

Annual General Meeting – Friday, 20 November 2009

Script of Chairman's Address & Managing Directors Address

Chairman's Address – Simon Cheong

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 Peter Summers – The Company's Managing Director and CEO;
- 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;

Mr Carl Thompsen who is the Company Secretary is also in attendance.

Also in the audience are a number of senior executives. Could I ask them to stand as I name them. Mr Mark Henesey Smith, Chief Operating Officer - Developments, Mr Alan Soutar, Executive General Manager - Contract Building, Mr Stenio Orlandi, Chief Financial Officer and Mrs Lisa Hunt, General Manager, Human Resources. Thank you.

The Company's Auditors, Ernst & Young, are also in attendance.

I will commence the meeting by providing a brief overview of the Company's performance during the year. Peter Summers will then further discuss the Company's operations. 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.

The past year has been most challenging for the industry and the Company. A combination of poor market conditions, credit tightening, a lack of housing affordability and declining consumer confidence has severely impacted the residential property market. These conditions adversely impacted the Company's performance over the past year. As a result, the Company's major focus has been capital and cash flow management, which has resulted in reduced debt and stronger balance sheet ratios.

Reporting on the year's results; turnover for the year was \$504.8 million dollars and the full year result was an after tax loss of \$12.7 million. A dividend was not declared for the year under review. Importantly though, the results for the second half of the year showed improvement on the first half and a significant improving trend. This should carry through into the current year.

Whilst the timing of bringing through those improved trends to the Profit and Loss account is still expected to be weighted towards the second half of the 2010 Financial Year, I am pleased to report that the Company is tracking ahead of its forecasts and plans. In normal circumstances, the nature of the Company's operations make it

difficult to provide any profit guidance, however Directors feel current circumstances warrant some guidance on this. Your Directors are now expecting your Company to return to profitability of around \$0.5 million to \$1.5 million pre-tax in the first half year to 31 December 2009. Whilst this outcome is still dependant on significant settlements in the month of December, this is evidence of the continued improvement in performance of the business, which began around the beginning of the 2009 calendar year.

Total assets were \$480.3 million dollars, excluding \$42.8 million dollars of the Company's proportionate share of joint ventures.

Gearing, as measured by debt divided by total assets, was 21.2 percent, down from 28.9 percent at 30 June 2008, as a result of our capital management focus.

Net Tangible Assets per share at 30 June 2009 were \$1.04.

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

Managing Director's Address – Peter Summers

Thank you Simon and good morning everyone.

The issues dominating the housing environment for the last year have been a marked deterioration in consumer confidence and the lack of credit availability.

Whilst market conditions remain challenging, the Company has concentrated on matters within its control. The Company has focussed on capital and cashflow management, which has resulted in reduced debt and stronger balance sheet ratios.

A new executive team was created using internal resources and further strengthened by additional appointments from outside the Company. In conjunction with the Executive Team, Directors undertook a review of strategy and operations, especially in relation to contract building.

Operationally, the second half saw a number of improved outcomes, including

- Significant cash generation and reduction in net debt;
- Improved contract signings;
- Improved turnover; and
- Increased momentum in the roll out of new displays and product.

There have been no asset write downs on developments projects, apart from a provision of \$1 million dollars (pre-tax) in the carrying value of display homes. This is in significant contrast to industry trends and underscores management's conservative approach to acquisitions.

At 30 June, the Company had a pipeline of development projects comprising a total of 9,825 lots or lot equivalents. The Company has been able to maintain an adequate supply line due to its strategic use of joint ventures or development agreements, reducing the requirement for up front investment.

I will now move on to a brief overview of results by segment.

Integrated Housing

Integrated Housing turnover for the year increased by 34.8 percent to \$145.6 million dollars. The increase in turnover is a result of this type of product offering affordable housing options. Although significant cashflows have been generated resulting in reduced debt levels, margins have remained low due to the impact of additional holding costs and substantial government charges and levies. These accumulating costs impact on the ability to deliver affordable housing stock.

Land

Land turnover for the year decreased by 23.4% to 166.4 million dollars. A significant customer base for this segment is other builders and they have taken a more prudent approach to purchasing in challenging marketing conditions and faced difficulties sourcing bank financing.

Margins have decreased due to the impact of amortising holding costs incurred in previous years, the full year impact of price decreases and the impact of carrying costs as referred to earlier.

Apartments

The Company currently has 2 Apartment projects in New South Wales, within 15 kilometres of the Sydney CBD. Kirra on Powell is at revenue recognition stage and although representing excellent value for a quality product, is at the high end of the market which has been slow in Sydney. The other project, Verve at Erskineville offers affordable housing options in a prime location and has recorded strong pre sales, with only 26 out of 102 apartments uncontracted as at end of October 2009 and 11 of those have had deposits taken. The project was not at revenue recognition stage at 30 June, but we expect that it will be by 31 December 2009.

Contract Building

Contract building turnover decreased by 5 percent to \$158.9 million dollars. The segment continues to remain a challenge. It is expected that initiatives to strengthen management, introduce new product, open new displays and new workflow systems will result in significant improvement in 2010 and beyond. Improvements have already emerged in the second half, with an increase in contract signings by 79.7 percent and improved margins on new contracts.

Funding

The Company's main banking facilities have been renewed for a further 12 months to 30 September 2010. The renewed facilities are sufficient for the Company's ongoing business operations. As I mentioned earlier, the Company continues to explore new funding structures and arrangements, through Joint Venture arrangements and development agreements, which will reduce reliance on the main banking facility and preserve capital.

Residential Property Fund

In February 2009, the Company announced its intention to launch the AVJennings Residential Property Fund. Feedback on the structure of the fund has been positive, confirming the Company's belief that there is a requirement for this type of product. However, the capacity of potential investors remains constrained, due to them being over weight to property. The Company remains committed to the fund and its long term benefits and is allowing additional time to let investors participate, rather than

react to short term market issues. The improvement in economic conditions, though still fragile at this stage, will assist in achieving our goals for the fund.

Outlook

Although decreased interest rates and the introduction of the First Home Owners Boost have, to a degree, had a positive impact on the second half results, 2009 was a very challenging year.

However, the Company is well positioned for the future and expects 2010 to show improved financial and operational performance. The Company has a land bank of some 9,825 lots under control or management, equivalent to approximately 5 years supply. A majority of projects are now under development or have development approval and are targeted at the affordable housing segment of the market. The Company also maintains a conservative approach to managing the business in the current economic climate.

As Simon mentioned earlier, as a result of improved performance across the business, the Company expects to report a return to profitability for the December 2009 half year. This is a pleasing vindication of the Board and the Executive Team's strategies, which have been implemented over the last 10 months.

The past year has required all companies and governments around the world to react to a very unique set of economic circumstances. On top of this, our Company has had specific issues to focus on. Directors and management have been pro-active in this environment and I hope the summary I have given shows you this.

But against this, the Board and management have been equally focussed on those things that make AVJennings successful on a continuous basis. I refer to these as our core assets and values. In recent times, we have spent considerable effort looking at our brand and products and on making sure our customer servicing standards are the best they can be. We have focussed on our people and the importance of HR Strategy. These are the things that have made AVJennings one of the leading residential development companies in Australia and are the things that will build on a history that began in 1932.

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

Thank you Peter. I would like to express my full support for your closing comments. It has been a challenging year but I want to emphasise to shareholders that Directors and management are pro-actively working on ensuring the Company's success going forward. 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 2009 – Profit & Loss

	12 Months to 30 June 2009	12 Months to 30 June 2008
Contracts Signed	\$478.7m	\$570.0m
Number	2,620	3,022
Revenue Recognised	\$504.8m	\$517.6m
Gross Margins	14.3%	19.4%
Profit / (Loss) Before Tax	\$(17.9)m	\$15.5m
Profit / (Loss) After Tax	\$(12.7)m	\$11.2m

SC3

Results to 30 June 2009 – Balance Sheet

	30 June 2009	30 June 2008
Total assets	\$480.3m ¹	\$581.6m
Net debt	\$102.0m ²	\$168.0m
- debt/equity ³	35.2%	55.2%
- debt/total assets ³	21.2%	28.9%
- net tangible assets per share	\$1.04	\$1.13

- No asset write downs on Development projects
- Provision of \$1.0m (pre-tax) on Contract Building display homes

1. Excludes \$42.8m of Company's proportionate share of assets from equity accounted joint ventures
2. Excludes \$23.0m of Company's proportionate share of debt from equity accounted joint ventures
3. Based on inventories being recorded at historical cost

SC4

Peter Summers

Managing Director and CEO

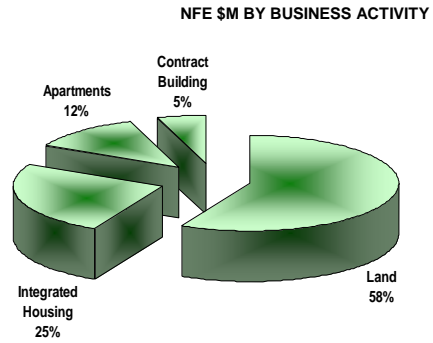
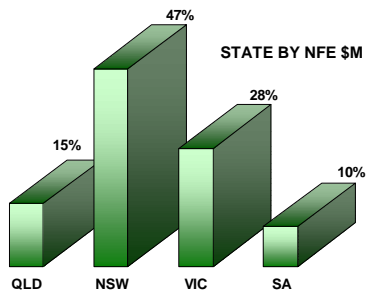
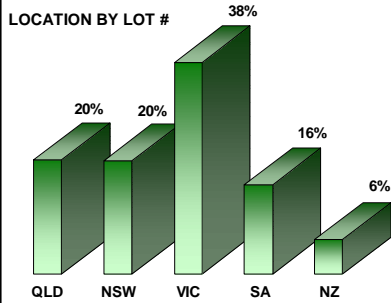
PKS1

Overview

- Housing Environment
 - deterioration in consumer confidence
 - lack of credit availability
- Company focus on capital and cashflow management in current economic climate:
 - resulting in reduced debt
 - stronger balance sheet ratios
- Following appointment of Peter Summers as CEO in February 2009:
 - creation of new Executive Team
 - strategic and operational review of Company in conjunction with Board
- 2H09 sees improvement on 1H09
 - significant cash generation: net debt down 40.4% from \$171.1m to \$102.0m
 - contract signings up 60.6% from \$183.7m to \$295.0m
 - turnover up 9.0% from \$241.8m to \$263.0m
 - roll out of new displays and product
- No asset write downs on developments projects, however provision of \$1 million (pre-tax) in carrying value of display homes

PKS2

Results to 30 June 2009 Developments Pipeline Analysis



PKS3

Integrated Housing

- Turnover for the year increased by 34.8% to \$145.6m
- Increase in turnover is a result of this type of product offering affordable housing options
- Significant cashflows generated resulting in reduced debt levels
- Margins low due to impact of:
 - additional holding costs caused by planning & approval delays
 - substantial government charges & levies
- These costs continue to accumulate and impact on ability to deliver sufficient supply of affordable housing stock



PKS4

Land

- Turnover for the year decreased by 23.4% to \$166.4 million
- Major customer base is other builders who have had:
 - prudent approach to purchasing in challenging market
 - difficulty sourcing finance
- Decreased margins due to impact of :
 - amortising holding costs
 - full year impact of price decreases (industry wide trend) in previous year
 - also impacted by carrying costs referred to in previous slide



PKS5

Apartments

- 2 projects currently within 15km of Sydney CBD
- Kirra on Powell at Killara
 - at revenue recognition stage
 - prestige development representing excellent value and quality product, but high end market segment which has been slow in Sydney
- Verve at Erskineville
 - Affordable housing options in prime location
 - Recording strong pre sales
 - Expected to be at revenue recognition stage by 31 December



PKS6

Contract Building

- Turnover for the year decreased by 5.0% to \$158.9 million
- Strengthening of management structure & personnel
- Continued introduction of new product, opening of new displays & new workflow systems
- 2H09 contract signings up 79.7% from 1H09 translating into turnover in 2H10
- Improved margins on new contracts



PKS7

Funding

- Main banking facilities have been renewed for a further 12 months to 30 September 2010
- Company expects renewed facilities will be sufficient for normal ongoing business operations
- Continues to explore new funding structures and initiatives in addition to existing debt structures
- Acquisitions through joint venture or development agreement arrangements reducing cash requirements

PKS8

Residential Property Fund

- Feedback on structure of fund positive
 - Confirmed Company's belief requirement for this type of product
 - Capacity of potential investors constrained due to them being over-weight to property
- Company remains committed to fund
 - Long term view
 - Allowing additional time to enable investors to participate rather than react to short term market issues

PKS9

Outlook

- Remainder of 2009 challenging
- Well positioned for the future
- Expects 2010 to show improved financial and operational performance
- 9,825 lots under control or management, equivalent to some 5 years land supply
- Majority of projects now under development or have development approval and targeted at affordable housing segment of market
- Conservative approach to managing the business in current economic climate
- Expects to report a return to profitability for 1H10 in the range of \$0.5m to \$1.5m pre-tax


PKS10

Outlook

- Continued focus on core assets and values:
 - Brand and products
 - Excellent customer service standards
 - Our people and Human Resources strategy
- Will continue to:
 - Be one of the leading residential development companies in Australia
 - Build on a history that began in 1932

PKS11

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