**	**36.4**	**61%**

Income Tax Reconciliation

	FY16 ($m)	FY15 ($m)	Change
Statutory profit from continuing operations before tax	156.7	81.5	92%
Less: Aveo Group Trust Contribution	(20.9)	(22.8)	(8%)
Corporation profit before tax	**135.8**	**58.7**	**131%**
Add: Other non-deductible Items (net of non-assessable items)	0.3	(1.9)	(116%)
Corporation adjusted taxable profit	**136.1**	**56.8**	**140%**
Tax expense	39.1	21.2	84%
Statutory effective tax rate[1]	25%	26%	3%
Underlying profit before tax	117.1	68.0	72%
Income tax expense	26.3	12.7	106%
Underlying effective tax rate	22%	19%	3%

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

Management Expenses

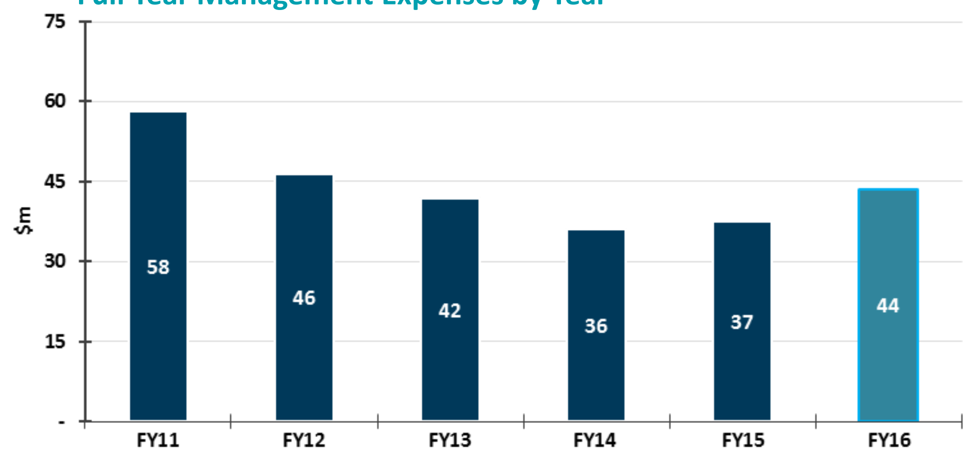
- Increases in FY16 to support growth in retirement activity and the acquisition of Freedom Aged Care
- Corporate costs marginally reduced from efficiencies introduced during FY16.

Management Expenses[1] by Category	FY16	FY15	Change
Employee expenses	$29.1m	$24.3m	20%
Occupancy expenses	$1.4m	$1.3m	8%
Administration expenses	$9.6m	$9.0m	7%
Other expenses	$3.4m	$2.9m	17%
Total	**$43.5m[2]**	**$37.5m**	**16%**

Management Expenses[1]	FY16	FY15	Change
Divisional management expenses	$32.9m	$26.4m	25%
Corporate expenses	$10.6m	$11.1m	(5%)
Total	**$43.5m[2]**	**$37.5m**	**16%**

[1] Management expenses excludes STI/LTI, sales and marketing related costs and property related costs.
[2] Total FY16 management expenses includes $4.6m in Freedom management expenses.

Full Year Management Expenses by Year



Appendices

Summary Statutory Balance Sheet

	FY16 ($m)	FY15 ($m)	Change
Assets			
Retirement			
Investment properties (refer slide 69)	3,179.3	2,490.9	28%
Equity-accounted investments	301.8	179.1	69%
Property, plant and equipment	19.9	14.7	35%
Intangibles	4.9	4.8	2%
Total Retirement	**3,505.9**	**2,689.5**	**30%**
Non-Retirement			
Inventories (refer slide 70)	275.3	431.0	(36%)
Investment properties/assets held-for-sale (refer slide 69)	151.5	123.8	22%
Property, plant and equipment	3.8	4.0	(5%)
Total Non-Retirement	**430.6**	**558.8**	**(23%)**
Cash/receivables/other	152.4	144.5	5%
Total assets	**4,088.9**	**3,392.8**	**21%**
Liabilities			
Resident loans and retirement deferred revenue	1,634.8	1,387.7	18%
Interest bearing liabilities	462.0	359.5	29%
Deferred tax	100.9	60.7	66%
Other liabilities (including payables, provisions, deferred revenue)	230.8	79.3	191%
Total liabilities	**2,428.5**	**1,887.2**	**29%**
Net assets	**1,660.4**	**1,505.6**	**10%**
NTA per stapled security	**$3.00**	**$2.85**	**5%**

Management Balance Sheet

	%	FY16 ($m)	%	FY15 ($m)	Change
Assets					
Retirement					
Retirement investment properties[1]		1,482.2		1,103.2	34%
Equity-accounted investments		301.8		179.1	69%
Property plant and equipment and intangibles		24.8		19.5	27%
Total Retirement	**81%**	**1,808.8**	**70%**	**1,301.8**	**39%**
Non-Retirement					
Commercial		191.0		179.3	7%
Residential communities		226.0		281.1	(20%)
Residential apartments		13.5		98.4	(86%)
Total Non-Retirement	**19%**	**430.5**	**30%**	**558.8**	**(23%)**
Total Retirement / Non-Retirement	**100%**	**2,239.3**	**100%**	**1,860.6**	**20%**
Other assets (including cash and trade receivables)		152.4		144.2	6%
Total assets		**2,391.7**		**2,004.8**	**19%**
Liabilities					
Interest bearing liabilities		462.0		359.5	29%
Derivative liabilities		-		1.8	(100%)
Deferred tax liabilities		100.9		60.7	66%
Other liabilities (including payables, and provisions)		168.4		77.2	118%
Total liabilities		**731.3**		**499.2**	**46%**
Net assets		**1,660.4**		**1,505.6**	**10%**

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

Retirement Management Balance Sheet

	FY16 ($m)	FY15 ($m)	Change
Established Business			
NPV of annuity streams	1,157.6	916.5	26%
Equity accounted investments	294.4	171.9	71%
Buyback units available for occupancy	43.7	24.5	78%
Total	**1,495.7**	**1,112.9**	**34%**
Development			
Investment property under construction	175.8	140.7	25%
Net development land acquired	5.0	-	100%
New units available for first occupancy	100.1	21.5	366%
Total	**280.9**	**162.2**	**73%**
Care and Support Services			
Equity accounted investments	7.4	7.2	**3%**
Property, plant and equipment and intangibles	24.8	19.5	27%
Total Retirement assets	**1,808.8**	**1,301.8**	**39%**

Investment Property Summary

	FY16 ($m)	FY15 ($m)	Change
Retirement			
NPV of annuity streams (refer slide 52)	1,157.6	916.5	26%
Investment properties under construction	175.8	140.7	25%
Development land acquired[1]	67.3	-	nm
New units available for first occupancy	100.1	21.5	366%
Buyback units available for occupancy	43.7	24.5	78%
Retirement net valuation	**1,544.5**	**1,103.2**	**40%**
Resident loans	1,519.4	1,290.5	18%
Deferred income net of accrued DMF	115.4	97.2	19%
Total Retirement Investment property	**3,179.3**	**2,490.9**	**28%**
Non-Retirement			
Investment properties	151.5	123.8	22%
Total investment properties per balance sheet	**3,330.8**	**2,614.7**	**27%**

[1] Includes $62.3m of deferred payments that were outstanding at 30 June 2016.

Non-Retirement Inventories Summary

	FY16 ($m)	FY15 ($m)	Change
Inventories			
Residential communities[1]	221.0	278.1	(21%)
Residential apartments[2]	13.3	97.4	(86%)
Commercial[3]	41.0	55.5	(26%)
Total Inventories	**275.3**	**431.0**	**(36%)**

[1] FY16 includes Point Cook, Rochedale, Peregian Springs, Ridges, Currumbin and Shearwater.
[2] FY16 includes Milton.
[3] FY16 includes Gasworks and Mackay.

	Residential Communities ($m)	Residential Apartments ($m)	Commercial ($m)	Total ($m)
Impairment				
Balance as at 30 June 2015	155.6	13.8	27.3	196.7
Amounts utilised in relation to pre 30 June 2013 impairments – effecting underlying profit after tax	-	(11.1)	-	(11.1)
Amount utilised in relation to 30 June 2013 impairments – effecting underlying profit after tax	(18.7)	(0.4)	(4.4)	(23.5)
Balance as at 30 June 2016	**136.9**	**2.3**	**22.9**	**162.1**

Movement in Net Tangible Assets per Security

	Net Tangible Assets ($m)	No. of Securities (m)	NTA per Security ($)
As at 30 June 2015	**1,466.0**	**514.2**	**2.85**
Statutory net profit	116.0	-	0.22
Other comprehensive income	0.5	-	-
Decrease in intangible assets[1]	0.8	-	-
Movements in reserves[2]	3.2	-	0.01
Provision for FY16 distribution	(43.5)	-	(0.08)
Issue of new securities[3]	83.6	28.0	-
Acquisition of treasury securities	(3.3)	(1.1)	-
Securities bought back	(0.7)	(0.2)	-
Employee incentive securities	0.5	0.2	-
As at 30 June 2016	**1,623.1**	**541.1**	**3.00**

[1] Principally software licences and bed licences .
[2] Acquisition of non-controlling interests and equity settled employee benefits.
[3] On 17 Feb 2016, the Group issued 28,038,108 ordinary stapled securities as consideration for the acquisition of shares in Freedom.

Appendices

Funds from Operations and Adjusted Funds from Operations

	FY16 ($m)	FY15 ($m)	Change
Underlying profit after tax	**89.0**	**54.7**	**63%**
Adjustments:			
Profit from equity-accounted investments	(11.4)	(3.8)	200%
Dividends from equity-accounted investments	0.1	-	100%
Depreciation	2.7	2.0	35%
Capitalised interest	(13.3)	(24.1)	(45%)
Capitalised interest Included in COGS	54.3	33.4	63%
Retirement Development: Profit adjustment on settled basis	(12.2)	(2.0)	510%
Amortisation of leasing incentives	1.6	1.0	50%
Deferred income tax expense	26.2	12.7	106%
Funds From Operations (FFO)[1]	**137.0**	**73.9**	**85%**
Derivative close out costs	-	(15.7)	(100%)
Retirement capex	(8.9)	(10.8)	(18%)
Non-Retirement leasing commissions, tenant incentives and maintenance capital expenditure	(3.7)	(1.6)	131%
Adjusted Funds From Operations (AFFO)[1]	**124.4**	**45.8**	**172%**

[1] FFO and AFFO reflect Property Council of Australia guidelines.

Distributions

- As announced to the ASX on 14 June 2016, the distribution from the Trust will be 8 cps for $43.5m
- Distribution will be paid in September 2016
- FY16 distribution is in line with policy of distributing between 40%-60% of underlying profit after tax
- FY17 guidance of a full year distribution of 9 cps , an increase of 13% on the FY16 distribution of 8 cps (no interim distribution will be paid)

	FY16 ($m)	FY15 ($m)	Change
Underlying Profit After Tax	**89.0**	**54.7**	**63%**
Funds from operations[1]	137.0	73.9	85%
Adjusted funds from operations[1]	124.4	45.8	172%
Distribution declared	43.5	25.7	69%
Distribution as a % of UPAT	49%	47%	2%
Distribution as a % of FFO	32%	35%	(3%)
Distribution as a % of AFFO	35%	56%	(21%)

[1] FFO and AFFO for reflect Property Council of Australia guidelines.

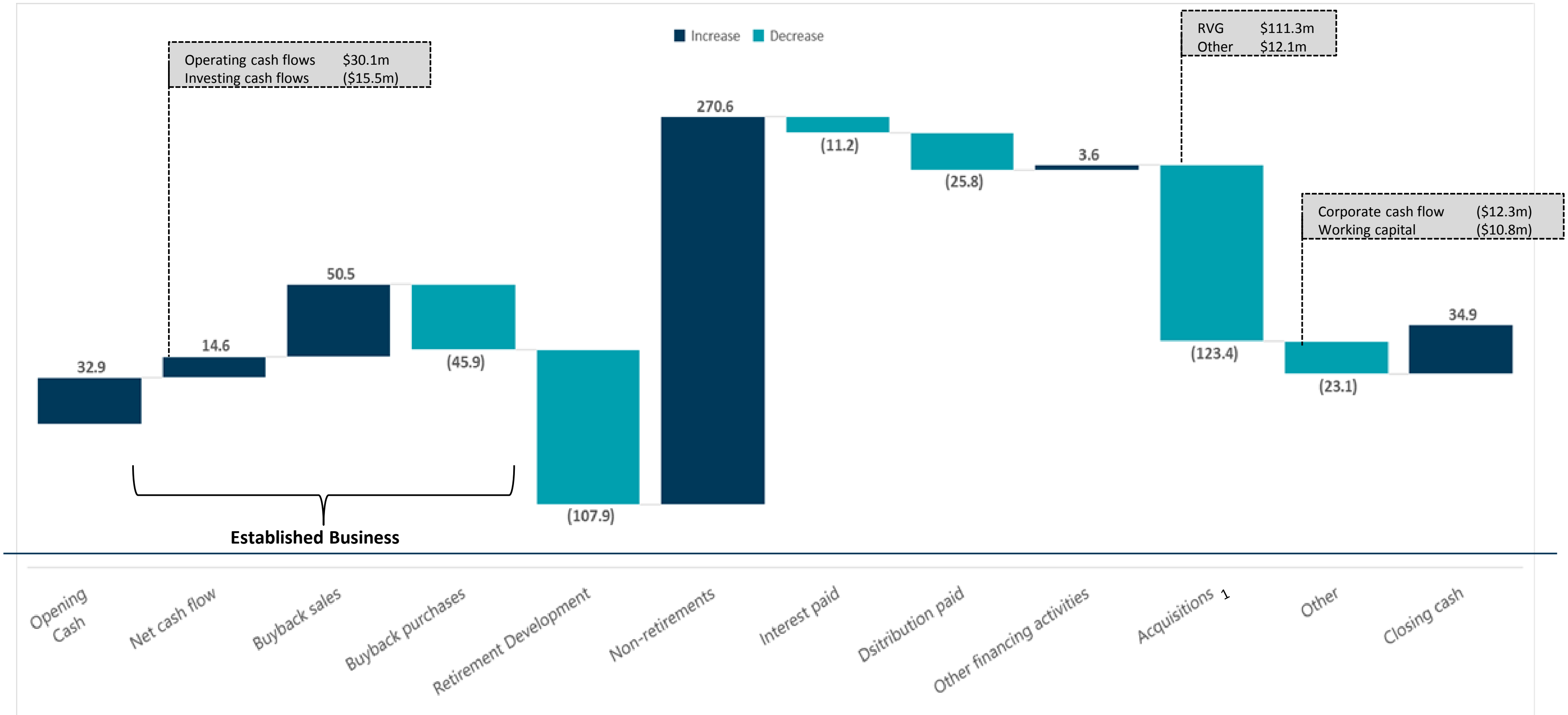
Summary of Debt Facilities

Net Debt	FY16 ($m)	FY15 ($m)	Change ($m)
Interest Bearing Liabilities[1]	462	359	29%
Less: Vendor Finance and Leases	--	(1)	100%
Total Debt Facilities Drawn	**462**	**358**	**29%**
Less: Cash at Bank[3]	(31)	(31)	-
Less: The Milton 50% Project Finance	--	(47)	100%
Net Debt	**431**	**280**	**54%**

[1] Excludes Bank Guarantees.
[2] Undrawn facilities are dependent upon having sufficient security.
[3] Adjusted for 50% The Milton cash at bank.

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	**462**	
% Drawn	74%	
Undrawn[2]	**163**	

Cash Flow Reconciliation ($m)



1. Excludes the acquisition of Freedom Aged Care as it was settled in shares and cash from our facility.

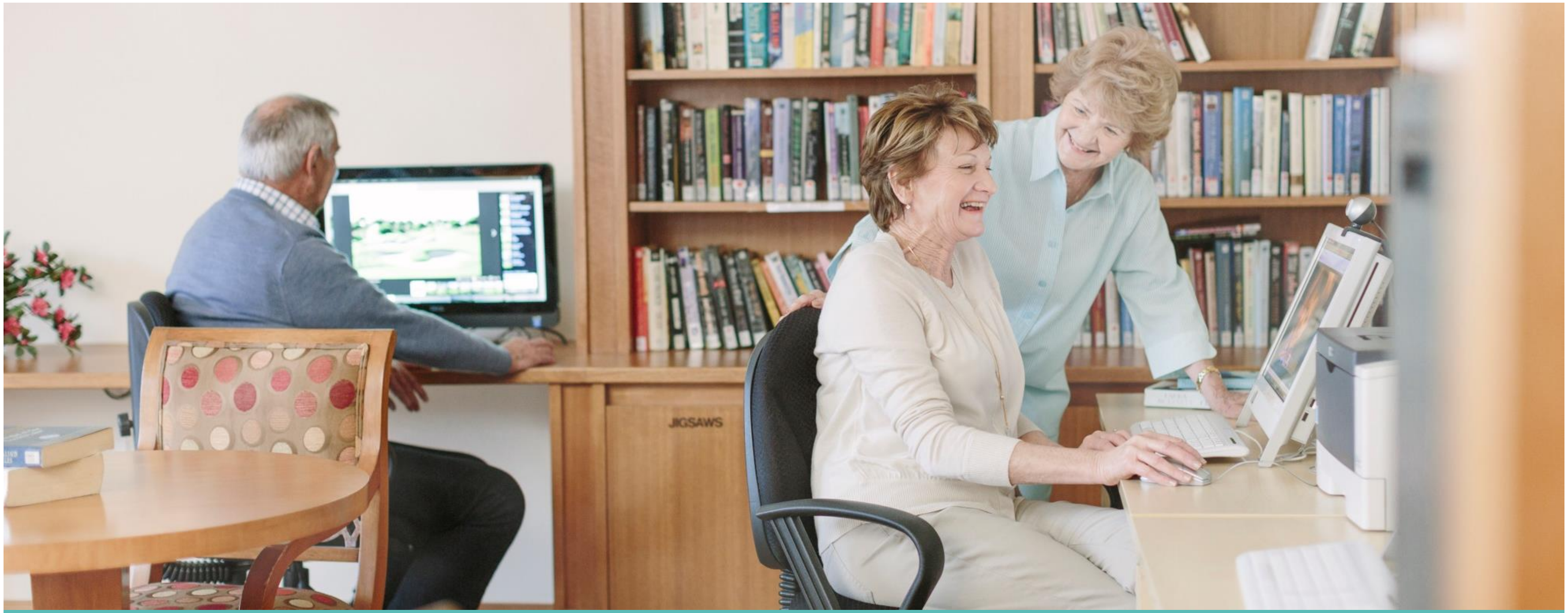
Financial Covenants

- All financial covenants met

Covenant		FY16	Required
Aveo Group Syndicated Facility			
Established Business, Care and Support Services and unallocated overheads to interest expense (12 months rolling)	**Retirement ICR (Core)[1]**	3.0x	$\geq$ 2.0x
EBITDA to interest expense of the consolidated group (12 months rolling)	**Interest Cover**	9.0x	$\geq$ 1.5x
Total assets less cash and resident loans / net debt	**Gearing Ratio**	17.4%	$\leq$ 30%
Aveo Healthcare Facility			
Total assets less cash and resident loans / Bank debt less cash	**Gearing Ratio**	17.1%	$\leq$ 30%
EBIT (adjusted for fair value of assets and resident loans) / Finance Charges	**Interest Cover**	2.1x	$\geq$ 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.

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

Appendix viii. Equity Raise Information

Financial Summary

	FY16	FY15	FY14
Net profit/(loss) attributable to securityholders	$116.0m	$58.0m	$26.1m
Underlying net profit after tax[1]	$89.0m	$54.7m	$42.1m
Total assets	$4,088.9m	$3,392.8m	$3,269.8m
Total debt	$462.0m	$359.5m	$344.6m
Total equity	$1,660.4m	$1,505.6m	$1,429.5m
Reported gearing[2]	17.4%	13.8%	15.8%
Market capitalisation	$1,722.0m	$1,326.7m	$1,030.2m
Security price at year end	$3.17	$2.58	$2.06
Reported earnings per security	22.1c	11.6c	5.9c
Underlying earnings per security	17.0c	10.9c	9.5c
Dividends and distributions paid	$43.5m	$25.8m	$20.0m
Dividends and distributions per security	8.0c	5.0c	4.0c
Net tangible assets per security	$3.00	$2.85	$2.78

[1] Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with AICD/Finsia principles of recording underlying profit.
[2] Measured as net debt divided by total assets net of cash and resident loans.

FY17 Calendar

Date	Event	Location
17 August	FY16 Results Announcement @ 10.30am	Sydney
18-19 August	Private Roadshow	Sydney
22-23 August	Private Roadshow	Melbourne
12-16 September	Private Roadshow	USA, UK
16 November	Annual General Meeting	Sydney
15 February	HY17 Results Announcement @ 10.30am	Sydney

Glossary

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
FFO	Funds From Operations
Gross Profit	Revenue less cost of goods sold
ICR	Interest Cover Ratio

Term	Definition
ILU	Independent Living Unit
Institutional Placement	The proposed placement of Aveo Group Stapled Securities referred to on page 8
Joint Lead Managers	Morgan Stanley Australia Securities Limited, Morgans Corporate Limited and Sun Hung Kai Investment Services Limited
New Securities	New Aveo Group Stapled Securities to be issued under the Institutional Placement
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
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
RVG Securities	Stapled securities in RVG comprising a share in Retirement Villages Australia Limited, a share in RVNZ Investments Limited and a unit in Retirement Villages Trust
SA	Serviced Apartment
STI / LTI	Short term incentive / Long term incentive
UPAT	Underlying Profit After Tax

Appendices

Selling Restrictions for Foreign Jurisdictions

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Stapled Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

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

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Stapled Securities have not been and will not be offered or sold in Hong Kong other than to “professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Stapled Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The issuer is not authorised or recognised by the MAS and the New Stapled Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Stapled Securities may not be circulated or distributed, nor may the New Stapled Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Stapled Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Selling Restrictions for Foreign Jurisdictions

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Stapled Securities.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Stapled Securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Stapled Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Group.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Netherlands and **Belgium**

The information in this document has been prepared on the basis that all offers of New Stapled Securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Stapled Securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

Selling Restrictions for Foreign Jurisdictions

Switzerland

The New Stapled Securities may not be distributed in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Stapled Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Stapled Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Stapled Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of New Stapled Securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Stapled Securities.

This document is personal to the recipient only and not for general circulation in Switzerland.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Stapled Securities may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Key Investment Risks

There are a number of factors which may have an impact on the future performance of Aveo Group. An investment in Aveo Group has risks which are associated with the operations and performance of Aveo Group and investing in listed securities. The future level of distributions, the value of assets and the market value of securities quoted on the ASX may be influenced by any or all of these risk factors and many of the circumstances giving rise to these risks are beyond the control of Aveo Group.

This section details some of the major risks of which potential investors should be aware, but the risks in this section are not exhaustive of the risks faced by a potential investor in Aveo Group. If any of these risks materialise, securityholders may lose all or part of their investment and/or the distributable income of Aveo Group may be lower. Potential investors should consider carefully the risks described in this section, as well as other information in this presentation, and consult their financial or other professional adviser before making an investment decision.

1. General market risk

Investors should be aware that the market price of Aveo Group Securities and the future distributions made to securityholders will be influenced by a number of factors that are common to most listed investments including:

a) the Australian and international economic outlook and recent volatility in world markets especially in US, Europe, UK and Asia and the impact on Australia and its financial systems;

b) movements in the general level of prices on international and local stock markets;

c) ability to continue to access debt and equity in the current environment;

d) changes in economic conditions including inflation and interest rates;

e) changes in government fiscal, monetary and regulatory policies; and

f) the demand for listed securities.

2. Risks specific to Aveo Group

2.1 Institutional Placement completion risk

The underwriter of the Institutional Placement have the right to terminate their obligations in certain circumstances. There is a risk that if the underwriter terminates their obligations and the Institutional Placement proceeds are insufficient to pay the amount due by Aveo Group in respect of the purchase of the balance if the RVG Securities it does not already own. In this circumstance Aveo Group will need to draw down on its banking facilities to meet those obligations.

2.2 *Refinance risk*

Aveo Group's ability to refinance its debt facilities as they fall due will depend upon market conditions and Aveo Group operating performance. Changes in the availability and cost of debt will impact Aveo Group earnings and its ability to conduct its operating activities.

2.3 Retirement market conditions

Aveo Group earnings and cash flows from Deferred Management Fees (DMF) and capital gains are affected by movements in the underlying prices of the retirement village units. Retirement village pricing is generally correlated with residential housing as retirees usually sell their principal residence to pay the upfront price of the occupation right for their retirement home. Consequently, the risks affecting the residential property market are relevant for the Aveo Group retirement operations. Specific risks include:

- a reduction in market prices for established residential housing may reduce the value realised by customers from the sale of their property and affect their capacity to purchase a retirement village unit. This could be expected to reflect in a slower take-up of retirement village units and lower prices for these units; and
- changes in the discount rates or property price growth assumptions that are considered appropriate by professional valuers in response to changes in market conditions.

2.4 Competition

Increased competition between retirement villages to levels not currently expected could adversely impact sales rates, DMF arrangements and/or capital growth rates for villages in the Aveo Group portfolio. In relation to the DMF arrangements, the structure which Aveo Group currently offers to incoming residents may be eroded by competitors offering lower DMF, a greater portion of the capital gains or a longer accrual period. Aveo Group may be forced to amend its DMF structure to remain competitive or by regulation which may reduce future earnings and cash flows.

Key Investment Risks

2.5 Unsold stock

Aveo Group retirement villages include a level of existing and recently constructed unsold development stock. As at 30 June 2016, vacant units comprised 8% of the total number of units in Aveo Group owned villages (excluding new units less than 12 months old). There is a risk that these units will not be sold to new residents at the rate assumed and Aveo Group earnings and cash flows may be reduced as a result.

2.6 Resident turnover

The DMF model requires the purchase of units by incoming retirement village residents to crystalise the entitlement of Aveo Group to DMF and capital gains. If resident turnover reduces, this will delay the collection of cash by Aveo Group and may adversely impact operating cash flow and the value of the Aveo Group portfolio.

2.7 Resident preferences

Changes in community attitudes and retirement village resident preferences may reduce the demand for retirement village units of the type offered by Aveo Group in the locations in which Aveo Group conducts business. Aveo Group may need to refurbish its existing villages to meet changing consumer demand, which may involve considerable costs, or alter the DMF payment structure offered.

2.9 Licensing

Aveo Group requires a number of licences to operate its business. Some of those businesses must also employ persons with certain specific skills or related licences to maintain the licences. If any such person ceased to be employed by Aveo Group, it may result in Aveo Group experiencing difficulty in maintaining one or more of the licences necessary for the operation of one or more of its businesses.

2.10 Reputation

Aveo Group operates in a commercially sensitive market and relies on a wide range of people to deliver a substantial part of its services. Its operations and profits could be adversely affected should the industry suffer from any adverse publicity or if Aveo Group, in particular, is affected by any inappropriate activity or village structure or health issues in any of its villages.

2.11 *Creditor / Counter party risk*

Aveo Group has dealings with many parties across a broad spectrum of activities. There are risks that, notwithstanding appropriate safeguards, these parties may experience financial distress or suffer difficulties that may result in financial loss to Aveo Group.

2.12 *Property Market condition risk*

Aveo Group's operating cash flow is influenced by, amongst other things, residential land sales to builders, home owners and investors, and commercial development sales to professional investors and institutions. A sustained downturn in the economic climate has the potential to reduce or delay Aveo Group's cash flow receipts from, among other things, sales of residential and commercial real estate. Timing and volume of sales are particularly dependent on prevailing market conditions. Delays in cash flows could adversely impact Aveo Group's ability to fund its operations and may impact Aveo Group's ability to comply with its debt obligations and covenants.

2.13 Occupational Health and Safety (OH&S) risk

Work practices resulting in fatality and/or serious injury or a failure to comply with the necessary OH&S regulatory requirements could result in damage to Aveo Group's reputation, fines, penalties and compensation for damages as well as poor employee morale and industrial action.

2.14 Unexpected capital expenditure

Aveo Group properties may require significant unforeseen capital expenditure, which may not be able to be recovered from residents or tenants.

2.15 Litigation

Involvement in a material piece of litigation may adversely affect the operational and financial result of Aveo Group.

Key Investment Risks

2.16 Development and planning risks

As part of its business, Aveo Group undertakes green fields and brown fields development of aged care facilities. Generally, property developments have a number of risks including:

- the risk that planning consents and regulatory approvals are not obtained or, if obtained, are received later than expected, or are not properly adhered to;
- development costs escalating beyond those originally anticipated;
- project delays due to factors beyond the control of Aveo Group; and
- a contractor or sub-contractor not performing their role or breaches their contract.

In addition, changes in local, state and federal government regulations and policies concerned with government land development, tenancy laws and delays in the granting of approvals or registration of subdivision plans, may affect the amount and timing of the future profits of Aveo Group.

Although some of these risks can be mitigated, it is not possible to remove entirely the risks inherent in property development.

3. General business risk

Securityholders will be exposed to risks associated with Aveo Group business activities. The price at which Aveo Group Securities will trade on the ASX will be affected by the stock market participants' view of these risks. These risks include:

3.1 Business strategy risk

The failure of Aveo Group to deliver on or to effectively execute its targeted strategy or its failure to redefine its strategy to meet changing market conditions could result in a decline in security prices and a reduction in profits.

3.2 Availability of debt and equity

In the current global economic environment, debt and equity is being rationed and may not be available as and when required.

3.3 Environmental risk

The discovery of, or incorrect assessment of costs associated with, environmental contamination on any of the Aveo Group projects could have an adverse effect on the profitability and timing of receipt of revenue from that project. The Aveo Group practice is to undertake environmental due diligence on any property before acquisition.

3.4 Climate change and climatic conditions

Aveo Group could be adversely impacted by a loss of market share if building designs are not addressing community expectations or matching competitor products on sustainability issues.

Prolonged adverse weather conditions may result in delays in construction or marketing thereby deferring recognition of revenue and profit.

3.5 Industrial disputes

Industrial disputes can affect the supply of building materials or delay scheduled completion dates. This may impact Aveo Group profits.

3.6 Regulatory risk

Aveo Group operates in a highly regulated environment and is subject to a range of industry specific and general legal and other regulatory controls (including Australian financial services licensing requirements and legislation relating specifically to the Australian retirement village industry). Regulatory breaches may affect the operational and financial performance of Aveo Group, through penalties, liabilities, restrictions on activities and compliance and other costs.

In addition, changes in local, state and federal government regulations and policies concerned with government land development, first home buyer assistance, tenancy laws and delays in the granting of approvals or registration of subdivision plans, may affect the amount and timing of the future profits of Aveo Group.

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Key Investment Risks

3.7 Taxation

Future changes in taxation law in Australia and in other jurisdictions in which Aveo Group operates, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may affect taxation treatment of an investment in New Securities, or the holding or disposal of those Aveo Group Securities, or impact Aveo Group's future tax liabilities.

In the event that the ultimate ownership of Aveo Group changes, Aveo Group's ability to carry forward and utilise tax losses may be affected. If Aveo Group fails to satisfy the 'continuity of ownership' or 'same business' tests, tax losses otherwise available to Aveo Group may be forfeited which could result in tax payable, together with the generation of franking credits.

Aveo Group Trust, under current income tax legislation, is generally not liable for Australian income tax on any net (taxable) income, including capital gains tax, provided Aveo Group Trust has distributable income to which unitholders are presently entitled. Should the actions or activities of the Aveo Group Trust or its controlled entities cause the trust to fall within the operative provisions of Division 6C of the Income Tax Assessment Act 1936 (Cth), the trust may be subject to tax on its net income. It is the intention of the Directors of the trustee of Aveo Group Trust that it will be managed so that Division 6C will not apply.

3.8 Human resources

Whilst Aveo Group makes every effort to retain key management personnel, there can be no guarantee that it will be able to do so. Any loss of key management personnel could adversely affect Aveo Group's business, results of operations or financial condition and performance.

3.9 Accounting standards

Accounting standards may change from time to time. This may affect the reported earnings of Aveo Group and financial position from time to time.

3.10 Dividends and distributions

Aveo Group's future dividend, distribution and franking levels will be determined by the Directors having regard to the operating results and financial position of Aveo Group.

3.11 Technology

Technology plays an important role in the delivery of services to customers in a cost effective manner. Aveo Group's ability to compete effectively in the future will, in part, be driven by its ability to maintain an appropriate technology platform for the efficient delivery of its products and services.

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Important Information and Disclaimer

Not for distribution or release in the United States

This presentation is issued by Aveo Group, which consists of Aveo Group Limited ACN 010 729 950 and Aveo Group Trust ARSN 099 648 754, of which Aveo Funds Management Limited ACN 089 800 082 is the responsible entity. Stapled securities in Aveo Group consist of one share in Aveo Group Limited and one unit in Aveo Group Trust, stapled together (**Aveo Group Securities**).

Purpose of presentation

This presentation is in relation to a placement (**Placement**) of new stapled securities in Aveo Group (**New Securities**) to be made under sections 708A and 1012DA of the Corporations Act 2001 (Cth) (**Corporations Act**). Aveo Group reserves the right to vary the dates of the Placement or to withdraw the Placement without prior notice.

Summary information

This presentation contains summary information about Aveo Group and its subsidiaries and their activities current as at 17 August 2016. The information in this presentation is general in nature and does not purport to be complete or to provide all information that an investor should consider when making an investment decision. It has been prepared by Aveo Group with due care but no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information.

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Aveo Group is not responsible for updating, nor undertakes to update, this presentation. The information in this presentation should be read in conjunction with Aveo Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Items depicted in photographs and diagrams are not assets of Aveo Group, unless stated.

Not financial product advice

This presentation is for information purposes only for professional investors, sophisticated investors and wholesale clients (as those terms are defined in the Corporation Act. It is not a prospectus, product disclosure statement or other offer document under Australian law or the law of any other jurisdiction. This presentation is not financial product or investment advice, a recommendation to acquire New Securities or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Aveo Group is not licensed to provide financial product advice in respect of an investment in Aveo Group. Cooling off rights do not apply to the acquisition of New Securities.

Financial data

All dollar values are in Australian dollars ($ or A$) unless stated otherwise. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Past performance

Past performance and pro-forma financial information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Aveo Group's views on its future financial performance or condition. Investors should note that past performance of Aveo Group, including the historical trading price of the Aveo Group Securities, cannot be relied upon as an indicator of (and provides no guidance as to) future Aveo Group performance, including the future trading price of Aveo Group Securities. The historical information included in this presentation is, or is based on, information that has previously been released to the market.

Future performance

This presentation contains certain 'forward-looking statements'. Forward-looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. The forward-looking statements in this presentation include statements regarding the outcome of the Placement and the use of the proceeds therefore, Aveo Group's future strategies. Any forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Aveo Group, including the risks and uncertainties described in the 'Key Investment Risks' section of this presentation. This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends, distributions and other estimates. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of Aveo Group's business strategies.

The success of any of these strategies is subject to uncertainties and contingencies beyond Aveo Group's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, Aveo Group assumes no obligation to update these forward-looking statements.

To the maximum extent permitted by law, Aveo Group (including its subsidiaries), the Joint Lead Managers and their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents, associates, representatives and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions; and
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in forward-looking statements;
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Investment risk

An investment in New Securities is subject to investment and other known and unknown risks, some of which are beyond the control of Aveo Group. Aveo Group does not guarantee any particular rate of return or the performance of Aveo Group, nor does it guarantee the repayment of capital from Aveo Group or any particular tax treatment. Readers should have regard to the risks outlined in the 'Key Investment Risks' section of this presentation.

Not an offer

This presentation is not and should not be considered as an offer or an invitation to acquire New Securities or any other financial product and does not and will not form any part of any contract for the acquisition of New Securities.

Foreign jurisdictions

Please see Appendix 8 - Selling restrictions for foreign jurisdictions.

Advisers

None of the Joint Lead Managers and any of their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents, associates, representatives and advisers or Aveo Group's other advisers (**Parties**) have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation, make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. The Parties, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this presentation. No Party guarantees the repayment of capital or any particular rate of income or capital return. Readers, to the maximum permitted by law, that they will not seek to sue or hold the Parties liable in any respect in connection with this presentation.

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Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this document you acknowledge and agree to the terms set out above.

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