



NOTICE OF MEETINGS

Annual General Meeting of Aveo Group Limited and General Meeting of Unitholders of Aveo Group Trust

Aveo Group Limited ABN 28 010 729 950
Aveo Funds Management Limited ABN 17 089 800 082
AFSL No. 222273 as Responsible Entity for
Aveo Group Trust ARSN 099 648 754

Notice is hereby given that the Annual General Meeting of shareholders of Aveo Group Limited (**Company**) will be held in conjunction with a General Meeting of unitholders of Aveo Group Trust (**Trust**) (together, **Aveo Group**). The meetings will be held on:

Date: Wednesday, 16 November 2016
Time: 10.00am (Sydney time)
Place: Intercontinental Hotel,
117 Macquarie Street, Sydney, NSW



Business

Financial Statements and Report

As required by section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Annual Financial Report, including the Directors' Report and Financial Statements for the year ended 30 June 2016, together with the Independent Auditor's Report, will be laid before the meetings. The combined reports of the Company and the Trust for the year ended 30 June 2016 will also be laid before the meetings. No resolution is required for this item of business.

Election of Directors

To consider and, if thought fit, to pass the following ordinary resolutions:

1. 'That Mr Eric Lee, who retires by rotation in accordance with clause 10.3 of the Company's Constitution, is re-elected as a director.'
2. 'That Mr Jim Frayne, who retires by rotation in accordance with clause 10.3 of the Company's Constitution, is re-elected as a director.'

Remuneration Report (Non-Binding Resolution)

To consider and, if thought fit, to pass the following ordinary resolution:

3. 'That for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report for the year ended 30 June 2016 be adopted.'

The Remuneration Report is set out on pages 25 to 37 of the 2016 Annual Report. Please note that the vote on this resolution is advisory only, and does not bind the directors of Aveo Group.

Voting Exclusion Statement

Aveo Group will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting exclusions' on pages 4 and 5 of this Notice of Meetings.

Approval of the issue of Short Term Incentive Deferred Securities to the Executive Director under the Aveo Group Short Term Incentive Plan

To consider, and if thought fit, to pass the following as an ordinary resolution:

4. 'That for the purpose of the Corporations Act, ASX Listing Rules, and for all other purposes, the issue of 101,056 Short Term Incentive Deferred Securities to Geoffrey Grady in accordance with the Aveo Group Short Term Incentive Plan, details of which are set out in the Explanatory Notes to this Notice of Meetings, be approved.'

Voting Exclusion Statement

Aveo Group will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting exclusions' on pages 4 and 5 of this Notice of Meetings.

Approval of the issue of Performance Rights to the Executive Director in accordance with the Aveo Group Performance Rights Plan under the Aveo Group Long Term Incentive Plan

To consider, and if thought fit, to pass the following as an ordinary resolution:

5. 'That for the purpose of the Corporations Act, ASX Listing Rules and for all other purposes, the issue of 114,353 Performance Rights to Geoffrey Grady in accordance with the Aveo Group Performance Rights Plan under the Aveo Group Long Term Incentive Plan, details of which are set out in the Explanatory Notes to this Notice of Meetings, be approved.'

Voting Exclusion Statement

Aveo Group will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting exclusions' on pages 4 and 5 of this Notice of Meetings.

Ratification of Placement of Stapled Securities to Ilwella Pty Ltd and Aspire Team Management Pty Limited as trustee for Aspire Aged Care Trust (formerly known as Freedom Team Management Pty Ltd as Trustee for the Freedom Aged Care Trust)

To consider, and if thought fit, to pass the following as an ordinary resolution:

6. 'That for the purpose of ASX Listing Rule 7.4, and for all other purposes, the previous issue of 28,038,108 stapled securities to Ilwella Pty Ltd and Aspire Team Management Pty Limited as trustee for Aspire Aged Care Trust (formerly known as Freedom Team Management Pty Ltd as Trustee for the Freedom Aged Care Trust), as announced by Aveo Group in February 2016, details of which are set out in the Explanatory Notes to this Notice of Meeting, be approved.'

Voting Exclusion Statement

Aveo Group will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting exclusions' on pages 4 and 5 of this Notice of Meetings.

Ratification of Placement of Stapled Securities to Institutional Investors

To consider, and if thought fit, to pass the following as an ordinary resolution:

7. 'That for the purpose of ASX Listing Rule 7.4, and for all other purposes, the previous issue of 37,091,988 stapled securities to institutional investors, announced by Aveo Group in August 2016, details of which are set out in the Explanatory Notes to this Notice of Meeting, be approved.'

Voting Exclusion Statement

Aveo Group will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting exclusions' on pages 4 and 5 of this Notice of Meetings.

Financial Assistance for Freedom and RVG acquisitions

8. To consider, and if thought fit, to pass the following as a special resolution:

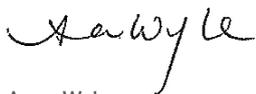
'That, in accordance with section 260B(2) of the Corporations Act 2001 (Cth), the Company approves each Acquired Company, giving financial assistance in connection with the Freedom Acquisition and RVG Acquisition described in the Explanatory Notes.'

Please note that this is a special resolution, which requires the approval of at least 75% of the votes cast by members entitled to vote on the resolution. Capitalised terms used in this resolution and defined in the Explanatory Note have the same meaning as in the Explanatory Note.

Other Business

To transact any other business which may legally be brought before the meetings.

Explanatory Notes accompany and form part of this Notice of Meetings and securityholders should read this document in full.



Anna Wyke
Company Secretary
14 October 2016

Notes

Voting exclusions

The Corporations Act and the ASX Listing Rules require that certain persons must not vote, and Aveo Group must disregard any votes cast by certain persons, on some of the resolutions to be considered at the meetings.

For the purpose of these voting exclusions:

- The **Key Management Personnel (KMP)** of Aveo Group are those persons having authority and responsibility for planning, directing and controlling the activities of Aveo Group either directly or indirectly. It includes all directors (executive and non-executive) and selected members of the management team. The KMP of Aveo Group during the financial year ended 30 June 2016 are listed in section 1.1 of the Remuneration Report set out in the 2016 Annual Report.
- A **Closely Related Party (CRP)** of a member of the KMP means:
 - a spouse or child of the member;
 - a child of the member's spouse;
 - a dependant of the member or of the member's spouse;
 - anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with Aveo Group; or
 - a company the member controls.
- The relevant interpretation of **associate** is in accordance with the ASX Listing Rules.

Voting exclusion statement resolutions 4, 5, 6 & 7

However, for the purposes of resolutions 4, 5, 6 and 7 and in accordance with ASX LR14.11, Aveo Group will not disregard a vote cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decided.

For further information, please see the instructions provided on page 6 of the Explanatory Notes on how to vote and voting by proxy.

For further details in relation to which votes will be disregarded are provided in the table on page 5.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that Aveo Group disregards.

Notes

These voting exclusions are described in the table set out below.

| Resolution No. | Resolution description | Who is excluded from voting on the resolution? | | |
|----------------|--|--|--|---|
| | | As a shareholder? | As holder of a directed proxy? | As holder of an undirected proxy? |
| 1 and 2 | Election of Directors | No exclusions | No exclusions | No exclusions |
| 3 | Remuneration Report | KMP named in the Remuneration Report and their CRP | Proxy holder for KMP named in the Remuneration Report or their CRP | Proxy holder for KMP named in the Remuneration Report or their CRP Proxy holder who is a KMP or a CRP of a KMP (subject to Note 1 below) |
| 4 and 5 | Approval of the Issue of Performance Rights and Short Term Incentive Deferred Securities to the Executive Director | Mr Geoff Grady and his associates (Excluded Persons for the purposes of Resolutions 4 and 5) | Proxy holder for any Excluded Person | Proxy holder for any Excluded Person Proxy holder who is an Excluded Person (subject to Note 2 below) Proxy holder who is a KMP or a CRP of a KMP (subject to Note 1 below) |
| 6 | Ratification of Placement to Ilwella Pty Ltd and Aspire Team Management Pty Limited as trustee for Aspire Aged Care Trust (formerly known as Freedom Team Management Pty Ltd as Trustee for the Freedom Aged Care Trust) | Ilwella Pty Ltd, Freedom Team Management Pty Ltd as trustee for the Freedom Aged Care Trust and any of their associates (Excluded Persons for the purposes of Resolution 6) | Proxy holder for any Excluded Person | Proxy holder for any Excluded Person. Proxy holder who is an Excluded Person (subject to Note 2 below) |
| 7 | Ratification of Placement to Institutional Investors | Any person who participated in the Placement and any of their associates. (Excluded Persons for the purposes of Resolution 7) | Proxy holder for any Excluded Person | Proxy holder for any Excluded Person. Proxy holder who is an Excluded Person (subject to Note 2 below) |
| 8 | Financial assistance for Freedom and RVG acquisitions | No exclusions | No exclusions | No exclusions |

Note 1: The chair of the meeting (the **Chair**) will be entitled to vote an undirected proxy if the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Note 2: The Chair will be entitled to vote an undirected proxy if the proxy appointment includes a direction to vote as the proxy decides.

Explanatory Notes

Annual General Meeting of Aveo Group Limited and Meeting of Unitholders of Aveo Group Trust

These Explanatory Notes have been prepared to assist securityholders to understand the business to be put to securityholders at the meetings detailed in the accompanying notice.

How to vote

Determination of securityholders' Right to Vote

For the purpose of ascertaining voting entitlements at the meetings, persons who are registered holders of securities as at 7.00 pm (Sydney time) on Monday, 14 November 2016 will be voting members. This means that if you are not the registered holder of securities at that time, you will not be entitled to attend and vote in respect of those securities at the meetings.

Voting in Person

Individual securityholders may attend and vote in person at the meetings. Corporate securityholders may appoint an individual to act as their representative to vote at the meetings, in accordance with section 250D of the Corporations Act.

If you wish to attend the meetings, please arrive 20 minutes before the start of the meetings and bring the enclosed proxy form to the meetings, to assist in registering your attendance and number of votes.

Voting by Proxy

Securityholders who do not wish to attend the meetings may appoint a proxy to attend and vote on their behalf. A proxy need not be a securityholder.

Securityholders are entitled to appoint up to two proxies to attend the meetings and vote on their behalf. If you wish to appoint a second proxy, you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise all available votes in favour of the relevant resolution.

To be valid, your proxy form must be received no later than 10.00am (Sydney time) on Monday, 14 November 2016 (being 48 hours before commencement of the meetings). Further details in relation to voting by proxy are contained on the enclosed proxy form.

Resolutions

Both ordinary and special resolutions are to be considered at the meetings. To validly pass an ordinary resolution, more than 50% of the votes cast by securityholders entitled to vote on the resolution must be in favour of the resolution. To validly pass a special resolution, at least 75% of the votes cast by securityholders entitled to vote on the resolution must be in favour of the resolution.

FINANCIAL STATEMENTS AND REPORTS

Pursuant to the Corporations Act, the directors of a public company that is required to hold an annual general meeting must table the financial statements and reports (including the directors' report and auditor's report) for the previous year, before its securityholders at that annual general meeting.

The Financial Report, Directors' Report and Auditor's Report for Aveo Group, the Company and the Trust for the year ended 30 June 2016 will be laid before the meetings. There is no requirement for securityholders to approve those reports. However, the Chairman will allow a reasonable opportunity for securityholders to ask questions or make comments about those reports and the management of Aveo Group. Securityholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the meeting, written questions to the auditor about the content of the Auditor's Report or the conduct of the audit must be submitted no later than Wednesday, 9 November 2016 to:

The Company Secretary
Aveo Group
Level 5, 99 Macquarie Street
Sydney NSW 2000
Facsimile: (02) 9270 6199
Email: anna.wyke@aveo.com.au

A list of any relevant written questions received will be made available to securityholders attending the meetings. The auditor will either answer the questions at the meetings or table written answers to them at the meetings. If written answers are tabled at the meetings, they will be made available to securityholders as soon as practicable after the meetings.

Securityholders have been provided with all relevant information concerning the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2016. A copy of the Annual Report has been forwarded to each securityholder who has elected to receive a paper copy of the Annual Report. Any securityholder who has not made this election and now wishes to receive a paper copy of the Annual Report should contact our registry, Computershare Investor Services on 1300 658 814 (within Australia) or +61 3 9415 4316 (outside Australia). The Annual Report can also be viewed, printed and downloaded from the Aveo Group website www.aveo.com.au.

RESOLUTIONS 1 AND 2: ELECTION OF DIRECTORS

Resolutions 1 and 2 relate to the election of directors.

Mr Eric Lee and Mr Jim Frayne were last re-elected as directors at the annual general meetings held on 1 November 2013 and 12 November 2014 respectively.

Under the ASX Listing Rules and the Company's Constitution, a director must not hold office without re-election past the third annual general meeting following the director's appointment, or three years, whichever is longer. Further, under the Company's Constitution, at each annual general meeting one-third of the directors (or, if their number is not three nor a multiple of three, then the number nearest to one-third of all directors, excluding any directors who have been appointed since the previous annual general meeting) must retire from office.

A director who retires in accordance with these requirements is eligible for re-election. Accordingly, Messrs Eric Lee and Jim Frayne each retire at the end of the Annual General Meeting and offer themselves for re-election.

A summary of the qualifications and experience of Messrs Eric Lee and Jim Frayne is provided below:

Eric Lee – Non-Executive Director

Mr Lee joined the Board in December 2012. He is currently the Group Chief Financial Officer for Mulpha International Bhd, the holding company of Mulpha Australia Limited, Aveo's largest single securityholder. Prior to joining Mulpha International Bhd, Mr Lee was the Executive Vice President of Alliance Financial Group. Mr Lee has also held various senior management positions, including 12 years at Microsoft as Chief Financial Officer of Greater China Region and Finance Director of Asia Pacific Region. He is the Non-Executive Director of Thriven Global Berhad (formerly known as Mulpha Land Berhad) (appointed in March 2016), an alternate Director of Mudajaya Group Berhad (appointed in October 2012) and a Director of Mulpha Australia Limited. Mr Lee was appointed as a member of the Audit Committee in February 2013.

Recommendation

The re-election of Mr Eric Lee is unanimously recommended by the Board (other than Mr Eric Lee who is seeking re-election).

Jim Frayne - Non-Executive Director

Mr Frayne joined the Board in July 2008. He has over 40 years' experience in chartered accountancy in audit and corporate services fields. Mr Frayne was appointed as a partner of PKF Chartered Accountants and Business Advisers (now BDO Chartered Accountants) in 1983 and from that time headed up the Audit and Assurance Division of PKF Brisbane until his retirement in June 2006. He is Chairman of Directors of Black & White Holdings Limited. Mr Frayne was appointed a member of the Audit Committee effective December 2010 and has been a member of the Nomination and Remuneration Committee since July 2012.

Recommendation

The re-election of Mr Frayne is unanimously recommended by the Board (other than Mr Frayne who is seeking re-election).

RESOLUTION 3: REMUNERATION REPORT (NON-BINDING RESOLUTION)

Resolution 3 relates to the Remuneration Report.

The Directors' Report for the year ended 30 June 2016 contains the Remuneration Report which sets out the policy for the remuneration of the directors and key management personnel. The Remuneration Report is set out on pages 25 to 37 of the 2016 Annual Report.

The Corporations Act requires that a resolution be put to the vote that the Remuneration Report be adopted. The Corporations Act expressly provides that the vote is advisory only and does not bind the directors or the Company. Securityholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

However, under the Corporations Act, if at least 25% of the votes cast on the resolution at the annual general meeting are against adoption of the report, then:

- if comments are made on the report at the annual general meeting, the Remuneration Report for the financial year ending 30 June 2017 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the 2017 annual general meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report for the relevant financial year are against its adoption, a resolution (**Spill Resolution**) proposing that a general meeting (**Spill Meeting**) be called to consider the election of directors will be required to be put to members. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

The Remuneration Report forms part of the Directors' Report, made in accordance with a unanimous resolution of the directors.

Recommendation

Each of the directors recommends the Remuneration Report to securityholders for adoption.

RESOLUTIONS 4 AND 5: APPROVAL OF THE ISSUE OF PERFORMANCE RIGHTS AND SHORT TERM INCENTIVE DEFERRED SECURITIES TO EXECUTIVE DIRECTOR

Resolutions 4 and 5 relate to the issue of 101,056 Short Term Incentive Deferred Securities (**STI Deferred Securities**) under the Aveo Group's Short Term Incentive Plan (**STI Plan**) and the approval of the issue for 114,353 Performance Rights in accordance with the Performance Rights Plan to Mr Geoffrey Grady.

Explanatory Notes continued

RESOLUTION 4: STI INCENTIVE DEFERRED SECURITIES (Short Term Incentive Plan)

Mr Grady's remuneration package includes STI Deferred Securities comprising 18% of total potential remuneration for FY16, subject to the satisfaction of certain performance conditions. Details of the performance conditions used to calculate the STI Deferred Securities to which Mr Grady may be entitled in respect of the year to 30 June 2016, and the estimated value of the STI Deferred Securities, are set out in the Remuneration Report. The Nomination and Remuneration Committee determined on 2 August 2016 that the Group financial and operational performance conditions for the grant of the STI Deferred Securities had been met.

If Mr Grady completes a service period from 1 July 2016 to 30 June 2017 then, subject to the grant of those securities being approved at this meeting, the STI Deferred Securities will vest. If the grant of those securities are not approved at this meeting then, subject to him completing the required service period, Mr Grady will be entitled to receive a cash amount of equivalent value to the STI Deferred Securities. This cash amount is set out in the Remuneration Report.

RESOLUTION 5: PERFORMANCE RIGHTS (Long Term Incentive Plan)

Mr Grady's remuneration package includes a long-term incentive participation of 20% of total potential remuneration (issued as Performance Rights), subject to performance hurdles. If Mr Grady completes a service period from 1 July 2016 to 30 June 2019 and certain performance conditions are met, then, subject to the grant of those securities being approved at this meeting, the Performance Rights will vest. The performance conditions will be measured over the same three year period (i.e. from 1 July 2016 to 30 June 2019) utilising the following performance hurdles:

- Relative Total Shareholder Return (RTSR) hurdle to apply to 50% of the Performance Rights; and
- Underlying Profit after tax (UPT) hurdle to apply to 50% of the Performance Rights.

Relative Total Securityholder Return (RTSR)

Up to 50% of the total number of Performance Rights are exercisable if the RTSR reaches the level set out below:

| RTSR relative to Total Securityholder Returns for a comparator group of entities | Proportion of Performance Rights that may be able to be exercised if RTSR hurdle is met |
|--|---|
| Less than the 50th percentile | Nil |
| 50th percentile | 25% |
| Above 50th percentile but less than or equal to 75th percentile | Pro-rata vesting from 25% to 50% |
| Higher than 75th percentile | 50% |

Total Securityholder Return (TSR) means the change in the price of Aveo Group stapled securities plus dividends and distributions of income or equity, over the 3 years commencing 1 July 2016 and ending on 30 June 2019 (RTSR Comparison Period), expressed as a percentage of the price of Aveo Group stapled securities at the commencement of the RTSR Comparison Period.

For the purposes of calculating TSR:

- the price of Aveo Group stapled securities will be the average closing price on the ASX over the 20 trading days up to the end of the relevant date of determination;
- the dividends and distributions are assumed to have been reinvested on the relevant ex-date;
- tax and franking credits (or equivalent) will be ignored;
- local currencies will be used so the impact of currency changes can be ignored; and
- any other aspects of the calculations are as determined by the Board in its discretion from time to time.

RTSR measures TSR for Aveo Group relative to the TSR of the following comparator group of entities:

- those included in the S&P/ASX 300 A-REIT Index as at 1 July 2013; and
- Lend Lease Group, Peet Limited, AVJennings Limited, Cedar Woods Properties Limited, Sunland Group Limited, Devine Limited and Ingennia Communities Group,

over the RTSR Comparison Period.

If the S&P/ASX 300 A-REIT Index ceases to be published, any of the entities listed above cease to exist, or the Board determines that entities included in the index or listed above cease to provide an appropriate comparator group for Total Security Holder Return of Aveo Group stapled securities, the Board may, in its discretion, determine a more appropriate comparator group for determining RTSR.

UPT

The UPT target for each financial year will be determined by the Board annually. The UPT grant will vest 100% if total UPT over the period from 1 July 2016 until 30 June 2019 (UPT Comparison Period) equals or exceeds the total of the UPT targets for the UPT Comparison Period.

The grant of the Performance Rights to Mr Grady, subject to the approval of securityholders at this meeting, was approved by the Nomination and Remuneration Committee on 2 August 2016. If the grant of the Performance Rights is approved at this meeting, then the Performance Rights will be deemed to have been granted to Mr Grady on the date of this meeting. The Performance Rights will be granted to Mr Grady at no cost. In addition, there will be no amount payable for the allocated Aveo Group stapled securities when the applicable performance conditions are met. Each Performance Right carries an entitlement to receive one Aveo Group stapled security.

ASX LISTING RULE REQUIREMENTS

Under Listing Rule 10.11 and 10.14, the prior approval of securityholders is required to an issue of securities to a director under an employee incentive scheme. The STI Plan, and the Long Term Incentive Plan are each an 'employee incentive scheme' under the Listing Rules.

The further details required by the Listing Rules, relating to the proposed issue of Performance Rights and STI Deferred Securities, are set out below:

Resolution 4: Proposed issue of STI Deferred Securities under the STI Plan

| | |
|---|---|
| The number of Aveo Group stapled securities that may be acquired by Mr Grady under the STI Plan | 101,056 |
| Names of all persons who require approval to participate in the STI Plan under ASX Listing Rule 10.14 who received Aveo Group stapled securities under the STI Plan since the last approval | Geoffrey Grady |
| Names of all directors entitled to participate in the STI Plan | Mr Grady is the only director who is eligible to participate in the STI Plan. |
| Terms of any loan in relation to the grant of the STI Deferred Securities | Not applicable |
| Date on which the STI Deferred Securities will be issued | Any issue of Aveo Group stapled securities to Mr Grady under an approval granted by Resolution 4 will be made no later than three years after the date of this meeting and will be issued at the closing market price on vesting date (being 1 September 2017). |

Resolutions 5: Proposed issue of Performance Rights under the Long Term Incentive Plan

| | |
|---|--|
| The number of Aveo Group stapled securities that may be acquired by Mr Grady under the Long Term Incentive Plan | 114,353 |
| Names of all persons who require approval to participate in the Long Term Incentive Plan under ASX Listing Rule 10.14 who received Aveo Group stapled securities in accordance with the Performance Rights Plan since the last approval | Geoffrey Grady |
| Names of all directors entitled to participate in the Long Term Incentive Plan | The Long Term Incentive Plan is of general application to all permanent full time or part time employees, and executive directors. As a result, Mr Grady is the only eligible director to participate in the Performance Rights Plan. |
| Terms of any loan in relation to the grant of the Performance Rights | Not applicable |
| Date on which the Performance Rights will be issued | If the issue of Performance Rights is approved by securityholders, they will be deemed to have been issued on the date of this meeting. Any issue of Aveo Group stapled securities to Mr Grady under an approval granted by Resolution 5 will be made no later than three years after the date of this meeting. |

The details of any Performance Rights and Aveo Group stapled securities (including STI Deferred Securities) issued under the STI Plan and the Long Term Incentive Plan will be published in each annual report of the Group, relating to a period in which Aveo Group stapled securities have been issued. Each such annual report will confirm that approval for the issue of such securities was obtained under Listing Rule 10.14. No person for whom approval is required to participate in the Performance Rights Plan or the STI Plan, has been, or will be, issued Performance Rights or STI Deferred Securities until all necessary approvals have been obtained.

A voting exclusion statement is contained on pages 4 and 5 of the Notice of Meetings.

Recommendation

Each of the directors (other than Mr Grady who is not entitled to vote) recommends the approval of the issue of STI Deferred Securities and Performance Rights to Mr Grady.

Explanatory Notes continued

RESOLUTION 6: RATIFICATION OF PLACEMENT OF STAPLED SECURITIES TO ILWELLA PTY LTD AND ASPIRE TEAM MANAGEMENT PTY LIMITED AS TRUSTEE FOR ASPIRE AGED CARE TRUST (FORMERLY KNOWN AS FREEDOM TEAM MANAGEMENT PTY LTD AS TRUSTEE FOR THE FREEDOM AGED CARE TRUST)

Generally, and subject to the exceptions set out in ASX Listing Rule 7.2, under ASX Listing Rule 7.1, the prior approval of holders of ordinary securities is required to an issue of equity securities if the securities will, when aggregated with securities issued by an entity during the previous 12 months without the approval of the holders of ordinary securities or otherwise being exempted under ASX Listing Rule 7.1, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Under ASX Listing Rule 7.4, an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval the holders of ordinary securities for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and the holders of ordinary securities subsequently approve the issue. ASX Listing Rule 7.1 requires the approval to be given by an ordinary resolution of securityholders.

Aveo Group seeks subsequent approval under ASX Listing Rule 7.4 for the issue of 28,038,108 Aveo Group stapled securities (each comprising an ordinary share in the Company stapled to an ordinary unit in the Trust) to Ilwella Pty Ltd and Aspire Team Management Pty Limited as trustee for Aspire Aged Care Trust (formerly known as Freedom Team Management Pty Ltd as Trustee for the Freedom Aged Care Trust) (**Freedom Placement**). The 28,038,108 Aveo Group stapled securities issued under the Freedom Placement comprised approximately 5.61 % of the number of Aveo Group stapled securities on issue 12 months prior to the date of the Freedom Placement. As the issue of 28,038,108 Aveo Group stapled securities did not breach ASX Listing Rule 7.1, the effect of the approval would be to refresh the Company's 15% capacity under ASX Listing Rule 7.1 to ensure that the Company will have maximum capacity under ASX Listing Rule 7.1 to issue additional securities in the future (if necessary,) up to the 15% limit without requiring securityholder approval. Any future equity raisings by Aveo Group would remain subject to the 15% limit set out in ASX Listing Rule 7.1.

The following additional information is provided in connection with the approval sought under Resolution 6.

| | |
|--|--|
| Number of stapled securities Issued | 28,038,108 |
| Price at which, and the names of the persons to whom, stapled securities were issued | Ilwella Pty Ltd and Freedom Team Management Pty Ltd as trustee for the Freedom Aged Care Trust at a deemed issue price of \$2.98 per stapled security. |
| Terms of the stapled securities | The stapled securities rank equally in all respects with the existing stapled securities from the date of issue. |
| Use of the funds raised | Stapled securities were issued to the above named investors in consideration for Aveo acquiring all the issued shares in Freedom Aged Care Pty Ltd (Freedom Aged Care). |
| Voting exclusion statement | Refer to pages 4 and 5 of the Notice of Meetings. |

Recommendation

The ratification of the Freedom Placement is unanimously recommended by the Board.

RESOLUTION 7: RATIFICATION OF PLACEMENT OF STAPLED SECURITIES TO INSTITUTIONAL INVESTORS

Aveo Group also seeks subsequent approval under ASX Listing Rule 7.4 for the issue of 37,091,988 Aveo Group stapled securities (each comprising an ordinary share in the Company stapled to an ordinary unit in the Trust) to institutional investors identified in the Appendix 3B lodged with the Australian Securities Exchange on 18 August 2016 (**RVG Placement**). The 37,091,988 Aveo Group stapled securities issued under the RVG Placement comprised approximately 7.20% of the number of Aveo Group stapled securities on issue 12 months prior to the date of the RVG Placement. As the issue of 37,091,988 Aveo Group stapled securities did not breach ASX Listing Rule 7.1, the effect of the approval would be to refresh the Company's 15% capacity under ASX Listing Rule 7.1 to ensure that the Company will have maximum capacity under ASX Listing Rule 7.1 to issue additional securities in the future (if necessary,) up to the 15% limit without requiring securityholder approval. Any future equity raisings by Aveo Group would remain subject to the 15% limit set out in ASX Listing Rule 7.1.

The following additional information is provided in connection with the approval sought under Resolution 7.

| | |
|--|--|
| Number of stapled securities Issued | 37,091,988 |
| Price at which, and the names of the persons to whom, stapled securities were issued | The institutional placement was made to new and existing institutional investors at an issue price of \$3.40 per stapled security, reflecting a 1.7% discount to the closing price of \$3.46 per security on 16 August 2016. |
| Terms of the stapled securities | The stapled securities rank equally in all respects with the existing stapled securities from the date of issue. |
| Use of the funds raised | The purpose of the issue of Stapled Securities to new and existing institutional investors was to raise funds to acquire the remaining 27% minority holding in Retirement Villages Group (RVG) that Aveo Group did not already own and repay debt drawn to fund the acquisition of the previous stakes in RVG. |
| Voting exclusion statement | Refer to pages 4 and 5 of the Notice of Meetings. |

Recommendation

The ratification of the RVG Placement is unanimously recommended by the Board.

RESOLUTION 8: FINANCIAL ASSISTANCE FOR FREEDOM AND RVG ACQUISITIONS

Resolution 8 relates to the Aveo Group's acquisition of Freedom Aged Care (**Freedom Acquisition**) and the acquisition of securities in Retirement Villages Group (**RVG**) prior to the most recent acquisition in August 2016 (**RVG Acquisition**).

Background

The Company and the majority of its subsidiaries are parties to:

- (a) a facilities agreement between Australia and New Zealand Banking Group Limited, United Overseas Bank Limited, Sydney Branch, Commonwealth Bank of Australia, ANZ Fiduciary Services Pty Limited and others dated 24 December 2014 (**Facilities Agreement**); and
- (b) other finance and security trust documents required by, or referred to in, the Facilities Agreement, (together the **Finance Documents**).

The Facilities Agreement requires the Company to ensure certain subsidiaries become an Additional Guarantor under the Finance Documents (**Additional Guarantor**).

Funds drawn under the Finance Documents were used in part to fund the Freedom Acquisition and the RVG Acquisition.

Under the Finance Documents, the Company is now required to ensure that relevant companies acquired under the Freedom Acquisition and the RVG Acquisition (**Acquired Companies**) becomes Additional Guarantors.

The financial assistance rules

Under Section 260A(1) of the Corporations Act a target company may only provide financial assistance in connection with Transactions like the Freedom Acquisition and the RVG Acquisition where certain conditions have been met (one of which is approval by shareholders under section 260B of the Corporations Act). The Acquired Companies becoming Additional Guarantors will be financial assistance for these purposes.

Accordingly the directors of the Acquired Companies and the Board believe it is prudent to obtain the approval of their shareholders and the shareholders of the Company under section 260B of the Corporations Act.

Resolution 8 seeks the approval of shareholders of the Company, pursuant to section 260B(2) of the Corporations Act, for financial assistance to be provided by the Acquired Companies.

Reason for financial assistance

The reason for the giving of the financial assistance described above is to enable the Company to comply with its obligations under the Finance Documents.

If shareholder approval is not provided and the Company is not able to complete any such corporate restructuring by 6 December 2016:

- (a) the Company will be in breach of undertakings, which may result in the occurrence of an 'Event of Default', enabling the Company's financiers to exercise rights under the Finance Documents such as demanding repayment of all money owing under the Finance Documents, and/or repricing the Company's debt under the Facilities Agreement; and
- (b) the Company may be forced to negotiate alternative financing and incur break costs and additional transaction fees.

The proposed financial assistance

Each of the Acquired Companies will:

- (a) unconditionally and irrevocably guarantee the repayment of any secured money under the Finance Documents;
- (b) provide the Company's financiers with security over the Acquired Company's assets on the terms of the Finance Documents; and
- (c) give the indemnities, undertakings, representations and warranties to which the Company has provided and continues to provide to the financiers. The undertakings and representations may restrict various corporate actions the Acquired Companies could otherwise undertake.

Advantages

The advantage to the Company of the proposed Resolution 8 is that the Company will be able to meet its obligations under the Finance Documents and avoid the occurrence of an 'Event of Default' which might otherwise result in the Company's financiers requiring immediate repayment of the amounts owing under the Finance Documents. This may have a material impact on the operations of the Acquired Companies.

The Directors of the Company believe that approving the financial assistance described above is in the interests of Company.

Disadvantages

The Board does not believe there are any disadvantages for the Company as a result of the proposed resolution as the Company is already a party to the Finance Documents.

Prior notice to ASIC

Copies of the Notice of Meetings and these Explanatory Notes were lodged with the Australian Securities and Investments Commission before being sent to shareholders of the Company in accordance with section 260B(5) of the Corporations Act.

Disclosure

The Board considers that the Notice of Meetings and these Explanatory Notes contain all information known to the Company that would be material to shareholders of the Company in deciding how to vote on Resolution 8 other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to shareholders.

Recommendation

The Board unanimously recommends that shareholders of the Company vote in favour of Resolution 8.



www.aveo.com.au



Aveo Group
 Aveo Group Limited ABN 28 010 729 950
 Aveo Funds Management Limited ABN 17 089 800 082
 AFSL No. 222273 as responsible entity for
 Aveo Group Trust ARSN 099 648 754

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
 Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
 (custodians) www.intermediaryonline.com

For all enquiries call:
 (within Australia) 1300 850 505
 (outside Australia) +61 3 9415 4000



Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Sydney Time) Monday, 14 November 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Indicate who you want to appoint as your proxy: If you wish to appoint the Chairman of the Meeting (**Chairman**) as your proxy, mark the box. If you wish to appoint someone other than the Chairman as your proxy please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy.

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item. If you wish to appoint as your proxy a Director or other member of the key management personnel of Aveo Group (other than the Chairman) or a closely related party of a member of the key management personnel of Aveo Group, you must specify how he or she should vote on Items 3, 4 and 5 by completing the "For", "Against" or "Abstain" boxes opposite each of those items of business on the Proxy Form. If you do not do that, your proxy will not be able to vote on your behalf for those items of business.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
 or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Aveo Group hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Aveo Group Limited and Meeting of Unit Holders of Aveo Group Trust to be held at the Intercontinental Hotel, 117 Macquarie Street, Sydney NSW on Wednesday, 16 November 2016 at 10:00am (Sydney Time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Items 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3, 4 and 5 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| 1. Re-election of Mr Eric Lee as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Mr Jim Frayne as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To adopt the remuneration report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Approval of the issue of Short Term Incentive Deferred Securities to the Executive Director under the Aveo Group Short Term Incentive Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Approval of the issue of Performance Rights to the Executive Director in accordance with the Aveo Group Performance Rights Plan under the Aveo Group Long Term Incentive Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Ratification of Placement of Stapled Securities to Ilwella Pty Ltd and Aspire Team Management Pty Ltd as trustee for the Aspire Aged Care Trust (formerly known as Freedom Team Management Pty Ltd as trustee for the Freedom Aged Care Trust) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Ratification of Placement of Stapled Securities to Institutional Investors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Financial Assistance for Freedom and RVG acquisitions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary /Sole Director (no Company Secretary)

Contact Name

Securityholder 2

Director

Contact Daytime Telephone

Securityholder 3

Director/Company Secretary

Date / /