



March 2017 – Singapore



Your Community
Developer



Investor briefings



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AVJennings at a glance

ESTABLISHED



FOCUS

ON AFFORDABLE HOUSING IN URBAN GROWTH CORRIDORS

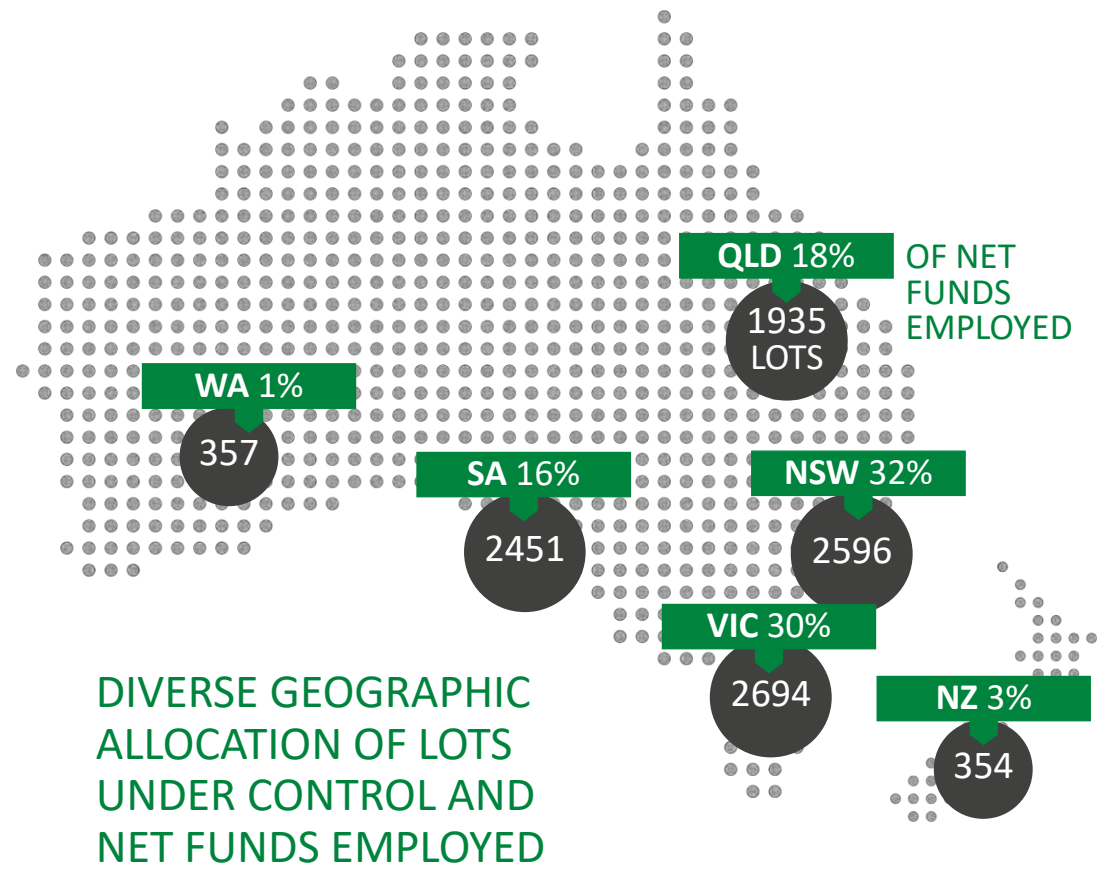
AVJennings continues to be one of the most recognised residential property development companies in Australia

STRONG BALANCE SHEET

TARGETED DIVIDEND PAYOUT RATIO BETWEEN 40% AND 50% OF EARNINGS

STABLE INVENTORY & PROJECT PIPELINE WITH 10,387 LOTS ACROSS 40 PROJECTS

99% CUSTOMERS ARE DOMESTIC BUYERS



VALUATION METRICS*: • MARKET CAP \$223M • FY16 DIV YIELD 8.6% (FF 12.3%) • FY16 PER 5.4X • 1 YR TRADING RANGE \$0.52 - \$0.73 • NTA 95 CPS

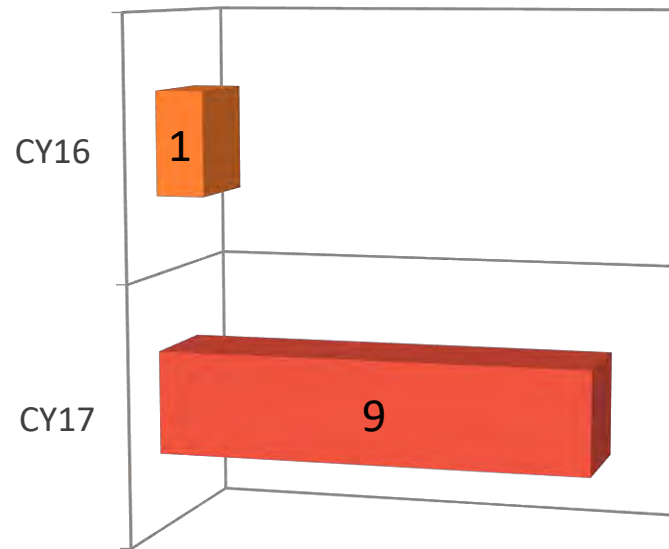
* Using a 58 cent share price and FY16 results

Business update and financial results

There is increasing activity and momentum across the business

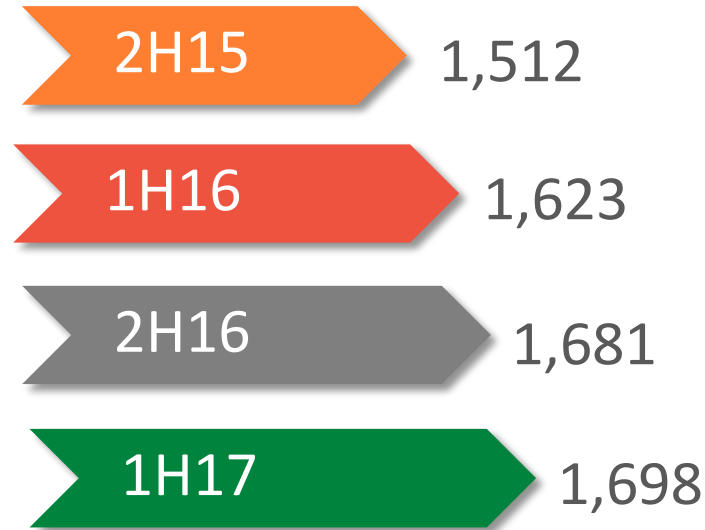
MORE PROJECTS STARTING

Forecast

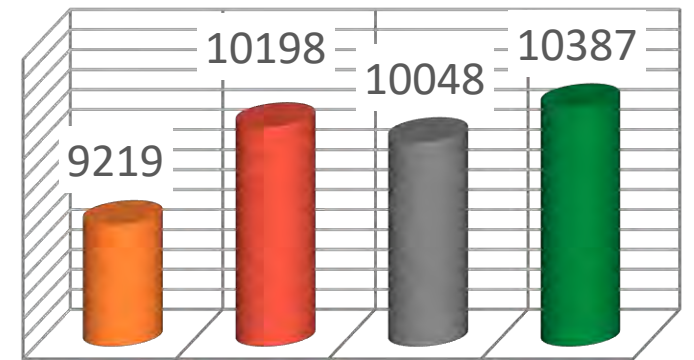


MORE WORK IN PRODUCTION

Total lots WIP



MORE LOTS UNDER CONTROL



FY14 FY15 FY16 FY17

10 new projects driving growth

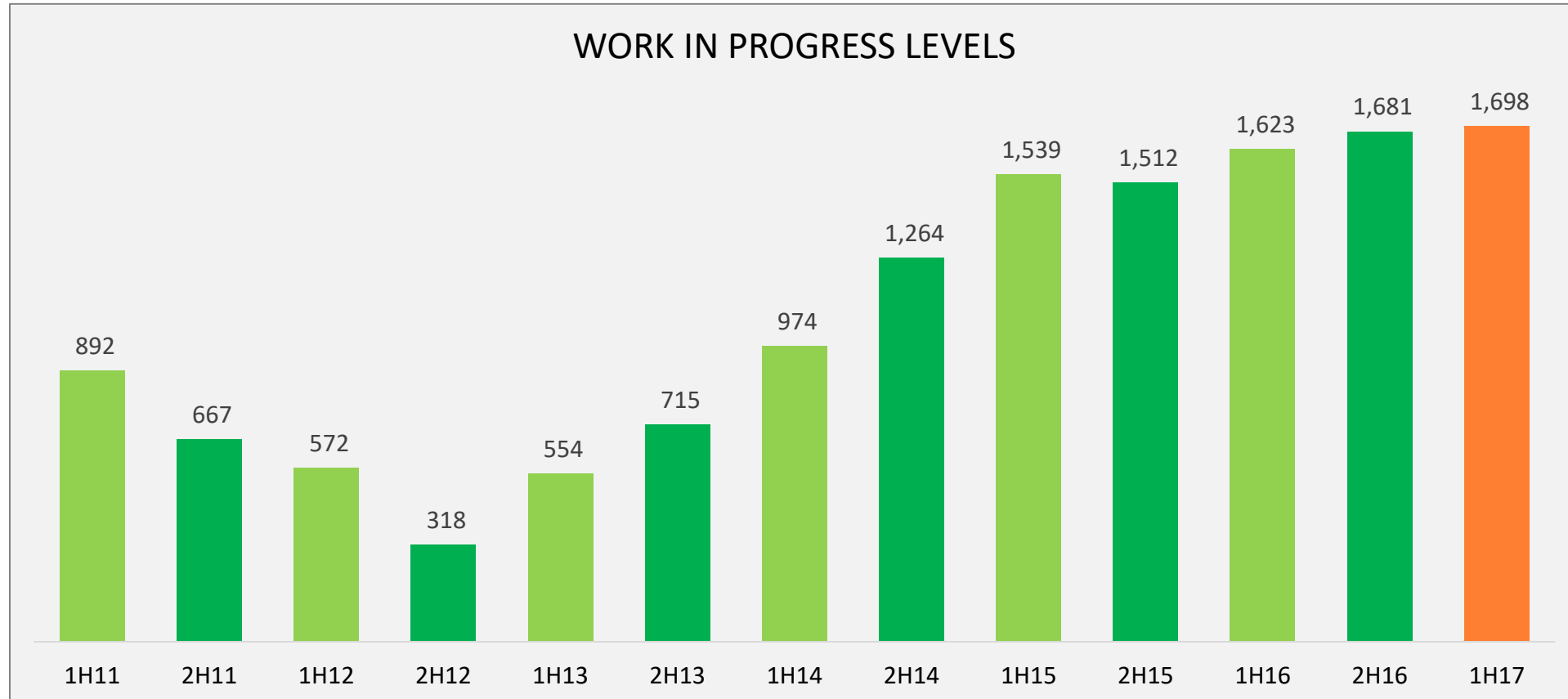
	PROJECT	STATE	LOTS	PRE	FY16	1H17	2H17	1H18	2H18	1H19
1	WATERLINE	VIC	512							
2	BRIDGEMAN DOWNS 2	QLD	54							
3	LYNDARUM NORTH	VIC	1820							
4	BOUNDARY RD, SCHOFIELDS	NSW	32							
5	SPRING FARM EAST	NSW	540							
6	SPRING FARM STARHILL	NSW	79							
7	JIMBOOMBA	QLD	1057							
8	BRIDGEMAN DOWNS 1	QLD	63							
9	COBBITTY RD, COBBITTY	NSW	57							
10	WARNERVALE	NSW	595							



- 4,809 lots or 46% of the inventory pipeline is in these 10 projects.
- Activity is based on forecast project plans.

More work in production reflects our confidence in the market

- The level of completed unsold stock remains small at 3% of number of lots under control



The changing mix in our product pipeline

	FY16	FY17
Product mix	Relatively higher mix of land sales to built form compared with FY17	Relatively higher mix of built form to land sales compared with FY16
Development to settlement time	Approx. 7 months	Approx. 15 months
Average contract value has increased	\$235k	\$293k

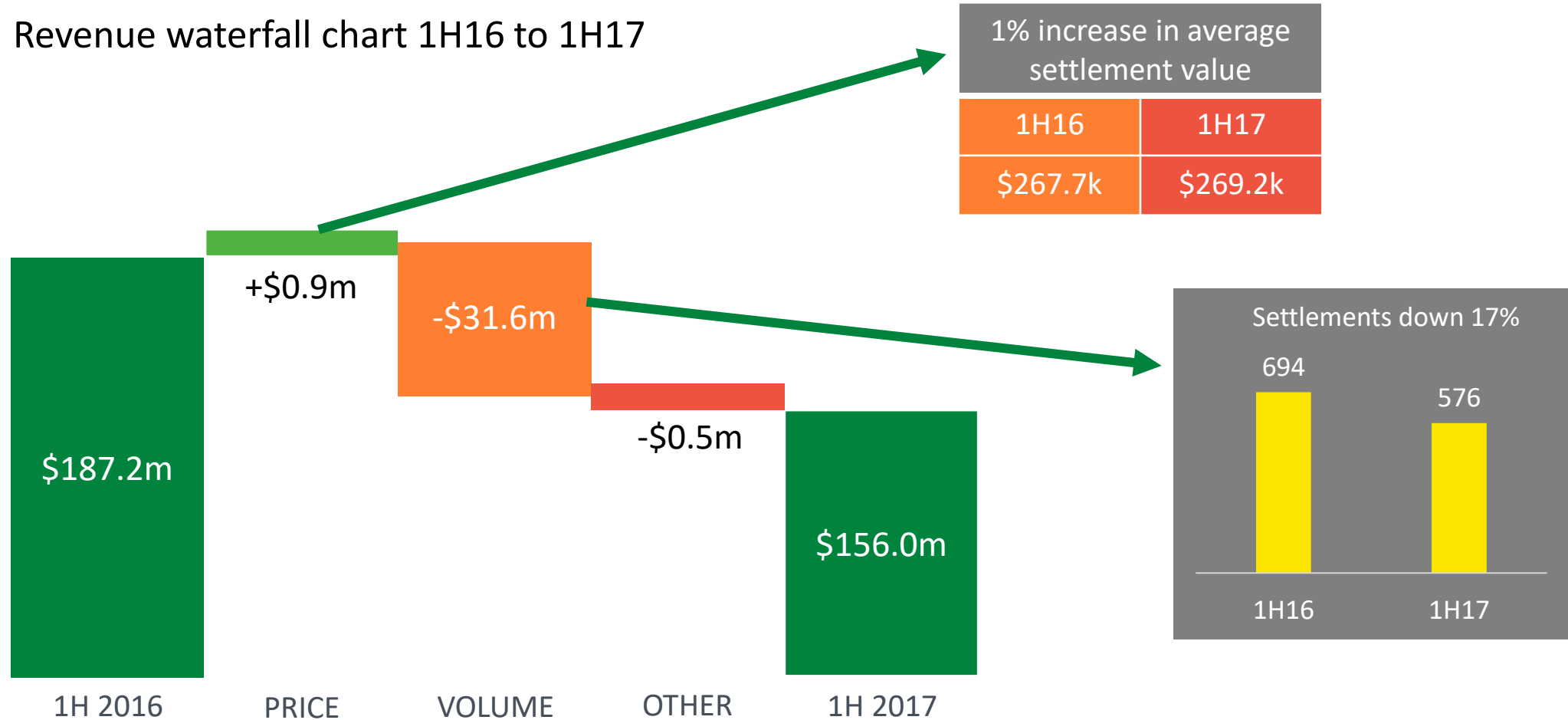
Note: Average contract value is based on contract signings

1H17 Results – financial summary

	1H17	1H16	% Change	FY16
REVENUE	\$156.0m	\$187.2m	(16.6%)	\$421.9m
STATUTORY PROFIT BEFORE TAX	\$20.4m	\$23.9m	(14.4%)	\$58.8m
STATUTORY PROFIT AFTER TAX	\$14.1m	\$16.5m	(14.4%)	\$40.9m
GROSS MARGINS	26.0%	23.6%	+2.4pp	25.2%
INVENTORY PROVISION WRITE BACK (AFTER TAX)	\$3.5m	\$2.6m	+38.0%	\$2.6m
NET TANGIBLE ASSETS (NTA)	\$362.3m	\$341.4m	+6.1%	\$361.1m
NTA PER SHARE	\$0.95	\$0.89	+6.7%	\$0.95
EPS (CENTS PER SHARE)	3.7	4.3	(14.8%)	10.7
DIVIDEND (CENTS PER SHARE)	1.5	1.5	0.0%	5.0

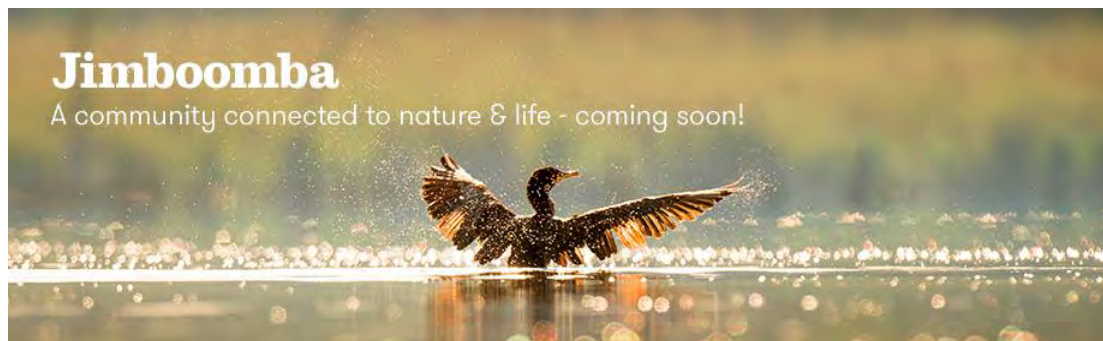
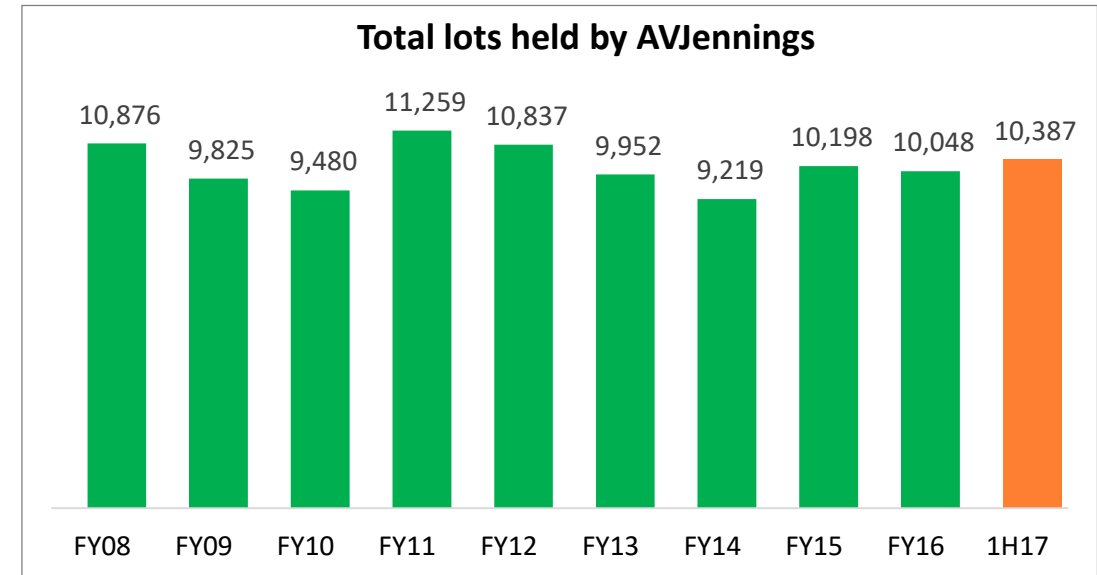
Transition to new projects and deliberate increase in built form reduced the volume of stock available for sale in the half

Revenue waterfall chart 1H16 to 1H17



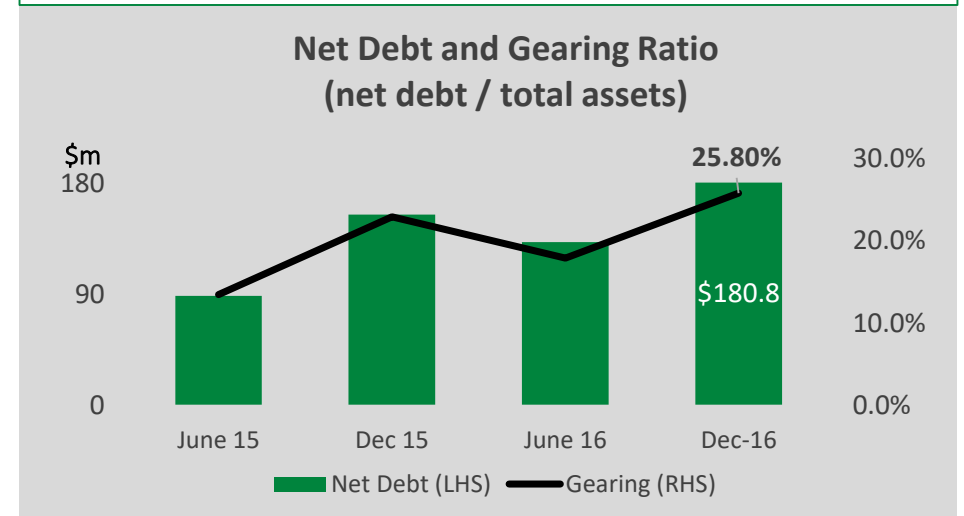
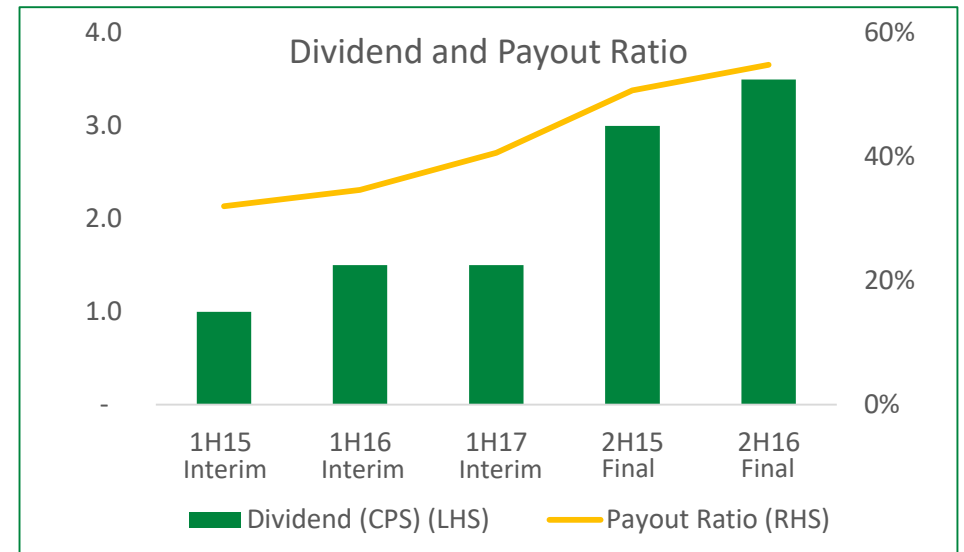
Land holdings stable at 10,000 lots

- Acquisitions have enabled inventory to increase by 3.4% to 10,387 lots
- Quality of underlying inventory continues to improve
- Major 1H17 acquisition was Riverton, Jimboomba:
 - 50% interest in 127 hectares of land in Jimboomba, QLD (approx. 1,057 lots)



Clear capital management framework focused on dividend growth and maintaining financial flexibility

- **Interim dividend maintained at 1.5 cents**
- Focus on increasing dividends as the business grows while maintaining a target a dividend payout ratio of 40-50% of earnings
- **Maintaining financial flexibility:**
gearing remains comfortable 25.8% with total net debt \$180.8 million
- Within targeted ratio of 15% to 35%
- The increase in the half reflects seasonal mix of production levels and settlements, and timing of acquisitions.



The market and our strategy

The residential real estate market in Australia

UNDER SUPPLY OF HOMES

~200k homes under supplied

- A 'new Melbourne' is needed approximately every 10 years to accommodate forecast population growth

HOUSING AFFORDABILITY

An ongoing issue

POSITIVE MARKET CONDITIONS

Supported by the continuation of:

- Population growth
- Stable employment
- Low interest rates
- Undersupply of traditional housing

RISK

There is a risk of over-supply of inner city / CBD apartments in Melbourne and Brisbane

RELEVANCE

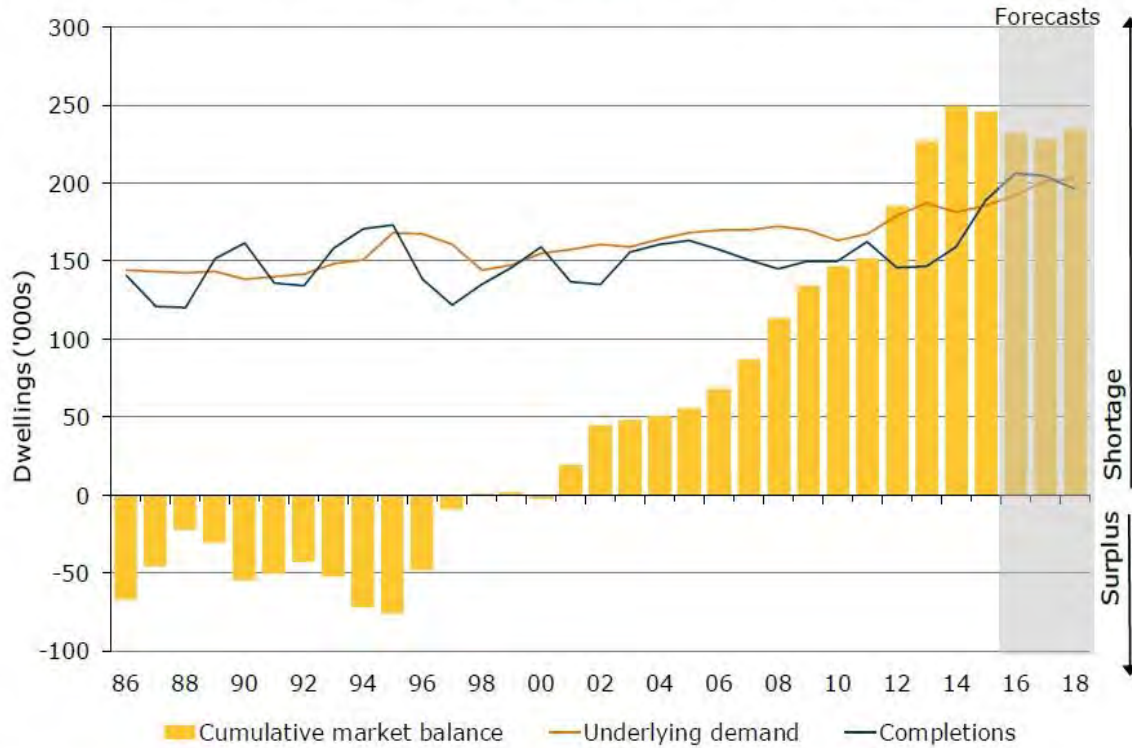
Property is the largest industry in Australia*

- 11.5% of GDP
- > 1.7 million people are directly employed
- Residential sub-sector provides the majority of property's economic activity

* Data taken from The Economic Significance of Property to the Australian Economy, Property Council of Australia, 2015

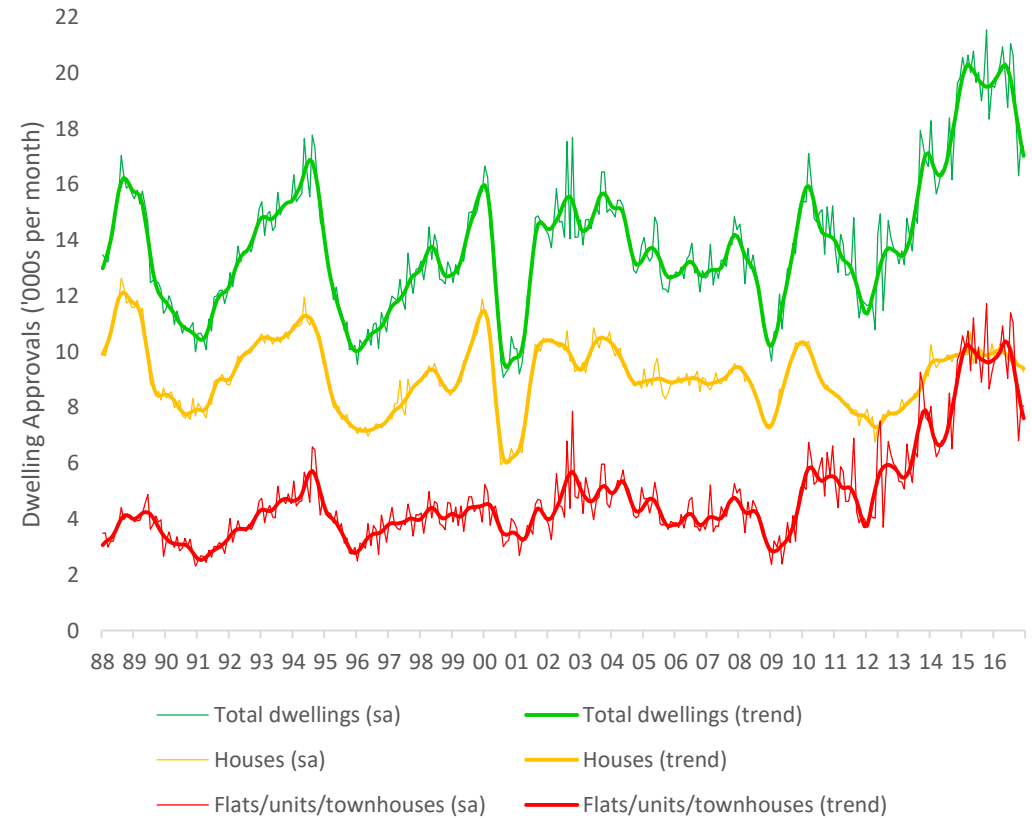
Continuing demand and under supply in our sector

Dwelling supply and demand in Australia



Source: ABS, ANZ Research

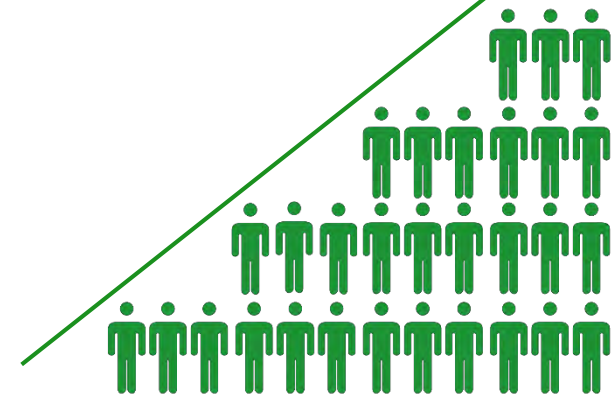
Dwelling approvals in Australia



Market outlook supported by positive economic fundamentals

POPULATION GROWTH

Population growth ~ 1000 per day in Australia is centred on capital cities



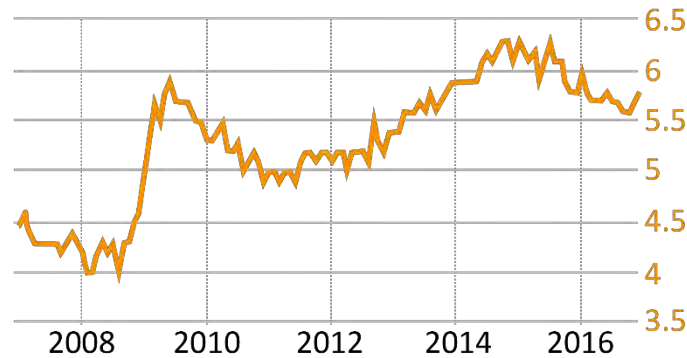
YEAR	Population
2000	19m
2016	24m
2040	> 31m

Source: Australian Bureau of Statistics

EMPLOYMENT

Employment outlook remains relatively stable

UNEMPLOYMENT RATE

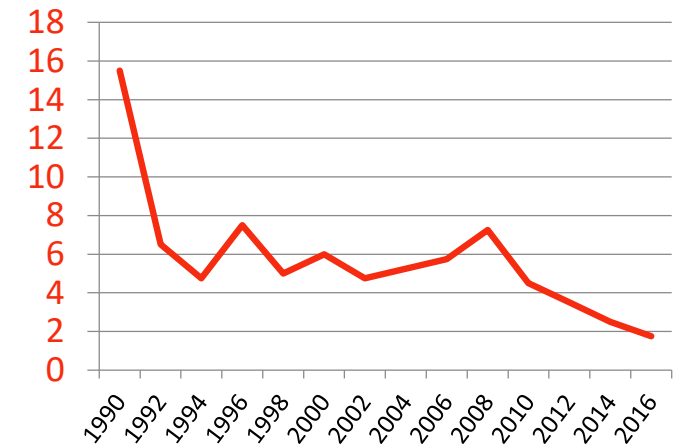


Source: www.tradingeconomics.com | Australian Bureau of Statistics

INTEREST RATES

Historically low interest rates expected to remain

CASH RATE



Source: Australian Bureau of Statistics

Our strategy is about delivering sustainable and strong results

1

Strong, sustainable
business platform

2

Primary focus
on horizontal
residential
development

3

Maintain
geographic
diversity

4

Target stable,
traditional
customer profile

5

Volume driven,
not price driven

6

Attractive, high
quality product
that is affordable

Strong and sustainable business platform

BRAND STRENGTH

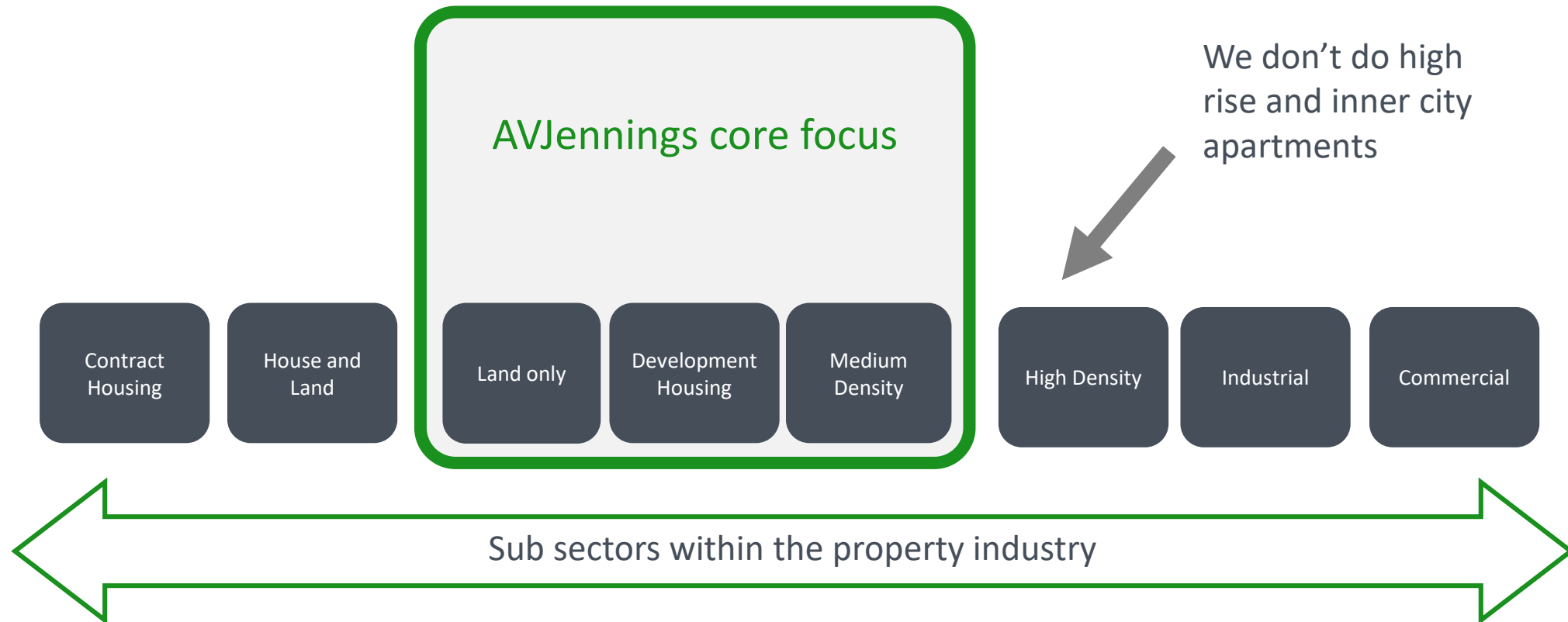
- Customers associate trust, reliability, value and quality with AVJennings
- The brand is positively recognised by other stakeholders (suppliers, government, land owners, financial institutions)
- We're investing in the brand.

PEOPLE & COMMUNITY FOCUS

STRONG INTERNAL SYSTEMS

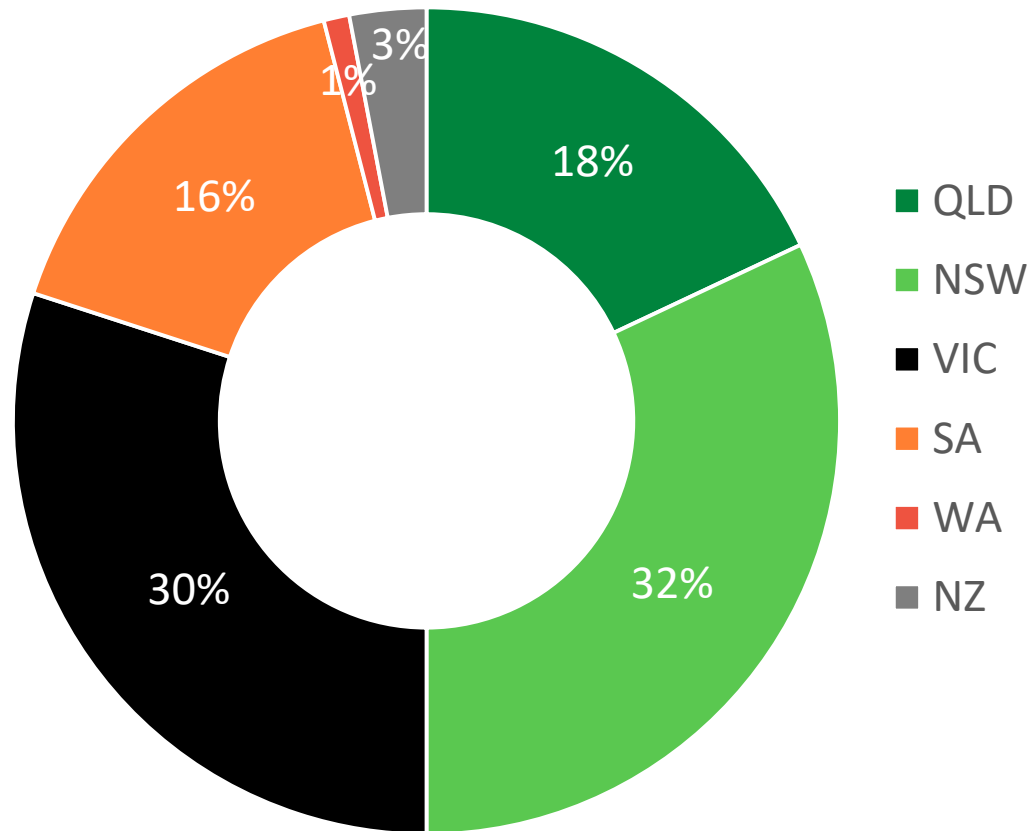
GOOD CORPORATE GOVERNANCE

Our core market focus is unchanged: we mainly develop horizontal residential real-estate for local customers

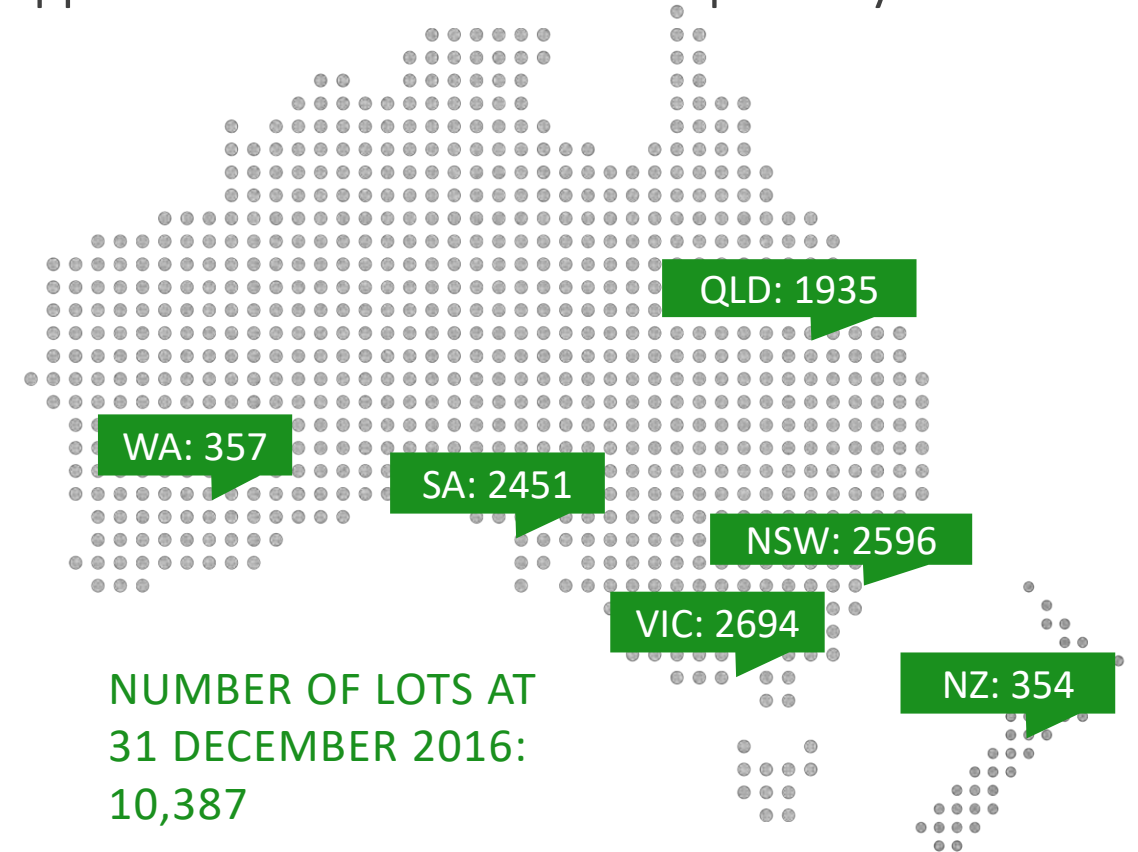


Our diversified geographic mix differentiates us from other residential developers

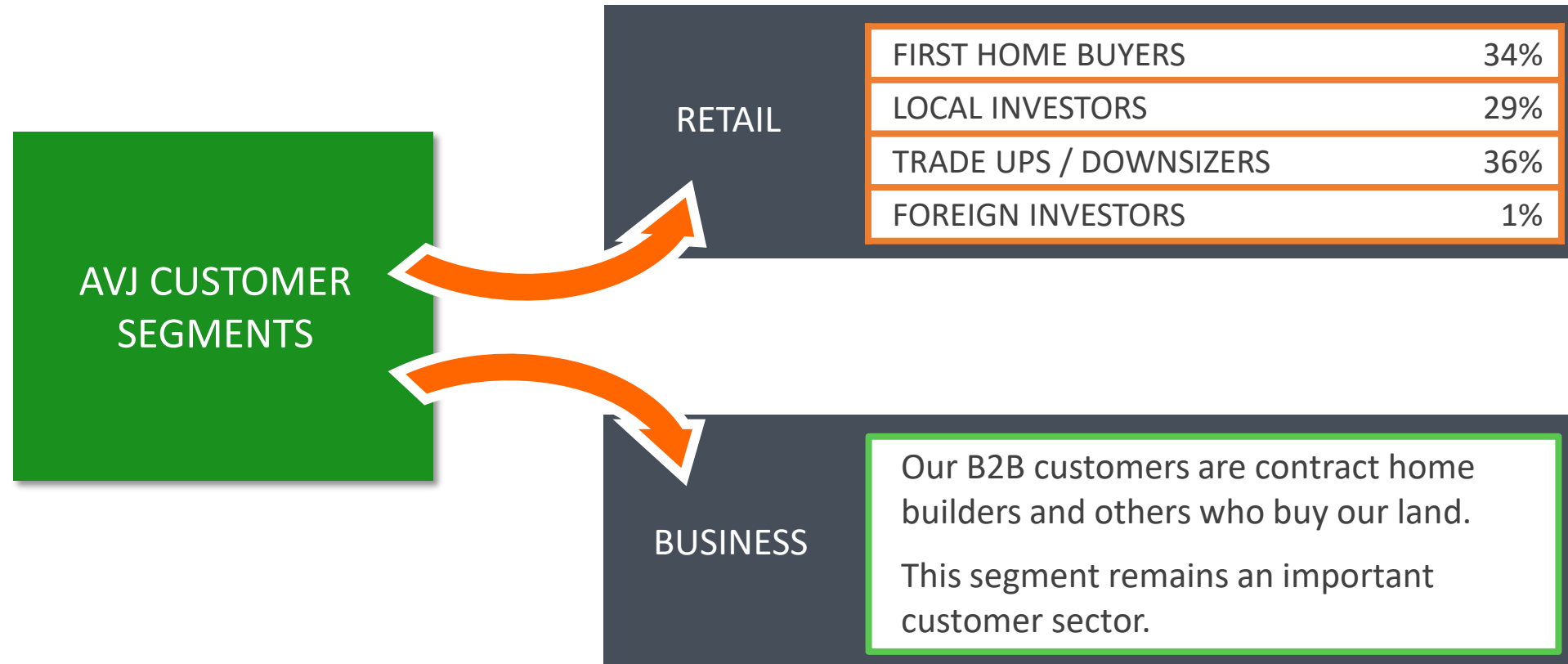
Diverse allocation of net funds employed



Opportunities across different capital city markets



Large and growing market of customers





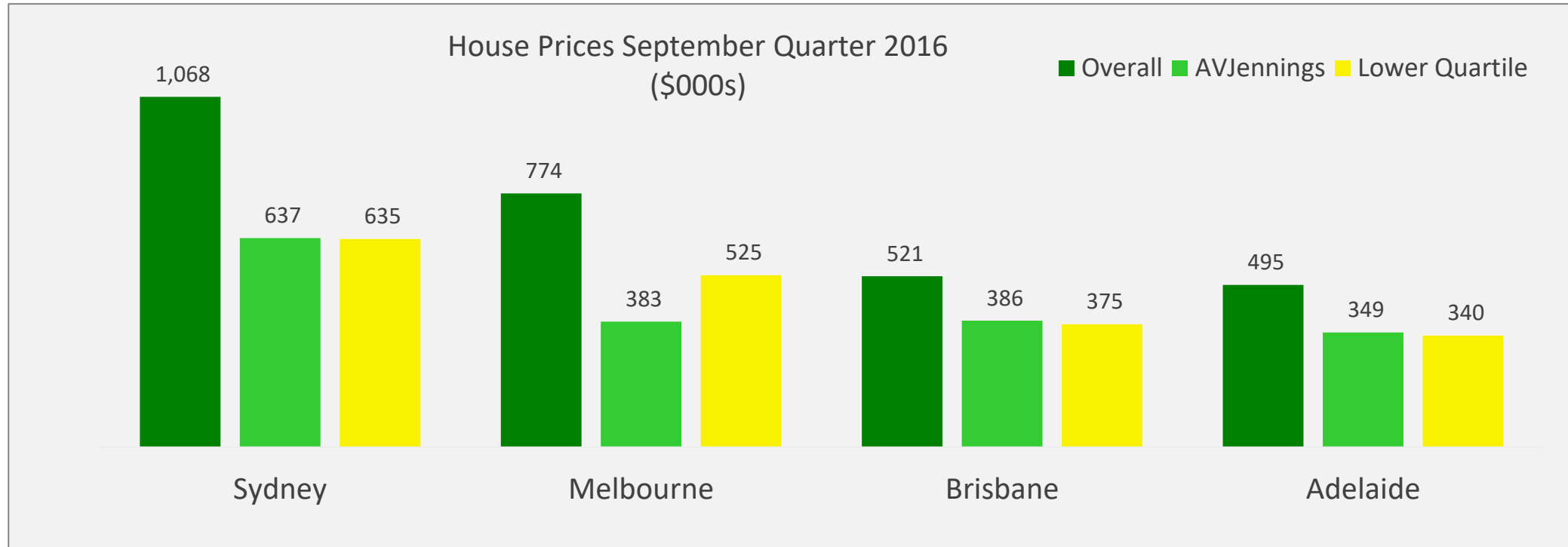
We are volume driven, not price driven

The aim is for an efficient use of funds employed

Pricing for new residential product, particularly in greenfield developments, is highly transparent

As a developer the final sale price is only one component of process

Providing affordable product



Overall capital city figures are the September 2016 quarter median sourced from the Domain House Price Report September Quarter 2016. AVJennings figures are based on average selling price for the first half of the 2017 financial year. Only town homes have been sold in Melbourne by AVJennings in that period. AVJennings Brisbane data includes sales from projects in the Sunshine Coast, Ipswich, and Gold Coast. The lower quartile figures are for the September 2016 quarter, and have been sourced from BIS Shrapnel.

Outlook

Second half company outlook

CONTRACT SIGNINGS

Similar level to 2016

CAPITAL MANAGEMENT

DIVIDENDS: Continuing to target a dividend payout ratio of 40-50% of earnings

GEARING: maintain a net debt to total assets within the range of 15% to 35%

REVENUE and EARNINGS

Earnings bias has shifted further into 2H17 given estimated timing of built form settlements

Positive fundamentals remain and the strategy of delivering traditional housing solutions at affordable prices in well-planned communities will continue to provide shareholders with healthy returns.

Why invest in AVJennings?

DIVERSIFIED PORTFOLIO

Geographic and product diversification provides a less risky portfolio

Geographic mix:

projects in all Australian mainland states and Auckland, NZ.

Product mix:

projects include a blend of detached homes, townhouses and medium density apartments and land sales

SUSTAINABLE BUSINESS

Operating since 1932

Balance sheet gearing at 25.8% provides flexibility

No inner city or high rise apartment projects

Community focused

GROWTH

Our projects provide economic exposure to urban growth corridors in Australia and NZ – regions often growing at >2x GDP

Positive market conditions

Continued organic growth in lots under control

VALUE CREATION FOR SHAREHOLDERS

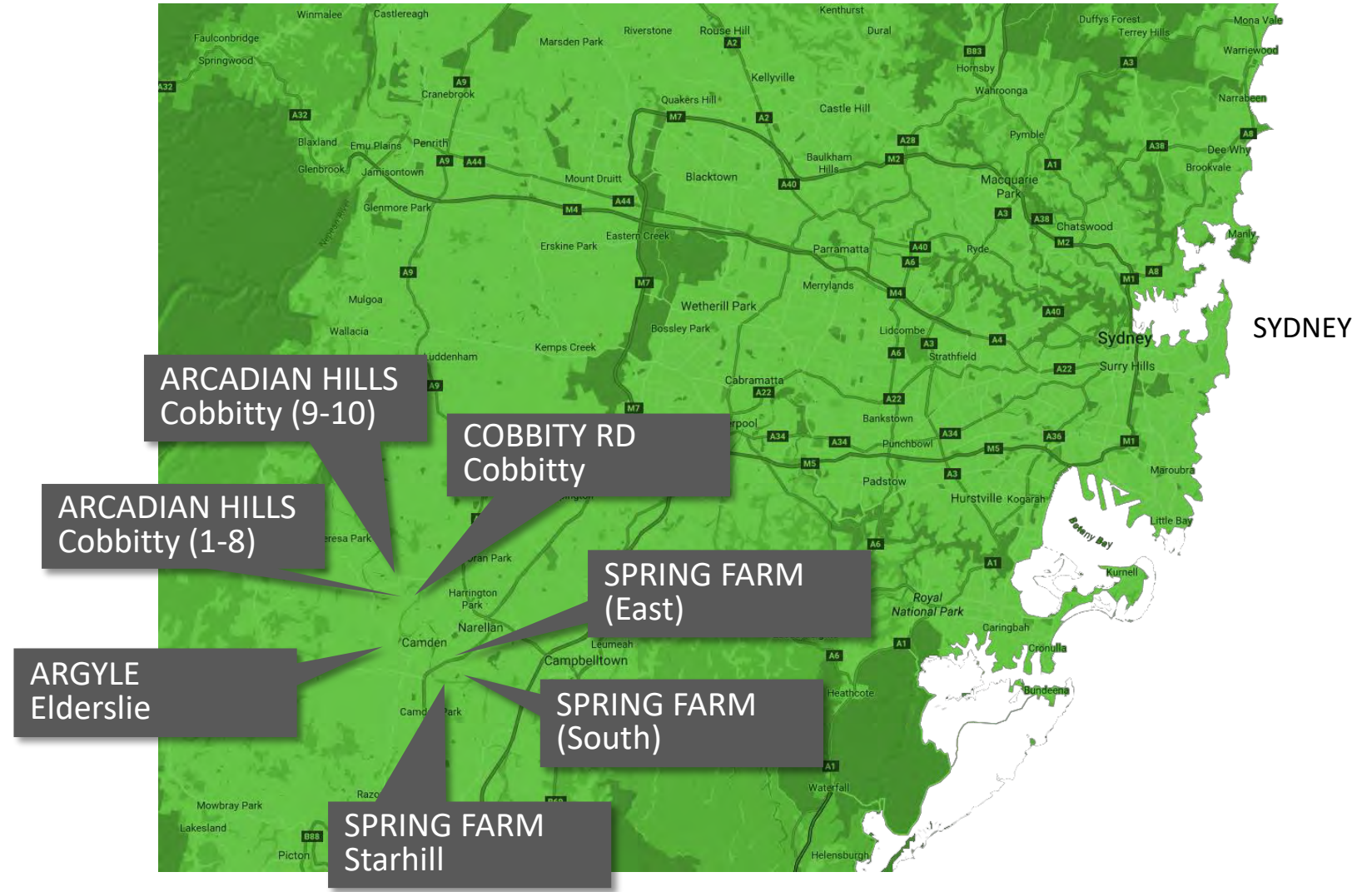
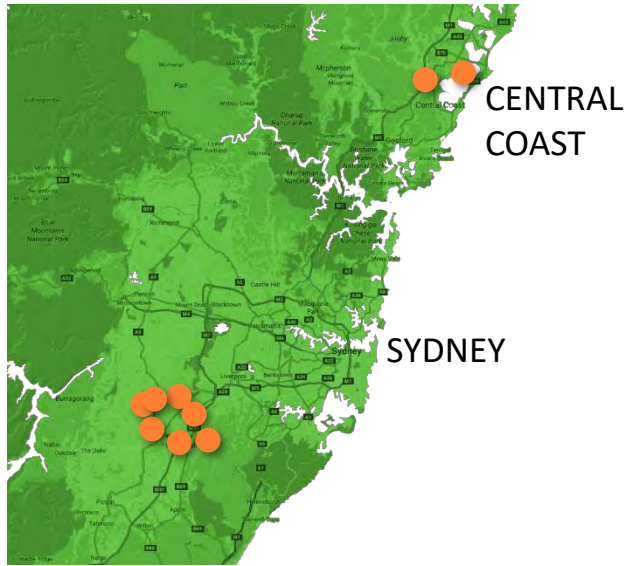
Consistent earnings, dividend and NTA GROWTH since FY13

Dividend yield of around 8.6%

The potential for material share price appreciation given existing discount to NTA is ~35%

Project information

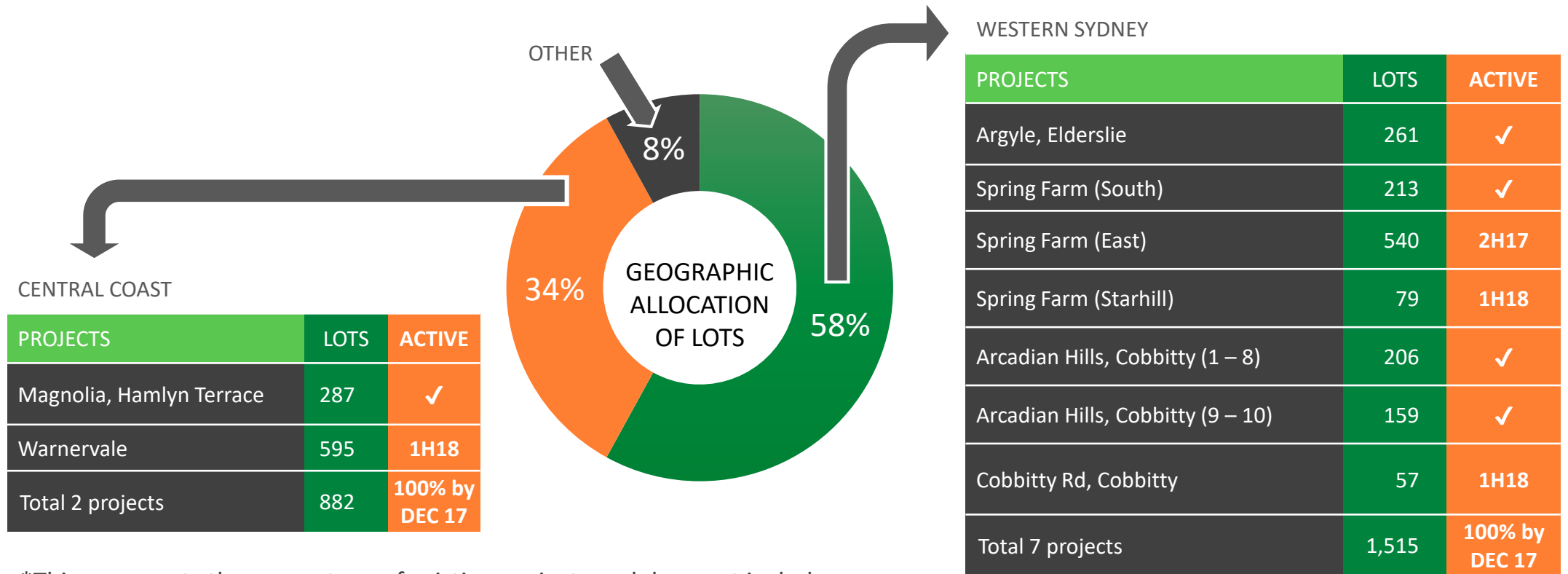
Our NSW communities are mainly situated in Western Sydney and the Central Coast



NSW Project Pipeline

DEC 2016 INVENTORY	
PROJECTS	LOTS
12	2,596

% LOTS IN ACTIVE PROJECTS	
DEC 2016	DEC 2017
51%	100%*



*This represents the percentage of existing projects and does not include potential acquisitions.

Western Sydney urban growth corridor – strong demand for traditional housing likely to continue for many years

POPULATION

1MILLION

MORE RESIDENTS BY 2031



BORN OVERSEAS



35%



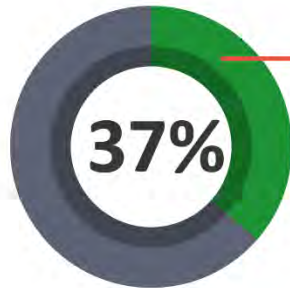
1.8%

POPULATION GROWTH

INDUSTRY

123RD LARGEST ECONOMY

WORTH **\$127** BILLION



37%

ALL NEW JOBS IN SYDNEY WILL BE IN WESTERN SYDNEY



#1

HEALTH & EDUCATION LARGEST SINGLE INDUSTRY EMPLOYER

INFRASTRUCTURE

\$35 BILLION

MAJOR PROJECTS IN THE PIPELINE

NEW AIRPORT



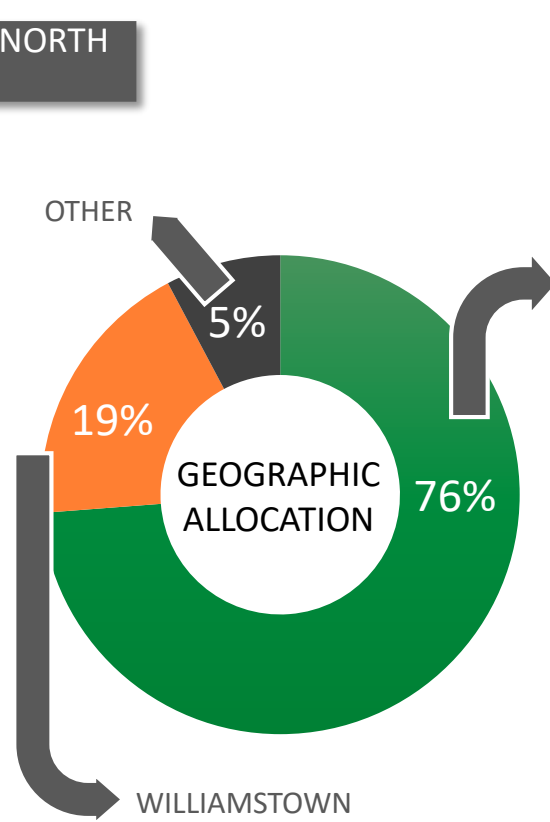
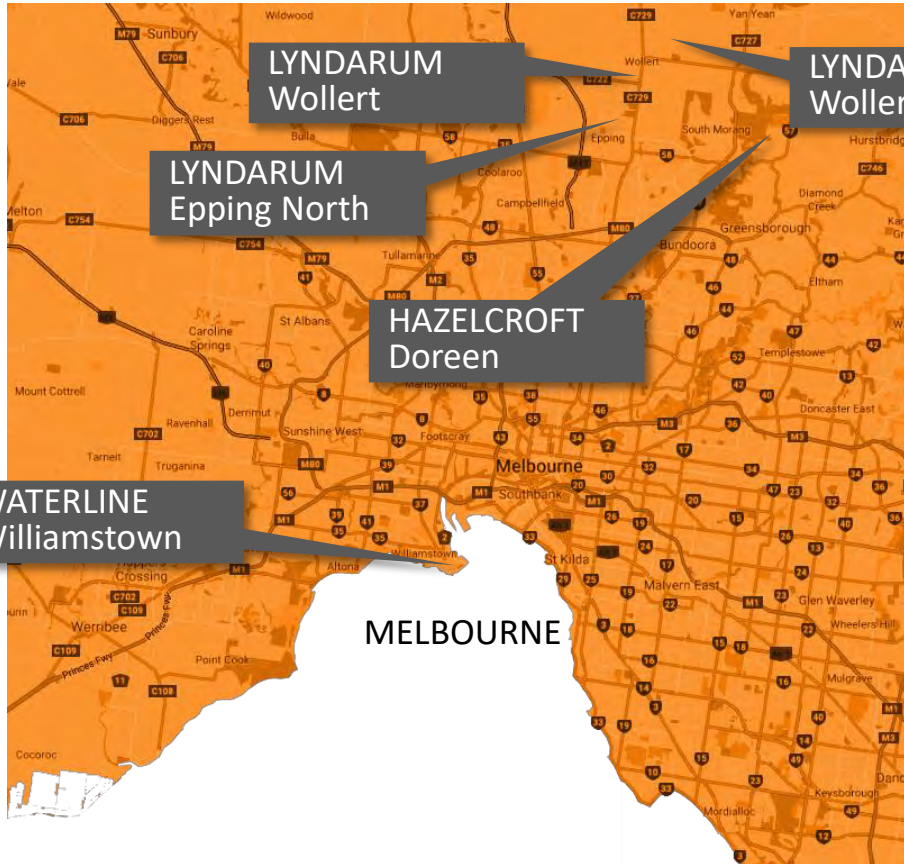
NEW LIGHT RAIL



NEW METRO RAIL



Our Victorian communities are focused around Melbourne's northern growth corridor and Williamstown



DEC 2016 INVENTORY	
PROJECTS	LOTS
6	2,694

NORTHERN MELBOURNE		
PROJECTS	LOTS	ACTIVE
Lyndarum, Wollert	41	✓
Lyndarum North, Wollert JV	1,820	✓
Lyndarum, Epping North	7	✓
Hazelcroft, Doreen	166	✓
Total 4 projects	2,034	100% Active

Waterline at Williamstown is a 512 lot development comprising apartments and townhouses. Settlement for the first two stages is expected late 2H17.

Melbourne's northern growth corridor (City of Whittlesea)

POPULATION

200,000
RESIDENTS



FORECAST GROWTH
88%
OVER NEXT
25 YEARS



GROWTH RATE
x2
> MORE THAN
DOUBLE THE
AUSTRALIAN RATE



47% WORKERS LIVE &
WORK IN THE AREA

INDUSTRY

\$5.53 BILLION
GROSS REGIONAL PRODUCT

11,600 LOCAL
BUSINESSES



2

**MAJOR INDUSTRIAL
PRECINCTS**

EPPING & THOMASTOWN



25% INCREASE IN
JOBS SINCE 2009
DRIVEN BY RETAIL,
HEALTH AND
HOSPITALITY

INFRASTRUCTURE

**EXISTING
INFRASTRUCTURE**

RMIT
UNIVERSITY
(Bundoora)



HUME
FREEWAY



SOUTH MORANG
TRAN LINE (to be
extended)



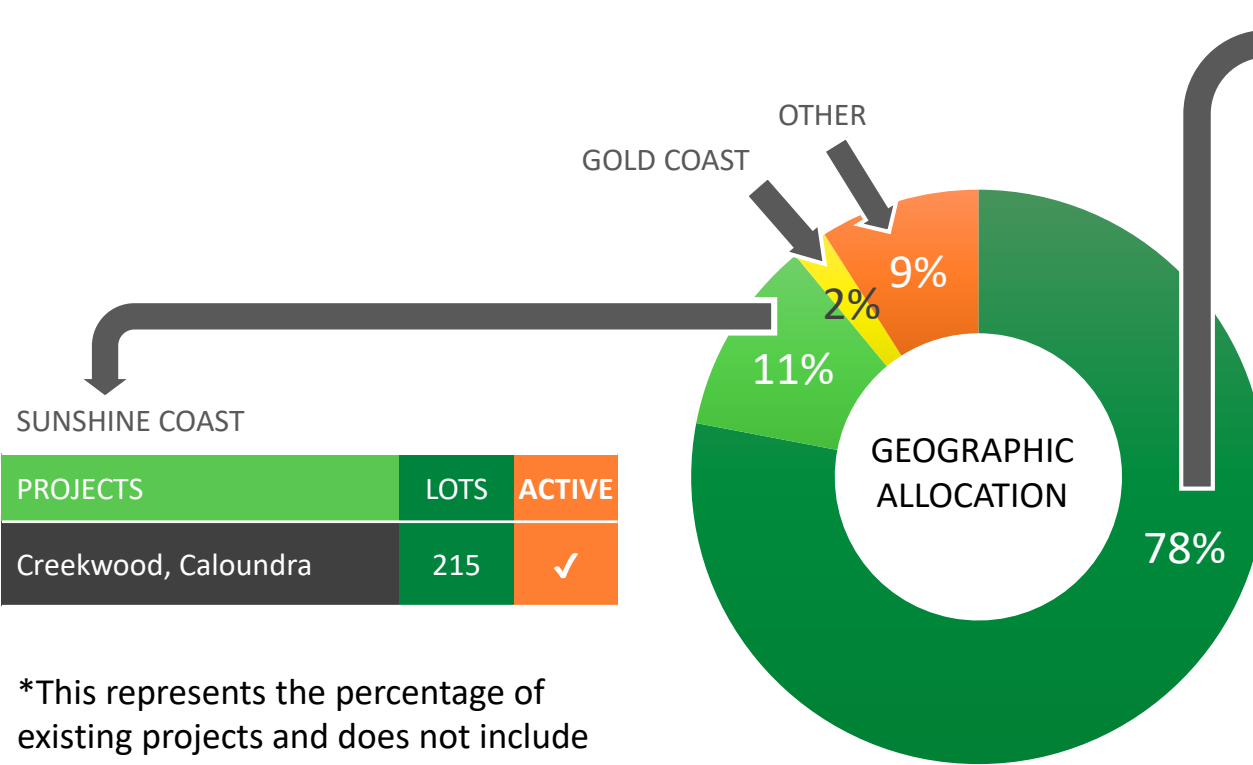
Our QLD communities are mainly located around SEQ's growth corridors



QLD Project Pipeline

DEC 2016 INVENTORY	
PROJECTS	LOTS
11	1,935

% LOTS IN ACTIVE PROJECTS	
DEC 2016	DEC 2017
39%	100%*



PROJECTS	LOTS	ACTIVE
Creekwood, Caloundra	215	✓

*This represents the percentage of existing projects and does not include potential acquisitions.

METRO BRISBANE

PROJECTS	LOTS	ACTIVE
Halpine Lake, Mango Hill	111	✓
Essington Rise, Leichhardt	51	✓
Villaggio, Richlands	29	✓
Kersley Lane, Kenmore	32	✓
Parkside, Bethania	116	✓
Bridgeman Downs 1	63	1H18
Enclave, Bridgeman Downs	54	✓
Jimboomba	1,057	2H17
Total 8 projects	1,513	100% by DEC 17

SA Project Pipeline – 95% of the pipeline is in the Adelaide metropolitan area



DEC 2016 INVENTORY		% LOTS IN ACTIVE PROJECTS	
PROJECTS	LOTS	DEC 2016	DEC 2017
4	2,451	94%	100%*

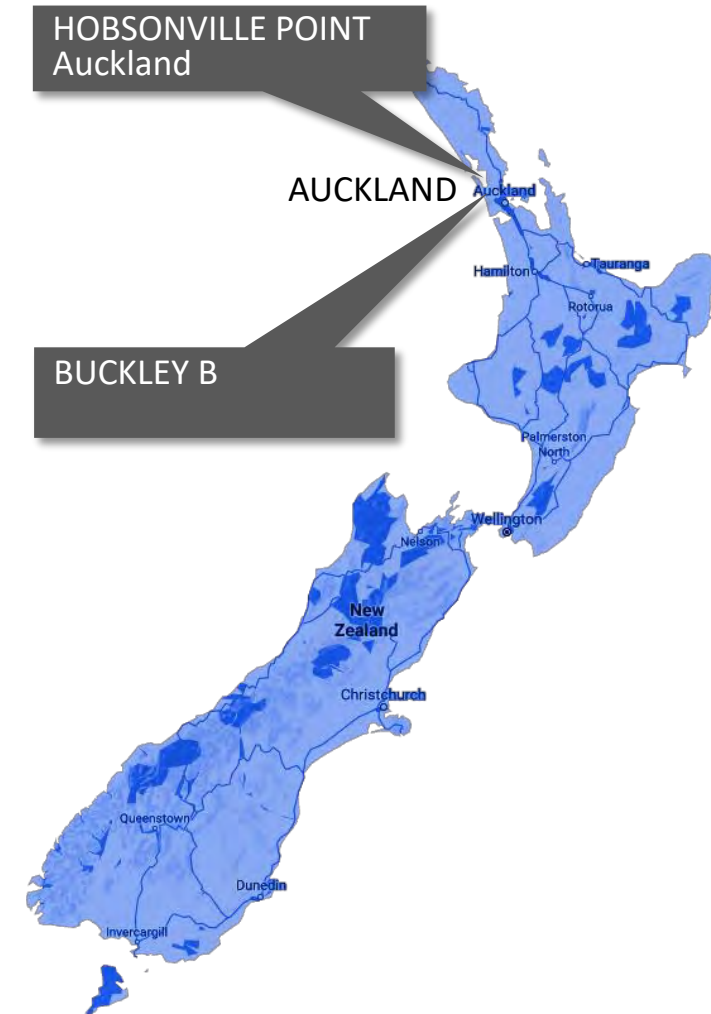
PROJECTS	LOTS	ACTIVE
Eyre At Penfield	1,700	✓
St Clair at Cheltenham	608	✓
River Breeze, Goolwa North	80	1H18
Pathways, Murray Bridge	53	2H17
Total 4 projects	2,441	100% by DEC 17
Remnant lots	10	

*This represents the percentage of existing projects and does not include potential acquisitions.

Auckland Project Pipeline

DEC 2016 INVENTORY		
PROJECTS	LOTS	ACTIVE
Hobsonville Point	42	✓
Buckley B	312	✓

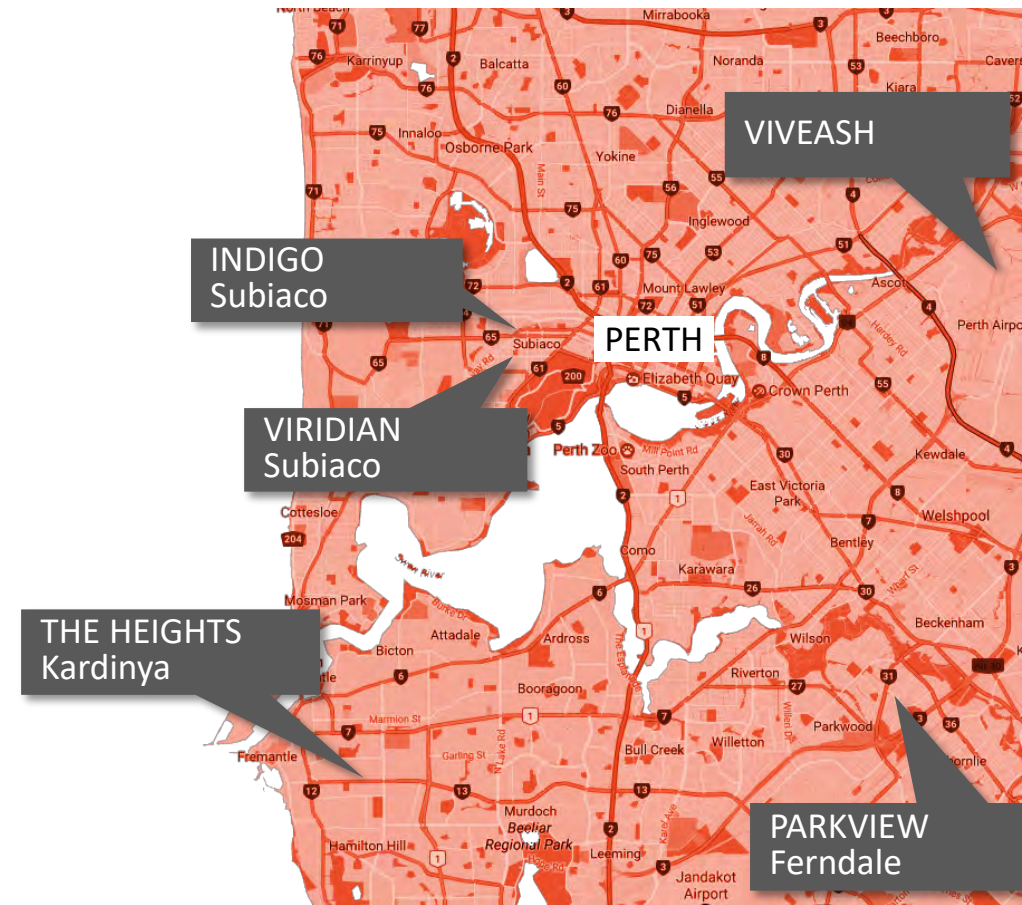
- Auckland remains a strong market
- The 42 lots in Hobsonville were acquired in 1H17.



WA Project Pipeline – funds employed is only \$8m across 5 JVs

DEC 2016 INVENTORY

PROJECTS	LOTS	ACTIVE
Indigo China Green, Subiaco	124	✓
Viridian China Green, Subiaco	12	✓
The Heights, Kardinya	107	2H17
Viveash	68	2H17
Parkview, Ferndale	46	✓
Total 5 JV projects	357	100% by JUN 17



Appendices

Balance Sheet: selected line items

\$millions	DECEMBER 2016	JUNE 2016
Current Assets		
Cash and cash equivalents	4.2	43.1
Inventories	230.5	209.9
Total Current Assets	314.5	361.2
Non-Current assets		
Inventories	341.2	343.1
Total Non-Current Assets	387.5	380.2
Total Assets	702.0	741.4
Current Liabilities		
Trade and other payables	76.6	120.6
Total Current Liabilities	95.0	147.4
Non-Current Liabilities		
Interest bearing loans and borrowings	176.6	165.5
Total Non-Current Liabilities	241.9	230.1
Total Liabilities	336.9	377.5
Net Assets	365.1	363.9

Cash Flow Statement: selected line items

\$millions	1H17	1H16
Cash flows from operating activities		
Receipts from customers	190.3	207.3
Payments to suppliers, land vendors and employees	(207.6)	(257.0)
Net cash used in operating activities	(35.3)	(56.4)
Cash flows from investing activities		
Net cash from investing activities	0.3	1.6
Cash flows from financing activities		
Proceeds from borrowings	67.7	164.1
Repayment of borrowings	(58.2)	(105.9)
Net cash (used in) / from financing activities	(4.0)	46.7
Net decrease in cash held	(39.0)	(8.1)

Lot settlements and land payments

	FY12	FY13	FY14	FY15	FY16	1H16	1H17
Total settlements (units)	861	829	1,254	1,538	1,596	694	576
NSW settlements (units)	110	158	200	493	454	173	172
VIC settlements (units)	395	186	329	247	326	151	127
QLD settlements (units)	172	121	352	409	439	268	120
SA settlements (units)	105	166	138	144	143	63	55
NZ settlements (units)	79	198	235	245	234	39	102
Lots under control at end of year	10,837	9,952	9,219	10,198	10,048	10,436	10,387
Work in progress (units)	318	715	1,264	1,512	1,681	1,623	1,698
Work in progress (\$ million)	61.9	72.1	127.3	158.5	169.5	153.5	259.3
Revenue from settlements (\$ million)	182.3	152.2	244.4	308.8	422.3	185.7	155.1
Land Payments (\$ million)	68.0	28.4	53.9	68.1	175.5	131.6	69.6