



Media Release
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AVJennings Reports Strong First Half Result

Residential property developer AVJennings Limited (ASX: AVJ) has achieved a profit before tax of \$16.8 million (after tax \$11.9 million) for the half year ended 31 December 2014 - a 34.9% (after tax 42.1%) increase on the same period last year.

The strong result was achieved on increased revenue of \$118.5 million, up 13.7% on the corresponding period.

Increased production levels in previous periods, based on improving market conditions, were the catalyst for the strong first half results. This trend has continued in the six months to 31 December 2014, with work in progress levels up a further 21.8% from 30 June 2014. This is the fifth consecutive half year of growth in production levels and reflects the Company's confidence in market conditions.

AVJennings Chairman Mr. Simon Cheong said the level of contracts signed in the first half will underpin settlements in the second noting that, as in prior periods, the Company's results are biased towards the second half due to production staging and seasonality.

"The Directors believe that it is appropriate to provide guidance of contract signings for the year ending 30 June 2015 in the range of 1,700 to 1,900 lots; previously 1,500 to 1,700 lots," he said.

Highlights for the half year ended 31 December 2014 were:

- Profit up 34.9% to \$16.8 million before tax and \$11.9 million after tax
- Revenue up 13.7% to \$118.5 million
- Work in progress levels up 58% to 1,539 lots compared to 31 December 2013 levels
- Settlements up 22% to 660 lots (contract signings higher at 872 lots)
- New \$175 million corporate debt facility signed
- Full year contract signing guidance revised up from 1,500-1,700 lots to 1,700-1,900 lots
- Interim fully franked dividend of 1 cent per share declared

AVJennings CEO Mr. Peter Summers said consumer confidence is high in New South Wales, and that Sydney remains the strongest market in the country.

“Demand in Brisbane continues to rise with positive knock-on to the Noosa, Caloundra and Coomera markets, which are now also firmly in recovery. The Melbourne residential land market remains stable, with the Company generally experiencing good demand on its projects in the east and north-east of the city. The South Australian residential market remains stable but subdued overall,” Mr. Summers said.

“Auckland is a strong market and the Company’s high quality, master-planned Hobsonville Point joint venture project is experiencing significant demand, with 193 builder sales to be revenue-recognised during the second half, 130 of which are from the recently acquired ‘Catalina Precinct’.

“AVJennings has also expanded its involvement in Perth, Western Australia during the half, committing additional equity to take a 33% stake in three new projects yielding 196 lots. All are located within the urban ring of the city. The Company’s investment in Perth is significant enough to renew the presence of the brand in the public consciousness whilst being a small component of the Company’s total net funds employed.”

Lots under development continued to grow reaching 1,539 (1,264 lots as at 30 June 2014 and 974 lots as at 31 December 2013), which Mr. Summers said is a key indicator of future positive performance. The level of completed unsold stock remains stable and low.

AVJennings controlled 9,418 lots at balance date.

AVJennings has achieved strong cash generation from a combination of rising production, sales and settlements from a portfolio of relatively mature projects coupled with the realisation of new funding initiatives which will facilitate prudent stock replenishment. In addition to the new investment in Perth, the Company successfully acquired the remaining 50% of the St Clair, South Australia joint venture and contracted to purchase two new land parcels at Cobbitty, New South Wales comprising approximately 227 lots.

Mr. Summers said market fundamentals remain positive, with strong consumer confidence to transact in housing bolstered by low interest rates and inflation, underlying housing shortages in some markets (especially Sydney and Auckland), strong population growth and a stable domestic macroeconomic outlook over 2015-2016.

Mr. Cheong said that AVJennings is delivering on its commitment to diversify and expand its sources of debt capital.

“AVJennings has recently concluded the renegotiation of its Club banking facility. The facility extends the amount of funding available to the Company to \$175 million as well as the term of the facility to 30 September 2017. The facility is evergreen in nature and, subject to approval, is extendable for 12 months at each annual review. The new facility provides an excellent platform to support the Company’s expansion strategy,” Mr. Cheong concluded.

“AVJennings remains confident that market fundamentals support a continuation of its growth strategy, both in terms of continued increased production levels from existing projects as well as through new acquisitions.”

Good cash generation in the first half and significant confidence in the outlook for the second half has enabled the Directors to declare that a fully franked interim dividend of 1 cent per share be paid in April 2015.

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AVJennings is a leading residential property development company with a name that continues to be one of the most recognised housing brands in Australia.

AVJennings has been part of the Australian landscape for over 80 years with experience in home building, land development, medium density and low rise apartments.