



Presentation to Morgans Investor Conference

12 October 2016



Our Portfolio



- Aveo manages 89 communities across the eastern seaboard and Adelaide
- Communities predominantly located in prime metropolitan locations
- Portfolio characterised by mature villages with 60 communities more than 20 years old, with established resident communities and a demonstrated resident turnover transaction history

Portfolio Snapshot¹

Units	Communities	ILUs ³	SAs ⁴	Existing Total	Pipeline – Units	Total Units	Aged Care Beds	Pipeline – Beds	Total Units and Beds
Aveo Group ²	84	7,059	2,479	9,538	5,177	14,715	184	642	15,541
Aveo Healthcare ⁵	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 This table should be read in conjunction with the tables displayed throughout the FY16 results presentation

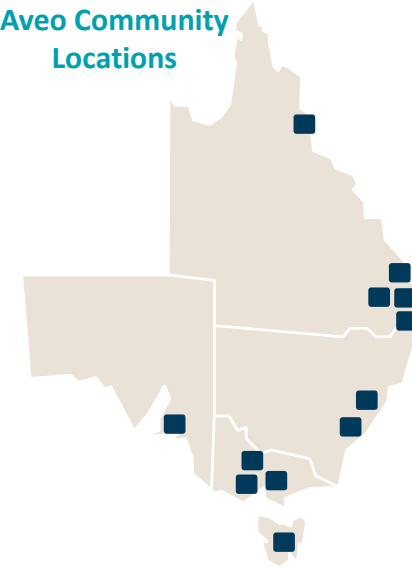
² Includes units from the Retirement Village Group (RVG) and Freedom (FAC) portfolio

³ Independent living units

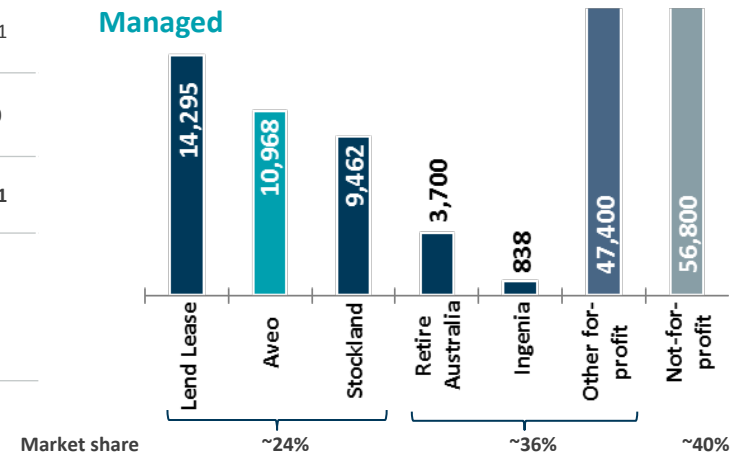
⁴ Serviced apartments

⁵ Aveo Healthcare (AEH) is 86% owned by Aveo

Aveo Community Locations



Retirement Community Operators by Units Managed



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

Key Financial Outcomes



- Statutory profit after tax doubled
- 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
- Higher retirement earnings contribution driven by:
 - Record total retirement sales of 799 units
 - Lift in average DMF/CG amount per transaction of 8%
 - Portfolio turnover increased to 11.9%
 - Delivery of 182 new retirement units
- 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

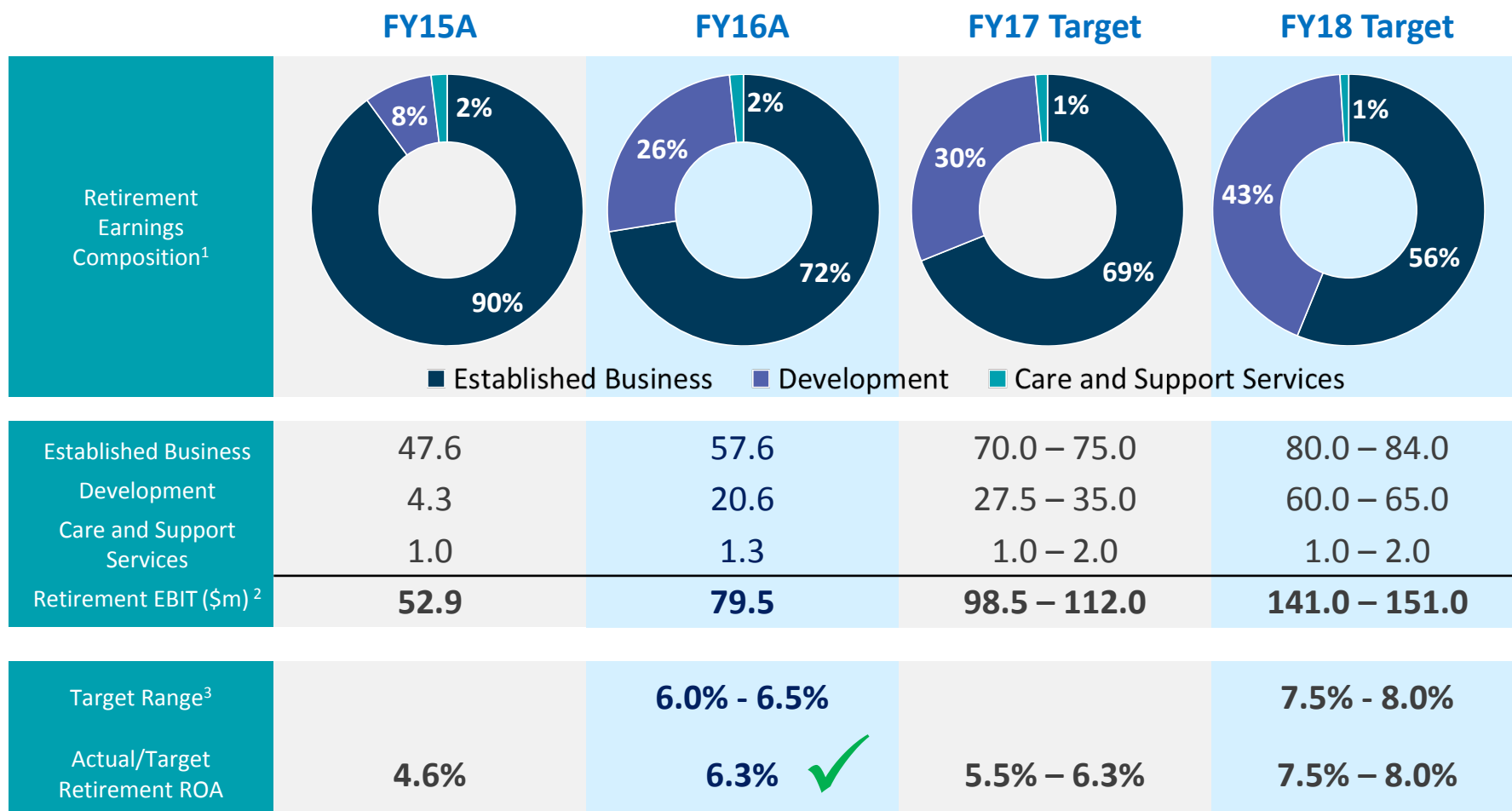
Outcome ¹	FY16	FY15	Change
Statutory profit after tax	\$116.0m	\$58.0m	100%
Statutory EPS	22.1cps	11.6cps	91%
Underlying profit after tax	\$89.0m	\$54.7m	63%
Underlying EPS	17.0cps	10.9cps	56%
FFO	\$137.0m	\$73.9m	85%
FFO per security	26.2cps	14.8cps	77%
Distribution	\$43.5m	\$25.7m	69%
Distribution 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	17.4%	13.8%	3.6%

¹ This table should be read in conjunction with the tables displayed throughout the FY16 results presentation

Retirement Asset Returns on Target



- Retirement business achieved its targeted FY16 ROA



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 Initial target range set in FY14.

Major Development Delivery Forecast - Units



Community	Category	State	Portfolio	Units ^{1,2}	FY17	FY18	FY19+
Clayfield	Brownfield	QLD	AEH	65			
Durack	Brownfield	QLD	AEH	34			
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 Community 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 of 70 units for FY17 and 114 units for FY18 are not included above.

Selected Development Projects

Completed FY16

Clayfield (Molloy)



Durack



Under Construction FY17

Springfield



Clayfield (Berkley)



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.

- With implementation of a higher care model into communities, more residents will be able to stay until end of life
- Initially identified 10 communities across the Aveo portfolio where the roll out of Freedom style product would be appropriate
- First trial community (Cleveland Gardens) is already under transition
- Sales are progressing well
- Transition has been positively received by existing community residents
- Conservative roll out program has communities being transitioned over a three year period

Elements of a Freedom Conversion

- Village manager is a registered nurse
- Standard Freedom care governance framework is implemented
- Increase in on-site staffing levels
 - clinical case manager
 - personal carers
 - diversional therapists
- Renovation of existing serviced apartment to provide feeling of greater independence e.g. kitchenette, European laundry, handrails
- Introduction of Freedom Care Plan financial product to fund the increased community operational requirements

Integration of RVG Portfolio



- Previous ownership and governance structure had hindered the ability of Aveo to implement a number of strategic and operational initiatives across the RVG communities
- Planning is now underway for the implementation of a variety of initiatives at selected communities including
 - Roll out of Aveo Way contract to RVG communities
 - Improvements in care levels available to residents at communities through a combination of a roll out of Freedom product and increased delivery of allied health services
 - Active asset management opportunities to improve unit quality in what had been a portfolio that has historically been capital constrained
- Investor and analyst tour of former RVG assets in Melbourne is scheduled for 27 October 2016
- Tour will visit a number of different communities and highlight value enhancing opportunities across the RVG portfolio where these programs are being put in place

Established Business

- Strong sales rates have continued into FY17
- Freedom communities continue to perform in line with acquisition expectations
- Sales performance is providing additional scope for unit price increases

Development

- Pipeline of 301 new units (231 major and 70 minor) 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

- Completion of new Durack 123 bed residential 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



Aveo
Level 5, 99 Macquarie Street,
Sydney NSW 2000
T +61 2 9270 6100
F +61 2 9270 6199
aveo.com.au

Disclaimer

The content of this presentation is for general information only. Information in this presentation including, without limitation, any forward-looking statements or opinions (Information) may be subject to change without notice. To the maximum extent permitted by law, Aveo Group Limited, its officers and employees do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the Information and disclaim all responsibility and liability for the Information (including, without limitation, liability for negligence).

The information contained in this presentation should not be considered to be comprehensive or to comprise all the information which a security holder or potential investor in Aveo may require in order to determine whether to deal in Aveo securities. This presentation does not take into account the financial situation, investment objectives and particular needs of any particular person.

This presentation contains "forward-looking statements" including indications of, and guidance on, future earnings, financial position and performance. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Aveo and its officers and employees, that may cause actual results to differ materially from those predicted or implied by any forward-looking statements. You should not place undue reliance on these forward-looking statements. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

All dollar values are in Australian dollars (A\$) unless otherwise stated.