

ANNUAL GENERAL MEETING – 6 AUGUST 2003

CHAIRMAN'S ADDRESS

Ladies and gentlemen, I am pleased to report to the 2003 Annual General Meeting of the Company.

The past year has been about further growth of the Company as a low-rise residential developer. AVJennings has had eight successive years of growth in operating profit and that of the last year has been particularly strong. Management is to be commended for their efforts.

For the year ended 31 March 2003, net profit after tax was \$56.8 million, which represents a 93.4 percent increase over the previous year. Operating profit before tax was \$80.7 million compared with \$43.5 million in the previous year.

The result was impacted by a new mandatory change in Australian accounting standards relating to profits emerging from partly completed residential development projects. This change, which requires the use of the percentage of completion method of accounting in certain circumstances, resulted in an increase of revenue of \$33 million, pre-tax profit of \$9.3 million and profit after tax of \$6.5 million. The Directors of the Company did not welcome this change and would have preferred standards, which would have allowed the retention of their more conservative previous accounting policies. On a like-for-like basis, excluding the impact of the change in accounting policy, net operating profit would have been \$50.3 million, which would still have been 72% more than the net profit of the previous year.

The Company paid a fully franked final dividend for the year of 7 cents, bringing the total dividend for the year to 10 cents per share fully franked. This is a 5.3 per cent increase on the previous year. The total dividend represents 38.5% of net earnings per share.

Earnings per share increased to 26 cents per share, a rise of 93.4 per cent on the previous year.

Return on average shareholder equity was 28.8 per cent, compared with 17.5 per cent for the previous year.

Total assets increased 26.9 per cent to \$442 million reflecting greater investment in development projects.

Turnover for the year was \$529.5 million compared with \$466 million the previous year, an increase of 13.6 per cent.

The Company's debt to equity ratio was 34.6 per cent compared with 17.8 per cent at the same time last year. Gearing as measured by net interest bearing debt to total assets increased to 17.4 per cent from 8.8 per cent. The Company records assets, including its land inventory, on a historic cost basis.

Interest cover, at 16 times, is very sound.

The increased debt and higher level of retained earnings facilitated an increase in the Company's land holdings from 5,900 units to more than 6,650 lots at the end of the reporting period – many in Australia's most sought-after growth corridors. This is also, in part, due to settling on land acquired on vendor terms in prior years. These terms resulted in the debt to equity ratio being at an unusually low level in 2002.

The use of higher levels of debt has also enabled the Company's average cost of capital to be reduced. The current environment of exceptionally low interest rates, together with high interest cover, leaves further scope for growth, particularly given the Company's strong sales performance.

A key dimension of the performance of AVJennings is the constant replenishment of its bank of developable lots. As at the end of July 2003, the Company's developable land inventory stood at some 7,300 lots, which is over three years of supply at present sales rates. In addition to this, the Company holds some 380 developed lots with homes being constructed on them.

These development sites underpin the returns of future years and the Company endeavours to ensure that on average the replenishment rate exceeds the utilisation rate in all population centres where it operates.

Today and during the past year, the Company has had negligible levels of completed and unsold housing stock. This has been due to a combination of a relatively stable target market, low interest rates, desirability of Company development sites, the quality of its housing products, and unmatched brand strength in the housing industry.

The strategy of housing development in urban redevelopment sites has proven very successful. These developments, which account for some 60% of turnover, tend to compete in the relatively deep established housing market and almost every dwelling is sold prior to completion. The Company's urban redevelopment

activities are augmented by land subdivision and contract home building in newly establishing suburbs.

No residential development is of such size that any single project affects too greatly Company performance. The wide geographic spread of some 70 projects helps ensure that relatively predictable and consistent sales rates at a national level are maintained therefore spreading risk.

AVJennings is well placed to benefit from ongoing development activity in growth corridors such as the south-east and north of Melbourne in Victoria, the Gold Coast in Queensland, the northern suburbs of Adelaide in South Australia and the Central and North Coast of New South Wales.

We believe that AVJennings is well placed to continue its long-term growth for the benefit of shareholders due to:

- § its strong management team,
- § solid reputation in the market place, and
- § its successful track record of maintaining a healthy pipeline of developable lots.

May I take this opportunity to again commend the Company's management team and employees for delivering another excellent result and thank our shareholders and business partners for their continued support.

Ladies and gentleman, thank you.

[Slides which accompany the Chairman's Address, are attached].

AVJENNINGS HOMES LIMITED

ANNUAL GENERAL MEETING

Wednesday 6 August 2003

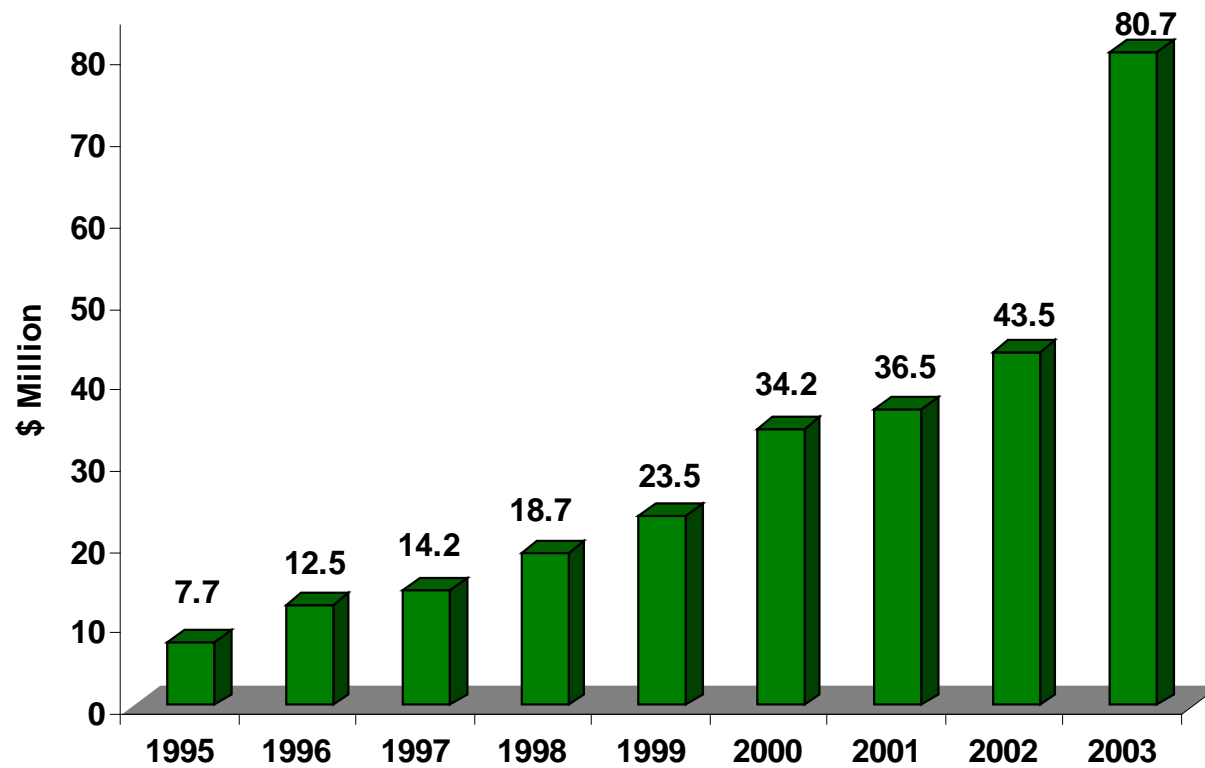


AVJennings



Mr Robert C Sutton
Chairman

Profit* Growth



March 21, 2003

* Before Tax and Abnormals

AVJennings

Annual Results 31 March 2003

NET PROFIT

n \$56.8 million (up 93.4% on pcp)

EARNINGS PER SHARE

n 26 cents per share (up 93.4% on pcp)

DIVIDEND

n Final dividend of 7 cents per share (fully franked)

n Total dividend for the year of 10 cents per share (up 5% on pcp)
– Dividend payout ratio of 37.9%

REVENUE

n \$529.5 million (up 13.6% on pcp)

Annual Results 31 March 2003

FINANCIAL RATIOS

- n 34.6% Debt to Equity
- n 17.4% Gearing
- n 16 times Interest Cover

Land Inventory as at 31 March 2003

n 6,650 units (up 750 or 12.7% on pcp)

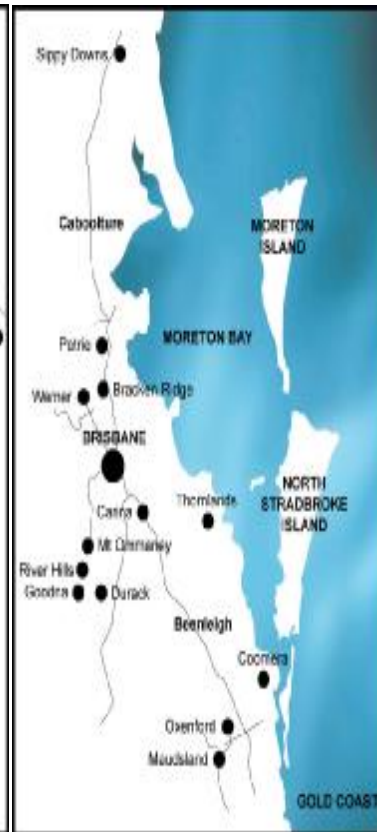
Geographic Diversity: 70 projects, 4 states



New South Wales



Adelaide



Queensland



Victoria

More than one project in some locations