

17 July 2014

Aveo Group settles Luxe apartment complex in Woolloomooloo Sydney and sells Stage 1 of Albion Mill Village in Brisbane

Australia's leading owner, operator and manager of retirement communities, Aveo Group Limited (ASX: AOG) is pleased to announce the completion of a number of key initiatives that continue to progress its transformation to a pure retirement group.

In June 2014, Aveo reached practical completion at the Luxe apartment development in Woolloomooloo Sydney which has an end value of \$98 million. All 76 apartments were pre-sold with 43 settling by 30 June at a value of \$55 million. Since then, Aveo has settled a further 31 apartments amounting to \$34 million, resulting in total proceeds received to-date from Luxe of \$89 million. The remaining two apartments will be settled by August 2014.

Aveo also today announced that it has sold at a premium to book value 'The Hudson', Stage 1 of the Albion Mill Village in inner city Brisbane to boutique property development company Twin Ocean Group for \$7.5 million. Twin Ocean Group will take on ownership of The Hudson, with Aveo appointed to project manage the delivery of the project after its settlement on 15 December 2014. Queensland-based Hutchinson Builders has been awarded the construction contract for The Hudson, with earthworks scheduled to commence in the coming months, beginning a projected 19 month build. The Hudson has a construction value of \$50 million.

As a result of the Luxe settlements in June and the settlements generated from the active land estates at Rochedale in Brisbane, Saltwater Coast, Point Cook in Melbourne and Peregian /Ridges on the Sunshine Coast, Aveo's reported net debt at 30 June 2014 will be less than \$320 million, substantially ahead of the previous guidance of less than \$350 million.

As reported in May 2014, and in addition to the balance proceeds from Luxe and sale proceeds of The Hudson, Aveo also has an additional \$59.5 million of deferred settlements scheduled in FY15 from the sale of its residential sites at Gasworks, Newstead.

Aveo Group Chief Executive Officer Geoff Grady said: "We have made substantial progress in 2014 in our transformation to a pure retirement group. In addition to the settlements at Luxe and the active land estates, we have generated \$230 million from sales of non-retirement assets, we have exited all of our non-retirement fractional interests and we have established a number of key strategic relationships to provide increased care services to our 75 retirement villages across the country."

"These initiatives are enabling us to not only strengthen Aveo's financial position but also add to our capacity to seek out and capture exciting new retirement development opportunities to add to our market-leading retirement portfolio."

About Aveo

"We will grow with older Australians by inspiring greater living choices."

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 12,000 residents in 75 retirement villages across Australia. Aveo also manages and develops a diversified \$550 million property portfolio. Over 30 years, Aveo's portfolio has grown to one that encompasses retirement, residential, commercial, industrial and mixed-use property assets. Together these communities define how hundreds of thousands of people in Australia live, work, retire and invest.

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.

aveo.com.au

For personal use only

END

Investor Contact:

David Hunt, Chief Financial Officer

T +61 2 9270 6104 | E david.hunt@aveo.com.au

Media Contact:

Justin Kirkwood,

T +61 2 9231 5600 | M +61 411 251 324 | E Justin@kirkwoods.com.au

About Twin Ocean Property

Twin Ocean Group is a boutique Property Development Company. Formed in August 2007, the company's origins lie in Clough Property, where Twin Ocean's core development team originates from. Clough Property was until recently a standalone division of The Clough Group, an ASX listed company, and one of Australia's largest multi-disciplinary engineering, construction, operations and maintenance groups. Twin Ocean provides innovative project services, with a focus on leadership and management along with equity participation in projects around Australia. Twin Ocean's success has been due to a client focused approach, the expertise of our people and excellent relationship with project stakeholders. Our relentless client focus ensures that projects are delivered on time and on budget with commercially successful results. Twin Ocean specialises in all forms of Property Development.