

AVJennings®



Half Year Results to 31 December 2012

1H13 Results Summary

	1H13	1H12
Revenues	\$52.9m	\$92.2m
Profit/(Loss) after Tax:		
- statutory	(\$19.1m)	\$3.3m
- excluding provision for impairment	(\$3.1m)	\$3.3m
Gross Margins	21.8%	19.4%
Total Assets (at lower of historic cost or NRV)	\$469.4m	\$534.3m
Inventory Impairment:		
- After tax	\$16.1m	-
- Book value of inventory	5.3%	-
Total Number of Lots (under control)	10,581	11,252
Net Tangible Assets Per Share	\$0.90	\$1.09

- Revenues significantly impacted by:
 - Current market conditions, particularly soft Victorian market
 - Reduced completed inventory available for sale due to planned slow down in WIP

- Impairment provision
 - Majority (79.3%) relates to Queensland projects where market has not recovered to the extent expected by the Company, competitors and most industry forecasters
 - One Victorian project as downturn required a more aggressive pricing structure for that project
 - One New South Wales project which has suffered long term planning and government charge issues
 - Inventory values reduced by about 5%

Key Metrics

	31 December 2012	30 June 2012
Net Debt	\$111.9m	\$119.7m
Debt to Equity	44.8%	44.5%
Net Debt (includes proportionate share of JV debt)	\$119.8m	\$129.0m
Debt to Equity	47.9%	47.9%
Lots Under Development (units)	554	318

- In discussion with Club Lenders to renew Club Facility and extend expiry date to 30 September 2015
 - As not formally renewed at balance date, Club Facility debt treated as a current liability

 - Company remains compliant with all lending covenants

 - Debt levels attributable to:
 - Increasing production
 - Increased built form
 - Settlement payments in respect of previous acquisitions
- } De-risks balance sheet as inventory being created is more saleable

Market Conditions



Fundamental Market Conditions

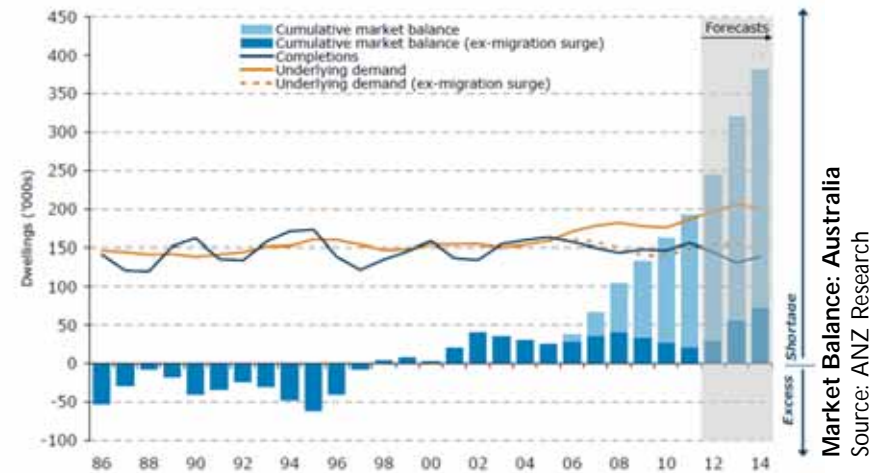
- Underlying fundamentals stronger than recent times
 - Affordability generally improved
 - Lower interest rates
 - Income growth remains ahead of inflation
 - Supply has not kept pace with underlying demand

GAP BETWEEN



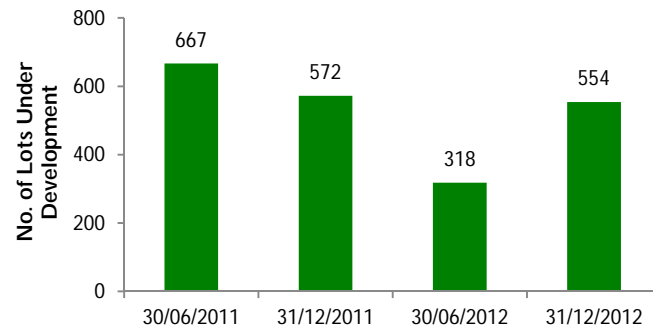
Consumers Transacting

- Consumer confidence weak and subsisting
- Subtle signs markets are improving, but taking time to translate to transactions



Operational Review

- Addressed poor market conditions which continued through calendar 2012 by scaling down development expenditure



- Slow down in WIP from mid 2011 and increase towards end 2012
- Will take time for new stock to be completed and sold before revenue increases, but process is underway
- Although market showing signs of recovery, time is required to rebuild work in progress levels and achieve sales and settlements to recognise revenue
- Allowed company to conserve cash – but less inventory available for sale
- Strong emphasis on cash flow management
- All projects development approved
- Continue to explore opportunities in identifying suitable development sites for acquisition using capital efficient arrangements (e.g. development agreements)

Operational Review cont..

- Customers respond favourably to completed housing as land only sales are much harder to achieve
 - Therefore, increased housing construction on controlled land
 - Increases capital in short term
 - Reduces sales risk by facilitating turnover

- Inventory status
 - Increased by some 3,000 lots in 2010
 - Takes time for projects to mature to a stage where sales reach volumes that materially impact the business
 - Some projects slower than anticipated and some delays outside Company's control
 - **but now significantly advanced in the process** (*Examples on the following slides*)
 - As older inventory is sold, newer acquisitions form an increasingly higher % of total inventories

Operational Review cont..

- Project commenced: 2010
- Expected completion: 2015
- Status: Construction
- Number of lots: 158
- North of Brisbane CBD: 135km
- Proximity to Noosa Heads: 3km



Artist's Impression

- Onsite Recreation Centre
 - Since construction completed sales have increased
 - Includes:
 - Lap pool
 - Tennis court
 - Gymnasium
 - Residents lounge
 - Kitchen /Bar

Before & After



February 2013 construction commenced on first 7 homes in new AVJennings range. Completion expected August 2013.

Operational Review cont..

- Project commenced: 2010
- Expected completion: 2019
- Status: Construction
- Number of lots: 1,100
- From Adelaide CBD : 9km



Aerial View
 Coles currently under construction
 Sales & Information Centre

- New major entrance to project completed and opening to traffic with Coles in May
- St Clair Oval and Club changing rooms completed
- 47 town-homes completed and sold. No unsold stock.
- Construction and sale of Waterfront land precinct
- Bulk earthworks for 6 hectares of wetlands completed. 220,000 plants to be planted in the next 2 months.



Operational Review cont..

Creating Communities

- Focus on overheads and cost control
 - However, not detrimental to aspects of business critical to future success
 - ❖ product and design innovation
- Brand
 - Corporate Ambassador - Steve Waugh, AO
 - Focus on enhancing and maximising value
 - Research supports continued high brand value



Internal. Rec Centre: Elysium Noosa, Qld



Nottingham Square
Qld. Rec Centre.



Steve Waugh, AO



AVJ Business Model

Company focus remains as pure residential property developer offering diverse product:

- Land
- Turn key town-homes and detached / attached homes
- Apartments

Strong project pipeline:

- Land bank of 10,581 lots under control

Geographic diversity:

- Queensland
- New South Wales
- Victoria
- South Australia
- New Zealand

Focus on quality product for various markets:

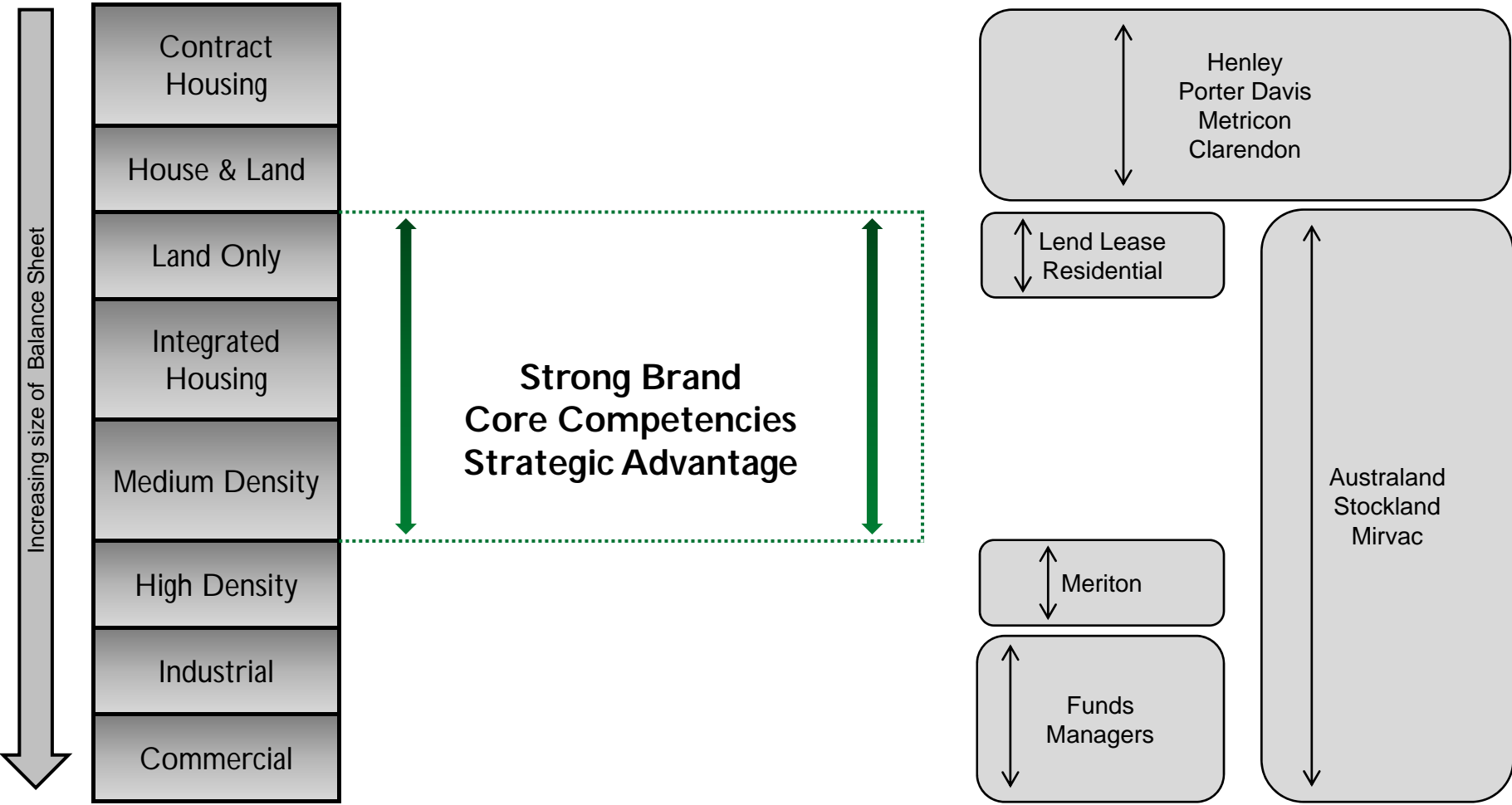
- First home buyers
- Secondary and subsequent buyers
- Empty nesters
- Investors

Integrated build-out where appropriate

Project Development Agreements

- Skills
- Brand
- Capital efficiency

Pure Residential Property Developer



Outlook

Company well positioned to take full benefit of market recovery when it occurs

Market fundamentals remain positive

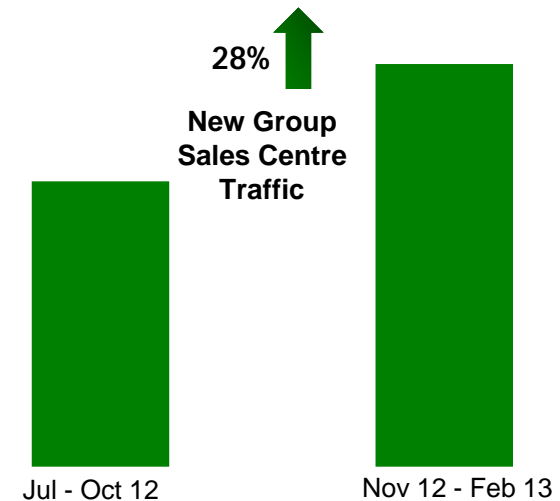
- Improvements in affordability
- Underlying house shortages in some markets
- Lower interest rates
- High population growth
- Relatively stable economic conditions

Consumer confidence remains issue

- Market conditions will remain challenging, until positive change
- Signs providing optimism that change underway

BEING SUPPORTED BY:

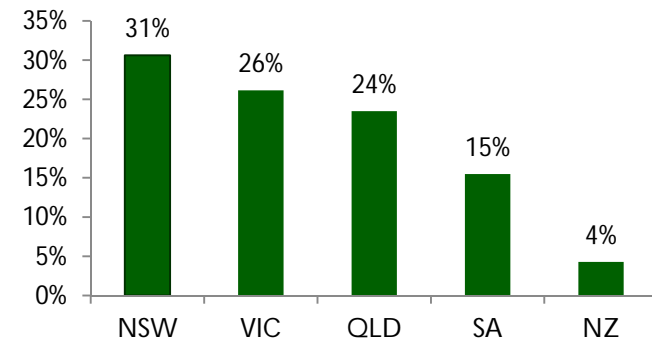
- State Government initiatives
- Stamp duty initiatives



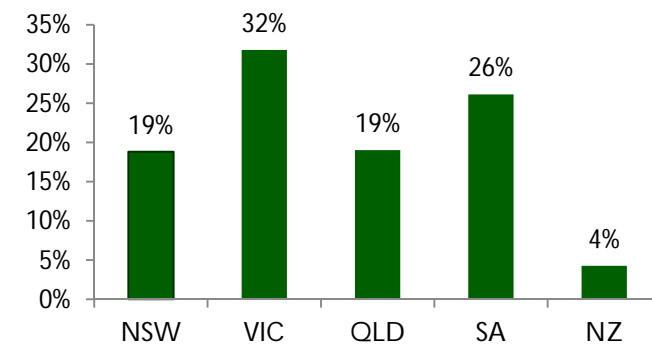
Geographic Diversity & Property Portfolio



By NFE %



No. of lots %



Queensland



	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Halpine Lake, Mango Hill	196							
Creekwood, Caloundra	622							
Glenrowan Estate, Mackay	202							
Essington Rise, Leichardt	126							
Nottingham Square, Calamvale	166							
Villaggio, Richlands	116							
Bethania	113							
Elysium, Noosa Heads	167							
Big Sky, Coomera	305							

- Overall fundamentals remain strong
 - Queensland residential values now priced at, or even below, historical levels
- Market suffered recently due to short term issues, such as:
 - Effects of flood
 - Lower population growth
 - Impact on tourism
 - Softening in mining sector
- Soft sales performance and land sales harder to achieve:
 - Consequently, largest proportion of inventory write-down relates to Queensland – 79.3%



New South Wales



	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
The Ridges, Elderslie	328	█	█	█	█	█	█	█
Hamlyn Terrace	440	█	█	█	█	█	█	█
Spring Farm	218	█	█	█	█	█	█	█
Ravenstworth Heights, Goulburn	152	█	█	█	█	█	█	█
Seacrest, Sandy Beach	128	█	█	█	█	█	█	█
Cavanstone, Eastwood	153	█	█	█	█	█	█	█
Charterwood, Wadalba	23	█	█	█	█	█	█	█
Arcadian Hills, Cobbitty	457	█	█	█	█	█	█	█
The Ponds	82	█	█	█	█	█	█	█

Note: does not include 9 remnant lots

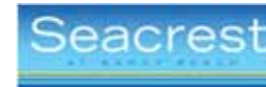
➤ Continuing to show signs of improvement

- Increased enquiry levels at majority of projects
- Significant improvement compared to very poor market conditions which prevailed for nearly a decade



➤ Expected better outcomes for Company's NSW operation as a result of:

- Improving market conditions
- Resolution of delays in production



Victoria



	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Arena, Officer	144	█	█	█	█	█	█	
Lyndarum North, Wollert	674	█	█	█	█	█	█	█
Wollert (Options)	1,820	█	█	█	█	█	█	█
Lyndarum, Epping North	76	█	█					
Lyndarum, 100 O'Hern's Rd	2	█	█					
Lyndarum, 150 O'Hern's Rd	29	█	█					
Arlington Rise, Portarlington	254	█	█	█	█	█	█	█
Doreen	365				█	█	█	█

- Market overheated during 2010/11
 - conditions softened considerably

- Margins on Victorian projects remain acceptable

- Recent sales performance over December 2012 & January 2013 has improved indicating Victorian market conditions appear to have stabilised



South Australia



	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Pathways, Murray Bridge	78							
River Breeze, Goolwa North	84							
St Clair, Cheltenham JV	843							
Eyre, Penfield	1,748							

Note: does not include 1 remnant lot

- Stable market, but low sales volume
- St Clair project reached significant stage of maturity
 - sales activity increasing accordingly
- Eyre project commenced
 - First stage includes substantial display village comprising 8 contract builders



New Zealand



	No of Lots	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Post
Hobsonville Point, Hobsonville	451							

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

- Significant signs of improved performance
- At present, lag between business activity and revenue recognition
 - Confident that significantly improved results will flow from project in short to medium term
- Strong partnership with Hobsonville Land Company



Photo courtesy of skylens.co.nz