



aevum
LIMITED

Retirement Living & Aged Care

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December 2007 Half Year Results Investor Presentation

'Organic development driving growth'

Simon Owen
Chief Executive Officer

February 2008



1H08 Financial Performance Overview



- EBIT growth of 50% to \$14.5m (PcP \$9.6m)
- NPAT growth of 41% to \$10.9m (PcP \$7.8m)
- EPS growth of 10% to 9.7¢ (PCP 8.8¢)
- Operating cash flow up by 257% to \$9.3m (PcP \$2.5m)
- Interim dividend 4.5¢ payable on 20 March 2008 (PcP of 4.0¢)
- Includes net revaluation increments of \$14.7m (PcP of \$8.7m)
- NTA per share of \$2.07 (PcP \$1.60)

‘Solid performance in operating cash flow supporting underlying earnings’

1H08 Achievements



- Village expansion underway at Cardinal Freeman (36 units), Waratah Highlands (16 villas) and Golden Ponds (8 villas) on-time and on-cost (to date) for 30 June 2008 delivery
- Currently preparing DAs for lodgement at further nine sites
- 15 villages currently at or above long term occupancy target rate of 95%
- Occupancy rate across portfolio of 94.8%
- On track for FY08 target of 4.5%, based on YTD cash settled transactions
- Three acquisitions settled in 1H08 adding another 361 units to the portfolio
- DA approved for 8 unit expansion at the Village Swansea

'Village expansion activities on-time and on-cost to date'

Cash Flow – Current Year Impacts



- Cash flow is a key area of management focus
 - Operational cash flow in 1H08 more closely aligned with profits
 - Forecast strong Q4 (consistent with FY06 & FY07)
- 1H08 cash flow driven by strong focus on collections, sale of aged stock and high levels of demand
- Existing reservation pipeline of 56 units worth \$15.9m (gross) – cash to be collected in 2H08
- Aged Care Accommodation bonds forecast to be key contributor in 2H08
- Presently 15 villages operating $\geq 95\%$ occupancy rate which could impact 2H08 cash flows

‘Further growth forecast in 2H08’

Income Statement



- Net revaluation increments of \$14.7m
- Key revaluation components:
 - Discount rates 12 – 14%
 - CAGR 3.5 – 5.0%
- DMF increased by 31% over PCP to \$4.7m (PcP \$3.6m)
- Underlying operating expense base impacted by continuing growth in operational scale
- Tax expense positively impacted by revaluations of pre-CGT properties, and benefits of documentation of Division 43 claims (building depreciation / capital allowances) and partial recognition of tax losses

‘High quality, recurrent earnings base with no contribution from development/village expansion activities’

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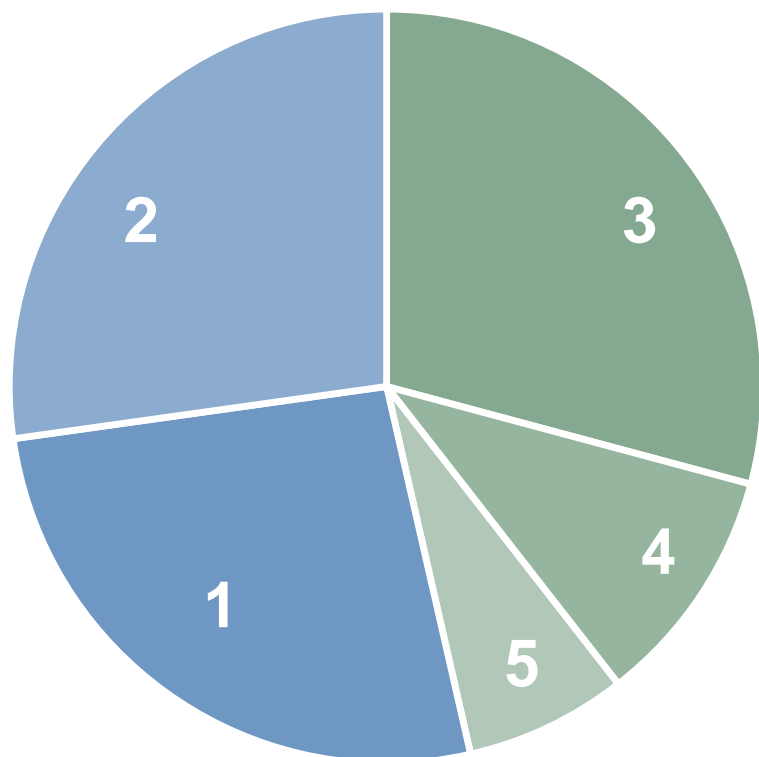
Income Statement



\$000s	1H08	1H07	Change
Revenues	26,389	20,896	26%
Employee benefit expenses	6,145	5,199	18%
Professional service fees	743	855	(13%)
Depreciation expenses	390	374	4%
Finance costs	2,632	1,362	93%
Marketing expenses	1,031	563	83%
Other operating expenses	3,595	4,276	(16%)
Expenses	14,536	12,629	15%
EBIT	11,853	8,267	43%
Tax expense	901	487	85%
NPAT	10,952	7,781	41%
Basic EPS (cents)	9.7	8.8	10%
Weighted averages shares (millions)	112.4	88.6	27%

‘Changes in P&L consistent with the significant growth in the business’

Net Revaluation Increment – \$14.7m

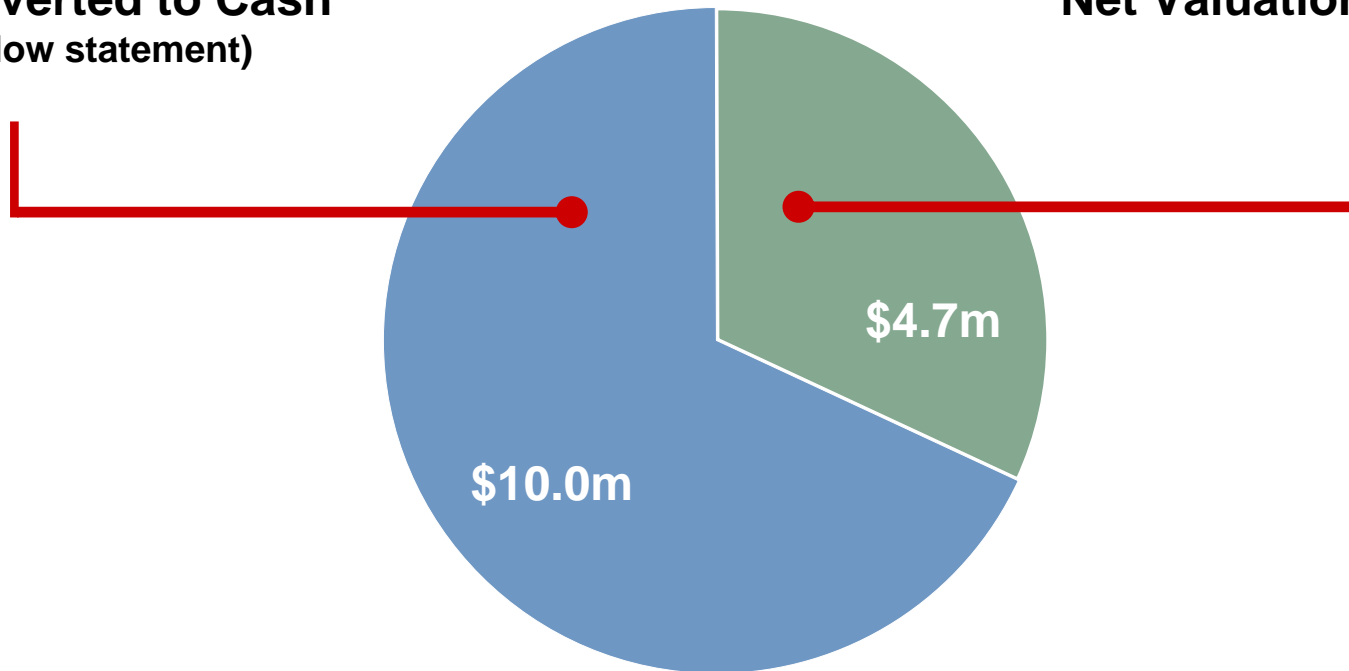


- 1. Movement in Resident Loans \$3.9m**
Gross incoming resident loans less payments to departed residents, net of accrued DMF
- 2. Contract NPV Gains \$4.0m**
Ongoing resident (>95%) contracts are six months closer to cash realisation
- 3. Market Value Movements \$4.3m**
Movement in underlying forecast prices of units, based on cash settled turnovers in period
- 4. Change in Valuation Parameters \$1.5m**
Movement in valuation assumptions (e.g. discount rate, price growth, period of residency)
- 5. Other \$1.0m**
Sundry minor movements and movements in stock values

Net Revaluation Increment - \$14.7m

MCI Converted to Cash
(per cash flow statement)

Net Valuation Adjustments



***‘Significant component of
revaluation increment realised in cash’***



December 2007 Balance Sheet



A\$m	31 Dec 07	30 Jun 07
Cash	24	38
Current Assets	2	1
Non Current Assets	708	583
Total Assets	734	622
Current Liabilities	12	7
Resident Loans	395	329
Interest Bearing Debts	64	64
Non Current Liabilities	8	7.8
Total Liabilities	479	402
Net Assets	255	220
Net Debt	41	26

Note:

SPP proceeds of \$4.8 million received Jan 2008

***‘Existing gearing of 14% with
no debt maturing until September 2009’***

Village Expansion Activities



- Organic development pipeline of 496+ units all located at existing Aevum villages
- Adjacent land sites acquired at Willows and Camden View with several others under assessment
- Transitioning to an integrated owner, operator, and developer
- Capital allocation targets 20% development IRR excluding future DMF/cap gain earnings
- Actively managing construction risk through fixed price contracts
- Cash-deposited reservations at village expansion sites support board approved investment proposals

‘Over \$200 million of development opportunity attached to existing portfolio’



- Additional opportunities now coming to market
- Attractive deal flow pipeline in place
- Organic development pipeline currently offers superior returns at lower risk
- Continuing focus on smaller “off-market” opportunities
- Looking for acquisitions with attached development pipeline

‘Now moving into a buyers market’



- Manage key value drivers – price growth, occupancy, turnover
- Lodge additional DAs including Cardinal Freeman, Lourdes and Willows
- Deliver village expansion projects on-time and on-budget
- Pursue further acquisitions – mature villages >80 residents
- Run existing business hard for cash
- Ensure appropriate resources in sales and development
- Seek improved returns from Aged Care
 - Additional Extra Service beds and higher accommodation bonds

‘Pursue organic growth and redevelopment of existing villages’

Differentiation — Resident Services

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Melbourne Cup Day at Bellevue Gardens



Art & Craft Show at Castle Ridge Resort

***‘Enhancing our residents’ lifestyle is a core component
of our value proposition (and pricing strategy)’***

Most Important Factors used in Aevum's RV DCF



Discount rate	Range from 12.0% to 14.0%. Sydney villages 12.0%. Models assume mid-year discount factors
CAGR	Sydney ILUs at 5.0%. All other ILUs at 4.0%. Serviced apartments at 3.5%
Capex/refurbishment costs	Ranging from 3.0% to 12.0% of turnover value, reflecting that older villages will need significant capex
DMF %	Future residents will pay 3.0% for up to 10 years, on entry price. Current residents range from 2.5% to 3.5% on entry and exit prices
GoT% (to Aevum)	Future residents minimum of 50%, with some contracts up to 100% (Aevum share). Most current residents range from 50% to 100%
Period of residence	ILUs – 11 years in Sydney, generally 12 years elsewhere. SAs - 5 years
Resident subsidy (of village Opex)	Valuations assume minor levels of subsidy, although most villages are expected to break even

'Maintaining a sound approach to valuations'

DCF – Largest Sensitivities

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Key variable	Current range	Change	Impact (\$m)*
Price of units	Mean = \$295k	Move by 5%	+/- 18.0
Discount rate	12.0 - 14.0%	Move by 1%	+/- 26.0
ILU period of residency	11.0 - 14.0 years	Move by 1 year	+/- 11.0
CAGR	4.0 - 5.0%	Move by 1%	+/- 33.0

* Net impact to Income Statement

‘Valuation parameters remain reasonable’

Key Metrics by Cluster

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Cluster	Valuation \$m				Units			Residents	
	Gross Value	MCI	Resident Interests	Development Land & WIP	No. of Units	Average Mkt Value	Occupancy Rate	Average Resident Age	Average Tenure
Sydney	316	145	171	17	814	298	94.0%	84	8.0
NSW Coast	244	97	148	5	834	260	93.8%	82	5.8
NSW Highlands	28	5	23	7	118	227	98.5%	76	6.0
WA	50	13	37	-	188	256	96.8%	80	8.2
	638	260	379	29	1,954	295	94.8%	82	6.7

‘Growing portfolio with mix of village ages’

- Net debt as at 31 December 2007 was \$41 million
- Gearing (net debt/net debt plus equity) as at 31 December 2007 was 14%
- Committed debt facility in place with Westpac for \$90m - no debt repayable until September 2009
- Sufficient capital in place through committed debt and operating cash flow to meet organic development pipeline and modest acquisitions
- SPP contributed \$4.6 million – proceeds received January 2008
- Corporate office sold for \$2.2 million (post balance date)

‘Currently gearing of 14% with significant available cash and debt funding capacity’

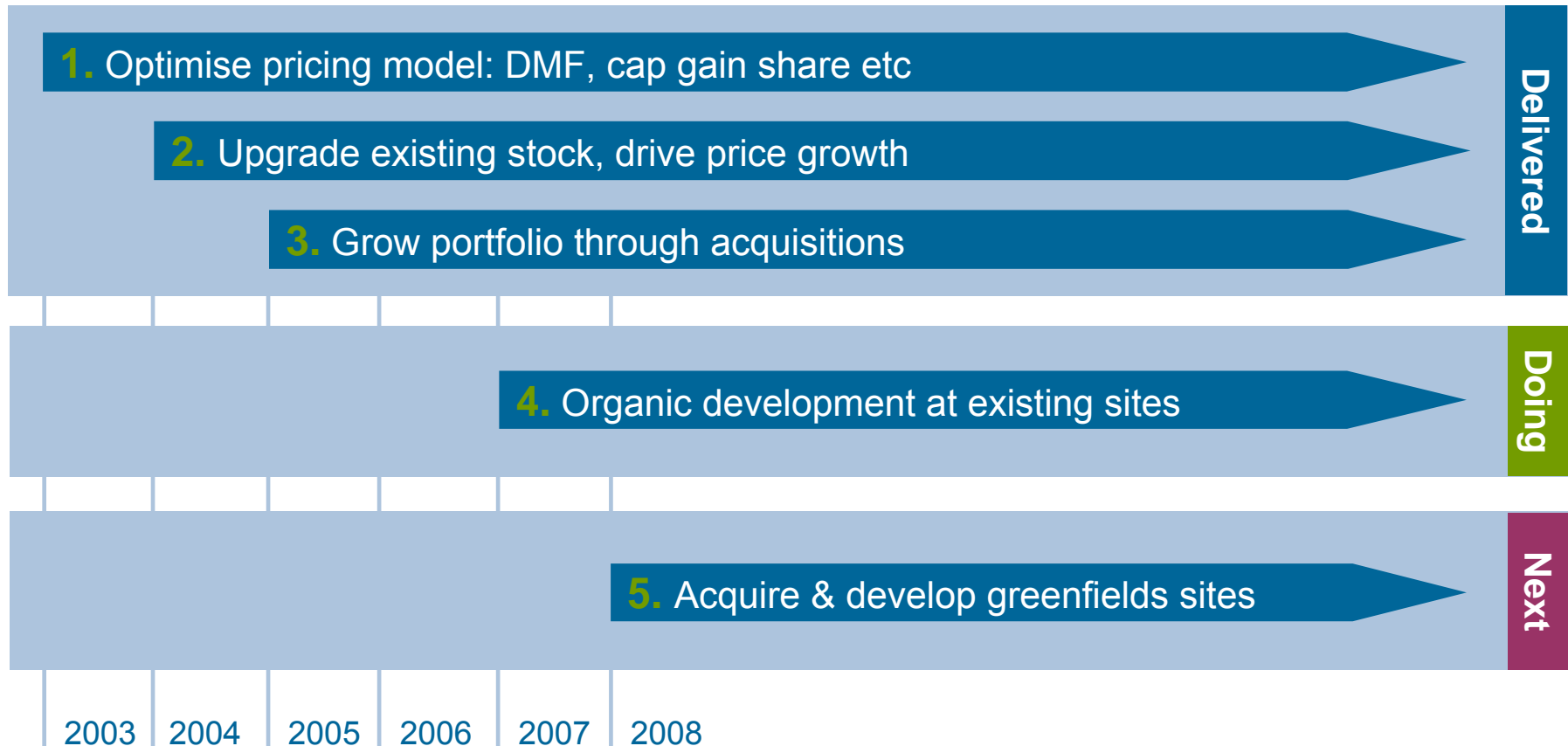
- Evidence of improving market in Sydney and mid North Coast – strong enquiry pipeline
- Western Australia slowing but less competition
- Greatest challenge remains time required for incoming resident to sell their house – still > 90 days (but reducing)
- Increased competition – particularly at corporate level (use of TV advertising, full page ads in Sydney newspapers etc)
- Aevum focus on grass-roots referral marketing driving demand

'Comfortable with market outlook for FY08'



Aevum Value Drivers

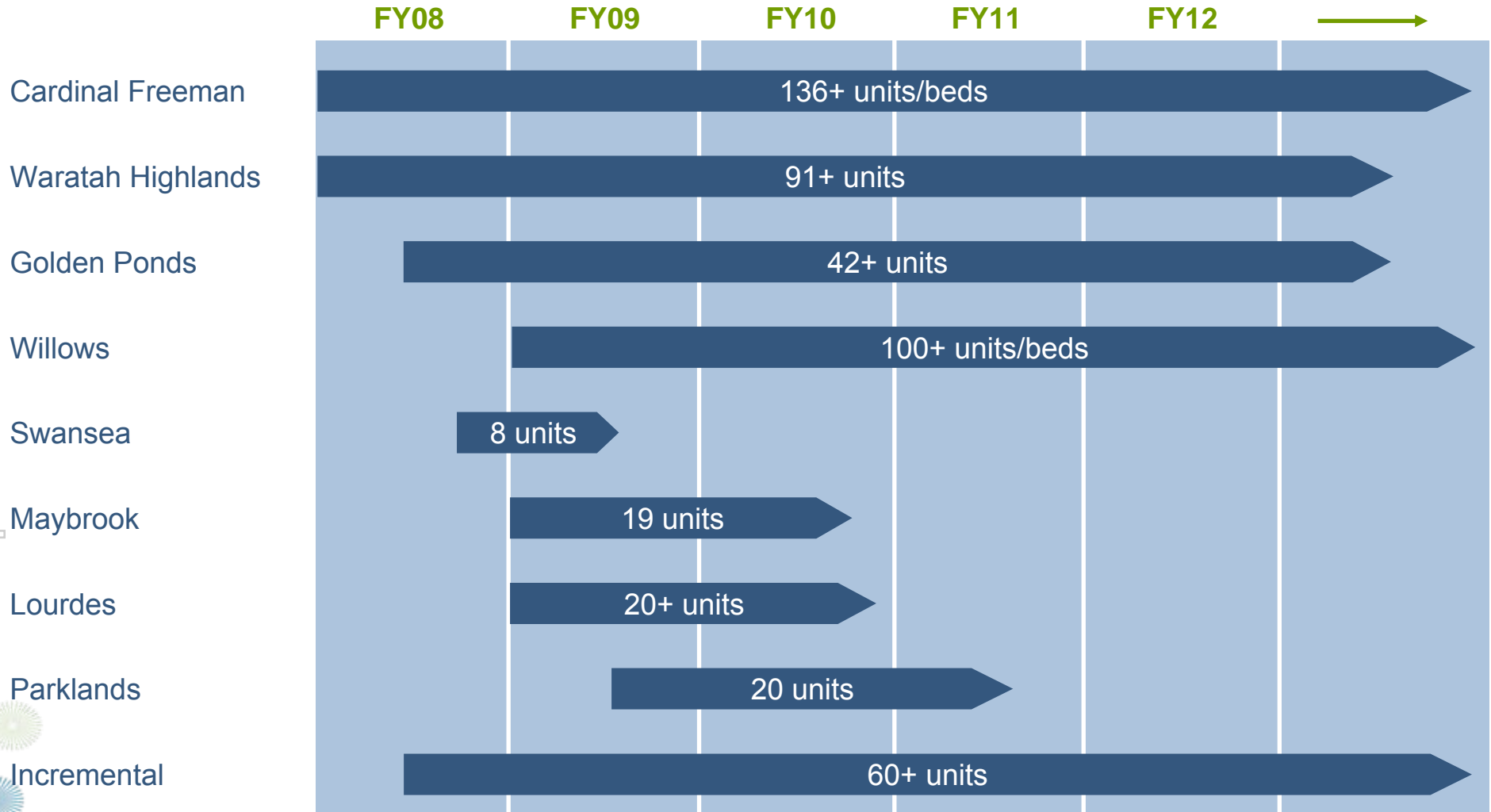
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'Continuing focus on driving shareholder value'

Development Timetable

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Development Pipeline

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Village	Location	Approved		Prospective		Total	
		Dwellings	Sales Value ¹ \$m	Dwellings ²	Sales Value ¹ \$m	Dwellings	Sales Value ¹ \$m
Cardinal Freeman	Sydney	36	17	100+	45+	136+	62+
Lourdes	Sydney	-	-	20+	16	20+	16
Willows	Sydney	-	-	100+	40+	100+	40+
Maybrook	Sydney	-	-	19	12	19	12
Waratah Highlands	Sth Highlands	91	26	-	-	91	26
Swansea	Central Coast	8	2	-	-	8	2
Parklands	Port Macquarie	-	-	20+	5	20+	5
Golden Ponds	Forster	42	17	-	-	42	17
Incremental	Most sites	-	-	60+	24+	60+	24+
TOTAL		177	\$62m	319+	\$142m+	496+	\$204m+

Note:

1. End market value of units based on current sales prices
2. Subject to internal assessment and council approval

'Significant value accumulating in development pipeline — carrying value only \$23 million'

Village Expansion

Cardinal Freeman, Sydney

- Construction of 36 units underway with forecast 30 June 2008 delivery
- Construction on-time and on-cost to date
- Pre-sales commenced December 2007 with deposits in place at or above feasibility prices
- DA for next stage lodged and master plan for balance of site being finalised
- Village operating at near 100% occupancy



***'Construction underway at Cardinal Freeman
with completion scheduled for June 2008'***

Village Expansion

Waratah Highlands Village, Bargo

- DA in place for 91 two and three bedroom villas
- Construction of 16 villas underway with forecast 30 June 2008 delivery
- Construction on-time and on-cost to date
- Balance of DA being re-worked to increase project returns and seek improvement in overall yield
- Total development will take 3-4 years generating sales revenue > \$27 million (plus new DMF, cap growth income)
- Village operating at 100% occupancy
- Deposits in place at or above feasibility prices



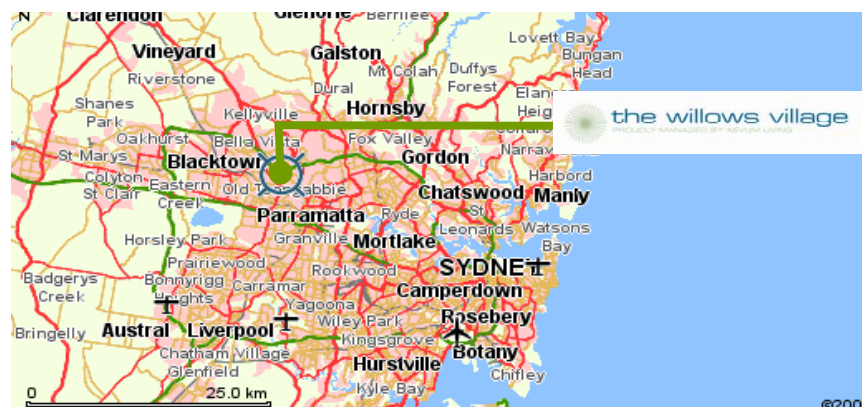
'Re-working DA to drive shareholder value'

Village Expansion

Willows Village, Sydney



- Willows village includes 2 hectares of development land with previously approved DA for 80 units
- Finalising new development scheme for 115 units or 85 units plus aged care facility
- Total development will take 4-5 years from commencement generating sales revenue > \$40 million (plus new DMF, cap growth income)
- Development scheme currently being finalised with DA to lodge early 2009



'Significant value-add process well underway'

Village Expansion

The Village Swansea, Newcastle

- Acquisition included residential house block
- DA approved in February 2008 for eight villas
- Village operating at 100% occupancy



'Further development opportunities identified'

Village Expansion

Golden Ponds Resort, Forster

- DA in place for 42 two and three bedroom villas
- Construction of 8 villas underway with forecast 30 June 2008 delivery
- Construction on-time and on-cost to date
- DA being re-worked to increase number of three bedroom villas and increase unit yield
- Total development will take 3 - 4 years from commencement generating sales revenue > \$16 million (plus new DMF, cap growth income)
- Deposits in place at or above feasibility prices



'Re-working DA to drive shareholder value'

Village Expansion

Incremental Development Program

- Internal project team reviewing incremental development opportunities at company's 19 villages
 - Adding density
 - Redeveloping old facilities
 - Infill development of adjacent land
- Subject to planning approval, additional 60+ unit sites identified
- Typically offer good development returns due to nil/low land cost
- Incremental development program has potential to add > \$24 million in sales revenue over next 3 - 4 years (plus new DMF, cap growth income)
- Aevum has recently purchased two adjacent blocks and negotiating several others



'Village managers empowered to drive value'

Establishing Development as a Core Competency



- Second member of development team now on board
- Internal capabilities complemented by external development managers (also provide deal flow)
- Fixed price contracts transfer construction risk to builder (except for client variations and latent conditions)
- ALL development projects attached to existing Aevum villages with established community facilities, waiting lists etc
- Initial greenfields projects likely to be in partnership with existing developer

'Development forecast to be a key contributor to earnings in FY09 and beyond (presently nil)'

- FY08 EPS growth — guidance of 5-10% remains (post placement capital base)
- Operating cash flow and development of organic pipeline key priorities for management in FY08
- Further acquisitions of established villages under consideration (subject to valuation parameters)
- Organic development pipeline expected to be a key contributor to earnings and cash flow growth in FY09 and beyond

'Focus on build through of development pipeline and release of cash flow'



Appendix



Personal Care Assistant, Megan Bennetts is a long term employee at Bellevue Gardens Village, Port Macquarie

Corporate Snapshot

As at 13 February 2008



ASX Code: AVE

Last share price: \$2.30

12 month high: \$3.98

12 month low: \$2.25

Shares on issue: 124.2m

Market cap: \$286m (@ \$2.30)

Major shareholders:

Babcock & Brown, Fisher Funds, ING, Entrust

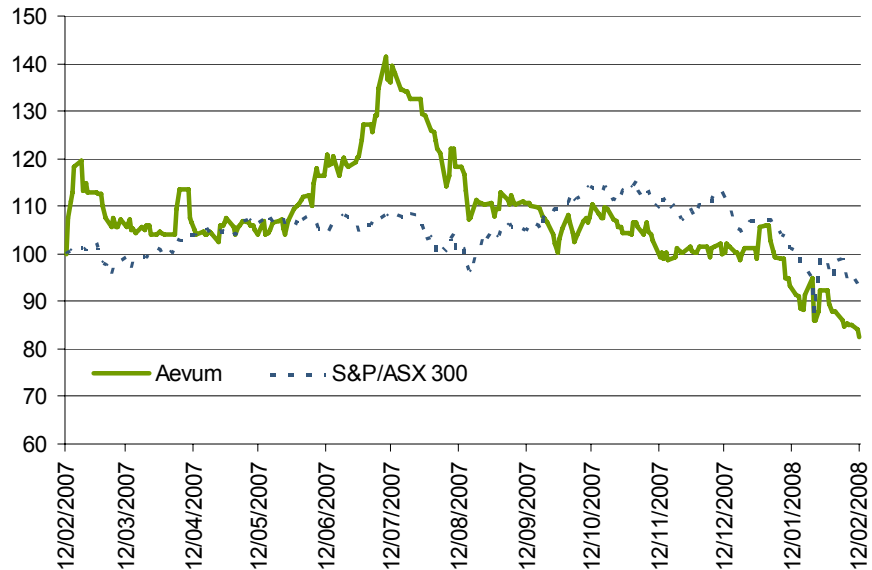
Register:

Top 20: 52.2%

Top 40: 56.0%

Total = 6,099 shareholders

Aevum vs S&P/ASX 300 Index

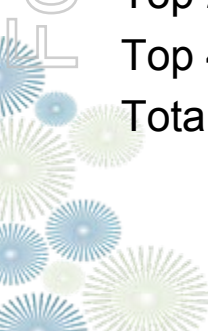


Board of Directors:

Graham Lenzner (Chairman), Richard Gould, Melanie Willis, Phil Anderson

Employees: 320

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- Largest 'for-profit' provider of retirement accommodation in NSW
- 135 years of history – formerly the Hibernian Friendly Society
- Demutualised in 2002, listed on ASX in November 2004 at \$0.90
- Experienced Retirement Living Owner, Operator and Developer
- Key industry consolidator with strong organic growth pipeline
- Owns 19 retirement villages across NSW and WA
 - 6 villages in Sydney
 - 6 villages on NSW Mid North Coast
 - 2 villages in NSW Southern Highlands
 - 1 village on NSW Central Coast
 - 4 villages in WA
- Operates 1,943 retirement units and 202 aged care beds

Our Footprint

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'Strong market position in Australia's largest market (NSW) and fastest growing market (WA)'

Disclaimer



Corporation

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