

2016 HALF YEAR RESULTS

31 DECEMBER 2015

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STRONG FINANCIALS

- Revenue +57.9% to \$187.2 million
- PBT +42.2% to \$23.9 million
- NPAT +39.2% to \$16.5 million
- NTA per share \$0.89

OPERATING MOMENTUM

- NSW, QLD and Auckland markets strong
- WIP up 5.5% to 1,623 lots
- Contract signings up 14.6% to 999 lots
- Settlements up 5.2% to 694 lots
- Land under control up 2.3% to 10,436 lots

CAPITAL MANAGEMENT INITIATIVES

- 1.5 cents fully franked dividend announced (+50% on 1H15)
- New \$92 million project funding facility for 'Waterline Place' approved
- Strong and flexible balance sheet maintained - gearing low at 22.9%

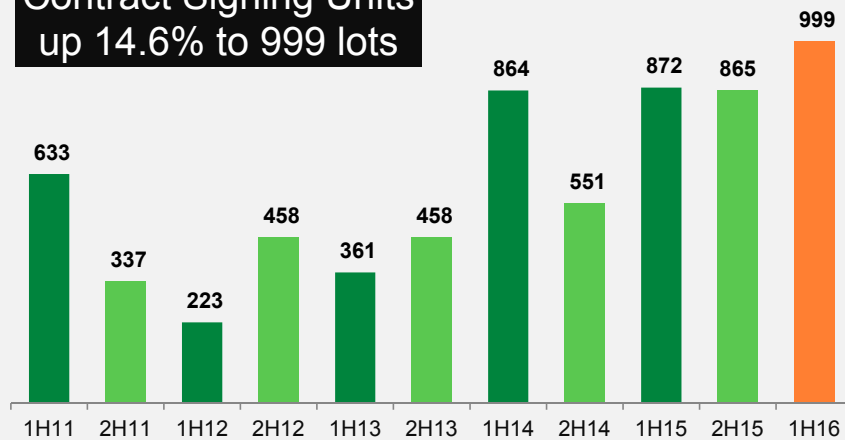
FY16 OUTLOOK

- FY16 target dividend payout ratio reaffirmed at 40-50% of NPAT
- Contract signings 1,800 to 2,100 lots reaffirmed

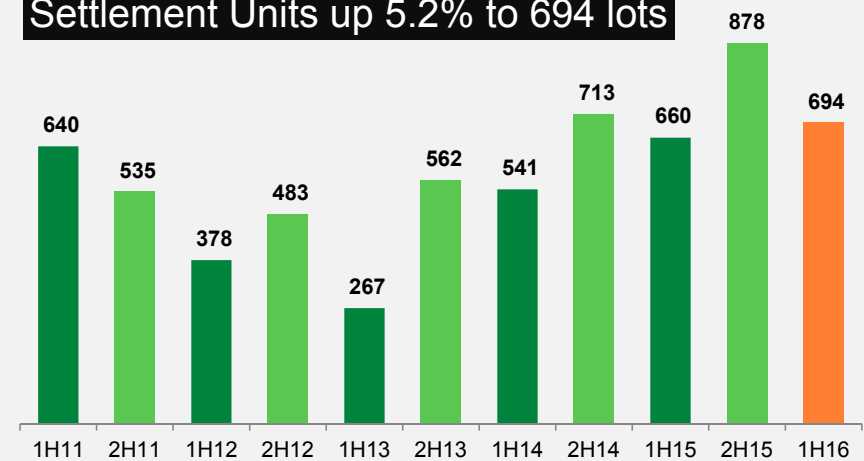
	1H16	1H15	% Change	2H15	TOTAL FY15	1H14	2H14	TOTAL FY14
Revenues:	\$187.2m	\$118.5m	+57.9%	\$199.4m	\$317.9m	\$104.3m	\$146.3m	\$250.6m
Statutory Profit before Tax:	\$23.9m	\$16.8m	+42.2%	\$31.4m	\$48.2m	\$12.5m	\$14.5m	\$27.0m
Statutory Profit after Tax:	\$16.5m	\$11.9m	+39.2%	\$22.5m	\$34.4m	\$8.4m	\$10.4m	\$18.8m
Gross Margins:	23.6% ¹	26.9%	-3.3pp	26.8%	26.8%	22.5%	21.5%	21.9%
Inventory Provision Write Back:								
- After tax	\$2.6m	\$2.6m	0%	NIL	\$2.6m	\$3.6m	NIL	\$3.6m
NTA:	\$341.4m	\$317.4m	7.5%	\$334.5m	\$334.5m	\$301.9m	\$313.0m	\$313.0m
NTA per share:	\$0.89	\$0.83	7.3%	\$0.88	\$0.88	\$0.79	\$0.81	\$0.81
EPS (cents per share)	4.3	3.1	+38.8%	5.9	9.0	2.2	2.7	4.9

1. Underlying project margins increased. The decrease from 26.9% in 1H15 to 23.6% in 1H16 was due to significantly higher management fees in relation to joint ventures included in 1H15.

Contract Signing Units up 14.6% to 999 lots



Settlement Units up 5.2% to 694 lots



- Strong result reflects accelerated production, higher sales and more settlements in most localities

- Standout contributors were New South Wales, Queensland with New Zealand contribution weighted to second half

- Proactive decisions on project delivery and product mix enabled us to capitalise on the strength of our markets

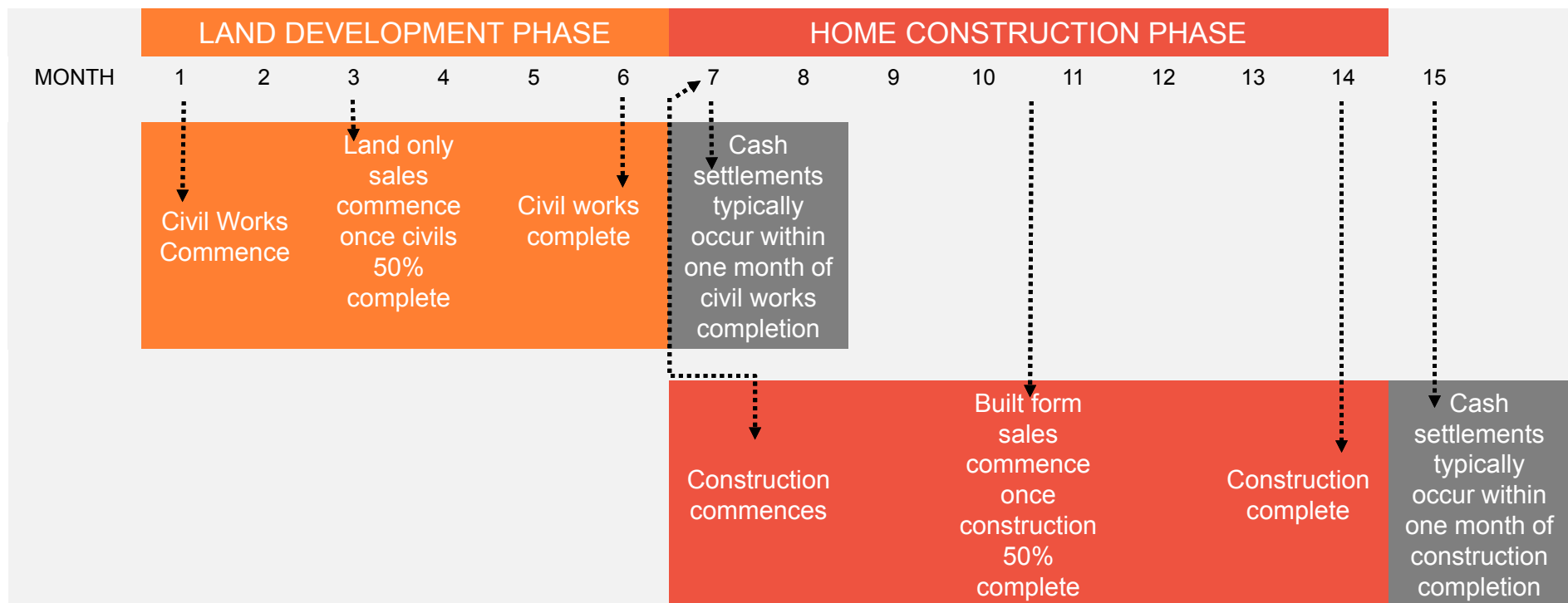
BALANCE SHEET AND CAPITAL MANAGEMENT

- Fully franked interim dividend of 1.5 cents per share to be paid in April 2016 (1.0 cent per share was paid in April 2015)
- Full year dividend payout range of 40-50.0% of profit after tax affirmed
- Gearing (net debt/total assets) remains low at 22.9% (total net debt \$154.6 million). Whilst higher than the position at 30 June 2015 (13.6%) and 31 December 2014: (17.9%) the increase reflects seasonal build-up in production and new acquisitions including:
 - land parcels at Spring Farm, Sydney (540 lots)
 - acquisition of remaining 50.0% interest in 'Argyle at Elderslie', NSW
 - land parcel at Buckley B Precinct Stages 2B/4, Hobsonville Point, New Zealand
 - land parcel at Bridgeman Downs, Brisbane (approx. 60 lots)
- The Company also continued its programme of diversifying and expanding its sources of funding by securing a project finance commitment of \$92 million for 'Waterline Place' at Williamstown, Victoria.

BALANCE SHEET AND CAPITAL MANAGEMENT

- Land only, terraces and town-homes, detached dwellings, low - medium rise apartments
- Horizontal development emphasis means shorter working capital cycle

TYPICAL PRODUCTION TIMELINE – RETAIL SALES



BUSINESS MODEL AND STRATEGY

DRIVING
STRONG
RESULTS

WELL PLACED TO
MEET CURRENT
CHALLENGES &
OPPORTUNITIES

SUSTAINABLE

BUSINESS MODEL AND STRATEGY

1. Focus on Horizontal Residential Development

2. Integrated dwellings pre-planned and built on company owned/controlled land

3. Target stable, traditional customer profile

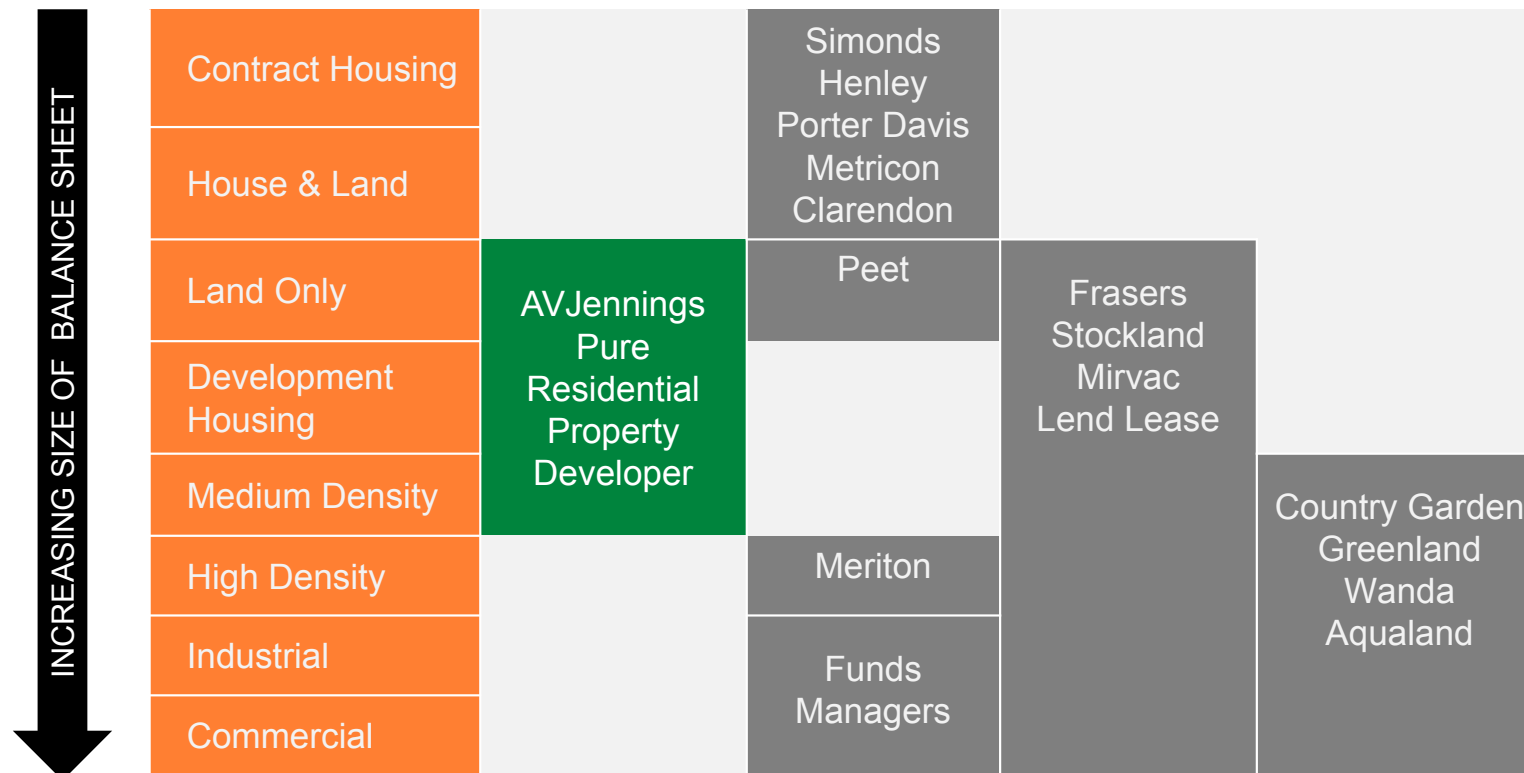
4. Volume driven, not price driven

5. Strong, sustainable business platform

6. Attractive, high quality product that is affordable

BUSINESS MODEL AND STRATEGY

1. Focus on Horizontal Residential Development

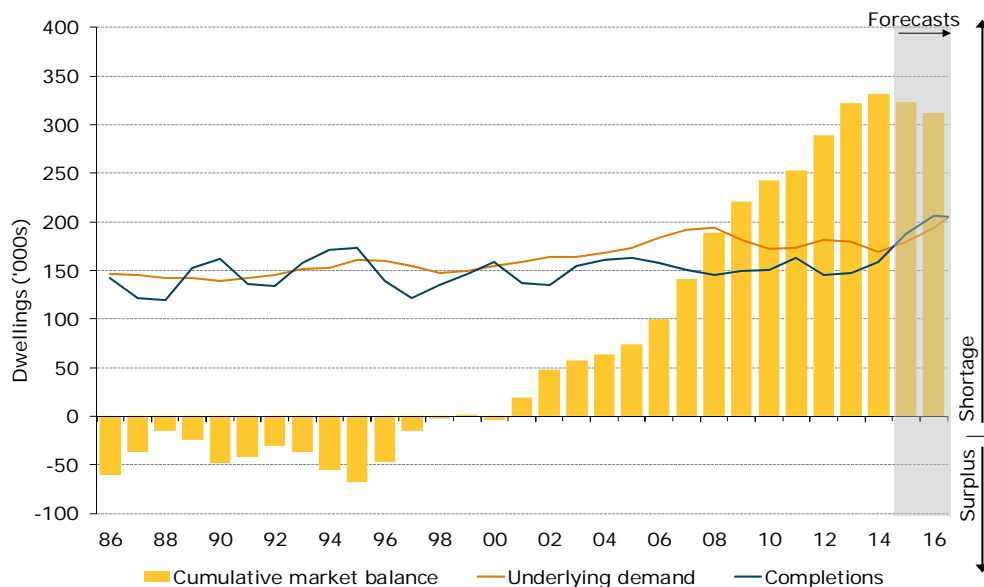


- Allows for more flexible operational planning and staging
- Low, highly targeted exposure to apartment segment (Williamstown, VIC) – no exposure to emerging high rise or CBD apartments headwinds

Chart based on core business lines

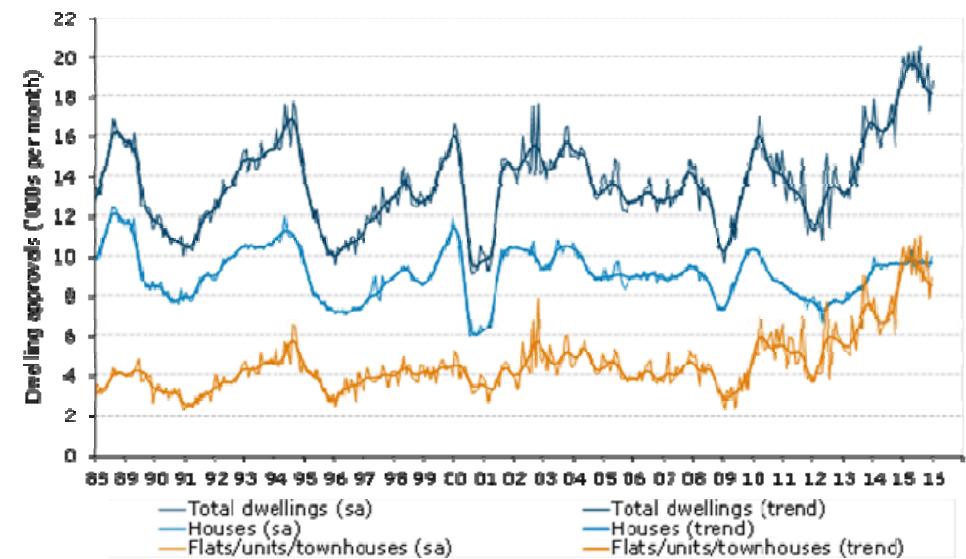
1. Focus on Horizontal Residential Development

Pent-up dwelling demand remains unsatisfied and will take years to clear (especially in Sydney)



Sources: ABS, ANZ Research Dec 2015

Traditional (detached/ town house/ low-rise) dwelling market remains robust and is under supplied in key markets such as Sydney and Melbourne



Sources: ABS, ANZ Research Feb 2016

2. Integrated dwellings pre-planned and built on company owned/controlled land

COMMUNITY MATTERS
– INTEGRATED
HOUSING KEY TO
DELIVERING THIS
VISION

MOST EFFICIENT USE
OF LAND (MAXIMISE
YIELD THROUGH MIX OF
DWELLINGS)

TURNKEY SALES OF
COMPLETED HOMES
MEETS CUSTOMER
NEEDS AND LIMITS
VARIATION RISK

WE PARTICIPATE IN THE
DEEPEST PART OF THE
RESIDENTIAL MARKET
(TRADITIONAL
HOUSING)

3. Target stable, traditional customer profile

AVJ CUSTOMER SEGMENTS

RETAIL

FIRST HOME BUYERS 33%

LOCAL INVESTORS 29%

TRADE UPS /DOWNSIZERS 37%

FOREIGN INVESTORS 1%

BUSINESS

Our B2B customers are contract home builders and others who buy our land.

This segment continues to grow and is an important indicator of overall confidence in our sector.

4. Volume driven, not price driven

AVERAGE GROSS MARGINS REASONABLY STEADY THROUGHOUT THE CYCLE (LOW – HIGH 20% DEPENDING UPON PRODUCT MIX)

CORPORATE ADMINISTRATION COSTS FIXED (OVERHEAD EFFICIENCY IMPROVES AS REVENUE RISES)

VARIABLE COSTS LARGELY TIED TO PRODUCTION/REVENUE

5. Strong, sustainable business platform

▪ STRENGTH OF AVJENNINGS BRAND

- Customers continue to recognise the brand and what it stands for (trust, reliability, value and quality)
 - Brand also strong with other stakeholders (suppliers, government, land owners, financial institutions)
 - 1H16 saw the first significant investment in brand in many years and results are extremely positive

▪ PEOPLE FOCUSED

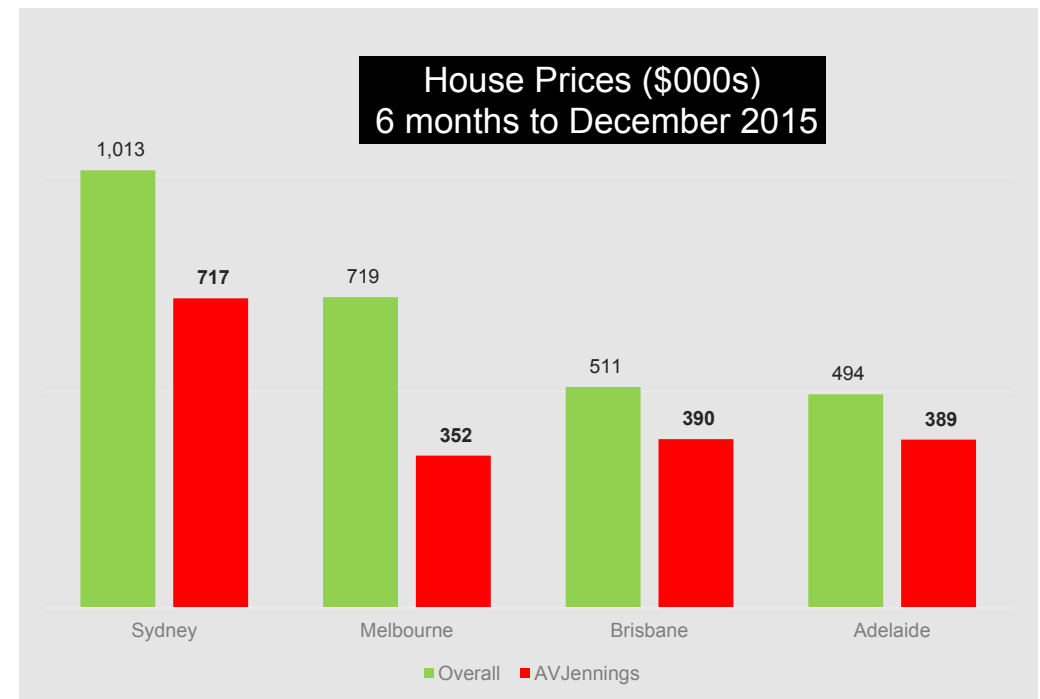
- Experienced management teams

▪ STRONG INTERNAL SYSTEMS

▪ GOOD CORPORATE GOVERNANCE SYSTEMS

6. Attractive, high quality product that is affordable

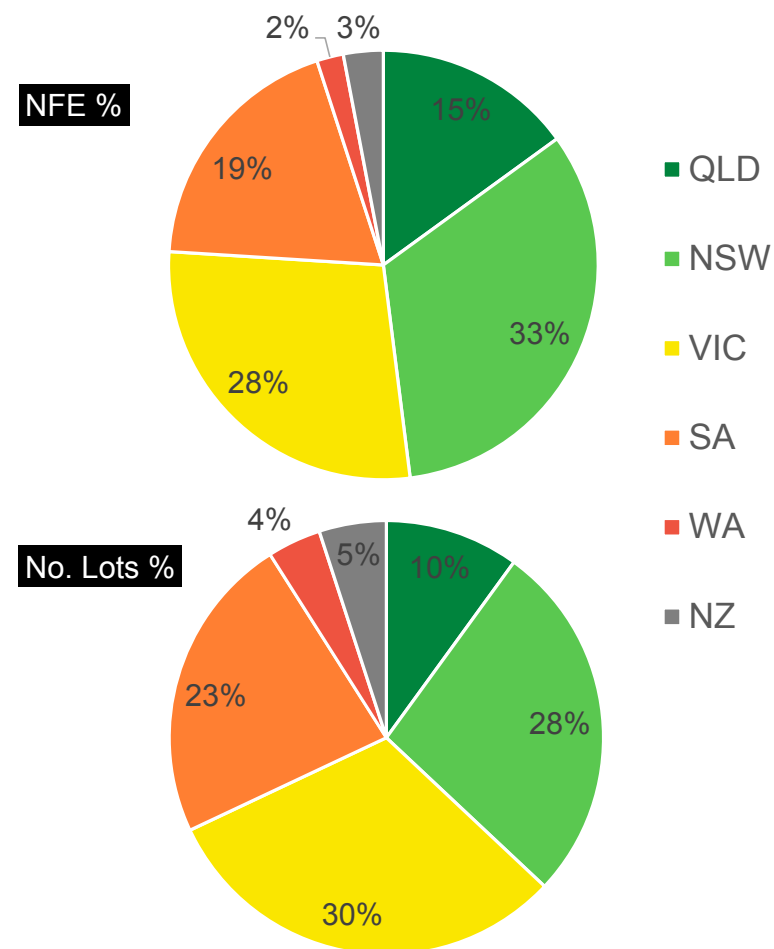
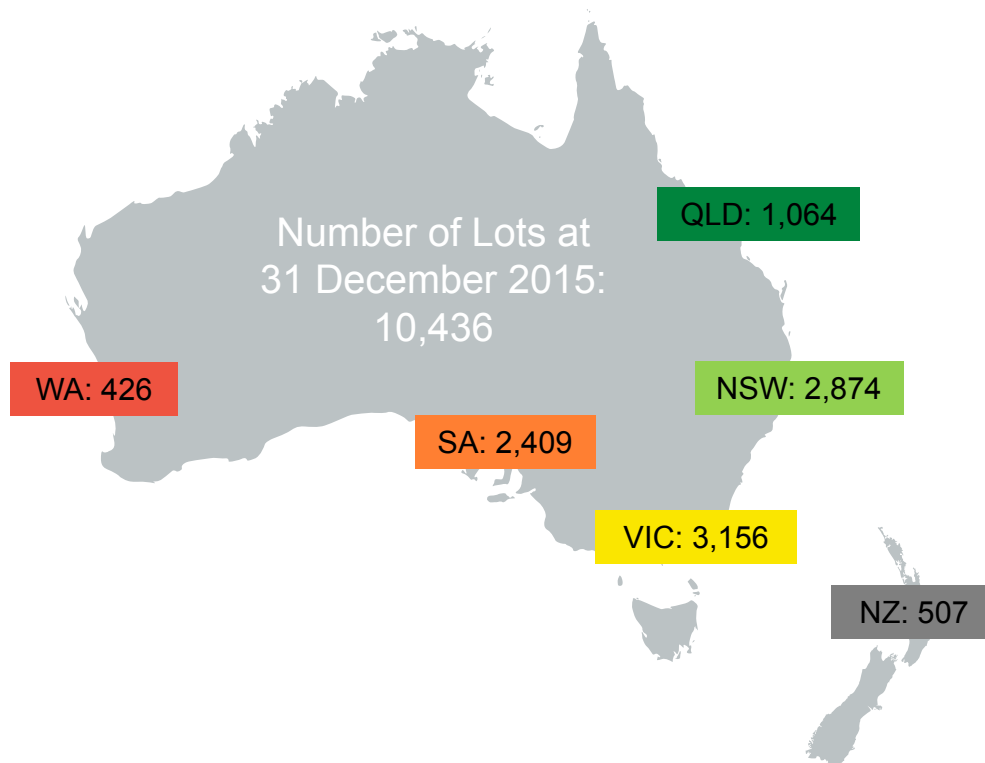
- Meeting affordability challenges is a central component of AVJ's strategy addressed through:
 - Control over built form
 - Maximising efficiency of land use
 - Good quality product
 - Understanding our customers needs
- Mortgage serviceability remains below historic peaks
- Recent price escalation in some markets such as Sydney follows a long period of stagnation
- Controls in our industry remain tight: no auctions; transparent and comparable pricing; banking controls.
- Affordability issue directly related to taxing arrangements at all 3 levels of government
 - GST applied to new housing
 - Infrastructure levies
 - Stamp duty
- AVJ's average selling prices well below much publicised average prices for major cities



Overall capital city figures are the December 2015 quarter median prices for detached housing and town homes and have been sourced from Domain.com.au. AVJennings figures are based on average selling price for the six months to December. Only town homes have been sold in Melbourne by AVJennings in the six months to December 2015. AVJennings Brisbane data includes sales from projects in the Sunshine Coast, Ipswich, and Gold Coast.

SUMMARY OF LOCATIONS

Diversified across largest Australian mainland capitals and Auckland to maximise opportunity and reduce concentration risk.



NEW SOUTH WALES

- Sydney is the strongest market in the country
- Pent up demand and inadequate land supply fuelling activity
- AVJ perspective:
 - Selling prices and input costs are firming, margins are stable
 - Increasing focus on accelerating land only sales



QUEENSLAND

- Brisbane, Caloundra and Coomera markets are rising
- AVJ perspective:
 - Market demand currently dictates greater focus on built form over land only relative to other States
 - More investor purchasers than other States
 - Bethania now under development



MARKET AND PROJECT UPDATE

NEW SOUTH WALES

PROJECT NAME	REMAINING NO. LOTS
Argyle, Elderslie	387
Magnolia, Hamlyn Terrace	399
Spring Farm (South)	221
Spring Farm (East)	540
Ravensthorpe Heights, Goulburn	75
Seacrest, Sandy Beach	123
Arcadian Hills, Cobbitty	496
Lakes Edge, The Ponds	4
Boundary Road, Schofields	27
Warnervale	595
Residuals	7
TOTAL	2,874

QUEENSLAND

PROJECT NAME	REMAINING NO. LOTS
Halpine Lake, Mango Hill	151
Creekwood, Caloundra	271
Glenrowan, Mackay	177
Essington Rise, Leichardt	60
Nottingham Square, Calamvale	9
Villaggio, Richlands	52
Parkside, Bethania	116
Elysium, Noosa Heads	1
Big Sky, Coomera	167
Bridgeman Downs	60
TOTAL	1,064

VICTORIA

- Land supply and demand relatively balanced
- Detached housing and land supply disconnected from inner-Melbourne apartments
- AVJ perspective:
 - Greater focus on large scale communities relative to QLD and NSW
 - Results will be enhanced by 'Waterline Place' project first stage under construction and Wollert joint venture with AustralianSuper



SOUTH AUSTRALIA

- Residential market relatively soft but State Government response positive
- AVJ perspective:
 - 'St Clair' and 'Eyre' both long term projects that have achieved key milestones
 - Earnings buoyed as St Clair now wholly owned



MARKET AND PROJECT UPDATE

VICTORIA	
PROJECT NAME	REMAINING NO. LOTS
Lyndarum North, Wollert	151
Lyndarum, Epping North	33
Arlington Rise, Portarlington	187
Hazelcroft, Doreen	274
Waterline Place, Williamstown	691
Wollert JV	1,820
TOTAL	3,156

SOUTH AUSTRALIA	
PROJECT NAME	REMAINING NO. LOTS
Pathways, Murray Bridge	53
River Breeze, Goolwa North	80
St Clair, Cheltenham	606
Eyre at Penfield	1,660
Residuals	10
TOTAL	2,409

WESTERN AUSTRALIA

- Overall economic outlook soft given the transition from resources
- Residential market somewhat fragmented but good support for apartments in certain inner Perth suburbs remains
- AVJ perspective:
 - Under \$10 million invested in four projects in Perth
 - Opportunity to maintain the brand, learn the market, build relationships and identify counter-cyclical acquisition opportunities



NEW ZEALAND

- Auckland residential market very active and driven by:
 - pent up demand and positive net migration
 - affordability is a critical social issue
- AVJ perspective:
 - 'Hobsonville Point' is a flagship project
 - Purchase of Buckley B Precinct Stages 2B/4 increases scale by adding approximately 312 lots
 - Strong 1H contract signings achieved (195 lots)

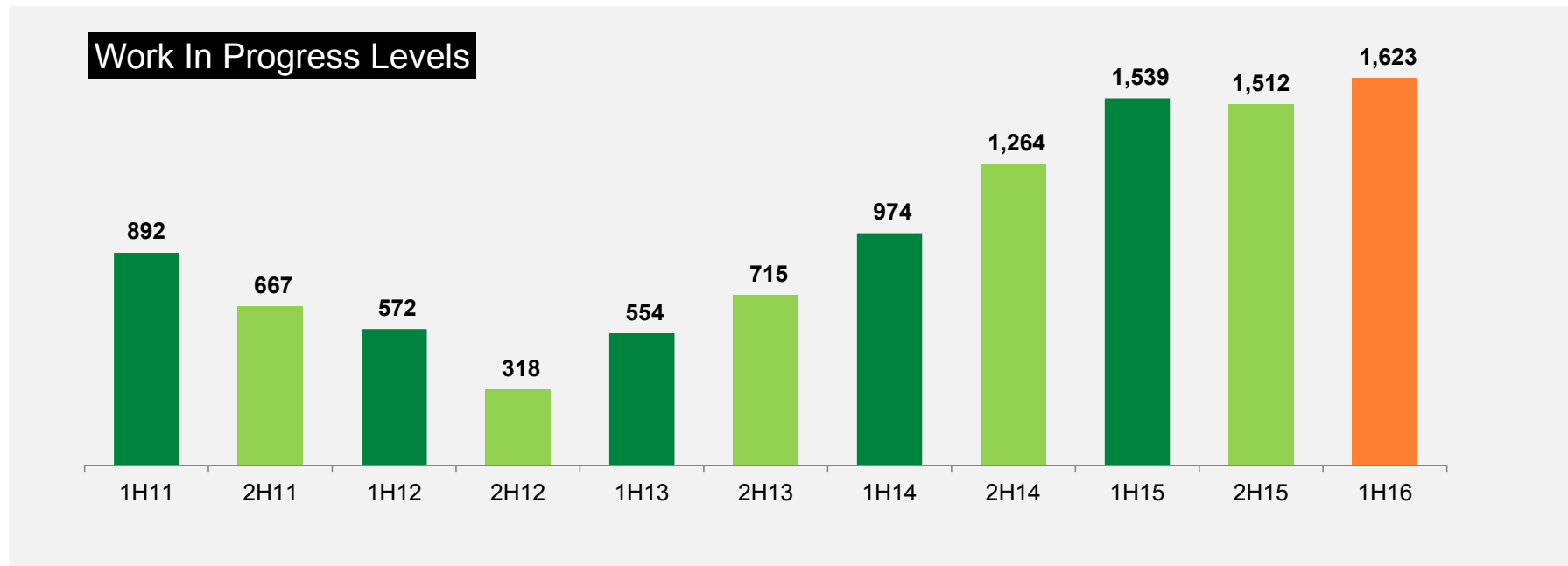


MARKET AND PROJECT UPDATE

WESTERN AUSTRALIA	
PROJECT NAME	REMAINING NO. LOTS
Indigo China Green, Subiaco	124
Viridian China Green, Subiaco	74
The Heights Kardinya	111
Parkview, Ferndale	46
Viveash	71
TOTAL LOTS	426

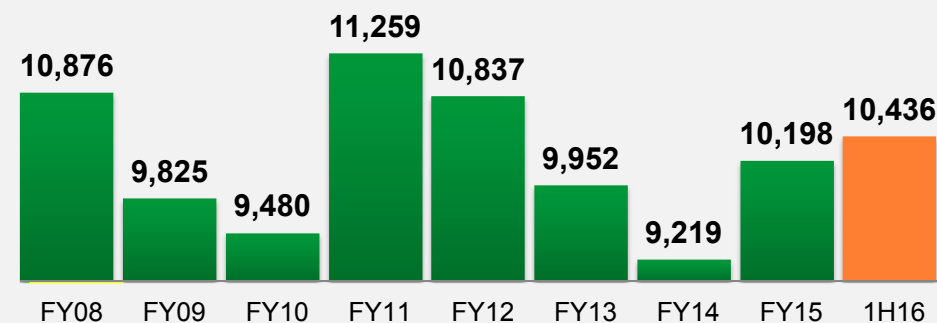
NEW ZEALAND	
PROJECT NAME	REMAINING NO. LOTS
Hobsonville Point (Catalina Precinct), Auckland	195
Hobsonville Point (Buckley B), Auckland	312
TOTAL LOTS	507

- Business model well placed to meet current challenges and opportunities
- Work in progress levels mean we will have product to meet market demand
- Continued focus on production efficiency gains to shorten the working capital cycle
- WIP increased in 1H16, consistent with our expectations, reflecting seasonal uplift in production



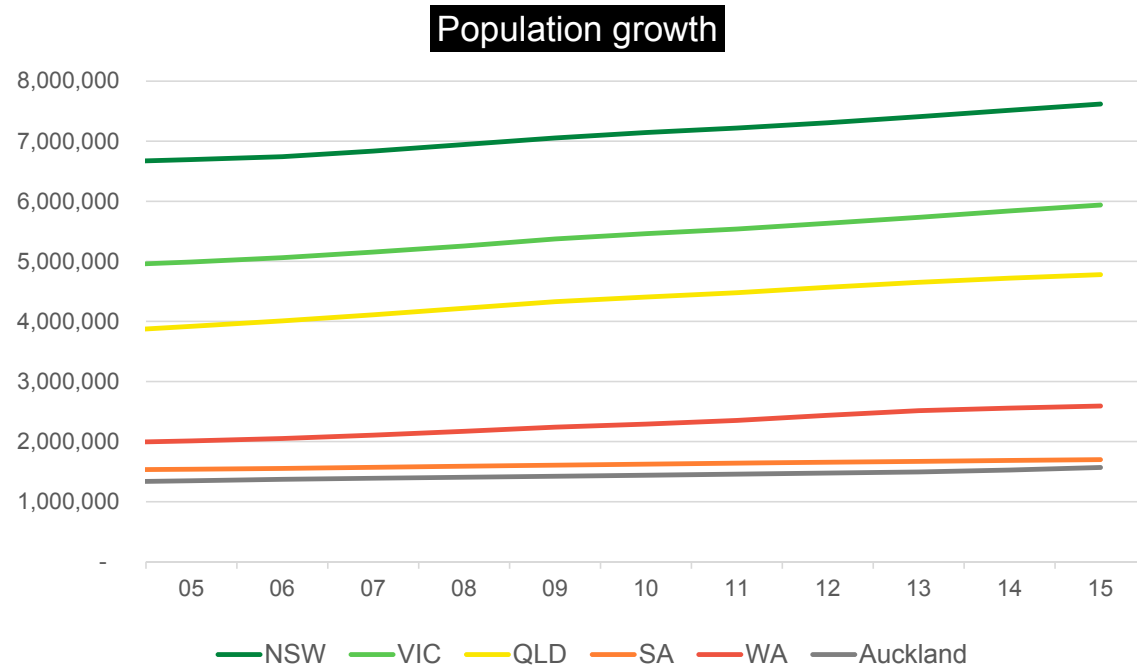
- Strong production pipeline supported at the front-end by a rolling acquisition programme of appropriately zoned land
- Majority of projects, including sites acquired within the last 12 months, are under (or will within 12 months enter) active production:
 - 'Arcadian Hills', Cobbitty and 'Argyle at Elderslie' NSW continue to perform strongly, generating good margins with new stages at each underway
 - Development of a major new stage recently commenced at 'Magnolia', Hamlyn Terrace NSW
 - Acquisition of the remaining 50% interest in 'Argyle at Elderslie' NSW should significantly boost second half revenue and margin
 - Contract signings and selling prices continue to firm in Brisbane, Caloundra and Coomera with new stages underway at 'Creekwood' and 'Big Sky'
 - Construction of first phase of 'Waterline Place', Melbourne well underway with first revenue to flow early next calendar year
 - Development work to commence on Wollert Australian Super joint venture land this calendar year
- Acquisitions have seen total lots under control grow from 10,198 in FY15 to 10,436 in 1H16 despite increased production and sales activity
- AVJ is well positioned for future growth and profitability.

TOTAL LOTS HELD BY AVJENNINGS



FUNDAMENTALS REMAIN STRONG

- Increasing population
- Interest rates at historic low levels and expected to remain low
- Employment outlook remains stable
- Continued focus on business improvement: brand, people, product and strong systems.



Sources:
ABS, Australian demographic statistics, estimated resident population, June 2015;
Statistics NZ, estimated resident population for regional council areas, Auckland, November 2015

APPENDICES

LOT SETTLEMENTS & LAND PAYMENTS¹

	FULL YEAR								HALF YEAR
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	1H16
Total settlements (units)	1,846	1,841	1,472	1,175	861	829	1,254	1,538	694
NSW settlements (units)	275	245	304	144	110	158	200	493	173
VIC settlements (units)	895	1,220	523	671	395	186	329	247	151
QLD settlements (units)	354	180	381	116	172	121	352	409	268
SA settlements (units)	322	196	264	182	105	166	138	144	63
NZ settlements (units)	-	-	-	62	79	198	235	245	39
Lots under control at end of period ²	10,876	9,825	9,480	11,259	10,837	9,952	9,219	10,198	10,436
Work in progress (units)	1,025	450	521	667	318	715	1,264	1,512	1,623
Work in progress (\$ million)	130.5	64.2	45.4	95.2	61.9	72.1	127.3	158.5	153.5
Revenue from settlements (\$ million)	347.1	345.1	248.8	195.5	182.3	152.2	244.4	308.8	185.7
Land Payments (\$ million)	151.9	27.8	47.8	38.1	68.0	28.4	53.9	68.1	131.6

1. Excludes Contract Building Division sold to Sekisui House Australia in August 2010

2. Includes some contracts where revenue has been recognised on an unconditional contract basis

PIPELINE

REGION	Project Name	Remaining No. of Lots	Pre	FY16	FY17	FY18	FY19	FY20 +
QUEENSLAND	Halpine Lake, Mango Hill	151						
	Creekwood, Caloundra	271						
	Glenrowan, Mackay	177						
	Essington Rise, Leichardt	60						
	Nottingham Square, Calamvale	9						
	Villaggio, Richlands	52						
	Bethania	116						
	Elysium, Noosa Heads	1						
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	The Heights Kardinya	111						
	Viveash	71						
	Parkview, Ferndale	46						
TOTAL NO. OF REMAINING LOTS		10,419						

- Total No. of Remaining Lots does not include 17 remnant lots
- Note that it is not possible for the reader of this briefing to calculate the remaining number of lots from year to year because that number is a product of not only lots purchased and settled, but also changes in stage reconfiguration.

┌
HOUSING
MATTERS.

COMMUNITY
MATTERS.