



AVJennings®

2011 Full Year Review

A Solid Result

AVJennings delivers solid results in uncertain market

FY11 Financial Highlights

- Net Profit after Tax up 34% to \$12.9m
- Profit before Tax from Continuing Operations up 5.9% to \$19.9m
- Net Debt (incl. proportionate share of JV Debt) steady; reflecting continued management focus
- Final Dividend: 1.5c per share fully franked; total dividends for year 2.5c per share

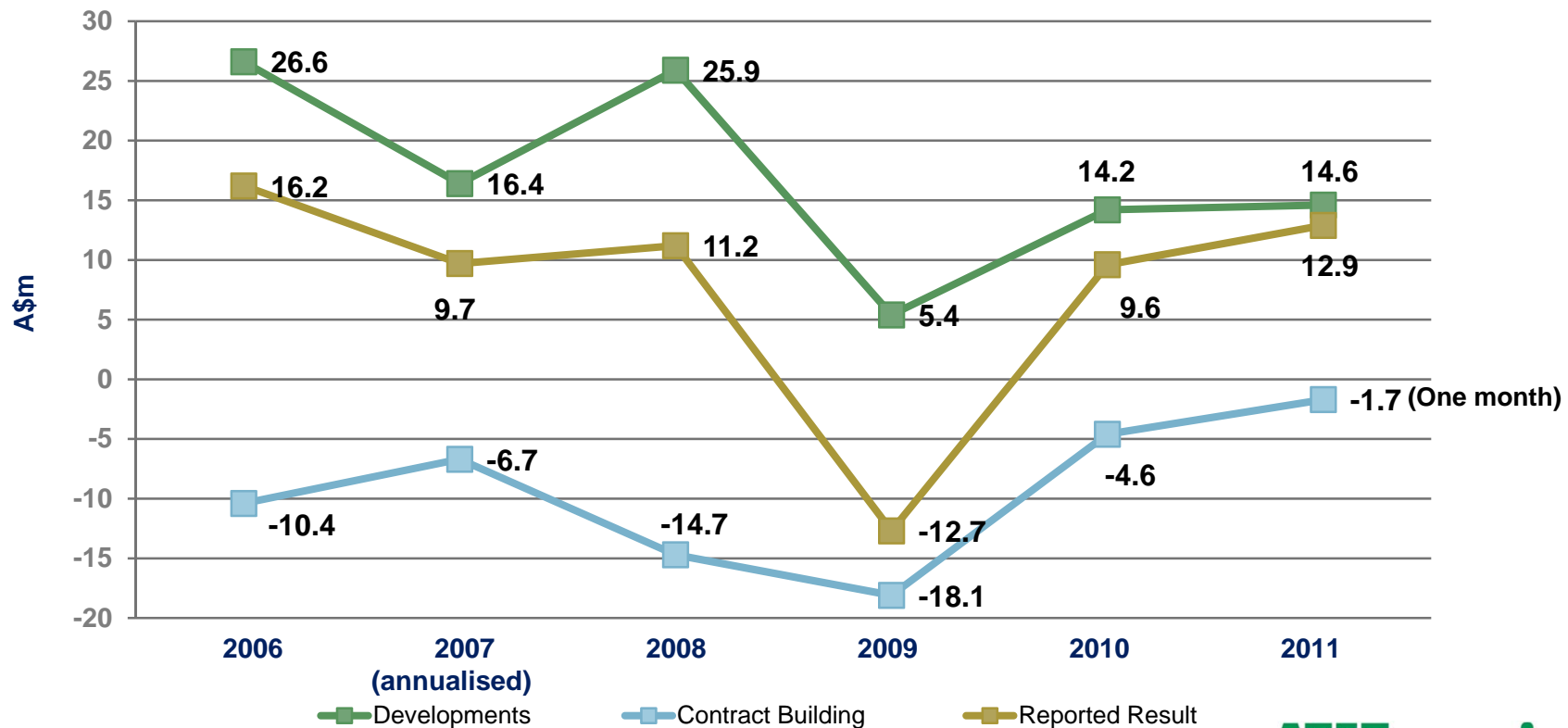
FY11 Business Highlights

- Solid result in face of difficult market conditions
- 3,000 lots across 4 states added to portfolio; reflects buying opportunities that exist
- Renewal of main banking facilities; 2 years on more favourable terms

Developments Business now sole focus

- Contract Building sold 2 August 2010
- Focus now on delivering Land and Integrated Housing projects
- Continuing to deliver housing products that are affordable in chosen markets

Results: Profit After Tax 2006 - 2011



Strong balance sheet positions AVJ for further growth

A\$m (unless stated otherwise)	FY11	FY10	FY11 v FY10 % Change
Revenues from Continuing Operations	210.2	267.6*	-21.4
Profit before tax from Continuing Operations	19.9	18.8	+5.9
Profit after tax from Continuing Operations	14.6	14.2	+2.5
Loss after tax from Discontinued Operations (Division sold 2 August 2010)	(1.7)	(4.6)	Not applicable
Net Profit after Tax	12.9	9.6	+34.1
Net Debt (includes share of JV debt)	82.3	81.4	+1.1
Net Debt (Balance Sheet)	56.9	57.9	-1.7

* Restated

Improved margins drive result

A\$m (unless stated otherwise)	FY11	FY10
Contracts Signed	168.9 [#]	463.2 [#]
No of Contracts:	1,056	2,258
Total Assets	492.6	472.6
Total Number of Lots (includes under management)	11,259	9,480
Revenues Recognised	225.8	471.2 [*]
Gross Margins (%)	26.1	18.4 [*]

FY11 includes one month of Contract Building sales only

* Restated

Asset backing and EPS continue to improve

	FY11	FY10	FY11 v FY10 % Change
Earnings per share – Continuing Operations	5.32c	5.19c	+2.5
Earnings per share – All Operations	4.70c	3.50c	+34.3
Net Assets per share	\$1.11	\$1.09	+1.8
Net Tangible Assets per share	\$1.10	\$1.08	+1.9

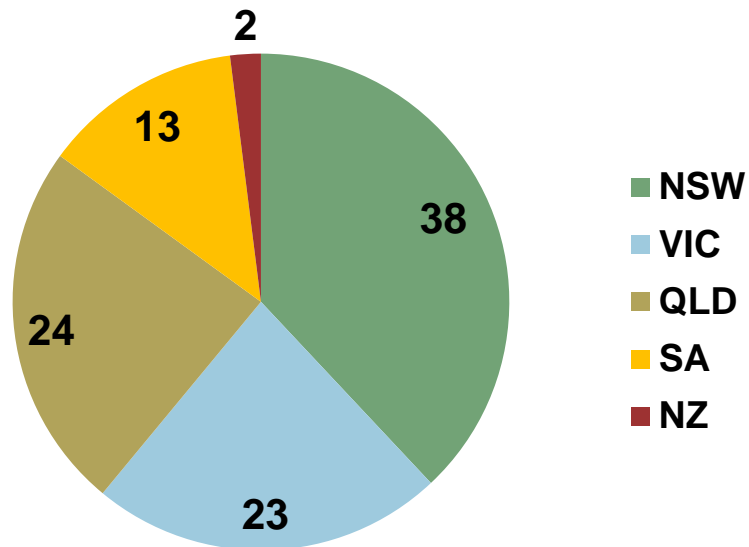
2011 Operational Highlights: managing the market conditions

Strengthened Portfolio	<ul style="list-style-type: none">• 3,000 lots add depth to AVJ Portfolio; now 11,259 lots under management (2010: 9,480)• Projects acquired across 4 states reflect AVJ approach to managing property pipeline• Good buying opportunities continue; Internal land acquisition models continue to drive pricing• Increased and new infrastructure levies now factored in
Business Margins	<ul style="list-style-type: none">• Despite difficult residential markets gross margins improved• Mainly reflects Victorian market conditions
Banking facilities	<ul style="list-style-type: none">• New 2 year facility completed• Generally, more favourable terms
Management Team & Systems	<ul style="list-style-type: none">• New team now in place around 2 years• Focus now on processes and systems, especially workflow and inventory management

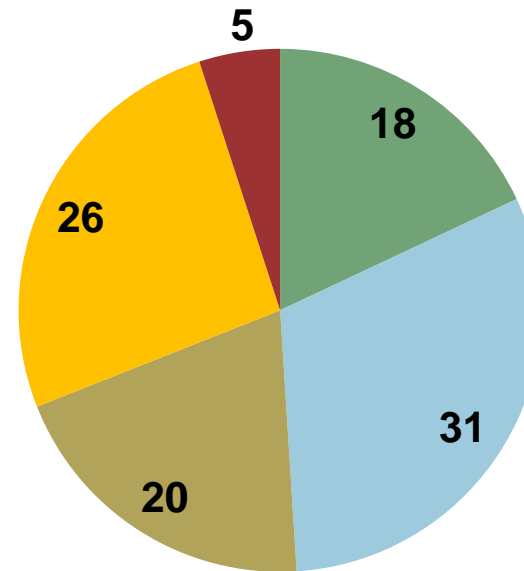
Portfolio strategy balances market cycles and conditions

	NSW	VIC	QLD	SA	NZ	Total
Projects	11	8	12	9	1	41
No of lots (at 30 June 2011)	2,087	3,496	2,221	2,912	543	11,259

% of Net Funds Employed



% of Lots by State



New projects in Queensland: structured for medium term market improvement

Big Sky, Coomera

No of Lots: 318 lots
Location: Gold Coast
Site Notes: Land already zoned residential; Area of limited land supply; strongly aligns the AVJ brand with potential customers



Elysium, Noosa

No of Lots: 174 lots (incl. 16 nearly completed houses)
Location: Noosa Heads
Site Notes: Project at advanced stage of development in relation to land. Goal to deliver more relevant, diversified and innovative product.



New projects in South Australia, New South Wales provide base for long-term growth

Cobbitty, New South Wales

No of Lots: 469 lots
Location: South-western Sydney
Site Notes: 43 hectares zoned residential; high growth corridor; area has significant undersupply



Penfield, South Australia

No of Lots: 1,750 lots
Location: North-western suburb of Adelaide
Site Notes: Development Agreement with SA Government (Land Management Corporation); staged project over 15 years; capitalises on AVJ's history of partnering with governments

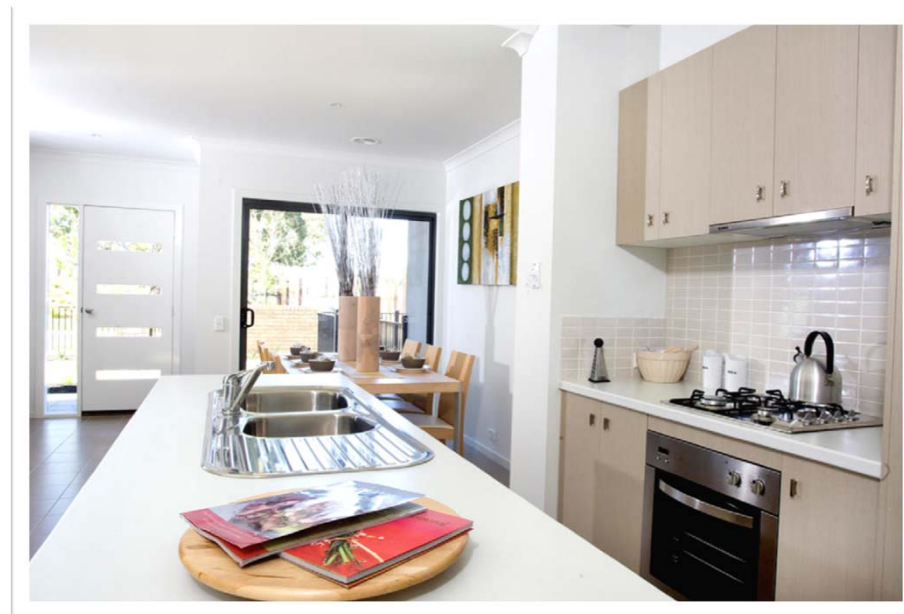


Victoria: growth slower than in previous years; still strong market above historical trend line



Red = current projects
Blue = under development

No of projects	8	
No of lots	3,496	
Key projects	Lyndarum, Wollert	774 lots
	Arena, Officer	247 lots
	Arlington Rise, Portarlington	287 lots

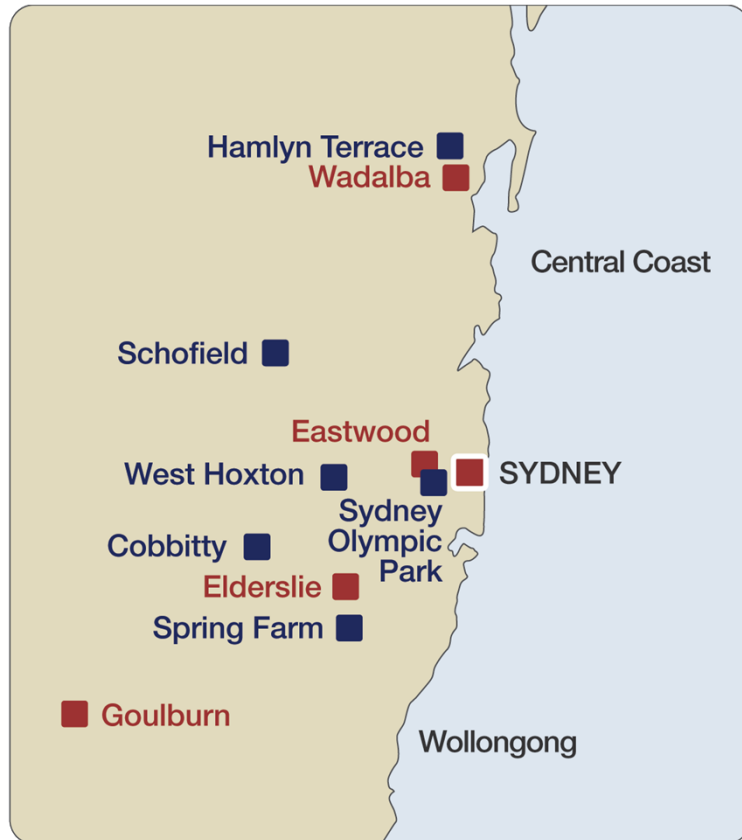


Lyndarum continues to underpin Victorian results

Victoria	# of Lots	Pre	FY12	FY13	FY14	FY15	FY16	Post
Riverdale on Plenty Mernda	5							
Arena at Officer Officer	247							
Lyndarum North Wollert	774							
Wollert (options)	1,820							
Lyndarum Epping North	133							
Lyndarum JV ,100 O'Herns Rd Epping North	121							
Lyndarum, 150 O'Herns Rd Epping North	109							
Arlington Rise	287							

	Pre-delivery	Re-zoning and obtaining development approval etc.
	Development	Construction period
	Start of Settlements	Date where settlements are scheduled to commence

New South Wales: minor improvements; market still below historical trends



Plus project: Sandy Beach

Red = current projects

Blue = under development

No of projects

11

No of lots

2,087

Key projects

The Ridges, Elderslie 365 lots

Cavanstone, Eastwood 192 lots

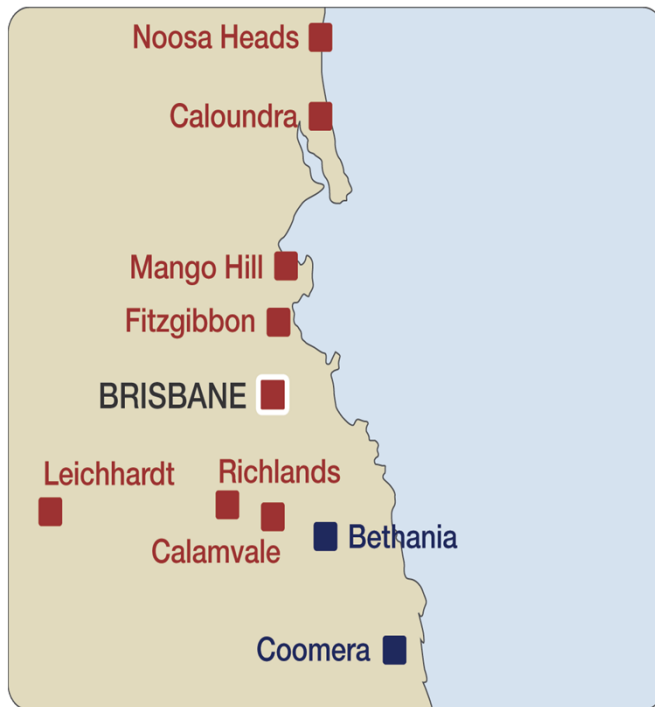
Cobbitty 469 lots



Good mix of projects

New South Wales	# of Lots	Pre	FY12	FY13	FY14	FY15	FY16	Post
The Ridges Elderslie	365							
Hamlyn Terrace	440							
Spring Farm	185							
Ravensthorpe Heights Goulburn	189							
Seacrest Sandy Beach	137							
Schofield	13							
Cavanstone Eastwood	192							
Charterwood Wadalba	45							
West Hoxton	42							
Boulevard Sydney Olympic Park	2							
Cobbitty	469							

Queensland: new grants may increase activity; market conditions are poor



Plus Project: Mackay

Red = current projects

Blue = under development

No of projects

12

No of lots

2,221

Key projects

Creekwood, Caloundra 666 lots

Elysium, Noosa Heads 174 lots

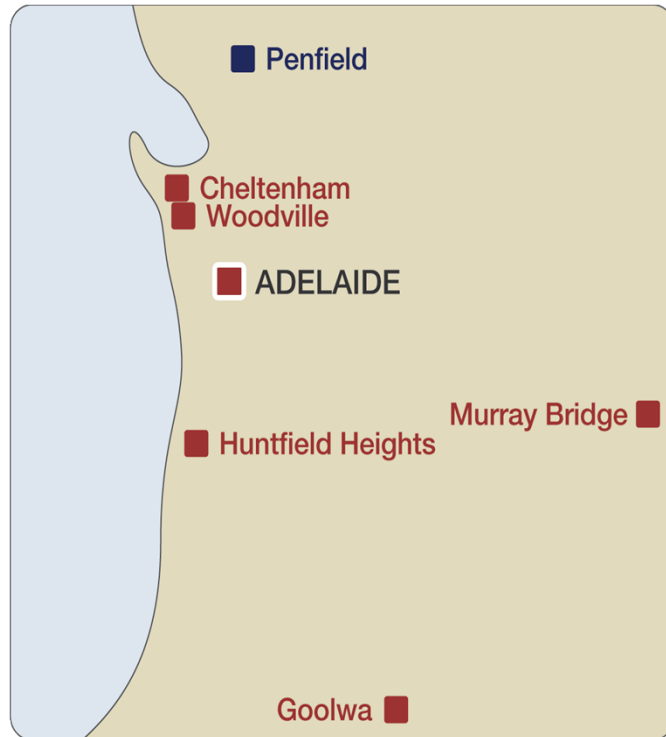
Glenrowan, Mackay 258 lots



Strategy behind acquisitions allows for short term tough market conditions

Queensland	# of Lots	Pre	FY11	FY12	FY13	FY14	FY15	Post
Halpine Lake Stage 10 Mango Hill	183							
Northgate Mango Hill	42							
Creekwood Caloundra	666							
Glenrowan Mackay	258							
Essington Rise Leichhardt	135							
Nottingham Square Calamvale	206							
Creekwood Stage 7 Caloundra	6							
Villaggio Richlands	128							
Bethania	102							
Fitzgibbon Chase Fitzgibbon	3							
Elysium Noosa Heads	174							
Big Sky Coomera	318							

South Australia: steady conditions, although signs of deterioration



Red = current projects
Blue = under development

No of projects	9	
No of lots	2,912	
Key projects	St Clair, Cheltenham JV	924 lots
	Penfield	1,750 lots



New Zealand: high profile, high quality project with NZ Government



No of projects

1

No of lots

543

Project

- Hobsonville Point
- Joint venture with NZ Government



South Australia and New Zealand

South Australia		# of Lots	Pre	FY12	FY13	FY14	FY15	FY16	Post
Paringa View Huntfield Heights	5								
Pathways Murray Bridge	92								
River Breeze Goolwa North	86								
St Clair Cheltenham JV Cheltenham	924								
St Clair Woodville JV Woodville	21								
Penfield	1,750								
Charles Matthew Circle Woodville	2								
Brocas Terrace St Clair	9								
Cameo	13								
Plus remnant lots across all projects	18								
New Zealand									
Hobsonville Point Hobsonville	543								

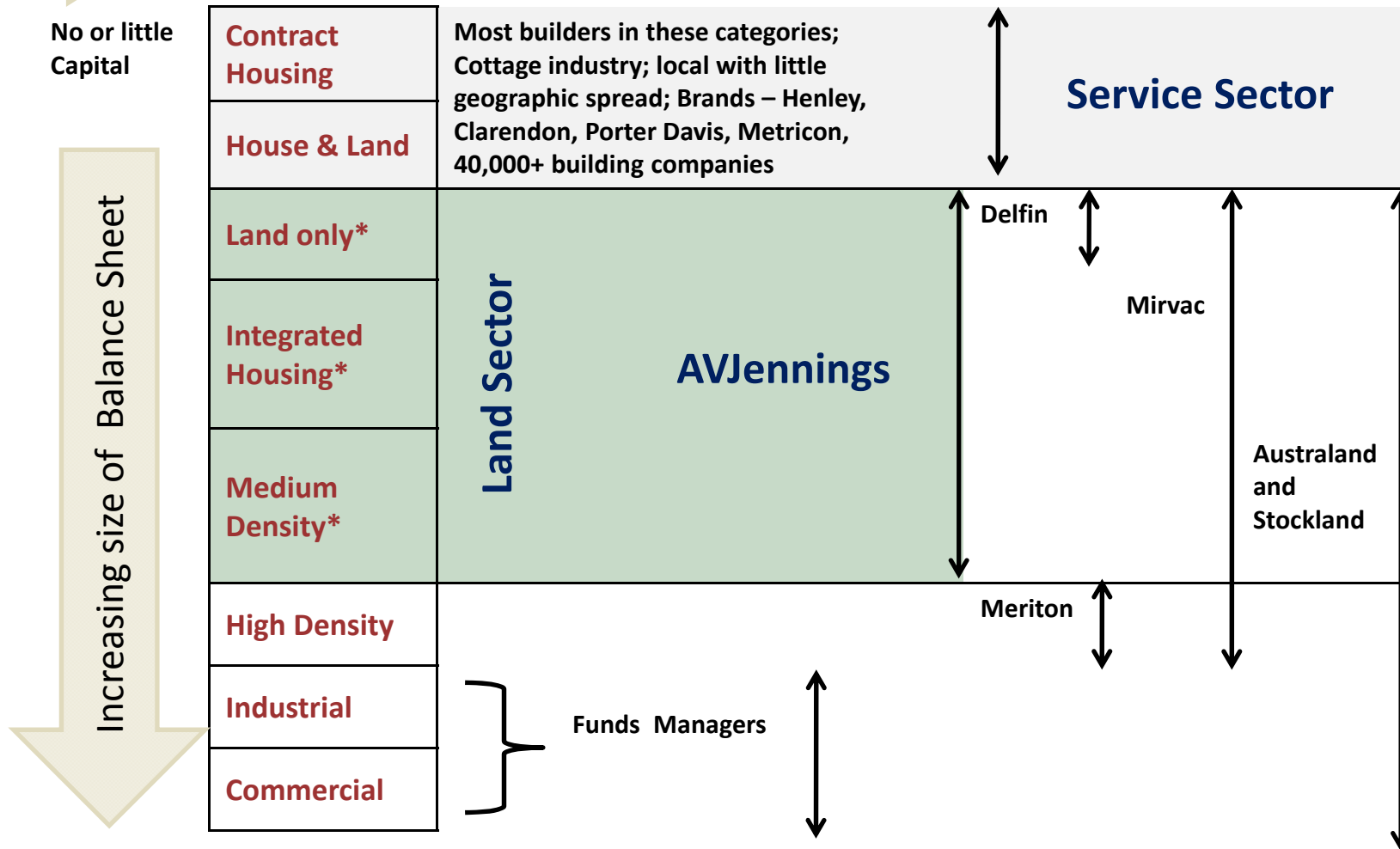
FY12 outlook: Focus on the issues AVJ can control

Market Conditions	<ul style="list-style-type: none">• Consumer confidence extremely low• Interest rate environment improved but still uncertain• Medium to long term fundamentals remain strong
Workflow	<ul style="list-style-type: none">• Focus on cashflow and levels of completed inventory and work in progress – AVJ model provides significant flexibility to do this
Focus on Costs	<ul style="list-style-type: none">• Affordability remains biggest factor in purchase decision• Focus on delivering quality affordable houses• Better land management practices and design• Look for smarter solutions, innovations in design and building processes
Acquisitions	<ul style="list-style-type: none">• Strong balance sheet and bank support for right projects• Realistic acquisition strategy ; ensure correct assumptions• Focus on “near term”: 5 year pipeline of projects• Consolidation of builders continuing
Consolidate Improvements	<ul style="list-style-type: none">• Continue work commenced in FY10• Continue to improve project management process and systems• Supply agreements and processes

The investment case : AVJ's pure residential property focus

Pure Residential Property Developer	<ul style="list-style-type: none">• Clearly defined niche – <u>new</u> home buyers• Medium density residential developer• Focus on development and sale; not investment and holding
Strong Balance Sheet	<ul style="list-style-type: none">• Conservative land acquisition strategy• Rigorous land acquisition modelling• Low debt; flexibility for new projects and acquisitions• Use Joint Venture and Development Agreements to de-risk pricing
Diverse Project Portfolio	<ul style="list-style-type: none">• Projects spread across 4 states and New Zealand• Portfolio approach to managing developments• Well located projects – infrastructure in place; key growth corridors• Projects delivered over a number of building cycles
Maintainable and Sustainable Model	<ul style="list-style-type: none">• Focus on building to known markets and price points• Land acquisition strategy underpins projects• Five year pipeline delivers more certainty around land acquisitions• Brand strong part of customer and supplier relationship
Growth	<ul style="list-style-type: none">• Gap between supply and demand continues to spread• Consolidation of developers due to increased cost of land, regulation and requirements for stronger balance sheet• Affordability underpinned by good land acquisitions is key

AVJennings has few direct competitors



* Can further split between small, medium and large scale projects

AVJ targets deepest part of residential market

Affordability:

- A factor of location of project and that market's fundamentals
- Changes project to project and market to market
- AVJ to meet the broadest part of the market for that project
- Product mix and project structure meets strict internal business models

