



AVJennings®

FY 2011 Half Year Results – 31 December 2010

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The Headlines

- **Profit after Tax from Continuing Operations up 75% to \$11.6m**
- **Net Profit after Tax up 228% to \$10.6m**
- **Revenues from Continuing Operations down 27% to \$100.2m**
 - 1H10 revenues boosted by Verve apartment project in NSW
 - FY11 revenues weighted towards second half of year
- **4 projects (approx 2,700 lots) added to inventory**
- **Net Debt (including share of JV debt) remains steady**
- **Fully franked Interim Dividend of 1.0 cent per share declared**
 - First interim dividend paid since January 2006

Features of 1H11 Result

Developments

- Emphasis on bringing on-line projects deferred by Global Financial Crisis
- Broader base contributes to improvement in business margins
- Wet weather in latter part of 2010 slowed project timetables
 - No flood water on any projects

Replenishing Land Bank

- Acquired 4 projects totalling 2,700 lots – QLD, NSW, SA
 - All meet AVJ stated business criteria
- Currently good climate for acquisitions
- Focus on having strong 5 year project pipeline

Capital Management

- Continued focus of Board and Management
- Strong cash flow from settlements
- \$21.3m from sale of Contract Building
- Low gearing gives capacity for growth with right projects

1H11 Financial Highlights

A\$m	1H11	1H10	1H10 v 1H11 % Change
Revenues from Continuing Operations	100.2	137.4	↓ 27%
Profit after tax from Continuing Operations	11.6	6.6	↑ 75%
Loss after tax from Discontinuing Operations	(1.0)	(3.4)	↓ 71%
Net Profit after Tax	10.6	3.2	↑ 228%
Net Debt (includes share of JV debt)	71.8	71.3	↑ 0.7%
Net Debt (Balance Sheet)	45.6	67.4	↓ 32.3%

1H11 Financial Highlights

A\$m (unless stated otherwise)	1H11	1H10
Contracts Signed	105.8¹	255.1 ²
No of contracts:	697¹	1,290 ²
Total Assets (at historical cost)	470.9	502.4 ³
Total number of lots (includes lots under management)	11,453	9,369
Revenues Recognised	115.8¹	239.9 ²
Gross Margins (%)	32.3%	17.1%

¹ Includes one month of contract building

² Includes 6 months of contract building

³ Includes \$35.2m of contract building assets

1H11 Financial Highlights

Cents	1H11	1H10	1H10 v 1H11 % Change
Earnings per share – Continuing Operations	4.21	2.41	↑ 75%
Earnings per share – All Operations	3.85	1.17	↑ 229%
Net Assets per share	111.0	106.7	↑ 4%
Net Tangible Assets per share	109.9	105.7	↑ 4%

2H11 Priorities

Growth

- Evaluate new projects to maintain 5 year pipeline
- Drive economies of scale through greater asset base

Consolidate Improvements

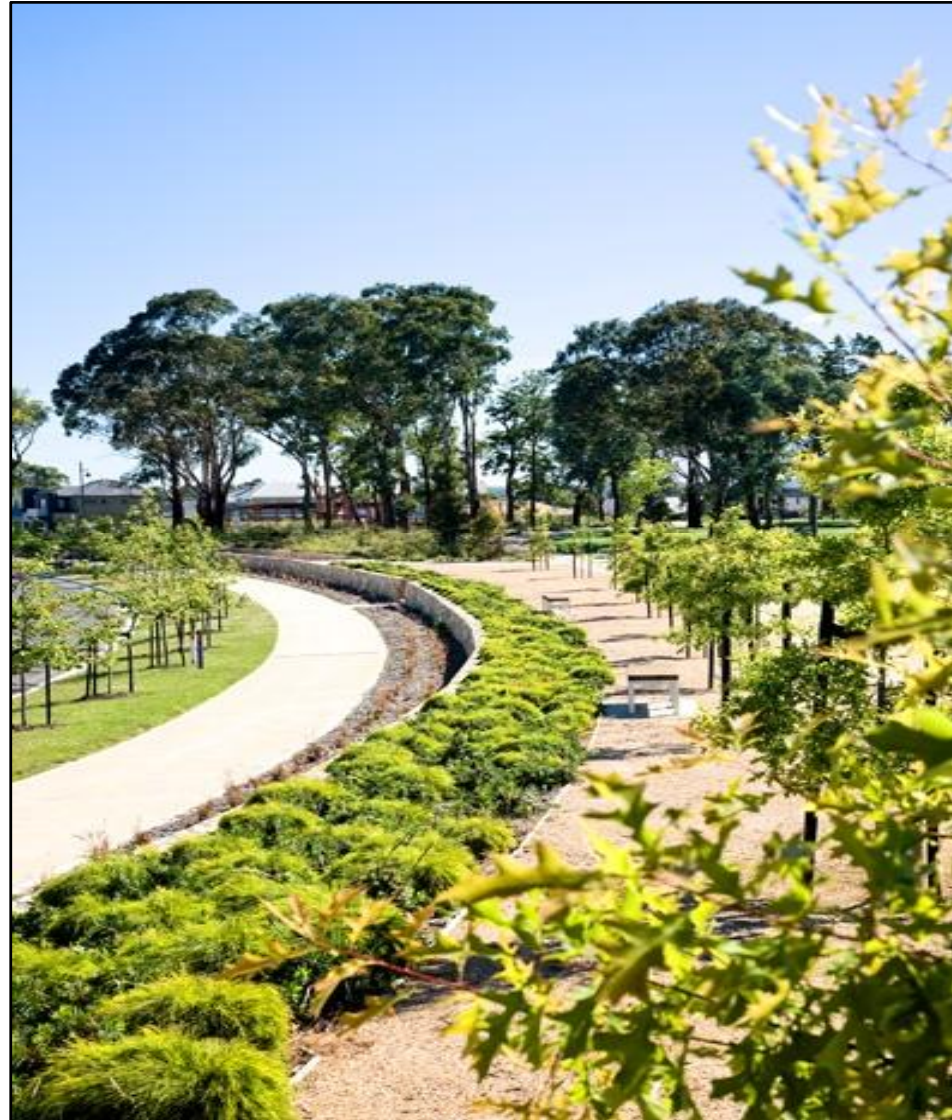
- Continue work commenced in FY10
- Continue to improve project management processes & structures
- Look for smarter solutions, innovations in design and building processes
- Where appropriate, increase integrated housing on AVJ-controlled projects
- Continue to improve internal skills

Development

- Manage construction workflow to deliver product to market
 - Settlements weighted towards latter part of FY11
- Bed down new projects
- Focus on keeping projects on track

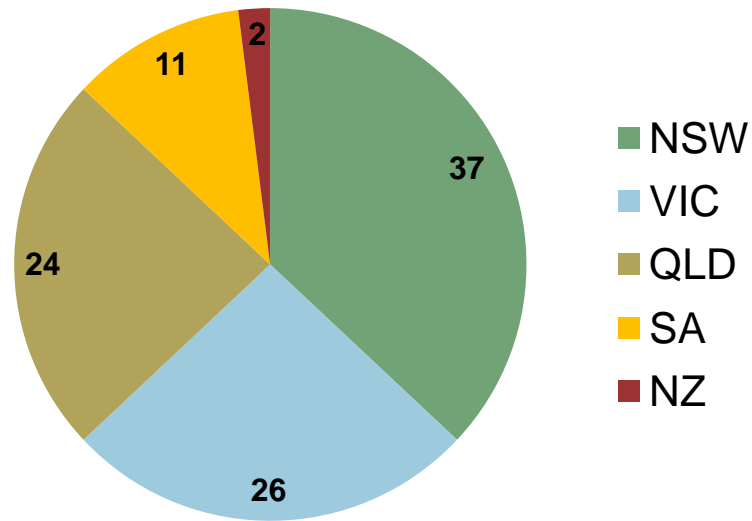
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Property Portfolio

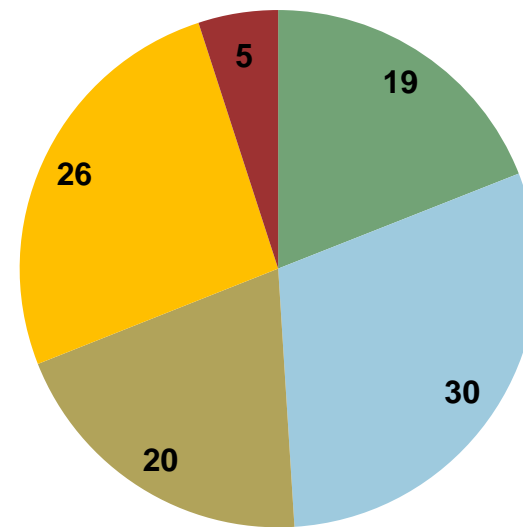


Pipeline Analysis

% of Net Funds Employed



% of Lots by State



No. of projects	NSW	VIC	QLD	SA	NZ
	11	7	12	8	1

New Projects: Queensland

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: New South Wales and South Australia

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: JV with SA Government (Land Management Corporation); staged project over 15 years; capitalises on AVJ's history of partnering with governments

**Business Model
and
Strategy**



New Residential Market

AVJ Challenge

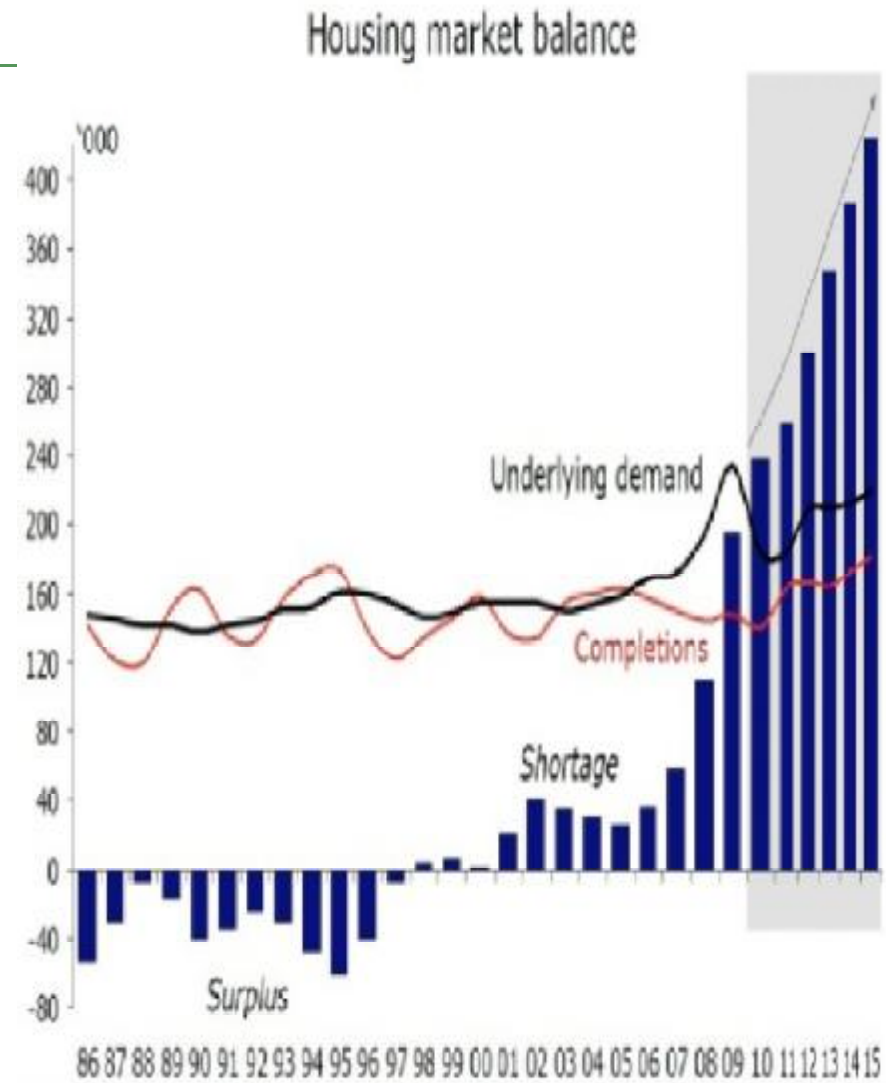
- **Near term goal – 2,000 new houses per year**
- **Ability to sell consistently across range of states and projects**
- **Grow as market demand returns and inventory base grows**

AVJ Model

- **To build and develop product for the deepest part of market and where there is a strong link to AVJ Brand**
- **Maximising land usage**
 - Most easily achieved when control over built form exists
 - Land highest cost – maximising usage improves affordability
- **Relatively short property pipeline**
 - More predictable revenue streams
 - Achieved by focussing on mainly zoned land
- **Strong relationships**
 - Brand key driver
 - Investing in staff
- **Creating relevant diversified and innovative product**
 - Control of total project delivers greater revenue control

Affordability, a factor of:

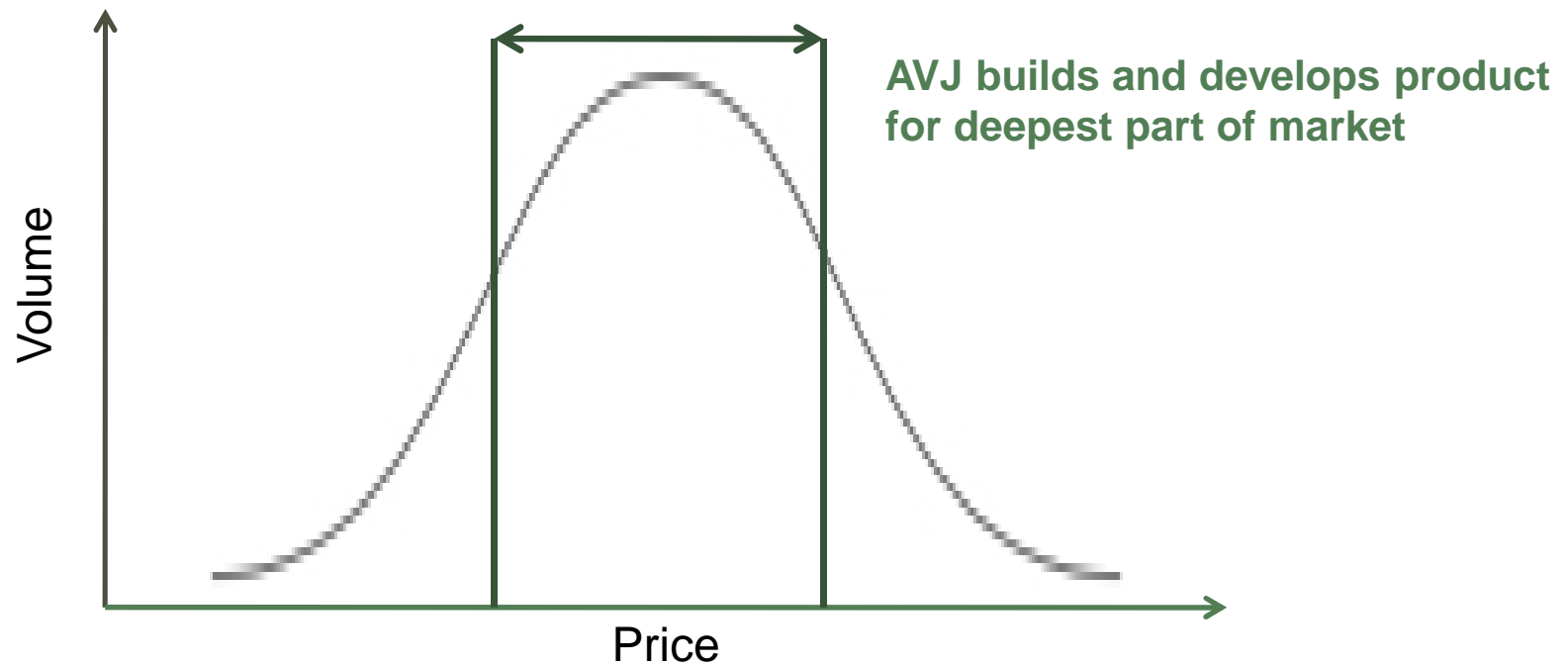
- Compounding gap between supply and demand
- Population growth driving underlying demand
- Resistance to higher densities in inner city suburbs
- Government policies regarding:
 - Poor land release and approvals practices
 - Government charges & levies
- Availability and cost of financing
- Reduced funding squeezes out smaller development companies



Source: ABS ANZ Economics and Markets Research

AVJ Builds to Known Markets

- **AVJ building capability:** Knowing best customer price points
- **Focus on affordability:** Deliver projects which provide quality and value
- **Use of brand:** Build strong relationships with business partners, and wholesale and retail buyers



Land – The Platform to Building Revenue Streams

Land Pricing

- Land acquisition assumptions and pricing core to our strategy
- Must meet pre-designated internal land benchmarks
- Ability to optimise land acquired

Land Type

- Land either zoned for development, infill or acquired subject to zoning
- Some infill projects desirable
- Volume still in greenfield locations in high growth suburbs

Improved Margins

- New land projects will have new land charges built into AVJ acquisition models
- Improve margins with new projects

Diversified Portfolio

- Well located projects across 4 states and New Zealand
- Mixed and well balanced: location, state economic factors, pricing points, stage of development
- Focus on 5 year development horizon – more control

AVJ Strategy

Key Growth Challenge

- **Creating affordable housing solutions**

3 strategies to solve the challenge:

Land Acquisition Strategy

- **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 Strategy

- **Ability to create total package for buyers**
- **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**

Market Expertise

- **Solid understanding 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**

AVJ Investment Proposition

Pure Residential Property Developer

- Clearly defined niche – new home buyers
- Medium density residential developer
- Focus on development and sale; not investment and holding

Strong Balance Sheet

- No asset write downs reflect conservative acquisition criteria
- Rigorous land acquisition modelling
- Low debt; flexibility for new projects and acquisitions

Diverse Project Portfolio

- Projects spread across 4 states and New Zealand
- Portfolio approach to managing developments
- Projects 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 and requirements for stronger balance sheet

Appendices

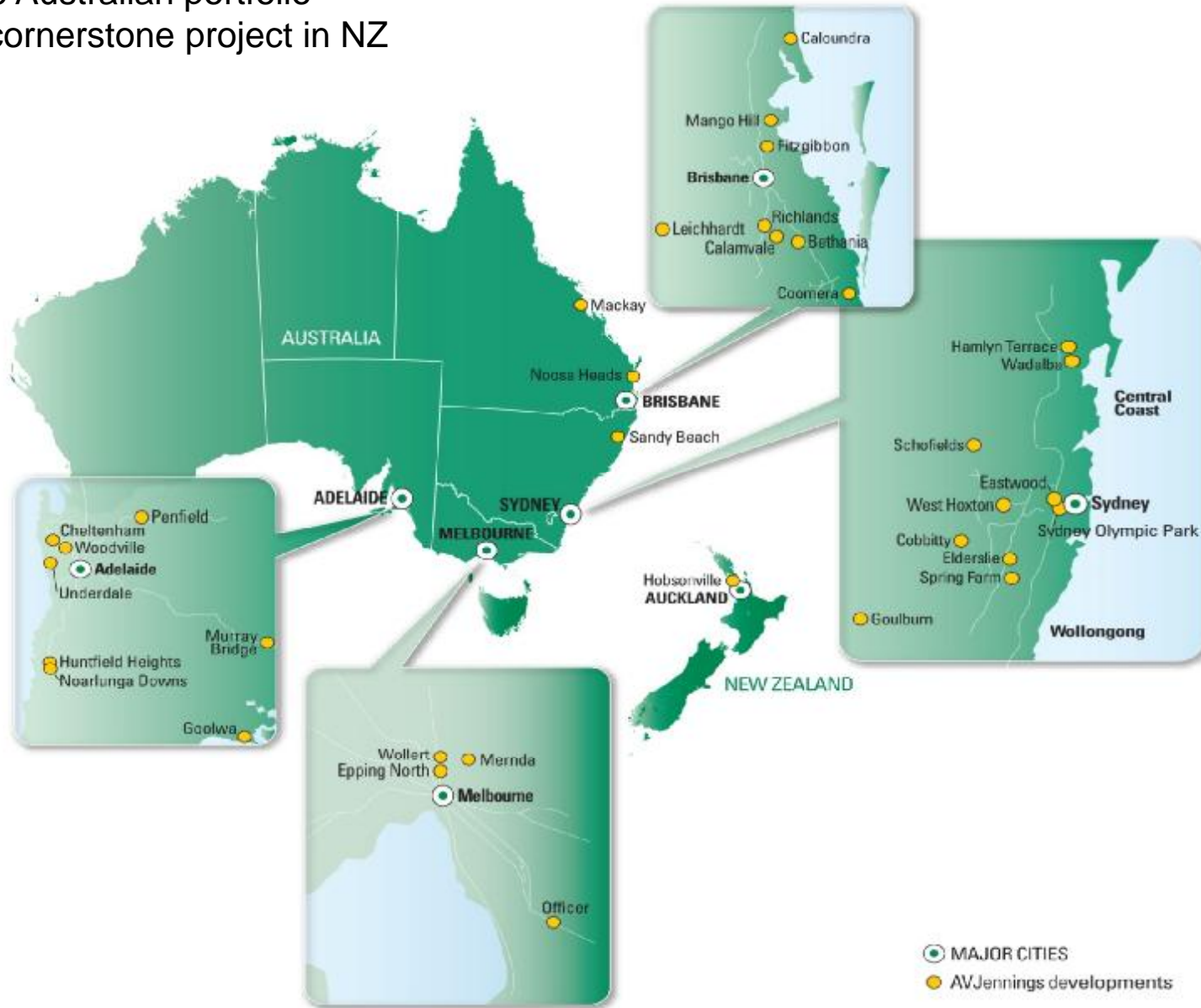
- AVJ Property Portfolio
- Guide to projects
- Victoria
- New South Wales
- Queensland
- South Australia
- New Zealand



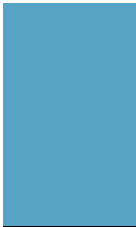

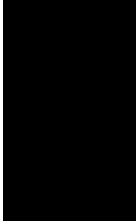
Aerial view of Hobsonville Point,
Hobsonville, New Zealand

AVJ Property Portfolio

- Diverse Australian portfolio
- Major cornerstone project in NZ



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 indicated in red (eg **Wollert**) have not yet been named

There are 20 remnant blocks that have not been shown in the following pages

Victoria

Location	# of Lots	Pre	FY11	FY12	FY13	FY14	FY15	Post
Riverdale on Plenty Mernda	8							
Arena at Officer Officer	253							
Lyndarum North Wollert	788							
Wollert (options)	1,820							
Lyndarum Epping North	186							
Lyndarum JV, 100 O'Herns Rd Epping North	168							
Lyndarum, 150 O'Herns Rd Epping North	210							

New South Wales

Location	# of Lots	Pre	FY11	FY12	FY13	FY14	FY15	Post
The Ridges Elderslie	399							
Hamlyn Terrace	440							
Spring Farm	185							
Ravensworth Heights Goulburn	207							
Seacrest Sandy Beach	141							
Schofields	13							
Cavanstone Eastwood	219							
Charterwood Wadalba	57							
West Hoxton	42							
Boulevard Sydney Olympic Park	2							
Cobbitty	469							

Queensland

Location	# of Lots	Pre	FY11	FY12	FY13	FY14	FY15	Post
Halpine Lake Stage 10 Mango Hill	183							
Northgate Mango Hill	46							
Creekwood Caloundra	666							
Glenrowan Mackay	268							
Essington Rise Leichhardt	137							
Nottingham Square Calamvale	227							
Creekwood Stage 7 Caloundra	8							
Villaggio Richlands	131							
Bethania	102							
Fitzgibbon Chase Fitzgibbon	10							
Elysium Noosa Heads	174							
Big Sky Coomera	318							

South Australia and New Zealand

Location	# of Lots	Pre	FY11	FY12	FY13	FY14	FY15	Post
South Australia								
Paringa View Huntfield Heights	15							
Pathways Murray Bridge	96							
River Breeze Goolwa North	89							
St Clair Cheltenham JV Cheltenham	937							
St Clair Woodville JV Woodville	80							
Charles Matthew Circle Woodville	3							
Brocas Terrace St Clair	11							
Penfield	1,750							
New Zealand								
Hobsonville Point Hobsonville	575							