



**FOR IMMEDIATE RELEASE
TO ASX AND MEDIA**

20 August 2010

Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Letters to Shareholders

Today the company posted 2 letters and a 'flyer' to shareholders.

A copy of the mailed materials is attached.

Graham Lenzner
Chairman

Steve Mann
Managing Director

About Aevum Limited

Aevum Limited is a long established owner, operator and developer of retirement villages and aged care facilities. Today it manages 30 facilities across NSW, Victoria, Queensland, South Australia and Western Australia providing retirement accommodation and services to over 3,100 units, for Australian seniors. Aevum also has four aged care facilities with 367 beds. Aevum employs over 600 dedicated and committed staff.

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20 August 2010

[Address Line 1]
[Address Line 2]
[Address Line 3]
[Address Line 4]
[Address Line 5]
[Address Line 6]

Dear fellow Aevum shareholder,

REJECT Stockland's Inadequate, Opportunistic and Unsolicited Takeover Offer

On 3 August 2010, Aevum Limited ("Aevum") announced that it had rejected an unsolicited takeover offer from Stockland Corporation Limited ("Stockland") at \$1.50 per share.

Your Board rejected the offer as we strongly believe that Stockland's unsolicited offer is highly opportunistic and significantly undervalues Aevum.

You have or will shortly receive a Bidder's Statement from Stockland. Your Board unanimously recommend that shareholders REJECT Stockland's inadequate, opportunistic and unsolicited takeover offer as:

- Stockland's \$1.50 per share offer significantly undervalues Aevum
- Stockland's offer is highly opportunistic
- Aevum is a leading Australian retirement sector company
- Aevum's business is generating significant profits and operating cash flows
- Aevum has a strong platform to deliver future growth and enhance shareholder value
- Stockland is not paying for the strategic value that Aevum can deliver

The enclosed flyer sets out further facts you should consider when reviewing Stockland's Bidder's Statement. It also contains views of key institutional shareholders, leading brokers and the press, all of which demonstrate there is widespread support for your Board's view that Stockland's offer is materially inadequate.

Your Board strongly advises you to **REJECT** Stockland's unsolicited offer and take no action. The offer must remain open for at least one month from the date it is dispatched to shareholders and to reject the offer simply **DO NOTHING**.

Further details which support the Board's rejection of Stockland's offer will be provided in Aevum's Target's Statement, which is expected to be sent to shareholders in September. We encourage you to read this document in full.

Thank you for your ongoing support for Aevum. We will continue to keep you updated about any further developments.

If you have any queries please contact the Aevum Shareholder Information Line on 1800 704 395 (Toll Free) or +61 2 8256 3393 (callers outside Australia). Please see our website (www.aevum.com.au) for further details about Aevum.

Yours sincerely,



Graham Lenzner
Chairman

REJECT

Inadequate, opportunistic and unsolicited takeover offer from Stockland

Aevum's Board unanimously recommend that shareholders REJECT Stockland's inadequate, opportunistic and unsolicited takeover offer

Stockland's \$1.50 per share offer significantly undervalues Aevum

- Significant discount to Aevum's NTA

Stockland's offer is highly opportunistic

- Aevum's business is performing strongly
- Stockland's offer does not reflect the IOR merger benefits

Stockland is not paying enough for the strategic value Aevum can deliver it

- Aevum would deliver Stockland scale and geographic diversification in the retirement sector
- Stockland would be able to achieve significant synergies

Aevum is one of Australia's leading retirement sector companies

- Aevum is an experienced operator with a high quality business

Aevum's business is performing strongly

- Aevum is generating significant profits and operating cash flows

Aevum has a strong platform to deliver future growth and enhance shareholder value

- Aevum has a clear strategy for growth

Shareholder Information Line:
1800 704 395 (Toll Free) or
+61 2 8256 3393 (callers outside Australia)

Aevum's Target's Statement expected to be dispatched to shareholders in September



Any financial product advice contained in this letter is general advice only and does not take into account your investment objectives, financial situation or particular needs. Aevum is not licensed to provide financial product advice.

THE MARKET CONSIDERS STOCKLAND'S OFFER TO BE MATERIALLY INADEQUATE

Key institutional shareholders have said:

“Our view is that the offer ... to be successful needs to be much closer to the published NTA (net tangible asset) of the business which is around a A\$2 mark”

Frank Jasper, Senior Portfolio Manager for Fisher Funds
“Stockland bid must go higher” – (Reuters News, 5 August 2010)

“We think that a value close to NTA is a realistic offer”

Andrew Smith, Senior Equities Analyst at Perennial Value Management “Stockland ‘\$100m short’ on bid for Aevum” – (The Australian, 6 August 2010)

“I wish to credit you with the strong stance you have adopted against Stockland’s current opportunistic takeover offer for Aevum.”

First Samuel letter to Aevum Board, 5 August 2010

“At \$1.50, Stockland is trying to steal the company”

Geoff Wilson, director at Wilson Asset Management “Stockland ‘\$100m short’ on bid for Aevum” – (The Australian, 6 August 2010)

Leading brokers have said:

“The terms ‘opportunistic’ and ‘low ball’ have been used by some to describe Stockland’s \$1.50 a share cash bid for Aevum. We agree.”

Austock Securities report 10 August 2010

“Aevum has it, Stockland wants it. Stage set for higher bid.”

Austock Securities report 10 August 2010

“Stockland’s A\$1.50 bid for Aevum is opportunistic”

RBS Morgans report 2 August 2010

“We believe Stockland will have to increase its offer to gain both Board and meaningful investor support.”

RBS Morgans report 2 August 2010

The press have said:

“The general consensus is Stockland’s Matthew Quinn* may have misstepped with his hostile offer and will need to stump up north of \$1.90.”

“First Samuel hardly the retiring type” – Nabila Ahmed and Sarah Thompson (The Australian Financial Review, 6 August 2010)

“Stockland’s play for Aevum at \$1.50 per share has been widely lauded as a “low-ball” offer”

“Rate rise may derail ‘three-R’ strategy” – Lisa Carapiet (The Australian Financial Review, 18 August 2010)

“There’s no one in the market who gives the \$1.50 a share offer a realistic chance of getting across the line without substantial sweetening.”

“Tangible Assets” – David Symons (Sydney Morning Herald, 11 August 2010)

“This is one battle that Quinn* looks unlikely to win. Institutional investors are lining up against the offer, while Stockland also requires the support of 15,000 retail investors on the Aevum register.”

“Mixed Signals” – David Symons (Sydney Morning Herald, 12 August 2010)



20 August 2010

Name & Address
Name & Address
Name & Address
Name & Address
Name & Address
Name & Address

Dear fellow Aevum Shareholder

Beware of unsolicited offers for Aevum shares

Aevum Limited ("Aevum") has become aware that Direct Share Purchasing Corporation Pty Ltd ("DSPC") is approaching shareholders with an offer to purchase their Aevum shares at substantially below Aevum's current market price. **Aevum does not endorse or recommend the offer and strongly advises you to ignore all documents sent to you from DSPC.**

As outlined below, DSPC's unsolicited offer for \$1.00 per Aevum share is significantly lower than the current market value of Aevum's shares and considerably lower than the amount being offered for your shares by Stockland under its unsolicited and opportunistic takeover bid which has been rejected by the Aevum Board:

- | | |
|--|-------------------------|
| • Aevum's share price at close of trade on 19 August 2010 | \$1.66 per share |
| • DSPC's unsolicited offer | \$1.00 per share |
| • Stockland's unsolicited and opportunistic takeover offer (rejected by the Aevum Board) | \$1.50 per share |

Under the Corporations Act, anyone can request shareholder details from a publicly listed company. Aevum has no legal means by which to refuse the request for details, which include shareholders' names and addresses. Aevum also has no legal means by which to stop DSPC or any other person making an unsolicited offer to buy your shares if they comply with relevant laws.

The Australian Securities and Investments Commission ("ASIC") advise shareholders to be aware of the pitfalls associated with unsolicited offers to purchase shares. It has provided a "safety checklist" to assist shareholders in assessing such offers that is available from www.fido.gov.au [Go to > About financial products > Shares > Buying and selling shares > Unexpected offers to buy your shares].

If shareholders receive an offer from DSPC to buy their Aevum shares, they should consult their financial adviser before making any decisions about selling their Aevum shares.

As far as your Directors are aware, DSPC is in no way related to Stockland or its takeover offer. Your Directors continue to advise that you take no action in relation to Stockland's offer. Aevum's Target's Statement will be sent to shareholders in September 2010.

If you have any queries please contact the Aevum Shareholder Information Line on 1800 704 395 (Toll Free) or +61 2 8256 3393 (callers outside Australia). Further details on dealing with unsolicited share offers can also be obtained from ASIC by contacting 1300 300 630. Please see our website (www.aevum.com.au) for further details about Aevum.

Yours sincerely

Graham Lenzner
Chairman