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## Aveo increases its interest in Retirement Villages Group to 73%

Australia's leading owner, operator and manager of retirement communities, Aveo Group Limited (ASX: AOG) is pleased to announce that it has acquired the interests of a further 11 investors in the Retirement Villages Group fund (RVG), giving Aveo a 73% interest in RVG. The last of the settlements to give effect to these holdings will occur on 29 April 2016. Only one other investor remains in RVG, holding the balance of 27%.

The acquisitions, which in total comprise 31% of RVG, follow the acquisitions in 2015 of the interests of three other investors, which totalled 19%. This was part of Aveo's broader strategy of acquiring all outstanding fractional interests across its entire retirement portfolio where it is EPS accretive.

The 31% interest in RVG was progressively acquired in March and April 2016 for a total consideration of \$101 million at a cost of 22 cents per security, which represents a 21% discount to RVG's current security value ("CSV"). Aveo will continue to account for its 73% investment in RVG using the equity method, and therefore, the total carrying value will be \$262 million and equates to a 13% discount to the reported CSV of the fund.

RVG is a wholesale investment fund managed by Aveo. Its portfolio consists of over 3,400 units in 28 retirement villages which are predominantly located in the metropolitan areas of Sydney and Melbourne. The portfolio consists mainly of mature villages in well-established suburbs and a small development pipeline of 77 units. A number of redevelopment opportunities have also been identified within the portfolio.

The acquisitions are 1.5% EPS accretive for FY17 and FY18, and therefore, Aveo's forecast underlying EPS growth will now be at least 7.5% for FY17 and FY18. Aveo will fund the acquisitions through a \$120 million increase to its existing Group Syndicated facility limit. The revised facility limit is \$520 million of which drawn debt against this facility will be approximately \$350 million by 30 June 2016. Current pricing terms on the facility will continue to apply.

Aveo CEO, Geoff Grady said: "Aveo's increased interest in RVG will enable us to have greater influence on the strategic direction of the fund and to potentially enhance its value."

Following the acquisitions and as part of RVG's strategic relaunch, Aveo will seek to change some of the directors of RVG and will move to increase value-accretive investments in similar development and care strategies as have been implemented across other parts of Aveo's retirement portfolio.

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### For further information contact:

**David Hunt**

T +61 2 9270 6104 |

E david.hunt@aveo.com.au

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### 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 13,000 residents in 89 retirement villages across Australia. Aveo also manages and develops a diversified \$456 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.

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