



Challenging Start to FY18 – Recovery Well Underway

Results for the period ended 31 December 2017

14 February 2018





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Overview

- Aveo's vision is to be Australia's leading and most innovative senior living provider
- We will achieve that commitment by continuing to provide enhanced freedom of choice and quality of service delivery, in whatever form consumers desire it
- In August last year, having listened to the needs of our consumers, we announced a package of key initiatives to serve them better and to regain their trust
- The initiatives we initially identified have largely been implemented with some final steps to be taken by 30 June 2018
- The package included:
 - Better pre-contract disclosure
 - An improved consumer offer – money back guarantees and shortened buyback terms
 - A commitment to shorter and clearer contracts
 - Improved complaint and incident handling procedures
 - Independent mediation for all outstanding serious complaints
 - Listening more closely to residents' views – both in Aveo communities and across the industry
- As a member of its leadership committee, Aveo has continued to work on the Property Council of Australia's Retirement Living Council on implementing all eight resolutions adopted by our peak industry body aiming at raising standards in the industry. Aveo has moved to implement a number of these resolutions unilaterally

Better Pre-Contract Disclosure	<ul style="list-style-type: none">▪ Aveo now encourages all purchasers to obtain independent legal advice and insists that non-represented purchasers confirm in writing that they have made a conscious decision to that effect▪ Aveo also encourages new purchasers to obtain independent financial advice and discuss the proposed acquisition with their family
Improved Contract Terms	<ul style="list-style-type: none">▪ Strong positive market response to contract improvements made in August - the six month money back guarantee (on entry) and six month buyback guarantee (on departure) for Aveo Way contracts▪ Contracts provide market leading terms well in excess of legislative requirements e.g. buyback terms are significantly better than new Qld and SA legislation
Simplified Resident Contracts	<ul style="list-style-type: none">▪ Currently finalising new, shorter and more user friendly lease and contractual documentation▪ Targeting a roll out of the first phase of the simplified contracts in Qld by end of March 2018, with a rollout elsewhere to be done by the end of FY18
New Contract Inclusions	<ul style="list-style-type: none">▪ A major new benefit for all residents – a Retail Discounts Program - offering savings with discounts at a wide range of retailers, including shopping discounts at many major retailers▪ This new program comes at no cost to residents and will be rolled out all communities over coming months

Risk Management

- Aveo has improved and strengthened its own complaint and incident handling procedures
- Full implementation of the Riskman risk and incident management tracking system was completed in December 2017
- All tracking and management of operational complaints and incidents are now being undertaken through one consolidated reporting system
- All but one of the 14 media related complaints have been resolved either through independent mediation or buyback
- The number of current complaints rated “Critical” is less than five

Resident Surveys

- Aveo’s annual Resident Satisfaction Survey was undertaken during October 2017
- Satisfaction rates were stable on last year but willingness to recommend to others has fallen
- Improvement plans have been created with community specific actions to address resident concerns, with implementation to commence by March 2018
- Aveo has committed to quarterly “pulse” surveys to more regularly measure resident satisfaction
- Aveo has committed to and participated in an industry wide resident satisfaction survey – full results due in March 2018

Queensland Legislation	<ul style="list-style-type: none">▪ New retirement village legislation was assented to in November 2017▪ Provisions requiring 18 month buyback have commenced, with the balance of the provisions to commence on a date yet to be proclaimed▪ No significant adverse impact has been experienced nor is it expected from the legislation
South Australian Legislation	<ul style="list-style-type: none">▪ New retirement village legislation came into effect on 1 January 2018▪ No significant adverse impact has been experienced nor is it expected from the legislation
New South Wales Inquiry	<ul style="list-style-type: none">▪ The Kathryn Greiner led inquiry into the NSW retirement village sector was conducted between August and December 2017▪ The NSW Government is considering the final report and recommendations from the inquiry, but given the terms of reference, it is not expected there will be any material impact from its outcomes to the Aveo business model
Victorian Parliamentary Inquiry	<ul style="list-style-type: none">▪ New legislation regarding temporary funding of aged care came into effect in July 2017▪ No other legislation has been flagged at this time▪ No significant adverse impact has been experienced nor is it expected from the legislation

- Aveo filed its defence in the class action on 24 November 2017 generally denying the lead applicant's allegations
- The number of residents who have signed up to the class action remains unclear
- Aveo has obtained security for costs of \$185k for the first stage of the action and will be applying for further securities as the action proceeds
- The proceeding is before the Federal Court for a status hearing in March 2018

The Way Forward – Delivering to Consumers



- Going forward, the strategy to realise our vision is all about empowering our residents and customers through greater living choices
- Aveo will continue to innovate as it has done over the past four years, to provide better products and services, as we address the emerging and increasingly complex needs of Australian seniors
- As an important demonstration of our commitment, in June 2018 we will open our \$200m project at Aveo Newstead – Australia's leading integrated retirement community and a bold blueprint of the future for retirement in this country



Financial Results and Capital Management



Key Financial Outcomes For The First Half



- Lift in statutory profit assisted by revaluation uplifts in the retirement portfolio and the sale of Gasworks
- These factors were the primary drivers in a lift in NTA per security of 26 cents
- Underlying profit was impacted by reduced sale volumes as a result of the negative media commentary regarding Aveo at the beginning of the period
- The reduced sales volumes also resulted in a decrease in FFO relative to prior period
- Total retirement assets continue to grow through both revaluation increases and the increased amount of capital invested into retirement development projects
- Retirement assets will comprise 95% of total divisional assets following the sale of Gasworks

Outcome	HY18	HY17	Change
Statutory profit after tax ¹	\$149.3m	\$121.2m	23%
Statutory EPS	26.1 cps	21.4 cps	22%
Underlying profit after tax ²	\$36.3m	\$53.9m	(33%)
Underlying EPS	6.4 cps	9.5 cps	(33%)
FFO ³	\$50.9m	\$82.8m	(39%)
FFO per security	8.8 cps	14.4 cps	(39%)
AFFO ³	\$40.9m	\$69.6m	(41%)
Operating Cash Flow	\$59.2m	\$150.0m	(61%)

Outcome	HY18	FY17	Change
Total assets	\$6,435.1m	\$5,955.1m	8%
Retirement assets	\$5,858.9m	\$5,436.2m	8%
Net assets	\$2,129.4m	\$1,978.7m	8%
NTA per security	\$3.63	\$3.37	8%

¹ Net profit after tax attributable to stapled security holders of the Group.

² Reconciliation of statutory profit to underlying profit shown on slide 64.

³ FFO and AFFO reflect Property Council of Australia guidelines.

Profit and Loss



- Profit contribution for the Established Business was impacted by the media commentary regarding Aveo
- Growth in Development revenue was offset by an increased upfront investment in marketing and overhead costs relating to future sales
- Revenue growth for Care and Support Services was offset by upfront costs of the new Durack RACF, which is now nearing full occupancy
- Non-retirement profit reduced in line with lower sales volumes due to timing of stage deliveries
- Large marketing spend invested in an extensive corporate brand campaign
- Significant gains from change in fair value of the retirement assets and sale of Gasworks

Profit and Loss	HY18 (\$m)	HY17 (\$m)	Change
Retirement			
Established Business	26.6	35.5	(25%)
Development ¹	2.1	9.0	(77%)
Care and Support Services	-	1.2	NM
Total Retirement	28.7	45.7	(37%)
Non-Retirement ¹	28.7	31.0	(7%)
Divisional contribution¹	57.4	76.7	(25%)
Group marketing costs	(3.0)	-	NM
Group overheads and incentive scheme	(8.0)	(6.8)	18%
EBITDA	46.4	69.9	(34%)
Depreciation and amortisation	(1.4)	(1.1)	27%
EBIT	45.0	68.8	(35%)
Interest and borrowing expense	(3.3)	-	NM
Profit Before Tax	41.7	68.8	(39%)
Income tax	(5.3)	(14.8)	(64%)
Profit After Tax	36.4	54.0	(33%)
Non-controlling interests	(0.1)	(0.1)	-
Underlying profit after tax²	36.3	53.9	(33%)
Gain on acquisition of RVG	-	52.6	NM
Change in fair value of investment properties	69.4	26.1	166%
Sale of Gasworks	50.4	-	NM
Other	(6.8)	(11.4)	40%
Statutory profit after tax	149.3	121.2	23%

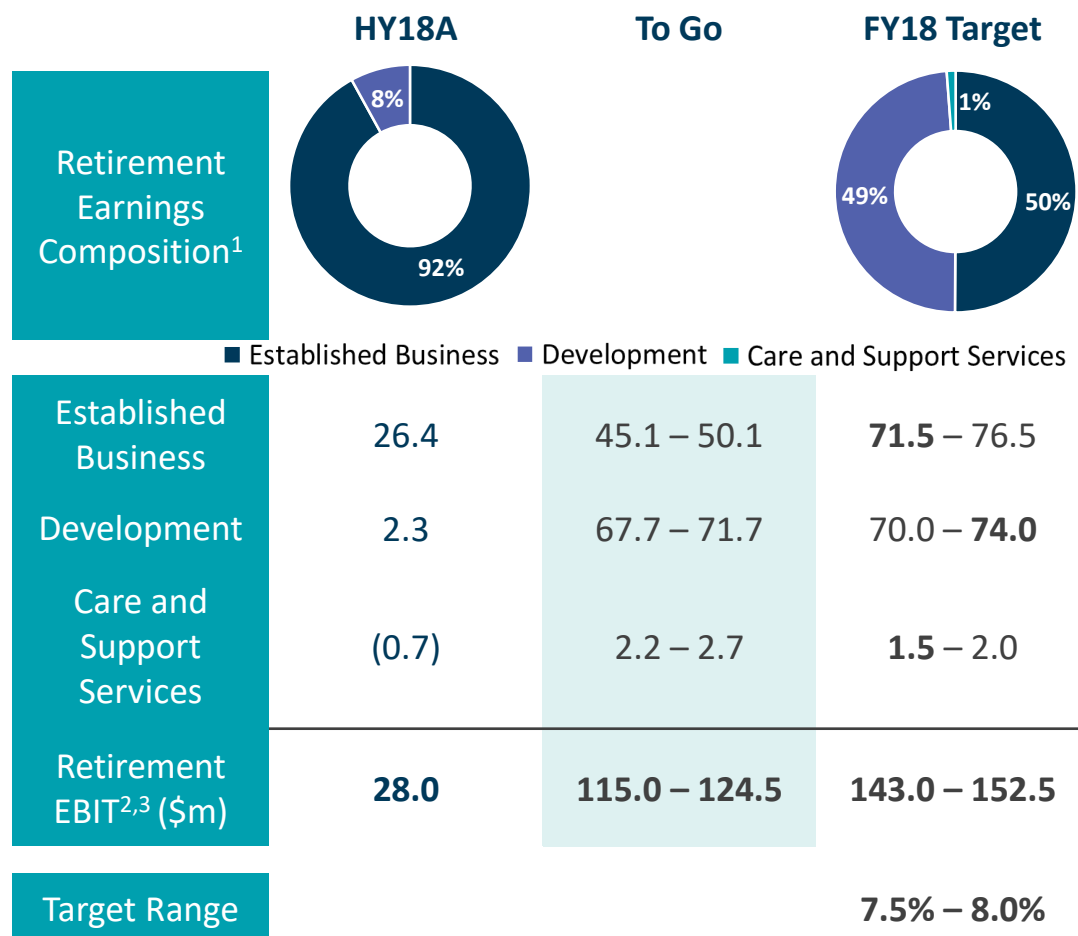
¹ Includes capitalised interest in cost of goods sold.

² The underlying profit has been calculated as per the AICD Underlying Profit Guidelines.

Retirement Asset Returns on Target



- Retirement business remains on track to achieve its ROA targets
- In the first half, significant investments were made in marketing, business improvement and other overhead, to position Aveo for the future
- The second half of FY18 will have
 - Support of the continued increase in trend sales rates seen through Q2 and into Q3 of FY18
 - 456 of the 506 major developments expected in FY18 delivering in the second half
 - Full contribution from the Durack RACF which only commenced in early FY18



¹ Targeting a long term retirement earnings mix (based on EBIT) of 70%-80% recurring (Established Business and Care and Support Services) and 20%-30% active (Development).

² Excludes capitalised interest in cost of goods sold.

³ See slide 42 for further detail regarding target retirement return metrics and reconciliation of Retirement EBIT to Retirement Profit Contribution.

Capital Management Metrics



- First tranche of the settlement of Gasworks sale (Gasworks 1 & 2) occurred on 8 February 2018 for \$220.5m less sale adjustments
- Positive intent on both sides enabled the transaction with AMP Capital to complete earlier than the original contract date of 28 February 2018
- The Gasworks 3 component (\$28m less sale adjustments) is expected to settle in September 2018
- Proforma reported gearing reduces to 16.3% post settlement of Gasworks 1 & 2
- Proforma undrawn committed lines and cash at bank increases to \$163m
- Debt remains unhedged
- HY18 includes US Senior Living debt of \$33m following acquisition in August 2017

Capital Management Metrics	HY18	FY17	Change
Reported gearing ^{1,4}	21.6%	16.9%	5%
Proforma reported gearing ^{1,2}	16.3%	NA	NA
Group ICR (>1.5)	4.7x	7.2x	(2.5x)
Gross interest bearing liabilities	\$800m	\$573m	40%
Less: cash	\$48m	\$47m	2%
Net debt	\$752m	\$526m	43%
Undrawn committed lines and cash at bank ^{1,2,3}	\$80m	\$196m	(59%)
Proforma undrawn committed lines and cash at bank ^{1,2,3}	\$163m	NA	NA
Weighted average borrowing cost	3.8%	3.4%	0.4%
Weighted average debt maturity	2.5 years	2.8 years	(0.3) years

¹ Adjusted for The Milton 50% cash at bank.

² Adjusted for sale of Gasworks.

³ Undrawn facilities is dependant on having sufficient security.

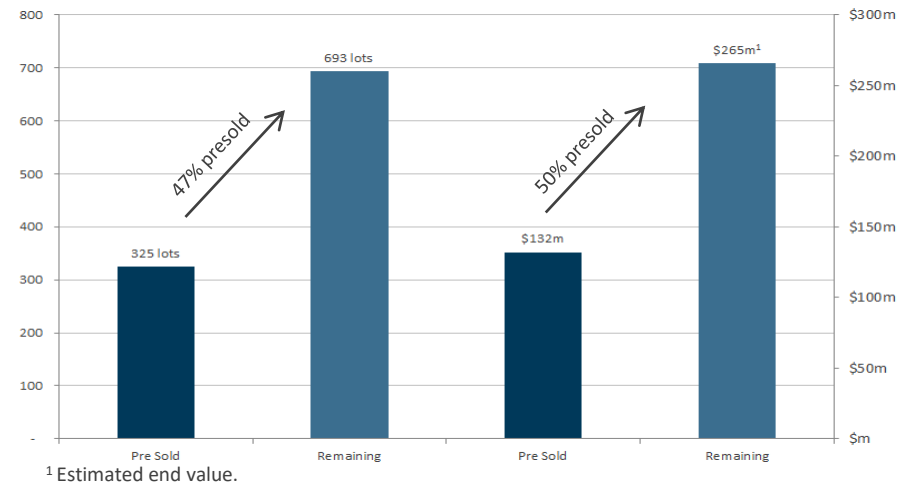
⁴ Reported gearing excluding US Senior Living debt was 21.0%.

Retirement Development Capital Requirements

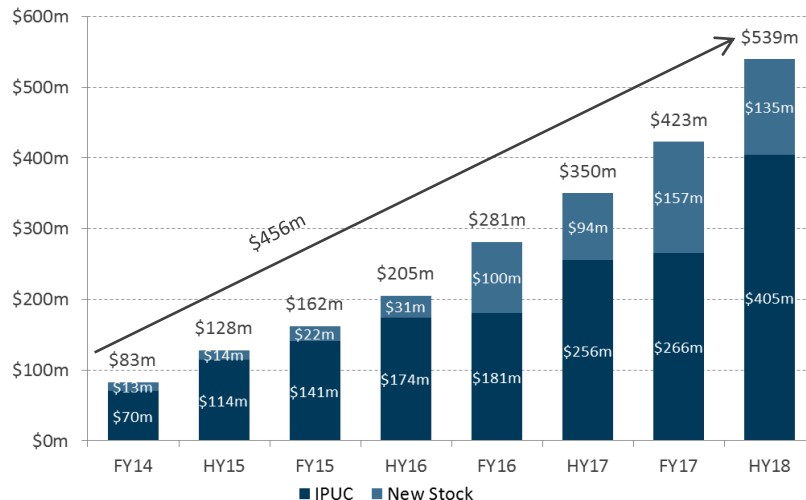


- Since FY14 \$456m has been invested in the development of new retirement units
- An investment of approximately \$500m is required to fund the development and sell down of 500 retirement units per annum
- The ongoing sell down of the remaining \$137m in residential inventory will provide a source of funding for this required capital
- \$248.5m sale of Gasworks provides additional funding

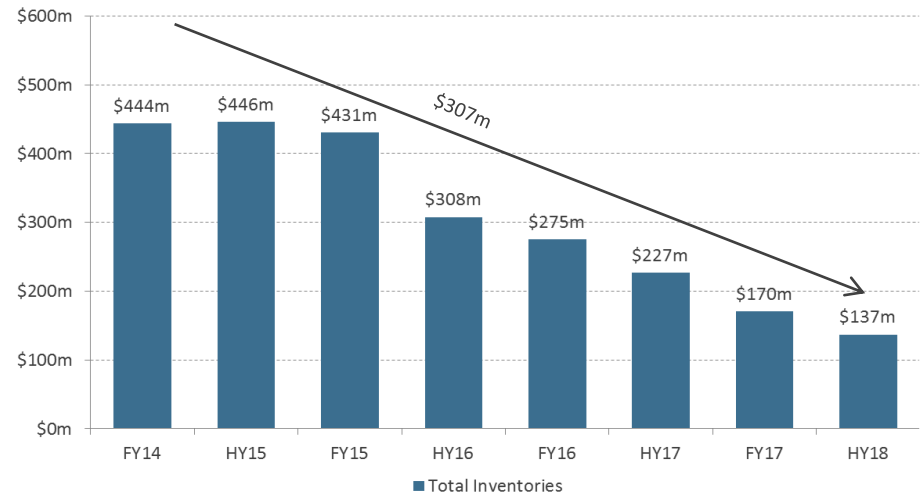
Sell down of Non-Retirement Inventory



Capital Investment in Retirement Developments



Capital Realised From Sale of Residential Inventory



Note: This excludes a further \$65m of capital invested in Freedom minor developments.

Retirement Portfolio Revaluation of \$82m



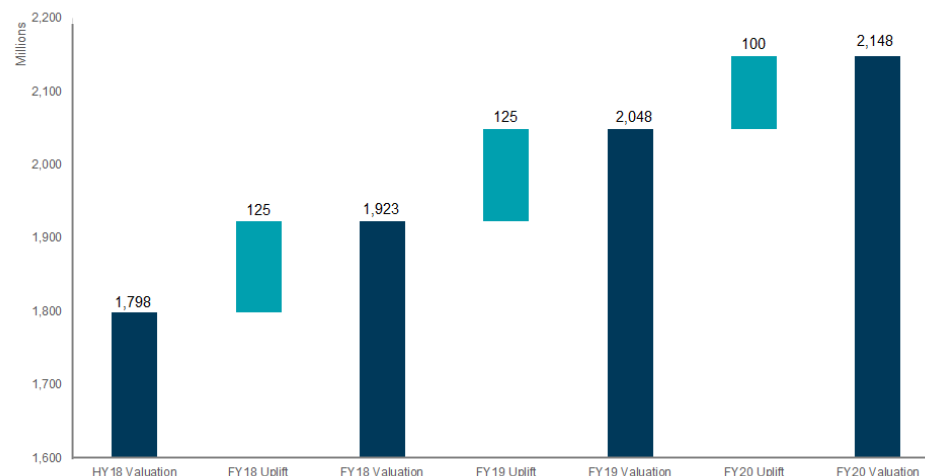
- \$23m uplift in value associated with an additional eight ILU communities and one SA community now being valued using Aveo Way as the standard contract
- \$21m uplift from one additional community (Albany Creek SAs) now valued assuming Freedom unit price and contract assumptions
- \$7m uplift from the new DMF stream associated with the delivery of 50 new units at Newcastle (further 456 new units will deliver in the second half)
- Remaining \$31m valuation uplift resulted from a combination of
 - Unit price increases
 - Updated resident profile and mix
 - Updating of various cost assumptions
- No adjustment has been made to discount rates even though risks continue to reduce as the amount of freehold tenure and Freedom original stock both continue to decrease

Portfolio Enhancements	HY18	FY17	Comment
Retirement Portfolio Valuation (\$m)	1,798	1,695	Refer to slide 57 for further detail
Aveo Way rollout (units)	2,143	1,870	Aveo Way adopted as standard contract
Valued with Aveo Way as standard contract (ILU communities) ¹	27	19	Out of total 70 ILU communities
Valued with Aveo Way as standard contract (SA communities) ¹	18	17	Out of total 30 SA communities
Valued as converted Freedom communities ²	2	1	12 communities being converted
New units delivered	50	266	Target of 500 units p.a.

¹ Aveo Way assumed as standard contract at communities with over 20% of residents on Aveo Way

² Communities with over 20% of residents adopting the Freedom product are valued as Freedom communities

Expected valuation movement from continued roll out of Aveo Way contracts, Freedom conversions and new unit deliveries³



³ Assumes no change to reported discount rates, current and future property price growth and current and subsequent resident tenure



Retirement



Retirement Results



- Total retirement revenue increased 13% driven by higher revenue contributions from both the Development and Care and Support Services segments
- Development sales increased as Freedom minor development units, major development stock delivered in FY17, and new units delivered at Newcastle during the period, all continued to sell down
- However Development profit was impacted by a large upfront investment in marketing and overhead costs relating to future sales
- Decrease in the Established Business volumes and revenue was negated by a focus on expense levels
- Initial costs associated with the opening and ramp up of the new Durack RACF, which is now nearing full occupancy, offset a solid performance across the other RACFs in the Care and Support Services segment

Key Performance Indicators	HY18	HY17	Change
Segment revenue			
Established Business	\$72.3m	\$90.7m	(20%)
Development	\$62.5m	\$38.1m	64%
Care and Support Services	\$18.4m	\$6.4m	188%
Total Retirement revenue	\$153.2m	\$135.2m	13%
Profit contribution			
Established Business	\$26.6m	\$35.5m	(25%)
Development ¹	\$2.1m	\$9.0m	(77%)
Care and Support Services	-	\$1.2m	NM
Total Retirement contribution	\$28.7m	\$45.7m	(37%)
EBIT contribution²			
Established Business	\$26.4m	\$35.0m	(25%)
Development	\$2.3m	\$9.0m	(74%)
Care and Support Services	(\$0.7m)	\$0.9m	(179%)
Total Retirement EBIT	\$28.0m	\$44.9m	(38%)
Sales Volumes (units)			
Established Business sales	299	513	(42%)
Development sales	164	108	52%
Total	463	621	(25%)
Total value of units transacted	\$196.1m	\$232.3m	(16%)

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

² Full year FY18 target EBIT is in the range of \$143.0m - \$152.5m.

Established Business Results



- Improved buyback sales revenues facilitated the ongoing release of invested capital, despite the overall sales volume drop
- This allowed proceeds to be reinvested in an ongoing program of buyback and refurbishment of older units
- Lower resales volumes translated directly to lower DMF/CG revenue and profit contribution
- Addressing this decrease going forward will be assisted by the significant investment in the corporate marketing campaign during the period, which is supporting the continued acceleration of sales rates across the portfolio
- Lower expense amounts were in part a result of lower sales commission costs (in line with reduced sales volumes), but also a continued focus on general cost control

Established Business	HY18	HY17	Change
Revenue			
DMF/CG revenue			
Resales	\$24.0m	\$45.0m	(47%)
Operating buyback purchases	\$13.3m	\$12.0m	11%
Gross DMF/CG	\$37.3m	\$57.0m	(35%)
Other Revenue			
Buyback sales	\$25.9m	\$24.3m	7%
Other ¹	\$9.1m	\$9.4m	(4%)
Total other revenue	\$35.0m	\$33.7m	4%
Total revenue	\$72.3m	\$90.7m	(20%)
Profit contribution			
Net DMF/CG ²	\$34.6m	\$53.5m	(35%)
Net buyback sales	\$2.4m	\$2.7m	(11%)
Other income	\$9.1m	\$9.4m	(4%)
Marketing/commission expenses	(\$6.5m)	(\$9.5m)	(31%)
Other expenses	(\$13.0m)	(\$20.6m)	(37%)
Total profit contribution	\$26.6m	\$35.5m	(25%)
Depreciation and amortisation	(\$0.2m)	(\$0.5m)	(53%)
EBIT	\$26.4m	\$35.0m	(25%)

¹ Includes resident commissions and community administration fees.

² Relates to resales and operating buyback purchases.

Established Business Sales and Margins



- Lower resale volumes provided opportunities to increase the number of units bought back as part of the ongoing buyback and refurbishment program
- This was offset by reduced Freedom transition buybacks which were lower given sufficient stock on hand already existed
- Despite the lower volumes, realised average transaction price point for resales continued to grow, which also flowed through to higher DMF/CG amounts per transaction
- The portfolio sales rate of 7.5% is expected to trend back towards 9%-10% range by the end of FY18 on the back of current unit sales rates
- Long term still expected to be 10%-12%
- Occupancy dropped marginally in line with the temporary decrease in portfolio sales rate

Sales and Margins	HY18	HY17	Change
Sales volumes (units)			
Resales	209	422	(50%)
Buyback sales	90	91	(1%)
Total	299	513	(42%)
Recurring operating buyback purchases	153	111	38%
Freedom transition buyback purchases	36	50	(28%)
Total operating buyback purchases	189	161	17%
DMF/CG generating transactions	398	583	(32%)
Deposits on hand	61	184	(67%)
Resales			
Avg DMF/CG transaction price point	\$409k	\$379k	8%
Avg DMF/CG per transaction	\$115k	\$107k	8%
DMF/CG margin per transaction	28%	28%	-
Operating Buyback Purchases			
Avg DMF/CG transaction price point	\$308k	\$273k	13%
Avg DMF/CG per transaction	\$71k	\$75k	(5%)
DMF/CG margin per transaction	23%	27%	(4%)
Portfolio sales rate ¹	7.5%	10.3%	(3%)
Occupancy	92%	93%	(1%)

¹ Excludes new units sold within the last five years and includes Freedom minor development sales.

Development Results



- Significant lift in revenue and gross profit associated with the delivery of 50 new major development units and an increased sale rate of minor development Freedom original and conversion units
- However Development EBIT was impacted by a large upfront investment in marketing and overhead costs relating to future sales
- Majority of marketing costs incurred related to the pre-completion promotion of the 456 new units to be delivered in the second half
- Significant additional overhead was also incurred to facilitate the accelerated rollout of the successful Freedom conversion program
- Retirement development team now fully resourced to deliver 500 units per annum with a reduction in costs allocated to non-retirement

Development	HY18	HY17	Change
Revenue	\$62.5m	\$38.1m	64%
COGS	(\$40.5m)	(\$25.8m)	57%
Gross profit	\$22.0m	\$12.3m	79%
Marketing expenses	(\$8.5m)	(\$2.7m)	215%
Other expenses	(\$11.4m)	(\$0.6m)	NM
Profit contribution	\$2.1m	\$9.0m	(77%)
Interest in COGS	\$0.3m	-	NM
Depreciation	(\$0.1m)	-	NM
EBIT	\$2.3m	\$9.0m	(74%)

Development Sales and Margins



- Delivery of 50 new major development units in the first stage of the Newcastle community
- More major development units were sold (89) than delivered (50), as stock completed at the end of FY17 continued to sell down
- Major development margins were at the top of the targeted 16%-20% (pre interest) range
- Ramp up in sale of Freedom minor development conversion and original stock continued with 75 sales during the period
- Continues to provide evidence of the market appeal of the Freedom product and the future potential of expanding this offering
- Minor development margins decreased to more normalised levels
- Lower margin levels were offset by significant increases in transaction pricing to \$506k per unit, indicative of the pricing premium attached to units with comprehensive care services

Development	HY18	HY17	Change
Major Development			
Units delivered	50	58	(14%)
Units sold	89	75	19%
Revenue	\$24.6m	\$26.5m	(7%)
Gross profit (including interest) ¹	\$7.5m	\$5.5m	37%
Gross profit (excluding interest) ¹	\$7.8m	\$5.5m	42%
Average margin (including interest)	18%	21%	(3%)
Average margin (excluding interest)	20%	21%	(1%)
Average transaction value	\$492k	\$457k	8%
Deposits on hand	44	29	52%
Redevelopment buyback purchases	24	74	(68%)
Minor Development			
Units sold	75	33	127%
Revenue	\$37.9m	\$11.6m	227%
Gross profit (including interest)	\$14.5m	\$6.8m	111%
Gross profit (excluding interest)	\$14.5m	\$6.8m	111%
Average margin (including interest)	38%	59%	(21%)
Average margin (excluding interest)	38%	59%	(21%)
Average transaction value	\$506k	\$352k	44%
Deposits on hand	9	25	(64%)

¹ Includes profit adjustments from FY17 deliveries where actual sales price were higher/lower than expected and/or actual expenses were higher/lower than expected.

Development Projects Update



- Construction is on schedule for the remaining development units delivering in FY18, with work at the biggest projects at Bella Vista and Newstead topped out and internal work well progressed

Community	H1 Delivery	H2 Delivery	Total FY18 Units	Development Status
Bella Vista	-	64	64	Building topped out (level 11) with waterproofing and sheeting completed to level 8, and kitchen and joinery installation to level 5
Hunters Green	-	25	25	Piling now complete, with 60% of slab pours finished and framing work now underway across the development site
Island Point	-	15	15	All slabs have been poured with 11 of the 15 villas now having frames and trusses fully erected
Mingarra	-	19	19	Piling complete and slab pours to commence shortly, with framing to commence shortly afterwards
Newcastle	50	-	50	FY18 units already delivered. Civils works have commenced on site for delivery of FY19 product
Newstead	-	199	199	Structure now completed with scaffolding largely removed and internal work progressing well, with ILU defecting to begin this month
Robertson Park	-	34	34	Plasterboard lining, window installation and waterproofing are nearing completion with internal works (tiling, joinery, etc) also well progressed
Springfield	-	38	38	Top floor (level 2) slab and blockwork is completed with mechanical and electrical services work having commenced on level 1
Tanah Merah	-	62	62	Buildings in various stages of progress from completion of initial slab pour through to partition framing and roof sheeting complete on others
Total Major	50	456	506	
Minor	75	105	180	Being delivered progressively throughout the year
Total	125	561	686	

FY18 Development Projects Under Construction



Springfield – 38 units under construction



Island Point – 15 units under construction



Tanah Merah – 62 units under construction



Hunters Green – 25 units under construction



FY18 Development Projects Under Construction

Mingarra – 19 units under construction



Bella Vista – 64 units under construction



Robertson Park – 34 units under construction



Newstead – 199 units under construction



Major Development Delivery Forecast – Units



Community	Category	State	Density	Units ^{1,2}	FY18	FY19	FY20+
Mingarra	Brownfield	VIC	Low	19	19		
Newstead	Greenfield	QLD	High	199	199		
Hunters Green	Brownfield	VIC	Low	74	25	49	
Tanah Merah	Brownfield	QLD	Medium	82	62		20
Island Point	Brownfield	NSW	Low	85	15	37	33
Newcastle	Greenfield	NSW	Low	300	50	65	185
Robertson Park	Redevelopment	QLD	Medium	204	34	32	138
Bella Vista	Greenfield	NSW	High	464	64	68	332
Springfield	Greenfield	QLD	Medium	2,290	38	48	2,204
Morayfield	Brownfield	QLD	Low	40		40	
Carindale	Redevelopment	QLD	High	432		97	335
Redland Bay	Brownfield	QLD	Low	90		38	52
Palmview	Greenfield	QLD	Low	138		38	100
Tamworth	Brownfield	NSW	Low	20			20
Launceston	Brownfield	TAS	Low	45			45
Mingarra redevelopment	Redevelopment	VIC	Medium	144			144
Newmarket	Redevelopment	QLD	Medium	264			264
Rosedale	Greenfield	QLD	Low	150			150
Sanctuary Cove	Greenfield	QLD	Low	163			163
Southport	Redevelopment	QLD	Medium	215			215
Major Development				5,418	506	512	4,400
Minor Development				843	180	180	483
Total Retirement Community Product				6,261	686	692	4,883

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

² Further information provided on slide 53.

Care and Support Services Results



- Upfront costs associated with the ramp up of the new Durack RACF impacted the overall RACF contribution
- Occupancy at Durack is now at 104 beds (of 123 available) and targeting full occupancy by end of March 2018
- Increase in depreciation and amortisation due to higher depreciation charges also associated with the new Durack RACF
- Allied health and food and nutrition services continue to operate at around break even levels, while improving the overall resident experience
- Care offering to be complemented by the start of the Aveo Care at Home business which will expand the availability of traditional home care services to all Aveo communities

Care and Support Services	HY18	HY17	Change
Revenue			
RACF	\$7.6m	\$5.5m	38%
Allied health	\$0.2m	\$0.5m	(61%)
Food and Nutrition	\$9.7m	-	NM
Other	\$0.9m	\$0.4m	131%
Total revenue	\$18.4m	\$6.4m	188%
Profit contribution			
RACF	\$0.8m	\$1.5m	(47%)
Allied health	(\$0.1m)	-	NM
Food and Nutrition	\$0.1m	-	NM
Other	\$0.3m	\$0.3m	9%
Expenses	(\$1.1m)	(\$0.6m)	79%
Total profit contribution	-	\$1.2m	NM
Depreciation and amortisation	(\$0.7m)	(\$0.3m)	133%
EBIT	(\$0.7m)	\$0.9m	(183%)

Delivery Forecast – Aged Care Beds

- Construction remains on schedule for the delivery of the Newstead RACF as part of the new integrated retirement community at that site
- First residents targeted to have moved into the RACF by the end of FY18
- Planning approval recently received for the proposed new RACF at Mingarra



Community	State	Total Beds ¹	FY18	FY19+
Newstead	QLD	99	99	
Bella Vista	NSW	144		144
Carindale	QLD	100		100
Clayfield	QLD	105		105
Mingarra	VIC	108		108
Minkara / Bayview	NSW	124		124
Newcastle	NSW	123		123
Springfield	QLD	144		144
Total Aged Care Product		947	99	848

¹ Inclusive of 184 existing beds



Non-Retirement



Non-Retirement Results



- Change in profit contribution primarily related to lower numbers of land lot sales
- Change in sales was related wholly to timing of stage deliveries
- This business still has a high number of remaining contracts on hand for future sales
- Focus for the remainder of FY18 will be to ensure delivery of stages to allow conversion of contracts on hand to settled transactions
- Sale of Gasworks now leaves the residential land estates as the last material non-retirement assets

Non-Retirement	HY18	HY17	Change
Sales revenue	\$85.4m	\$117.3m	(27%)
COGS	(\$58.7m)	(\$84.3m)	(30%)
Gross profit	\$26.7m	\$33.0m	(19%)
Marketing expenses	(\$0.8m)	(\$2.3m)	(63%)
Other expenses	(\$2.9m)	(\$4.2m)	(33%)
Development profit contribution	\$23.0m	\$26.5m	(13%)
Net rental income	\$5.7m	\$4.5m	27%
Total profit contribution	\$28.7m	\$31.0m	(7%)
Residential land lot sales	229	309	(26%)
Average margin	31%	28%	3%

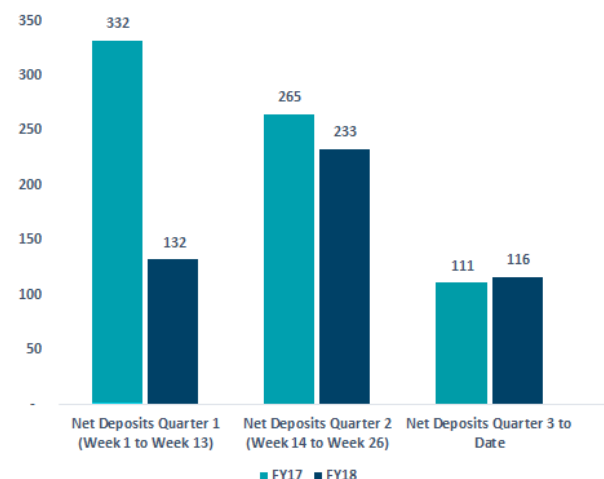
Key Performance Indicators	HY18	FY17	Change
Contracts on hand	325	396	(18%)
Contracts on hand (\$m)	\$132.0m	\$160.0m	(18%)
Investment properties held	-	2	NM
Land lots held	1,041	1,265	(18%)
Inventories	\$137.0m	\$170.3m	(20%)
Assets held for sale	\$219.4m	-	NM
Investment properties	-	\$181.5m	NM
Property, plant and equipment	\$3.3m	\$3.8m	NM
Total non-retirement assets	\$359.7m	\$355.6m	1%
Non-retirement assets as percentage of divisional assets	12%	13%	(1%)
Pro-forma non-retirement assets as percentage of divisional assets	5%	13%	(8%)



Outlook

- Retirement sales volumes continue to recover from the challenging start to FY18
- Deposits taken in Q1 of FY18 were significantly below that for the same period of FY17
- Though still lower than during FY17, deposit activity increased in Q2 of FY18 on the back of an improved resident offering and a strong and targeted marketing campaign
- Deposits taken to date in Q3 of FY18 are now tracking back in line with sales activity seen during the corresponding period of FY17
- A high profile “Getting it right for the journey ahead” television campaign continued over the Christmas/New Year period
- This has been complemented by an increased digital marketing thrust and an increased focus on industry, placement partners and respite activity for sales, especially in the Freedom business

Net Deposit Comparison



- Targeting completion of implementation of the range of business improvement initiatives that have been introduced by the end of FY18
- Ongoing resident listening campaign will continue to monitor the effectiveness of these initiatives
- Reaffirming financial guidance for FY18 that was provided with the FY17 results of 20.4 cps (7.9% growth on 18.9 cps delivered in FY17)
- FY18 was always going to have a second half skew to full year results, driven by the timing of new development deliveries, but this is now exacerbated by the improving sales rates and volumes
- The retirement development results are expected to be toward the higher end of the guidance range, due to higher margins expected on second half major development deliveries
- This is anticipated to offset the established business result which is expected to be at the lower end of the guidance range
- Targeting full year distribution amount based on 40%-60% of underlying profit payout range
- Retirement business remains on track to achieve its ROA targets



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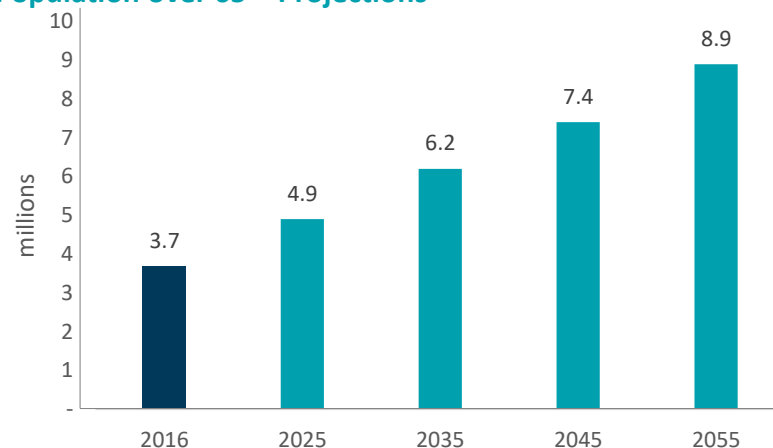
Appendix viii. Other Information

Retirement Accommodation Demand



- The Australian population aged over 65 is expected to grow by more than double over the next 30 years
- The Property Council of Australia estimates that between 2014 and 2025, approximately 198,000 additional senior Australians will be seeking retirement village accommodation
- Even taking into account that some of these will be couples and therefore only need one dwelling (the current resident per dwelling ratio is approximately 1.3), this still implies an additional accommodation need of just over 150,000 units
- While costs vary by product and location, assuming an average development cost of \$500,000 per unit, this implies a capital investment requirement of \$75 billion over that period
- Aveo has a target rate of delivering 500 new units per annum from FY18 onwards

Population over 65 – Projections^{1,2}



¹ ABS July 2017 Census, 2016.

² Treasury 2015 Intergenerational Report.

7.5%

*of Australians
over the age of
65 are forecast
to live in
retirement
villages
in 2025,
increasing from
5.7% in 2014*

8.1

million

*Australians will
be aged over 65
in 2050*

382.2

thousand

*People will be
seeking
accommodation
in a retirement
village by 2025*

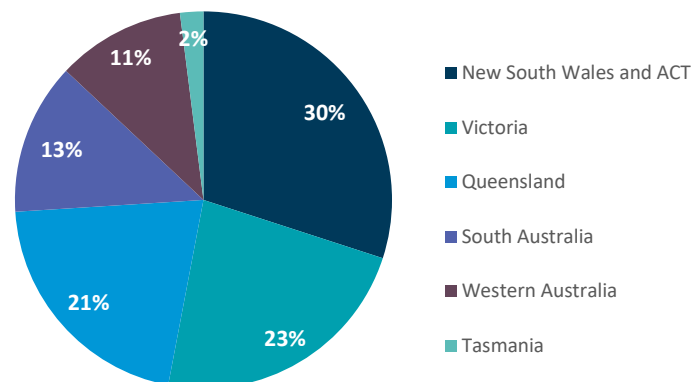
Source: Property Council of Australia
- National Overview of the retirement
village sector

Australian Retirement Sector

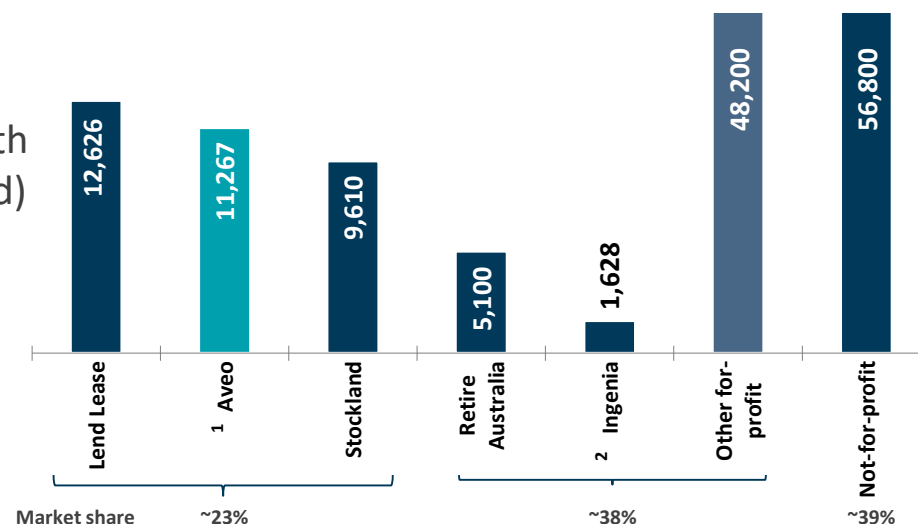


- An estimated 184,000 retirees live in retirement communities throughout Australia representing approximately 5.7% of the population over 65
- Aveo residents make up 7.3% of the total estimated retirees in retirement communities
- For-profit operators make up circa 60% of the market while the other 40% is operated by non-profit organisations
- Majority of accommodation is single-level or low-rise villas with community facilities
- Most common title structure is leasehold with DMF (circa 70% of Aveo portfolio is leasehold)
- The typical ILU costs less than 70% of the median house price in the same postcode
- The industry average age of residents is 80 compared to an average of 82.9 at Aveo communities

Retirement Village Units by State



Retirement Village Operators by Units Managed



¹ Includes Aveo's Australian portfolio only

² Ingenia Gardens - seniors rental accommodation

Sources: Company Announcements 2017; PriceWaterhouseCoopers, Property Council Retirement Census 2017; Retirement Living Council, Grant Thornton, National Overview of the Retirement Village Sector 2014



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Business Components of the Aveo Strategy



Established Business

- Existing DMF/CG generating retirement communities and associated non-DMF fee revenue
- Ongoing unit buyback and subsequent resale program
- Continue to achieve portfolio sales rates at levels of 10%-12%
- Introducing Freedom care offering to selected communities in the Aveo portfolio
- Increase unit pricing in line with residential market price growth
- Improve Aveo contract terms
- Maintain cost efficient operational structures
- Aveo share of equity accounted investments in Aveo China
- Acquired partner's interest in US Senior Living in August 2017

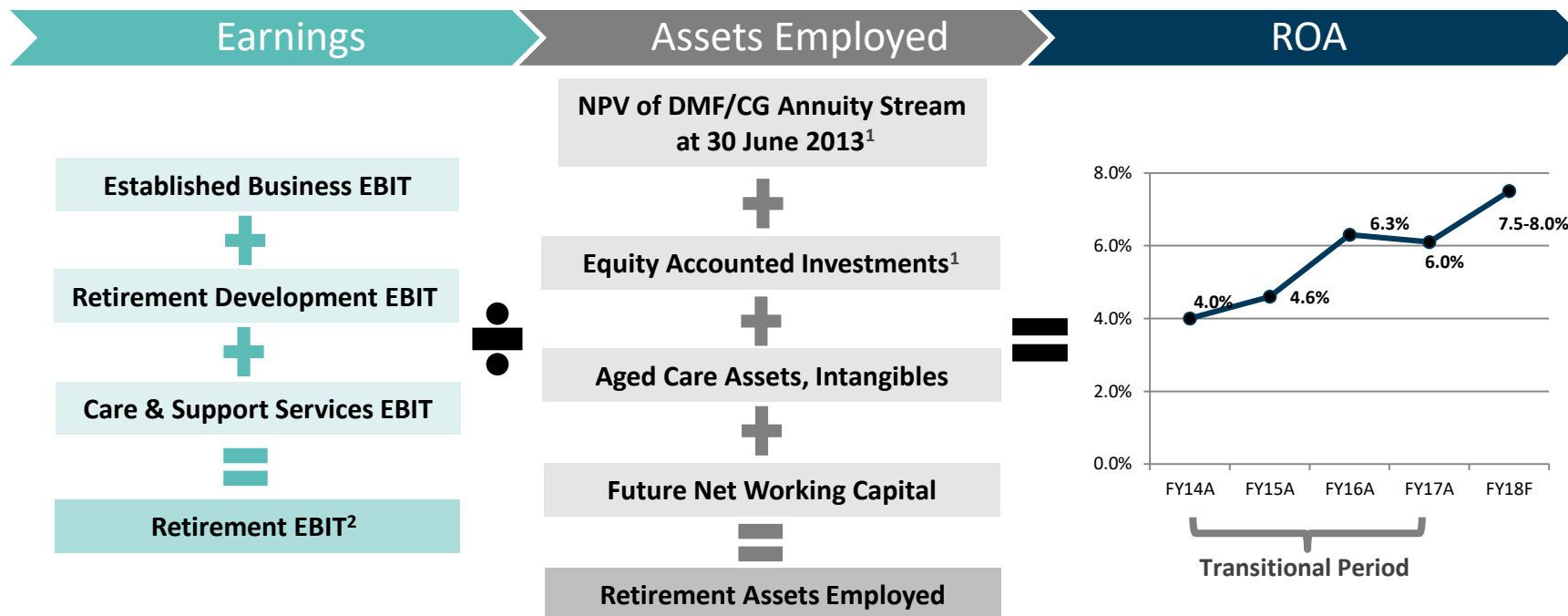
Development

- Major development projects comprising a mix of brownfield, greenfield and redevelopments
- Minor redevelopment of Freedom conversion and Freedom original units to assist in rolling out Freedom product (targeting 180 units in FY18)
- Existing major development pipeline of over 5,000 units to be developed over 5-10 years
- Delivery planned for 506 new units in FY18
- Delivery target of over 500 new units from major developments p.a. onwards from FY18
- Continue to expand pipeline through selected new site acquisitions
- Future acquisitions of new sites must meet required investment return metrics

Care and Support Services

- Existing high care income from four co-located aged care facilities owned by Aveo
- Low care in-home services to residents via Aveo Care at Home offering
- Aveo owned allied health care providers integrated into retirement community operations
- Existing pipeline of 947 aged care beds
- Delivery planned for 99 aged care beds in FY18
- Increase penetration rate for Aveo Care at Home within communities
- Continual delivery of new aged care facilities to support an increase in the integrated retirement community offering

ROA Enhancement Strategy (FY14 to FY18)



- Existing or new projects that are forecast to be delivered post FY18 will not be included in the retirement assets employed for the periods FY14 to FY18 for the purposes of the ROA calculation

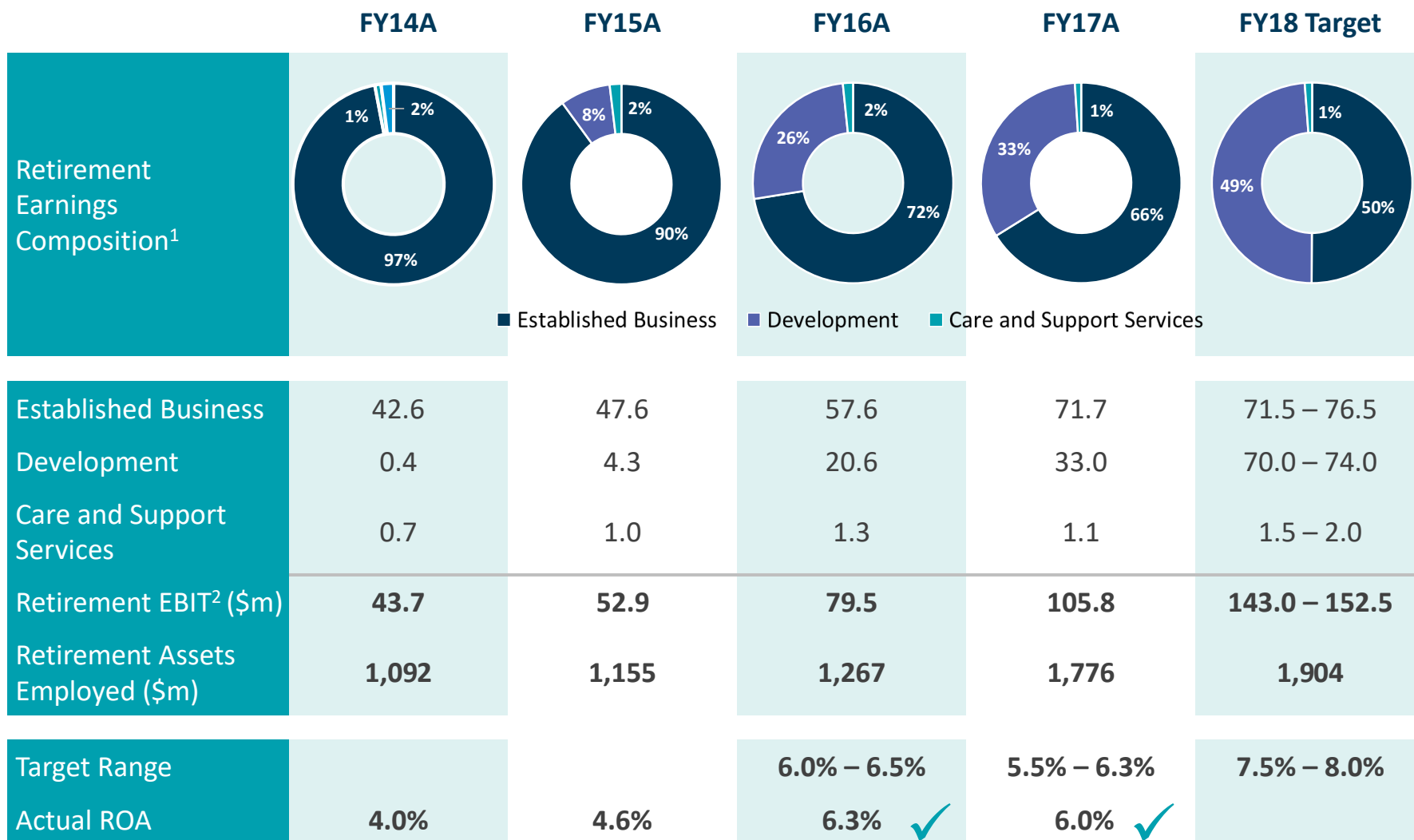
¹ Excludes any future retirement asset revaluations after 30 June 2013 from the calculation of retirement ROA.

² Excludes non-allocated overheads.

Retirement Asset Returns on Target



- Retirement business remains on track to achieve its ROA targets



¹ Long term retirement earnings mix (based on EBIT) will likely be 70%-80% recurring (Established Business and Care and Support Services) and 20%-30% active (Development) post FY21.

² Excludes capitalised interest in cost of goods sold.

Reconciliation of Retirement EBIT



- Retirement EBIT figures used in determining Retirement ROA exclude capitalised interest in COGS to remove the impact of leverage
- A reconciliation of the Retirement EBIT figures to the Retirement profit contribution is shown in the table below

\$m	FY14A	FY15A	FY16A ¹	FY17A	FY18F
Retirement EBIT					
Established Business	42.6	47.6	57.6	71.7	71.5 – 76.5
Development	0.4	4.3	20.6	33.0	70.0 – 74.0
Care and Support Services	0.7	1.0	1.3	1.1	1.5 – 2.0
Retirement EBIT	43.7	52.9	79.5	105.8	143.0 – 152.5
Development Adjustments					
Capitalised Interest in COGS	-	(1.1)	(1.3)	(1.9)	(12.0) – (10.0)
Development profit on aged care facilities ²	-	-	-	(5.9)	(4.0) – (3.0)
Total	-	(1.1)	(1.3)	(7.8)	(16.0) – (13.0)
Depreciation & Amortisation					
Established Business	0.5	0.7	1.0	2.1	1.0 – 1.5
Care and Support Services	0.6	0.5	0.6	0.6	1.5 – 2.0
Total	1.1	1.2	1.6	2.7	2.5 – 3.5
Retirement Profit Contribution					
Established Business	43.1	48.3	58.6	73.8	72.5 – 78.0
Development	0.4	3.2	19.3	25.2	54.0 – 61.0
Care and Support Services	1.3	1.5	2.0	1.7	3.0 – 4.0
Retirement profit contribution	44.8	53.0	79.9	100.7	129.5 – 143.0

¹ Excludes Freedom.

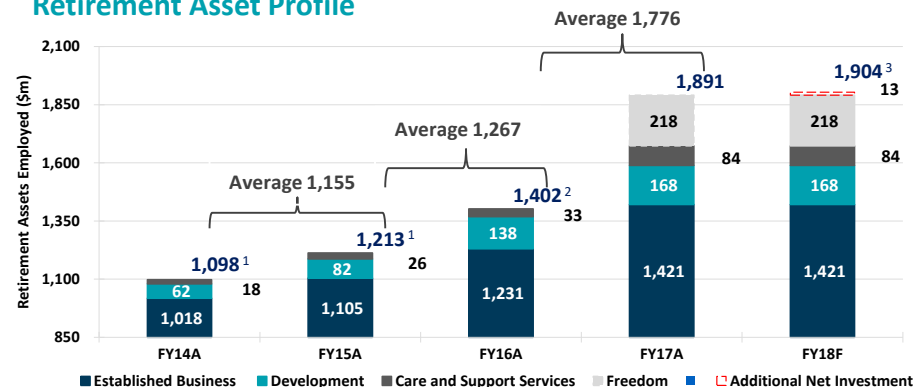
² FY17A Durack, FY18F Newstead.

Indicative Retirement Assets



- Average retirement assets for measuring ROA in FY14 was just under \$1.1bn
- This has increased to \$1,891m in FY17 and is expected to increase to \$1,904m by FY18
- The primary reasons for the increase in the asset levels by FY18 will be:
 - Acquisitions of Freedom and RVG (already acquired)
 - Expanding and accelerating the new retirement unit development pipeline
 - Capital expenditure on the established retirement community portfolio
 - Investment in additional aged care facilities
- Future revaluations are excluded for the purpose of calculating the retirement ROA
- FY18F retirement assets employed balances have no allowance for new development site acquisitions

Retirement Asset Profile



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

² Balance at end of FY16 (excludes Freedom).

³ Average balance incorporating opening and closing balance for financial year (including Freedom).

Composition of Retirement Assets

\$m	FY16A	FY17A	Average ^{3,4}
Average Assets Employed			
Established Business¹			
Opening balance	1,105	1,231	
Acquisition of Freedom Aged Care ²	-	197	
Change in net working capital	126	190	
Closing balance	1,231	1,618	
Development²			
Opening balance	82	138	
Acquisition of Freedom Aged Care ²	-	21	
Change in net working capital	56	30	
Closing balance	138	189	
Care & Support Services			
Opening balance	26	33	
Change in net working capital	7	51	
Closing balance	33	84	
Total Retirement²			
Opening balance	1,213	1,402	
Acquisition of Freedom Aged Care ²	-	218	
Change in net working capital	189	271	
Closing balance	1,402	1,891	1,776

¹ NPV of DMF/CG annuity stream at FY13 plus capital expenditure on the established portfolio as future revaluations are excluded for the purpose of calculating Retirement ROA.

² The effect of the Freedom acquisition was excluded from the FY16 measurement and is included in the FY17 measurement.

³ Reported investment property under construction adjusted to include only those projects completing before or during FY18.

⁴ Weighted average reflecting timing of significant cash flows that occur unevenly during the year.



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Retirement – Our Portfolio



- Aveo owns 91 existing communities across the east coast and Adelaide, with two new greenfield communities to be completed by the end of FY18
- Aveo also owns five existing communities in the south-east of the United States of America
- Communities predominantly located in prime metropolitan locations
- Australian portfolio characterised by mature communities with 62 communities more than 20 years old, with established resident communities

Portfolio Snapshot

Units	Communities	ILUs	SAs	Freedom SAs	Existing Total	Pipeline ³ – Units	Total Units	Aged Care Beds	Pipeline – Beds	Total Units and Beds
Aveo ¹	86	7,259	1,403	1,076	9,738	5,007	14,745	184	658	15,587
Aveo Healthcare ²	5	1,277	169	83	1,529	-	1,529	123	105	1,757
Total Australia	91	8,536	1,572	1,159	11,267	5,007	16,274	307	763	17,344
Aveo – US	5	-	275	-	275	-	275	-	-	275
Total Aveo	96	8,536	1,847	1,159	11,542	5,007	16,549	307	763	17,619

¹ Includes 39 units not offered for accommodation purposes e.g. managers' units.

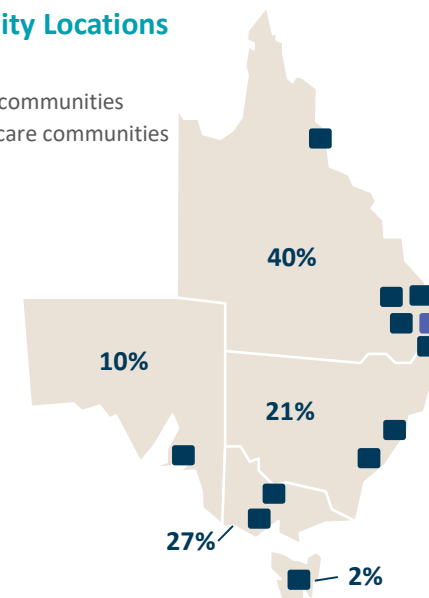
² Includes 10 units not offered for accommodation purposes e.g. managers' units; AEH is 86% owned by Aveo.

³ Development pipeline net of 361 units to be redeveloped.

Aveo Community Locations

Legend

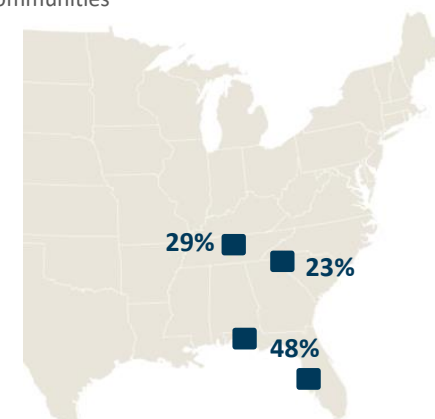
- Aveo Group communities
- Aveo Healthcare communities



US Senior Living Locations

Legend

- US Senior communities



Retirement Community Portfolio – Aveo



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Queensland Communities										
Amity Gardens	Ashmore, Qld	119	-	-	119	-	119	-	-	119
Aspley Court	Aspley, Qld	118	44	-	162	-	162	-	-	162
Bridgeman Downs	Bridgeman Downs, Qld	113	73	-	186	-	186	-	-	186
Carindale	Carindale, Qld	66	41	-	107	-	107	325	100	532
Clayfield	Clayfield, Qld	-	-	39	39	-	39	-	-	39
Cleveland Gardens	Ormiston, Qld	154	-	66	220	-	220	-	-	220
Lindsay Gardens	Buderim, Qld	122	52	-	174	-	174	-	-	174
Manly Gardens	Manly, Qld	168	-	-	168	-	168	-	-	168
Morayfield	Caboolture South, Qld	-	-	64	64	-	64	40	-	104
Newmarket	Newmarket, Qld	75	-	-	75	-	75	189	-	264
Peregian Springs	Peregian Springs, Qld	189	48	-	237	-	237	-	-	237
Redland Bay	Redland Bay, Qld	-	-	46	46	-	46	90	-	136
Robertson Park	Robertson, Qld	35	38	-	73	-	73	131	-	204
Robina	Robina, Qld	126	-	-	126	-	126	-	-	126
Rosedale	Rosedale, Qld	-	-	110	110	-	110	-	-	110
Southport Gardens	Southport, Qld	90	-	-	90	-	90	125	-	215
Springfield	Springfield, Qld	66	-	-	66	-	66	2,290	144	2,500
Sunnybank Green	Sunnybank, Qld	56	-	-	56	-	56	-	-	56
Tanah Merah	Slacks Creek, Qld	-	-	62	62	-	62	82	-	144
The Domain Country Club	Ashmore, Qld	323	52	-	375	-	375	-	-	375
The Parks	Earlville, Qld	157	-	-	157	-	157	-	-	157
Toowoomba Bridge St	Toowoomba, Qld	-	-	58	58	-	58	-	-	58

Retirement Community Portfolio – Aveo (Cont'd)



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline – Units	Pipeline – Beds	Total Units (Future)
Queensland Communities (Cont.)										
Toowoomba Taylor St	Toowoomba, Qld	-	-	103	103	-	103	-	-	103
Tranquility Gardens	Helensvale, Qld	115	-	-	115	-	115	-	-	115
Brightwater	Brightwater, Qld	-	-	-	-	-	-	-	-	-
Newstead	Newstead, Qld	-	-	-	-	-	-	199	99	298
Palmview	Palmview, Qld	-	-	-	-	-	-	138	-	138
Sanctuary Cove	Sanctuary Cove, Qld	-	-	-	-	-	-	163	-	163
The Rochedale Estates	Rochedale, Qld	-	-	-	-	-	-	150	-	150
Total QLD		2,092	348	548	2,988	-	2,988	3,922	343	7,253
New South Wales Communities										
Banora Point	Banora Point, NSW	125	-	-	125	-	125	-	-	125
Banora Point	Banora Point, NSW	-	-	84	84	-	84	-	-	84
Bayview Gardens	Bayview, NSW	262	38	-	300	73	373	-	-	373
Camden Downs	Camden South, NSW	65	-	-	65	-	65	-	-	65
Coffs Harbour	Coffs Harbour, NSW	-	-	50	50	-	50	-	-	50
Fernbank	St Ives, NSW	156	38	-	194	-	194	-	-	194
Heydon Grove ILUs	Mosman, NSW	31	-	-	31	-	31	-	-	31
Island Point	St Georges Basin, NSW	70	-	-	70	-	70	85	-	155
Lindfield Gardens	East Lindfield, NSW	138	40	-	178	-	178	-	-	178
Manors of Mosman	Mosman, NSW	133	21	-	154	-	154	-	-	154
Maple Grove	Casula, NSW	112	-	-	112	-	112	-	-	112
Minkara	Bayview, NSW	159	43	-	202	51	253	-	-	253
Mosman Grove SAs	Mosman, NSW	-	37	-	37	-	37	-	-	37
Mountain View	Murwillumbah, NSW	220	51	-	271	-	271	-	-	271

Retirement Community Portfolio – Aveo (Cont'd)



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline – Units	Pipeline – Beds	Total Units (Future)
New South Wales Communities (Cont.)										
Newcastle	Newcastle, NSW	50	-	-	50	-	50	250	123	423
Peninsula Gardens	Bayview, NSW	77	34	-	111	-	111	-	-	111
Pittwater Palms	Avalon, NSW	127	41	-	168	-	168	-	-	168
Tamworth	Tamworth, NSW	-	-	56	56	-	56	20	-	76
Tweed Heads	Tweed Heads, NSW	-	-	70	70	-	70	-	-	70
Southern Gateway	Bella Vista, NSW	-	-	-	-	-	-	464	144	608
Total NSW		1,725	343	260	2,328	124	2,452	819	267	3,538
Victoria Communities										
Balwyn Manor	Balwyn, Vic	-	54	-	54	-	54	-	-	54
Bendigo	Bendigo, Vic	-	-	96	96	-	96	-	-	96
Bentleigh	Bentleigh, Vic	27	43	-	70	-	70	-	-	70
Botanic Gardens	Cranbourne, Vic	157	-	-	157	-	157	-	-	157
Cherry Tree Grove	Croydon, Vic	354	36	-	390	-	390	-	-	390
Concierge Balwyn	Balwyn, Vic	71	-	-	71	-	71	-	-	71
Concierge Bayside	Hampton, Vic	86	-	-	86	-	86	-	-	86
Domaine	Doncaster, Vic	167	-	-	167	-	167	-	-	167
Dromana	Safety Beach, Vic	-	-	67	67	-	67	-	-	67
Edrington Park	Berwick, Vic	149	35	-	184	-	184	-	-	184
Fountain Court	Burwood, Vic	130	41	-	171	-	171	-	-	171
Geelong	Grovedale, Vic	-	-	48	48	-	48	-	-	48
Hampton Heath	Hampton Park, Vic	53	-	-	53	-	53	-	-	53
Hunters Green	Cranbourne, Vic	136	-	-	136	-	136	74	-	210
Kingston Green	Cheltenham, Vic	108	40	-	148	-	148	-	-	148

Retirement Community Portfolio – Aveo (Cont'd)



Aveo Communities Location		ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Victoria Communities (Cont.)										
Lisson Grove	Hawthorn, Vic	-	39	-	39	-	39	-	-	39
Mingarra	Croydon, Vic	155	-	-	155	60	215	147	48	410
Oak Tree Hill	Glen Waverley, Vic	147	47	-	194	-	194	-	-	194
Pinetree	Donvale, Vic	73	-	-	73	-	73	-	-	73
Roseville	Doncaster East, Vic	111	38	-	149	-	149	-	-	149
Sackville Grange	Kew, Vic	97	-	-	97	-	97	-	-	97
Springthorpe	Macleod, Vic	88	-	-	88	-	88	-	-	88
Sunbury	Sunbury, Vic	102	-	-	102	-	102	-	-	102
The George	Sandringham, Vic	75	36	-	111	-	111	-	-	111
Toorak Place	Toorak, Vic	54	-	-	54	-	54	-	-	54
Veronica Gardens	Northcote, Vic	58	54	-	112	-	112	-	-	112
Total VIC		2,398	463	211	3,072	60	3,132	221	48	3,401
South Australia Communities										
Ackland Park	Everard Park, SA	30	20	-	50	-	50	-	-	50
Carisfield	Seaton, SA	103	-	-	103	-	103	-	-	103
Crestview	Hillcrest, SA	88	-	-	88	-	88	-	-	88
Fulham	Fulham, SA	68	27	-	95	-	95	-	-	95
Glynde Lodge	Glynde, SA	80	-	-	80	-	80	-	-	80
Gulf Point	North Haven, SA	55	-	-	55	-	55	-	-	55
Kings Park	Kings Park, SA	19	31	-	50	-	50	-	-	50
Leabrook Lodge	Rostrevor, SA	62	-	-	62	-	62	-	-	62
Leisure Court	Fulham Gardens, SA	43	-	-	43	-	43	-	-	43

Retirement Community Portfolio – Aveo (Cont'd)



Aveo Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
South Australia Communities (Cont.)										
Manor Gardens	Salisbury East, SA	40	32	-	72	-	72	-	-	72
Melrose Park	Melrose Park, SA	90	35	-	125	-	125	-	-	125
Riverview	Elizabeth Vale, SA	53	-	-	53	-	53	-	-	53
The Braes	Reynella, SA	103	28	-	131	-	131	-	-	131
The Haven	North Haven, SA	36	31	-	67	-	67	-	-	67
Westport	Queenstown, SA	62	-	-	62	-	62	-	-	62
Total SA		932	204	-	1,136	-	1,136	-	-	1,136
Tasmania Communities										
Derwent Waters	Claremont, Tas	112	45	-	157	-	157	-	-	157
Launceston	Mowbray, Tas	-	-	57	57	-	57	45	-	102
Total TAS		112	45	57	214	-	214	45	-	259
Total Australian Communities		7,259	1,403	1,076	9,738	184	9,922	5,007	658	15,587

Retirement Community Portfolio – Aveo (Cont'd)



US Seniors Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
US Communities										
Fort Walton Beach	Fort Walton Beach, Florida	-	58	-	58	-	58	-	-	58
Sun City Center	Ruskin, Florida	-	42	-	42	-	42	-	-	42
Tampa	Tampa, Florida	-	32	-	32	-	32	-	-	32
Seneca	Seneca, South Carolina	-	62	-	62	-	62	-	-	62
Franklin	Franklin, Tennessee	-	81	-	81	-	81	-	-	81
Total US Communities		-	275	-	275	-	275	-	-	275
Total All Communities		7,259	1,678	1,076	10,013	184	10,197	5,007	658	15,862

Retirement Community Portfolio – Aveo Healthcare



Aveo Healthcare Communities	Location	ILUs	SAs	Freedom SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Queensland Communities										
Albany Creek	Albany Creek, Qld	304	-	83	387	-	387	-	-	387
Clayfield	Albion, Qld	236	-	-	236	-	236	-	105	341
Cleveland	Cleveland, Qld	110	28	-	138	-	138	-	-	138
Durack	Durack, Qld	525	104	-	629	123	752	-	-	752
Taringa	Taringa, Qld	102	37	-	139	-	139	-	-	139
Total		1,277	169	83	1,529	123	1,652	-	105	1,757

Retirement Major Development – Further Information

- Record level of 506 major new units to be delivered in FY18
- To date 50 of those units have been delivered with all other projects on track
- Continue to target development margins for major development of 16%-20% (before funding costs)
- Timing of stock delivery has historically been in second half of the financial year
- Delivery target of over 500 new units from major developments per annum onwards from FY18
- FY19 will be the first year where 500+ units are delivered and 500+ units are targeted to be sold

Major Development	HY18	FY17	Change
Opening major units available	289	174	66%
Add: units delivered	50	266	(81%)
Add: units reconfigured	-	3	NM
Less: development units sold	(89)	(154)	(42%)
Closing major units available	250	289	(13%)
Total value of units available for sale	\$134.6m	\$156.6m	(14%)
Average price of units available for sale	\$538k	\$542k	(1%)

Minor Development – Further Information



- The sell down rate of Freedom minor developments continued to increase in HY18
- 769 minor development units are forecast to be sold down over the next four to five years

Development	HY18	FY17	Change
Opening minor development units	392	258	52%
Additional minor development units acquired	-	128	NM
Add: Freedom conversion units bought back	36	86	(58%)
Less: minor development units sold	(75)	(80)	(6%)
Less: Other stock movements	(2)	-	NM
Closing minor development units available	351	392	(10%)
Units to be converted	418	451	(7%)
Total minor development forecast to be sold	769	843	(9%)
Carrying value of units available for sale	\$64.6m	\$66.4m	(3%)
Average carrying value of units available for sale	\$184k	\$169k	9%

Minor Development – Further Information



Community	Total units	Sold under Freedom	% Sold under Freedom	Units under refurbishment or available	Units to be converted	Total Minor Developments Forecast to be sold
Conversion Villages						
Albany Creek ¹	78	22	28%	4	52	56
Cleveland Gardens ¹	66	18	27%	-	48	48
The George	111	11	10%	20	80	100
Edrington Park	35	6	17%	7	22	29
Lisson Grove	39	6	15%	18	15	33
Balwyn Manor	54	2	4%	32	20	52
Roseville	38	3	8%	13	22	35
Fountain Court	41	5	12%	18	18	36
Kingston Green	40	2	5%	11	27	38
Oak Tree Hill	47	6	13%	24	17	41
Concierge Balwyn	72	2	3%	31	39	70
Concierge Bayside	86	1	1%	27	58	85
Original Freedom Villages						
Freedom Banora Point ¹	15	10		5	-	5
Freedom Bendigo ¹	52	22		30	-	30
Freedom Bridge Street ¹	5	3		2	-	2
Freedom Clayfield ¹	4	4		-	-	-
Freedom Coffs Harbour ¹	27	10		17	-	17
Freedom Dromana ¹	53	14		39	-	39
Freedom Geelong ¹	5	4		1	-	1
Freedom Launceston ¹	31	2		29	-	29
Freedom Morayfield ¹	10	6		4	-	4
Freedom Redland Bay ¹	9	-		9	-	9
Freedom Rochedale ¹	-	-		-	-	-
Freedom Tamworth ¹	5	4		1	-	1
Freedom Tanah Merah ¹	1	-		1	-	1
Freedom Taylor Street ¹	16	8		8	-	8
Freedom Tweed Heads ¹	1	1		-	-	-
Total	941	172		351	418	769

¹ Community valued on Freedom unit price and contract assumptions (see slide 16 and 57 for further detail).

Retirement – Investment Property Valuation



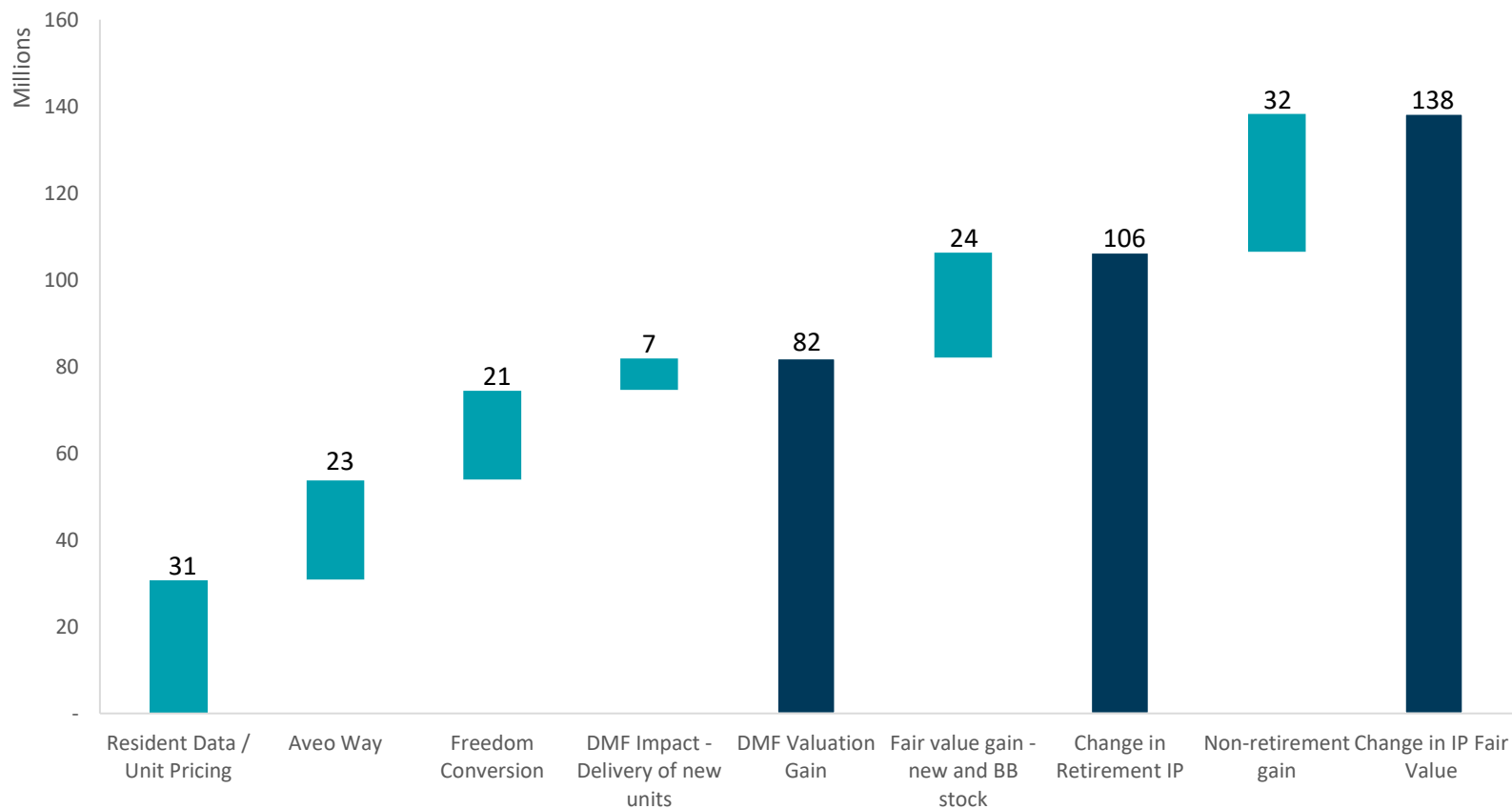
- Discount rate range of 12.5% - 14.5% represents the various risk characteristics of different communities within the portfolio eg: location, age, tenure structure, etc.
- Property price growth ranges primarily reflect the variances assumed for metropolitan versus more regional locations
- For conservatism lower property price growth is assumed in the short to medium term
- Average age, historical resident length of stay and resident entry age support current long term tenure assumptions
- Average resident age in the portfolio is 82.9
- Total portfolio real estate value of \$4.6bn
- \$1,230m of embedded DMF/CG has been accrued under current contracts, which represents the DMF/CG to be paid to Aveo if all residents sold their units at balance date

Key Assumptions and Portfolio Metrics		HY18	FY17
Discount rate		12.5% - 14.5%	12.5% - 14.5%
Future property price growth	Medium term	3.5% - 4%	3.5% - 4%
	Long term	3.5% - 4.25%	3.5% - 4.25%
Subsequent resident tenure (years)	ILUs	10	10
	SAs	4	4
NPV of annuity streams		\$1,798.0m	\$1,695.3m
Current average resident length of stay (years)	ILUs	7.6	7.7
	SAs	3.9	3.9
Current average age of residents (years)	ILUs	82.1	82.0
	SAs	86.8	86.7
	Overall	82.9	82.8
Average age of resident entry – Last 12 months	ILUs	77.1	77.2
	SAs	83.9	84.2
	Overall	79.1	79.4
Average Unit Pricing	ILUs	\$456k	\$433k
	Freedom SAs	\$368k	\$360k
	Aveo SAs	\$182k	\$178k

Retirement Portfolio Revaluation Components



- Components of the change in fair value of investment property are highlighted in the chart below
- These figures can be reconciled to the statutory accounts as the sum of change in fair value of investment properties (\$160.8m), change in fair value of resident loans (-\$64.9m) and the difference between DMF cash and accruals (\$42.3m)



Retirement – Investment Property Sensitivities



- Valuation sensitivities analysis on the key assumptions were conducted and outlined below
 - **Long term property price growth** depends on various factors including the age, location, quality of facilities, residential property market, etc. The valuation is sensitive to this assumption as the DMF and CG earned per resale is based on the forecast unit price.
 - **Subsequent Tenure** depends on the characteristics of new residents who replace existing residents. Increased tenure will decrease sales rates due to a reduced rate of units being made available while decreased tenure will have the reverse effect.
 - **Discount rates** reflect a combination of portfolio investment characteristics and risks. As resident tenures can be relatively long, discount rates can have a strong impact on the valuation.
 - **Unit Prices** are set based on the current level of demand and vacancy at Aveo's communities and are forecast based on the assumed property price growth rate. This impacts the forecast DMF and CG generated and in turn the valuation.

Retirement Investment Property Annuity Stream Sensitivity (\$m)					
Long term property price growth	+1.0%	+0.5%	3.50% - 4.25%	(0.5%)	(1.0%)
Value of established portfolio	2,046	1,916	1,798	1,690	1,591
Subsequent tenure – ILUs (years)	8	9	10	11	12
Value of established portfolio	1,937	1,862	1,798	1,742	1,694
Discount rate	(1.0%)	(0.5%)	12.50% - 14.50%	+0.5%	+1.0%
Value of established portfolio	2,018	1,902	1,798	1,703	1,617
Market value of units (Change)	5.0%	2.5%	-	(2.5%)	(5.0%)
Value of established portfolio	1,915	1,858	1,798	1,737	1,679

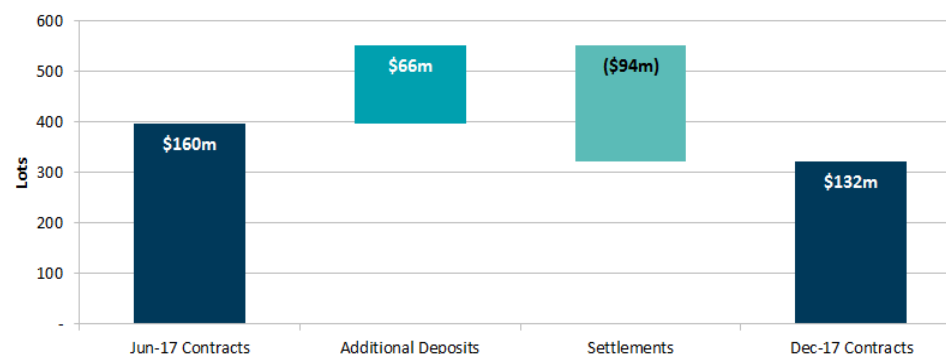


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Non-Retirement

- Deposits are strong at the land estates with 321 on hand plus four at the Mackay industrial estate
- Land estates are expected to be largely sold by FY18, with final settlements in FY19

Deposit Flow



As at 31 December 2017	Location	Remaining Lots at 31 Dec 17	Pre Sold Lots	Available Lots ¹	Percentage Pre Sold ²	HY18 Settlements	FY18 Target Settlements	Target remaining lots at 30 Jun 18
Active Land Projects								
Saltwater Coast, Point Cook	VIC	283	247	36	87%	120	280-300	103-123
Peregian Springs and Ridges	QLD	274	33	241	12%	91	140-150	215-225
The Rochedale Estates, Rochedale	QLD	94	7	87	7%	15	25-35	74-84
Shearwater, Cowes	VIC	36	34	2	94%	3	20-30	10-20
Mackay	QLD	6	4	2	67%	1	1	5
Total Active Land Projects		693	325	368	47%	230	466-516	407-457
Inactive Land Projects								
Curumbin	QLD	348	-	348	-	-	-	348
Total Projects		1,041	325	716	31%	230	466-516	755-805

¹ Includes unreleased stages.

² Calculated as pre sold lots/remaining lots approx.

Non-Retirement Assets Sell Down and Composition



Non-Retirement Asset Balance Sheet Movement	HY18 (\$m)	FY17 (\$m)	Change
Non-Retirement Assets at beginning of period	355.6	430.6	(17%)
Asset sales announced during the period (30 June 2017 carrying value)	(181.5)	17.6	NM
Assets held for sale	219.4	-	NM
Net Development Activity during the period	(33.8)	(109.1)	(69%)
Change in Fair Value of Non-Retirement Assets	-	16.5	NM
Closing Non-Retirement assets at end of period	359.7	355.6	1%
Represented by			
Inventories: Residential communities ¹	102.7	131.4	(22%)
Commercial ²	34.3	38.9	(12%)
Total inventories	137.0	170.3	(20%)
Assets held for sale	219.4	-	NM
Investment properties	-	181.5	NM
Property, plant and equipment	3.3	3.8	(13%)
Non-Retirement assets at end of period	359.7	355.6	1%
Non-Retirement assets as percentage of total divisional assets³	12%	13%	(1%)
Non-Retirement assets as percentage of pro-forma total divisional assets⁴	5%	13%	(8%)

¹ HY18 includes Point Cook, Rochedale, Peregrine Springs, Ridges, Currumbin and Shearwater.

² HY18 includes Mackay, Milton commercial and Albion.

³ Net of resident loans and deferred revenue and excludes non-allocated assets

⁴ Adjusted for sale of Gasworks 1 and 2.



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Statutory Income Statement



	HY18 (\$m)	HY17 (\$m)	Change
Profit from continuing operations before income tax	149.3	143.5	4%
Income tax expense	(1.1)	(24.1)	(95%)
Profit after tax	148.2	119.4	24%
Non-controlling interest	1.1	1.8	(39%)
Net profit after tax attributable to stapled security holders of the Group	149.3	121.2	23%

Reconciliation of Statutory Profit to Underlying Profit



	HY18			HY17		
	Gross (\$m)	Tax & NCI (\$m)	Net (\$m)	Gross (\$m)	Tax & NCI (\$m)	Net (\$m)
Statutory profit after tax and non-controlling interest			149.3			121.2
Retirement						
Change in fair value of retirement investment properties	(81.8)	12.3	(69.4)	(19.7)	(3.2)	(22.9)
Gain on acquisition of RVG	-	-	-	(52.6)	-	(52.6)
De-recognition of deferred tax asset	-	-	-	-	8.9	8.9
Gain on acquisition of US Seniors	(1.5)	-	(1.5)	-	-	-
Other	7.6	0.6	8.2	(5.3)	2.5	(2.8)
Total Retirement	(75.7)	13.0	(62.8)	(77.6)	8.2	(69.4)
Non-Retirement						
Change in fair value of non-retirement investment properties	(32.2)	(18.2)	(50.4)	(4.5)	1.3	(3.2)
Other	0.3	(0.1)	0.2	7.2	(1.9)	5.3
Total Non-Retirement	(31.9)	(18.3)	(50.2)	2.7	(0.6)	2.1
Underlying profit after tax and non-controlling interest			36.3			53.9

¹ The tax adjustment in relation to the change in fair value of the retirement investment properties includes tax and NCI.

Reconciliation of Underlying Profit to Segment Notes



HY18 (\$m)	Underlying Profit	Change in Fair Value of Retirement Investment Properties	US Seniors acquisition	Change in Fair Value of Non-Retirement Investment Properties	Other	Statutory Result
Retirement						
Established Business	26.6	81.8	1.5	-	(7.6)	102.3
Development	2.1	-	-	-	-	2.1
Care and Support Services	-	-	-	-	-	-
Total Retirement	28.7	81.8	1.5	-	(7.6)	104.4
Total Non-Retirement	28.7	-	-	32.2	(0.3)	60.6
Group marketing costs	(3.0)	-	-	-	-	(3.0)
Group overheads and incentive scheme	(8.0)	-	-	-	-	(8.0)
EBITDA	46.4	81.8	1.5	32.2	(7.9)	154.0
Depreciation and amortisation	(1.4)	-	-	-	-	(1.4)
EBIT	45.0	81.8	1.5	32.2	(7.9)	152.6
Interest and borrowing expense	(3.3)	-	-	-	-	(3.3)
Profit before tax	41.7	81.8	1.5	32.2	(7.9)	149.3
Income tax	(5.3)	(11.8)	-	18.2	(2.3)	(1.1)
Profit after tax	36.4	70.0	1.5	50.4	(10.2)	148.2
Non-controlling interests	(0.1)	(0.5)	-	-	1.7	1.1
NPAT attributable to Aveo Group	36.3	69.4	1.5	50.4	(8.4)	149.3

Statutory Profit and Loss by Consolidated Segment



	Retirement ¹	Non-Retirement	Other	Total HY18	Retirement	Non-Retirement	Other	Total HY17
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Sale of goods revenue	-	85.9	-	85.9	-	117.7	-	117.7
Revenue from rendering of services	110.5	8.1	-	118.6	102.7	7.7	-	110.4
Other revenue	4.1	1.0	(1.6)	3.5	4.5	0.6	(0.8)	4.3
Cost of sales	(14.7)	(58.6)	-	(73.3)	(9.3)	(91.9)	-	(101.2)
Change in fair value of investment properties	128.9	32.2	-	160.8	172.6	4.5	-	177.1
Change in fair value of resident loans	(64.9)	-	-	(64.9)	(165.8)	-	-	(165.8)
Change in fair value of financial assets and financial liabilities	5.2	-	-	5.2	5.6	-	-	5.6
Employee expenses	(29.3)	-	(6.2)	(35.5)	(18.5)	(0.3)	(5.4)	(24.2)
Marketing expenses	(13.4)	(1.0)	(3.0)	(17.4)	(8.3)	(2.0)	-	(10.3)
Occupancy expenses	(0.6)	-	(1.1)	(1.7)	(0.2)	-	(0.7)	(0.9)
Property expenses	-	(1.8)	-	(1.8)	-	(1.6)	-	(1.6)
Administration expenses	(6.2)	-	(2.9)	(9.1)	(6.2)	-	(2.2)	(8.4)
Other expenses	(4.6)	(4.9)	2.8	(6.7)	(4.3)	(6.4)	1.7	(9.0)
Net gain on business combination	1.5	-	-	1.5	52.6	-	-	52.6
Finance costs	4.5	-	(7.9)	(3.4)	-	-	-	-
Impairment of equity accounted investments	(12.8)	-	-	(12.8)	-	-	-	-
Share of net gain of equity-accounted investments	0.4	-	-	0.4	(2.8)	-	-	(2.8)
Profit/(loss) from continuing operations before income tax	121.1	60.9	(32.7)	149.3	122.6	28.3	(7.4)	143.5
Income tax (expense)	-	-	(1.1)	(1.1)	-	-	(24.1)	(24.1)
Profit/(loss) for the period	121.1	60.9	(33.8)	148.2	122.6	28.3	(31.5)	119.4
Non-controlling interests	-	-	1.1	1.1	-	-	1.8	1.8
Net profit/(loss) attributable to stapled security holders of the Group	121.1	60.9	(32.7)	149.3	122.6	28.3	(29.7)	121.2

¹ In the statutory accounts, Retirement has been segmented into Established Business, Development, and Care and Support.

Reconciliation of Retirement Segment Revenue to Segment Notes



	HY18 (\$m)	HY17 (\$m)	Change
Segment revenue			
Established Business	72.3	90.7	(20%)
Development	62.5	38.1	64%
Care and Support Services	18.4	6.4	188%
Total Retirement segment revenue	153.2	135.2	13%
Adjustments			
Established Business			
Sales revenue – buyback sales	(25.9)	(24.3)	7%
Equity-accounted profits	(1.5)	2.8	(155%)
Other ¹	9.2	(4.4)	309%
Development			
Deferred management fee – cash vs accrual	42.3	36.1	17%
Development revenue	(62.5)	(38.1)	64%
Care and Support Services			
Equity-accounted profits	(0.2)	(0.1)	200%
Retirement revenue per segment note	114.6	107.2	7%

¹ Other includes US Seniors revenue in HY18 and RVG pre-acquisition revenue eliminated on consolidation in HY17.

Interest Expense Reconciliation



	HY18 (\$m)	HY17 (\$m)	Change
Interest expense¹	12.5	9.6	30%
Less: Capitalised Interest			
Retirement			
Greenfield communities	(5.6)	(3.6)	56%
Brownfield communities	(0.4)	(1.8)	(80%)
Redevelopment	(1.7)	(0.5)	232%
Non-Retirement			
Residential communities	(1.3)	(3.7)	(64%)
Commercial	(0.2)	-	NM
Total capitalised interest¹	(9.2)	(9.6)	(5%)
Net finance costs	3.3	-	NM
Add: Capitalised interest expenses in COGS			
Retirement	0.3	-	NM
Residential communities	14.7	23.2	(37%)
Residential apartments	-	0.7	NM
Total capitalised interest in COGS	15.0	23.9	(37%)
Finance costs including capitalised interest expensed in COGS	18.4	23.9	(23%)

¹ Interest expense paid and total capitalised interest represents only those amounts recognised in underlying profit after tax.

Income Tax Reconciliation



	HY18 (\$m)	HY17 (\$m)	Change
Statutory profit from continuing operations before tax	149.3	143.5	4%
Less: Aveo Group Trust Contribution	(15.4)	(6.7)	130%
Corporation profit before tax	133.9	136.8	(2%)
Plus/(less):			
Non-assessable loss/(gain) on business combination	5.2	(52.6)	NM
Recognition of previously unrecognised tax losses on income account utilised during the period	(62.5)	(10.2)	NM
Benefit of previously unrecognised tax losses on capital account utilised during the period	(92.0)	-	NM
Impairment of equity-accounted investment	12.8	-	NM
Other non-deductible items (net of non-assessable items)	6.4	6.3	2%
Corporation adjusted taxable profit	3.8	80.3	(95%)
Tax expense	1.1	24.1	(95%)
Statutory effective tax rate ¹	1%	18%	(17%)
Underlying profit before tax	41.7	68.8	(39%)
Income tax expense	5.3	14.8	(64%)
Underlying effective tax rate	13%	22%	(9%)

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

Management Expense Ratio and Management Expenses



- Increase in employee expenses in HY18 is to support growth in retirement activity and ramp up in development pipeline

Management Expenses ¹ by Category (\$m)	HY18	HY17	Change
Employee expenses	23.7	19.1	24%
Occupancy expenses	1.2	0.9	40%
Administration expenses	7.5	6.4	18%
Other expenses	1.1	4.3	(74%)
Total	33.5	30.6	9%
Divisional expenses	26.1	24.4	7%
Corporate expenses	7.4	6.2	19%
Total	33.5	30.6	9%

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



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Summary Statutory Balance Sheet



	HY18 (\$m)	FY17 (\$m)	Change
Assets			
Retirement			
Investment properties	5,748.6	5,324.0	8%
Equity-accounted investments	-	23.2	NM
Property, plant and equipment	106.2	85.2	25%
Intangibles	4.1	3.8	8%
Total Retirement	5,858.9	5,436.2	8%
Non-Retirement			
Inventories	137.0	170.3	(20%)
Investment properties/assets held-for-sale	219.4	181.5	21%
Property, plant and equipment	3.3	3.8	(13%)
Total Non-Retirement	359.7	355.6	1%
Cash/receivables/other	216.5	163.3	33%
Total assets	6,435.1	5,955.1	8%
Liabilities			
Resident loans and retirement deferred revenue	3,135.0	3,001.9	5%
Interest bearing liabilities	799.8	573.1	40%
Deferred tax	156.5	154.9	1%
Other liabilities (including payables, provisions, deferred revenue)	214.4	246.5	(14%)
Total liabilities	4,305.7	3,976.4	8%
Net assets	2,129.4	1,978.7	8%
NTA per stapled security	\$3.63	\$3.37	8%

Management Balance Sheet



	%	HY18 (\$m)	%	FY17 (\$m)	Change
Assets					
Retirement					
Retirement investment properties ¹		2,555.1		2,259.6	13%
Equity-accounted investments		-		23.2	NM
Property, plant, equipment and intangibles		110.3		88.9	24%
Total Retirement	88%	2,665.4	87%	2,371.7	12%
Non-Retirement					
Inventories – Commercial		34.3		38.9	(12%)
Inventories – Residential communities		102.7		131.4	(22%)
Assets held for sale		219.4		-	NM
Investment property		-		181.5	NM
Property, plant, equipment and intangibles		3.3		3.8	(13%)
Total Non-Retirement	12%	359.7	13%	355.6	1%
Total Divisional Assets	100%	3,025.1	100%	2,727.3	11%
Other assets (including cash and trade receivables)		216.5		163.4	32%
Total assets		3,241.6		2,890.7	12%
Liabilities					
Interest bearing liabilities		799.8		573.1	40%
Deferred tax liabilities		156.5		154.9	1%
Other liabilities (including payables, and provisions)		155.9		184.0	(15%)
Total liabilities		1,112.2		912.0	22%
Net assets		2,129.4		1,978.7	8%

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

Proforma Management Balance Sheet



	%	Proforma HY18 ¹ (\$m)	%	HY18 (\$m)	Change
Assets					
Retirement					
Retirement investment properties ²		2,555.1		2,555.1	-
Property, plant, equipment and intangibles		110.3		110.3	-
Total Retirement	95%	2,665.4	88%	2,665.4	-
Non-Retirement					
Inventories – Commercial		34.3		34.3	-
Inventories – Residential communities		102.7		102.7	-
Assets held for sale		0.9		219.4	(100%)
Property, plant, equipment and intangibles		3.3		3.3	-
Total Non-Retirement	5%	141.2	12%	359.7	(61%)
Total Divisional Assets	100%	2,806.6	100%	3,025.1	(7%)
Other assets (including cash and trade receivables)		216.5		216.5	-
Total assets		3,023.1		3,241.6	(7%)
Liabilities					
Interest bearing liabilities		581.3		799.8	(27%)
Deferred tax liabilities		156.5		156.5	-
Other liabilities (including payables, and provisions)		155.9		155.9	-
Total liabilities		893.7		1,112.2	(20%)
Net assets		2,129.4		2,129.4	-
Gearing³		16.3%		21.6%	(5%)

¹ Proforma for sale of Gasworks 1 and 2.

² Net of resident loans, deferred income and deferred payment for development land.

³ Total assets used in gearing calculation includes development land on a gross basis.

Retirement Management Balance Sheet



	HY18 (\$m)	FY17 (\$m)	Change
Established Business			
NPV of annuity streams	1,797.8	1,695.3	6%
US Seniors	54.5	-	NM
Equity accounted investments	-	23.2	NM
Buyback units (operating)	98.8	75.3	31%
Total	1,951.1	1,793.8	9%
Development			
Major:			
Investment property under construction	404.8	266.0	52%
New units available for first occupancy	134.6	156.6	(14%)
Total	539.4	422.6	28%
Minor development units			
Freedom conversion development units	51.8	52.6	(2%)
Freedom original development units ¹	12.8	13.8	(7%)
Total	64.6	66.4	(3%)
Total	604.0	489.0	24%
Care and Support Services			
Property, plant, equipment and intangibles	110.3	88.9	24%
Total Retirement assets	2,665.4	2,371.7	12%

¹ Freedom original development units represent the original units that were part of the Freedom Aged Care acquisition.

Investment Property Summary



	HY18 (\$m)	FY17 (\$m)	Change
Retirement			
NPV of annuity streams	1,797.8	1,695.3	6%
Investment properties under construction	404.8	266.0	52%
New units available for first occupancy	134.6	156.6	(14%)
Buyback units:			
Operating	98.8	75.3	31%
Freedom conversion development units	51.8	52.6	(2%)
Freedom original development units	12.8	13.8	(7%)
Total	163.4	141.6	15%
Retirement (domestic) net valuation	2,500.6	2,259.6	11%
Resident loans	2,896.9	2,797.7	4%
Deferred income	238.1	204.2	17%
Deferred payment for development land	58.5	62.5	(6%)
US Seniors	54.5	-	NM
Total Retirement Investment property	5,748.6	5,324.0	8%
Non-Retirement			
Investment properties	-	181.5	NM
Total investment properties per balance sheet	5,748.6	5,505.5	4%

Non-Retirement Inventories Summary



	HY18 (\$m)	FY17 (\$m)	Change
Inventories			
Residential communities ¹	102.7	131.4	(22%)
Commercial ²	34.3	38.9	(12%)
Total Inventories	137.0	170.3	(20%)

¹ HY18 includes Point Cook, Rochedale, Peregrin Springs, Ridges, Currumbin and Shearwater.

² HY18 includes Milton, Albion and Mackay.

	Residential Communities (\$m)	Commercial (\$m)	Total (\$m)
Impairment			
Balance as at 30 June 2017	114.7	3.5	118.2
Impairment reclassification	(2.1)	2.1	-
Amounts utilised in relation to impairments – effecting underlying profit after tax	(10.6)	(0.2)	(10.8)
Balance as at 31 December 2017	102.0	5.4	107.4

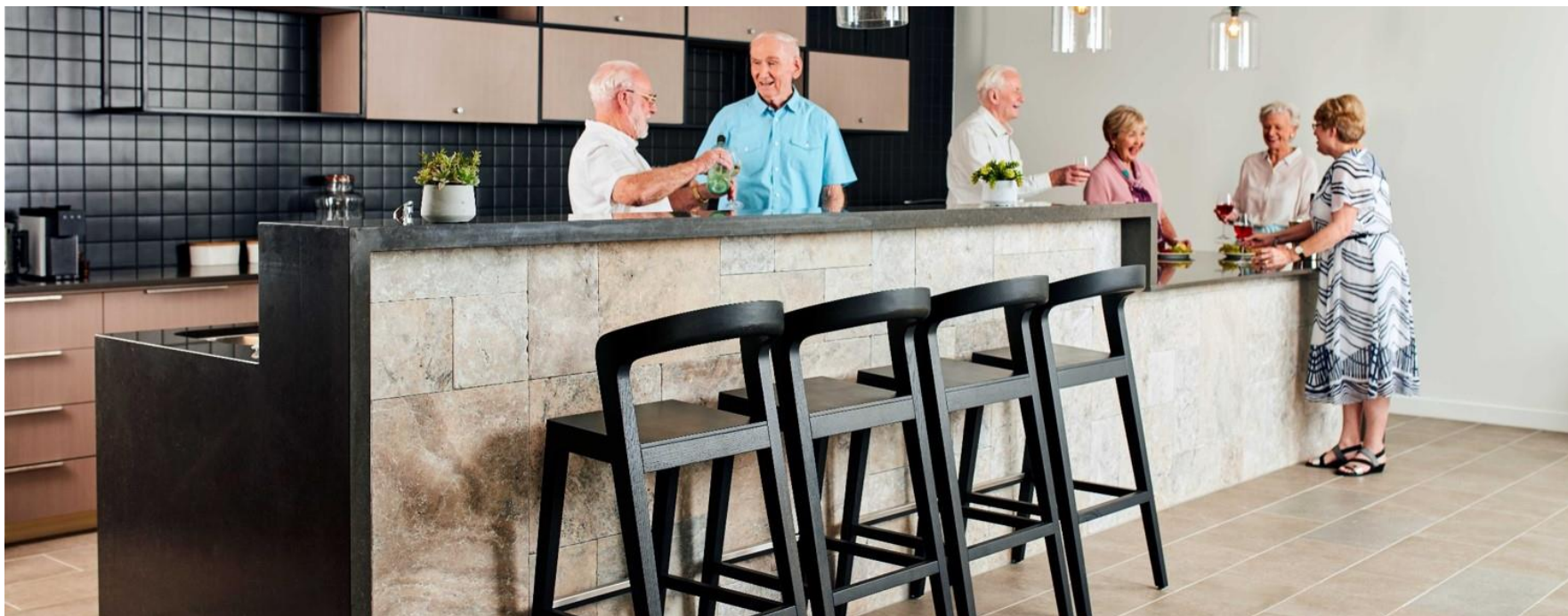
Movement in Net Tangible Assets per Security



	Net Tangible Assets (\$m)	No. of Securities (m)	NTA per Security (\$)
As at 30 June 2017	1,943.3	577.3	3.37
Statutory net profit	149.3	-	0.26
Other comprehensive income	3.2	-	0.01
Increase in intangible assets ¹	0.2	-	-
Movements in reserves ²	(3.2)	-	(0.01)
On-market buyback of securities	(1.3)	(0.5)	-
Equity settled employee benefits	0.6	0.2	-
As at 31 December 2017	2,092.1	577.0	3.63

¹ Principally software licences.

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



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Funds from Operations and Adjusted Funds from Operations



	HY18 (\$m)	HY17 (\$m)	Change
Underlying profit after tax	36.3	53.9	(33%)
Retirement Development: Profit adjustment on settled basis	1.6	(0.3)	NM
Tax impact	(0.5)	0.1	NM
Adjusted underlying profit after tax	37.5	53.7	30%
Other Adjustments:			
Profit from equity-accounted investments	(0.1)	(2.1)	(96%)
Depreciation	1.4	1.1	32%
Capitalised interest	(9.2)	(9.6)	(5%)
Capitalised interest Included in COGS	15.0	23.9	(37%)
Amortisation of leasing incentives	1.0	1.1	(12%)
Deferred income tax expense	5.3	14.8	(64%)
Funds From Operations (FFO)¹	50.9	82.8	(39%)
Retirement capex	(7.0)	(4.7)	52%
Community facility capex	(2.0)	(6.9)	(71%)
Non-Retirement leasing commissions, tenant incentives and maintenance capital expenditure	(0.9)	(1.7)	(47%)
Adjusted Funds From Operations (AFFO)¹	40.9	69.6	(41%)

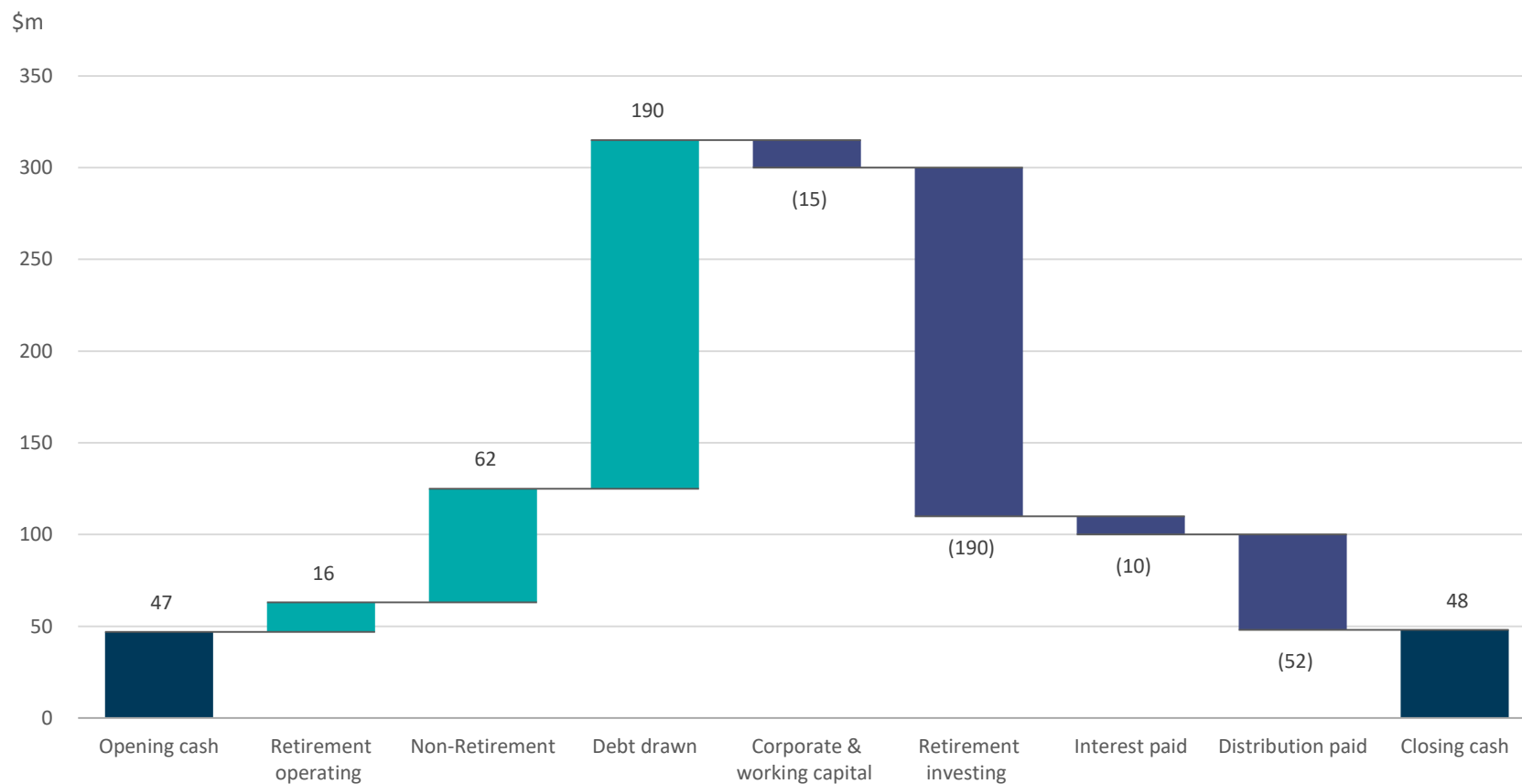
¹ FFO and AFFO reflect Property Council of Australia guidelines.

- Consistent with prior periods, no distribution was declared at the half-year
- Targeting full year distribution amount based on 40%-60% of FY18 underlying profit payout range (Board may adjust payout range for securities bought back during the period)
- Full year distribution to be announced in June 2018 and paid on or before 28 September 2018

	HY18 (\$m)	HY17 (\$m)	Change
Underlying Profit After Tax	36.3	53.9	(33%)
Funds from operations ¹	50.9	82.8	(39%)
Adjusted funds from operations ¹	40.9	69.6	(41%)
Distribution declared	-	-	NM
Distribution as a % of UPAT	-	-	NM
Distribution as a % of FFO	-	-	NM
Distribution as a % of AFFO	-	-	NM

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

Cash Flow Reconciliation (\$m)



Financial Covenants



- All financial covenants met

Covenant		HY18	Required
Aveo Group Syndicated Facility			
EBITDA to interest expense of the consolidated group (12 months rolling)	Group ICR	4.7x	≥ 1.5x
Total assets less cash and resident loans / net debt	Group Gearing Ratio	21.6%	≤ 30%
Established Business, Care and Support Services and unallocated overheads to interest expense (12 months rolling)	Retirement ICR (Core)¹	2.7x	≥ 2.0x
Drawn debt (excluding facility E) less cash / retirement valuation and non-retirement valuation (excluding facility E)	LVR	26.2%	≤ 30%
Gasworks net rental income to facility E interest expense	Gasworks ICR	4.0x	≥ 2.0x
Facility E drawn debt / Gasworks valuation	Gasworks LVR	48.0%	≤ 60%
Aveo Healthcare Facility			
Total assets less cash and resident loans / Bank debt less cash	Gearing Ratio	29.1%	≤ 30%
EBIT (adjusted for fair value of assets and resident loans) / Finance Charges	ICR	3.6x	≥ 1.5x

¹ Includes net cashflow from retirement established business and care and support, offset by unallocated overheads to interest expense of facility A and B only.

Summary of Debt Facilities



Summary of Debt Facilities ¹	Facility Limit (\$m)	Maturity (\$m)	Maturity Date	Maturity (\$m)	Maturity Date	Maturity (\$m)	Maturity Date
Aveo Group Syndicated Facility	653	50	31 Dec 2018	603	1 Jul 2020	-	-
US Seniors ³	33	33	29 Nov 2027	-	-	-	-
Aveo Healthcare Facility	148	20	30 Jun 2018	100	30 Mar 2019	28	19 Oct 2019
Total Facilities	832						
Drawn	800						
% Drawn	96%						
Undrawn^{1,2}	32						

¹ Excluding bank guarantee and surety bond limits.

² Undrawn facilities are dependent upon having sufficient security.

³ US Seniors debt USD\$25.6m.



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Financial Summary



	HY18	FY17	FY16	FY15	FY14
Net profit/(loss) attributable to securityholders	\$149.3m	\$252.8m	\$116.0m	\$58.0m	\$26.1m
Underlying net profit after tax ¹	\$36.3m	\$108.4m	\$89.0m	\$54.7m	\$42.1m
Total assets	\$6,435.1m	\$5,955.1m	\$4,094.5m	\$3,392.8m	\$3,269.8m
Total debt	\$799.8m	\$573.1m	\$462.0m	\$359.5m	\$344.6m
Total equity	\$2,129.4m	\$1,978.7m	\$1,660.4m	\$1,505.6m	\$1,429.5m
Reported gearing ²	21.6%	16.9%	17.4%	13.8%	15.8%
Market capitalisation	\$1,546.3m	\$1,604.9m	\$1,715.3m	\$1,326.7m	\$1,030.2m
Security price at period end	\$2.68	\$2.78	\$3.17	\$2.58	\$2.06
Reported earnings per security	26.1c	44.2c	22.1c	11.6c	5.9c
Underlying earnings per security	6.4c	18.9c	17.0c	10.9c	9.5c
Dividends and distributions paid	-	\$52.0m	\$43.5m	\$25.8m	\$20.0m
Dividends and distributions per security	-	9.0c	8.0c	5.0c	4.0c
Net tangible assets per security	\$3.63	\$3.37	\$3.00	\$2.85	\$2.78

¹ Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with AICD/Finsia principles of recording underlying profit.

² Measured as net debt divided by total assets net of cash and resident loans.

FY18 Calendar

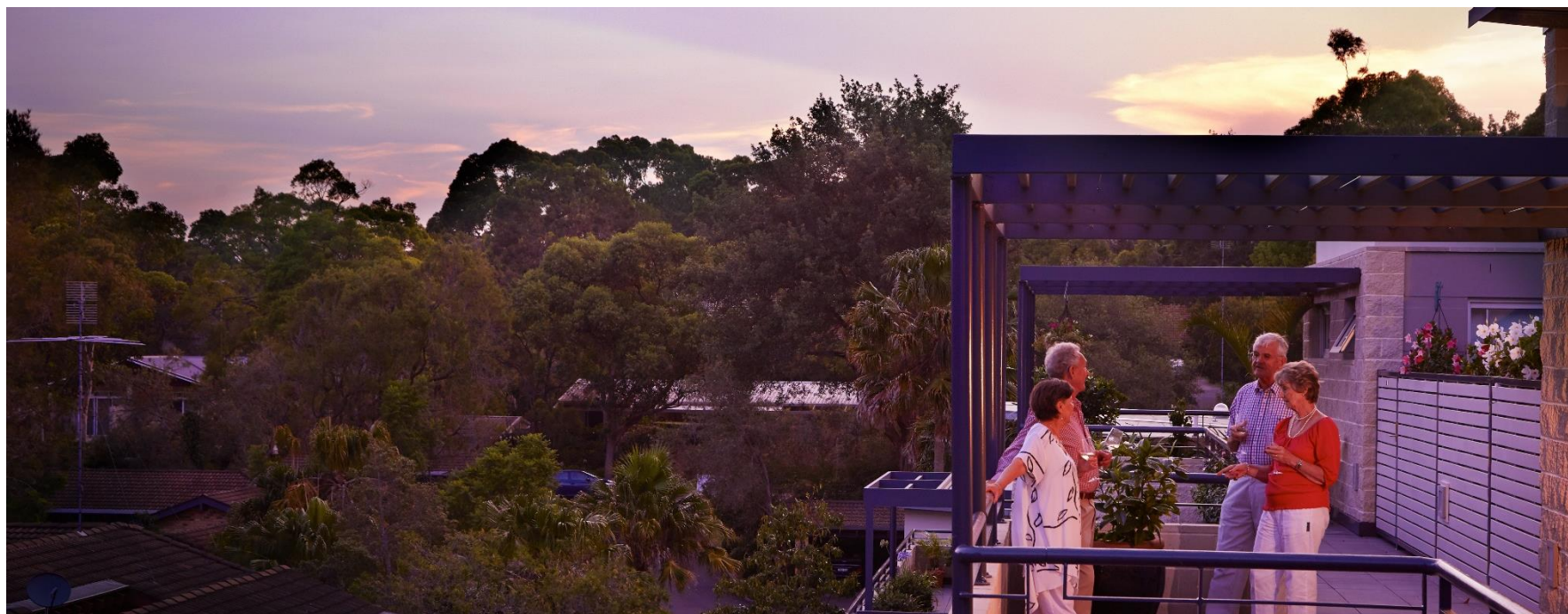


Date	Event	Location
14 February	HY18 Results Announcement	Sydney
14-16 February	Private Roadshow	Sydney
19-20 February	Private Roadshow	Melbourne
6-7 March	Private Roadshow	New Zealand
15 August	FY18 Results Announcement @ 10:30am	Sydney

Term	Definition
AFFO	Adjusted Funds From Operations
AGM	Annual General Meeting
AICD	Australian Institute of Company Directors
ASX	Australian Stock Exchange
Average margin	Ratio of gross profit to revenue
Buyback Sales	Sales of units that have previously been bought back by Aveo to new residents
COGS	Cost of Goods Sold
CPS	Cents Per Security
DAP	Daily accommodation payments
Deposits on Hand	Number of deposits held for contracts yet to settle
Development Type (Low)	Detached or semi-detached broad-acre development
Development Type (Med)	Apartment (up to 3 floors) development
Development Type (High)	Apartment (over 3 floors) development
DMF / CG	Deferred Management Fee / Capital Gains
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation

Term	Definition
EPS	Earnings Per Security
Established Business	Existing revenue generating retirement communities
Freedom	Freedom Aged Care
FFO	Funds From Operations
GSC	General Service Charge
Gross Profit	Revenue less cost of goods sold
ICR	Interest Cover Ratio
ILU	Independent Living Unit
Long term	Six years plus
LVR	Loan to value ratio
Major development	Construction of new units on vacant land or airspace
Medium term	Less than or equal to six years
Minor development	Reconfiguration of existing saleable product into new product different in nature
NCI	Non-controlling interest
NM	Not Meaningful
NPAT	Net Profit After Tax

Term	Definition
NPV	Net Present Value
NTA	Net Tangible Assets
Occupancy	Ratio of units occupied to units available for occupancy
Operating Buyback Purchases	Units that are bought back by Aveo from exiting retirement residents
Portfolio Sales Rate	Sum of unit resales and buyback sales divided by total available units
RACF	Residential Aged Care Facility
RAD	Refundable Accommodation Deposit
Redevelopment Buyback Purchases	Repurchase of units from exiting residents for the purpose of redevelopment
Resales	Resident to resident retirement unit sale
RLC	Retirement Living Council
ROA	Return On Assets
RVG	Retirement Villages Group
SA	Serviced Apartment
STI / LTI	Short term incentive / Long term incentive
UPAT	Underlying Profit After Tax



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

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