

1 May 2018

Aveo presentation at Macquarie Australia Conference

Australia's leading owner, operator and manager of retirement communities, Aveo Group Limited (ASX:AOG) today presented at the Macquarie Australia Conference, held at the Sheraton on the Park, Sydney.

Please find attached a copy of the presentation given at this Conference. A copy of this presentation is available to view on the Group's website at www.aveo.com.au.

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For further information contact:

Investor Contact:

David Hunt

T +61 2 9270 6104 |

E david.hunt@aveo.com.au

Aveo's vision is to Australia's leading and most innovative seniors living provider. Our mission is to honour and serve our residents through Kindness, Care and Respect. Kindness, Care and Respect are our corporate values.

Aveo is a leading and trusted owner, operator and manager of retirement communities across Australia. Aveo's philosophy is underpinned by a commitment to grow with older Australians by inspiring greater living choices. We currently do so for 13,000 residents in 91 retirement communities across Australia.

Issued by Aveo Group (ASX:AOG) comprising Aveo Group Limited ABN 28 010 729 950 and Aveo Funds Management Limited ABN 17 089 800 082, AFSL No. 222273 as Responsible Entity for the Aveo Group Trust ARSN 099 648 754.

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Macquarie Australia Conference

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FY18 Financial and operating metrics on track



- Confirming previously communicated guidance for FY18 across a range of financial and operational metrics

Earnings per Security (EPS)	EPS of 20.4 cps, an increase of 7.9% on 18.9 cps in FY17	✓
Return on Assets (ROA)	Retirement ROA in the range of 7.5% - 8.0%	✓
NTA Uplift	NTA per security greater than \$3.80 at 30 June 2018	✓
FY18 Development Deliveries	Delivery of more than 500 new retirement units	✓
FY19 Development Deliveries	On track for delivery of more than 500 new units in FY19	✓
Newstead Integrated Retirement Community (IRC)	Delivery in May 2018 of first vertical IRC in Australia	✓
Durack RACF Ramp Up	New Durack RACF fully occupied by 31 March 2018	✓

Execution of strategy remains unchanged



- From the launch of the retirement only strategy in FY14, Aveo's vision was and remains to be Australia's leading and most innovative senior living provider
- This commitment can only be achieved by continuing to provide enhanced freedom of choice and quality of service delivery, in whatever form consumers desire it
- Over the past four years Aveo has been at the forefront of innovation in retirement product and service delivery
- Since adopting our retirement only strategy, Aveo has recycled capital out of non retirement property assets and invested heavily in retirement:
 - Over \$700m in developing new state of the art retirement communities and retirement product
 - Over \$200m in care businesses and services including aged care, physiotherapy, occupational therapy and podiatry and by improving the delivery of other "in demand" services for our residents including food and telecommunications

Product offering continues to be improved

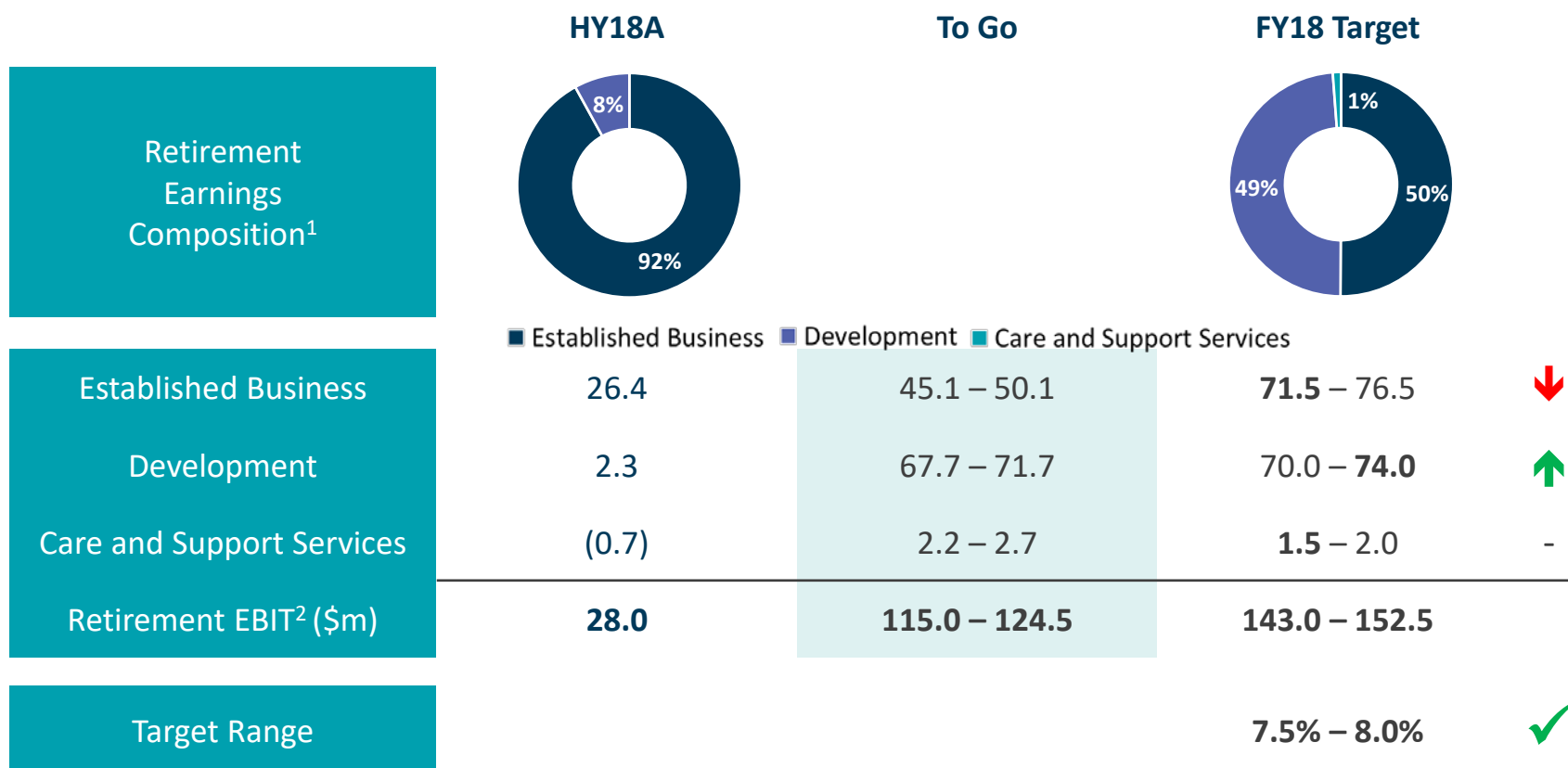


- In August last year, having listened to the needs of our consumers, we announced a package of key initiatives to serve them better and to regain their trust
- The initiatives we initially identified have largely been implemented with some final steps to be taken by 30 June 2018
- The package included:
 - 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

Retirement asset returns remain on target



- Given the expected higher profit margins on Newstead, the Development result will exceed the top end of the range, offsetting a lower Established Business result
- Final mix of earnings composition for FY18 will be dependant upon sales mix achieved between resales and new sales at a village level



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.

FY18 Development projects update



- Construction work is on schedule for the remaining development units delivering in FY18

Community	Delivered to Date	H2 May Delivery	H2 June Delivery	Total FY18 Units	Development Status
Bella Vista	-	64	-	64	Practical completion anticipated 31 May 2018. Landscaping and Ground floor yet to be completed with unit defecting underway.
Hunters Green	-	-	25	25	First three units have reached practical completion, balance units will have practical completion issued progressively over the next five weeks.
Island Point	-	-	15	15	Practical completion to commence early May with units to be completed progressively over five weeks.
Mingarra	-	-	19	19	Practical completion will occur progressively from late May into June.
Newcastle	50	-	-	50	Practical completion achieved in 2017. FY18 units already delivered.
Newstead	-	199	-	199	Certificate of Classification received in April. Works continue with practical completion on target for 5-9 May.
Robertson Park	34	-	-	34	Practical completion achieved in April. FY18 units have been delivered.
Springfield	-	-	38	38	Practical completion scheduled for June. Nearing completion with defecting on the lower levels. Groundworks and landscaping about to commence.
Tanah Merah	-	62	-	62	Practical completion on track for late May. Series of three buildings all at varying stages of construction.
Total Major	84	325	97	506	

Newstead integrated retirement community

- 19 storey integrated retirement community at Aveo Newstead is a world class project and a blueprint of the future for retirement
- Comprises 144 independent apartments, 55 private aged care apartments and a 99 bed Residential Aged Care Facility (RACF)
- On track to achieve 25% pre-sales target on practical completion (unit pricing from \$440k to \$2.2m)
- First resident expected to move in during the first week of June
- Project will deliver a 25%+ development margin (before interest)
- Features include
 - All residents on Aveo Way contracts
 - All residents can access all levels of care
 - All Aveo support services (food, nutrition and communications) available
 - Living above a vibrant retail complex



Robertson Park redevelopment

- First of the community redevelopment opportunities to have been delivered
- Redevelopment parcel of two hectares which comprises approximately half the community
- Will deliver 104 new independent living units (ILUs) and new community facilities for both existing and new residents
- Redevelopment replaces 12 ILUs and 38 serviced apartments which previously occupied the site
- The remaining 23 duplex villas on the other portion of the community remain in place
- First stage of redevelopment comprises 34 ILUs
- The redevelopment increases the quality and diversity of accommodation product available to residents and facilitates a substantial investment in improved common areas



Durack RACF

- New RACF operates as part of the broader Durack integrated retirement community of 629 retirement units
- RACF contains 123 beds comprising
 - 49 standard rooms
 - 60 premium rooms
 - 14 superior rooms
- Dedicated dementia wing of 18 beds
- Refundable Accommodation Deposit (RAD) range of \$425k - \$795k (average of \$550k)
- First resident moved in July 2017 and full occupancy reached at end of March 2018
- For new residents entering the retirement community, Aveo will fund the immediate release of the equity in their retirement unit to fund their RAD payment when transitioning
- The security provided by this feature provides a further attraction for potential buyers of new units in the retirement community



Cleveland Gardens transition



- First Aveo community to transition to the Freedom operating model
- Began transition to Freedom in May 2016
- Transition of the community has involved common area changes, staffing changes and the introduction of a care model
- At commencement of sell down there were 14 vacant units out of a community of 66 units
- Average sales price prior to transition was \$155k
- To date, have sold 26 units with an average unit price of \$354k (range \$315k - \$392k)
- All sales occurred under the standard Freedom lease agreement rate of 40% DMF
- No units currently available for sale in the community



Major development pipeline remains strong



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
Rochedale	Greenfield	QLD	Low	150			150
Sanctuary Cove	Greenfield	QLD	Low	163			163
Southport	Redevelopment	QLD	Medium	215			215
Total Major Development				5,418	506	512	4,400

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

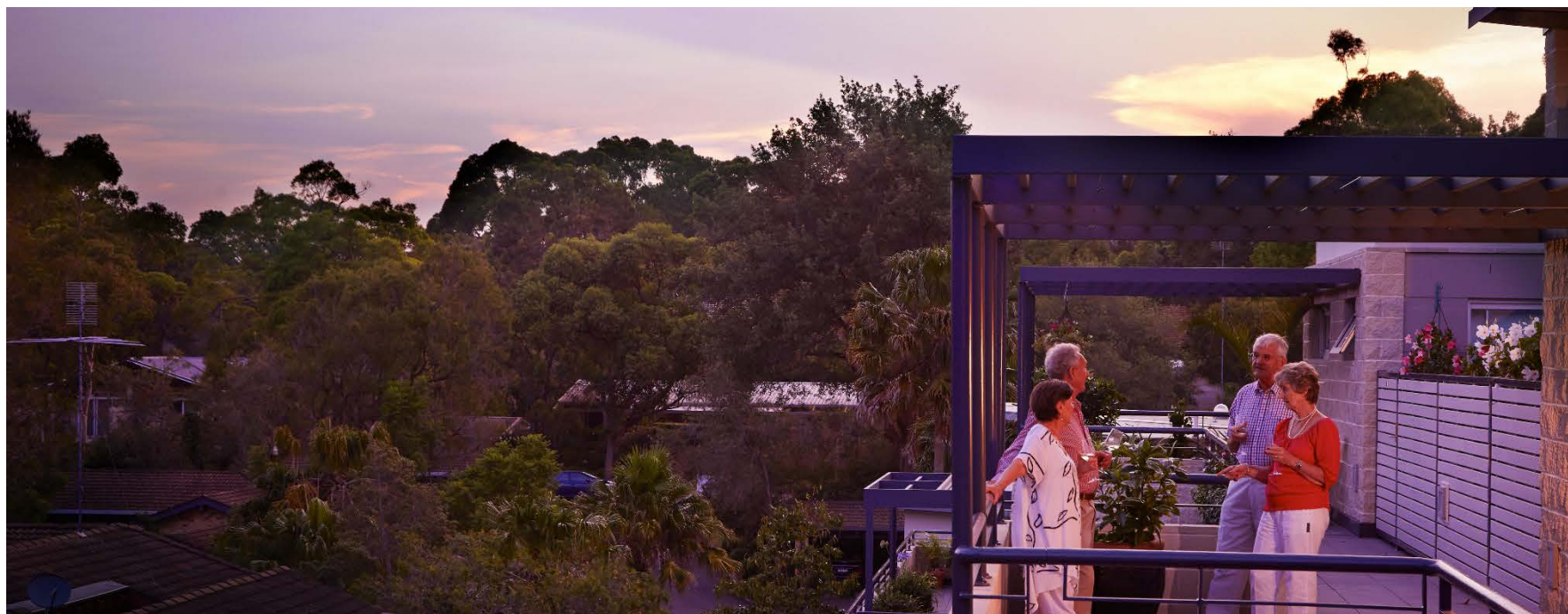
Regulatory Environment

- New retirement village legislative regimes in operation in Qld and SA are having no material impact on the operation of the business
- The final report of the Kathryn Greiner led inquiry into the NSW retirement village sector (conducted between August and December 2017) is still being considered by the NSW Government
- Consistent with other states, implementation of any recommendations are not expected to have any material impact on the Aveo business model

Class Action

- Discovery process remains ongoing, with document categories agreed and the next case management hearing on 10 August 2018
- Already received security of costs for \$185k from the applicant and currently seeking to have a further \$1.8m in additional cost security from the applicant lodged
- Aveo will continue to deny the applicant's allegations and strenuously defend its practices and product offering

- 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)
- Will be a large second half skew to full year results, driven by the timing of new development deliveries, plus higher sales rates and settlement volumes in the second half
- Given the expected higher profit margins on Newstead, the Development result will exceed the top end of the range, offsetting a lower Established Business result
- Final mix of earnings composition for FY18 will be dependant upon sales mix achieved between resales and new sales at a village level
- Regardless of composition, the overall retirement business remains on track to achieve its ROA target of 7.5% - 8.0%
- Full year distribution to be announced in June based on 40% - 60% of underlying profit payout
- Aveo will be hosting an investor tour in Brisbane on Tuesday 14 June which will include the Newstead integrated retirement community plus a number of other Aveo communities



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