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Aveo's 50% interest in MFKP Joint-Venture acquired by Mulpha Group

Settlement of the sale of Aerial retail strata lots completed

Aveo Group (ASX:AOG) is pleased to announce that it has reached an agreement for the disposal of its 50% interest in the MFKP joint-venture to Mulpha Group, Aveo's partner in the joint-venture, for \$56m, which is in line with the book value before deducting certain shared transaction costs.

The joint-venture owns a number of land development projects, the most significant of which are Mulgoa Rise, a major residential land bank development located at Mulgoa near Penrith on the outskirts of Sydney and the Circa land bank at Norwest Business Park at Baulkham Hills, Sydney, a mixed retail, commercial and residential development site.

Aveo CEO Geoff Grady said: "This disposal is entirely driven by our strategy to become a pure retirement group and continues the rationalisation of our non-retirement assets at or around book value."

"Aveo has enjoyed a constructive and successful investment alongside Mulpha Group but with our strategic focus on the retirement sector, now is the right time to conclude the joint-venture."

"The sale of the MFKP joint venture interest is now the last of our pre-existing non-retirement fractional interests dealt with, and is another major milestone achieved in our strategy to become a pure retirement group."

As part of the agreement, Aveo is assessing the potential use of two high profile sites; one at Norwest Business Park and one at Sanctuary Cove as major new retirement hubs. This is consistent with Aveo's strategy of accelerating the development of more high quality retirement communities with increased levels of care.

Mr Grady continued: "Interest remains strong in our other non-retirement assets which are progressively being sold."

"These rationalisations 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 \$800 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.

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Separately, Aveo also announced today that the sale of the retail strata lots in its flagship Aerial development at Camberwell in Melbourne has settled for total proceeds of \$9 million. This sale was announced in December 2013.

With the settlement of the Aerial retail strata lots, only nine of a total of 144 apartments remain for sale in what is one of Melbourne's most striking and recognisable pieces of architecture. The remaining apartments are all expected to be sold by 30 June 2014.

Aveo's half year results will be delivered to the market next Wednesday, 19 February, 2014 at 10am.

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