

6 November 2019

Chairman's Address

Ladies and gentlemen, today marks an important day in Aveo's history.

Securityholders will be asked to vote on a proposed acquisition of 100% of the outstanding securities of Aveo by way of a trust scheme and a company scheme of arrangement (together, the Schemes) by entities controlled by Brookfield Asset Management Inc. (**Brookfield**) on behalf of its managed funds.

The cash consideration of \$2.15 per Aveo Security is in addition to the FY19 annual distribution of 4.5 cents per security which was paid to Aveo Securityholders on 30 September 2019. The Cash Consideration under the Schemes, together with the FY19 annual distribution, is \$2.195 per security.

As an alternative to the Cash Consideration, Eligible Aveo Securityholders who have submitted a valid Election, may receive Scrip Consideration with respect to all of their Aveo Securities. This conditional Scrip Consideration provides Eligible Aveo Securityholders with the potential to participate in a foreign unlisted vehicle that will indirectly hold Aveo Securities through TopCo. This would give them ongoing economic exposure to Aveo if the Schemes are implemented.

The Scrip Consideration will only be available if there are Scrip Elections from holders of more than 10% of Aveo Securities. Scrip Elections will be accepted in respect of up to 30% of TopCo securities. If Scrip Elections are received in respect of more than 30% of TopCo securities, the Scaleback Arrangements described in the Scheme Booklet will apply such that Brookfield will hold 70% of TopCo securities.

As announced on 28 October 2019, Aveo has received Scrip Elections in respect of 100,459,474 Aveo Securities. This constitutes approximately 17.3% of Aveo Securities. The indicative election results are subject to a number of factors and the Scrip Election results will not be finalised until the Scheme Record Date. However, based on this indicative outcome, if the Schemes are implemented Scrip Consideration will be issued to Aveo Securityholders and no Scaleback Arrangements will apply.

Aveo is the market leader in retirement living in Australia. Our employees have worked hard to deliver, innovate and improve living choices for older Australians, including for our 14,000-strong residents across our national footprint of vibrant communities. I would like to thank my fellow Board members for their hard work during the year and extend our appreciation and thanks to all Aveo employees for the devotion and commitment to ensuring the wellbeing of all our residents.

Agenda

Today, Aveo Securityholders will be asked to vote in relation to the Schemes which require their approval to proceed. Firstly, I will provide an overview of the Directors' recommendations and the Independent Expert's conclusions in respect of the Schemes.

Aveo's vision is to be 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 and proudly do so for 13,000 residents in 94 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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I will then present the AGL Scheme Resolution and Trust Scheme Resolutions to be considered and there will be time for questions and discussion.

Scheme Booklet

Aveo Securityholders will have received a Scheme Booklet dated 27 September 2019 together with a personalised proxy form. The Scheme Booklet includes:

- the notices convening today's Scheme Meetings;
- an overview of the Schemes;
- the key considerations relevant to securityholders' vote or election;
- frequently asked questions; and
- information regarding the entities controlled by Brookfield Asset Management Inc. and AOG L.P., the foreign unlisted stub entity vehicle.

Status of conditions precedent

The Scheme Booklet, in section 7.5, contains a number of a number of conditions precedent. The key conditions which remain outstanding are:

- securityholder approval of the Schemes at today's Scheme Meetings; and
- final approval of the AGL Scheme by the Federal Court at the Second Court Hearing, which is scheduled for 13 November 2019.

Nothing has occurred to date that would prevent any of these conditions from being satisfied.

Directors' recommendations

The Aveo Directors and the IBC have carefully considered the advantages and disadvantages of the Schemes, which followed an extensive period of market testing by Aveo and its advisers which involved the provision of detailed financial and operational information on the business and engaging with a large number of global and domestic interested parties.

In making its recommendation, the Aveo Directors and the IBC evaluated the bids received against several criteria, including a comparison to the potential disadvantages of the Schemes proceeding and the status quo (having regard to current trading conditions and balance sheet flexibility associated with executing on Aveo's long term business plan) compared to the cash premium available to Aveo Securityholders. We believe Brookfield's Cash Consideration delivers the highest value and certainty available to Aveo Securityholders relative to other alternatives considered.

The Cash Consideration of \$2.15 per Aveo Security under the Schemes represents a significant premium to Aveo's undisturbed security price. It also provides you with immediate and certain value for your securities. The Aveo Directors appointed KPMG Financial Advisory Services (Australia) Pty Ltd as the Independent Expert to assess the Schemes and prepare an Independent Expert's Report. The Independent Expert assessed the value of an Aveo Security to be between \$2.08 and \$2.39 and has concluded that as the Cash Consideration is within this range, the Schemes are in the best interests of Aveo Securityholders, in the absence of a Superior Proposal. In assessing the premium implied by the Cash Consideration, the Independent Expert notes that it is not appropriate to compare the Cash Consideration to NTA per Aveo Security since, consistent with industry practice, the Directors' valuations of the assets as reflected on Aveo's balance sheet do not include a large share of divisional expenses, all unallocated corporate expenses and certain group capital expenditure which are required to operate a portfolio of retirement assets. A copy of the Independent Expert's Report is included in Annexure A of the Scheme Booklet.

Based on the Cash Consideration, the full Aveo Board unanimously recommends that Aveo Securityholders vote in favour of the Schemes in the absence of a Superior Proposal and subject to the Independent Expert

continuing to conclude that the Schemes are in the best interests of Aveo Securityholders. Each Aveo Director intends to vote any Aveo Securities held by them in favour of the Schemes.

The IBC confirms that no Superior Proposal has been received by Aveo, nor are we in discussions with any other interested parties. The Independent Expert continues to maintain its conclusion that the Schemes are in the best interests of Aveo Securityholders, in the absence of a Superior Proposal.

If the Schemes are approved by Aveo Securityholders, the Second Court Hearing is scheduled to take place at 9.15am on 13 November 2019 at the Supreme Court of NSW.

If the Court approves the Schemes, a copy of the Court order approving the Schemes will be lodged with ASIC and the Schemes will become Effective. Aveo will then apply to ASX for its securities to be suspended from official quotation on ASX from close of trade on this day.

Aveo Securityholders on the register at 7.00pm on 21 November 2019 will be entitled to receive the consideration payable under the Schemes upon Implementation. It is currently expected that the Schemes will be implemented on 29 November 2019.

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