

21 November 2014

The Manager
Company Announcements
Australian Securities Exchange Limited
Level 4, Rialto North Tower
525 Collins Street
Melbourne Vic 3000.

Dear Sir,

**ANNUAL GENERAL MEETING
AVJENNINGS LIMITED**

Please find attached the Chairman's and Managing Director's addresses made at the Annual General Meeting of AVJennings Limited on 21 November 2014.

Yours faithfully,



Carl Thompson
Company Secretary.

AVJennings®

CHAIRMAN'S ADDRESS – MR SIMON CHEONG

Good morning ladies and gentlemen and welcome to the 2014 Annual General Meeting of AVJennings Limited. I am Simon Cheong and as Chairman of the Board and Chair of the meeting I am delighted to welcome you here today. As there is a quorum present I declare this meeting open.

Firstly, I would like to 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 Chief Executive Officer
Mr Bobby Chin – an independent Director
Mr Bruce Hayman – an independent Director
Mr Teck Poh Lai – an independent Director
Mrs Elizabeth Sam – a non-executive Director
Mr David Tsang – a non-executive Director

Mr Carl Thompson who is the Company Secretary is also in attendance as well as Mr Mark Conroy, from Ernst and Young, the Company's External Auditor. Also here today are a number of senior executives and staff.

I will now provide a brief overview of AVJennings' performance during the year and Peter Summers will then expand on this by discussing our business operations. Following Peter's address, there will be a general forum for questions and comments. I will then proceed with the meeting's formal agenda as set out in the Notice of Meeting.

FY14 RESULTS

For the 2014 financial year, the Company recorded a profit before tax of \$27.0 million compared to a loss before tax in the previous year of \$23.3 million. This marks a 216% increase. Whilst the 2013 loss was materially impacted by impairments, the 2014 result was on the back of a 58% increase in turnover to \$250.6 million.

The result continues on from the trend I reported at this meeting last year where I highlighted to shareholders the positive second half result in 2013. On the back of our forecasts for improved market conditions, especially in New South Wales and Queensland, the Company has substantially increased work in progress numbers over the last few years. Our confidence in our experience and systems enable us to look ahead and this has been a key factor of both our strategies and our improved results.

To further support this strategy, in early 2013 we undertook an equity raising to assist in achieving this increased activity level. The raising, which was done at 37.5 cents per share, has delivered positive results to shareholders in terms of increased profitability and likewise, an improved share price.

It has also enabled us to return to paying dividends with the declaration of a final fully franked dividend for the year of 2 cents per share. As stated in the Directors' Report, this also reflects our confidence in the future prospects of the Company. Our CEO, Peter Summers will expand on this in his address when he discusses current market conditions and our general outlook.

BRAND, PRODUCT & PEOPLE

One of the key responsibilities we have as Directors is to ensure not only satisfactory annual results, but also that our underlying business is improving to enable continued success. There are naturally many aspects to this, but 3 that we believe are most significant are:

- our brand;
- our product; and
- our people.

Peter will expand more about this shortly, but I want to reassure my fellow shareholders that your Directors are actively involved in ensuring we have the right focus in these areas as they are critical to our long term success.

Prior to handing over to Peter, I would like to make a few final comments.

Firstly, I would like to recognize the drive and enthusiasm of Peter, the senior executive team and all AVJennings staff. By the way, Peter would have completed 30 years with AVJennings come December. Whilst conditions and results are now more positive, it has come through their ability to work hard, and to stay committed and focussed during the tougher times to meet the challenges that have presented themselves. I would also like to thank our business partners, who together form the backbone to our long term success. I am confident we have the right leadership, skills and experience to provide the vision for an even brighter future.

In respect of our Board, I would also like to acknowledge the support of my fellow Directors whose vast skill sets and experience has provided me as Chairman proper advice and guidance to steer the Company through very difficult times over the last few years. And, in conclusion, I would like to thank my fellow shareholders for your continued support and I assure you that both the Board and Management remain focused on improving shareholder value.

I now invite Peter to provide his update and expand on performance and operations.

MANAGING DIRECTOR'S ADDRESS – MR PETER SUMMERS

Thank you Simon and a welcome to you all.

The structure of these speeches is such that Simon gets to make the majority of thank yous and then hands over to me to expand into the detailed operations. This actually creates an unfair gap in that he can hardly thank himself.

So, before I start with my more traditional presentation, can I on behalf of the shareholders, myself and the executive team thank Simon for what he has done for this Company. The residential sector is in the spotlight right now in a favourable way. However, for well over 10 years now, Simon has provided not only leadership, but also strong financial backing in all sorts of market conditions and this has been instrumental in AVJennings being in the strong financial position it is at today. So, thank you Simon.

WORK IN PROGRESS LEVELS & MARKET CONDITIONS

As Simon stated in his address, the results for 2014 are very much in line with 2 matters previously reported to shareholders. The first is an increase in the amount of inventory we have been producing. The second is improved market conditions, particularly in New South Wales and Queensland, which has justified producing a higher level of inventory.

Put simply, if we hadn't produced it we wouldn't have had product available to sell and if we had produced it and market conditions weren't as we forecast then we wouldn't have been able to sell what we produced. The alignment of outcomes from this resulted in increased revenue and increased profitability.

BUSINESS MODEL

In part, this reflects a style within AVJennings which is focussed on looking forward as much as possible. It also reflects a business model which, through a focus on horizontal development, that is land and housing subdivision as opposed to vertical apartments development, enables us to be relatively flexible.

Add to this our continued focus on ensuring the product we produce is relevant to the market. meaning it has to be well located, of excellent quality and of excellent value. In terms of value it also means recognising that we need to be affordable.

This continues to be a challenge given the significant increase in the value of land over the last decade or so caused by a lack of suitably released and serviced land as well as the high government levies, fees and taxes now applying to residential development.

Housing is a basic need for all Australians. In fact it is much more than that. It is not just a form of shelter but a key ingredient that shapes our lives and the community in which we live.

There is much reported about housing, especially house prices to which I would like to add a few comments. Firstly, the new housing market is a very transparent market. With a few rare exceptions it is sold not through pressurized environments such as auctions. It is the increase in volume that has been the key to our results in 2014 and will continue to be in 2015 and beyond.

Our buyers are strongly focused people who live in our homes and the communities we create. Where investors are involved, which is limited in most of our developments and certainly never the majority, they are providing an important component of housing needs for some Australians.

We continue to hope the debate and reform around these issues is as deep and rational as it should be. It must take into account social outcomes as well as economic outcomes. But the most important focus and debate must be around the amount of available housing stock in the market. Whilst some micro- markets might go against this, as a nation we have under-supplied this critical need for over a decade.

Whilst encouraging this debate we continue to focus on ensuring our customers are given what they need and we believe both our commitment to this and our business strategies are allowing us to do so.

FUNDAMENTALS

Moving forward, we remain confident about both the short and long term fundamentals of the residential property markets in which we operate. Challenges remain in some regional centres and the Adelaide market has been somewhat subdued for a few years. But overall, conditions are more favourable this year than at the time of this meeting last year and I believe they will be more favourable again when we meet again next year.

We have supported this confidence in two ways.

Firstly, we have continued to invest in greater levels of stock production which saw work-in-progress levels at 1,745 units at 31 October 2014. This compares with 1,098 lots at the same time last year and has enabled 702 contract signings for the 4 months to 31 October 2014 compared to 479 for that same period last year.

Our results for the coming year will, as they have traditionally done, have a bias toward the second half. But overall, our guidance of contract signings of between 1,500 to 1,700 for 2015, compared to 1,415 for 2014, shows our confidence of improved outcomes.

Secondly, we are also supporting this confidence through our acquisition strategy. Acquisitions take time, particularly when competition is high as is currently the case in many areas around Australia. To ensure we acquire land which is in the right locations, suits our business and meets our requirements for returns and risk profile, we need to investigate many opportunities.

So in light of this I am pleased with the progress that has been made in recent months.

ACQUISITIONS

This period has seen us acquire the 50% balance of the joint venture at St.Clair in Adelaide. This gives us full ownership of the high quality project which we are proud to say recently won the UDIA Award of Excellence in the "Master Planned Communities" category. It also won the "Affordable Housing" category for its Unity Terraces.

We have also acquired a further 400 lots in Hobsonville, Auckland. This adds to the original 600 lots we have been developing in partnership with the New Zealand Government through its vehicle, the Hobsonville Land Company. Again, this is a high quality project in which we are proud to be involved.

In New South Wales we have acquired a further 227 lots in Cobbitty adjoining our current Arcadian Hills project. This is one of the strong residential sectors in Australia and will continue to be so for some time.

We are at advanced stages of due diligence, investigative or tendering processes for a number of other sites which will hopefully add further to our land bank.

CAPITAL

In terms of our capital structure we have been in negotiations now for some months in relation to our future requirements. The environment for these negotiations is markedly improved from prior discussions and we are confident outcomes will be very positive.

But as Simon reported earlier, we are not only focussed on our results and balance sheet but in the factors which lead us to be a better company. At AVJennings we are acutely aware of how important housing is to all Australians and to our community. We have a passionate desire to make great places for Australians to live which are also great value.

BUILDING ON OUR PAST. SHAPING YOUR FUTURE.

We recently unveiled our new brand tagline which is Building on Our Past, Shaping Your Future. We are proud of our 82 year history and it provides such a great legacy and foundation for us. But it is only a foundation and one we must not only maintain but one we must grow and build on.

It is the futures of all who we associate with we hope to shape. Employees, shareholders, customers, communities in which we operate and so on. We are striving to make as positive an impact as we can.

There are, of course, many aspects to this, but the 3, as previously mentioned by Simon, that we believe are the most important are product, brand and people. It is the combination of these three that make us unique from anyone else. It is a strong focus on being the best we can in these 3 aspects that will help us achieve our aspirations.

I thank you for taking the time to be here today and for your ongoing interest and support of the Company.

ENDS

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