



AVJennings[®]

Full Year Results – Unlocking the Value
30 June 2010

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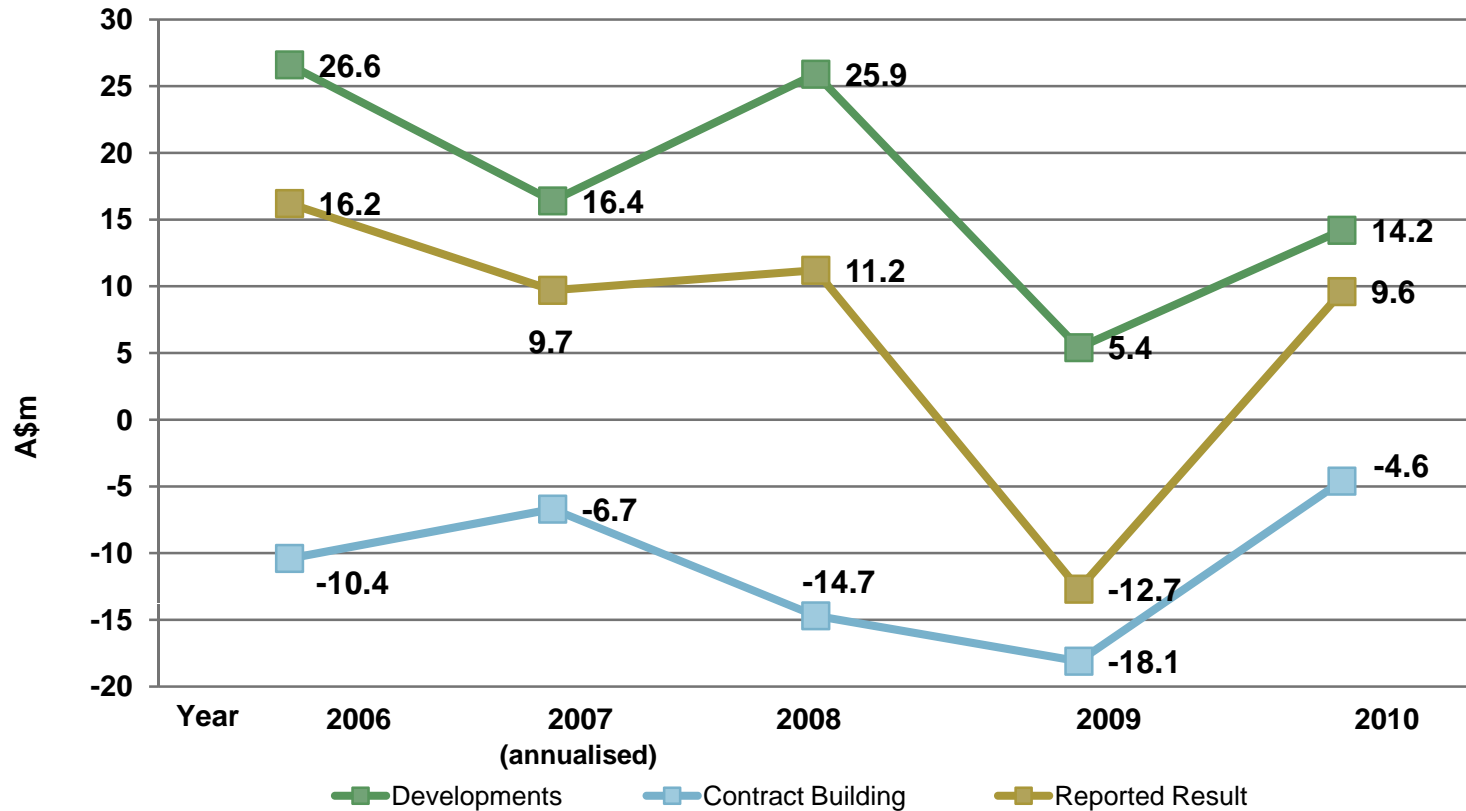
The Headlines

- **Net Profit after Tax up 176% to \$9.6m**
- **Profit after Tax from Continuing Operations up 166% to \$14.2m**
 - Continuing Operations = Land, Integrated Housing, Apartments
- **Turnaround in Contract Building Division prior to sale to Sekisui House**
 - Loss for FY10 was \$4.6m a 74% improvement on FY09 loss of \$18.1m
 - Sale completed August 2010; generating approximately \$20m in cash
- **Net Debt down 35% to \$81.4m from \$125.0m in FY09**
- **No asset write downs**
 - Reflects careful approach to land acquisition and project management
- **Renewal of main banking facilities**
 - New partners added to increase project flexibility
- **1.5c per share Dividend declared**

AVJennings – Unlocking the Value

- Sale of Contract Building opens door for total focus on AVJ core strengths
- AVJ strong track record in delivering Land and Integrated Housing projects
- Delivers greater opportunities for sustainable growth

Results: Profit After Tax 2006 - 2010



FY10 Financial Highlights

A\$m (unless stated otherwise)	FY10	FY09	FY10 v FY09 % Change
Revenues from Continuing Operations	259.1	355.9	-27.2%
Profit after tax from Continuing Operations	14.2	5.4	+165.5%
Loss after tax from Discontinuing Operations	(4.6)	(18.1)	+74.4%
Net Profit after Tax	9.6	(12.7)	+175.6%
Net Debt (includes share of JV debt)	81.4	125.0	-34.9%
Net Debt (Balance Sheet)	57.9	102.0	-43.2%

FY10 Financial Highlights

A\$m (unless stated otherwise)	FY10	FY09	FY10 v FY09 % Change
Contracts signed	463.2	478.7	-3.2%
No of contracts:	2,258	2,620	-13.8%
Total Assets	472.6	480.3	-1.6%
Total number of lots (includes under management)	9,480	9,825	-3.5%
Revenues Recognised	462.6	506.9	-8.7%
Gross Margins	18.7%	14.3%	+4.4% (absolute)

FY10 Financial Highlights

	FY10	FY09	FY10 v FY09 % Change
Earnings per share – Continuing Operations	5.19c	1.97c	+163.5%
Earnings per share – All Operations	3.50c	(4.68)c	+174.8%
Net Assets per share	\$1.09	\$1.06	+2.8%
Net Tangible Assets per share	\$1.08	\$1.04	+ 3.8%

Features of FY10 Result

Contract Building

- Substantial turnaround in performance
- Unsolicited offer from Sekisui House Australia
- All assets, all staff retained jobs
- \$20 million received – 2 August 2010 on completion of contract
- Receive cash royalties for AVJennings brand for next 3 years

Asset Management

- Rigorous land acquisition methodology
- Key driver ability to utilise land better than peers
- Resulted in no write downs of property assets
- Net Tangible Assets per Share increasing despite GFC

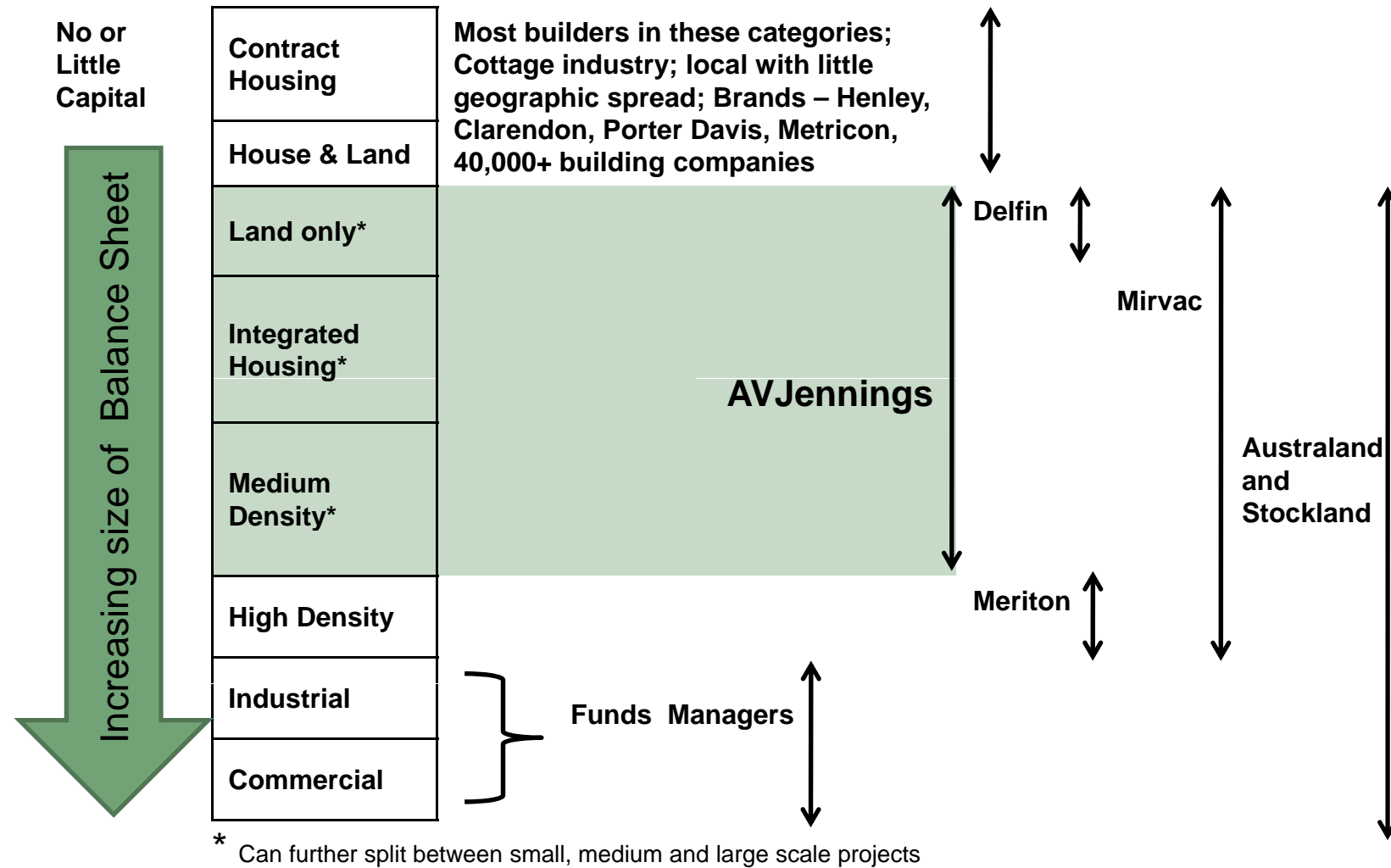
Debt Management

- Renewal of banking facilities
- New banking partners added
- Focus on debt management
- Low gearing – opportunity for growth with right opportunities

Executive Team

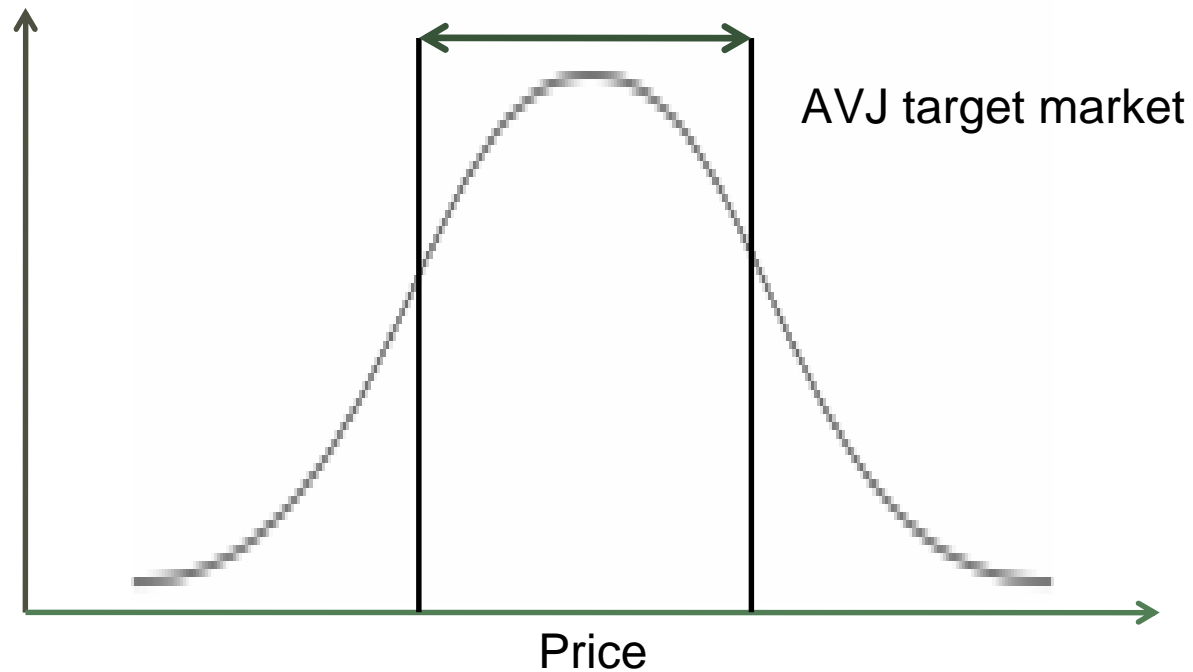
- Corporate knowledge
- Renewed focus on investment in management and staff
- Broader mix of property skills
- Better workflows; inventory management
- New responsibility structure

Australian Property Developers



New Home Market

- AVJ Building capability: Knowing best customer price points
- Focus on affordability: Not niches (first home buyer, empty nesters etc)
- Use brand: Build strong relationships with wholesale and retail buyers
- First home buyers: Add liquidity to market, not essential for long-term success



Business Model and Strategy

Integrated Builder

- AVJ controls the total process
- Land acquisition
- Land development
- Design and construction
- Own sales and marketing divisions

Residential Property

- Target buyers of new homes
- Don't chase niches – first home buyers, empty nesters, high end developments
- Focus on building homes to known price points
- Horizontal developer; low rise apartment blocks

Medium Density

- Different financing dynamics
- Better ability to time delivery to market conditions
- Much easier to increase construction as demand increases
- Better land utilisation than just selling blocks of land

Business Model

Our Focus

New home market; building capabilities; geographic spread; product mix; land acquisition skills; medium sized developments

Our Strategic Drivers

Land acquisition and optimisation;
Structure of development;
Product mix



Delivery skills;
Integrated supply chain;
Strong Brand; Affordability

Our Business Drivers

Volume
Land utilisation
Customer knowledge



Margins through supply agreements and delivery methods



Land pricing strategy

Creates Shareholder Value

Profit



Sustainable model & strategy

AVJ Strategy

Challenge

- Affordability
- Mainly due to increase in land costs caused by:
 - Poor government land release policies
 - Increased planning regulations and delays
 - Government charges

Solved By:

Land Acquisition

- Land already zoned or acquired subject to zoning
- Mix of greenfield and infill sites
- Don't chase land that does not fit asset strategy
- Brand is important to land acquisition strategy

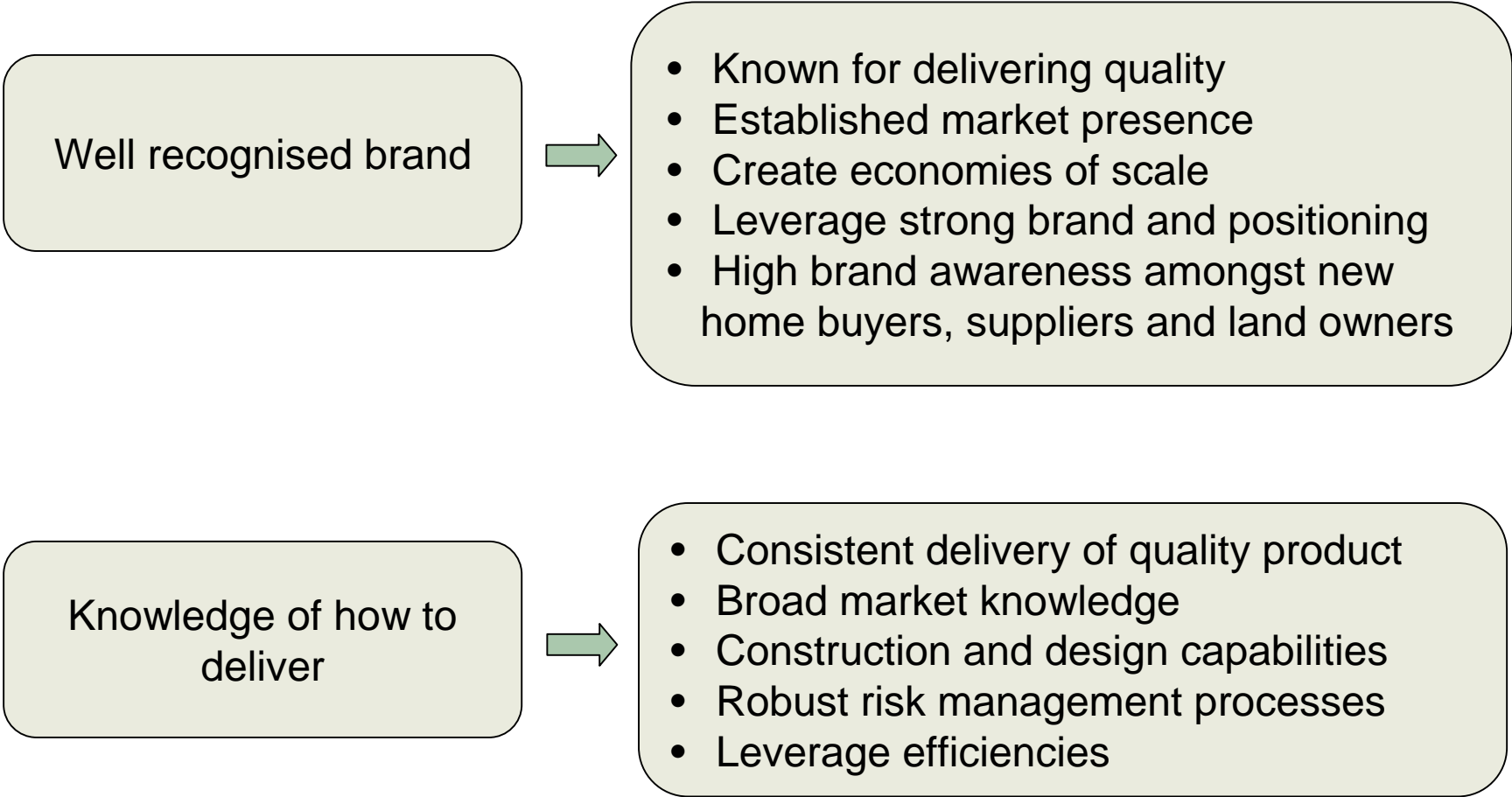
Land Development

- Ability to create total package for buyers
- Get more lots out of same parcel of land than other developers
- Better able to maximise product mix for each development
- Community approach to projects - shared spaces
- Size of dwellings not sacrificed by land utilisation process
- Flexibility as market conditions change

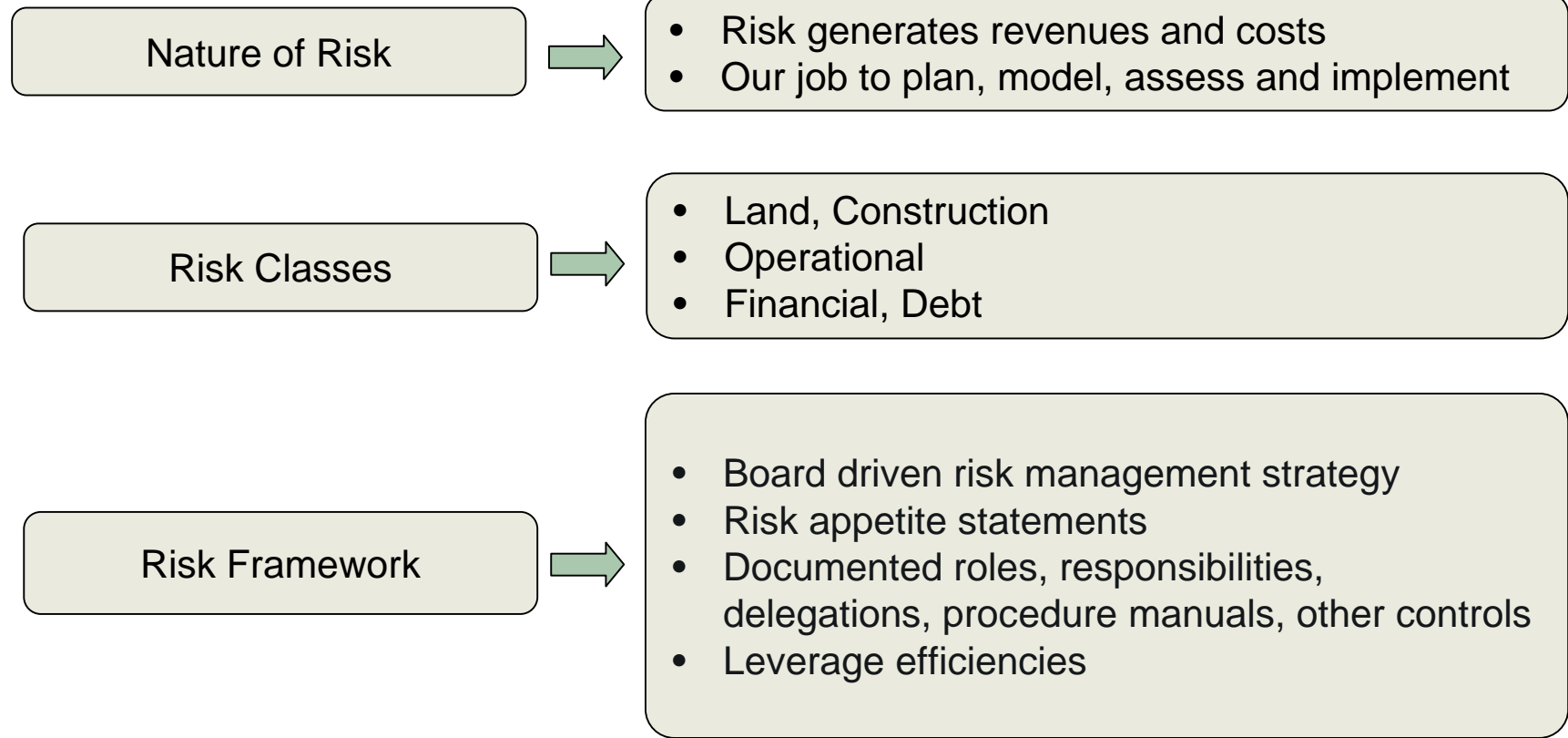
Knowing our Market

- Deep knowledge of what a new home buyer wants
- Build to known price points in right locations
- Strong brand – provides comfort to new home buyer
- Dependable quality

Competitive Advantages



Robust Risk Management



Land – The platform

Diversified Portfolio

- Well located projects across 4 states and New Zealand
- Portfolio provides diversity – location, state economic factors, pricing points, stage of development
- Focus on 5 year development horizon

Pricing

- Land acquisition assumptions and pricing core to our strategy
- Must meet pre-designated internal land benchmarks
- Ability to optimise land acquired better than peers
- Better assumption models – no long development timelines

Land Type

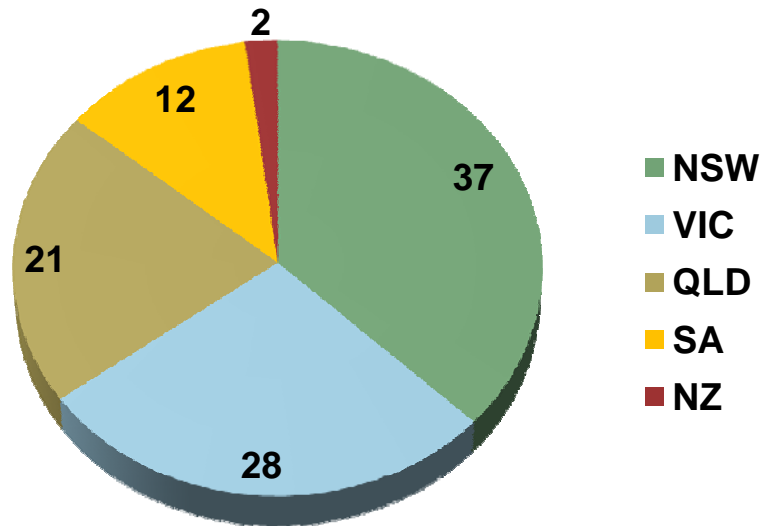
- Land either zoned for development, infill or acquired subject to zoning
- Minor portion of current land bank is unzoned
- Some infill projects desirable as less planning and new regulatory issues
- Volume still in greenfield locations

New Projects

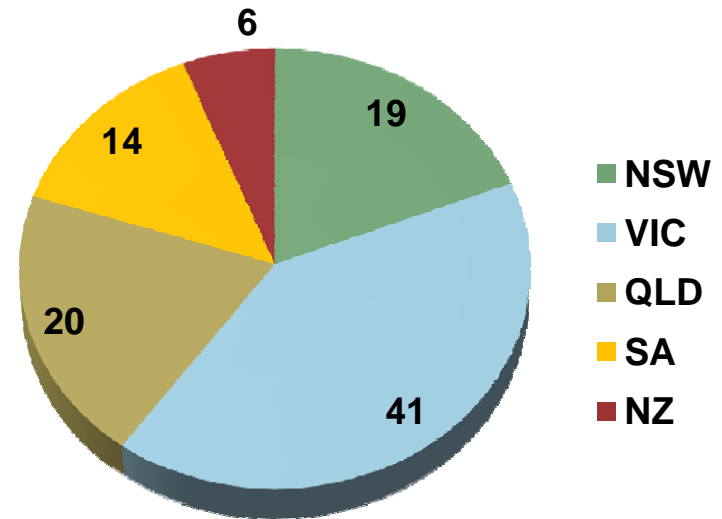
- New project feasibilities will allow for “new world environment “ eg. changes to timing of approvals and government charges
- Improve margins with new projects

Pipeline Analysis

% of Net Funds Employed



% of Lots by State



Case Study - AVJ Business Model in Action

Lyndarum - Victoria

- 2,600 lots of Land and Integrated Housing
- 23 kms north of Melbourne CBD

Background

- Land acquired in stages from 2002
- Planning and development process spread over 13 years
- Longer time frame due to extension of project into neighbouring properties

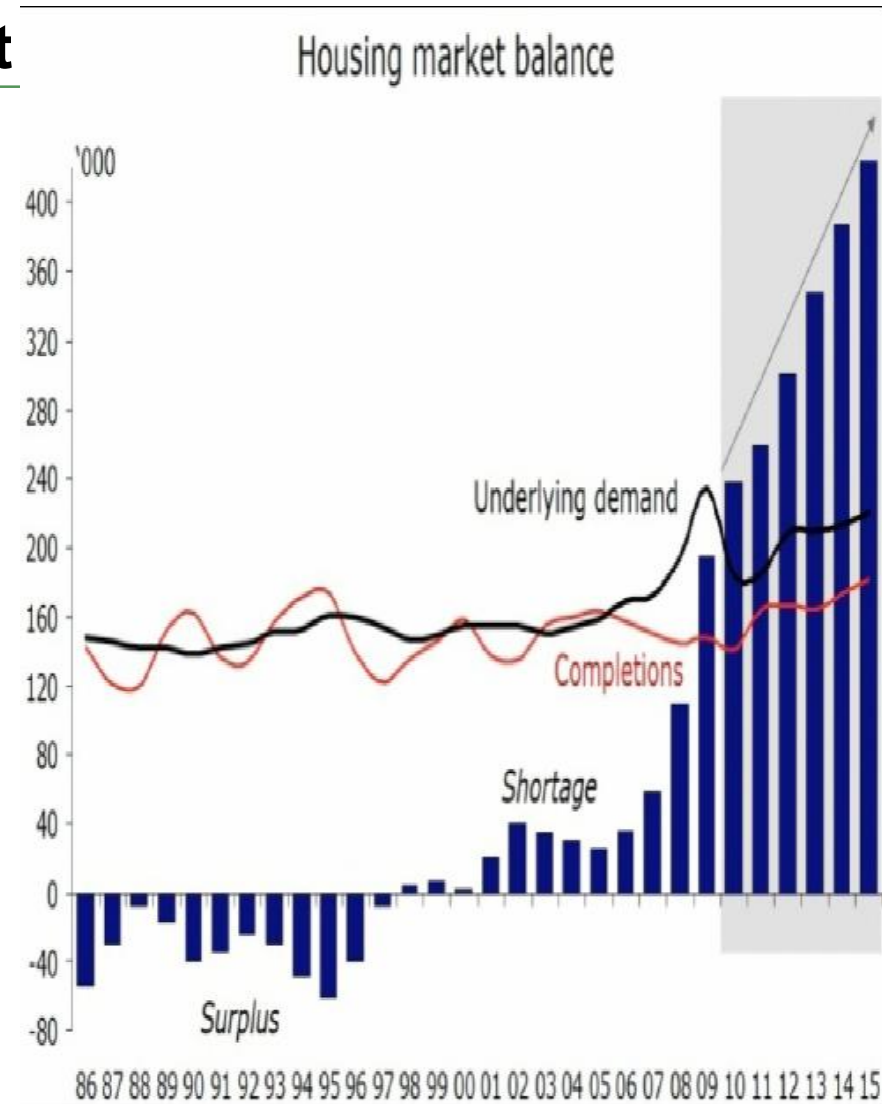
Key Success Factors

- Price points
- Location
- Mix of product offered
- Land development, optimisation and utilisation
- Design of integrated housing and community spaces



Outlook - New Home Market

- Population growth driving underlying demand
- Residential demand continues to out-pace supply
- Uneven land release and approval practices hamper ability to meet demand
- Affordability affected by
 - Land prices
 - Government charges
 - Financing costs
- Economic fundamentals have short term impact but not prime drivers of AVJ model
- AVJ focus long term picture
 - Projects built over various housing cycles



Source: ABS ANZ Economics and Markets Research

The Drivers of Growth

Compounding difference between underlying demand and completions

Driven by:

Chronic shortage in key growth areas

Strong migration

Changes in government policy

Slow and inconsistent land releases

Organic growth of current population

Housing affordability

FY11 Priorities

Construction

- Manage construction workflow to deliver product to market
 - Settlements weighted towards latter part of FY11

Growth

- Acquire new projects
- Maintaining /Increasing lots under management
- Maintain 5 year pipeline of projects

Focus on Costs

- Process improvements
- Focus on management costs
- Look for smarter solutions, innovations in design and building processes

Consolidate Improvements

- Continue work commenced in FY10
- Continue to improve project management process
- Supply agreements
- Continue to strengthen management team
 - New EGM in NSW
 - New National Design Manager

AVJ Investment Proposition

Pure residential property developer

- Clearly defined niche – new home buyers
- Medium density residential property developer
- Business built on development not investment

Strong Balance Sheet

- No asset write downs reflects robust, conservative strategies
- Low debt
- Flexibility for new projects and acquisitions

Diverse project portfolio

- Projects spread across 4 states and New Zealand
- Portfolio approach to managing developments
- Model and strategy is not state or product centric
- Projects delivered over a number of building cycles

Maintainable and sustainable model

- Focus on building to known markets and price points
- Land acquisition processes underpin projects
- Five year pipeline delivers more certainty around assumptions
- Volume, brand and customer knowledge

Market fundamentals

- Gap between supply and demand forecast to spread
- Consolidation of developers due to increased cost of land, regulation, stronger balance sheet requirements

Appendices

Map of AVJ Development Projects

Projects by state and status

Guide to projects

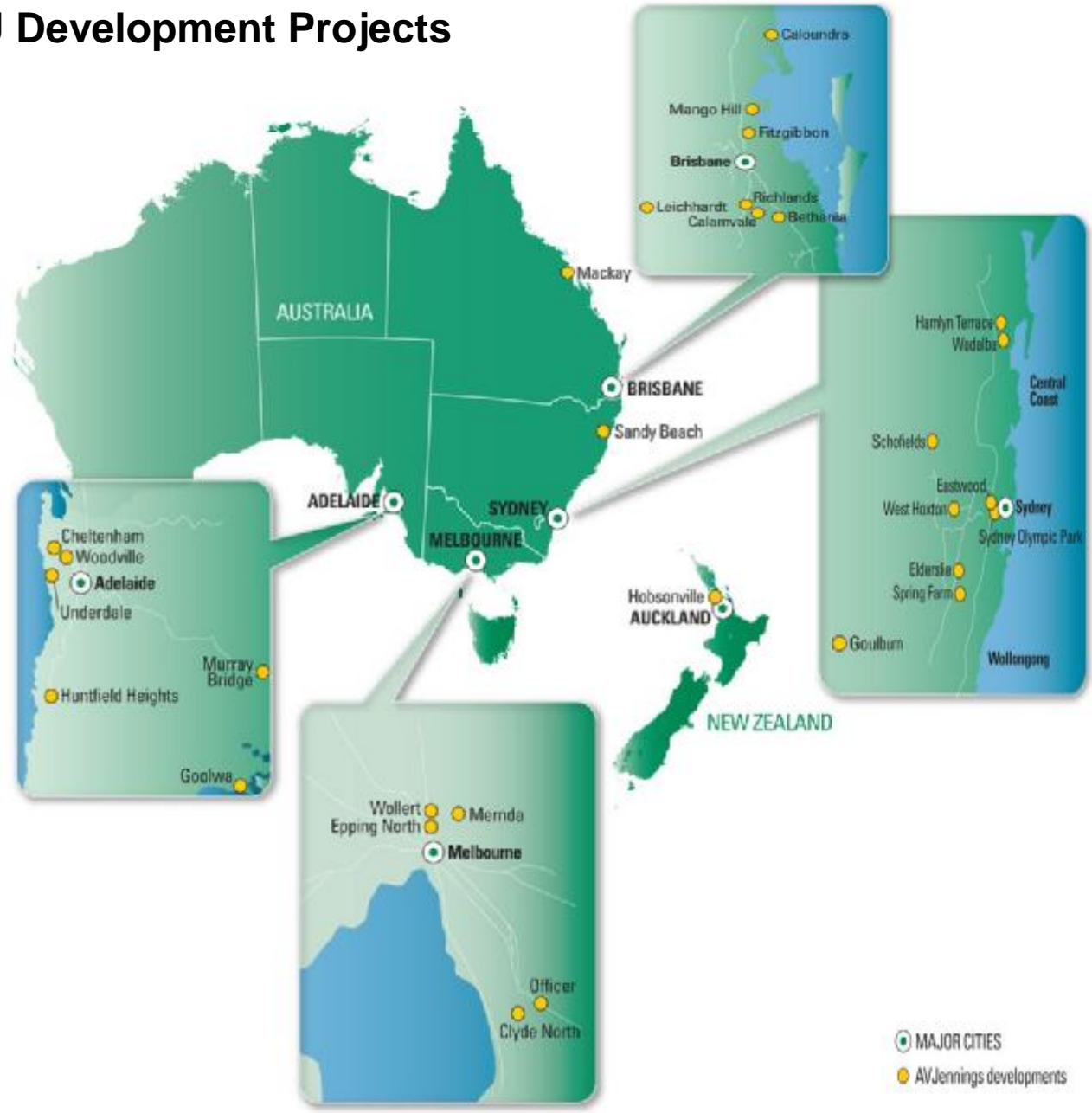
Victoria

New South Wales

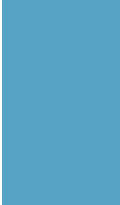


Queensland

South Australia and New Zealand

Map of AVJ Development Projects



Guide to Projects

	Pre-delivery	Involves phases such as re-zoning and obtaining development approval etc. Projects may have completed the Pre-delivery Phase for initial stages, but may require approvals for further stages.
	Development	Construction period, which may include infrastructure works, stage works (land) and building works (Integrated Housing and Apartments).
	Commencement of Settlements	Date where settlements are scheduled to commence. Note, the development phase will often continue past the first settlement date, due to the staging of the development process.

Projects names in red (**Wollert**) indicates the project has not yet been named

There are 69 remnant blocks that have not been shown

Victoria

Location	# of Lots	Pre	FY 11	FY 12	FY13	FY 14	FY15	Post
Riverdale on Plenty	10							
Arena at Officer	333							
Lyndarum North	842							
Wollert	1,820							
Clyde North	212							
Lyndarum	201							
Lyndarum JV, 100 O'Hern's Rd	211							
Lyndarum, 150 O'Hern's Rd	251							

New South Wales

Location	# of Lots	Pre	FY 11	FY 12	FY13	FY 14	FY15	Post
The Ridges	405	█	█	█	█	█	█	█
Hamlyn Terrace	440	█	█	█	█	█	█	█
Spring Farm	185	█	█	█	█	█	█	█
Ravensthorpe Heights	234	█	█	█	█	█	█	█
Sandy Beach	141	█	█	█	█	█	█	█
Schofield	10	█	█	█	█	█	█	█
Cavanstone Eastwood	230	█	█	█	█	█	█	█
Charterwood	63	█	█	█	█	█	█	█
West Hoxton	42	█	█	█	█	█	█	█
Boulevard at Olympic Park	2	█	█	█	█	█	█	█

Queensland

Location	# of Lots	Pre	FY 11	FY 12	FY13	FY 14	FY15	Post
Halpine Lake Stage 10	183							
Northgate	55							
Creekwood	668							
Glenrowan	268							
Essington Rise	169							
Nottingham Square	262							
Creekwood Stage 7	17							
Richlands	131							
Bethania	102							
Fitzgibbon	10							

South Australia, New Zealand

Location	# of Lots	Pre	FY 11	FY 12	FY13	FY 14	FY15	Post
Paringa View & The Point	48							
Pathways	99							
River Breeze	92							
St Clair Cheltenham JV	937							
St Clair Woodville JV	109							
Charles Matthew Circle	7							
Brocas Terrace, St Clair	11							
Promenade	6							
New Zealand								
Hobsonville	605							