



On Track for FY16 Targets

Results for the period ended 31 December 2015

17 February 2016





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Overview

Financial

- Statutory profit after tax increased by 121% to \$66.5m
- Underlying profit after tax increased by 89% to \$45.6m
- Boosted by a first half skew in non-retirement profit contribution including the delivery of the Milton residential apartment development
- Retirement EBITDA contribution increased by 12% to \$29.1m

Operational

- Significant increase achieved in pricing of retirement units transacted
- Active portfolio management reflected in higher numbers of both buyback purchases and buyback sales
- Delivery of 29 new retirement units across three different villages

Strategic

- Acquisition of Freedom retirement villages boosts the development pipeline and enhances Aveo's care services capability
- Strong sales rates continued at land estates as these are sold down with proceeds recycled into retirement village developments

Established Business

- Total sales volumes in second half expected to exceed those in the first
- Continued focus on price growth at villages with low stock levels
- Margin levels for buybacks expected to trend back to more normalised rates

Development

- Construction schedule remains on track for delivery of 153 additional new units across five different villages by FY16 year end
- Sell down of stock delivered in first half will assist cash flow generation

Care and Support Services

- New General Manager Care role has commenced and is overseeing the repositioning of the care offering available at a number of trial villages
- Construction of the new 121 bed aged care facility at Durack is expected to commence in final quarter of FY16

Financial

- On track to meet FY16 retirement ROA target range of 6.0%-6.5%
- Maintaining FY16 guidance outlined at announcement of the FY15 results:
 - Full year underlying profit after tax of over \$80m
 - Full year distribution of 8 cents per security



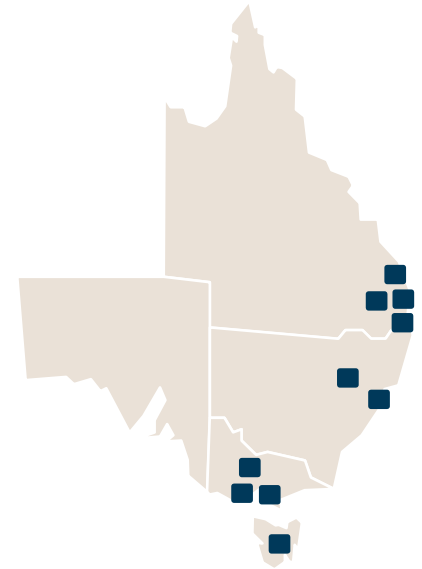
Acquisition of Freedom

Freedom Overview



- Freedom owns and operates 1,004 units in 15 retirement village communities across Australia
- Development pipeline of 533 units including 387 units across five existing villages and a 146 unit site on the Sunshine Coast
- Freedom villages operate as unique private care communities
- Villages are regulated by the relevant state retirement villages legislation rather than operating under the federal Aged Care Act
- Positioned as a care business offering accommodation, targeting residents with low to moderate care needs upon entry
- Not traditional nursing homes or aged care communities
- Comprehensive care services are available to residents with 24 hour nursing provided, while still offering the levels of personal freedom and lifestyle associated with retirement village living
- Similar to the existing Aveo retirement villages, Freedom villages operate under a deferred management fee model
- Average resident age is 85, reflective of a resident profile seeking access to higher levels of care services in their accommodation

Freedom Village Locations



- Total acquisition consideration of \$215.5m plus acquisition costs comprising:
 - Issue of \$83.5m of AOG scrip at \$2.98 per security and a cash payment of \$10m to the vendors
 - Assumption of \$88m in debt and liabilities
 - Deferred payment of \$34m in present value terms, paid progressively over a four year period, provided various performance conditions over that period are met
- Expected to be EPS neutral in FY16 and materially EPS accretive in FY17 and beyond, with Aveo's forecast underlying EPS growth now at least 6% for FY17 and FY18
- Acquisition deepens Aveo's resident care capability and expands the development pipeline
- Positions Aveo as the largest owner and operator of retirement communities in Australia upon completion of the roll out of the development pipeline



Financial Results and Capital Management



Key Financial Outcomes



- Increase in statutory profit after tax of 121% to \$66.5m
- Increase in underlying profit after tax of 89% to \$45.6m
- Underlying EPS increased by 85% to 8.9 cps
- Variance between statutory and underlying profit primarily related to a revaluation uplift of \$17.6m (pre-tax) of the Gasometer 1 commercial and retail asset
- Lift in FFO reflects a higher contribution from all business units and a higher capitalised interest in cost of goods sold
- Increase in NTA per security to \$2.98
- Reduction in gearing driven by strong non-retirement land asset sales and the repayment of The Milton apartment project finance facility from unit settlements

Outcome	HY16	HY15	Change
Statutory profit after tax ¹	\$66.5m	\$30.1m	121%
Statutory EPS	12.9cps	6.0cps	115%
Underlying profit after tax ²	\$45.6m	\$24.1m	89%
Underlying EPS	8.9cps	4.8cps	85%
FFO ³	\$89.5m	\$29.4m	204%
FFO per security	17.4cps	5.9cps	195%
Net assets	\$1,570.8m	\$1,505.6m ⁵	4%
NTA per security	\$2.98	\$2.85 ⁵	5%
Gearing	8.8% ⁴	13.8% ⁵	(5%)

¹ Net profit after tax attributable to stapled security holders of the Group – see slide 51.

² Reconciliation of statutory profit to underlying profit shown on slide 52.

³ FFO and AFFO reflect Property Council of Australia guidelines.

⁴ Adjusted for The Milton 50% cash at bank.

⁵ Relates to FY15.

Profit and Loss



	%	HY16 (\$m)	%	HY15 (\$m)	Change
Retirement					
Established Business		28.1		23.8	18%
Development ¹		0.4		1.1	(64%)
Care and Support Services		0.6		1.0	(40%)
Total Retirement	44%	29.1	69%	25.9	12%
Non-Retirement ¹	56%	37.1	31%	11.6	220%
Divisional contribution¹	100%	66.2	100%	37.5	77%
Non-allocated overheads		(5.3)		(5.3)	-
Group incentive scheme		(0.3)		-	100%
Total		(5.6)		(5.3)	6%
EBITDA		60.6		32.2	88%
Depreciation and amortisation		(1.1)		(0.8)	38%
EBIT		59.5		31.4	89%
Interest and borrowing expense		-		(2.7)	(100%)
Profit Before Tax		59.5		28.7	107%
Income tax		(13.8)		(4.5)	207%
Profit After Tax		45.7		24.2	89%
Non-controlling interests		(0.1)		(0.1)	-
Underlying profit after tax²		45.6		24.1	89%
Statutory profit after tax		66.5		30.1	121%

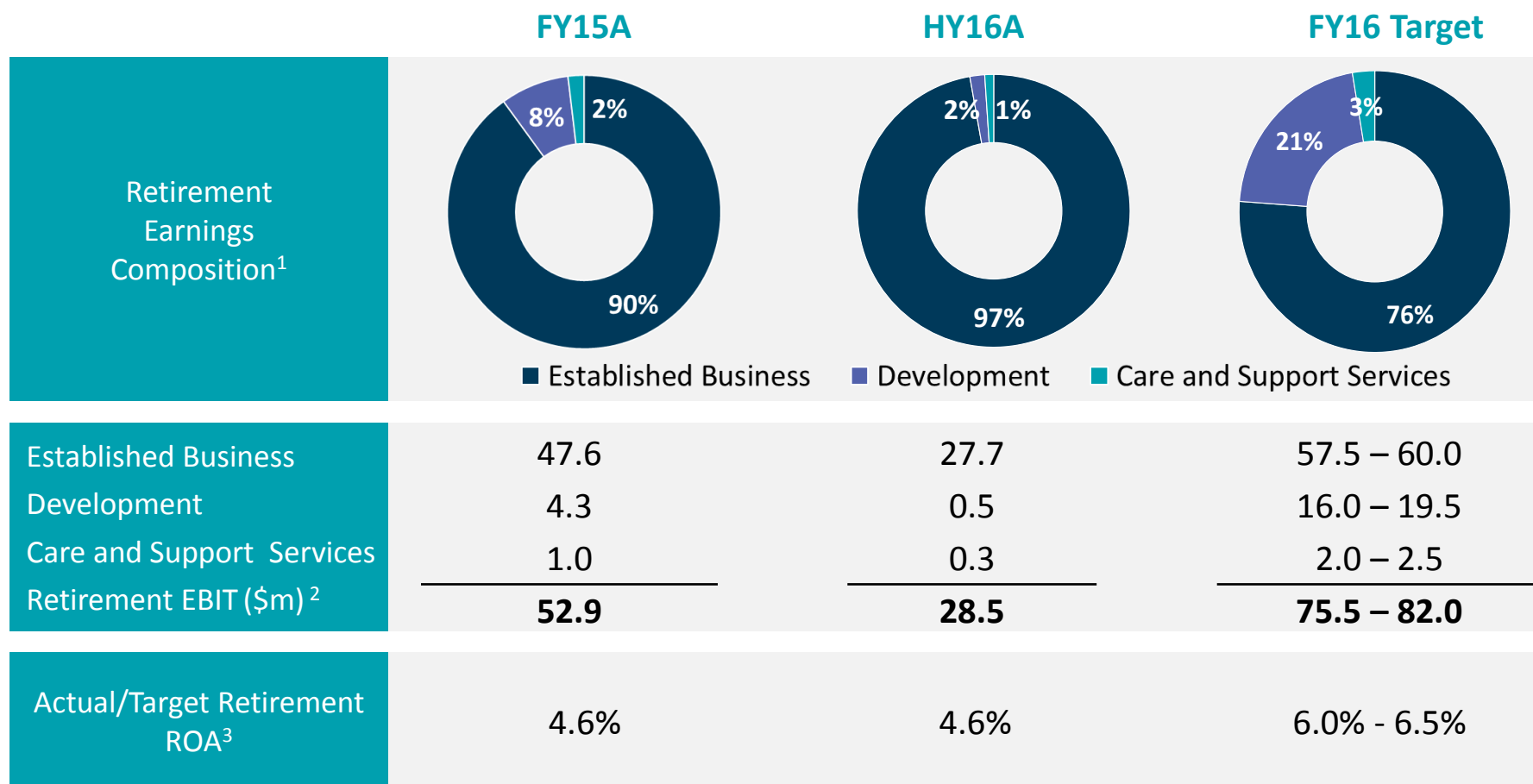
¹ Includes capitalised interest in cost of goods sold.

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

Focus on Retirement Asset Returns



- Retirement business remains on track to achieve its targeted FY16 ROA



¹ Targeting a long term target 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 Appendix 1 for further detail regarding target retirement return metrics and reconciliation of Retirement EBIT to Retirement Profit Contribution.

Capital Management Metrics



- Capital structure continues to be simplified
- Only two debt facilities now remain in place
 - Aveo Group Syndicated facility
 - Aveo Healthcare¹ facility
- Gasometer 1 office and retail asset at Newstead was refinanced into the Group Syndicated facility in October 2015
- The Milton apartment project finance facility repaid in full from settlements in November 2015
- Aveo Group syndicated facility lenders have approved to increase the existing facility by \$100m to \$400m to provide additional capacity to fund the Freedom acquisition and resulting increased development pipeline
- Pro-forma gearing post Freedom acquisition is 13%, comfortably within the target gearing range of 10%-20%

Metrics	HY16	FY15	Change
Reported gearing ²	8.8%	13.8%	(5%)
Net debt ²	\$175m	\$280m	(38%)
Gross interest bearing liabilities	\$208m	\$359m	(42%)
Undrawn committed lines ¹	\$172m	\$145m	19%
Available capacity	\$193m	\$164m ³	18%
Weighted average borrowing cost	3.7%	4.0%	(0.3%)
Weighted average debt maturity	2.0 years	2.2 years	(0.2 years)
Pro-forma Metrics Post Freedom⁴			
Reported gearing ²	13.0%	13.8%	(0.8%)
Net debt ²	\$287m	\$280m	2.5%
Gross interest bearing liabilities	\$320m	\$359m	(11%)
Undrawn committed lines ¹	\$160m	\$145m	9%
Available capacity	\$181m	\$164m ³	10%

¹ Undrawn facilities are dependent upon having sufficient security.

² Adjusted for The Milton 50% cash at bank.

³ Includes 100% The Milton undrawn debt.

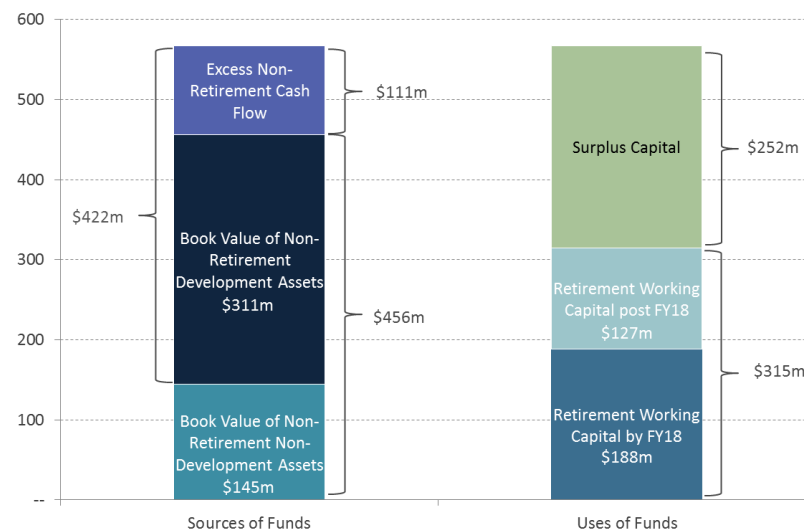
⁴ Includes credit approved increase of \$100m to Group Syndicated facility.

¹ 86% owned by Aveo.

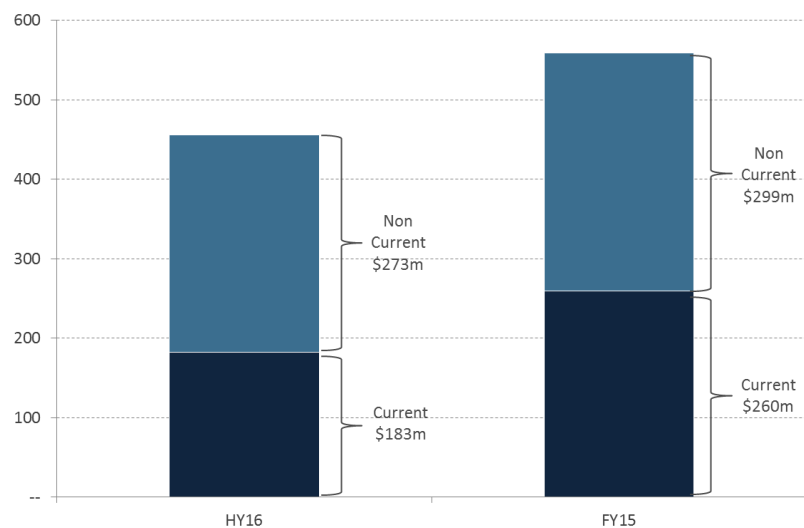
Capital Availability from Non Retirement Sell Down

- \$456m of non-retirement assets are carried on the balance sheet at 31 December 2015
- Selling the residential land estates will generate a further \$111m of cash flow
- The following order of priority will be applied to the use of funds for the forecast period to FY18
 - Working capital investment in developments
 - \$188m to be applied to developments that will be delivered by FY18
 - a further \$127m to be allocated to developments that will be delivered post FY18
 - At least \$252m available for retirement asset acquisitions, acquire further securities in the existing on-market buyback, or pay down debt levels
- Will manage capital allocation priorities within the context of maintaining a gearing level in the target range of 10%-20%

\$567m from Capital Recycling of Non-Retirement Assets



Non-Retirement Sources (Book Value)





Retirement

Retirement Results



- Increase in profit contribution of 12% to \$29.1m
- Result primarily driven by higher contribution from the Established Business
- Development profit contribution impacted by a deliberate decision to finish a low margin final stage at Cleveland
- Care and Support Services result impacted by the shutdown of the Durack aged care facility in preparation for its redevelopment
- Total value of the units transacted increased to over \$100m

Key Performance Indicators	HY16	HY15	Change
Segment revenue			
Established Business	\$58.6m	\$50.9m	15%
Development	\$12.3m	\$9.6m	28%
Care and Support Services	\$6.5m	\$5.9m	10%
Total Retirement revenue	\$77.4m	\$66.4m	17%
Profit contribution¹			
Established Business	\$28.1m	\$23.8m	18%
Development ²	\$0.4m	\$1.1m	(64%)
Care and Support Services	\$0.6m	\$1.0m	(40%)
Total Retirement contribution	\$29.1m	\$25.9m	12%
EBIT contribution			
Established Business	\$ 27.7m	\$23.5m	18%
Development	\$ 0.5m	\$1.4m	(64%)
Care and Support Services	\$ 0.3m	\$0.8m	(63%)
Total Retirement EBIT¹	\$ 28.5m	\$25.7m	11%
Sales Volumes (units)			
Established Business sales	324	358	(9%)
Development sales	29	12	142%
Total	353	370	(5%)
Total value of units transacted	\$105.1m	\$97.1m	8%

¹ Full year FY16 target EBIT is in the range of \$75.5m - \$82.0m.

² Development profit is accounted for in the change in fair value of investment property.

Established Business Sales and Margins



- Portfolio turnover is within long term targeted range of 10%-12%
- Total sales are in line with HY15 when adjusted for the redevelopment buyback purchases which would otherwise have become resales
- No DMF/CG is realised on redevelopment buyback purchases, however the net cost to buy back units is capitalised to investment properties under construction
- Lift in number of buyback sales and operating buyback purchases reflective of an active ongoing portfolio management program, which refurbishes and upgrades unit quality and pricing where opportune
- Margins existing in deposits on hand suggest is well placed to achieve full year DMF/CG margin per transaction of over \$85k

	HY16	HY15	Change
Sales volumes (units)			
Resales	281	328	(14%)
Buyback sales	43	30	43%
Total	324	358	(9%)
Operating buyback purchases (units)	64	34	88%
DMF/CG generating transactions¹	345	362	(5%)
Redevelopment buyback purchases ²	30	-	100%
Deposits on hand	78	116	(33%)
Avg DMF/CG transaction price point ¹	\$278k	\$256k	9%
Avg DMF/CG per transaction¹	\$79.5k	\$77.5k	3%
DMF/CG margin per transaction			
Resales	30%	31%	(1%)
Operating buyback purchases	22%	27%	(5%)
Portfolio turnover	10.7%	11.4%	(1%)
Occupancy ³	96%	96%	-
Cumulative new Aveo Way contracts sold	317	14	nm

¹ Resales plus operating buyback purchases.

² Units bought back from residents to enable the village to be redeveloped.

³ Excludes new units sold within the last five years.

Established Business Results



- Resales DMF/CG impacted by the redevelopment programs commenced for the Carindale, Newmarket and Robertson Park villages
- Units at those villages are bought back rather than resold to new residents, which decreases the total units available for resale
- Partially offset by an increase in DMF/CG from operating buyback purchases
- Higher ownership interest in RVG (currently 42%) reflected in increase in other revenue
- RVG contribution to profit continues to meet > 8% return on investment target (includes fund and asset management fees plus equity accounted profit from the investment)

	HY16	HY15	Change
Revenue			
DMF/CG revenue			
Resales	\$24.1m	\$25.9m	(7%)
Operating buyback purchases	\$3.3m	\$2.2m	50%
Gross DMF/CG	\$27.4m	\$28.1m	(2%)
Other Revenue			
Buyback sales	\$12.5m	\$7.7m	62%
Other revenue	\$18.7m	\$15.1m	24%
Total other revenue	\$31.2m	\$22.8m	37%
Total revenue	\$58.6m	\$50.9m	15%
Profit contribution			
Net DMF/CG	\$24.4m	\$25.2m	(3%)
Net other	\$3.7m	(\$1.4m)	364%
Total profit contribution	\$28.1m	\$23.8m	18%
Depreciation and amortisation	(\$0.4m)	(\$0.3m)	33%
EBIT¹	\$27.7m	\$23.5m	18%

¹ Full year FY16 target EBIT is in the range of \$57.5m - \$60.0m.

Development Results



- 29 new units delivered across three different villages
- Result impacted by the delivery of the final stage at Cleveland which was at break-even point
- Deliberate decision was made to develop this stage as it now completes the development in the village
- Major skew in development profits to second half with end value of projects of \$90m being delivered in second half
- Developments in full year expected to be at target margin rates of 16%-20% (before funding costs)

	HY16	HY15	Change
Revenue			
Development ¹	\$12.3m	\$6.3m	95%
Other ²	-	\$3.3m	(100%)
Total	\$12.3m	\$9.6m	28%
Profit contribution	\$0.4m	\$1.1m	(64%)
Interest in COGS	\$0.2m	\$0.3m	(33%)
Depreciation and amortisation	(\$0.1m)	-	100%
EBIT³	\$0.5m	\$1.4m	(64%)
Gross profit (including interest)	\$1.3m	\$1.8m	(28%)
Gross profit (excluding interest)	\$1.5m	\$2.1m	(29%)
Average margin (including interest)	11%	19%	(8%)
Average margin (excluding interest)	12%	22%	(10%)
Development units delivered	29	10	190%
Average transaction value	\$424k	\$630k	(33%)
Development units sold	29	12	142%
Number of projects under development	5	5	-

¹ Includes units classified as investment property with profit recognised on delivery.

² Includes units classified as inventory with profit recognised on settlement (delivered pre-HY15 and settled in HY15).

³ Full year FY16 target EBIT is in the range of \$16.0m - \$19.5m.

FY16 Development Projects

- Total of 29 units delivered across the Cleveland, Durack and Island Point villages
- Construction of the remaining 153 units is on schedule for FY16 delivery

Village	H1 Delivery	H2 Delivery	Total FY16 Units	Development Status
Cleveland	12		12	<ul style="list-style-type: none"> ■ Practical completion achieved September 2015
Durack	13	27	40	<ul style="list-style-type: none"> ■ Practical completion achieved on 13 units August 2015 ■ Balance 27 units remains on programme. Delivery due Q4
Island Point	4	16	20	<ul style="list-style-type: none"> ■ Practical completion of four units achieved October 2015 ■ Balance 16 units remains on programme for delivery in Q4
Mingarra		14	14	<ul style="list-style-type: none"> ■ Civil works complete ■ Builder currently on site and on programme ■ Delivery scheduled in Q4
Peregrine		30	30	<ul style="list-style-type: none"> ■ Civil works complete ■ Builder currently on site and on programme ■ Progressive delivery scheduled between April and June 2016
Clayfield		66	66	<ul style="list-style-type: none"> ■ Structure is complete to final level. Delivery is scheduled in May 2016 ■ First display apartment to be opened in March
Total	29	153	182	

Development Delivery Forecast - Units



Village	Category	State	Portfolio ¹	Units ²	FY16	FY17	FY18	FY19+ ³
Cleveland	Brownfield	QLD	AEH	12				
Durack ⁴	Brownfield	QLD	AEH	74				
Island Point	Brownfield	NSW	AOG	130				
Mingarra	Brownfield	VIC	AOG	38				
Peregrine Springs	Brownfield	QLD	AOG	62				
Clayfield	Brownfield	QLD	AEH	124				
Southern Gateway	Greenfield	NSW	AOG	446				
Springfield ⁵	Greenfield	QLD	AOG	2,384				
Gasworks	Greenfield	QLD	AOG	169				
Newmarket	Redevelopment	QLD	AOG	300				
Carindale	Redevelopment	QLD	AOG	406				
Sanctuary Cove	Greenfield	QLD	AOG	163				
Robertson Park	Redevelopment	QLD	AOG	217				
Southport Gardens	Redevelopment	QLD	AOG	215				
The Rochdale Estates	Greenfield	QLD	AOG	150				
Tamworth	Brownfield	NSW	FRE	66				
Morayfield	Brownfield	QLD	FRE	44				
Launceston	Brownfield	TAS	FRE	53				
Tanah Merah	Brownfield	QLD	FRE	114				
Redland Bay	Brownfield	QLD	FRE	110				
Brightwater	Greenfield	QLD	FRE	146				
Total Retirement Village Product⁶				5,423	182	234	521	4,486

¹ Excludes RVG development pipeline.

² New units delivered for redevelopment projects is a gross figure which includes existing units that are subsequently redeveloped.

³ Includes potential to substitute identified units for aged care beds.

⁴ Durack balance stages has been assessed and reduced from 134 to 74 to accommodate a larger aged care facility.

⁵ 116 bed aged care facility at Springfield substituted for previously disclosed retirement unit development.

⁶ Inclusive of 29 units delivered in HY16.

Care and Support Services Results



- Profit contribution still predominately relates to the four aged care facilities operated
- Profitability impacted by the shutdown of the Durack aged care facility during the period in preparation for the redevelopment of the site
- Improved profit contribution from allied health expected in second half

Key Performance Indicators	HY16	HY15	Change
Revenue			
Aged care	\$5.7m	\$5.3m	8%
Allied health	\$0.1m	\$0.1m	-
Other	\$0.7m	\$0.5m	40%
Total revenue	\$6.5m	\$5.9m	10%
Profit contribution			
Aged care	\$0.5m	\$0.8m	(38%)
Allied health	\$0.1m	\$0.1m	-
Other	-	\$0.1m	(100%)
Total profit contribution	\$0.6m	\$1.0m	(40%)
Depreciation and amortisation	(\$0.3m)	(\$0.2m)	50%
EBIT¹	\$0.3m	\$0.8m	(63%)

¹ Full year FY16 target EBIT is in the range of \$2.0m - \$2.5m.

Delivery Forecast – Aged Care Beds



- Development approval received for 121 bed aged care facility at Durack
- Construction at Durack set to commence in final quarter of FY16
- Gasworks to be next facility delivered after Durack, in line with FY18 completion date for the Gasworks retirement units
- Targeting to deliver at least one 100 bed facility every year from FY17 onwards

Village	State	Portfolio	Total Beds ¹	HY16	FY16	FY17	FY18	FY19+
Durack	QLD	AEH	121					
Gasworks	QLD	AOG	101					
Clayfield	QLD	AEH	108					
Carindale	QLD	AOG	100					
Springfield	QLD	AOG	116					
Minkara / Bayview	NSW	AOG	124					
Mingarra	VIC	AOG	108					
Southern Gateway	NSW	AOG	144					
Total Aged Care Product			922	-	-	121	101	700

¹ Beds inclusive of 209 existing bed licences.



Non-Retirement



Non-Retirement Results



- Substantial lift in profit contribution driven by the performance of the land estates
- Strong lift in volumes with land lot sales up 139% to 380 lots while still maintaining margin levels of 24%
- Built product sales boosted by the completion and settlement of The Milton apartments in November
- Currently only 15 units left to sell at The Milton
- The sell down of The Milton will complete Aveo's exit from the residential apartment market
- Still retain a high number of land sales contracts on hand which significantly de-risks the delivery profile going forward

Key Performance Indicators	HY16	HY15	Change
Sales revenue ¹	\$201.4m	\$89.6m	125%
Rental income	\$6.1m	\$5.9m	3%
Total revenue	\$207.5m	\$95.5m	117%
Profit contribution	\$37.1m ^{2,3,4}	\$11.6m	220%
Gross profit	\$38.5m	\$12.2m	216%
Land lot sales ¹	380	159	139%
Built product sales ^{1,5}	257	38	576%
Average margin	19%	14%	5%
Contracts on hand	611	837	(27%)
Investment properties held	2	2	-

¹ Excludes one-off asset disposals.

² Includes utilisation of \$12.7m of impairment raised at June 2013 – refer slide 63.

³ Includes utilisation of \$10.9m of impairment raised pre June 2013 – refer slide 63.

⁴ Reflects 50% of Milton share of profits.

⁵ Reflects 100% of Milton lots sold.



Outlook

- Full year retirement earnings will be skewed to the second half, driven by timing of retirement development delivery and sales levels in the established business
- Delivery of FY16 retirement development volumes on track to meet previously communicated target levels, with planning underway for the development projects which will deliver in FY17
- Successful integration of Freedom acquisition a key management focus over coming months to ensure expected benefits can be realised, with external advisers engaged to assist in managing the transition and integration process
- Strong pre sales levels and ongoing sales rates in non-retirement assets continue to support cash generation for recycling into retirement growth projects
- On track to meet FY16 retirement ROA target range of 6.0%-6.5%
- Maintaining FY16 guidance outlined at announcement of the FY15 results:
 - Full year underlying profit after tax of over \$80m
 - Full year distribution of 8 cents per security
- Targeting at least 6.0% underlying EPS growth for FY17 and FY18 post acquisition of Freedom



Appendices



Appendix i. Strategy

Appendix ii. Retirement Information

Appendix iii. Non-Retirement Information

Appendix iv. Profit and Loss

Appendix v. Balance Sheet

Appendix vi. Capital Management

Appendix vii. Other Information

- Aveo to become Australia's leading pure retirement village owner and operator
- Offering to residents will enhance their ability to "age in place" by providing a continuum of care approach, to increase the attractiveness of the overall offering that is made to Aveo customers
- Seeking to streamline and simplify the business into three key operating units:
 - Established Business
 - Development
 - Care and Support Services
- Continued growth of the retirement assets and divestment of non-retirement assets to achieve at least an 80/20 retirement/non-retirement asset split by 30 June 2016
- Proceeds from non-retirement divestments to be recycled into retirement growth opportunities
- Transition the business to up to 6.5% retirement ROA by FY16 and up to 8.0% retirement ROA by FY18

Components of the Retirement Business



Established Business

- All of the existing DMF/CG generating retirement villages owned by Aveo
- Other non-DMF fee revenue and operating cost streams associated with the existing village portfolio
- Ongoing unit buyback and subsequent resale program
- Current funds management platform comprising of asset management and fund management services to RVG
- Aveo share of equity accounted investments in RVG, US Senior Living and Aveo China

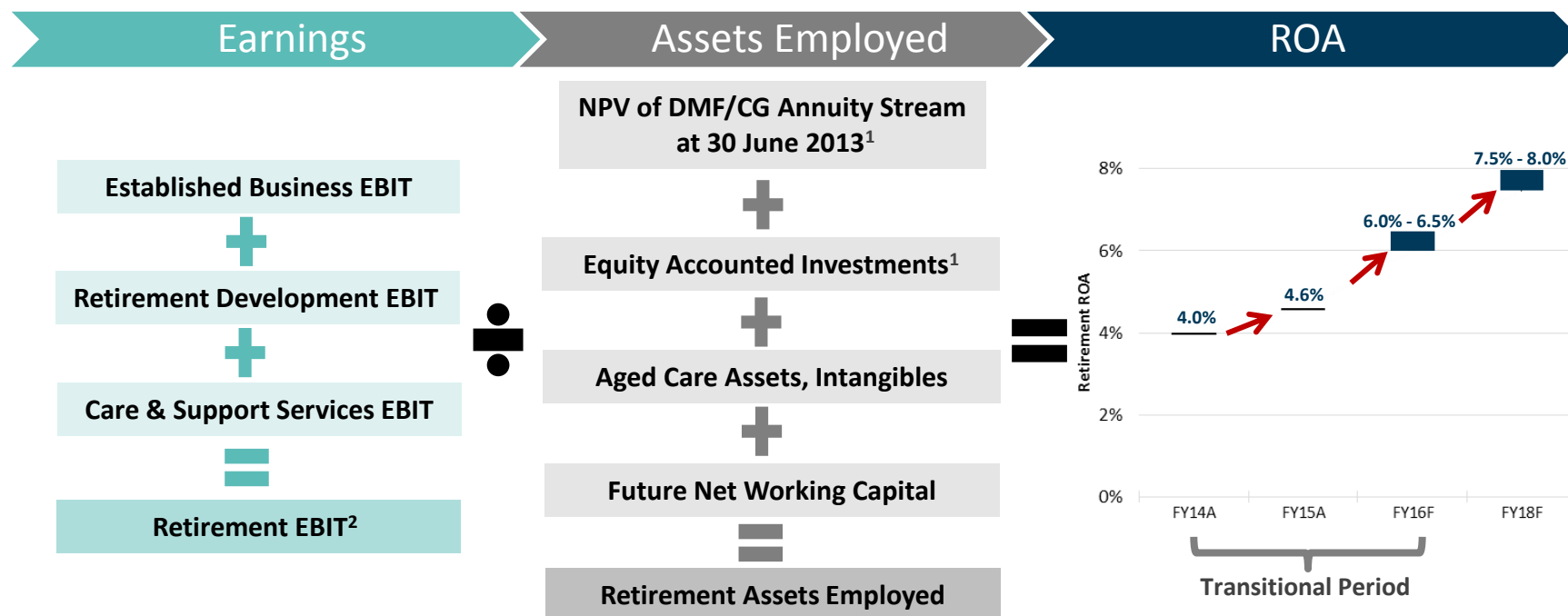
Development

- Delivery of newly constructed retirement units
- Comprises a mix of brownfield, greenfield and large scale redevelopment opportunities
- Existing retirement development pipeline of over 5,000 units
- Expected to be developed over the next 5-10 years
- Delivery planned for 182 new units in FY16
- Delivery target of over 500 new units per annum by FY18
- Future acquisitions of development sites will supplement existing holdings

Care and Support Services

- Existing high care income from four co-located aged care facilities owned by Aveo
- Low care services provided in-home to residents via specialist care operators partnering with Aveo
- Aveo owned allied health care providers integrated into retirement village operations
- High care services in traditional residential aged care accommodation
- Existing pipeline of 922 aged care beds

Medium Term ROA Enhancement Strategy



- 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.

Achieving ROA Targets



- Indicative earnings compositions for the FY16 and FY18 years are shown below, as well as an estimate of the appropriate assets employed in each period
- Note that these estimates are before the impact of the Freedom acquisition has been incorporated into forecasts
- Providing FY16 guidance of over \$80m for underlying profit after tax assumes an FY16 retirement ROA of 6.0%

Indicative Aveo Retirement Return on Asset Outcomes

\$m	FY15A	HY16A	FY16F	FY18F
Retirement EBIT				
Established Business	47.6	27.7	57.5 – 60.0	67.5 – 70.0
Development	4.3	0.5	16.0 – 19.5	35.0 – 38.0
Care and Support Services	1.0	0.3	2.0 – 2.5	6.5 – 8.0
Retirement EBIT	52.9	28.5	75.5 – 82.0	109.0 – 116.0
Average Assets Employed				
Retirement Assets Employed	1,155	1,237	1,260	1,450
Return on Assets				
Retirement ROA	4.6%	4.6%	6.0% - 6.5%	7.5% - 8.0%

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

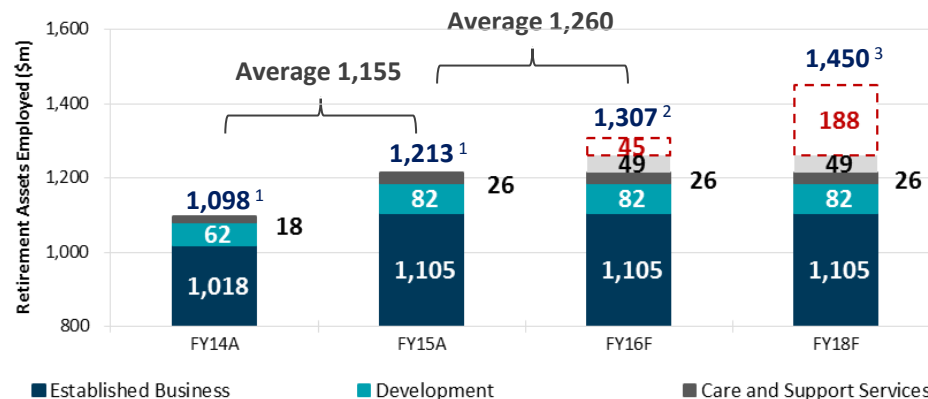
\$m	FY14A	FY15A	FY16F	FY18F
Retirement EBIT				
Established Business	42.6	47.6	57.5 – 60.0	67.5 – 70.0
Development	0.4	4.3	16.0 – 19.5	35.0 – 38.0
Care and Support Services	0.7	1.0	2.0 – 2.5	6.5 – 8.0
Retirement EBIT	43.7	52.9	75.5 – 82.0	109.0 – 116.0
Capitalised Interest in Cost of Goods Sold				
Development	-	(1.1)	(1.5) – (1.0)	(10.0) – (7.5)
Depreciation & Amortisation				
Established Business	0.5	0.7		
Care and Support Services	0.6	0.5		
Retirement Total	1.1	1.2	1.0 – 1.5	2.5 – 3.0
Retirement Profit Contribution				
Established Business	43.1	48.3		
Development	0.4	3.2		
Care and Support Services	1.3	1.5		
Retirement profit contribution	44.8	53.0	75.0 – 82.5	101.5 – 111.5

Indicative Retirement Assets



- Average retirement assets for measuring ROA in FY14 was just under \$1.1bn
- This is expected to increase to:
 - \$1,260m by FY16
 - \$1,450m by FY18
- The primary reasons for the increase in the asset levels will be:
 - Expanding and accelerating the new retirement unit development pipeline
 - Capital expenditure on the established retirement village portfolio
 - Investment in additional aged care facilities
- Future revaluations are excluded for the purpose of calculating the retirement ROA
- FY16F and FY18F retirement assets employed balances have no allowance for new development site acquisitions

Retirement Asset Profile



■ Established Business
 ■ Development
 ■ Care and Support Services
■ HY16 Net Investment
 ■ Additional Net Investment

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

² Forecast balance at end of FY16

³ Average balance incorporating opening and closing balance for financial year.

Composition of Retirement Assets

\$m	FY15A	FY16F	Average
Average Assets Employed			
Established Business ¹			
Opening balance	1,018		
Change in net working capital	87		
Closing balance	1,105		
Development ²			
Opening balance	62		
Change in net working capital	20		
Closing balance	82		
Care & Support Services			
Opening balance	18		
Change in net working capital	8		
Closing balance	26		
Total Retirement²			
Opening balance	1,098		
Change in net working capital	115		
Closing balance	1,213	1,307	1,260

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

Ongoing Steps to Achieve Returns



- Key operating steps will need to be successfully implemented in order for the business to generate the earnings levels required to achieve the target asset returns

Established Business	Development	Care and Support Services
<ul style="list-style-type: none">▪ Continue to achieve turnover rates at levels of 10%-12%▪ Increase unit pricing in line with general residential market price growth▪ Continue to improve Aveo contract terms for DMF/CG share and accrual period▪ Maintain cost efficient operational and staffing structures	<ul style="list-style-type: none">▪ Delivery planned for 182 new units in FY16▪ Delivery target of over 500 new units per annum by FY18▪ Continue to expand pipeline through selected new site acquisitions▪ Future acquisitions of new sites must meet required investment return metrics	<ul style="list-style-type: none">▪ Increase penetration rate for in home care service partners within villages▪ Integrate allied health acquisitions into retirement village operations▪ Delivery of two new aged care facilities by FY18 (one in FY17 and one in FY18)



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Retirement: Our Portfolio



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

Portfolio Snapshot

Units	Villages	ILUs	SAs	Existing Total	Pipeline ⁴ – Units	Total Units	Aged Care Beds	Pipeline – Beds	Total Units and Beds
AOG 100% owned ¹	56	4,185	1,878	6,063	4,864	10,927	184	509	11,620
Aveo Healthcare ²	5	1,085	252	1,337	185	1,522	-	229	1,751
Total Aveo Group	61	5,270	2,130	7,400	5,049	12,449	184	738	13,371
RVG Australia ³	28	2,813	601	3,414	77	3,491	-		3,491
Total Managed	89	8,083	2,731	10,814	5,126	15,940	184	738	16,862

¹ Includes 16 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.

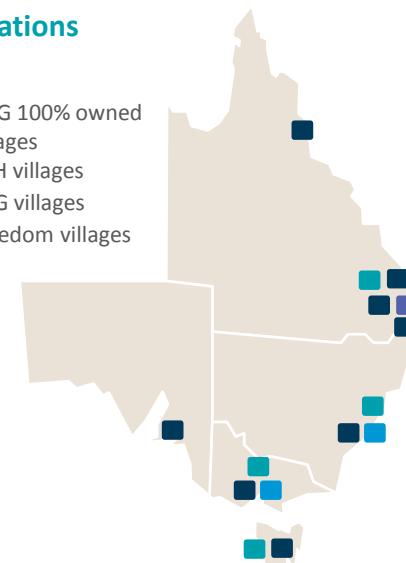
³ Includes 22 units not offered for accommodation purposes e.g. managers' units. RVG is 42% owned by Aveo and Aveo is the fund and asset manager for RVG.

⁴ Development pipeline net of 345 units to be redeveloped.

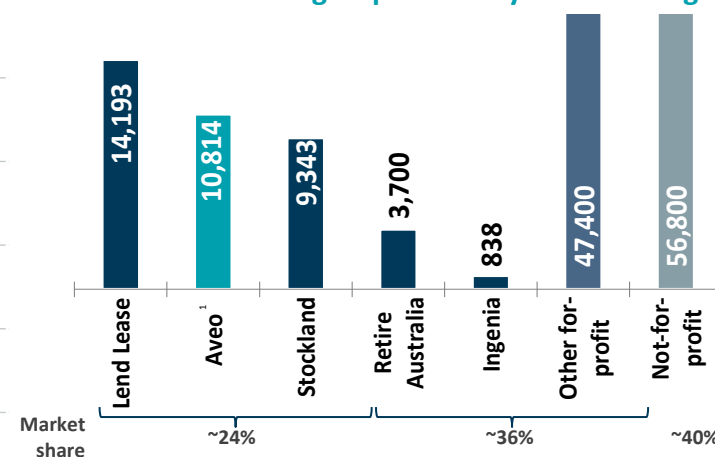
AOG Village Locations

Legend

- AOG 100% owned villages
- AEH villages
- RVG villages
- Freedom villages



Retirement Village Operators by Units Managed



¹ Includes Aveo owned and managed.

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

Retirement Village Portfolio: 100% Owned



Aveo Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Ackland Park	Everard Park, SA	30	20	50	-	50	-	-	50
Amity Gardens	Ashmore, Qld	119	-	119	-	119	-	-	119
Aspley Court	Aspley, Qld	118	44	162	-	162	-	-	162
Bayview Gardens	Bayview, NSW	262	38	300	73	373	-	-	373
Bridgeman Downs	Bridgeman Downs, Qld	113	73	186	-	186	-	-	186
Carindale	Carindale, Qld	66	41	107	-	107	299	100	506
Carisfield	Seaton, SA	103	-	103	-	103	-	-	103
Cleveland Gardens	Ormiston, Qld	154	66	220	-	220	-	-	220
Crestview	Hillcrest, SA	88	-	88	-	88	-	-	88
Derwent Waters	Claremont, Tas	112	45	157	-	157	-	-	157
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
Hampton Heath	Hampton Park, Vic	53	-	53	-	53	-	-	53
Island Point	St Georges Basin, NSW	44	-	44	-	44	126	-	170
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
Lindfield Gardens	East Lindfield, NSW	138	40	178	-	178	-	-	178
Lindsay Gardens	Buderim, Qld	122	52	174	-	174	-	-	174
Manly Gardens	Manly, Qld	168	-	168	-	168	-	-	168
Manor Gardens	Salisbury East, SA	40	32	72	-	72	-	-	72
Maple Grove	Casula, NSW	112	-	112	-	112	-	-	112
Melrose Park	Melrose Park, SA	89	36	125	-	125	-	-	125

Retirement Village Portfolio: 100% Owned (Cont'd)



Aveo Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Mingarra	Croydon, Vic	117	-	117	60	177	38	48	263
Minkara	Bayview, NSW	159	43	202	51	253	-	-	253
Mountain View	Murwillumbah, NSW	220	51	271	-	271	-	-	271
Newmarket	Newmarket, Qld	75	-	75	-	75	225	-	300
Peninsula Gardens	Bayview, NSW	73	38	111	-	111	-	-	111
Peregian Springs	Peregian Springs, Qld	127	48	175	-	175	62	-	237
Riverview	Elizabeth Vale, SA	53	-	53	-	53	-	-	53
Robertson Park	Robertson, Qld	35	38	73	-	73	144	-	217
Robina	Robina, Qld	126	-	126	-	126	-	-	126
Southport Gardens	Southport, Qld	90	-	90	-	90	125	-	215
Sunnybank Green	Sunnybank, Qld	56	-	56	-	56	-	-	56
The Braes	Reynella, SA	103	28	131	-	131	-	-	131
The Domain Country Club	Ashmore, Qld	323	52	375	-	375	-	-	375
The Haven	North Haven, SA	36	31	67	-	67	-	-	67
The Parks	Earlville, Qld	157	-	157	-	157	-	-	157
Tranquility Gardens	Helensvale, Qld	115	-	115	-	115	-	-	115
Westport	Queenstown, SA	62	-	62	-	62	-	-	62
Gasworks	Newstead, Qld	-	-	-	-	-	169	101	270
Sanctuary Cove	Sanctuary Cove, Qld	-	-	-	-	-	163	-	163
Southern Gateway	Bella Vista, NSW	-	-	-	-	-	446	144	590
Springfield	Springfield, Qld	-	-	-	-	-	2,384	116	2,500
The Rochedale Estates	Rochedale, Qld	-	-	-	-	-	150	-	150

Retirement Village Portfolio: 100% Owned (Cont'd)



Freedom Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Banora Point	Banora Point, NSW	-	89	89	-	89	-	-	89
Bendigo	Bendigo, Vic	-	102	102	-	102	-	-	102
Brightwater	Brightwater, Qld	-	-	-	-	-	146	-	146
Clayfield	Clayfield, Qld	-	37	37	-	37	-	-	37
Coffs Harbour	Coffs Harbour, NSW	-	51	51	-	51	-	-	51
Dromana	Safety Beach, Vic	-	71	71	-	71	-	-	71
Geelong	Grovedale, Vic	-	54	54	-	54	-	-	54
Launceston	Mowbray, Tas	-	28	28	-	28	53	-	81
Morayfield	Caboolture South, Qld	-	64	64	-	64	44	-	108
Redland Bay	Redland Bay, Qld	-	46	46	-	46	110	-	156
Rosedale	Rosedale, Qld	-	110	110	-	110	-	-	110
Tanah Merah	Slacks Creek, Qld	-	62	62	-	62	114	-	176
Tamworth	Tamworth, NSW	-	56	56	-	56	66	-	122
Toowoomba Bridge Street	Toowoomba, Qld	-	59	59	-	59	-	-	59
Toowoomba Taylor Street	Toowoomba, Qld	-	105	105	-	105	-	-	105
Tweed Heads	Tweed Heads, NSW	-	70	70	-	70	-	-	70
Total		4,185	1,878	6,063	184	6,247	4,864	509	11,620

Retirement Village Portfolio: Aveo Healthcare



Aveo Healthcare Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Albany Creek	Albany Creek, Qld	304	83	387	-	387	-	-	387
Clayfield	Albion, Qld	105	-	105	-	105	124	108	337
Cleveland	Cleveland, Qld	110	28	138	-	138	-	-	138
Durack	Durack, Qld	464	104	568	-	568	61	121	750
Taringa	Taringa, Qld	102	37	139	-	139	-	-	139
Total		1,085	252	1,337	-	1,337	185	229	1,751

Retirement Village Portfolio: RVG



RVG Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline – Units	Pipeline – Beds	Total Units (Future)
Balwyn Manor	Balwyn, Vic	-	54	54	-	54	-	-	54
Banora Point	Banora Point, NSW	125	-	125	-	125	-	-	125
Bentleigh	Bentleigh, Vic	27	43	70	-	70	-	-	70
Botanic Gardens	Cranbourne, Vic	157	-	157	-	157	-	-	157
Camden Downs	Camden South, NSW	65	-	65	-	65	-	-	65
Cherry Tree Grove	Croydon, Vic	354	36	390	-	390	-	-	390
Concierge Balwyn	Balwyn, Vic	73	-	73	-	73	-	-	73
Concierge Bayside	Hampton, Vic	86	-	86	-	86	-	-	86
Domaine	Doncaster, Vic	167	-	167	-	167	-	-	167
Edrington Park	Berwick, Vic	149	35	184	-	184	-	-	184
Fernbank	St Ives, NSW	156	39	195	-	195	-	-	195
Fountain Court	Burwood, Vic	130	41	171	-	171	-	-	171
Hunters Green	Cranbourne, Vic	123	-	123	-	123	77	-	200
Kingston Green	Cheltenham, Vic	108	40	148	-	148	-	-	148
Lisson Grove	Hawthorn, Vic	-	39	39	-	39	-	-	39
Manors of Mosman	Mosman, NSW	133	21	154	-	154	-	-	154
Heydon Grove ILUs	Mosman, NSW	31	-	31	-	31	-	-	31
Mosman Grove SAs	Mosman, NSW	-	37	37	-	37	-	-	37

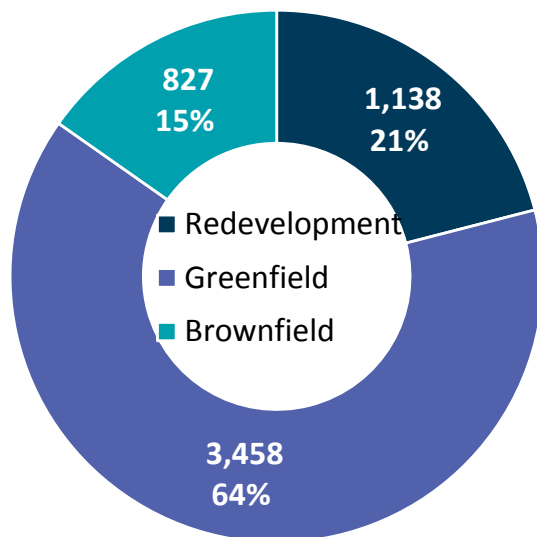
Retirement Village Portfolio: RVG (Cont'd)



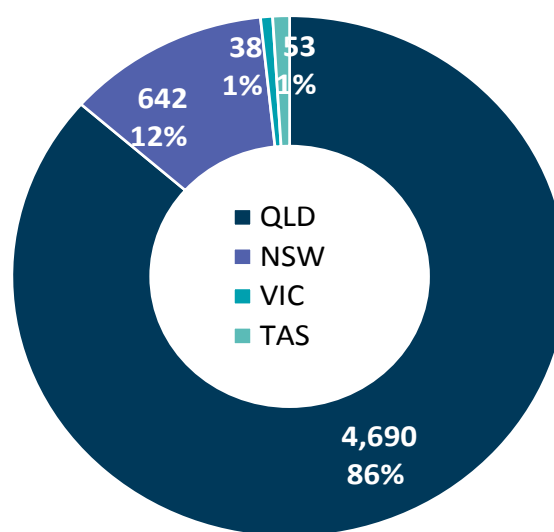
RVG Villages	Location	ILUs	SAs	Existing Total	Aged Care Beds	Existing Units & Beds	Pipeline - Units	Pipeline - Beds	Total Units (Future)
Oak Tree Hill	Glen Waverley, Vic	147	46	193	-	193	-	-	193
Pinetree	Donvale, Vic	73	-	73	-	73	-	-	73
Pittwater Palms	Avalon, NSW	127	41	168	-	168	-	-	168
Roseville	Doncaster East, Vic	110	38	148	-	148	-	-	148
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	74	36	110	-	110	-	-	110
Toorak Place	Toorak, Vic	54	-	54	-	54	-	-	54
Veronica Gardens	Northcote, Vic	57	55	112	-	112	-	-	112
Total		2,813	601	3,414	-	3,414	77	-	3,491

Development Pipeline

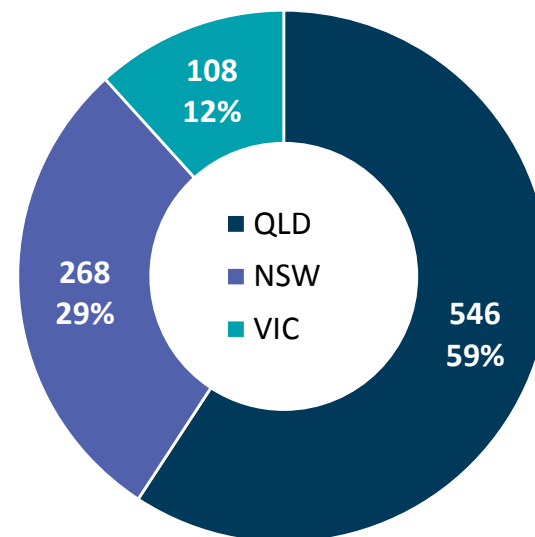
Retirement Development Pipeline
by Type – Units¹



Retirement Development Pipeline
by Location – Units¹



Retirement Development Pipeline
by Location - Beds



¹ Inclusive of 29 units delivered in HY16.

Retirement: Investment Property Sensitivities



- Key assumptions used in determining the fair value of the established retirement assets are shown in the table to the right
- Valuation sensitivities from the assumed inputs are also presented
- Consideration must be given to various portfolio characteristics
 - **Property based:** age, location, quality of facilities etc. which will drive property demand and capital appreciation in unit prices
 - **Existing residents:** average resident age of 82.3 years will determine proximity of a turnover event and economic contract terms (e.g. accrual period)
 - **Future residents:** forecast age of entry for new residents who replace existing residents will impact long term resident turnover rates
 - **Discount rate:** reflects combination of portfolio investment characteristics and risks

Key Valuation Assumptions/Outcomes		HY16	FY15	Change
Discount rate		12.5%	12.5%	-
Future property price growth	Medium term	3.65%	3.65%	-
	Long term	4.25%	4.25%	-
Average 20 year growth rate		4.10%	4.10%	-
Current resident tenure	ILUs + SAs	Life Tables	Life Tables	-
Subsequent resident tenure (years)	ILUs	10	10	-
	SAs	4	4	-
NPV of annuity streams		\$922.7m	\$907.6m ¹	1.7%

¹ Excludes Robertson Park with Jun-15 IP value of \$8.9m.

Retirement Investment Property Annuity Stream Sensitivity (\$m)					
Long term property price growth	5.25%	4.75%	4.25%	3.75%	3.25%
Value of established portfolio	1,048.2	981.6	922.7	869.8	825.0
Subsequent turnover – ILUs (years)	8	9	10	11	12
Value of established portfolio	1,023.4	968.1	922.7	883.2	848.9
Discount rate	11.5%	12.0%	12.5%	13.0%	13.5%
Value of established portfolio	1,057.1	983.8	922.7	867.0	818.0
Average age of residents (years)	86.3	84.3	82.3	80.3	78.3
Value of established portfolio	1,041.4	983.7	922.7	853.7	783.4
Market value of units (Change)	5.0%	2.5%	-	(2.5%)	(5.0%)
Value of established portfolio	978.3	950.1	922.7	894.7	868.5

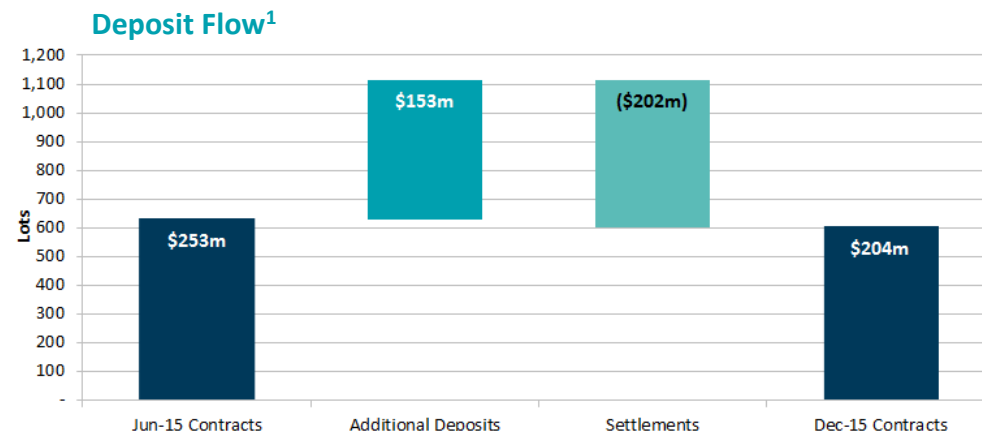


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Residential Communities and Apartments



- Deposits are strong at the land estates with 591 on hand
- Land estates are expected to be sold down by FY18
- The Milton project settled 254 units in HY16



As at 31 December 2015	Location	Remaining Lots approx.	Pre Sold Lots	Available Lots ¹	Percentage Pre Sold ³	HY16 Settlements	FY16 Target Settlements
Land Projects							
Saltwater Coast, Point Cook	VIC	801	355	446	44%	189	325 - 350
Peregian Springs and Ridges, Peregian Springs	QLD	674	150	524	22%	86	150 - 175
The Rochedale Estates, Rochedale	QLD	352	83	269	24%	99	150 - 175
Shearwater, Cowes	VIC	84	3	81	4%	6	10 - 15
Currumbin	QLD	348	--	348	--	--	--
Total Land Projects		2,259	591	1,668	26%	380	635 - 715
Apartment Projects							
Aerial, Camberwell	VIC	--	--	--	100%	3	3
The Milton, Milton ²	QLD	41	20	21	49%	254	295
Total Apartment Projects		41	20	21	49%	257	298
Total Projects		2,300	611	1,689	27%	637	933 - 1013

¹ Includes unreleased stages.

² Includes 100% of The Milton.

³ Calculated as pre sold lots/remaining lots approx.

Non-Retirement Assets Sell Down and Composition



Non-Retirement Asset Balance Sheet Movement	HY16 (\$m)	FY15 (\$m)	Change
Non-Retirement Assets at beginning of period	558.8	585.8	(5%)
Less: Asset Sales announced during the period	-	(20.0)	(100%)
Add: Net Development Activity during the period	(120.0)	(12.3)	876%
Add: Change in Fair Value of Non-Retirement Assets	17.6	5.3	232%
Closing Non-Retirement assets at end of period	456.4	558.8	(18%)
Represented by			
Inventories: Residential communities ¹	231.4	278.1	(17%)
Residential apartments ²	20.3	97.4	(79%)
Commercial ³	56.1	55.5	1%
Total inventories	307.8	431.0	(29%)
Investment properties	144.7	123.8	17%
Property, plant and equipment	3.9	4.0	(3%)
Non-Retirement assets at end of period	456.4	558.8	(18%)
Non-Retirement assets as percentage of total assets⁴	25%	30%	(5%)

¹ HY16 includes Point Cook, Rosedale, Peregrine Springs, Ridges, Currumbin and Shearwater.

² HY16 includes Milton.

³ HY16 includes Gasworks and Mackay.

⁴ Net of resident loans and deferred revenue and excludes non-allocated assets.



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Statutory Income Statement



	HY16 (\$m)	HY15 (\$m)	Change
Profit from continuing operations before income tax	89.3	39.5	126%
Income tax expense	(23.3)	(8.6)	171%
Profit for the year	66.0	30.9	114%
Non-controlling interest	0.5	(0.8)	163%
Net profit after tax attributable to stapled security holders of the Group	66.5	30.1	121%

Reconciliation of Statutory Profit to Underlying Profit



	HY16			HY15		
	Gross (\$m)	Tax ¹ (\$m)	Net (\$m)	Gross (\$m)	Tax ¹ (\$m)	Net (\$m)
Statutory profit after tax and non-controlling interest			66.5			30.1
Retirement						
Change in fair value of retirement investment properties	(2.8)	0.3	(2.5)	(3.4)	1.7	(1.7)
Share of non-operating loss of equity-accounted investments	1.9	-	1.9	1.6	-	1.6
Total Retirement	(0.9)	0.3	(0.6)	(1.8)	1.7	(0.1)
Non-Retirement						
Change in fair value of non-retirement investment properties	(17.6)	5.3	(12.3)	(5.3)	1.8	(3.5)
Gain from sale of non-retirement assets	(7.1)	2.1	(5.0)	-	-	-
Other	(4.2)	1.2	(3.0)	(1.0)	0.5	(0.5)
Total Non-Retirement	(28.9)	8.6	(20.3)	(6.3)	2.3	(4.0)
Change in fair value of derivatives	-	-	-	(2.7)	0.8	(1.9)
Underlying profit after tax and non-controlling interest			45.6			24.1

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

Statutory Profit and Loss by Segment



	Retirements	Non-Retirements	Other	Total HY16	Retirements	Non-Retirements	Other	Total HY15
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Sale of goods revenue	-	226.7	-	226.7	-	89.6	-	89.6
Revenue from rendering of services	40.1	6.1	-	46.2	41.1	5.9	-	47.0
Other revenue	5.8	5.2	0.1	11.1	5.9	2.4	0.3	8.6
Cost of sales	(8.7)	(181.3)	-	(190.0)	(7.7)	(78.1)	-	(85.8)
Change in fair value of investment properties	17.1	17.6	-	34.7	30.4	5.3	-	35.7
Change in fair value of resident loans	(12.0)	-	-	(12.0)	(25.5)	-	-	(25.5)
Change in fair value of financial assets and derivative financial liabilities	-	-	-	-	-	-	2.7	2.7
Employee expenses	(9.1)	(2.2)	(4.3)	(15.6)	(9.2)	(1.9)	(4.0)	(15.1)
Marketing expenses	(3.8)	(2.4)	-	(6.2)	(3.9)	(1.1)	-	(5.0)
Occupancy expenses	-	-	(0.5)	(0.5)	(0.1)	(0.2)	(0.5)	(0.8)
Property expenses	-	(1.6)	-	(1.6)	-	(1.3)	-	(1.3)
Administration expenses	(1.8)	(0.4)	(1.6)	(3.8)	(2.3)	(0.6)	(2.0)	(4.9)
Other expenses	(2.7)	(1.8)	0.4	(4.1)	(1.9)	(2.1)	0.6	(3.4)
Finance costs	-	-	-	-	-	-	(2.7)	(2.7)
Share of net gain of equity-accounted investments	4.4	-	-	4.4	0.4	-	-	0.4
Profit/(loss) from continuing operations before income tax	29.3	65.9	(5.9)	89.3	27.2	17.9	(5.6)	39.5
Income tax (expense)	-	-	(23.3)	(23.3)	-	-	(8.6)	(8.6)
Profit/(loss) for the period	29.3	65.9	(29.2)	66.0	27.2	17.9	(14.2)	30.9
Non-controlling interests	-	-	0.5	0.5	-	-	(0.8)	(0.8)
Net profit/(loss) attributable to stapled security holders of the Group	29.3	65.9	(28.7)	66.5	27.2	17.9	(15.0)	30.1

Reconciliation of Underlying Profit to Segment Notes



HY16 (\$m)	Underlying Profit	Change in Fair Value of Retirement Investment Properties	Share of Non-Operating Loss of Equity Accounted Investments	Change in Fair Value of Non-Retirement Investment Properties	Gain from sale of non-retirement assets	Other	Statutory Result
Retirement							
Established Business	28.1	2.8	(1.9)	-	-	-	29.0
Development	0.4	-	-	-	-	-	0.4
Care and Support Services	0.6	-	-	-	-	-	0.6
Total Retirement	29.1	2.8	(1.9)	-	-	-	30.0
Total Non-Retirement	37.1	-	-	17.6	7.1	4.2	66.0
Non-allocated overheads	(5.3)	-	-	-	-	-	(5.3)
Group incentive scheme	(0.3)	-	-	-	-	-	(0.3)
EBITDA	60.6	2.8	(1.9)	17.6	7.1	4.2	90.4
Depreciation and amortisation	(1.1)	-	-	-	-	-	(1.1)
EBIT	59.5	2.8	(1.9)	17.6	7.1	4.2	89.3
Interest and borrowing expense	-	-	-	-	-	-	-
Profit before tax	59.5	2.8	(1.9)	17.6	7.1	4.2	89.3
Income tax	(13.8)	(0.8)	-	(5.3)	(2.1)	(1.3)	(23.3)
Profit after tax	45.7	2.0	(1.9)	12.3	5.0	2.9	66.0
Non-controlling interests	(0.1)	0.5	-	-	-	0.1	0.5
NPAT attributable to Aveo Group	45.6	2.5	(1.9)	12.3	5.0	3.0	66.5

Reconciliation of Retirement Segment Revenue to Segment Notes



	HY16 (\$m)	HY15 (\$m)	Change
Segment revenue			
Established Business	58.6	50.9	15%
Development	12.3	9.6	28%
Care and Support Services	6.5	5.9	10%
Total Retirement segment revenue (refer slide 16)	77.4	66.4	17%
Adjustments			
Established Business			
Sales Revenue – buyback sales	(12.5)	(7.7)	62%
Equity-accounted profits	(6.1)	(1.9)	221%
Other	(0.6)	(0.1)	500%
Development			
Development revenue	(12.2)	(9.6)	27%
Care and Support Services			
Equity-accounted profits	(0.1)	(0.1)	-
Retirement revenue per segment note	45.9	47.0	(2%)

Interest Expense Reconciliation



	HY16 (\$m)	HY15 (\$m)	Change
Interest expense paid	6.5	15.5	(58%)
Less: Capitalised Interest			
Non-Retirement			
Residential communities	4.8	12.8	(63%)
Residential apartments	1.7	-	100%
Total capitalised interest	6.5	12.8	(49%)
Net finance costs	-	2.7	(100%)
Add: Capitalised interest expenses in COGS			
Retirement	0.2	0.3	(33%)
Residential communities	24.8	7.6	226%
Residential apartments	15.7	5.1	208%
Commercial	-	0.1	(100%)
Total capitalised interest in COGS	40.7	13.1	211%
Finance costs including capitalised interest expensed in COGS	40.7	15.8	158%

Income Tax Reconciliation



	HY16 (\$m)	HY15 (\$m)	Change %
Statutory profit from continuing operations before tax	89.3	39.5	126%
Less: Aveo Group Trust Contribution	(9.6)	(11.5)	(17%)
Corporation profit before tax	79.7	28.0	185%
Add: Other non-deductible Items (net of non-assessable items)	(2.1)	0.8	(363%)
Corporation adjusted taxable profit	77.6	28.8	170%
Tax expense	23.3	8.6	171%
Statutory effective tax rate ¹	26%	31%	(5%)
Underlying profit before tax	59.6	28.7	108%
Income tax expense	13.8	4.5	207%
Underlying effective tax rate	23%	16%	7%

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

Management Expenses



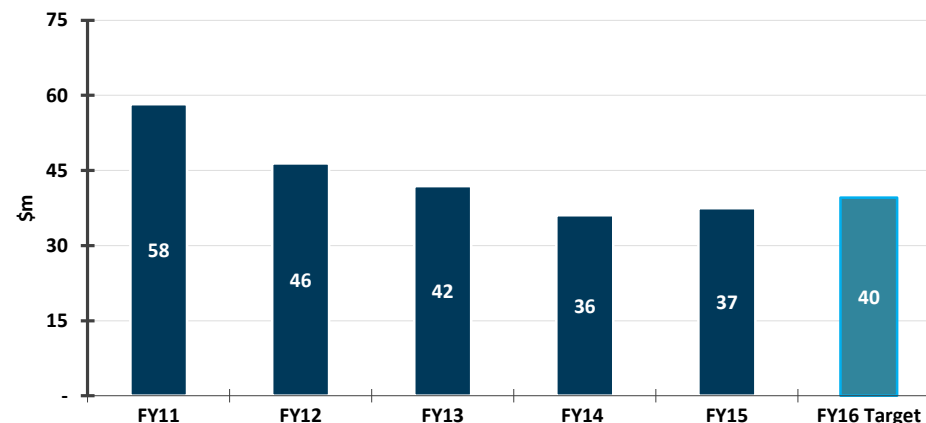
- Management continue to identify and implement cost saving initiatives across the business
- Marginal increase in 1H16 to support growth in retirement activity
- Corporate costs remain flat against 1H15

Management Expenses ¹ by Category	HY16	HY15	Change
Employee expenses	\$13.1m	\$12.1m	8%
Occupancy expenses	\$0.5m	\$0.8m	(38%)
Administration expenses	\$3.4m	\$3.9m	(13%)
Other expenses	\$1.6m	\$1.4m	14%
Total	\$18.6m	\$18.2m	2%

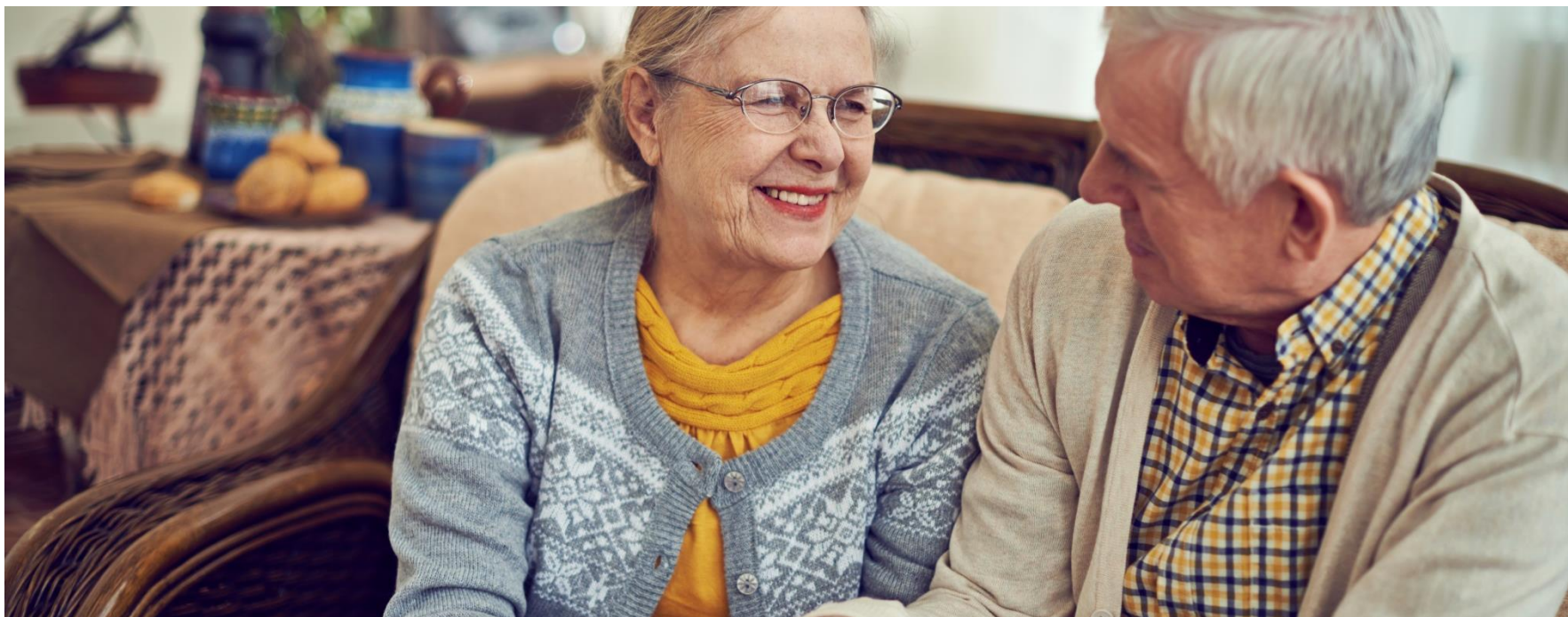
Management Expenses ¹	HY16	HY15	Change
Divisional management expenses	\$13.3m	\$12.9m	3%
Corporate expenses	\$5.3m	\$5.3m	-
Total	\$18.6m	\$18.2m	2%

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

Full Year Management Expenses by Year



¹ Excludes impact of Freedom acquisition.



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Summary Statutory Balance Sheet



	HY16 (\$m)	FY15 (\$m)	Change
Assets			
Retirement			
Investment properties (refer slide 62)	2,612.1	2,490.9	5%
Equity-accounted investments	192.3	179.1	7%
Property, plant and equipment	14.7	14.7	-
Intangibles	4.4	4.8	(8%)
Total Retirement	2,823.5	2,689.5	5%
Non-Retirement			
Inventories (refer slide 63)	307.8	431.0	(29%)
Investment properties/assets held-for-sale (refer slide 62)	144.7	123.8	17%
Property, plant and equipment	3.9	4.0	(3%)
Total Non-Retirement	456.4	558.8	(18%)
Cash/receivables/other	118.9	144.5	(18%)
Total assets	3,398.8	3,392.8	-
Liabilities			
Resident loans and retirement deferred revenue	1,412.0	1,387.7	2%
Interest bearing liabilities	207.7	359.5	(42%)
Deferred tax	84.1	60.7	39%
Other liabilities (including payables, provisions, deferred revenue)	124.2	79.3	57%
Total liabilities	1,828.0	1,887.2	(3%)
Net assets	1,570.8	1,505.6	4%
NTA per stapled security	\$2.98	\$2.85	5%

Management Balance Sheet



	%	HY16 (\$m)	%	FY15 (\$m)	Change
Assets					
Retirement					
Retirement investment properties ¹		1,147.9		1,103.2	4%
Equity-accounted investments		192.3		179.1	7%
Property plant and equipment and intangibles		19.1		19.5	(2%)
Total Retirement	75%	1,359.3	70%	1,301.8	4%
Non-Retirement					
Commercial		199.3		179.3	11%
Residential communities		236.5		281.1	(16%)
Residential apartments		20.6		98.4	(79%)
Total Non-Retirement	25%	456.4	30%	558.8	(18%)
Total Retirement / Non-Retirement	100%	1,815.7	100%	1,860.6	(2%)
Other assets (including cash and trade receivables)		116.7		144.2	(19%)
Total assets		1,932.4		2,004.8	(4%)
Liabilities					
Interest bearing liabilities		207.7		359.5	(42%)
Derivative liabilities		-		1.8	(100%)
Deferred tax		84.1		60.7	39%
Other liabilities (including payables, provisions, deferred revenue)		69.8		77.2	(10%)
Total liabilities		361.6		499.2	(28%)
Net assets		1,570.8		1,505.6	4%

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

Investment Property Summary



	HY16 (\$m)	FY15 (\$m)	Change
Retirement			
NPV of annuity streams (refer slide 46)	922.7	916.5	1%
Investment properties under construction	174.4	140.7	24%
Development land acquired	53.7	-	100%
New units available for first occupancy	30.5	21.5	42%
Buyback units available for occupancy	20.3	24.5	(17%)
Retirement net valuation	1,201.6	1,103.2	9%
Resident loans	1,311.6	1,290.5	2%
Deferred income net of accrued DMF	98.9	97.2	2%
Total Retirement Investment property	2,612.1	2,490.9	5%
Non-Retirement			
Investment properties	144.7	123.8	17%
Total investment properties per balance sheet	2,756.8	2,614.7	5%

Non-Retirement Inventories Summary



	HY16 (\$m)	FY15 (\$m)	Change
Inventories			
Residential communities ¹	231.4	278.1	(17%)
Residential apartments ²	20.3	97.4	(79%)
Commercial ³	56.1	55.5	1%
Total Inventories	307.8	431.0	(29%)

¹ HY16 includes Point Cook, Rochedale, Peregrine Springs, Ridges, Currumbin and Shearwater.

² HY16 includes Milton.

³ HY16 includes Gasworks and Mackay.

	Residential Communities (\$m)	Residential Apartments (\$m)	Commercial (\$m)	Total (\$m)
Impairment				
Balance as at 30 June 2015	155.6	13.8	27.3	196.7
Amounts utilised in relation to pre 30 June 2013 impairments – effecting underlying profit after tax	-	(10.9)	-	(10.9)
Amount utilised in relation to 30 June 2013 impairments – effecting underlying profit after tax	(12.2)	(0.5)	-	(12.7)
Balance as at 31 December 2015	143.4	2.4	27.3	173.1

Movement in Net Tangible Assets per Security



	Net Tangible Assets (\$m)	No. of Securities (m)	NTA per Security (\$)
As at 30 June 2015	1,466.0	514.2	2.85
Statutory net profit	66.5	-	0.13
Other comprehensive income	(0.3)	-	-
Decrease in intangible assets ¹	0.7	-	-
Movements in reserves ²	1.7	-	-
Acquisition of treasury securities	(2.0)	(0.8)	-
Securities bought back	(0.6)	(0.2)	-
Employee incentive securities	0.5	0.2	-
As at 31 December 2015	1,532.5	513.4	2.98

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



	HY16 (\$m)	HY15 (\$m)	Change %
Underlying profit after tax	45.6	24.1	89%
Adjustments:			
Profit from equity-accounted investments	(6.3)	(2.0)	215%
Dividends from equity-accounted investments	0.1	-	100%
Depreciation	1.1	0.8	38%
Capitalised interest	(6.5)	(12.8)	(49%)
Capitalised interest Included in COGS	40.7	13.1	211%
Retirement Development: Profit adjustment on settled basis	0.4	1.1	(64%)
Amortisation of leasing incentives	0.6	0.6	-
Deferred income tax expense	13.8	4.5	207%
Funds From Operations (FFO)¹	89.5	29.4	204%
Derivative close out costs	-	(9.1)	(100%)
Retirement capex	(3.8)	(4.1)	(7%)
Non-Retirement leasing commissions, tenant incentives and maintenance capital expenditure	(3.7)	(1.0)	270%
Adjusted Funds From Operations (AFFO)¹	82.0	15.2	439%

¹ FFO and AFFO reflect Property Council of Australia guidelines.

Distributions



- FY16 distribution is expected to be in line with previously adopted policy of distributing between 40% - 60% of underlying profit after tax
- Targeting full year FY16 distribution of 8 cents per security
- No dividend/distribution will be paid for HY16
- Annual only distributions will be paid for years ending FY16-FY18

	HY16 (\$m)	HY15 (\$m)	Change %
Underlying Profit After Tax			
Funds from operations ¹	89.5	29.4	204%
Adjusted funds from operations ¹	82.0	15.2	439%
Distribution declared	-	-	-
Distribution as a % of UPAT	-	-	-
Distribution as a % of FFO	-	-	-
Distribution as a % of AFFO	-	-	-

¹ FFO and AFFO for HY15 reflect Property Council of Australia guidelines.

Summary of Debt Facilities



Net Debt	HY16 (\$m)	FY15 (\$m)	Change (\$m)
Interest Bearing Liabilities ¹	208	359	(151)
Add: Establishment Fee Adjustments	--	--	--
Less: Vendor Finance and Leases	--	(1)	1
Total Debt Facilities Drawn	208	358	(150)
Less: Cash at Bank ³	(33)	(31)	(2)
Less: The Milton 50% Project Finance	--	(47)	47
Net Debt	175	280	(105)

Summary of Debt Facilities ¹	Facility Limit (\$m)	Maturity
Aveo Group Syndicated Facility ⁴	300	24/12/2017
Aveo Healthcare Facility	80	30/03/2018
Total Facilities	380	
Drawn	208	
% Drawn	55%	
Undrawn	172	

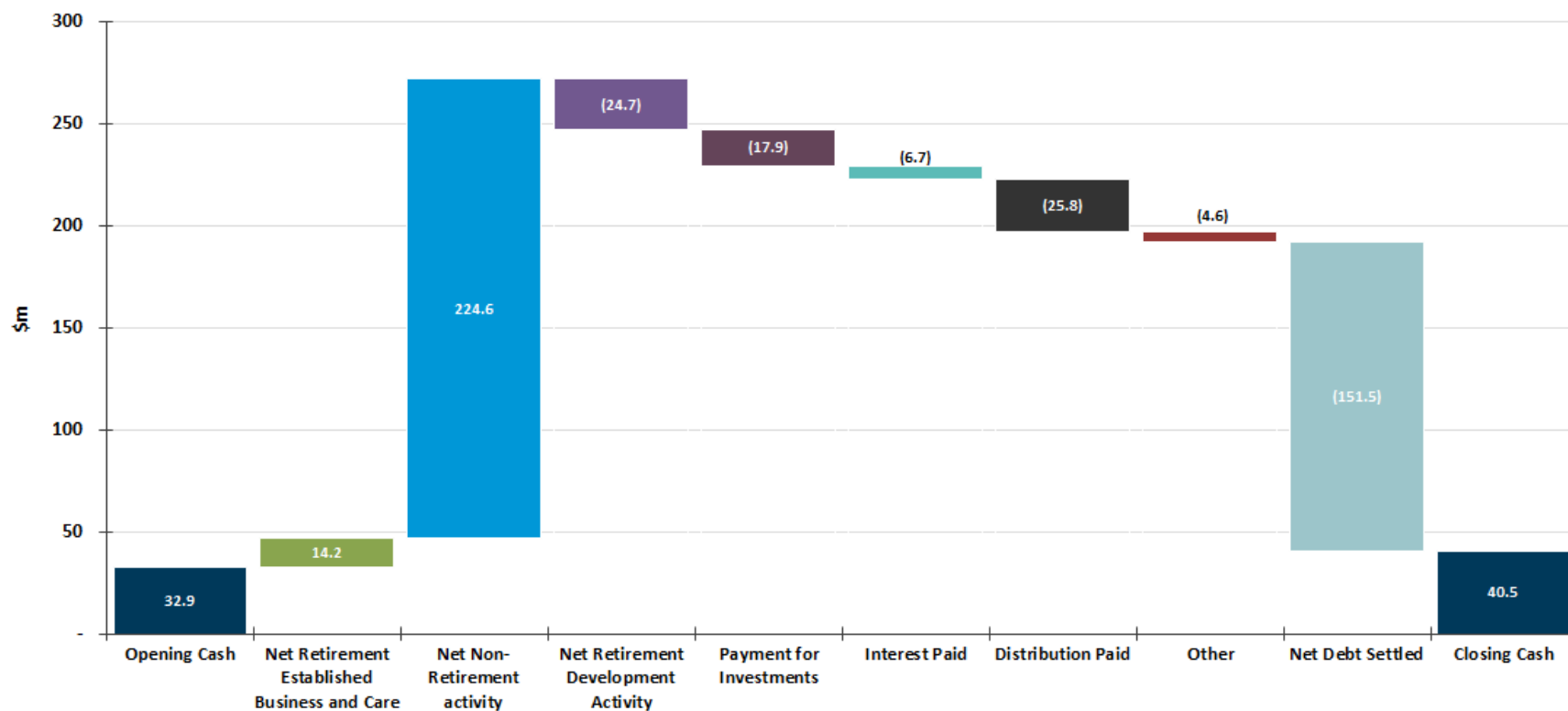
¹ Excludes Bank Guarantees.

² Undrawn facilities are dependent upon having sufficient security.

³ Adjusted for 50% The Milton cash at bank.

⁴ Credit approval received to increase Group Syndicated Facility by \$100m to \$400m.

Cash Flow Reconciliation



Financial Covenants



- All financial covenants met

Covenant		HY16	Required
Aveo Group Syndicated Facility			
Established Business, Care and Support Services and unallocated overheads to interest expense (12 months rolling)	Retirement ICR (Core)¹	3.0x	≥2.0x
EBITDA to interest expense of the consolidated group (12 months rolling)	Interest Cover	6.1x	≥1.5x
Total assets less cash and resident loans / net debt	Gearing Ratio	9%	≤30%
Drawn debt less cash / retirement valuation and non-retirement valuation	Loan to Value Ratio	15%	≤30%
Aveo Healthcare Facility			
Bank Debt / Equity	Bank Debt to Equity	28%	≤ 40%
EBIT (adjusted for fair value of assets and resident loans) / Finance Charges	Interest Cover	5.9x	≥ 2.0x

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.

² This ratio is based on the 30 June 2015 external valuation of AOG retirement assets and the non-retirement valuations.



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HY16 Calendar



Date	Event	Location
17 February	HY16 Results Announcement @ 10.30am	Sydney
18-19 February	Private Roadshow	Sydney
22-23 February	Private Roadshow	Melbourne
3 March	ASX Spotlight Conference	New York
11-13 May	Private Roadshow	Hong Kong, Singapore
17 August	FY16 Results Announcement @ 10.30am	Sydney

Term	Definition
AFFO	Adjusted Funds from Operations
AICD	Australian Institute of Company Directors
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
Deposits on Hand	Number of deposits held for contracts yet to settle
DMF / CG	Deferred Management Fee / Capital Gains
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EPS	Earnings Per Security
Established Business	Existing revenue generating retirement villages
FFO	Funds from Operations
Gross Profit	Revenue less cost of goods sold
ICR	Interest Cover Ratio

Term	Definition
ILU	Independent Living Unit
NM	Not meaningful
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 Turnover	Sum of unit resales and buyback sales divided by total available units
Redevelopment Buyback Purchases	Repurchase of units from exiting residents for the purpose of redevelopment
Resales	Resident to resident retirement unit sale
ROA	Return on Assets
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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