

17 March 2014

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

Dear Sir/Madam

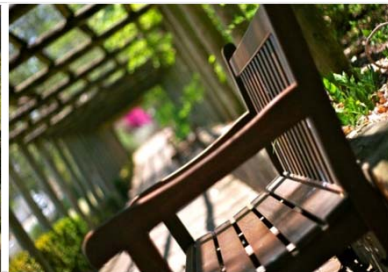
**UPDATED INVESTOR BRIEFING
HALF YEAR RESULTS TO 31 DECEMBER 2013**

Attached is an updated investor briefing for the half year ended 31 December 2013, in which slide 4 has been amended to present figures in a more consistent manner and a graph has been removed in slide 6 because of duplication of information.

Yours sincerely
AVJennings Limited

A handwritten signature in blue ink, appearing to be 'CT', with a long horizontal stroke extending to the right.

Carl Thompson
Company Secretary



AVJennings®

**Half Year Results
31 December 2013**

Company Highlights

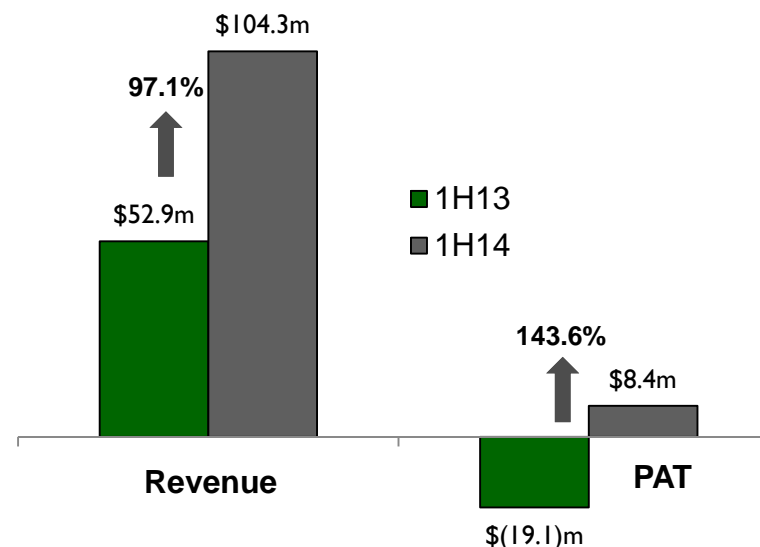
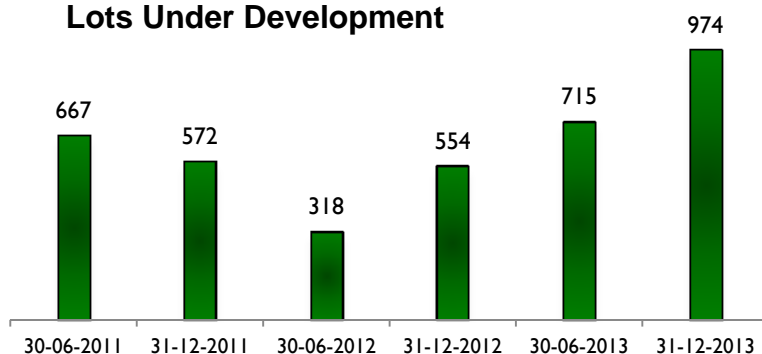
Underlying activity levels continue to increase

- work in progress numbers lifting
- consistent with previously advised strategy
- reflects both improved market conditions and better project fundamentals
- on track to meet or exceed previous guidance of 1,200 – 1,400 contract signings for FY14

Profit after tax \$8.4m compared to Loss after tax of \$19.1m for same period last year

- sustainable turnaround
- second half will better reflect increased work in progress levels as bias toward second half revenue recognition (due to timing of completion of inventory)
- higher volumes improving economic returns
- directors expect a full year dividend will be declared

Lots Under Development



Company Highlights cont..

Market Conditions

- better but further improvement likely
- fundamentals remain strong

Model/Strategies continuing to drive improved performance

- continued focus on providing affordable, quality options for customers
- diversified product mix of land, integrated housing and low rise apartments provides excellent base for maximizing options and project strategies
- geographical spread positively impacting results and will be a key advantage in future periods

Growth

- focus in recent years on maximising existing projects
- renewed focus on acquisitions whilst maximising performance of existing projects
- new projects must fit strategy, generate adequate returns for shareholders and entail efficient use of capital
- further growth to drive greater economies of scale

Building on 80 year history by continuing to:

- invest in our leading Brand
- recruit, develop and retain high quality people
- design innovative product

1H14 Results

	1H14	1H13
Revenues	\$104.3m	\$52.9m
Profit/(Loss) after tax:		
- statutory	8.4m	(\$19.1m)
- excluding increase/decrease in impairment provision	4.7m	(\$3.1m)
Contract Signings (units)	864	361
Settlements	541	267
Gross Margins	22.5%	21.8%
Inventory Impairments:		
- After tax	-	\$16.1m
- Book value of inventory	-	5.3%
Inventory Provision Write Back (after tax)	\$3.6m	NIL

- Significantly improved result:
 - 1H14 revenue up 97.1% on 1H13
 - 1H14 PAT up 143.6% on 1H13
 - Substantial pre-sales as at 31 December 2013
- \$3.6m after tax inventory provision write-back consistent with:
 - Revised and accelerated new project strategy and delivery
 - Better trading performance
 - Key asset value drivers such as sales rates and prices, margins and project lifespan
- Dividends:
 - Expect full year dividend
 - Short term cash focus on:
 - bringing new projects on stream
 - investing in WIP

Debt Funding

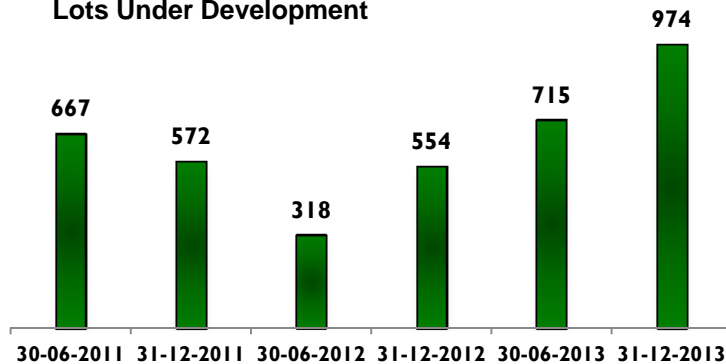
	31 Dec 2013	30 June 2013	31 Dec 2012
Net Debt	\$104.3m	\$78.2m	\$111.9m
Gearing *	23.0%	16.9%	23.8%
Net Debt (includes proportionate share of equity accounted JV debt)	\$104.3m	\$83.3m	\$119.8m
Gearing *	22.8%	17.7%	25.0%

- Debt/Total Assets

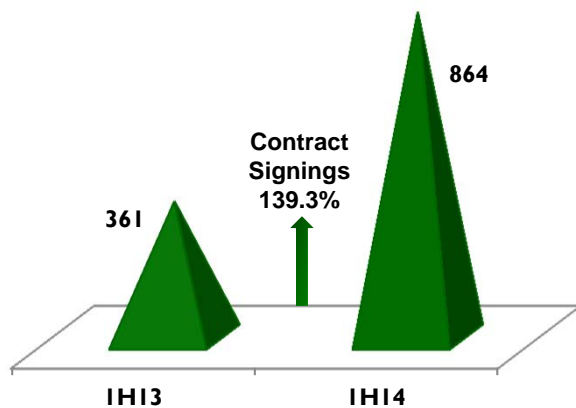
- Decrease in net debt from 1H13 attributable to combination of Entitlement Offer and increased cash receipts in 2H13 despite WIP build up
- Net debt in 1H14 up on 2H13 due to expansion of production in response to improved market conditions
- Continuing to explore strategy of diversifying funding sources

Inventory

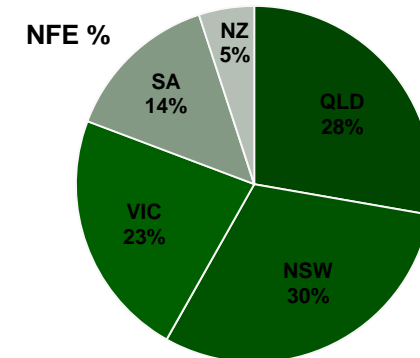
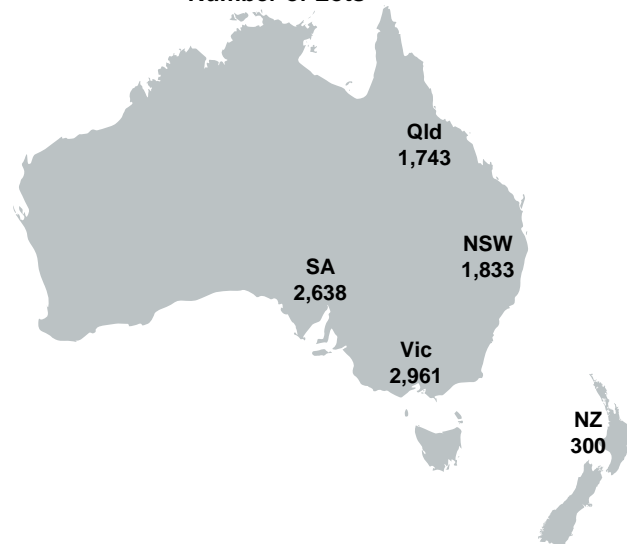
Lots Under Development



- Contract signings – 1H14 includes bulk contracts of 237 lot equivalents at Hobsonville, NZ
- Completed and unsold stock acceptable at around 110 lots
- Total number of lots under control at December 2013: 9,475 (December 2012: 10,581)
- Actively exploring capital efficient methods to secure future development opportunities as well as acquisitions

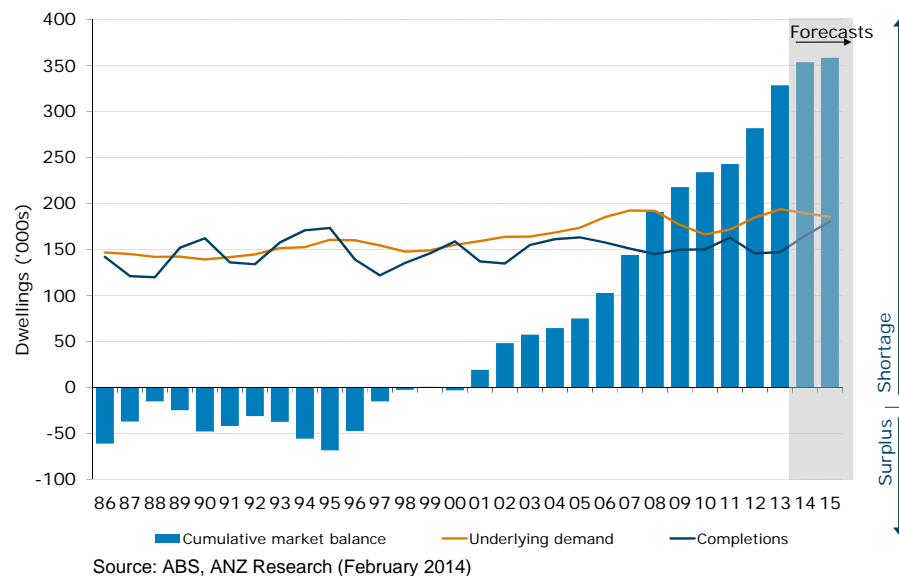


Number of Lots

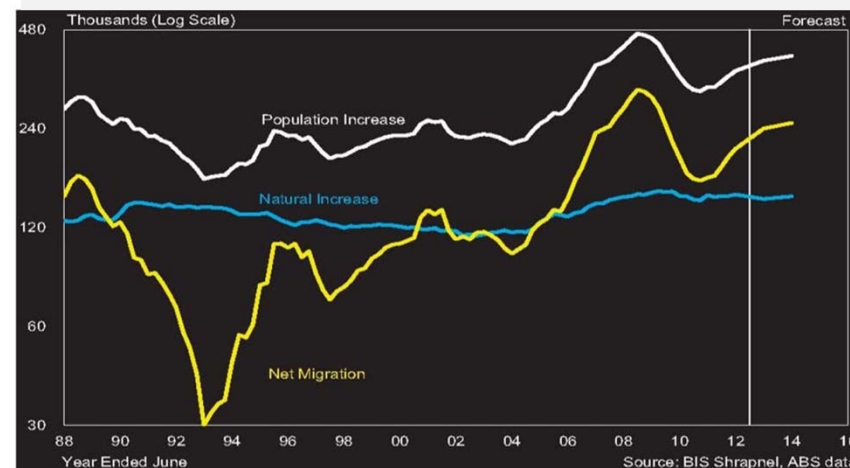


Market Conditions

Housing Market Balance

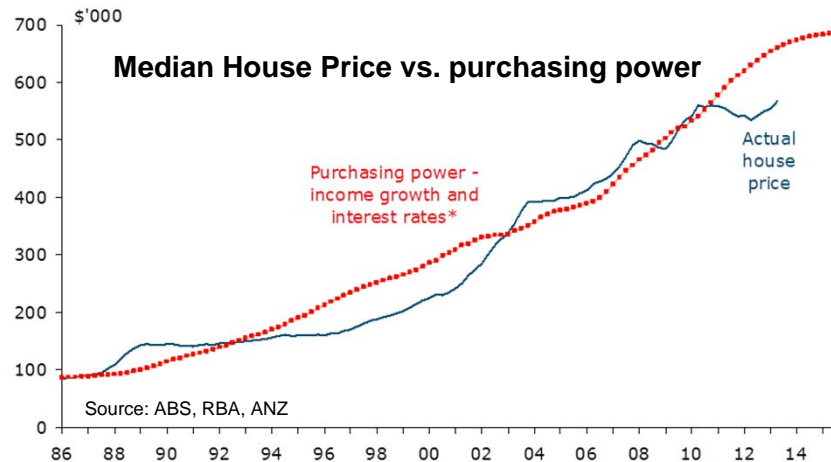


Population – Analysis of Increase Moving Annual Totals

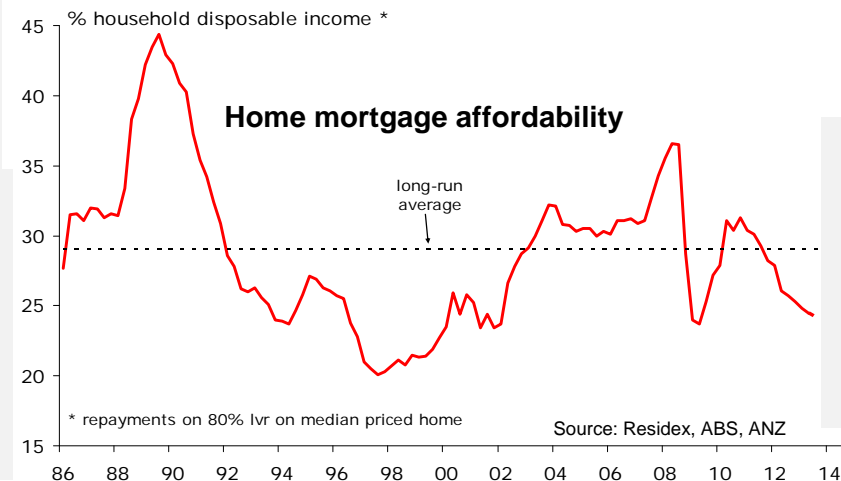
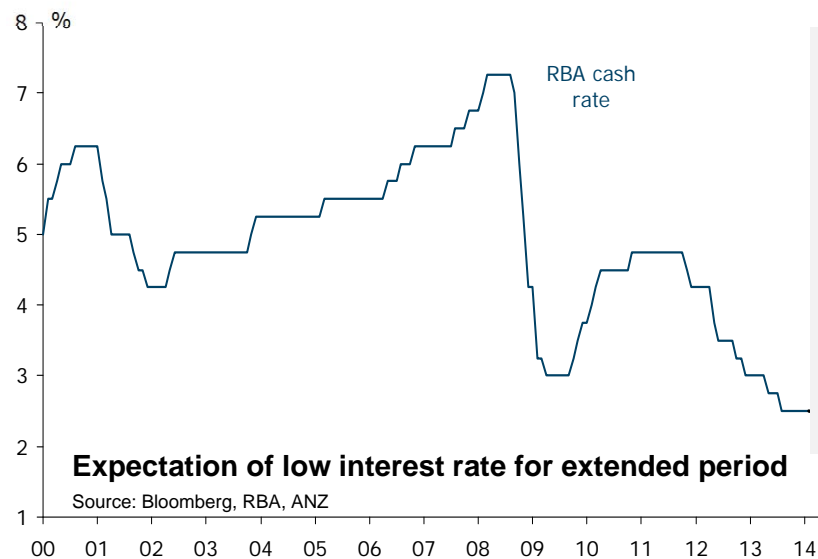


- Housing shortage remains critical in many regions
- Key Sydney and Auckland markets clearly under-supplied
- Red and green tape, planning, procedural and practical delays all limit swift stock supply
- Company beneficially placed as major projects are well located within their catchments, site ready and with significant advancement in development profile in recent times (see following slide)
- Strong population growth

Market Conditions cont..

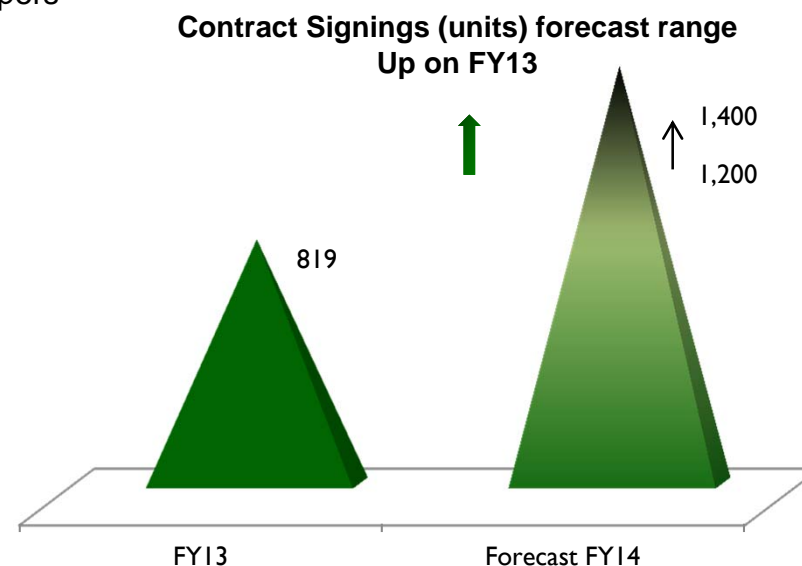
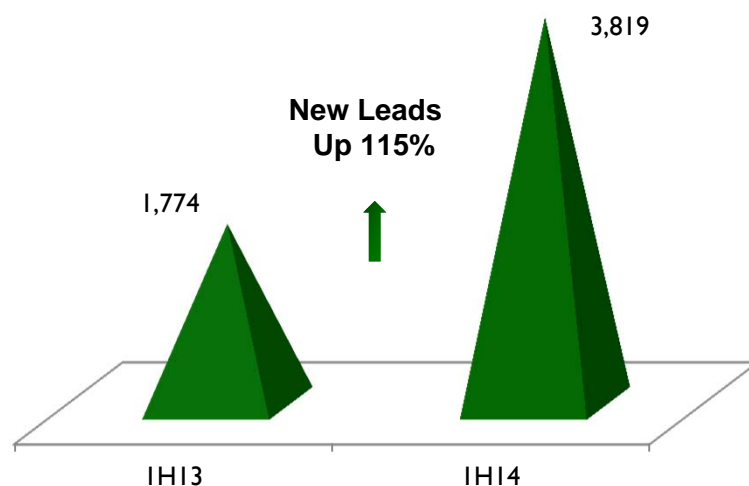


- Improvements in affordability
- Low interest rates
- Government incentives and programs such as stamp duty rebates, first home buyer grant, etc
- Company focus remains on affordable product delivered through land use maximisation and its integrated housing model



Outlook

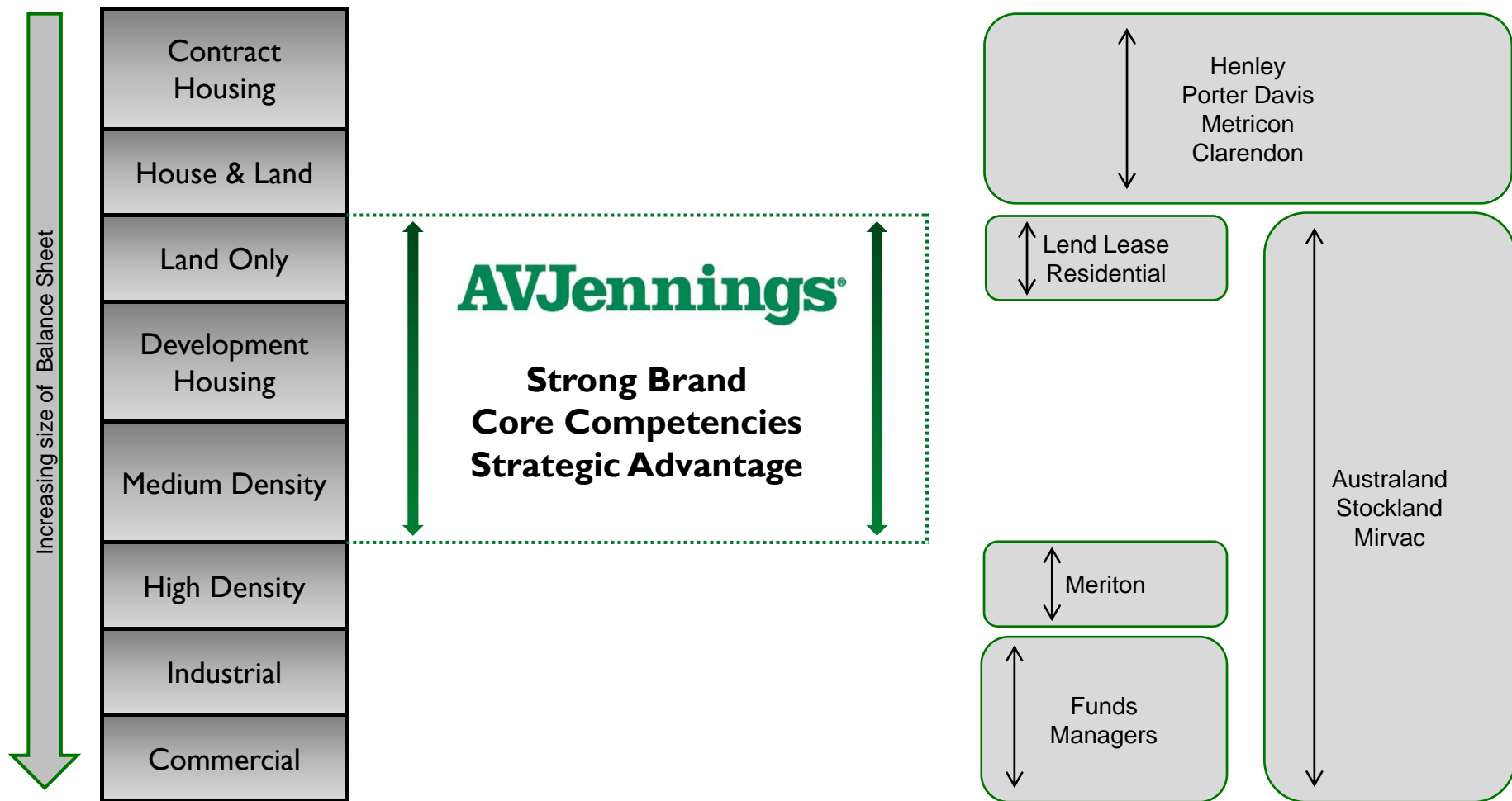
- Consumer confidence in key NSW & south-east Queensland markets improving
- Victorian market showing early but encouraging signs of recovery
- South Australia remains stable
- Auckland Hobsonville Point project with NZ government experiencing significant demand
- Strong demand over the six months, outstripping 2H13 and supported by Company's expanded investment in production
- Company expects that the improvement in the Company's markets in 1H14 will continue into 2H14
- New customer enquiry increasing
- Greater focus on sales of land to other builders and developers





Appendices

Pure Residential Property Developer



AVJ Business Model

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

- Land
- Turn key townhomes and detached homes
- Apartments

Strong project pipeline:

- Land bank of 9,475 lots under control

Geographic diversity:

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

Focus on quality product for various markets:

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

Integrated build-out where appropriate

Project Development Agreements & Joint Ventures

- Skills
- Brand
- Capital efficiency

Lot Settlements & Land Payments¹

	FULL YEAR						HALF YEAR
	FY08	FY09	FY10	FY11	FY12	FY13	1H14
Total settlements (units)	1,846	1,841	1,472	1,175	861	829	541
NSW settlements (units)	275	245	304	144	110	158	79
VIC settlements (units)	895	1,220	523	671	395	186	232
QLD settlements (units)	354	180	381	116	172	121	155
SA settlements (units)	322	196	264	182	105	166	73
NZ settlements (units)	-	-	-	62	79	198	2
Lots under control at end of period ³	10,876	9,825	9,480	11,259	10,837	9,952	9,475
Work in progress – units	1,025	450	521	667	318	715	974
Work in progress – dollars (\$ million)	130.5	64.2	45.4	95.2	61.9	72.1	98.2
Revenue from settlements (\$ million)	347.1	345.1	248.8	195.5	182.3 ²	152.2 ²	101.2 ²
Land Payments (\$ million)	151.9	27.8	47.8	38.1	68.0	28.4	44.6

1. Excludes Contract Building

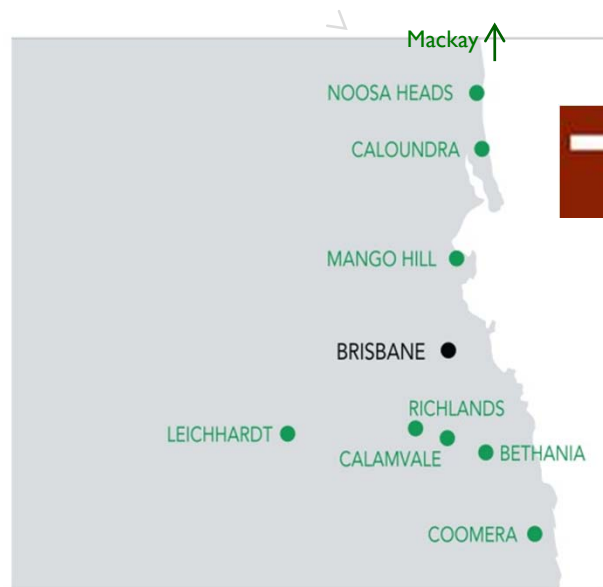
2. Includes revenue from SA JV Build Out

3. Excludes bulk lot contract signings that are revenue recognised but not settled by balance date

Queensland

	Project Acquired	Project Commenced	Original No. of Lots	Remaining No. of Lots	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Post	Total Gross Revenue (GST Incl)
Halpine Lake, Mango Hill	March 2004	July 2004	689	83							\$160.1m
Creekwood, Caloundra	Nov 2007	April 2009	684	605							\$184.5m
Glenrowan Estate, Mackay	Aug 2008	July 2010	278	179							\$58.0m
Essington Rise, Leichardt	Dec 2009	March 2010	158	115							\$27.1m#
Nottingham Square, Calamvale	Sept 2007	Aug 2009	258	121							\$100.4m
Villaggio, Richlands	July 2009	June 2010	142	101							\$48.8m
Bethania	June 2010	NC	128	128							\$43.6m
Elysium, Noosa Heads	Nov 2010	Jan 2011	174	128							\$60.9m
Big Sky, Coomera	June 2011	Oct 2011	334	283							\$77.2m#

Projects are Development Agreements, so not all revenues flow to AVJ



New South Wales



	Project Acquired	Project Commenced	Original No. of Lots	Remaining No. of Lots	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Post	Total Gross Revenue (GST Incl)
The Ridges, Elderslie	Oct 1999	Aug 2005	578	300							\$223.3m
Hamlyn Terrace	July 2001	NC	440	440							\$202.1m
Spring Farm	Jan 2002	NC	206	206							\$111.3m
Ravensthorpe Heights, Goulburn	April 2007	Aug 2007	279	139							\$93.6m
Seacrest, Sandy Beach	Sept 2007	May 2010	141	104							\$25.1m
Cavanstone, Eastwood	Oct 2007	Aug 2008	274	105							\$346.5m#
Arcadian Hills, Cobbitty	Oct 2010	Aug 2013	469	457							\$204.9m
Lakes Edge, Ponds	Oct 2012	April 2013	82	75							\$59.7m#

Project either a Joint Venture or Development Agreement, so not all revenues flow to AVJ

Note: does not include 7 remnant lots



Victoria

	Project Acquired	Project Commenced	Original No. of Lots	Remaining No. of Lots	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Post	Total Gross Revenue (GST Incl)
Arena, Officer	July 2004	May 2008	685	59							\$139.1m
Lyndarum North, Wollert	July 2007	March 2010	856	424							\$164.5m
Wollert (Options)	Purchase not yet finalised		1,820	1,820							
Lyndarum, Epping North	Aug 2003	Nov 2007	945	59							\$220.1m
Arlington Rise, Portarlington	March 2011	April 2011	256	234							51.7m
Hazelcroft, Doreen	Aug 2011	July 2013	365	365							\$73.0m



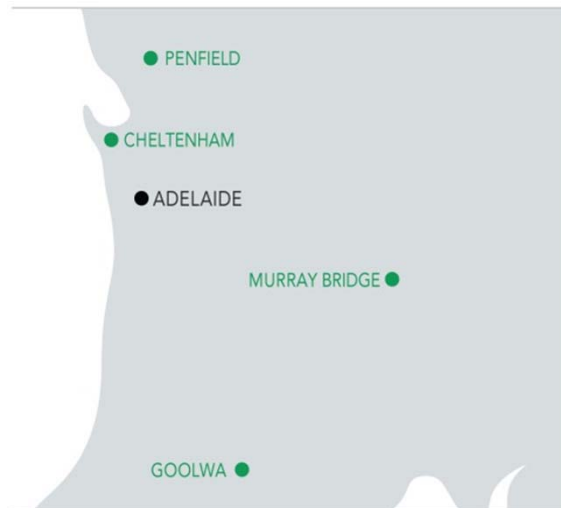
South Australia



	Project Acquired	Project Commenced	Original No. of Lots	Remaining No. of Lots	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Post	Total Gross Revenue (GST Incl)
Pathways, Murray Bridge	July 2005	March 2006	238	56							\$24.4m
River Breeze, Goolwa North	June 2007	March 2008	130	81							\$15.6m
St Clair, Cheltenham JV	Nov 2007	May 2009	937	753							\$354.5m#
Eyre, Penfield	Jan 2011	May 2012	1,763	1,737							\$414.6m#

Note: does not include 11 remnant lots

#Project either a Joint Venture or Development Agreement, so not all revenues flow to AVJ



New Zealand



	Project Acquired	Project Commenced	Original No. of Lots	Remaining No. of Lots	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Post	Total Gross Revenue (GST Incl)
Hobsonville Point, Hobsonville	April 2008	Aug 2009	625	300							\$75.9m#

AVJ developing Buckley Precinct, Hobsonville Point in joint venture with Hobsonville Land Company
Project is a Development Agreement, so not all revenues flow to AVJ

