Full Year Results and Strategic Review Update

Results for the year ended 30 June 2019

28 August 2019

Agenda

1. Overview
2. Financial Results and Capital Management
3. Retirement
4. Non-Retirement
5. Outlook

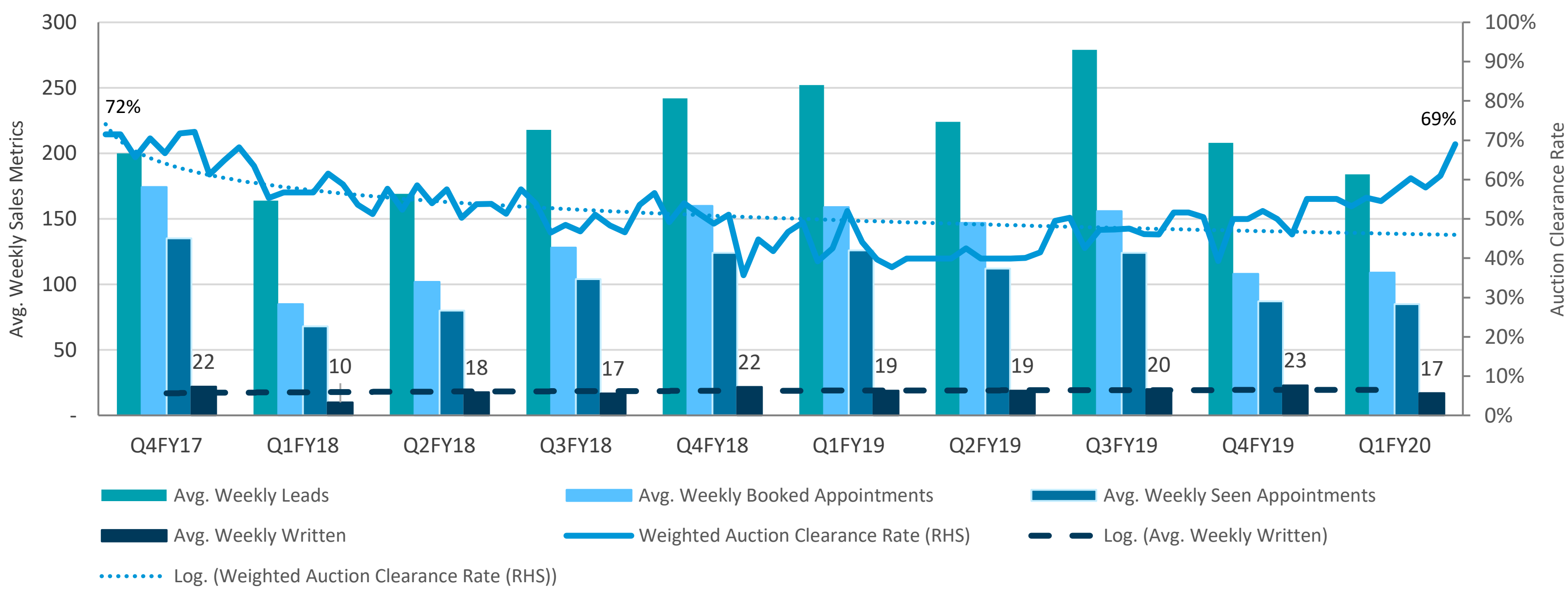
Overview

FY19 Overview

- Strong interest in Aveo’s retirement product has led to an increase in written sales. In line with previously disclosed expectations of 1,150 written sales, 1,140 was achieved in FY19, which compares well to prior years.
- This was despite continued weakness in the residential property market, with the broader market experiencing declines in early FY19 that have not been experienced in recent times and only began to reverse late in the year
- Settlements are still taking longer to occur as incoming residents continue to experience difficulty in selling their homes. The number of deposits on hand as at 30 June 2019 are more than double the levels at 30 June 2018.
- Pricing levels in the Established Business remained broadly in line with FY18, with similar average transaction values and average DMF/CG margin per transaction
- Underlying portfolio value enhancements and management initiatives, including the rollout of Aveo Way contracts, new development, and conversion of villages to the Freedom Aged Care model added $180m of value during FY19. The challenging market environment led to a reduction in the property price growth and unit price assumptions used in the FY19 valuation, resulting in an overall decrease in the portfolio valuation.
- Aveo delivered on time and on budget all 419 major development units forecast for FY19, reinforcing Aveo’s track record in delivering on major developments

Retirement Sales Update

- While Sydney and Melbourne auction clearance rates improved markedly in Q4 over the prior three quarters of FY19 and have improved again since 30 June 2019, Brisbane and Adelaide clearance rates (50% of the portfolio) have not; overall clearance volumes in all four cities remain low, and the trading environment to effect settlements remains difficult
- Despite lower booked appointment numbers in Q4FY19 and Q1FY20, conversion from booked to seen appointments is on target and conversion from seen appointments to written sales is well above target
- The quality of Aveo's retirement offering continues to drive sales; timing of settlements remain the main issue



Note: Average auction clearance rate is weighted by the proportion of the portfolio in each state. FY20 data is to Week 8 (w/c 19/8/19).

Strategic Review Update

- Aveo has been undertaking a strategic review over the past year
- On 14 August 2019, Aveo announced that it has entered into a Scheme Implementation Deed with entities controlled by Brookfield Property Group ('Brookfield'), under which Brookfield is proposed to acquire 100% of the outstanding securities of Aveo by way of a trust scheme and a company scheme of arrangement (together, the 'Schemes') for total cash consideration of $2.195 per security[1]
  - This represents a premium of c.28% to the undisturbed closing price of Aveo securities on 12 February 2019 of $1.71[2]
- The Schemes are subject to Aveo securityholder approvals, including for the company scheme:
  - 75% by number of securities voted; and
  - 50% by number of securityholders who vote
- The Brookfield transaction is subject to limited conditions but is not subject to financing or due diligence
- If the Brookfield transaction was to complete, Aveo would de-list from the Australian Securities Exchange

1 Based on the cash consideration, and inclusive of the final FY19 annual distribution of 4.5 cents per security expected to be paid on 30 September 2019.

2 Refer to Aveo ASX Media Release on 13 February 2019 where Aveo updated the market that it had received a number of indicative non-binding bids from parties interested in a whole of company transaction as part of Aveo's strategic review.

Strategic Review Update

- Under the terms of the Schemes, if implemented, Aveo securityholders would be entitled to receive for their Aveo securities:
  - Total cash of $2.195 per security (inclusive of the FY19 annual distribution of 4.5 cents per security) ('Cash Consideration'); or
  - A conditional scrip consideration alternative, providing Aveo securityholders with the potential to participate in an unlisted 'stub equity' vehicle which would give them future exposure to Aveo ('Scrip Consideration')
- Based on the Cash Consideration, the full Aveo Board of Directors unanimously recommends that Aveo securityholders vote in favour of the Schemes in the absence of a superior proposal, and subject to the Independent Expert concluding (and continuing to conclude) that the Schemes are in the best interests of Aveo securityholders. The Aveo Board makes no recommendation in relation to the Scrip Consideration. Aveo securityholders should read the Scheme Booklet before considering making any election under the Schemes.
- The Aveo directors intend to vote all Aveo securities held by them at the time of the Scheme meetings in favour of the Schemes[1], subject to the absence of a superior proposal; and the Independent Expert concluding (and continuing to conclude) that the Schemes are in the best interests of Aveo securityholders

[1] Mr. Seng Huang Lee and Mr. Eric Lee, who are nominee directors of Mulpha Group on the Aveo Board, make no representation as to the voting intentions of the Mulpha subsidiaries which hold stapled securities in Aveo, since Mulpha International Bhd is a listed entity on Bursa Malaysia and its Board of Directors will need to consider the Scheme Booklet, once it is available, in order to make a decision. However, Messrs. Lee and Lee have confirmed to the Aveo Board, in respect of Mulpha's consideration of the Brookfield transaction, that they intend to recommend and support a decision that Mulpha vote in favour of the Scheme. Should Mulpha inform Aveo of its voting or consideration election intentions, Aveo will update the market accordingly.

Strategic Review Update – Next Steps

- A full overview of the terms of the Schemes will be provided in a Scheme Booklet (including an Independent Expert's Report)
- Indicative timetable for the Schemes[1]:
  - Scheme Booklet to Aveo securityholders: October 2019
  - Aveo securityholders' scheme meeting: Early November 2019
  - Implementation date: Before end of December 2019
- Aveo securityholders should read the Scheme Booklet once it is available and seek independent advice as necessary
- Securityholders are not required to take any action at this time
- Please refer to the ASX release of 14 August 2019 for additional detail and a copy of the Scheme Implementation Deed

[1] Dates are indicative and subject to change

Financial Results and Capital Management

Key Financial Outcomes for the Full Year

- Underlying profit after tax is $50.1m, driven by lower number of unit settlements
- Successfully achieved development target of 419 new unit deliveries
- Statutory loss was primarily driven by a decrease in the retirement investment property valuation
- NTA per security decreased from $3.92 to $3.50 primarily due to the adoption of lower future property price growth assumptions and unit pricing levels in the retirement investment property valuation

Outcome	FY19	FY18	Change
Statutory profit/(loss) after tax[1]	($213.4m)	$365.1m	(158%)
Statutory EPS	(36.9 cps)	63.3 cps	(158%)
Underlying profit after tax[2]	$50.1m	$127.2m	(61%)
Underlying EPS	8.7 cps	22.0 cps	(61%)
Retirement Established Business settlements	615	622	(1%)
Retirement Development settlements	286	352	(19%)
Total Retirement settlements	901	974	(7%)
Non-Retirement settlements	212	469	(55%)
Net receipts and payments disclosed in Cash Flow Statement	$156.1m	$123.2m	27%
Net cash flows from operating activities	$136.1m	$102.8m	32%
FFO[3]	$44.4m	$115.4m	(62%)
AFFO[3]	$33.0m	$97.4m	(66%)

Outcome	FY19	FY18	Change
Total assets	$6,578.2m	$6,715.6m	(2%)
Net assets	$2,050.3m	$2,298.1m	(11%)
NTA per security	$3.50	$3.92	(11%)

[1] Net profit after tax attributable to stapled securityholders of the Group.
[2] Reconciliation of statutory profit to underlying profit shown on A32.
[3] FFO and AFFO reflect Property Council of Australia guidelines.

Profit and Loss

- Written sales have improved compared to FY18, however, contracts are taking longer to settle impacting the profit contribution from Established Business
- Development profit affected by lower major development deliveries and lower minor development settlements
- Non-Retirement sales volume decreased as Aveo successfully continues to sell down non-core assets
- Corporate brand marketing campaign successfully completed resulting in Group marketing cost dropping to zero
- A whole of portfolio unit pricing review and adoption of lower property price growth assumptions are the key driving forces responsible for the reduction in fair value of investment property

Profit and Loss	FY19 ($m)	FY18 ($m)	Change
Retirement			
Established Business	47.5	59.4	(20%)
Development[1]	11.1	80.6	(86%)
Care and Support Services	(1.4)	0.8	NM
Total Retirement	**57.2**	**140.9**	**(59%)**
Non-Retirement[1]	33.2	50.5	(34%)
Divisional contribution[1]	**90.3**	**191.4**	**(53%)**
Group marketing costs	-	(3.5)	(100%)
Group overheads and incentive scheme	(19.2)	(17.9)	7%
EBITDA	**71.1**	**169.9**	**(58%)**
Depreciation and amortisation	(4.7)	(3.0)	58%
EBIT	**66.4**	**166.9**	**(60%)**
Interest and borrowing expense	(18.3)	(4.3)	326%
Profit before tax	**48.1**	**162.6**	**(70%)**
Income tax	1.6	(35.1)	(104%)
Profit after tax	**49.7**	**127.5**	**(61%)**
Non-controlling interests	0.4	(0.3)	(239%)
Underlying profit after tax[2]	**50.1**	**127.2**	**(61%)**
Change in fair value of investment properties[3]	(259.3)	177.0	(246%)
Sale of Gasworks	6.6	53.7	(88%)
Other	(10.8)	7.2	(250%)
Statutory profit/(loss) after tax	**(213.4)**	**365.1**	**(158%)**

[1] Includes capitalised interest in cost of goods sold.
[2] The underlying profit has been calculated as per the AICD Underlying Profit Guidelines.
[3] Includes DMF valuation and other fair value movements adjusted for tax and non-controlling interest.

UPAT to Group FFO and AFFO

- Underlying profit reflects Retirement Development deliveries, which is adjusted to reflect settlements in calculating FFO and AFFO
- $41.8m (419 units) of profit recognised on delivery is deducted and $29.9m (211 units settled) of profit on settlement is added to provide a result based on settlements
- Net capitalised interest consists of $21.1m included in cost of goods sold (FY18: $33.7m), offset by $17.9m of interest capitalised to projects (FY18: $25.6m)

Contribution to Group AFFO	FY19 ($m)	FY18 ($m)	Change
Underlying profit after tax[1]	**50.1**	**127.2**	**(61%)**
Major Development			
Profit recognised on delivery	(41.8)	(92.3)	(55%)
Profit that would be recognised on settlement	29.9	33.7	(11%)
Profit adjustment on settled basis	**(12.0)**	**(58.6)**	**(80%)**
Tax impact	2.4	16.6	(86%)
Adjusted underlying profit after tax	**40.5**	**85.2**	**(52%)**
Profit from equity-accounted investments	(0.1)	(0.6)	(91%)
Depreciation	4.7	3.0	58%
Net capitalised interest[2]	3.1	8.1	(61%)
Amortisation of leasing incentives	-	1.2	(100%)
Deferred income tax expense	(4.0)	18.5	(121%)
Funds from operations (FFO)[3]	**44.4**	**115.4**	**(62%)**
Capex	(11.4)	(18.0)	(37%)
Adjusted FFO (AFFO)[3]	**33.0**	**97.4**	**(66%)**

1 The underlying profit has been calculated as per the AICD Underlying Profit Guidelines.
2 Net adjustment consisting of capitalised interest, capitalised interest in cost of goods sold and other items. Refer to A36 for more detail.
3 FFO and AFFO reflect Property Council of Australia Guidelines.

Capital Management Metrics

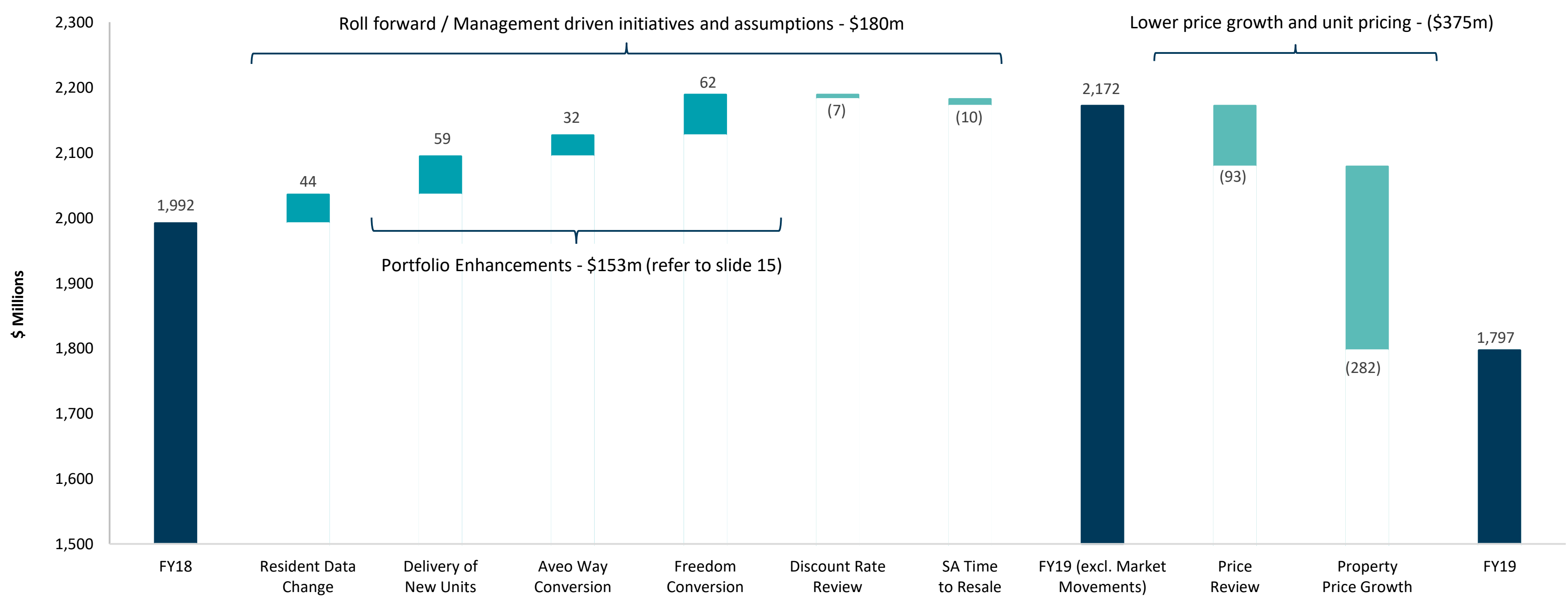
- Capacity through undrawn committed lines and cash at bank is expected to increase as sell down of new retirement units are settled and commencement of future Retirement Development is delayed until residential market improves
- Aveo Healthcare $100m facility maturity extended to December 2020 subsequent to 30 June 2019
- Weighted average AUD borrowing costs reduced due to reduction in BBSY rates
- Reported gearing slightly above preferred range of 10% – 20% as a result of reduction in Retirement valuation
- AUD debt remains unhedged
- All covenants have been met

Capital Management Metrics	FY19	FY18	Change
Reported gearing (< 30.0%)	21.3%	16.8%	4.5%
Group ICR (>2.0x)	2.55x	5.78x	(3.23x)
Interest bearing liabilities	$787.5m	$687.7m	14.5%
Less: cash	$53.3m	$71.0m	(24.9%)
Net debt	**$734.2m**	**$616.7m**	**19.0%**
Undrawn committed lines and cash at bank[1]	$53.8m	$87.0m	(38.2%)
Weighted average AUD borrowing cost	3.2%	3.8%	(0.6%)
Weighted average total borrowing cost[2]	3.8%	4.3%	(0.5%)
Weighted average debt maturity	2.0 years	2.1 years	(0.1 years)

[1] Undrawn facilities are dependent on having sufficient security.
[2] Includes all AUD and USD debt.

Established Business Net Retirement Portfolio Revaluation

- The net valuation of the Established Business retirement portfolio (NPV of annuity streams) decreased by $195m to $1,797m in FY19 (HY19 to FY19: $134m decrease)
- Implementation of management driven initiatives resulted in a $180m valuation uplift
  - New DMF income stream created on the delivery of new units and update of resident data
  - Adoption of Aveo Way contracts and transition of villages to Freedom Aged Care
- However, the overall valuation was down due to market-driven factors
  - Overall unit prices adjusted downwards
  - Lower property price growth assumptions adopted



Established Business Net Retirement Portfolio Revaluation – Portfolio Enhancements

- The ongoing strategy of delivering the development pipeline, rolling out Aveo Way, and Freedom conversion continues to add value
- $59m uplift from the successful delivery of all 419 new units forecast in FY19, with 339 delivered in the second half. These lead to new DMF streams and cement the development team's track record of delivering to schedule.
- $32m uplift from an additional 16 (2H19: 11) ILU communities[1] now being valued as using Aveo Way as the standard contract
- $62m uplift from four (2H19: three) additional communities[2] now valued assuming Freedom unit pricing and contract
- For 2H19 movements, please see annexure (A23)

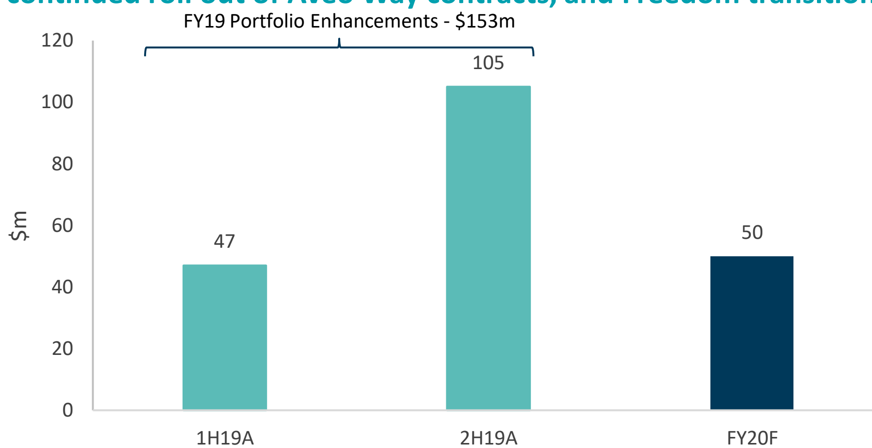
[1] Aveo Ackland Park, Aveo Glynde Lodge, Aveo Manly Gardens, Aveo Manor Gardens, Aveo Melrose Park, Aveo Peninsula Gardens, Aveo The Braes, Aveo Banora Point, Aveo Botanic Gardens, Aveo Cherry Tree Grove, Aveo Springthorpe, Aveo Amity Gardens, Aveo Mingarra, Aveo Robertson Park, Aveo Sunnybank Green and Aveo Camden Downs

[2] Freedom Doncaster, Freedom Glen Waverley, Freedom Concierge Balwyn and Freedom Burwood

Portfolio Enhancements	FY19	FY18	Comment
Retirement portfolio valuation ($m)	1,797	1,992	Refer to A24
New units delivered	419	506	
Aveo Way contracts[3] rollout (units)	2,935	2,462	Aveo Way adopted as standard contract
Freedom Standard contracts rollout (units)	547	452	Adopted at Freedom communities
Valued with Aveo Way as standard contract (ILU communities)[4]	53	36	Out of total 74 ILU communities
Valued with Aveo Way as standard contract (SA communities)[4, 5]	24	22	Out of total 32 SA communities
Valued as converted Freedom communities[6]	7	3	12 communities being converted

[3] Includes Aveo Essentials, Aveo Certainty and Aveo Way.
[4] Aveo Way assumed as standard contract at communities with over 20% of residents on Aveo Way.
[5] New SA communities selling the Aveo Way Contracts as the standard contract were added.
[6] Communities with over 20% of residents adopting the Freedom product are valued as Freedom communities.

Expected net valuation movement from new unit deliveries, continued roll out of Aveo Way contracts, and Freedom transitions[7]

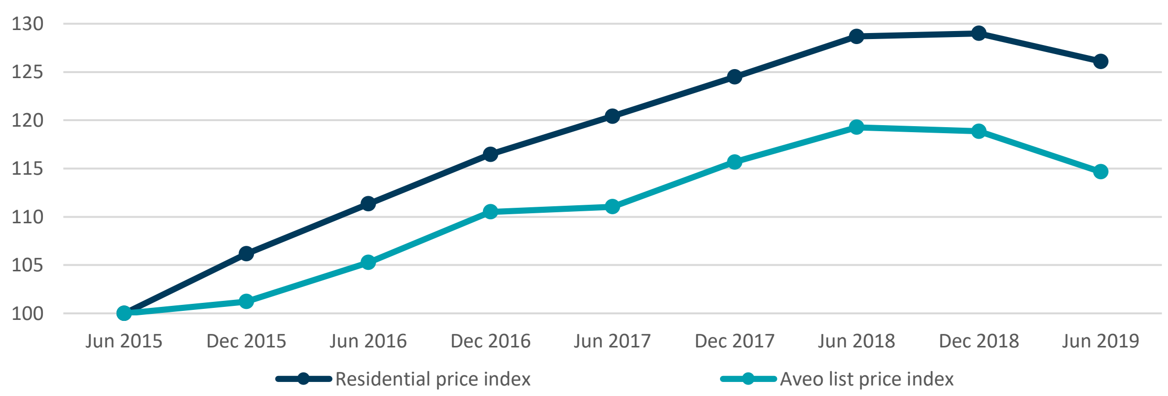


[7] Assumes no further change to reported discount rates, current and future property price growth and resident tenure.

Established Business Net Retirement Portfolio Revaluation – Property Pricing and Growth

- Given the continuing uncertainty in the residential property market, unit prices have been reduced by 3.8% based on a review of stock levels and market conditions
- The first year property price growth assumption of no growth has been extended for full year FY20
- Lower overall long term property price growth assumptions
  - ILU/Converted Freedom Units assumption of 3.75% compared to 4.25% at FY18 (HY19: 3.95%)
  - Freedom Aged Care SA assumption of 3.5% remains unchanged
  - SA assumption of 2.5% compared to 4.25% at FY18 (HY19: 3.95%)
- Assumed 20 year average growth rate of 3.38% compared to 3.96% at FY18 (HY19: 3.65%)
- The adjustment of property price growth and the reduction in unit prices had a negative valuation impact of $282m and $93m respectively from FY18 to FY19

Median House Price Index v Aveo Unit Price Index (June 2015 Base)



Notes:
Residential price index is weighted based on Aveo village portfolio value. Villages affected by redevelopments, conversions or suburbs with insufficient price points have been excluded from the analysis.
Excludes Freedom portfolio before December 2016.
Source: Analysis based on RP Data and Aveo data.

Change of Treatment in Underlying Profit Recognition in FY20

- Underlying Profit is a non-IFRS measure used by Aveo's directors and management to assess the performance of the business
- Effective from 1 July 2019 (FY20), Aveo Group has changed the timing of recognition of revenue in Underlying Profit for major development units from a delivery to a settlement basis
- The revised treatment will result in revenue and profit on major developments being recognised on a cash basis in the Underlying Profit
- There is no impact on Statutory reporting as Retirement Communities will continue to be treated as investment property and major development units are included in the assessment of fair value (with no recognition of revenue)
- Therefore, there is no change to the accounting treatment and the presentation of the consolidated income statements in the half-yearly and annual financial reports
- For FY20 Underlying Profit reporting, revenue will be recognised on major development new units on settlement, irrespective of whether the new units were delivered pre or post FY20
- The change will make it increasingly difficult for the Group to provide future Underlying EPS guidance as, unlike residential sales where the exchange of contract is binding between the vendor and the purchaser, the sale of retirement units is not binding until settlement

Retirement

Established Business Sales

- Established Business generates its profits through the resales of existing units, the buyback and sale of units and the buyback of Freedom conversion units
- Written sales rate of 7.8% represents a 1.2% increase from FY18, providing positive evidence of interest in our retirement product
- The soft residential market is continuing to make it difficult for prospective residents to settle their contracts. Total resales and buybacks sales remained in line with FY18, leading to an increase in deposits on hand by 125%.
- Operating buyback purchases also remained at a similar level to FY18. There has been a shift away from offering discretionary buybacks to undertaking buybacks where mandatory.
- 46 units were bought back under the Aveo Way Contracts money back guarantee in FY19 (on entry)
- 213 Mandatory buybacks were made with 56 of these being bought back under the Aveo Way Contracts buyback guarantee (on exit)

Sales	FY19	FY18	Change
DMF / CG generating transactions			
Resales	399	436	(8%)
Operating buyback purchases	295	284	4%
Freedom conversion[1]	36	65	(45%)
Total DMF/CG generating transactions	**730**	**785**	**(7%)**
Operating buyback purchases			
Discretionary	56	120	(53%)
Mandatory[2]	213	140	52%
Subtotal	**269**	**260**	**3%**
Internal transfers	26	24	8%
Total operating buyback purchases (DMF/CG generating)	**295**	**284**	**4%**
Money back guarantee buybacks[3]	46	14	229%
Total operating buyback purchases	**341**	**298**	**14%**
Sales settlements			
Resales	399	436	(8%)
Buyback sales	216	186	16%
Total sales settlements	**615**	**622**	**(1%)**
Net buybacks[4]	**125**	**112**	**12%**
Other metrics			
Deposits on hand	151	67	125%
Written sales rate (net deposits taken)[5]	7.8%	6.6%	1.2%
Settlement sales rate[5]	6.9%	7.5%	(0.6%)
Occupancy (excluding unsold company stock)	95%	96%	(1%)
Occupancy (total portfolio)	87%	90%	(3%)

1 Purchase of units for Freedom conversion which are then sold as Minor Developments.
2 Includes statutory and contractual buybacks (including buyback guarantee).
3 Six month money back buyback guarantee introduced in September 2017.
4 Operating buyback purchases less buyback sales.
5 Excludes new units delivered within the last five years and includes Minor Development sales.

Established Business Sales Margins

- Overall average transaction values for DMF/CF generating transactions were in line with FY18
- Overall margins for these transactions also remained in line with FY18
- The average transaction price for resales was down 2% as was average DMF/CG
- Average margin on buyback sales eroded by longer settlement period leading to higher holding costs
- The Aveo Way Contracts continue to be adopted throughout the portfolio which will contribute to future margin growth as those residents sell their units

Sales Margins	FY19	FY18	Change
Resales			
Avg DMF/CG transaction value	$434k	$442k	(2%)
Avg DMF/CG margin per transaction	$118k	$127k	(7%)
DMF/CG margin per transaction	27%	29%	(2%)
Operating buyback purchases and Freedom conversion			
Avg DMF/CG transaction value	$319k	$304k	5%
Avg DMF/CG margin per transaction	$90k	$81k	11%
DMF/CG margin per transaction	28%	27%	2%
Overall DMF/CG generating transactions			
Avg DMF/CG transaction value	$382k	$381k	0%
Avg DMF/CG margin per transaction	$105k	$106k	(1%)
DMF/CG margin per transaction	28%	28%	0%
Operating buyback sales			
Avg transaction value	$327k	$324k	1%
Avg margin per transaction	$12k	$18k	(33%)
Avg margin % per transaction	4%	6%	(2%)

Established Business Results

- Total Established Business revenue up 3%
- DMF/CG and profit contribution down in line with settlement volumes
- Due to decreased settlements, Freedom conversion buybacks have been reduced in line with sales to manage working capital
- Buyback sales revenue increased reflecting higher settlement volumes

Established Business	FY19	FY18	Change
DMF/CG revenue			
Resales	$47.2m	$55.3m	(15%)
Operating buyback purchases	$28.7m	$25.2m	14%
Freedom conversion	$1.0m	$3.0m	(65%)
Gross DMF/CG	**$76.9m**	**$83.5m**	**(8%)**
Other revenue			
Buyback sales	$70.6m	$60.2m	17%
Other[1]	$20.9m	$20.6m	2%
Total other revenue	$91.6m	$80.8m	13%
Total revenue	**$168.5m**	**$164.3m**	**3%**
Profit contribution			
Net DMF/CG[2]	$67.4m	$75.0m	(10%)
Net buyback sales	$2.6m	$3.4m	(23%)
Other income[1]	$20.9m	$20.6m	2%
Marketing expenses	($14.2m)	($9.1m)	56%
Commission expenses	($3.8m)	($4.7m)	(20%)
Village expenses	($4.2m)	($1.8m)	131%
Other expenses[3]	($21.4m)	($24.0m)	(11%)
Total profit contribution	**$47.5m**	**$59.4m**	**(20%)**
Depreciation and amortisation	($1.0m)	($0.5m)	96%
EBIT	**$46.5m**	**$58.9m**	**(21%)**

[1] Includes resident commissions, community administration fees and US Seniors.
[2] Relates to resales, operating buyback purchases and Freedom conversion.
[3] Relates to overhead and other expenses.

Major Development Sales and Margins

- Major Development generates its profits through the settlement of new units above cost
- Successfully delivered 419 new major units with 339 in the second half
  - Carindale (97 units)
  - Hunters Green (49 units)
  - Morayfield (40 units)
  - Mowbray Links (9 units)
  - Newcastle (36 units)
  - Palmview (38 units)
  - Redland Bay (38 units)
  - Robertson Park (32 units)
- Major Development margins (pre-interest) exceeded the target range of 16% – 20%
- Decrease in the average transaction value is primarily a function of product mix
- Due to the current market environment and given ongoing sales levels, stock levels represent approximately two years of unit selldown. Management has reduced FY20 development deliveries to 62 units.

Major Development	FY19	FY18	Change
Deliveries and sales			
Units delivered	419	506	(17%)
Units sold	211	225	(6%)
Revenue and margin			
Average transaction value	$478k	$652k	(27%)
Revenue	$200.2m	$329.8m	(39%)
Average margin (including interest)[1]	21%	28%	(7%)
Average margin (excluding interest)[1]	23%	29%	(6%)
Gross profit (including interest)[2]	$41.8m	$92.3m	(55%)
Gross profit (excluding interest)[2]	$46.6m	$94.7m	(51%)
Other metrics			
Deposits on hand	77	17	353%
Redevelopment buyback purchases	10	45	(78%)

[1] Average project margin.
[2] Includes profit adjustments from FY19 deliveries where actual sales price were higher/lower than expected and/or actual expenses were higher/lower than expected.

Major Development Units	FY19	FY18	Change
Closing units	777	570	36%
Average price of units	$545k	$608k	(10%)
Total value of units	**$423.8m**	**$346.8m**	**22%**

Minor Development Sales and Margins

- Minor Development sales consists of the sale of Freedom units undergoing substantial refurbishment and the sale of units being converted to Freedom
- Higher average transaction values in FY19 compared to FY18, together with higher deposits on hand shows a continuing, if subdued demand for Aveo's Freedom care services
- Average margin achieved represents the value added through the inclusion of Freedom care services and refurbishment works undertaken
- Minor Development margins are at the top of the target range of 35% – 40%

Minor Development	FY19	FY18	Change
Deliveries and sales			
Units sold	75	127	(41%)
Revenue and margin			
Average transaction value	$533k	$508k	5%
Revenue	$40.0m	$64.6m	(38%)
Average margin (including interest)	40%	43%	(3%)
Average margin (excluding interest)	42%	44%	(2%)
Gross profit (including interest)	$15.9m	$27.8m	(43%)
Gross profit (excluding interest)	$16.7m	$28.5m	(41%)
Other metrics			
Deposits on hand	11	5	120%

Minor Development Units	FY19	FY18	Change
Closing units	293	329	(11%)
Average carrying value of units[1]	$255k	$234k	9%
Carrying value of units[1]	**$74.6m**	**$76.9m**	**(3%)**

[1] Includes units to be converted which are not yet available – please see A22 for further information.

Development Results

- FY19 development contribution is lower due to 87 less deliveries than FY18, and a different product mix. The FY18 result was also positively impacted by the delivery of 199 units at Aveo Newstead at a relatively higher margin.
- Holding costs (mainly consisting of vacant unit levies) increased due to longer time to settlement
- Other expenses are expected to reduce in future, with the deferral of commencement of future development until the residential market improves

Development	FY19	FY18	Change
Revenue	$240.2m	$394.4m	(39%)
COGS	($182.4m)	($274.3m)	(33%)
Gross profit	**$57.7m**	**$120.1m**	**(52%)**
Marketing expenses	($18.3m)	($16.3m)	13%
Holding costs	($7.2m)	($1.3m)	454%
Other expenses[1]	($21.1m)	($22.0m)	(4%)
Profit contribution	**$11.1m**	**$80.6m**	**(86%)**
Depreciation	($0.1m)	($0.1m)	-
EBIT	**$10.9m**	**$80.5m**	**(86%)**

[1] Relates to overhead and other expenses.

FY19 Development Projects

Hunters Green, VIC – 49 units delivered

Newcastle, NSW – 45 units delivered

Carindale, QLD – 97 units delivered

Palmview, QLD – 38 units delivered

FY19 Development Projects

Morayfield, QLD – 40 units delivered

Redland Bay, QLD – 38 units delivered

Robertson Park, QLD – 32 units delivered

Mowbray Links, TAS – 16 units delivered

FY20 Development Projects Update

- Construction is on schedule for the 62 major unit deliveries for FY20

Community	H1 Delivery	H2 Delivery	Total FY20 Units	Development Status
Island Point	-	25	25	Civil works complete with the Build tendered
Newcastle	-	37	37	Civil works complete with the Build tendered
Total Major Development	-	62	62	
Total Minor Development	50	75	125	
Total	**50**	**137**	**187**	

Island Point, NSW – 25 units to be constructed

Newcastle, NSW – 37 units to be constructed

Development Delivery Forecast – Units

Community	Category	State	Density	Units[1]	FY20	FY21+
Island Point	Brownfield	NSW	Low	54	25	29
Newcastle	Brownfield	NSW	Low	205	37	168
Bella Vista	Brownfield	NSW	High	400		400
Bentleigh	Redevelopment	VIC	Medium	43		43
Labrador	Greenfield	QLD	High	96		96
Carindale	Redevelopment	QLD	High	333		333
Mingarra	Redevelopment	VIC	Medium	180		180
Mowbray Links	Brownfield	TAS	Low	45		45
Newmarket	Redevelopment	QLD	Medium	258		258
Palmview	Brownfield	QLD	Low	100		100
Redland Bay	Brownfield	QLD	Low	24		24
Robertson Park	Redevelopment/ Brownfield	QLD	Medium	138		138
Rochedale	Greenfield	QLD	Low	219		219
Sanctuary Cove	Greenfield	QLD	Low	163		163
Southport	Redevelopment	QLD	Medium	215		215
Springfield	Brownfield	QLD	Medium	2,204		2,204
Tamworth	Brownfield	NSW	Low	20		20
Tanah Merah	Brownfield	QLD	Medium	20		20
Major Development				4,717	62	4,655
Minor Development				646	125	521
Total Retirement Development				**5,363**	**187**	**5,176**

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

Care and Support Services

- Aveo's aged care portfolio consists of five facilities with a total of 406 beds
- Average occupancy across the mature facilities[1] was 95.7%
- Newstead RACF opened in May 2018 and had 68 residents by 30 June 2019. Circa 78% of residents have elected to pay a RAD (full or combination).

Aged Care Development		
Community	**State**	**FY20+**
Bella Vista	NSW	144
Carindale	QLD	100
Clayfield	QLD	105
Mingarra	VIC	110
Minkara / Bayview	NSW	124
Newcastle	NSW	123
Springfield	QLD	144
Total Aged Care Development		**850**
Less: existing beds to be redeveloped[2]		(184)
Incremental New Aged Care Beds		**666**

1 Excluding Newstead RACF that opened May 2018.
2 184 existing beds at Mingarra and Minkara / Bayview to be redeveloped.

Care and Support Services Results

- Total revenue increased due to the newly developed Newstead facility, offset by ramp up of opening costs for Newstead and associated depreciation and amortisation
- Occupancy at Newstead is 68%, with full occupancy expected during HY20
- Aveo delivered over 1 million hours of care across its residential aged care homes and home care communities and delivered more than 1.4 million meals to residents across 65 sites
- Care offering complemented by the launch of the Aveo Care at Home business, which expands the availability of traditional home care services to all Aveo communities and provides a referral network/sales channel

Care and Support Services	FY19	FY18	Change
Revenue			
RACF	$24.9m	$17.8m	40%
Allied Health	$1.2m	$0.7m	76%
Food and Nutrition	$23.5m	$21.0m	12%
Other	$3.7m	$2.5m	46%
Total revenue	**$53.3m**	**$42.0m**	**27%**
Profit contribution			
RACF	$2.2m	$2.2m	(2%)
Allied Health	$0.4m	($0.1m)	NM
Food and Nutrition	($0.8m)	($0.3m)	156%
Home Care	($0.6m)	($0.5m)	12%
Other	$0.2m	$0.5m	(63%)
Subtotal	**$1.4m**	**$1.8m**	**(22%)**
Other expenses	($2.8m)	($0.9m)	206%
Total profit contribution	**($1.4m)**	**$0.8m**	**(274%)**
Depreciation and amortisation	($2.8m)	($1.7m)	65%
EBIT	**($4.2m)**	**($0.9m)**	**366%**

Non-Retirement

Non-Retirement Results

- Non-Retirement assets continue to sell down in line with strategy
- Change in profit contribution primarily related to lower numbers of land lot sales
- Of Aveo's active projects, Point Cook, Rochedale and Peregian Springs have had their final stages delivered and are now selling down, with only 132 lots left to sell
- Presales of remaining lots in active projects are at 29% as at 30 June 2019 (54 of 186 lots)
- Currumbin (348 lots) is listed for sale
- Gasworks 3 settled in September 2018 with net proceeds of $9.4m
- Net rental income decreased due to the sale of Gasworks in February 2018

Key Performance Indicators	FY19	FY18	Change
Contracts on hand	54	183	(70%)
Contracts on hand ($m)	$24.8m	$80.3m	(69%)
Residential land lots held	534	738	(28%)
Inventories	$81.4m	$95.2m	(15%)
Property, plant and equipment	$3.2m	$3.3m	(2%)
Total Non-Retirement assets	**$84.6m**	**$98.5m**	**(14%)**
Non-Retirement assets as percentage of divisional assets	2.9%	3.2%	(0.3%)

Non-Retirement	FY19	FY18	Change
Sales revenue	$95.3m	$177.6m	(46%)
COGS	($52.6m)	($128.1m)	(59%)
Gross profit	**$42.6m**	**$49.5m**	**(14%)**
Marketing expenses	($1.7m)	($2.0m)	(13%)
Other expenses	($8.6m)	($5.7m)	51%
Development profit contribution	**$32.3m**	**$41.8m**	**(23%)**
Net rental and other income	$0.9m	$8.7m	(90%)
Total profit contribution	**$33.2m**	**$50.5m**	**(34%)**
Non-Retirement settlements	212	469	(55%)
Average margin	44%	28%	16%


Mia Versteegen
Aveo Mingarra
Wilma Van Der Linden
Aveo Mingarra

Outlook

Outlook

- As the market leader, Aveo will continue to improve and innovate to provide greater living choices for older Australians
  - Aveo is continuing to roll out its Aveo Way contracts to provide greater certainty to residents
  - Aveo is committed to the integration of care through its Freedom Aged Care, co-located Aged Care facilities and Aveo Care At Home product lines
  - Aveo is continuing to deliver on its high quality development projects
- Following the announcement of the proposed Schemes with Brookfield, securityholders will be provided with a Scheme Booklet in October 2019
- Scheme meetings are expected to be held in November 2019, and if approved, the Schemes would be implemented this calendar year and Aveo would de-list from the Australian Securities Exchange
- Management are committed to delivering on value-creating initiatives for FY20
  - Achieving settlements from the increased level of deposits on hand
  - Deliver on time and budget 62 Major Development units and 125 Minor Development units
  - Prudent capital management whilst the current challenges in the market environment remain
- FY19 full year distribution of 4.5cps to be paid 30 September 2019

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