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Company Announcements Office
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AEVUM RETURNS TO PROFIT IN SECOND HALF

Retirement living company Aevum Limited (ASX: AVE) today reported a second half profit of \$2.8 million, to reduce the net loss after tax to \$12.2 million for the year ended 30 June 2009.

Headline Results

- Selling through nearly 80% of development stock delivered (68 units) during the last 12 months.
- Recording strong sales price growth of 3.9% in challenging market conditions.
- Continuing to increase the size and value of the potential development pipeline which reached \$375 million (FY08: \$239 million).
- Maintaining strong operating cash flow of \$21.2 million (Jun08: \$20.4 million)
- Final dividend declared of 2.0¢ (Jun08: 4.5¢)

Commentary

Aevum Managing Director, Steve Mann, said the results for the year were pleasing given the difficult market conditions, although it is always disappointing to report a net loss for the year. The first half of FY209 was a difficult trading period, however due to the strength of our business model and our measured approach to valuations over the years, the company has returned to profit in the second half and delivered growth in operating cash flow, up 4% to \$21.2 million.

Business Overview

Aevum is one of the largest owners of for-profit retirement living accommodation in New South Wales, with 17 villages. The company also operates 4 villages in Western Australia. Our business model is to be an integrated retirement living partner for Australian Seniors to age in place, with property solutions throughout the 'Continuum of Care', from independent units, to assisted living services and Aged Care.

The business also has integrated capability through the asset life cycle as owner, developer and operator, where we have direct relationships with our residents.

Retirement Living

The value propositions on offer in our villages have ensured continued market demand, albeit somewhat subdued in the first half of the year. We have experienced an increase of over 60% in turnover sales in the second half and turnover sales for the portfolio for the full year of 6.5%. These results have been achieved whilst maintaining healthy sales price growth of 3.9% over list prices. We continue to manage a strong deposit pipeline, positioning the business for continued sales momentum into FY10.

Aged Care

The Aged Care business has performed well during the year, with operating revenue of \$11.5 million, 3% higher than last year and additional aged care bonds of \$6.4 million were received, up 28% on last year.

Demand for aged care accommodation remains strong across both low and high care with occupancy rates averaging >96.0% during the year.

Property Development

Property Development is a strategic addition to our integrated business model for Retirement Living and Aged Care products. Our first wave of development projects were completed during the year at four sites totalling 68 units and sales have been achieved for nearly 80% of the units. Based on these sales, average development profits of 17% have been achieved. Two further projects of 24 units are now under construction at Waratah Highlands and The Cove.

Significant progress has been made with our development authority submissions. The largest approval has been granted for The Willows Residential Aged Care Facility of 60 beds, 17 serviced self care units and 74 Independent Living Units, with an end value in excess of \$60 million.

Capital Management

Aevum's balance sheet and funding position is sound. Asset values have declined marginally during the year and net tangible assets per share as at 30 June 2009 fell by 16 cents to \$2.01 per share compared to 30 June 2008.

The company has a committed \$150 million debt facility with Westpac and ANZ which is due for maturity in June 2011, and is currently drawn down to \$90 million. Gearing as at 30 June 2009 was 22%, and all banking covenants continue to be met.

Final Dividend

Directors are pleased to declare a final dividend of 2.0 cents per share (unfranked), in line with the interim dividend. The dividend will be paid on 21 October 2008. This will take the full year dividend to 4.0 cents (FY08: 9.0 cents).

The company's Dividend Reinvestment Program (DRP) will continue to operate.

Group Outlook

We remain confident of continued growth in our operating cash flow and provide guidance of approximately 10% growth for FY10. We have a strong deposit pipeline with good stock levels and we are focused on driving stock management initiatives for refurbishments, sales programs, development units and innovation through our Continuum of Care model.

Due to the continuing abnormal market conditions the company is not providing any earnings guidance. This situation will be reviewed prior to the Annual General Meeting scheduled for 23 October 2009.

Management Commentary

According to Aevum Managing Director, Mr Steven Mann, the housing market has seen a strong turn around in 2009, due to lower interest rates, improving housing affordability to a seven year high and significant government first home owner incentives. This has created demand from the value end of the market and more recently investor finance has changed trajectory, also stimulating momentum in the second home market. These factors have seen a sharp improvement in our core turnover sales for retirement living, up 60% in the second half of the financial year.

“The key focus for the company during the year was to deliver cash flow from our core retirement living business above last year and we are very pleased to report modest growth of 4% in operating cash flow to \$21.2 million for FY09”.

“Aevum has taken the next key step towards our integrated business strategy, with four successful development projects completed during the year totalling 68 units, 80% of which has been sold. Based on the sales to date our development profits are 17% and the pipeline of potential new projects is increasing to \$375 million”.

“With a strong balance sheet, a quality village portfolio and an experienced management team Aevum is well placed to take advantage of opportunities this cycle presents to add value for investors”.

“Due to the aging ‘baby boomer’ demographic, population growth of those over 65 years old is growing at twice the rate of the general population. This is a fundamental strength which will see the retirement living industry return to strong growth in the medium term”, Mr Mann added.

About Aevum Limited

Aevum Limited is a long established owner, operator and developer of retirement villages and aged care facilities. Today it manages 21 facilities across Sydney, the Southern Highlands, coastal NSW and Western Australia providing retirement accommodation and services to over 2,600 Australian seniors. Aevum employs over 340 dedicated and committed staff.

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