

11 June 2010

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
Level 45, Rialto South Tower  
525 Collin Street  
Melbourne Vic 3000.

Dear Sir,

**AVJENNINGS AND SEKISUI HOUSE ENTER INTO CONTRACT  
BUILDING ARRANGEMENT**

An announcement regarding the above is attached.

Yours faithfully,



**Carl Thompson**  
Company Secretary.

11 June 2010

## AVJennings and Sekisui House Enter Into Contract Building Arrangement

Major Australian residential development company AVJennings Limited (ASX: AVJ) has today entered into a conditional contract to sell its contract building division to the Japanese listed company, Sekisui House Limited (via its wholly owned Australian subsidiary Sekisui House Australia Holdings Pty Limited). The arrangement will also see the two companies form an alliance around land and the use of the AVJennings brand, ownership of which will remain with AVJennings Limited.

AVJennings operates two divisions, being developments and contract building. The developments division includes land development, integrated housing and low-rise apartment projects. The contract building division involves the company contracting to build a house for a customer where the land on which the house is built is sourced and contracted separately by the customer.

Sekisui House already has a substantial presence in the Australian property market, having acquired three housing development projects in mid 2009 in Wentworth Point and Camden Hills in New South Wales and Ripley Valley in Queensland, with a total lot yield of approximately 6,600 lots.

AVJennings Limited will sell the assets of the contract building division on an 'as is' basis which include the division's freehold and leasehold displays, house designs and the right to manage all existing construction contracts. All contract building staff will be offered employment by Sekisui House.

AVJennings will receive payments under the arrangements equivalent to the net asset value of the business on the completion date. This is anticipated to result in AVJennings receiving payments of approximately \$18.5 million at completion. AVJennings will retain ownership of the AVJennings brand and continue to use this brand for its developments operations. It will also license to Sekisui House the 'AVJennings' brand and associated trade marks for use in the contract building business in return for a cash royalty based on the revenue and profit of the business for an initial three year term.

Chief Executive of AVJennings Mr. Peter Summers emphasised the approach was initiated by Sekisui House and that the Company had not been looking to sell its contract building division.

However, Mr. Summers said that whilst the last 12 months had seen considerable improved performance in AVJennings' contract building division, continued improvement would require additional resources to be invested in it. The sale of the contract building division now allows AVJennings to fully focus on its core land and integrated housing businesses and the development of residential communities, which has been an integral component of AVJennings' operations for almost 80 years. The Company currently has approximately 9,600 lots under control or management.

"AVJennings returned to profit in the first half of this financial year and we believe this realignment of our core business will further allow the company to grow its integrated housing model and focus its time and capital on land based operations into the future, which are the main profit drivers for the company."

Mr. Summers added that the terms of the sale will provide for an ongoing alliance with Sekisui House, a highly successful home builder and developer in both Australia and Japan. He also added that the Company was impressed with Sekisui House's commitment to green and sustainable building, including innovative recycling initiatives and that this will fit in well with AVJennings' own focus on green initiatives.

The transaction is conditional on the approval of the Foreign Investment Review Board (FIRB) and other regulatory approvals, and subject to obtaining these approvals, is expected to settle on or around 31 July 2010.

Ends...

**For further information :**

AVJennings  
CEO – Peter Summers  
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Attachment: Sekisui House Media Release



11 June 2010

MEDIA RELEASE

## Sekisui House Group acquires AVJennings contract building division

Sekisui House Australia Holdings Pty Limited, a wholly owned subsidiary of Sekisui House Group (Headquartered in Osaka, Japan) today has reached an agreement to acquire AVJennings contract building division.

The largest private home builder in Japan, Sekisui House, Ltd has produced in excess of two million dwellings since it was established.

As a comprehensive home builder, Sekisui House has built a strong reputation for its globally advanced technologies and eco-friendly housing development. The company was also successful in showcasing its first carbon neutral house, the “Zero Emission House” at the Hokkaido Toyako G8 Summit in Japan in 2008.

Sekisui House recognises the great reputation AVJennings has enjoyed for many years in Australia as a significant home builder with the capability and commitment to deliver high quality homes. The company is pleased to welcome the contract building division into the Sekisui House Group.

Sekisui House sees the ongoing integration and improvement that the two companies bring through their expertise and know-how as being a great strength to the contract building division. The company is looking forward to producing high quality and comfortable homes and living environments for all Australians.

Sekisui House intends to continue its alliance with AVJennings after the transfer of the contract building division from AVJennings to the Sekisui House Group.

### **For further information:**

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