



Investor Presentation

Shaw and Partners - Emerging Leaders Conference



Your Community
Developer



31 May 2017

AVJennings at a glance


ESTABLISHED


1932

FOCUS

ON AFFORDABLE HOUSING IN URBAN GROWTH CORRIDORS

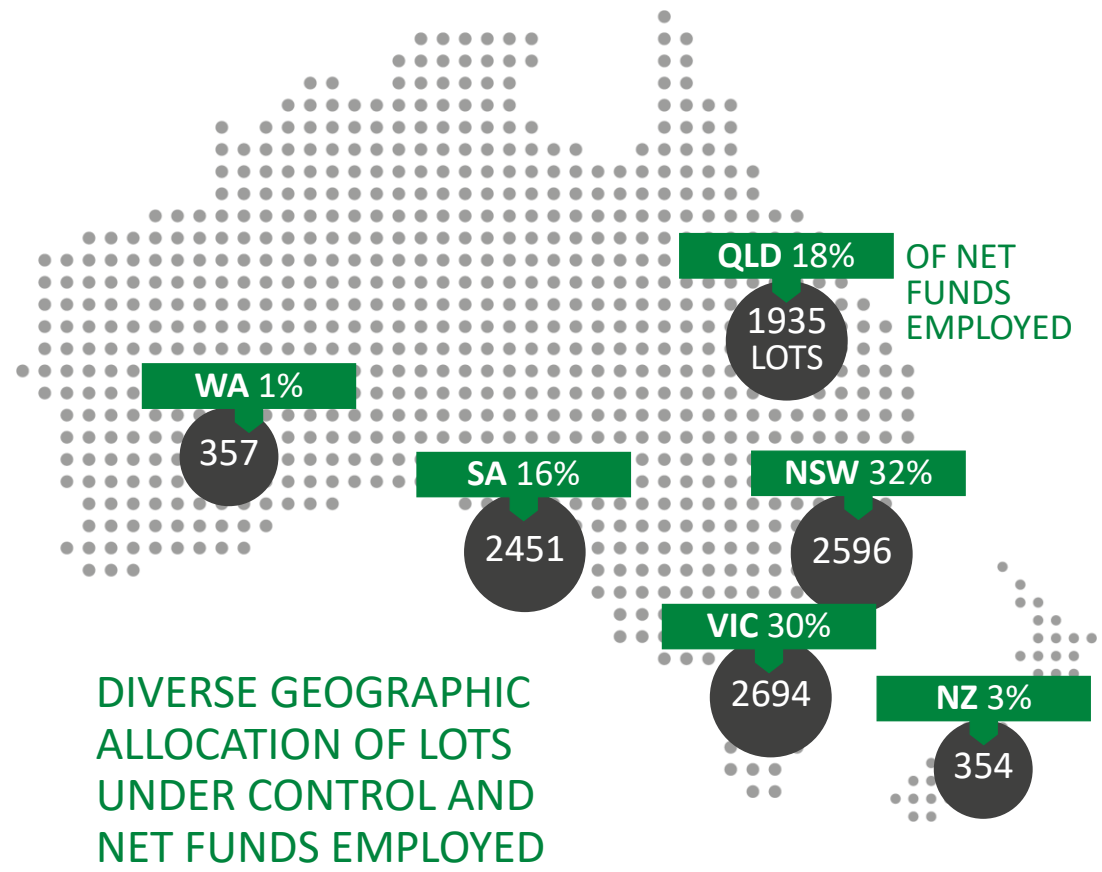
AVJennings continues to be one of the most recognised residential property development companies in Australia

 STRONG BALANCE SHEET

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

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

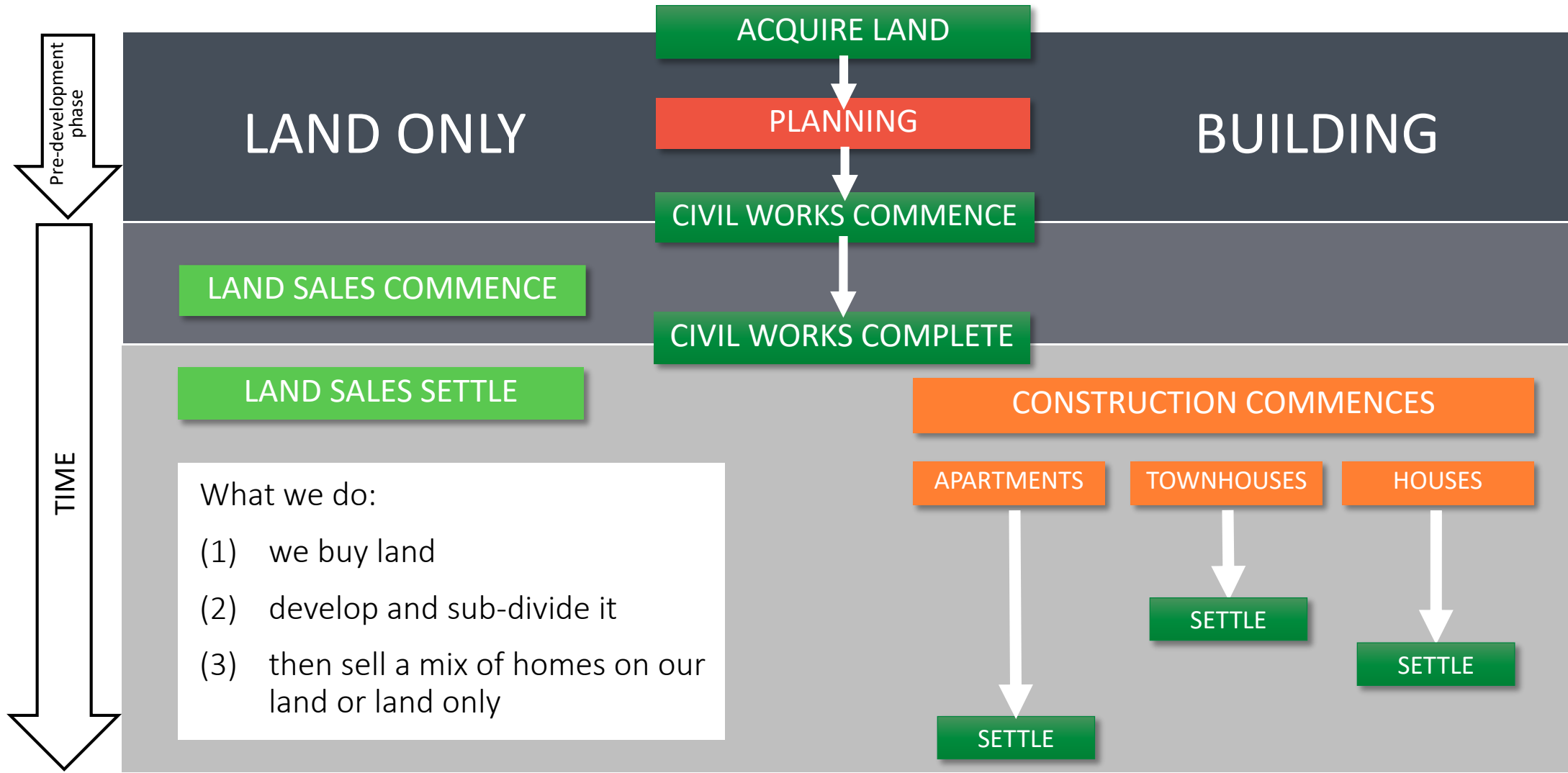
99% CUSTOMERS ARE DOMESTIC BUYERS



VALUATION METRICS*: • MARKET CAP \$246M • FY16 DIV YIELD 7.8% (FF 11.1%) • FY16 PER 5.9X • 1 YR TRADING RANGE \$0.52 - \$0.73 • NTA 95 CPS

* Using a 64 cents share price and FY16 results

What We Do



What we do:

- (1) we buy land
- (2) develop and sub-divide it
- (3) then sell a mix of homes on our land or land only

Large and growing market of customers

AVJ CUSTOMER SEGMENTS

RETAIL

FIRST HOME BUYERS	34%
LOCAL INVESTORS	29%
TRADE UPS / DOWNSIZERS	36%
FOREIGN INVESTORS	1%



99% DOMESTIC BUYERS

BUSINESS

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

This segment remains an important customer sector.

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 that AVJennings is embracing

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

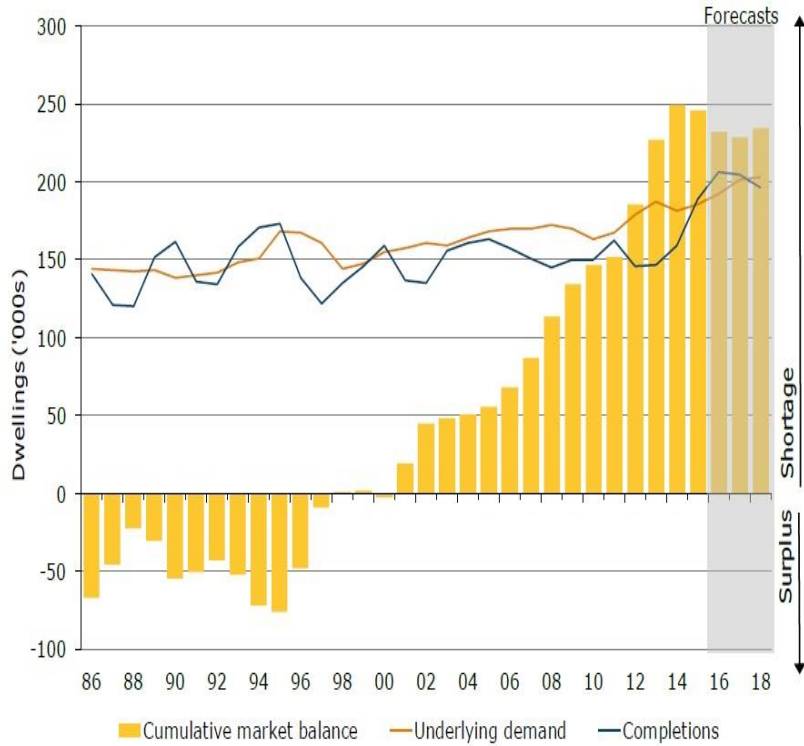
Property is the largest industry in Australia*

- 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

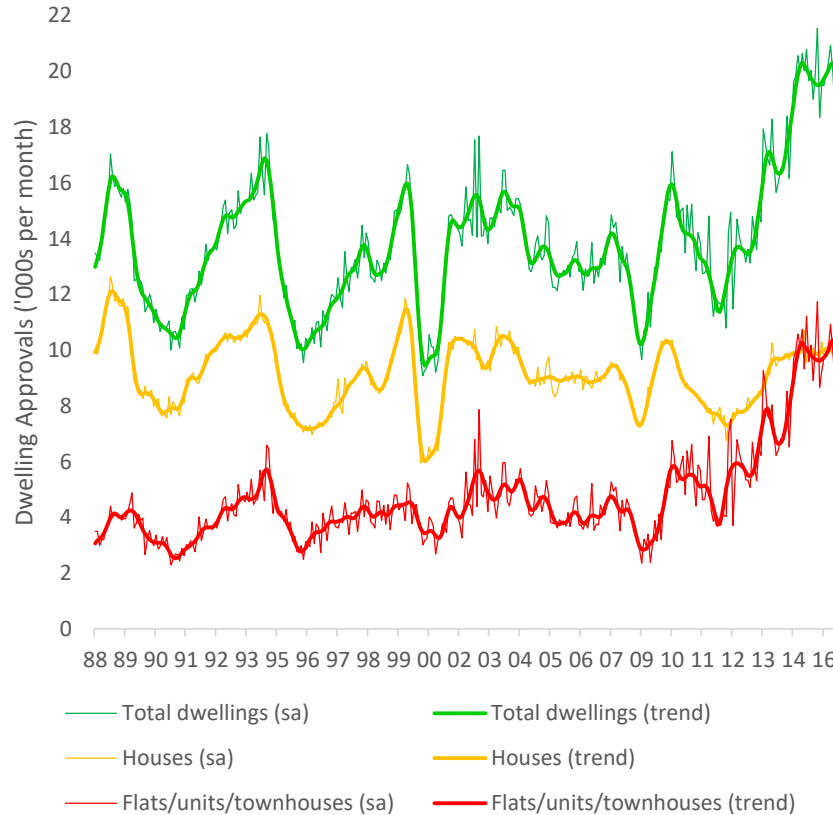
Continuing demand and under supply in our sector

Dwelling supply and demand in Australia



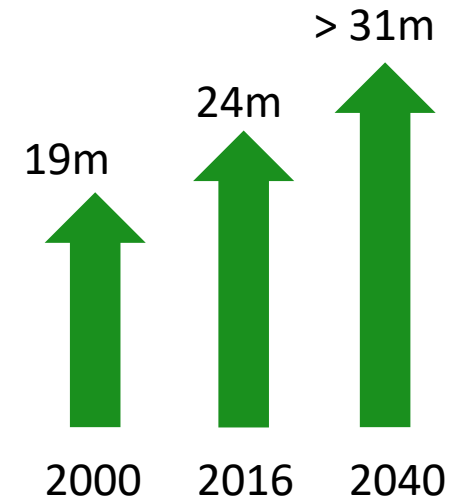
Source: ABS, ANZ Research

Dwelling approvals in Australia



Population growth

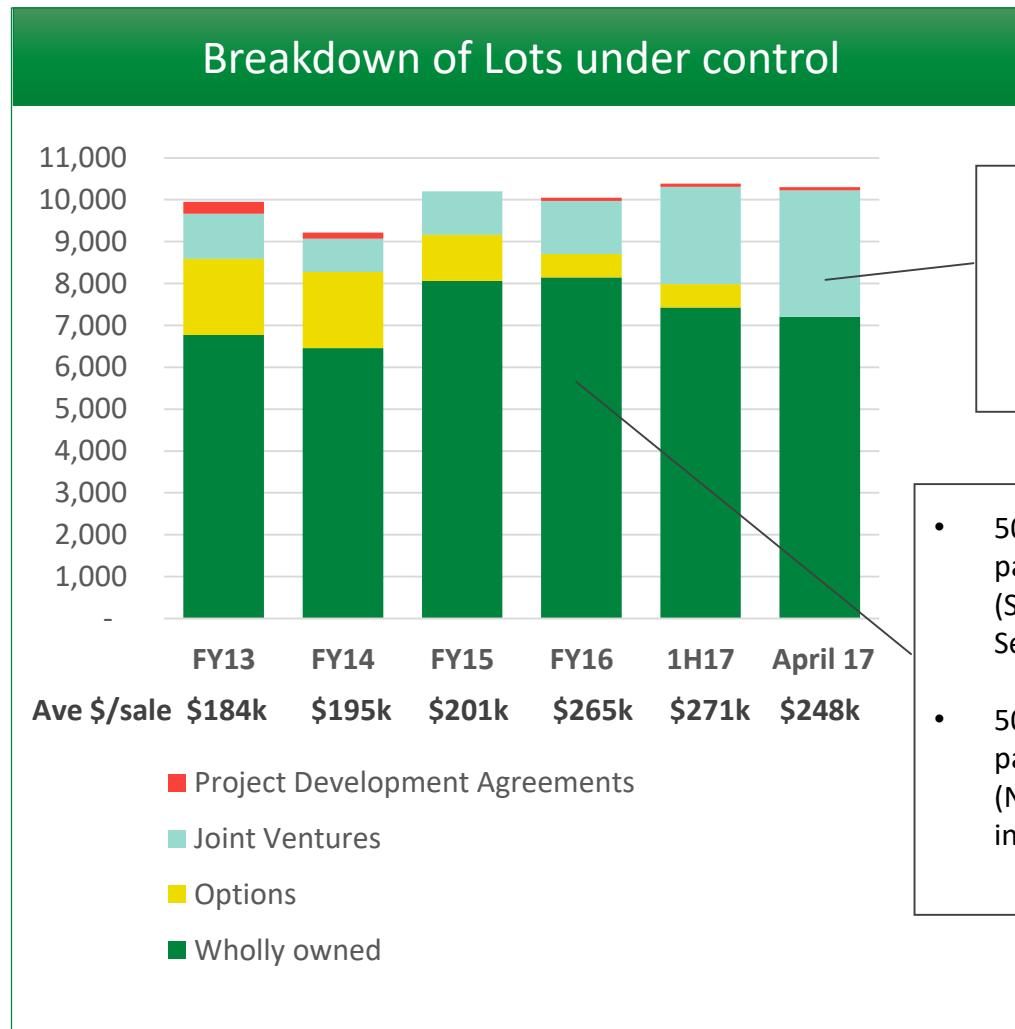
Population growth ~ 1000 per day in Australia is centred on capital cities



Inventory quality is improving

Major 1H17 acquisition was Riverton, Jimboomba:

- 50% interest in 127 hectares of land in Jimboomba, QLD (approx. 1,057 lots)



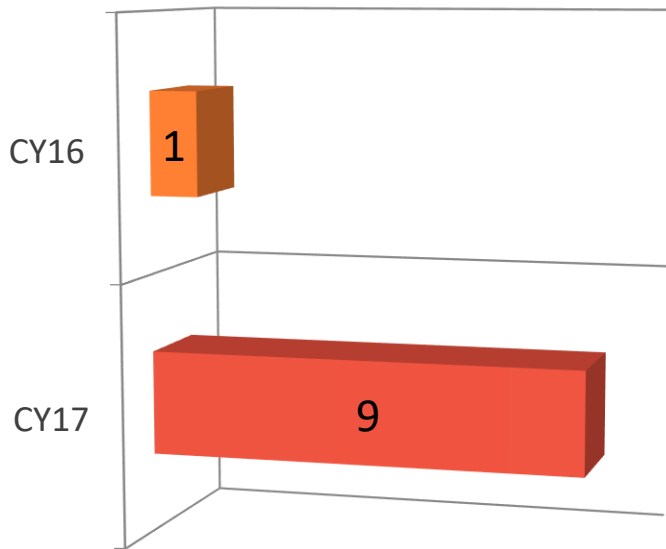
Includes 1,820 lots converted from Options to Lyndarum North JV and Jimboomba

- 50% share held by JV partner in the Cheltenham (SA) project purchased in September 2015
- 50% share held by JV partner in the Elderslie (NSW) project purchased in November 2015

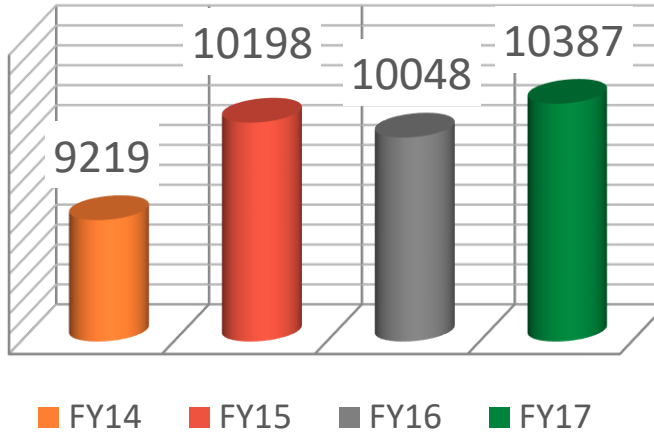
There is increasing activity and momentum across the business

MORE PROJECTS STARTING

Forecast

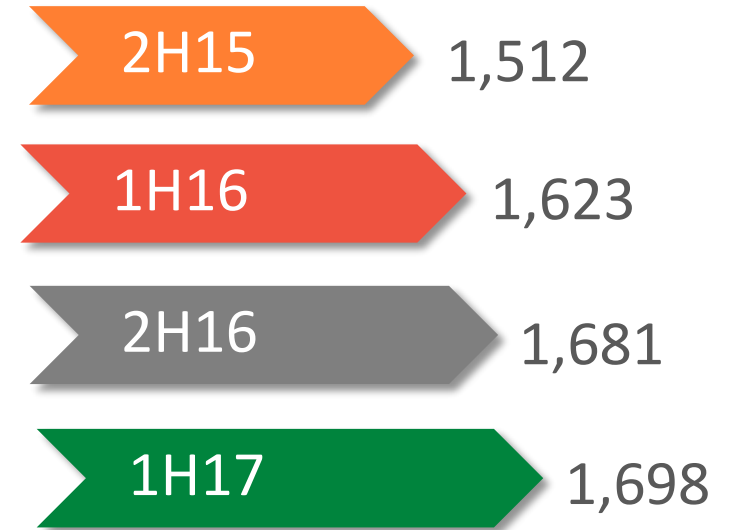


MORE LOTS UNDER CONTROL



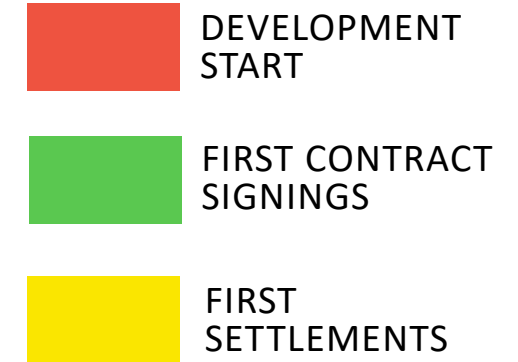
MORE WORK IN PRODUCTION

Total lots WIP



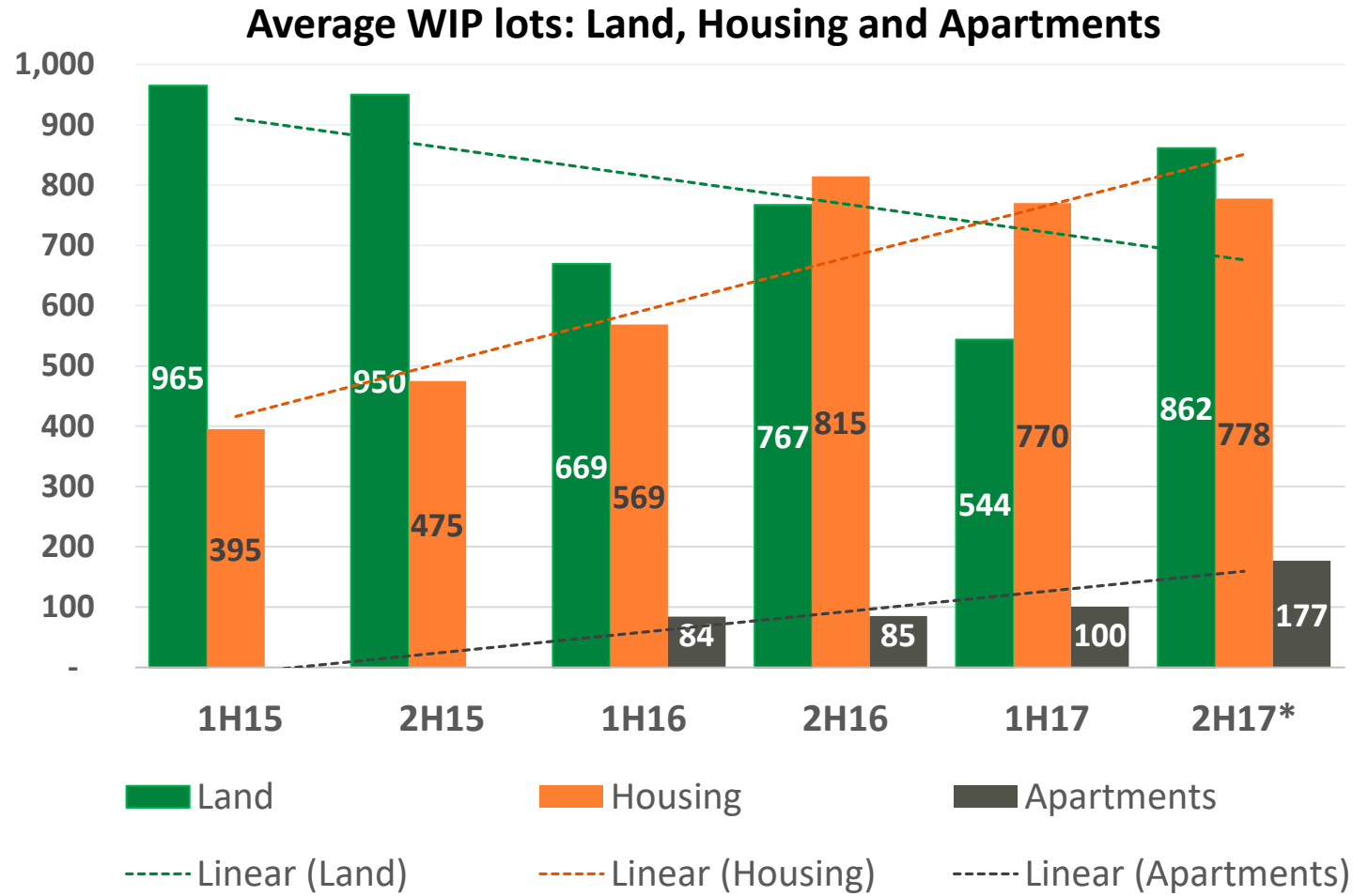
10 new projects driving growth

	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.

Shift in production bias from land to built form



- Average lots calculated by using the monthly closing totals through each half-year.
- There has been a shift in the production bias from land to built form.

*Based on the first 4 months of 2H17

Waterline development at Williamstown progressing well



UPDATE

Strong local buyer interest for the newly released 92 Gem apartments.

The 71 Rosny apartments sold have proven immensely popular with local owner occupiers.

Strong take up of town house product.

Rosny apartments:

- Statement of Compliance Certificate achieved - 5 May 2017
- Certificate of Occupancy expected - 9 June 2017
- Total Presales - \$42m



FY17 outlook

CONTRACT SIGNINGS

Similar level to 2016

CAPITAL MANAGEMENT

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

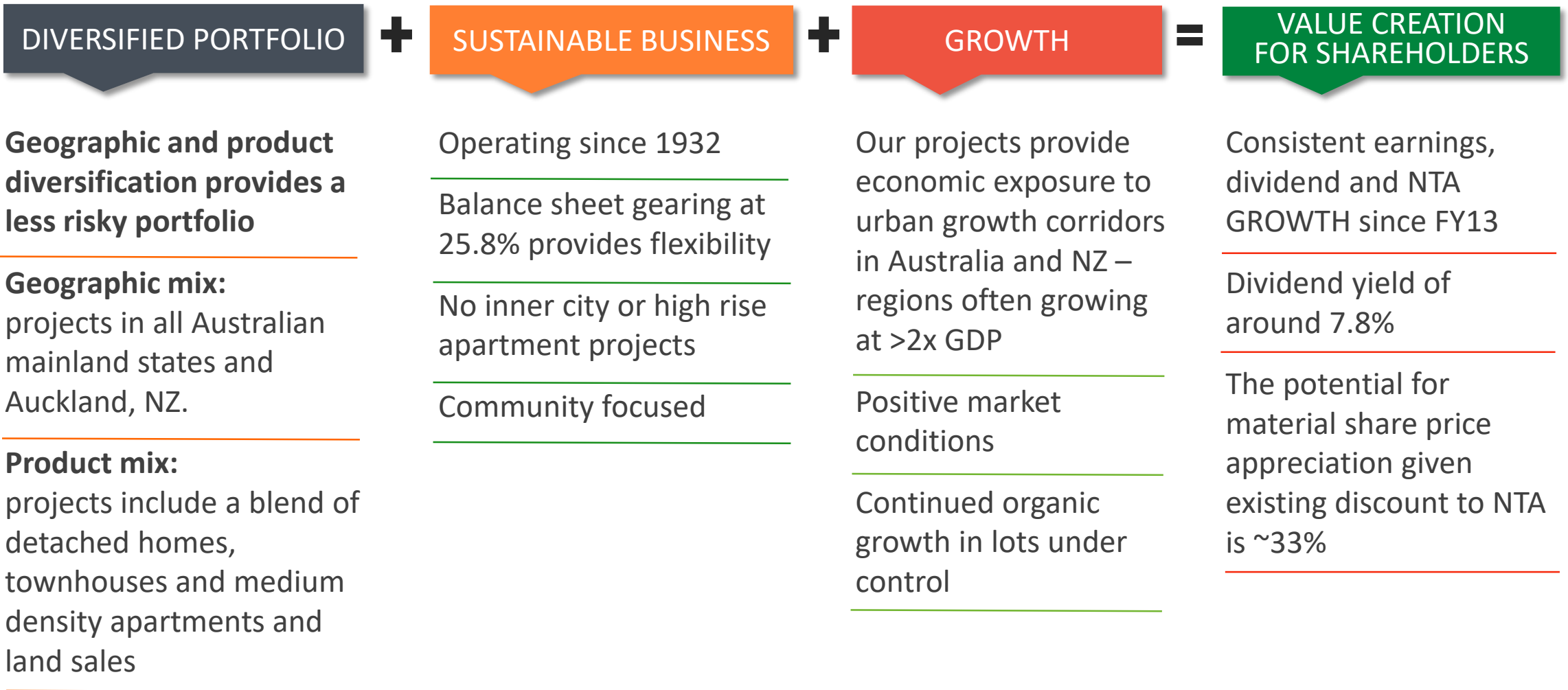
GEARING: maintain a net debt to total assets within the range of 15% to 35%

REVENUE and EARNINGS

Earnings bias remains H2 focused

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?



Our conservative NTA is significantly driven by land valued at cost (\$0.96 per share)

Major components in Net Tangible Assets (NTA) per share
(31 Dec. 2016)

LAND AT COST		\$0.96
CONSTRUCTION AND DEVELOPMENT COSTS		\$0.53
INTEREST BEARING LIABILITIES	(\$0.48)	
CASH		\$0.01
OTHER WORKING CAPITAL	(\$0.07)	
NTA 31 DEC 2016		\$0.95

Note: Bank valuations exceed acquisition cost

