

Annual General Meeting – Friday, 21 November 2008

Chairman's Address & Managing Directors Address

Good morning ladies and gentlemen and welcome to the Annual General Meeting of AVJennings Limited. My name is Simon Cheong, Chairman of the Board, and I am pleased to be chairing this Annual General Meeting. A quorum is present and I declare the Meeting open.

Let me introduce my fellow Directors. They are:

- Mr Jerome Rowley, who is an independent Director and Deputy Chairman of the Board.
- Mr Louis Milkovits – The Company's Managing Director;
- Mr Peter Summers – The Company's Finance Director and Company Secretary;
- Mrs Elizabeth Sam – a non-executive Director;
- Mr Herman Hochstadt – an independent Director;
- Mr Bobby Chin – an independent Director; and
- Mr Bruce Hayman – an independent Director.

Also in the audience is Mr Peter Vlitas, the state manager for the Company's Victorian developments division. I would also like to take this opportunity to welcome Mr Carl Thompson, who will be joining the Company in January 2009 as Company Secretary/General Counsel. Gentlemen, will you please stand. Thank you.

I will commence the meeting by providing a brief overview of the Company's performance during the year. Louis Milkovits will then further discuss the Company's business and the issues that it has faced over the last year and will face going forward. This will be followed by any general questions or comments that you may have, after which I will proceed with the formalities of the meeting.

Over the reporting year the Company has been operating in a very challenging environment, which, I have to say, has become even more challenging with the global instability in credit markets and its much publicised association with housing. Credit markets have tightened and there has been a significant fall in consumer confidence, which, while not impacting on housing affordability has certainly had a negative impact on housing investment – at least in the short term. Recent moves to stimulate the economy generally, and housing particularly, are welcomed by me and the industry as a whole.

Reporting on last year's results; turnover for the year was 517.8 million dollars and net profit after tax was 11.2 million dollars. The Company achieved a pre tax profit for the year of 15.5 million dollars and declared a fully franked final dividend for the year of 2 cents per share.

Total assets were 581.6 million dollars, excluding 45.3 million dollars of the Company's proportionate share of joint ventures, up from 528.7 million dollars last year.

Gearing, as measured by debt divided by total assets, was 28.9 percent. Assets are recorded on a historical cost basis.

I will now call on Louis Milkovits to discuss the operations of the Company. Following Louis' presentation, I will open the forum for general discussion after which I will commence the formalities of the meeting.

Thank you Simon and good morning everyone.

The issue that has dominated the housing environment for the last year has been a marked deterioration of affordability.

First, there had been a significant increase on the cost base of new housing through the imposition of increased state and local government charges on greenfield sites, particularly in New South Wales.

Then, during the course of last year, there have been marked increases in interest rates culminating in the lowest levels of housing affordability for decades.

Production rates in all states and on all projects has been satisfactory, but sales were slower than planned due to the affordability issue.

Ultimately a change in interest rates was required to break this cycle.

During the course of the year, the Company increased its forward pipeline of development projects from 7,600 to 10,800 lots or lot equivalents.

Most of this was by way of joint ventures or development agreements, reducing the requirement for up front investment.

The Company also conducted a Rights Issue late in the financial year, which raised 24.9 million dollars and which was sufficient for its purposes.

These purposes were to provide working capital for a number of development projects and to assist in acquiring interests in other projects.

The Company has also maintained its Dividend Reinvestment Plan which provides further capital for investment purposes.

Housing affordability has been the major issue impacting on sales over the last year. Successive interest rate rises until March 2008 did, unfortunately, take their intended toll. Housing activity slowed.

The consequence over time has been a marked decrease in available rental accommodation, steeply rising rents and record levels of unsatisfied underlying demand. This is in an environment where population growth in the eastern states still remains strong.

However, housing cycles inevitably turn around, in part because there is explicit policy intervention for them to do so.

The recent interest rate reductions have been a significant step towards improving affordability across the market and the enhanced first home owners grant is specifically there to encourage new entry into the market.

Both measures are positive, but due to the timing before Christmas and the lead time required to make informed decisions, the impact is unlikely to be felt before the first quarter of next year.

Additionally, the 2 measures have the potential to create additional liquidity in the established housing market, which will have a flow on effect for those wishing to upgrade.

The extent of the impact and its timing cannot be certain however. Due to the conditions sweeping the global economy, consumer confidence is low, sentiment towards housing is low and there are increasing concerns about employment security.

Other than for sales rate uncertainty, operations are satisfactory in most respects.

There are no projects with unanticipated planning delays, development projects are generally on time and there is an adequate supply of land and housing at or near completion.

The major short term issue is the market response to the housing stimulus measures which have recently been put in place.

Thank you, I will now hand back to the Chairman.

Thank you Louis. I will now open the forum to questions before commencing the formal proceedings.

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Simon Cheong

Chairman

SC2

Results to 30 June 2008 – Profit & Loss

| | 12 Months to 30 June 2008 | Annualised 30 June 2007 | 15 Months to 30 June 2007 |
|--------------------|------------------------------|----------------------------|------------------------------|
| Contracts Signed | \$570.0m | \$559.0m | \$698.7m |
| Number | 3,022 | 2,877 | 3,596 |
| Revenue Recognised | \$517.8m | \$505.8m | \$632.2m |
| Gross Margins | 19.4% | 19.0% | 19.0% |
| Profit Before Tax | \$15.5m | \$14.2m | \$17.8m |
| Profit After Tax | \$11.2m | \$9.7m | \$12.2m |

SC3

Results to 30 June 2008 – Balance Sheet

| | 30 June 2008 | 30 June 2007 |
|----------------------------------|-----------------------|--------------|
| Total assets | \$581.6m ¹ | \$528.7m |
| Net debt | \$168.0m ² | \$119.2m |
| - debt/equity ³ | 55.2% | 44.1% |
| - debt/total assets ³ | 28.9% | 22.6% |

1. Excludes \$45.3m of Company's proportionate share of assets from equity accounted joint ventures

2. Excludes \$26.3m of Company's proportionate share of debt from equity accounted joint ventures

3. Based on inventories being recorded at historical cost

- Two year core debt evergreen facilities
 - Annual Review at least 12 months before expiry

SC4

Louis Milkovits

Managing Director

LFM1

FY08 Housing Environment

- Combination of additional developer taxes, protracted approval processes, increased interest rates resulting in:
 - Ø deterioration of housing affordability
 - Ø weakening of consumer confidence
- Production rates satisfactory
- Slower than planned sales
 - Ø New South Wales particularly weak
- Cyclical downturn

LFM2

Developments Pipeline

- Increased from 7,600 to 10,800
- Significant proportion by way of Development Agreements and Joint Ventures
 - Ø reduces requirement for up front investment
- Positions Company well for next growth cycle

LFM3

Capital

- Rights Issue raises \$24.9 million (before transaction costs)
 - Ø provides working capital
 - Ø assists in funding new projects and acquiring interests in other projects
- Maintains active Dividend Reinvestment Plan

LFM4

Outlook

- Affordability has been the major issue over the last year
 - Ø especially New South Wales
 - Ø increased government charges have increased cost base
 - Ø growth in interest rates until March 08
 - Ø weakened market activity
- Fundamentals leading to next growth cycle remain strong
 - Ø historically low rental vacancy rates
 - Ø steeply rising rents
 - Ø high levels of immigration
 - Ø record levels of unsatisfied underlying demand

LFM5

Outlook cont..

- Cyclical turnaround inevitable
 - Ø recent interest rate reductions improve affordability
 - Ø enhanced first home owner scheme
 - Ø impact unlikely before 1Q09
- Timing of turnaround uncertain
 - Ø consumer confidence low
 - Ø sentiment towards housing a major factor
 - Ø perceptions of employment security

LFM6

Outlook cont..

- Operations - Developments
 - Ø projects not being delayed by planning issues
 - Ø production rates are generally on time
 - Ø adequate completed stock
 - Ø sales rate influenced by local market activity
- Operations – Contract Building
 - Ø small proportion of market share
 - Ø sales rate influenced by general market activity
 - Ø broadly in line with prior year

LFM7

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