20 November 2015

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 address made at the Annual General Meeting of AVJennings Limited on 20 November 2015.

Yours faithfully,

**Carl Thompson**
Company Secretary.

AVJennings

**ANNUAL GENERAL MEETING**
**FRIDAY, 20 NOVEMBER 2015**

## CHAIRMAN'S ADDRESS – Mr Simon Cheong

Good morning ladies and gentlemen and welcome to the Annual General Meeting of AVJennings Limited shareholders. My name is Simon Cheong and as Chairman of the Board, Chair of the meeting and a fellow shareholder, I am delighted you could attend 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.

Our Company has delivered strong results this past year. Profit before tax increased 78.3% from the previous year to $48.2 million, our land bank of lots under control increased 10.6% to 10,198 and gearing continued to remain low improving to 13.6% underlining the strength of the Company's balance sheet. We are confident the Company is well positioned for the near term.

The results were driven by fundamental improvements in the business. Gross margins improved to 26.8% from 21.9%. This was despite adverse weather conditions in Sydney and Melbourne late in the year that impacted settlements until after the end of the financial year.

The strong results for the year enabled us to declare total dividends for the year of 4 cents per share.

Sustaining good results in an industry with long lead times requires sound long term strategy. The Board highlighted to shareholders several years ago that it had undertaken a strategic review of its business and operations. This review led to a number of important but difficult decisions. Adoption of the strategy and implementation of the decisions by management, has proven to be a key driver of this year's result.

The decision to expand into New Zealand several years ago and good management, has contributed well to the improved results this year. We expect recent acquisitions in this market to contribute positively in years ahead. We have taken further initiatives during the year to strengthen our position and business.

Significant steps include recent acquisitions to further establish our land bank in key locations, increased financial capacity with a new $250 million Club facility and the continuing emphasis and development of our three key assets – people, product and brand.

We believe these strategies and initiatives will see us well placed for continued good performance. Whilst acknowledging a traditional bias to the second half, the forthcoming financial year is already shaping up well. In our key markets we continue to see genuine demand based upon need for housing as a result of increased population growth, a positive rate of household formation and years of under-building.

We see little speculative activity in our sector of the market. The ongoing repositioning of the Australian economy away from the resources sector to a broader activity base is helping to maintain consumer confidence in housing, especially in Brisbane, Sydney and Melbourne. This mood is further accommodated both by an interest rate environment that is likely to remain low for the foreseeable future and our own strong commitment to delivering good quality and value in our land and housing products.

The achievements during the past year would not have been possible without the persistence and creativity of our team who take great pride in knowing that we are building on a reputation for quality, value, integrity and reliability carefully established over 83 years.

My fellow Directors and I acknowledge the work of our highly motivated staff under the leadership of our CEO Peter Summers and thank them for their efforts and achievements.

As Chairman, I would also like to thank my fellow Directors for their active engagement and invaluable contributions during the year. Their skill and business experience enable the Board to appropriately balance oversight and guidance in the interests of all stakeholders.

Lastly, I would like to thank you, my fellow shareholders, for your continued support. In particular I acknowledge those of you that have been with the Company long term through the challenging periods in the past few years. The road ahead looks promising for AVJennings and we appreciate your unwavering support.

## MANAGING DIRECTOR'S ADDRESS – Mr Peter Summers

Thank you Simon.

I'd like to begin by endorsing Simon's appreciation for your continued support.

We stand here today at our 2015 AGM in interesting times and circumstances. In terms of our 2015 results we are satisfied they represent a solid outcome and I will further discuss these results in a moment. The dividend paid was a considerable increase both in absolute and relative terms and represents a good and well deserved return for the continuing support shown by shareholders.

But in the months since we announced our result there had been considerable speculation and comment on the future direction of the residential markets in Australia and this has contributed to negative sentiment in residential stocks on the ASX.

Dealing first with the result for 2015, as I stated above it is a result we feel is good in terms of both the numbers and the quality. The 78.3% increase in profit before tax obviously has correlation to the improved conditions in which we operate. But it is a result we would not have been able to make had it not been for some key strategic decisions taken in relatively recent years. It is a result that was achieved whist having a strong commitment to making sure we weren't just driven by opportunity but by strategy and by continuing to invest, as we have committed to in the past, in our brand, people and product.

Staying true to your strategies can be difficult in an industry that is so dynamic and cyclical. We do not operate out of a controlled environment with our production constantly moving locations and impacted by weather. What we have achieved is a credit to not only our staff but to the Board of Directors.

To that end, on behalf of you, our shareholders, and the AVJennings executive team, I thank Simon for his vision, leadership and strong financial backing of the Company.

I mentioned above we are also satisfied the result was achieved whilst continuing to invest in our brand, people and product.

With its 83 years of history, the AVJennings name is a strong asset for the Company. We understand how significant a transaction it is for our customers to buy land or a house from us. We also understand how much our customers value the comfort that comes from what our brand stands for and that we are committed to delivering against that - quality, reliability, value.

Last year we told you we would refresh and reposition our brand and I am pleased to report that investment has been made.

The challenge for us was to maintain the brand attributes that are already well known to many generations of Australians whilst ensuring we remain relevant to future generations.

This year we invested in new-look advertising, including three different online and television commercials - some of which pleasingly feature staff members; we created fresh e-marketing messaging; introduced new projects and product designs; and engagement initiatives that will be continued in 2016 and beyond.

The results to date have been excellent and will help ensure AVJennings remains one of Australia's premier residential brands. The move from a mixed business of contract housing and development to a pure developer in 2010 took time to bed down but is now well and truly established. The branding campaign is helping reinforce that change to consumers as we continue to focus on developing excellent residential communities and great, affordable housing.

Our people are a crucial part of our success. In recent years we have seen substantial growth in all aspects of our business. Our acquisitions teams have been actively going about securing projects that will continue to provide the basis of our business. Our development and construction teams have faced the demands of meeting increased housing needs and of course this all flows through to sales and every part of our business.

The team at AVJennings has taken to these opportunities and challenges with the attitude and professionalism that we have become known for and I acknowledge and thank them for their contribution.

We will continue to focus on ensuring we attract, develop and retain the right people for our business. And by the right people, that means people who are aligned to our values and culture and who share the same understanding of how important quality housing and communities are to everyone.

Our research continues to support our belief that our customers recognise AVJennings as providers of high quality projects and housing, backed by high quality service. We will continue to invest in our products and services to meet the ever changing needs of our customers.

Turning now to the issue of market sentiment since the announcement of our 2015 result. Much of this is based on the fact that as total residential construction exceeded 200,000 units last year, future levels will by default decrease.

Let me say up front that seems a logical position to take at first glance, but a more thorough analysis is required to truly understand the situation.

In Melbourne, this analysis shows that most of the significant increase in production has been around apartments and that markets excluding apartments are still well under supplied. Even within the apartments segment, most of this rapid increase in production has been in certain pockets. In other areas, the demand for apartments is still solid, as shown by our research for our new project at Williamstown.

We are confident, therefore, that the position we have in the Melbourne market is sound.

In Sydney, there has been an increase in production of both apartments and other residential product but the huge shortfall of housing that has been built up through a lack of supply for over a decade continues to dominate the market drivers. In particular, the non-apartment market has been slower to respond to this shortage due to the need for greater infrastructure such as water, power, roads etc. We strongly believe this part of the market has a sustained period of strong market conditions ahead.

Brisbane is also seeing a shortage of housing and particularly in relation to the non-apartment market. The length of the recovery of this market is open to views but it no doubt is a market with improved conditions ahead. If interstate migration numbers increase towards longer term trends then it is likely the forecasts can be exceeded.

Perth is not forecast to have positive market conditions in the short term but we are confident our exposure to the market is appropriate. More importantly, we have invested in projects that are good quality and in good locations.

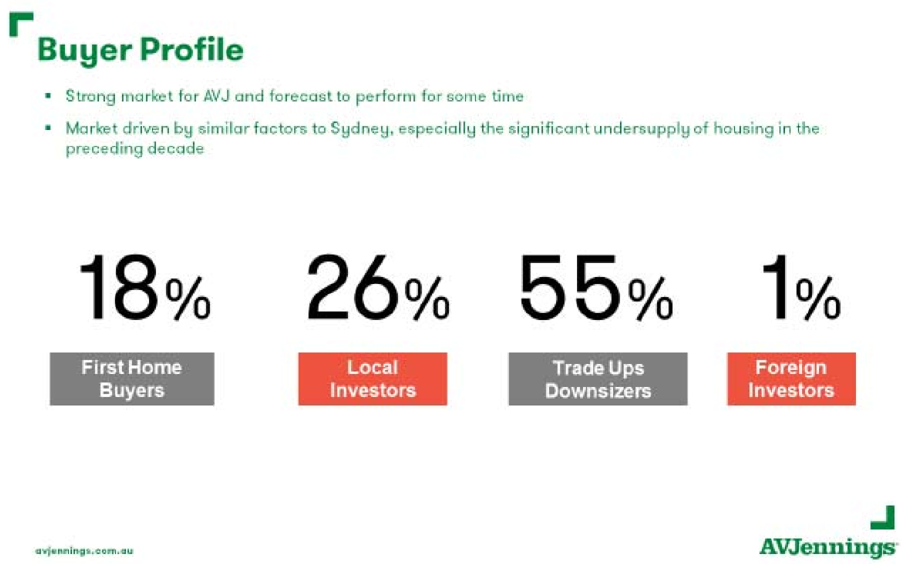
Adelaide is a challenging market. However, our major projects are of excellent quality and certainly the option of government stimulus programs would make sense to provide alternative affordable housing and employment options for Australians.

Auckland remains a strong market for the company and is forecast to do so for some time. This market is being driven by similar factors to Sydney, especially the significant undersupply of housing in the preceding decade.

Apart from the 200,000 barrier issue discussed above, it seems the second concern of the equities market is the activity of investors. Again, if looked at in overall terms, then there can be a rationale for this position in some markets because there has been a greatly increased level of activity by investors. But I would argue it is too simplistic a position to take overall and certainly an incorrect one in terms of our business.

Home ownership in Australia remains at high levels compared to many parts of the world. However, there has always been an important role for investors in the residential scene of Australia and this has been growing over time. Most investors in residential are not speculators but every day Australians.

Specifically in terms of AVJennings, less than 1% of buyers were foreign buyers and our overall profile of buyers as shown in the slide below is very much representative of a sustainable customer base.



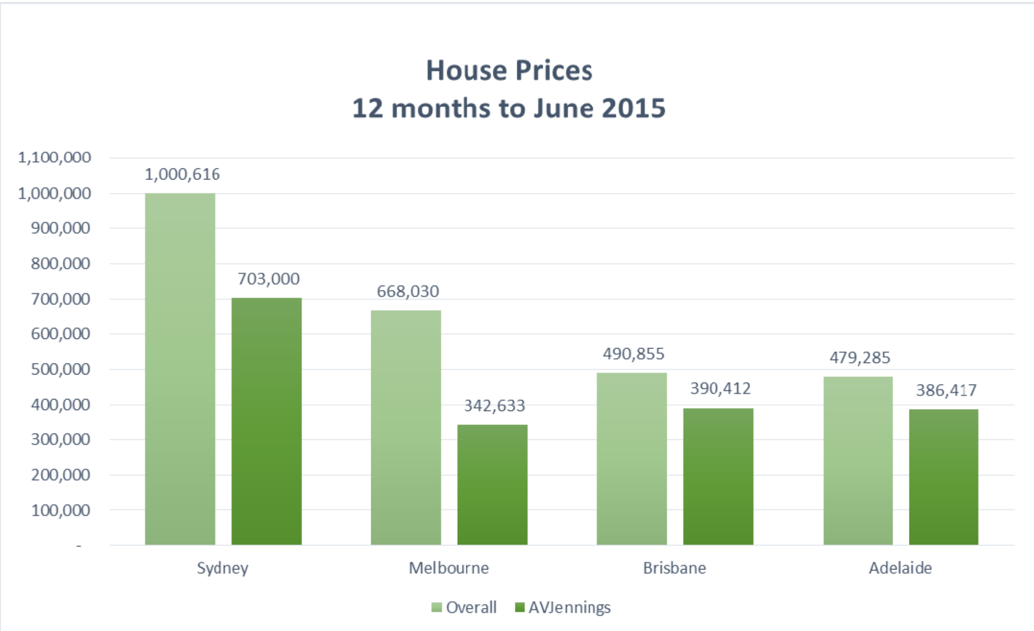
Finally, as for many years, many of those who predict declining conditions in the residential markets point to affordability.

Affordability has been a factor for many years - we have constantly referred to it in previous annual reports. Meeting the challenges of affordability is a central component of the Company's strategy through our focus on both land and housing options.

It is a challenge we have met as demonstrated by the thousands of customers we have satisfied. And we remain confident we will continue to meet this challenge into the future.

It is worth remembering that in new residential markets much of this affordability issue is directly related to the taxing arrangements at all three levels of government, whether that be GST which applies to new housing and not established housing, or infrastructure levies, these have all impacted within relatively recent times, whilst old taxes such as stamp duty have remained in place. It is hoped that any reviews in terms of tax are broad in their scope and specifically address the issue of housing affordability.

However, as the graph below shows, it is very much worth noting that our average sales prices are well below the much publicised average prices for major cities. Affordable solutions do exist and it is not at the compromise of quality.




*Overall capital city figures are the Median and have been sourced from Domain House Price Report June Quarter 2015, and include detached housing and town homes but not units. AVJennings figures are based on Average selling price. Only town homes have been sold in Melbourne by AVJennings in the 12 months to June 2015. AVJennings Brisbane data includes sales from projects in the Sunshine Coast, Ipswich, and Gold Coast.*

So whilst we understand the factors which have led to the recent negative sentiment towards residential markets, we do not agree with the conclusions that have been reached overall and certainly not in terms of the markets in which your Company operates.

Accordingly, we have continued to look at acquisition opportunities and 2015 saw us add excellent projects to our portfolio of assets. Our acquisitions during the year included sites at Williamstown and Wollert in Melbourne and Warnervale on the New South Wales Central Coast. We have also extended our involvement in our joint venture at Hobsonville in Auckland. These and other acquisitions made during the year saw us increase our net inventory levels for the first time since 2010.

To enable this to occur it was important we improve our funding platform to ensure we have a strong financial base from which to continue this growth.

Realising our aspiration to build greater scale, with its attendant productivity gains, is more achievable than ever following the expansion of our core Club banking facility and establishment of the Medium Term Note Programme (MTN Programme) during the year.

The expansion of our Club facility was both in the number of participants and the size of the facility. Terms for the new facility are more accommodating than the previous terms.

The MTN programme, with the capacity to raise unsecured debt in capital markets, allows us to react quickly to take advantage of suitable opportunities as they appear.

In August 2015, the Board provided guidance for the financial year to June 2016 of 1,800 to 2,100 contract signings. The Board remains confident in continued performance and re-affirms that guidance.

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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