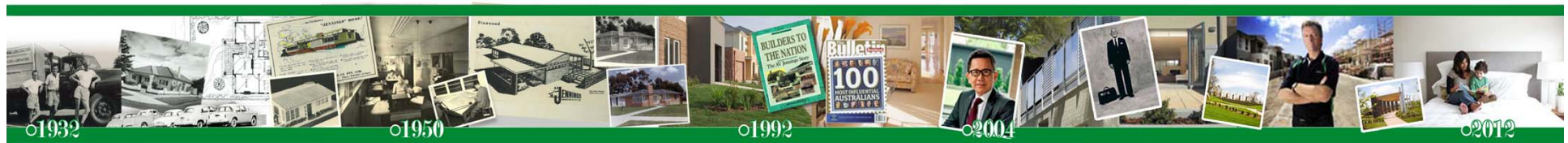


# AVJennings® YEARS

Creating the Australian dream since 1932

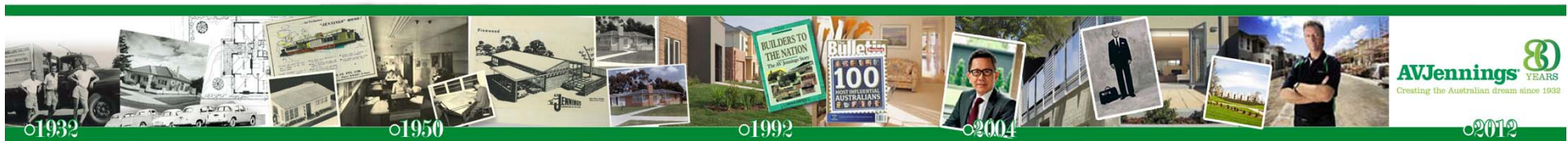
FULL YEAR RESULTS TO 30 JUNE 2012



# FY12 Results Summary

	FY12	FY11
Revenues	\$188.8m	\$215.9m
Profit/(Loss) after Tax:		
- statutory	(\$29.8m)	\$12.9m
- excluding provision for impairment	\$5.1m	\$12.9m
Gross Margins	19.9%	27.9%
Total Assets (at lower of historic cost or NRV)	\$498.1m	\$492.6m
Inventory Impairment:		
- After tax	\$34.9m	-
- Book value of inventory	10.2%	-
Total Number of Lots (under control)	10,837	11,259
Net Tangible Assets Per Share	\$0.97	\$1.10
Total Dividends declared for the year	0.5c	2.5c

- Revenues significantly impacted by:
  - Current market conditions
  - Strategy to reduce exposure by reducing work in progress levels
  
- Underlying margins under pressure but stabilising in most areas
  
- Impairment provision
  - Assumptions used represent current sales pricing and sales rates
  - Mainly relates to regional areas
  - No previous material impairment on development inventories recorded



# Key Metrics

	FY12	FY11
Net Debt	\$119.7m	\$56.9m
Debt to Equity	44.5%	18.7%
Net Debt (includes proportionate share of JV debt)	\$129.0m	\$82.3m
Debt to Equity	47.9%	27.0%
Lots Under Development (units)	318	667

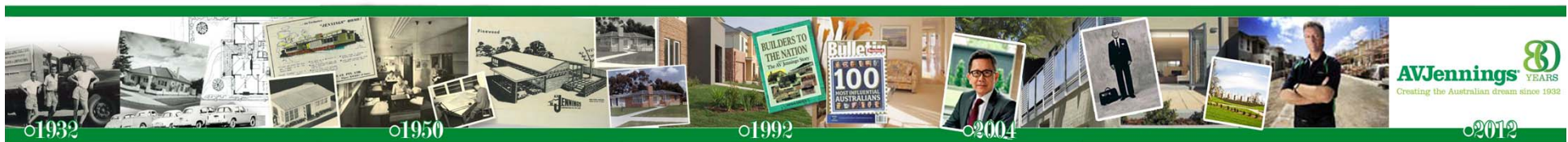
➤ Increase in debt due primarily to payments for acquisitions in prior periods including:

- Cobbitty, NSW
- Doreen & Portarlington, Victoria
- Cheltenham, South Australia
- Caloundra<sup>1</sup>, Queensland

➤ Reduction in lots under development due to:

- Cash conservation; and
- Reduction in inventory build up

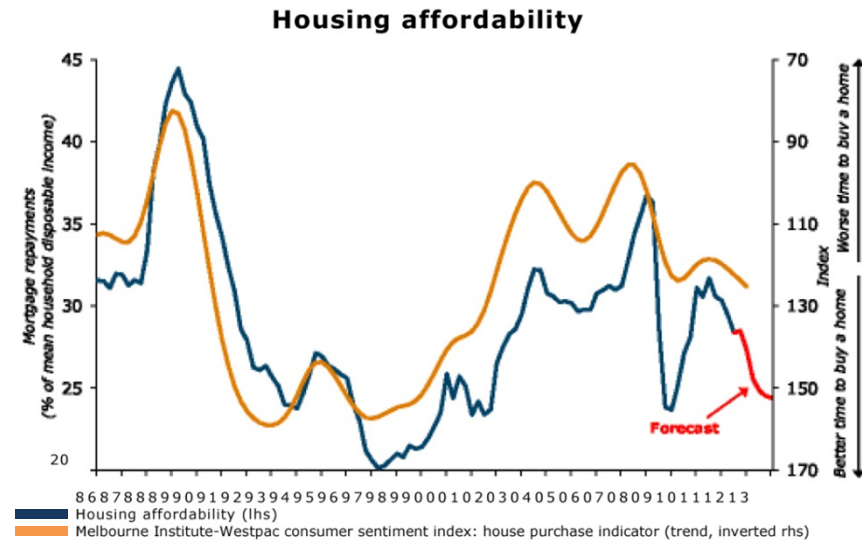
<sup>1</sup> relates to acquisition of remaining 50% interest in Creekwood joint venture



# Market Conditions

## Consumer Sentiment

- Affected by:
  - Weak global economic conditions
  - Impact of high Australian dollar on certain components of the Australian economy
  - European debt crisis
  - Media negativity
  - Political environment
- Purchasers delaying decisions
- Employment uncertainty
- Recent signs of improvement



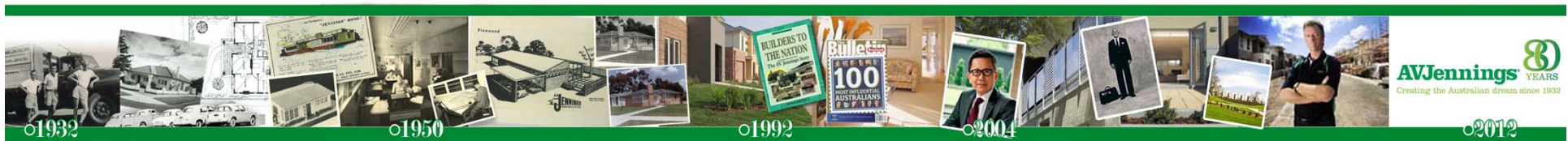
Source: ANZ Research

## Affordability

- Remains significant issue, but is improving

## Interest Rates

- Despite interest rate reductions, buyers cautious



# Market Conditions cont..

## Funding

- Developers:
  - Access to capital an issue
  - Potential industry consolidation
- Customers:
  - Critical factor in housing affordability
  - Stringent lending criteria
  - Low level of loan approvals
  - Valuers' policies having an impact

## Government Policy

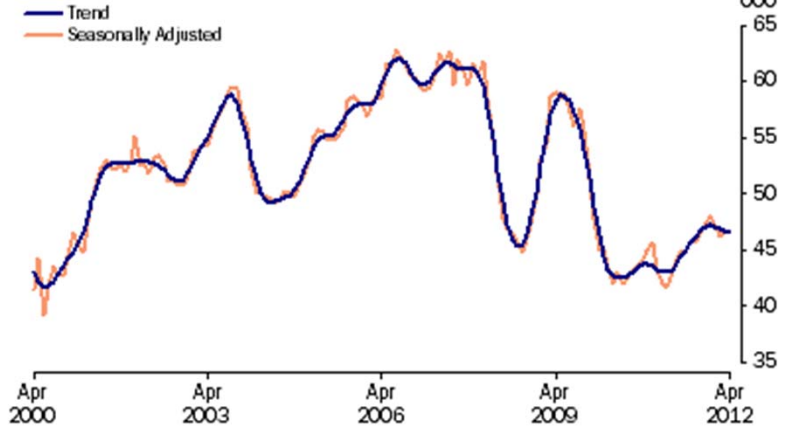
- Infrastructure charges, taxes & levies remain high and inhibit growth
- First Home Owners Grant and other government incentives/taxes:
  - Significant change at state level in the last few months
- Poor land release policies inhibit development
- Planning delays & complexities inhibit development

## Population Growth

- Increasing immigration and sustained population growth support underlying demand

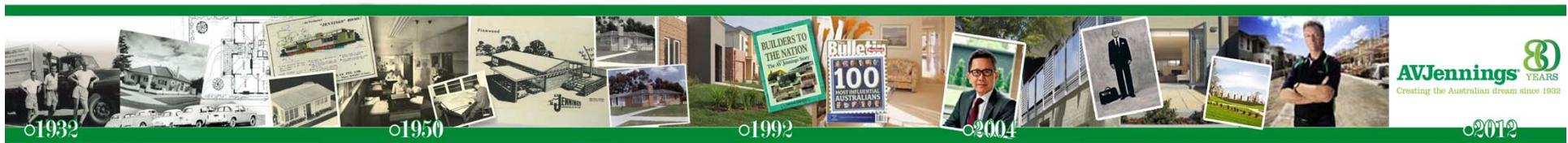
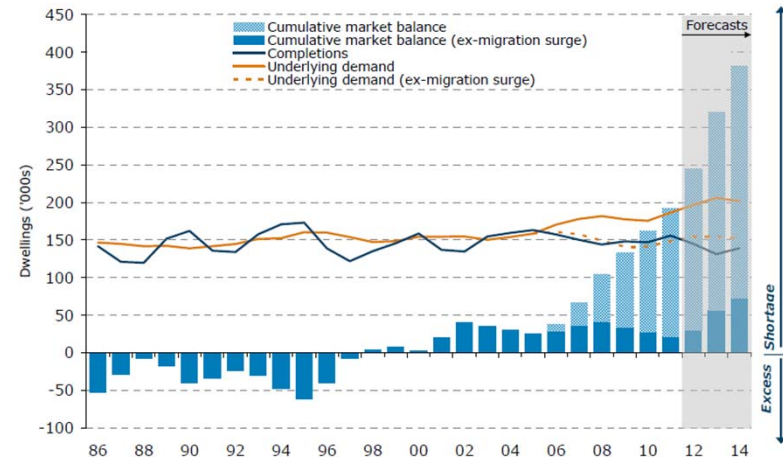
## Secured Housing Finance Commitments

Source: ABS



## Market Balance: Australia

Source: ANZ Research



# AVJ Business Model

- Company focus remains as pure residential property developer offering diverse product
  - Land
  - Turn key town-homes and detached homes
  - Apartments
  
- Strong project pipeline: Land bank of 10,837 lots under control
  
- Geographic diversity
  
- Focus on quality product for various markets:
  - First home buyers
  - Secondary and subsequent buyers
  - Empty nesters
  - Investors
  
- Integrated build out where appropriate
  
- Project Development Agreements
  - Skills
  - Brand
  - Capital efficiency



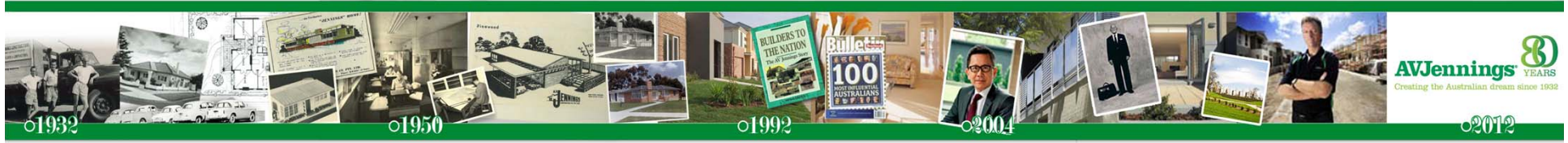
**The Mill  
Apartments  
Eastwood, NSW  
(Artists Impression)**



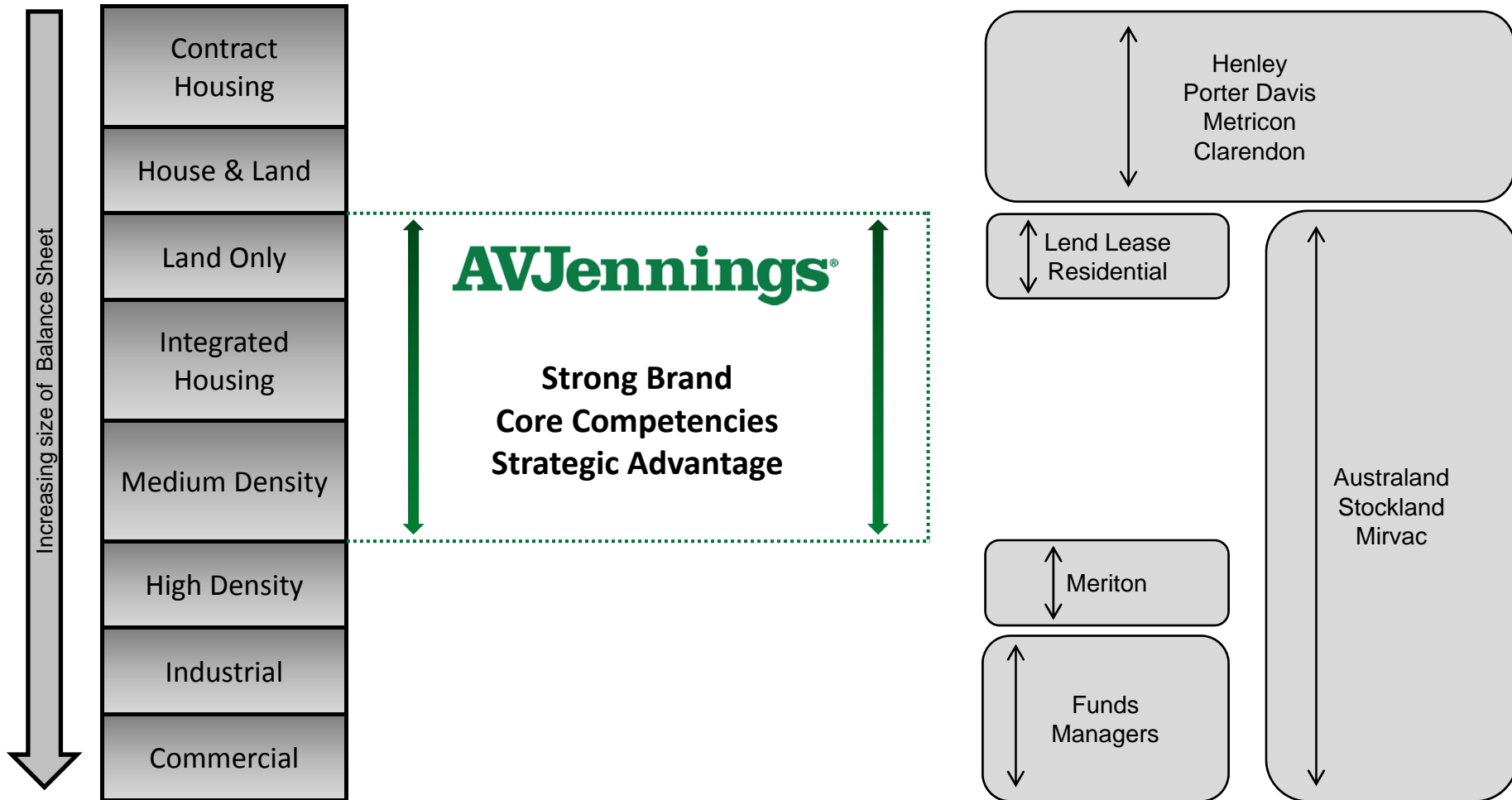
**Eyre, Penfield  
South Australia**



**Lyndarum  
Town-Homes  
Epping North  
Victoria**



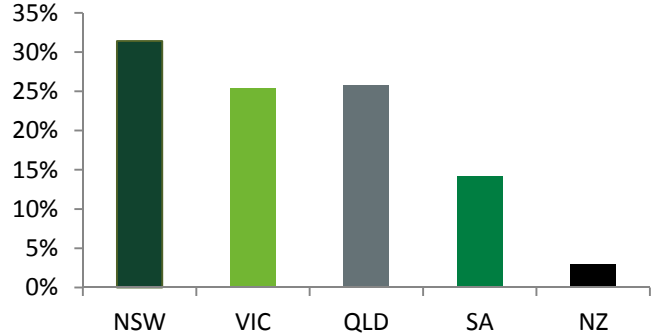
# Pure Residential Property Developer



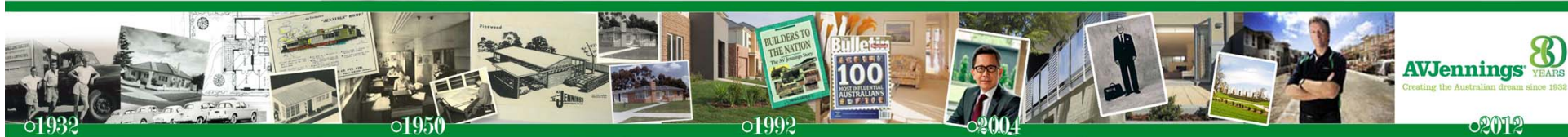
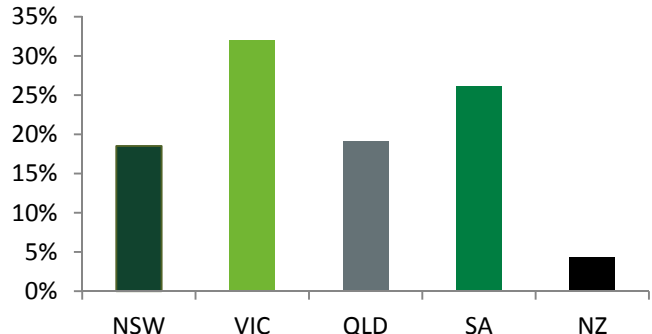
# Geographic Diversity & Property Portfolio



By NFE %



No. of lots %





# Strategy

## Capital Management

- Strong emphasis on cash flow management
- Focussed expenditure on capital efficient projects
- No major cash acquisitions planned in the short term

## Systems

- New computer system implementation to compliment our workflow & inventory processes
- "Go Live" - September 2012
- Simplified and improved business reporting

## Brand

- Research supports continued high brand value
- Increased focus on enhancing and maximising value
- Utilising Steve Waugh, AO as Corporate Ambassador

## Operational

- Management restructure to drive greater accountability
- Focus on maximising efficiencies
- Commitment to staff mentoring and professional development
- Diversification: emerging product and segment opportunities (e.g. National Rental Affordability Scheme)

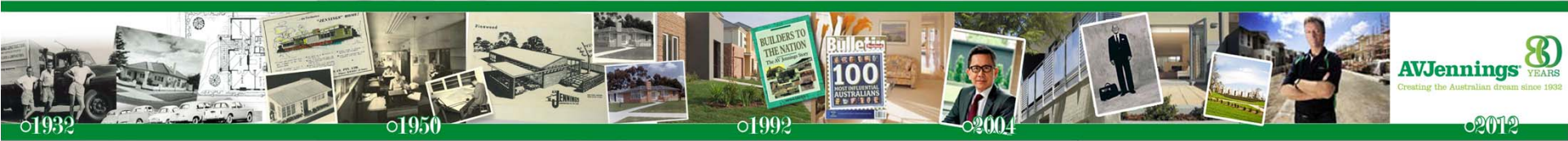
## Operational Costs

- Headcount reduction down 17% compared to 2011
- Overhead cost reduction

Steve Waugh, AO  
Corporate Ambassador



Emerging product & segment opportunities



# Outlook

- Property market fundamentals remain sound
- Company well positioned to take full benefit of market recovery when it occurs

## Market Outlook

- Affordability showing signs of improvement as a result of declining or steady property prices and decreased interest rates
- Expected higher rate of immigration and population growth coupled with shortage of supply underpinning long term demand
- Underlying demand remains strong
- Green Shoots: visitor flow, consumer confidence, ASX improvement

## The Company

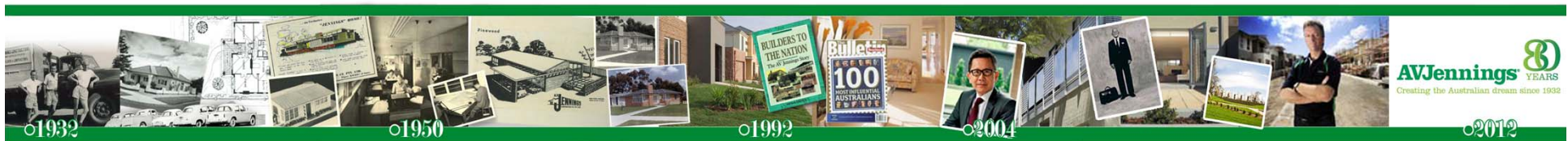
- Acquisitions made predominantly in late 2010 are now at advanced stages of planning and development seeing them enter profit recognition stages in FY13 and beyond
- Continue to explore opportunities in identifying suitable apartment & development sites for acquisition taking into account capital management
- All projects development approved

## Regulatory Environment

- State Government initiatives
- Stamp Duty initiatives

## BUT.....

- Timing of recovery uncertain in short term
- Reduction in development expenditure in FY2012 will impact short term profit

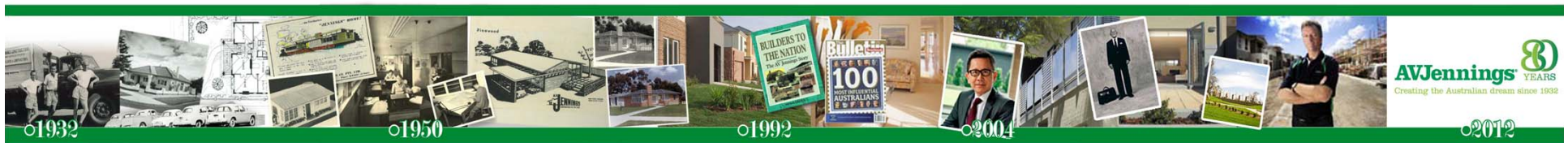


# Project Pipeline – Queensland

	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Halpine Lake, Mango Hill	196							
Creekwood, Caloundra	666							
Glenrowan Estate, Mackay	203							
Essington Rise, Leichardt	130							
Nottingham Square, Calamvale	178							
Villaggio, Richlands	102							
Bethania	113							
Elysium, Noosa Heads	171							
Big Sky, Coomera	308							



Note: does not include 2 remnant lots

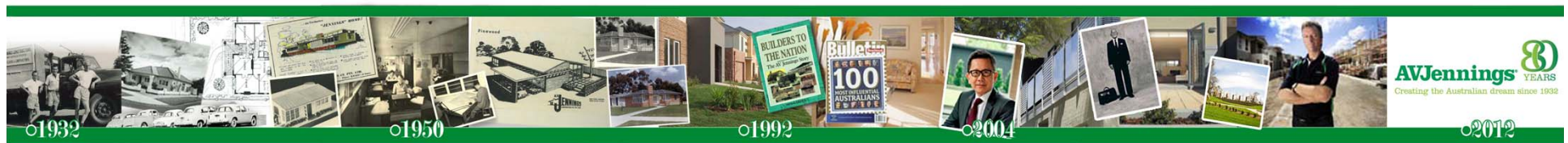


# Project Pipeline – New South Wales

	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
The Ridges, Elderslie	330							
Hamlyn Terrace	440							
Spring Farm	218							
Ravensworth Heights, Goulburn	160							
Seacrest, Sandy Beach	136							
Cavanstone , Eastwood	169							
Charterwood, Wadalba	36							
West Hoxton	42							
Cobbitty	466							
Boulevard, Sydney Olympic Park	2							

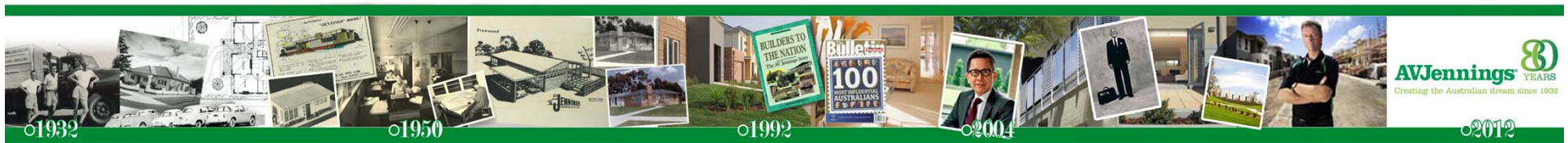


Note: does not include 8 remnant lots



# Project Pipeline – Victoria

	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Arena, Officer	147	█		█		█		
Lyndarum North, Wollert	684	█		█		█		█
Wollert (Options)	1,820	█		█		█		█
Lyndarum, Epping North	34	█						
Lyndarum, 100 O'Hern's Rd	72	█						
Lyndarum, 150 O'Hern's Rd	79	█						
Arlington Rise, Portarlington	268	█		█		█		
Doreen	365	█		█		█		█



# Project Pipeline – South Australia

	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Pathways, Murray Bridge	87							
River Breeze, Goolwa North	84							
St Clair, Cheltenham JV	894							
Eyre, Penfield	1,750							

Note: does not include 13 remnant lots

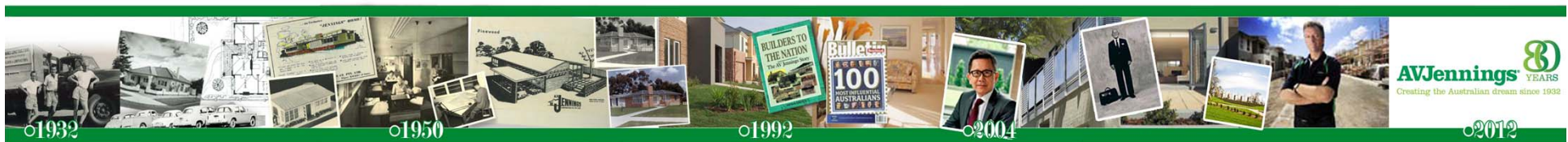


# Project Pipeline – New Zealand

	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Hobsonville Point <sup>1</sup> , Hobsonville	464							



1. AVJ developing Buckley Precinct, Hobsonville Point in joint venture with Hobsonville Land Company



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FULL YEAR RESULTS TO 30 JUNE 2012

