



ASX & MEDIA RELEASE

7 MARCH 2006

AEVUM DOUBLES TRADING PROFIT, TO PAY INAUGURAL INTERIM DIVIDEND

- Trading profit doubles to \$1.6M
- NPAT lower due to AIFRS revaluation differences
- Inaugural interim dividend of 3.5 cents a share
- Operating cashflows of \$5.2M
- Organic business growth occurring
- Debt free with cash of \$35.3M

Retirement living company, Aevum Limited, continues to experience strong demand for its assets and services, with trading profit (pre revaluation increment and depreciation) before tax for the half year to December 2005 doubling to \$1.6 million.

Under AIFRS, which includes asset revaluations, Aevum has recorded a lower net profit after tax of \$3.2 million compared with \$4.5 million for the previous corresponding half year due to revaluations being \$2.4 million in the most recent half year compared with \$4.2 million previously.

The strength of continuing cashflows from operating activities has enabled directors to pay Aevum's inaugural interim dividend of 3.5 cents a share and initiate two dividend payments a year, with the second after full year results.

Aevum operates through two divisions - retirement villages and aged care - which combine this spectrum of retirement living in four prime Sydney locations, at Killara, Ashfield, Castle Hill and Bexley.

Operating revenue for the retirement division before revaluations was up 147 per cent to \$1.8 million (\$0.7 million previously) and was assisted by an upgrade of accommodation facilities, especially at Killara (Lourdes Village), and the addition of Castle Hill (CastleRidge Village), acquired in February 2005.

Demand for retirement accommodation remains firm, with sales price growth of 5.4 per cent for the period restrained slightly by a subdued property market, and occupancy rates have increased to 94.2 per cent at December 31 compared with 92.6 per cent at June 2005.

Aevum's aged care division increased revenue slightly to \$4.8 million from \$4.6 million but revenue and earnings were affected by an upgrade program at Killara (Lourdes) and Ashfield (Cardinal Freeman).

The program, involving the conversion of 39 beds across the two locations from high care to a higher revenue earning level of extra services, commenced in August 2005 and was finished by November.

It resulted in a temporary drop in occupancy rate from 99.5 per cent to 94.0 per cent but occupancy and revenue are expected to increase as a result of the capital works. Once fully occupied the extra services beds have the capacity to bring in an additional \$10 million in new accommodation bonds and \$0.7 million in services revenue annually.

According to Aevum chief executive, Mr Simon Owen, the underlying performance of the business was very sound and benefiting from the combination of investment to extend the quality of existing assets and strong demand for these assets from the market place.

“We have ongoing upgrades at our properties and expect these and possible acquisitions to continue to add to the quality of our asset and earnings base,” Mr Owen said.

“Our strategy in looking for acquisitions is to seek to continue our *continuum of care* model combining retirement accommodation as well as aged care on the one site,” Mr Owen added.

Cash balance at December was \$35.3 million and Aevum is negotiating additional debt facilities to accommodate a combination of acquisition and business growth opportunities as well as a broader capital management review.

Regarding outlook, Aevum is forecasting growth in both revenue and earnings in the second half of the year, with key contributors being the upgraded aged care beds at Killara and Ashfield, release for newly upgraded independent living units at Bexley and conversion of strong leads at Killara and Castle Hill.

Other factors affecting the outlook are pressures on aged care margins, a soft property market and the increasingly competitive nature of the retirement living market which requires selectivity with new acquisitions.

A significant upgrade and redevelopment of the Ashfield village is in the pipeline and the company expects to lodge Development Applications with local council before June 30.

Aevum provides five levels of care in its larger facilities, including independent living units, serviced apartments, assisted living hostels, nursing homes and respite care, and currently operates a total of 719 accommodation units and aged care beds.

Interim dividend will be paid on March 29 to shareholders registered on March 16.

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