AVJennings Limited

Speaker Notes

Results Presentation Teleconference

20 February 2017

Mr Peter Summers, CEO & MD

STARTS:

Thanks Edwin.

Welcome all to this briefing on the results and operations of AVJennings for the 6 months to 31 December 2016.

I'm sure everyone on this call understands that all property, and especially property from a development point of view, is a long term business.

As we entered the 2017 financial year we made two comments. Firstly, we expected our medium to long term direction to continue to be one of growth. We also commented that the first half of financial year 2017 would be more subdued from a profit recognition point of view.

Hence I don't believe we would be giving you a fair picture of our business if we did not look at the momentum side of our operations before we consider how they are being reflected in our results.

As a reference point for today's presentation I will use the Investor Briefing document we released to the ASX earlier today. If you have had a chance to read through it or you have it in front of you now that would be beneficial. If you haven't seen it or don't have it at hand then I am sure you will be able to follow the conversation but I would encourage you to look at that document at a later time.

Starting with slide 3, I don't want to necessarily talk to this slide now and many of the points on it will be raised during the presentation. However, it is worth you looking at it at some time as it does provide a nice snapshot of key aspects of AVJennings.

Slides 5, 6 and 7 relate to the level of activity that is occurring within AVJennings which continues to be one of growth.

As set out on slide 5, we are starting more projects, with 6 due to commence this financial year and 9 this calendar year. We started one new project last financial year. Some more information on these key projects is set out on slide 6.

Slide 5 also shows we have grown both the land bank and work in progress levels.

In terms of the total land bank, it is not only that we have continued to either maintain or grow this in recent years. It is also about the quality. Older projects are being worked out and replaced by higher value, quality and more diverse projects such as our apartment and townhouse project Waterline at Williamstown which is some 9kms from the Melbourne CBD. Long term options have been converted to an active project in Lyndarum North. Joint venture partners have been bought out such as for our St.Clair and Argyle projects.

Work in progress has been at healthy levels for some time now as can be seen on slide 7.

Having gone through slides 5, 6 and 7 and having shown the continued growth in levels of activity you could fairly ask, why then the decrease in revenue in the first half.

There are two elements to that answer.

The first one is partly contained in slide 6 which we discussed earlier and which shows the number of new projects starting up this year. New projects need to get to a certain stage before revenue recognition can occur.

A good example of the impact of this is in Victoria. Our Lyndarum project which has been the flagship of our Victorian operations for over a decade finished last year. Its replacement, our joint venture with Australian Super called Lyndarum North, a project of around 2,000 lots, should have been active in terms of sales before Lyndarum ended. However, planning approval timeframes blew out to an extent the PSP for the precinct was only approved by the Minister this time last week. Without that, we could not enter into production phase.

Activity wise we have been very busy in relation to Lyndarum North and taking the glass half full approach we are ready to go and the first release prior to Christmas demonstrated the strong demand for this project. But there has been no revenue able to be declared in relation to this project in the first half.

The second reason for the decline in revenue is that we have moved to a phase of more built form. Some of those reasons for this change are project specific.

For example, Waterline at Williamstown in Melbourne is a mixture of apartments and townhouses and a total build out.

At St.Clair in Adelaide we have moved through our land stages and the remaining stages are almost all townhouses.

In Queensland some acquisitions in recent times were of a townhouse nature.

But we also strategically felt the time was right to move to a model which provided more depth and balance to land sales, especially to builders, and to do more housing construction ourselves.

All of these changes make us a deeper and more flexible company. Waterline is a game changer for our Victorian operations. Having more built form will mean greater absolute margins per sale and deeper sales channels as the market for completed product is many times larger than the market for land.

It is hard to just give numbers for this change in absolute terms. So in trying to show the impact we felt the information on slide 8 might be useful. For the full year to 30 June 2016 our average contract value in terms of company return was $235,000. By 30 June 2017 our forecast is this will have grown to around $293,000. This number is likely to rise further as the full impact of the change in product mix will only occur once it has a full year to play out. This year has been a year of transition.

Of course this change comes at a price in terms of the timing of profit recognition. Increased construction periods means some delay in profit recognition.

It does not negate the advantages we have talked about in previous years in relation to horizontal development. We still have across most of our business the flexibility of staging. It just means the times for stages has stretched a little.

But I am confident that this realignment, together with the commencement of the new projects outlined earlier will provide for a very strong period for the Company ahead.

This also demonstrates to you our commitment to the long term and that we do not just look to easier short term options.

Hopefully that has given you some understanding of the momentum within the business but also the changed focus especially in terms of built form.

Hopefully it will also give you a better understanding of the results as set out on slide 9.

As set out on slide 9 revenue for the period was down 16.6% and profit after tax was also down 14.4% to $14.1 million. The reasons for both these movements were explained earlier and are consistent with comments made by our Chairman at the AGM.

Margins for the period were 26% which is above the margins for the corresponding period last year of 23.6%. Overall margins are always subject to differences in product mix and project mix and hence need to be read cautiously. However, it is fair to say that like for like margins have strengthened but at slower rates than previous years. We continue to be a business focused on volume rather than price.

The improving market conditions have allowed us to reassess carrying values for those projects which have previously been impaired. We still take a very conservative view to this process. The outcome for the period was a net writeback of $3.5 million.

Despite the reduced accounting profit, the continued momentum in the business encouraged directors to maintain the interim dividend at 1.5 cents fully franked.

My final comment on the numbers set out on slide 9 is the NTA. This continues to be above the share price which does provide an opportunity for value creation if this gap is closed through continued performance.

Turning to slide 10, we have attempted to set out on that page a breakdown of the movement in revenue, which shows that it is mostly a volume story.

Looking to the longer term we remain very confident in market fundamentals and hence we are continuing to look to add new projects. The emphasis for the past 6 months has been on getting recently acquired projects to site and we covered the success of this earlier. But it is pleasing to report that we have still managed an increase in landholdings to 10,387 lots as at 31 December 2016 as set out on slide 11.

The main acquisition for the period involves a joint venture at Jimboomba in south east Queensland which is not only a quality project but will provide a quality base for our Queensland operations for some years.

As set on slide 12 the advancement of a number of projects and increased built form has seen an increase in debt. However we remain comfortable with our gearing at 25.8% especially given the amount of this debt that will turn to cash from completion and sale of work in progress.

Our banks also remain comfortable with our position and recently signed off on an extension to our main facilities.

Slide 12 also talks about our dividend and our commitment to aim for a payout ratio 40-50% of NPAT.

Slides 14, 15 and 16 set out to explain why we remain confident in the market fundamentals and how they are being supported by sound economic fundamentals.

Whilst affordability remains an issue, providing you can meet this challenge - something I will talk to further shortly - the market dynamics remain strong.

There remains a significant shortfall in housing, particularly in traditional housing. Our focus is on this traditional housing market.

Property continues to be one of the country’s largest industries and as Australia continues to grow the need for housing gets greater each year.

For our customers, the main concern in terms of confidence is employment and that remains relatively stable as does the interest rate environment.

The next section I want to discuss today starts on slide 17 which takes a more specific look at AVJennings business model and strategies.

Slide 17 looks at 6 core points. As I raise each point you can flip over a slide as each of these points is further expanded upon.

Firstly, as set out on slide 18 we are a business focussed on sustainable success. As such we focus on those matters which are crucial to this being people, product and brand.

Secondly, slide 19 shows that we are a pure residential developer primarily focused on horizontal development. We do not have exposure to high rise CBD type projects and the horizontal nature of our business enables us to stage projects which provides efficiency and flexibility to adjust to market conditions and requirements.

Thirdly, we are a strong believer in geographic diversity. Our current diversification across Australia and New Zealand is set out on slide 20.

Fourthly, we target a traditional, stable customer profile. As set out on slide 21 only 1 percent of our customers are foreign buyers. We also have a healthy balance between owner occupiers and investors. Investors are an often unfairly targeted group but remain a vital part of the residential landscape. Our investors tend to be Australians who are long term providers of critical rental stock. But our main customers continue to be traditional owner occupiers.

Fifthly, we are volume driven not price driven. So often media and other focus is on price not volume. This occurs both in terms of wholesale and retail. But our markets are relatively stable and generally easy to compare to competitors. New residential is about volume not price.

Finally, to the significant issue of affordability which is discussed on slide 23. Affordability is an issue and one we have raised for many years. It is unfortunate that there still continues to be a lack of true accountability and understanding of the drivers which are lack of supply and tax.

However, there remains one very simple fact for us and that is that we need to meet this challenge every day. If we don't we don't have a sustainable business or certainly not of the scale at which we operate.

Slide 23 shows that we are meeting this challenge. We continue to provide product which is well below the often reported state averages and very much in line with first quartile pricing.

To conclude this briefing I now turn to slides 25 and 26.

As set out on slide 25 we still believe our previous advice that contract signings will be similar to last year is valid and that our results for the year will be significantly skewed to the second half. Even then much of the work done on the first half will continue to positively impact reported results in future years. It has definitely been a very important period for building the foundations for the future.

In terms of dividends we continue to target payout ratios between 40 and 50% of earnings.

Having spent time discussing operations, our results and our strategies, I hope slide 26 backs up the presentation and sets out our value proposition.

By investing in AVJennings you are investing in a company which offers diversity in both product type and geographically which we believe is a strong mitigation strategy.

We are a business which has operated since 1932 and we are very proud of that history. We are conservatively geared and a business focused on its competitive advantage based on knowledge gained over those 85 years in residential property, especially the traditional housing markets. We have not chased markets such as more volatile high rise CBD type projects.

We are a company with a strong community focus, again something we are very proud of and something I believe all our stakeholders, including shareholders, value.

We offer the opportunity to invest in a company which has exposure to the strong growth corridors, many of which are experiencing considerable rates of growth, not only in terms of housing but in other areas too.

We will continue to grow through further project acquisitions whilst still maintaining our disciplined approach.

We aim to continue to deliver consistent results and strong dividends which at current levels and current share price are seeing yields of the like of 8.6% fully franked.

And as stated earlier the current share price at 35% below NTA offers the opportunity for material share price appreciation.

Ladies and gentlemen, that concludes my presentation and I will now hand back to the conference call coordinator, Edwin, to invite questions.

(Question time)

Ladies and gentlemen thanks again for your time today and for your continued interest and support. We are very excited about the future and hope that is a sentiment you also share.

Thank you

ENDS

Half-Year Results 2017



Your Community Developer


20 February 2017

AVJennings

Table of Contents

AVJennings at a glance

ESTABLISHED

1932

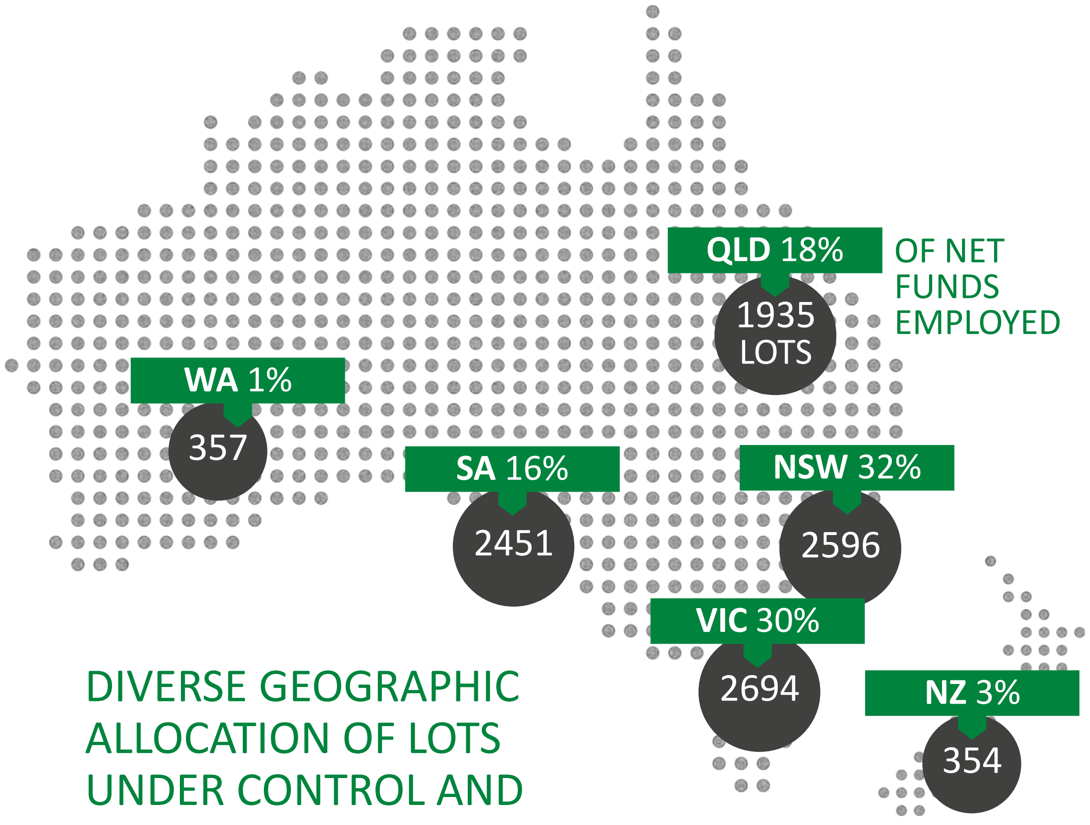
FOCUS

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



DIVERSE GEOGRAPHIC ALLOCATION OF LOTS UNDER CONTROL AND NET FUNDS EMPLOYED

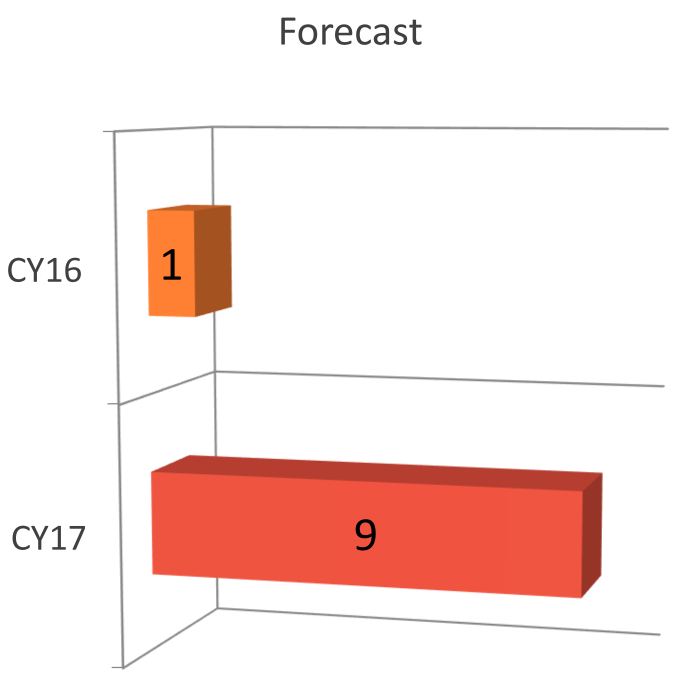
VALUATION METRICS*: • MARKET CAP $223M • FY16 DIV YIELD 8.6% (FF 12.3%) • FY16 PER 5.4X • 1 YR TRADING RANGE $0.52 - $0.73 • NTA 95 CPS

* Using a 58 cent share price and FY16 results

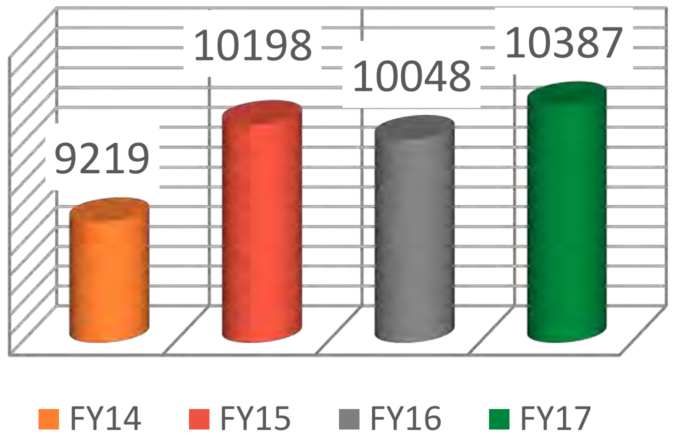
Business update and financial results

There is increasing activity and momentum across the business

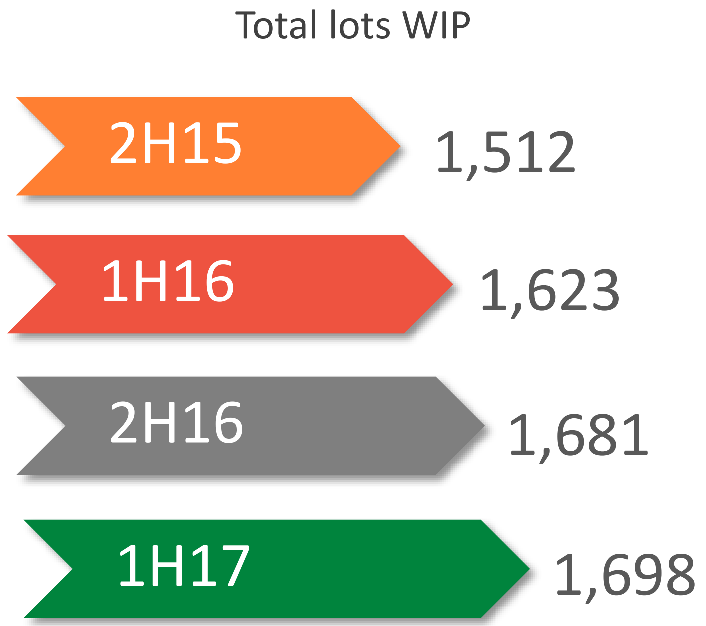
MORE PROJECTS STARTING



MORE LOTS UNDER CONTROL



MORE WORK IN PRODUCTION



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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							

DEVELOPMENT START

FIRST CONTRACT SIGNINGS

FIRST SETTLEMENTS

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

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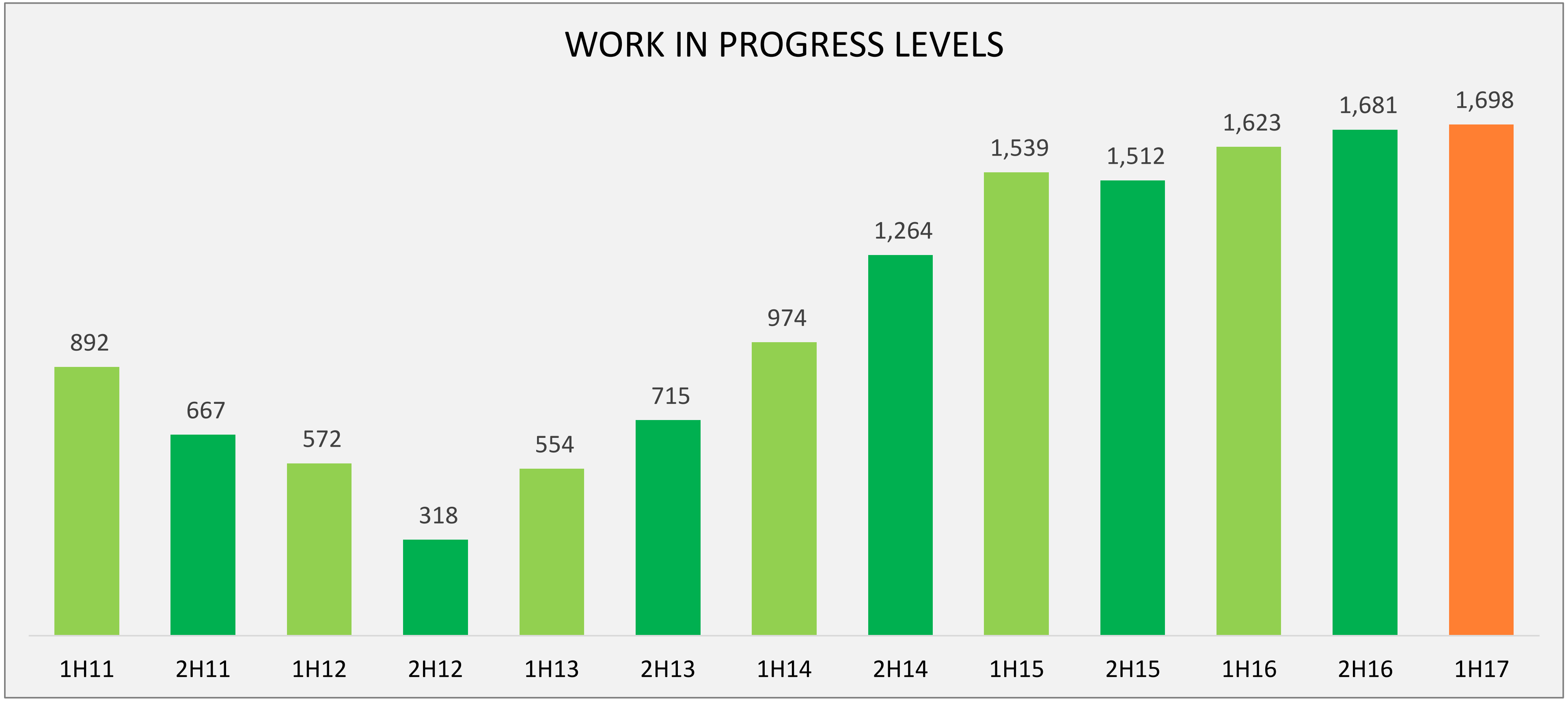
More work in production reflects our confidence in the market

- 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

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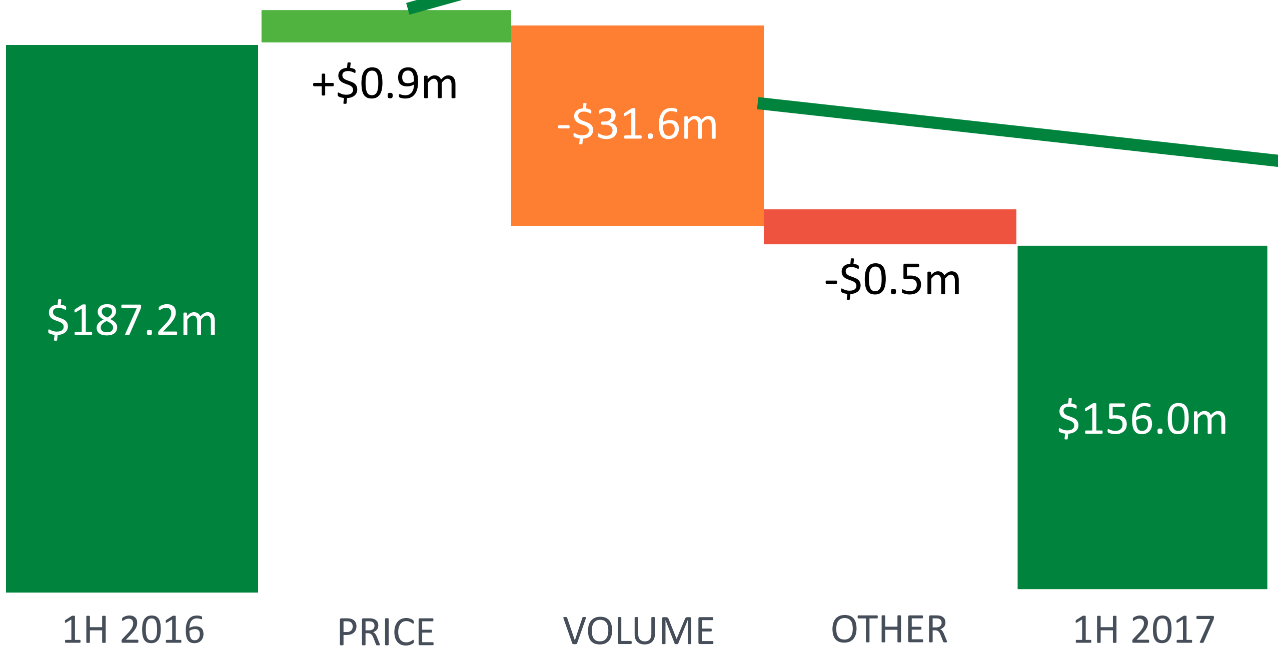
1H17 Results – financial summary

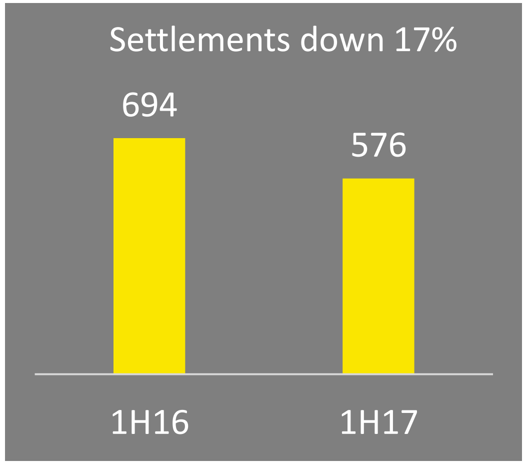
	1H17	1H16	% Change	FY16
REVENUE	$156.0m	$187.2m	(16.6%)	$421.9m
STATUTORY PROFIT BEFORE TAX	$20.4m	$23.9m	(14.4%)	$58.8m
STATUTORY PROFIT AFTER TAX	$14.1m	$16.5m	(14.4%)	$40.9m
GROSS MARGINS	26.0%	23.6%	+2.4pp	25.2%
INVENTORY PROVISION WRITE BACK (AFTER TAX)	$3.5m	$2.6m	+38.0%	$2.6m
NET TANGIBLE ASSETS (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

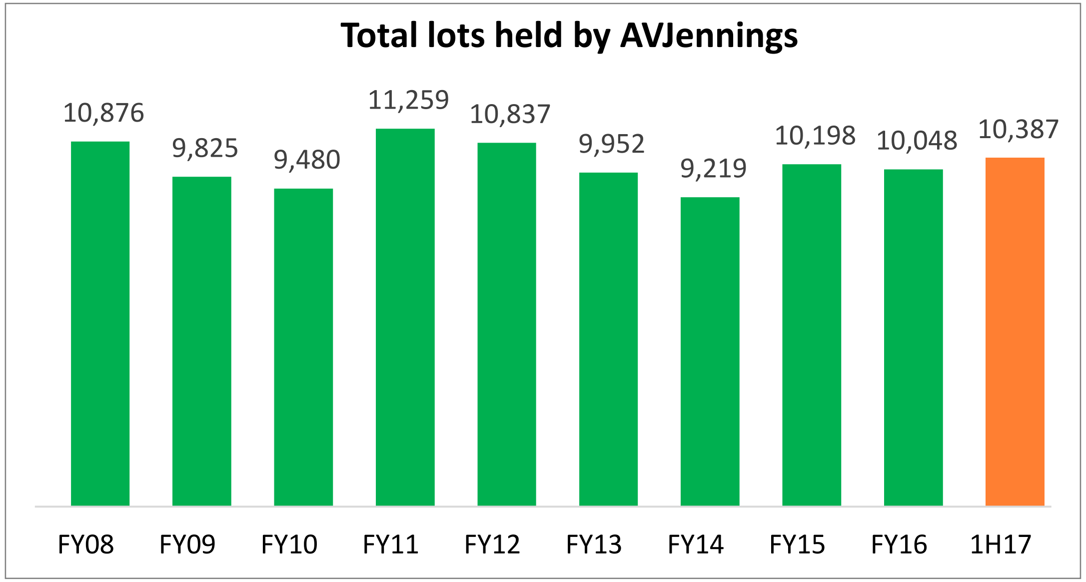


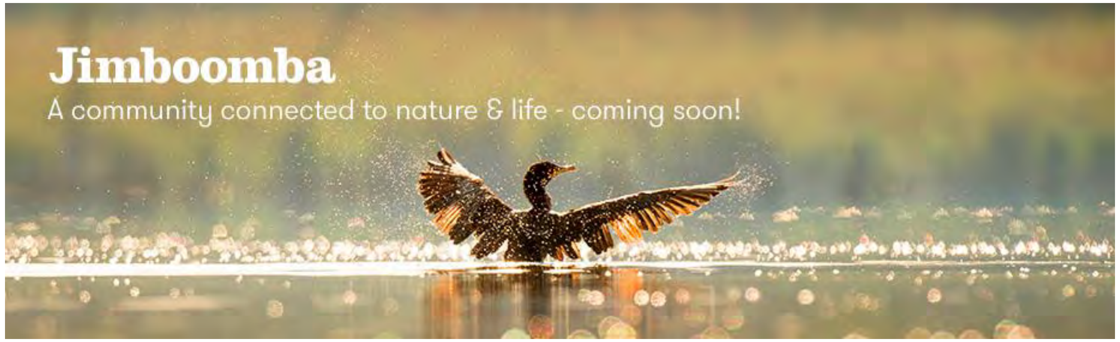
1% increase in average settlement value	
1H16	1H17
$267.7k	$269.2k



Land holdings stable at 10,000 lots

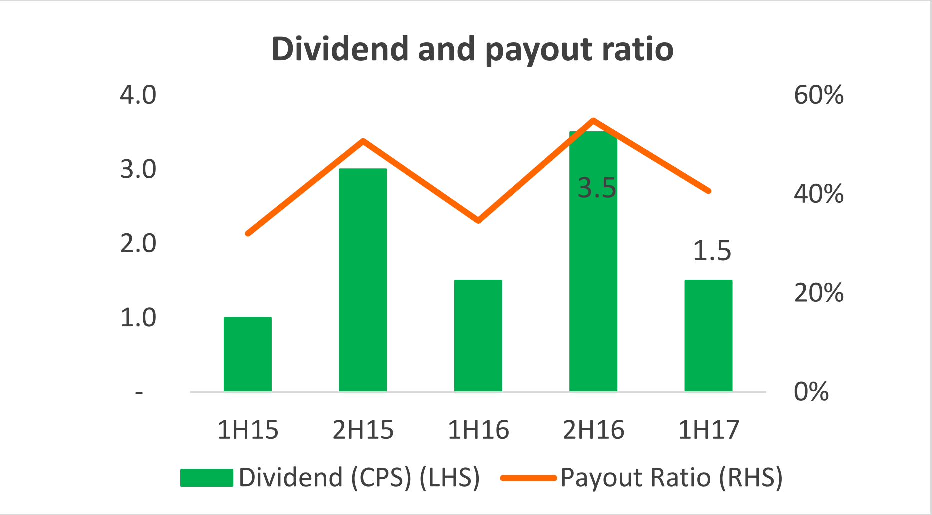
- Acquisitions have enabled inventory to increase by 3.4% to 10,387 lots
- Quality of underlying inventory continues to improve
- Major 1H17 acquisition was Riverton, Jimboomba:
  - 50% interest in 127 hectares of land in Jimboomba, QLD (approx. 1,057 lots)

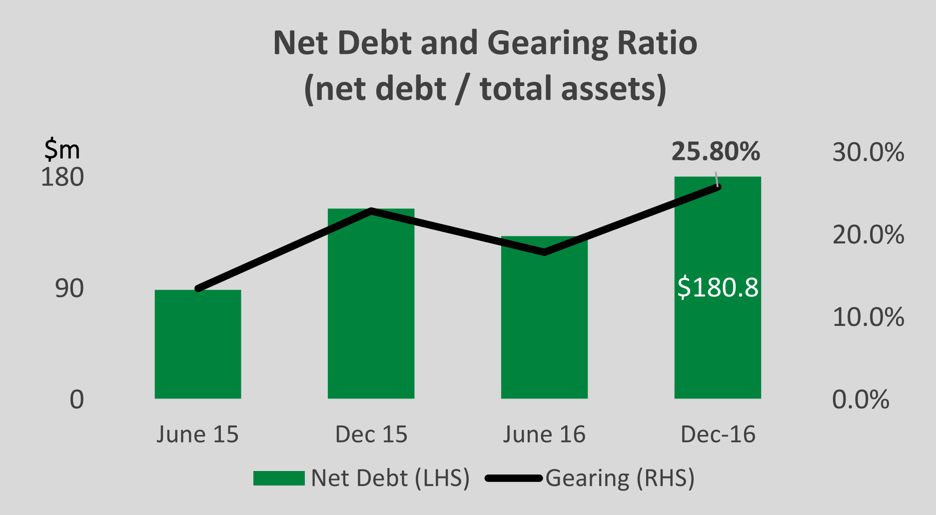




Clear capital management framework focused on dividend growth and maintaining financial flexibility

- **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

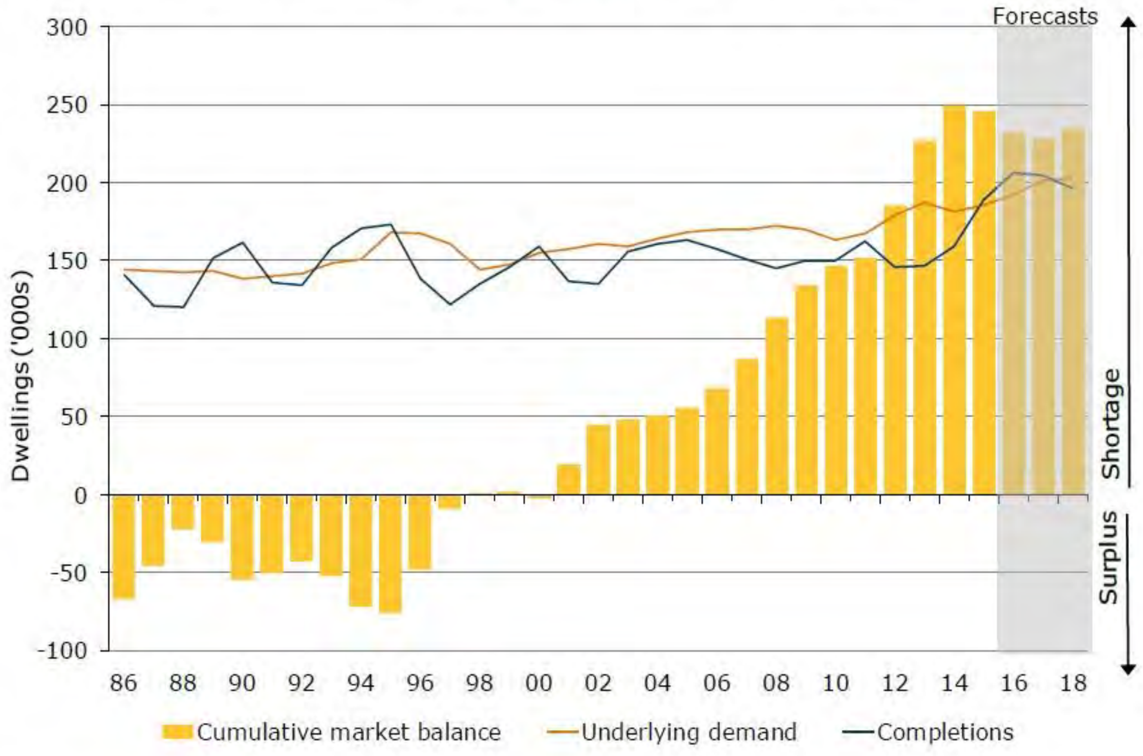
Property is the largest industry in Australia*

- 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

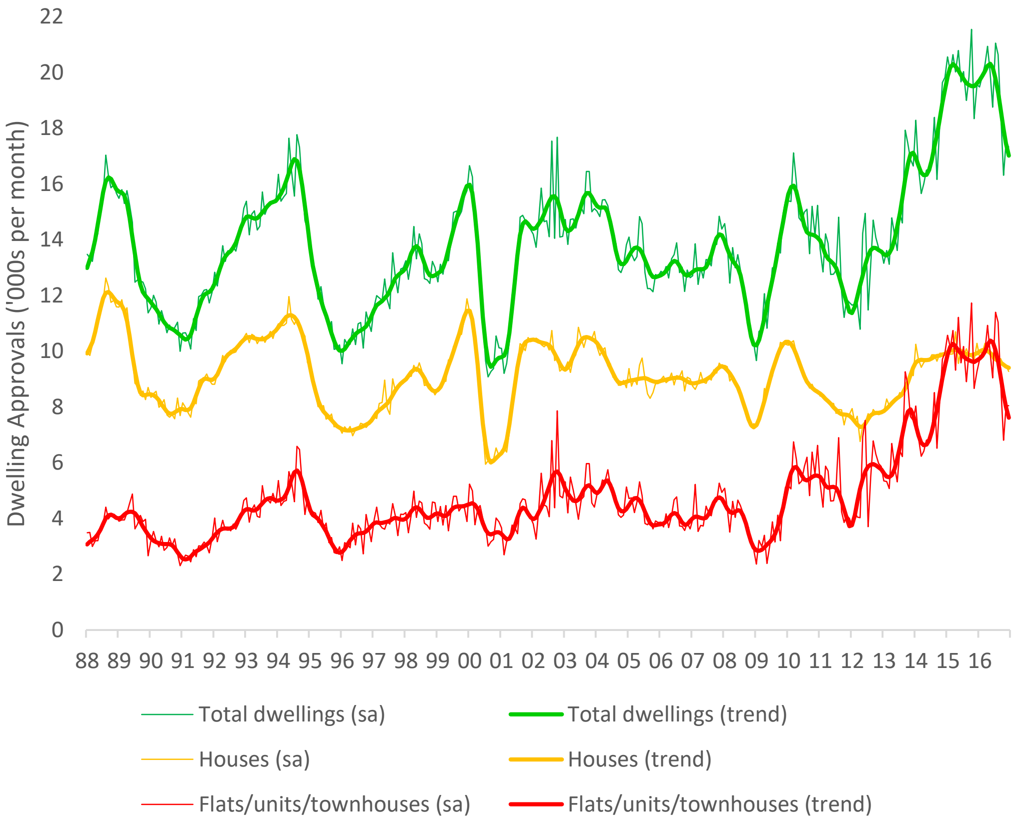
Continuing demand and under supply in our sector

Dwelling supply and demand in Australia



Source: ABS, ANZ Research

Dwelling approvals in Australia



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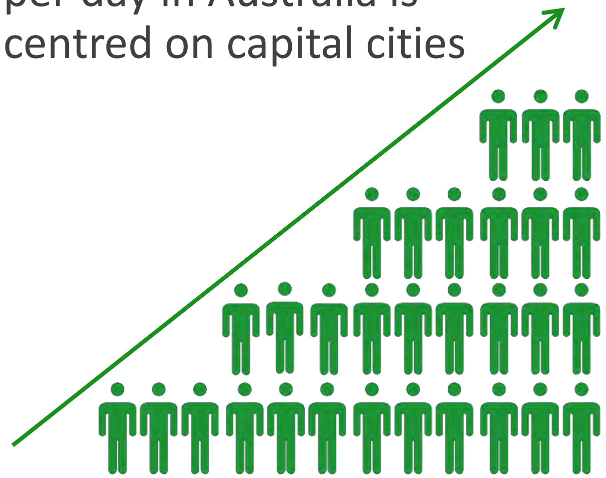
Market outlook supported by positive economic fundamentals

POPULATION GROWTH

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



YEAR

2000 19m

2016 24m

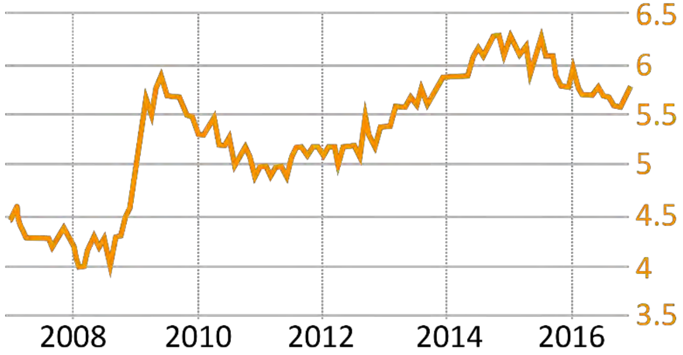
2040 > 31m

Source: Australian Bureau of Statistics

EMPLOYMENT

Employment outlook remains relatively stable

UNEMPLOYMENT RATE

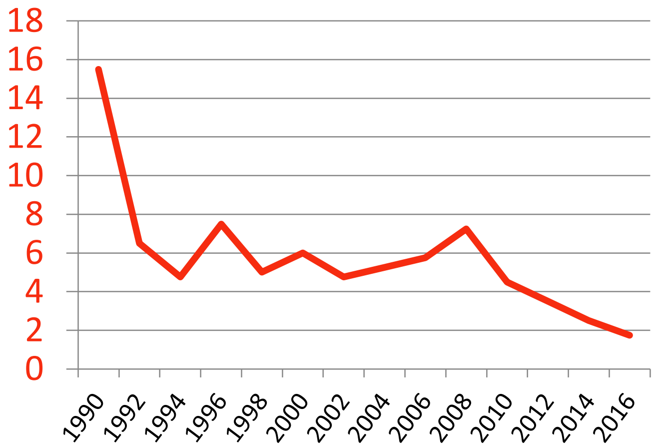


Source:
www.tradingeconomics.com | Australian Bureau of Statistics

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

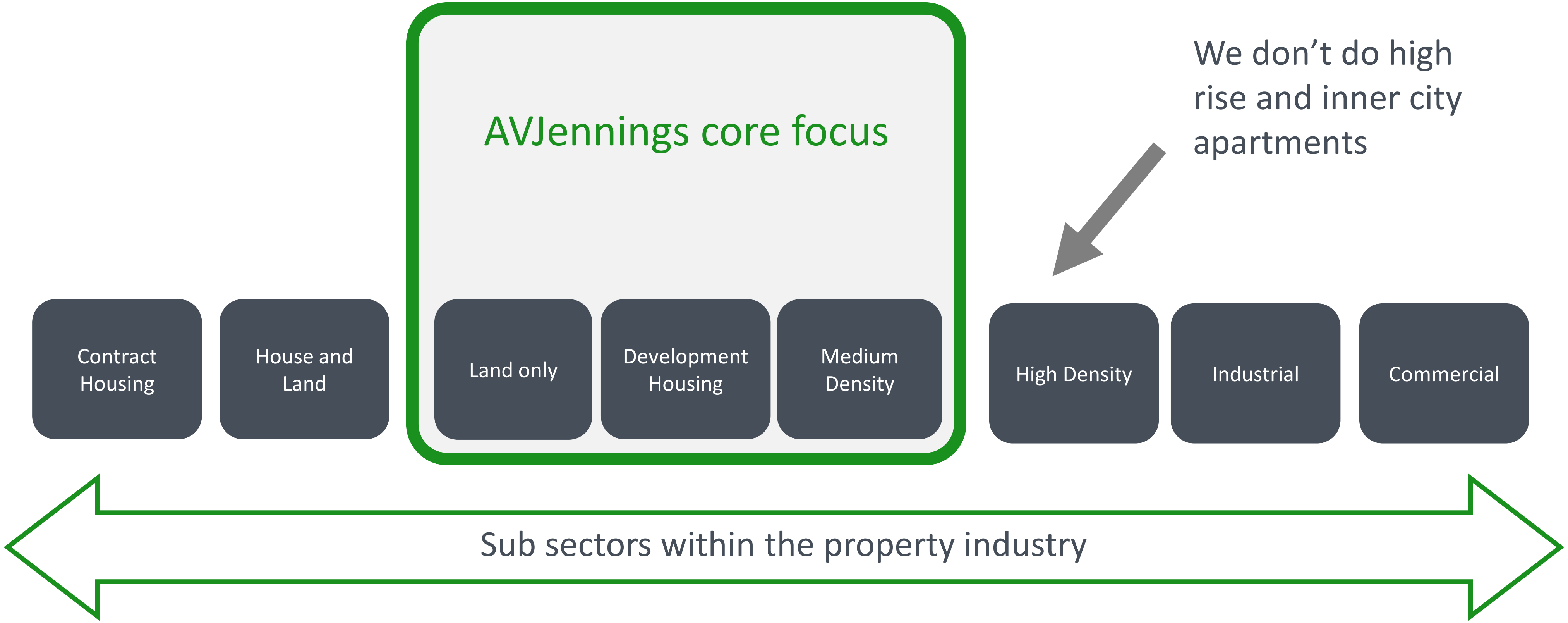
- Customers associate trust, reliability, value and quality with AVJennings
- The brand is positively recognised by other stakeholders (suppliers, government, land owners, financial institutions)
- We're investing in the brand.

PEOPLE & COMMUNITY FOCUS

STRONG INTERNAL SYSTEMS

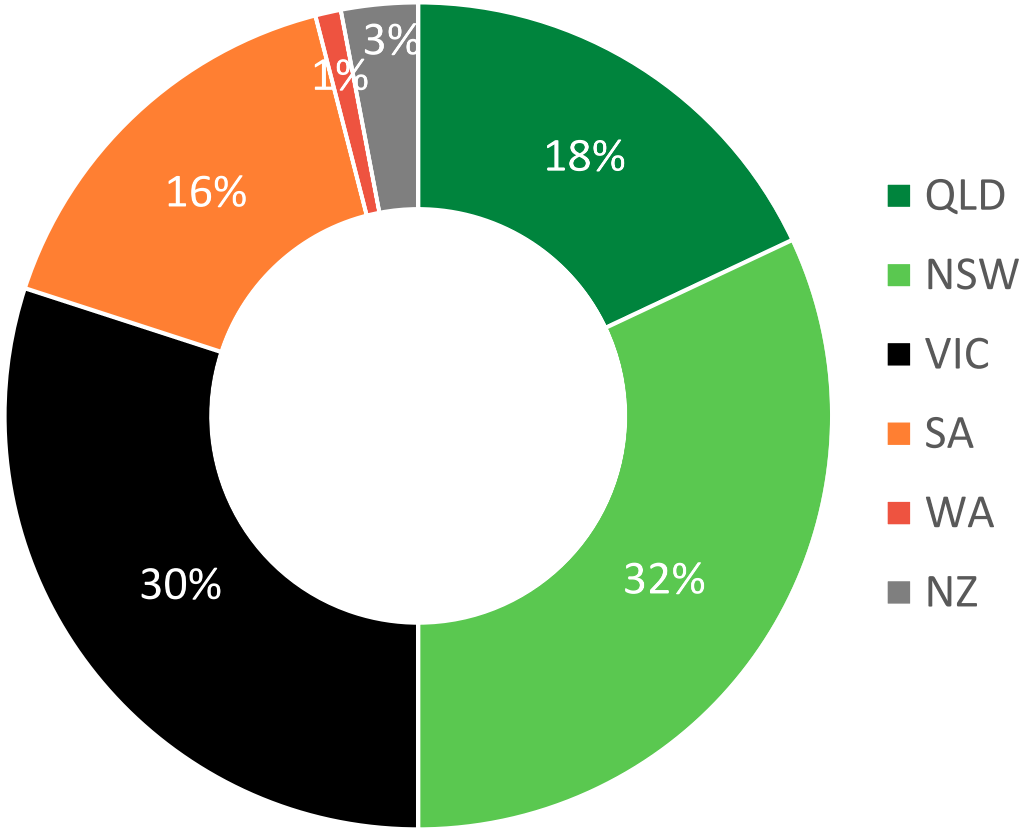
GOOD CORPORATE GOVERNANCE

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

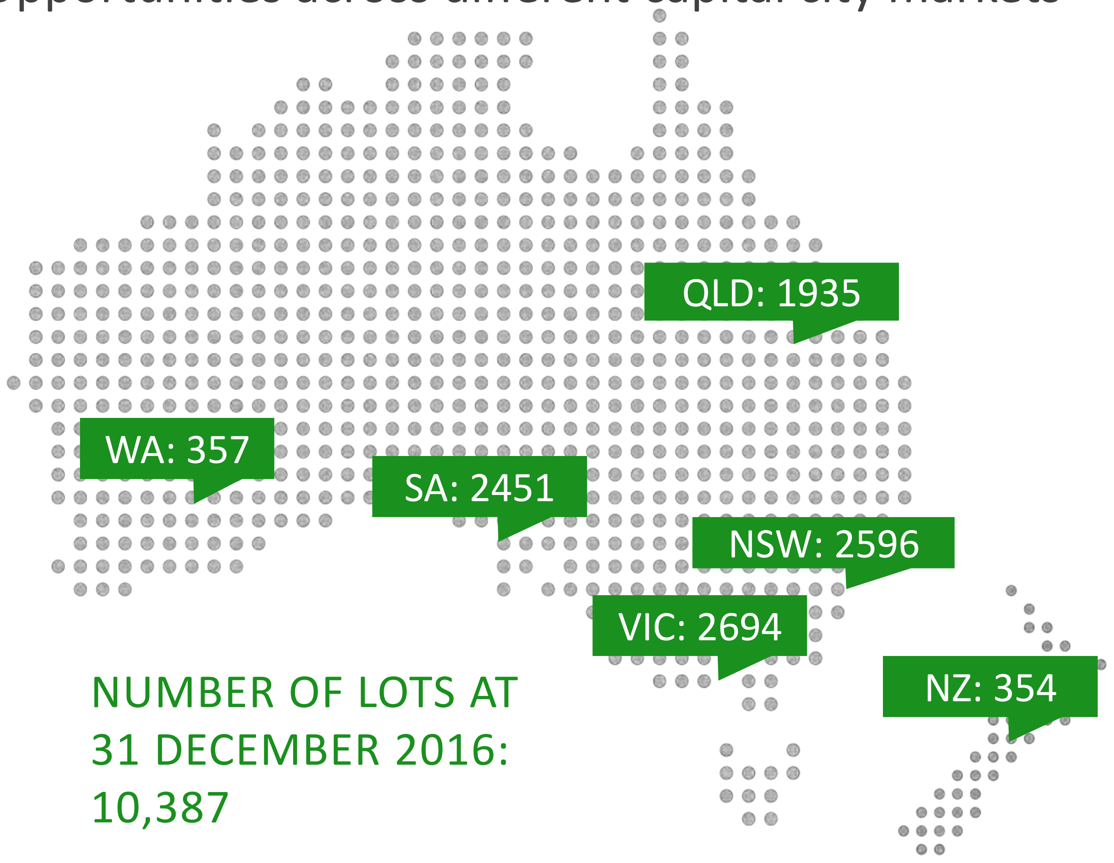


Our diversified geographic mix differentiates us from other residential developers

Diverse allocation of net funds employed



Opportunities across different capital city markets



NUMBER OF LOTS AT 31 DECEMBER 2016: 10,387

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Large and growing market of customers

AVJ CUSTOMER SEGMENTS

RETAIL

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

BUSINESS

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

This segment remains an important customer sector.

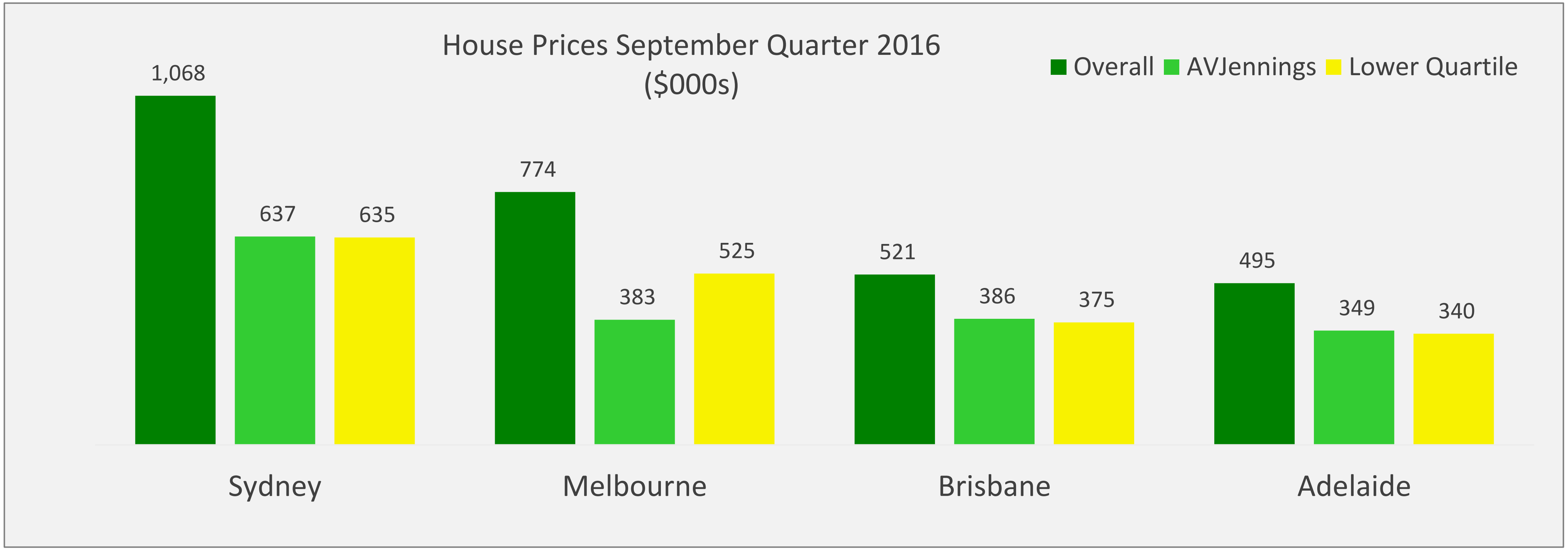
We are volume driven, not price driven

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.

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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 + SUSTAINABLE BUSINESS + GROWTH = VALUE CREATION FOR SHAREHOLDERS

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

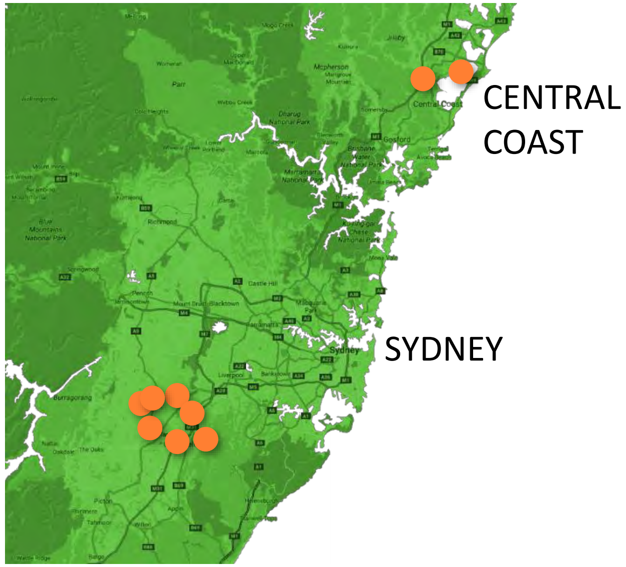
Consistent earnings, dividend and NTA GROWTH since FY13

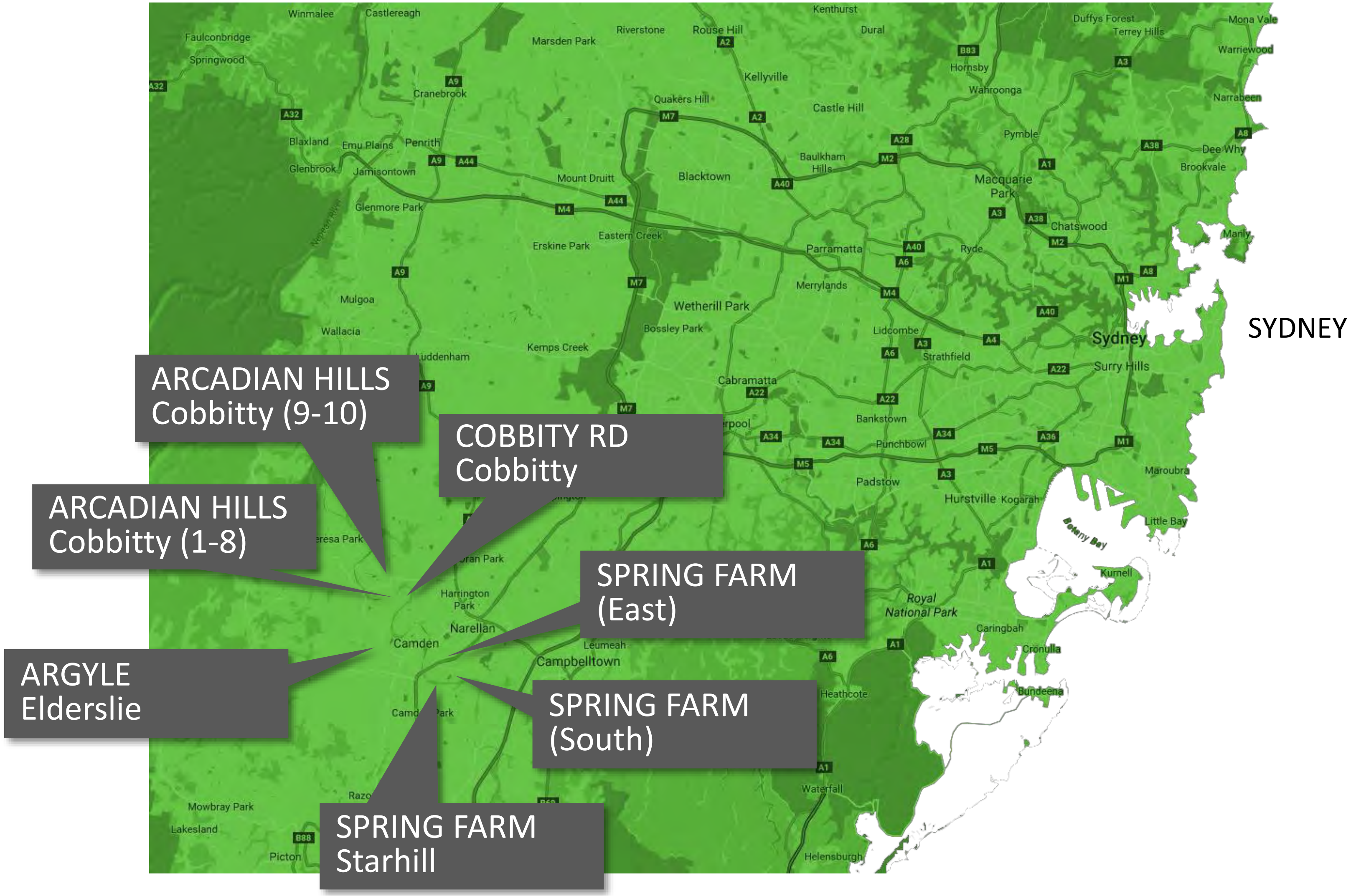
Dividend yield of around 8.6%

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





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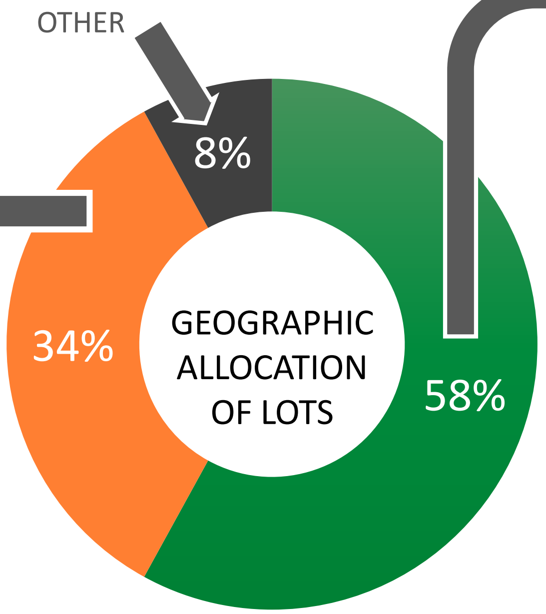
NSW Project Pipeline

DEC 2016 INVENTORY	
PROJECTS	LOTS
12	2,596

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



CENTRAL COAST

PROJECTS	LOTS	ACTIVE
Magnolia, Hamlyn Terrace	287	✓
Warnervale	595	1H18
Total 2 projects	882	100% by DEC 17

WESTERN SYDNEY

PROJECTS	LOTS	ACTIVE
Argyle, Elderslie	261	✓
Spring Farm (South)	213	✓
Spring Farm (East)	540	2H17
Spring Farm (Starhill)	79	1H18
Arcadian Hills, Cobbitty (1 – 8)	206	✓
Arcadian Hills, Cobbitty (9 – 10)	159	✓
Cobbitty Rd, Cobbitty	57	1H18
Total 7 projects	1,515	100% by DEC 17

*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

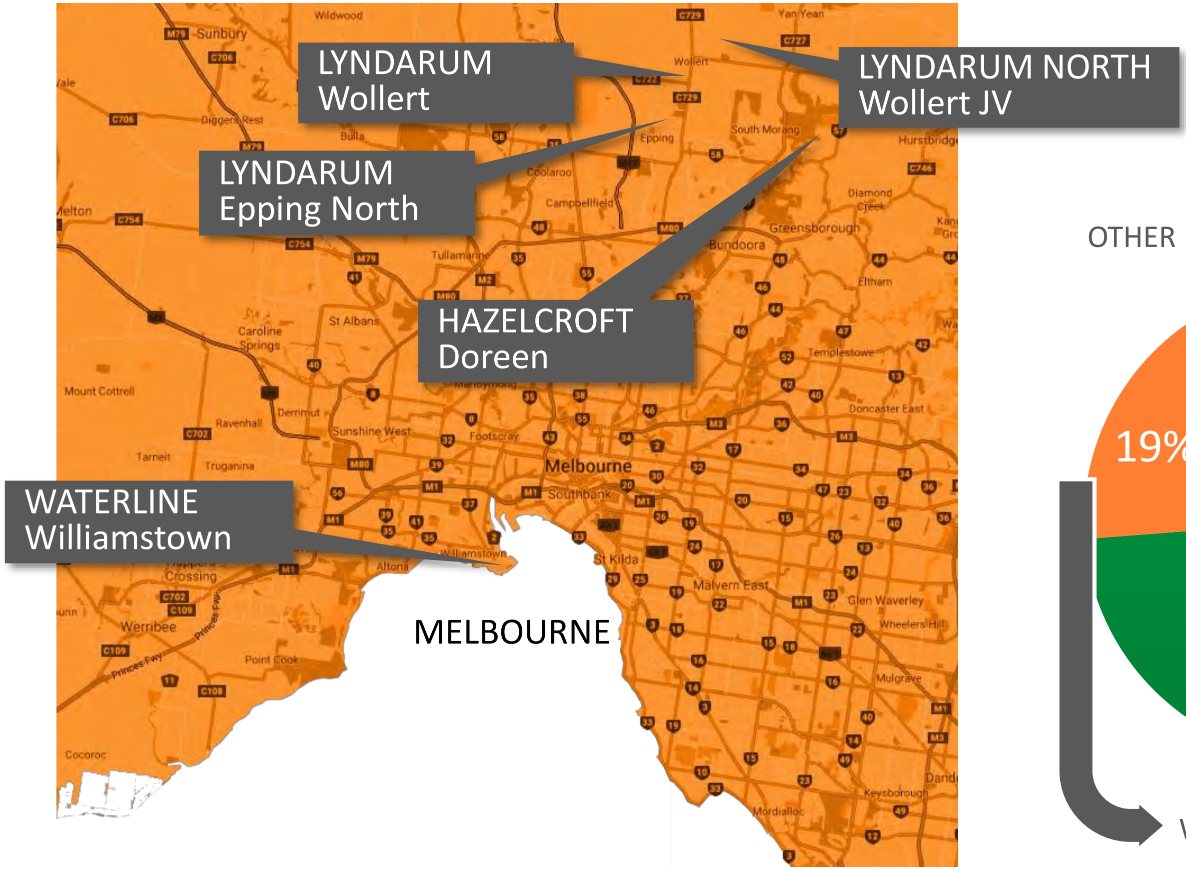
MAJOR PROJECTS IN THE PIPELINE

NEW AIRPORT

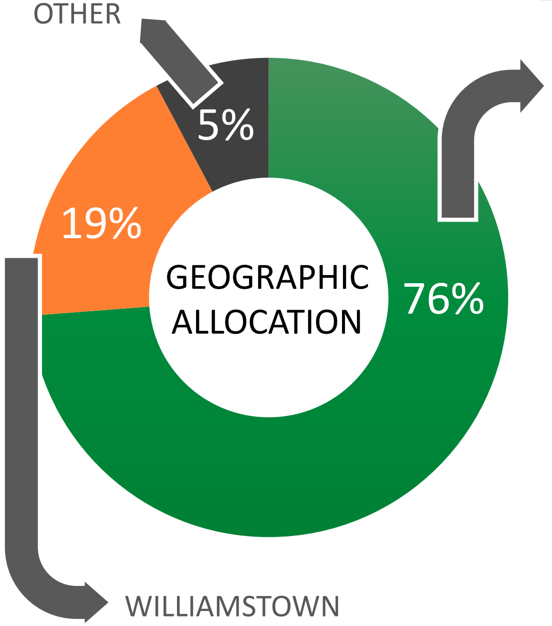
NEW LIGHT RAIL

NEW METRO RAIL

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



DEC 2016 INVENTORY	
PROJECTS	LOTS
6	2,694



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.

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Melbourne's northern growth corridor (City of Whittlesea)

POPULATION

200,000
RESIDENTS

88% **FORECAST GROWTH**
OVER NEXT 25 YEARS

x2 **GROWTH RATE**
> 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

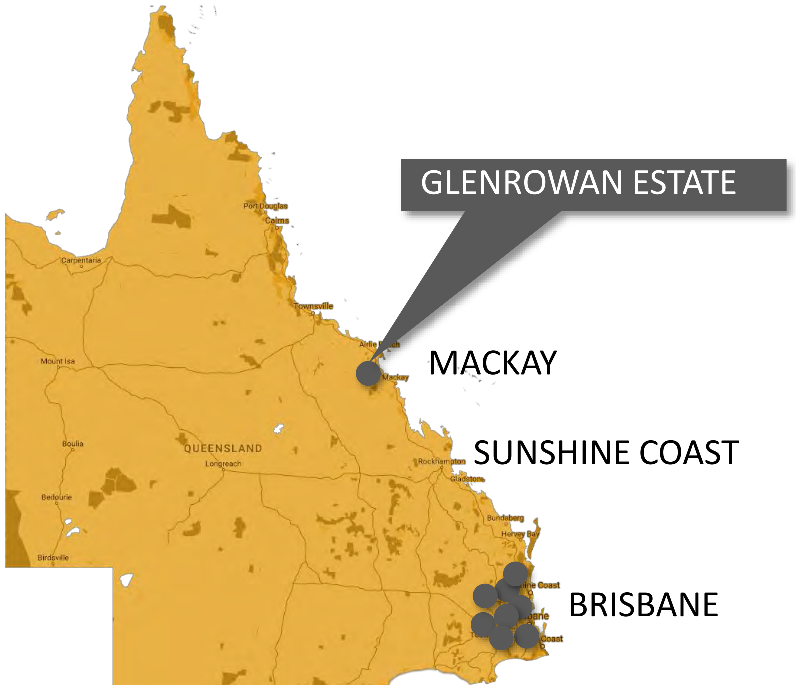
EXISTING INFRASTRUCTURE

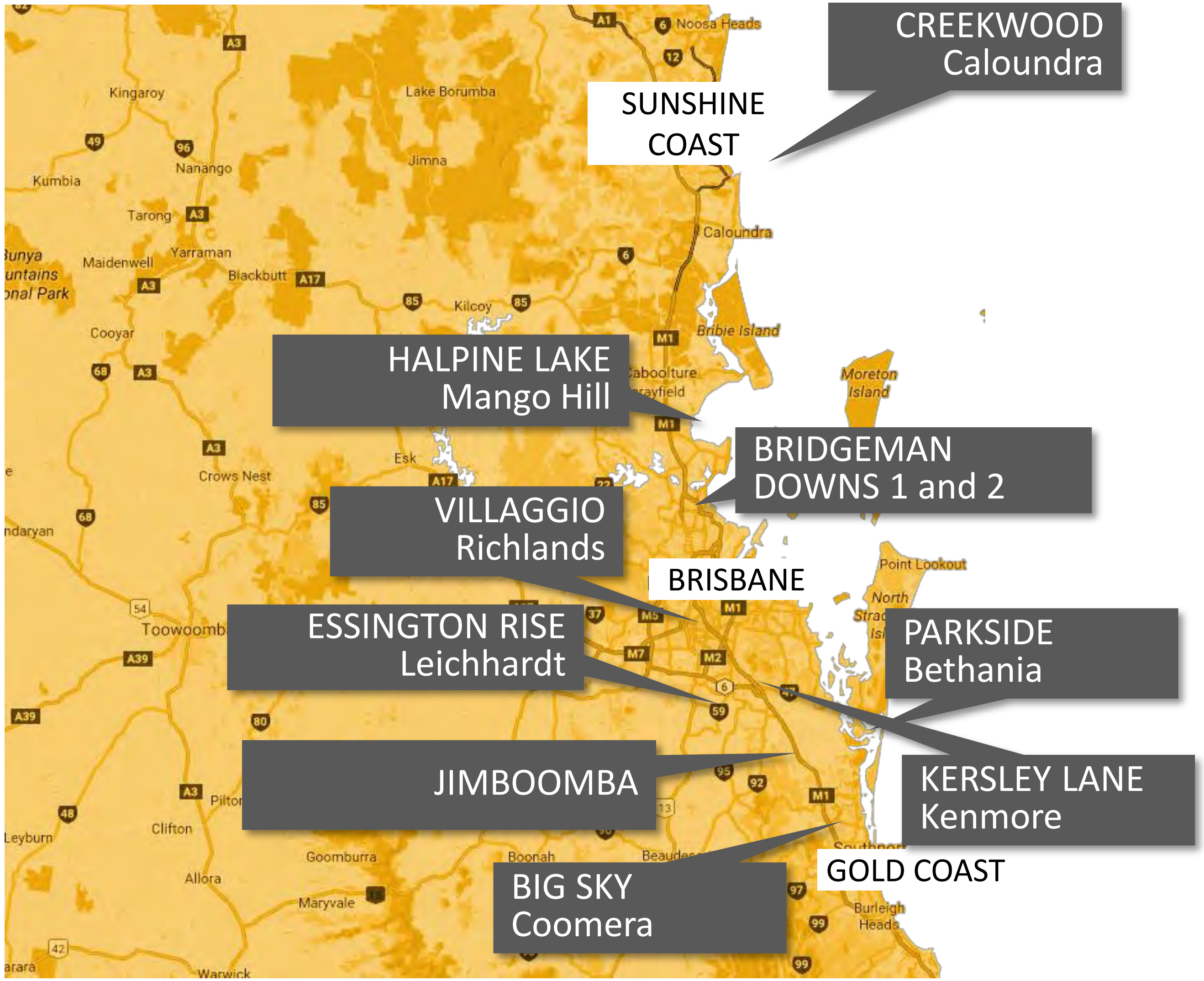
HUME FREEWAY

RMIT UNIVERSITY (Bundoora)

SOUTH MORANG TRAN LINE (to be extended)

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

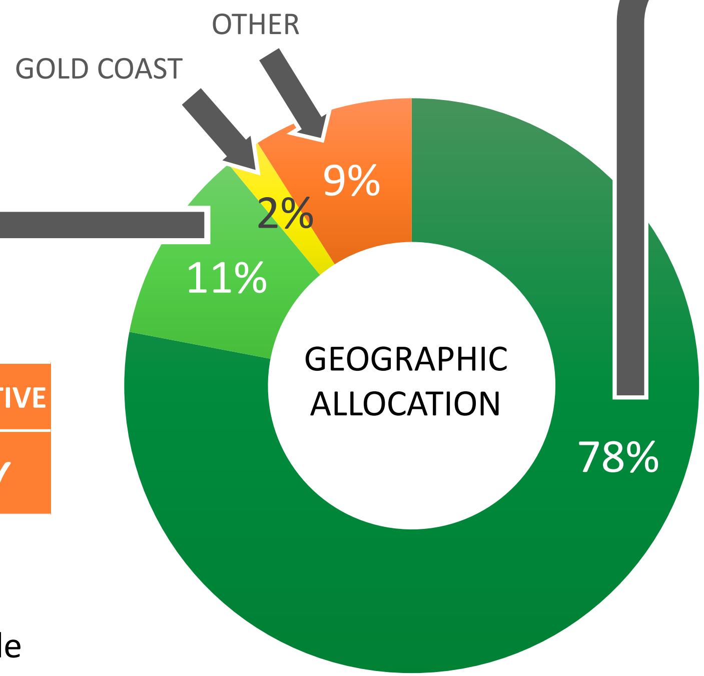




QLD Project Pipeline

DEC 2016 INVENTORY	
PROJECTS	LOTS
11	1,935

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



SUNSHINE COAST

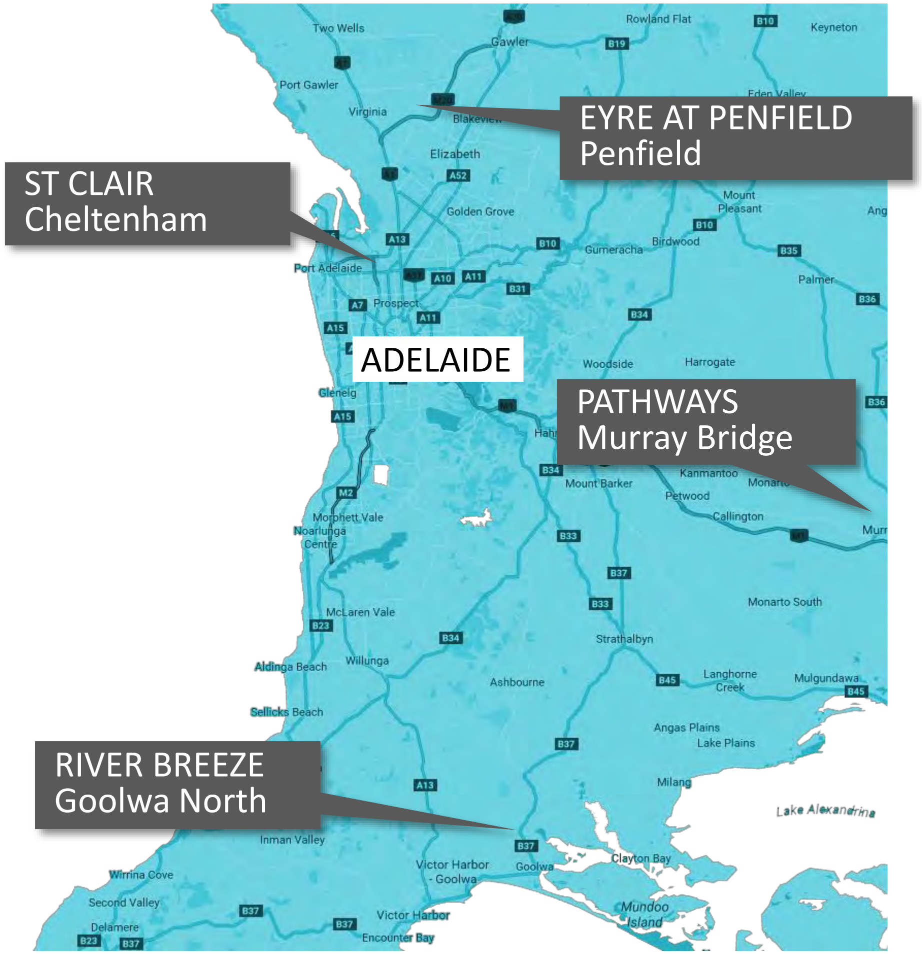
PROJECTS	LOTS	ACTIVE
Creekwood, Caloundra	215	✓

*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.

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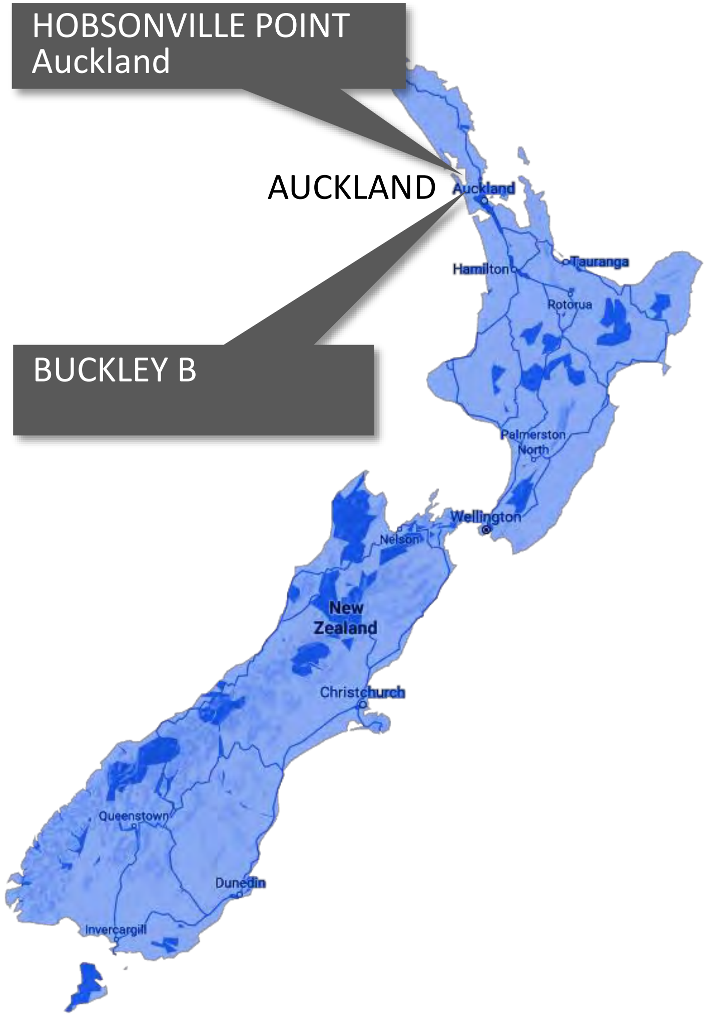
Auckland Project Pipeline

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.



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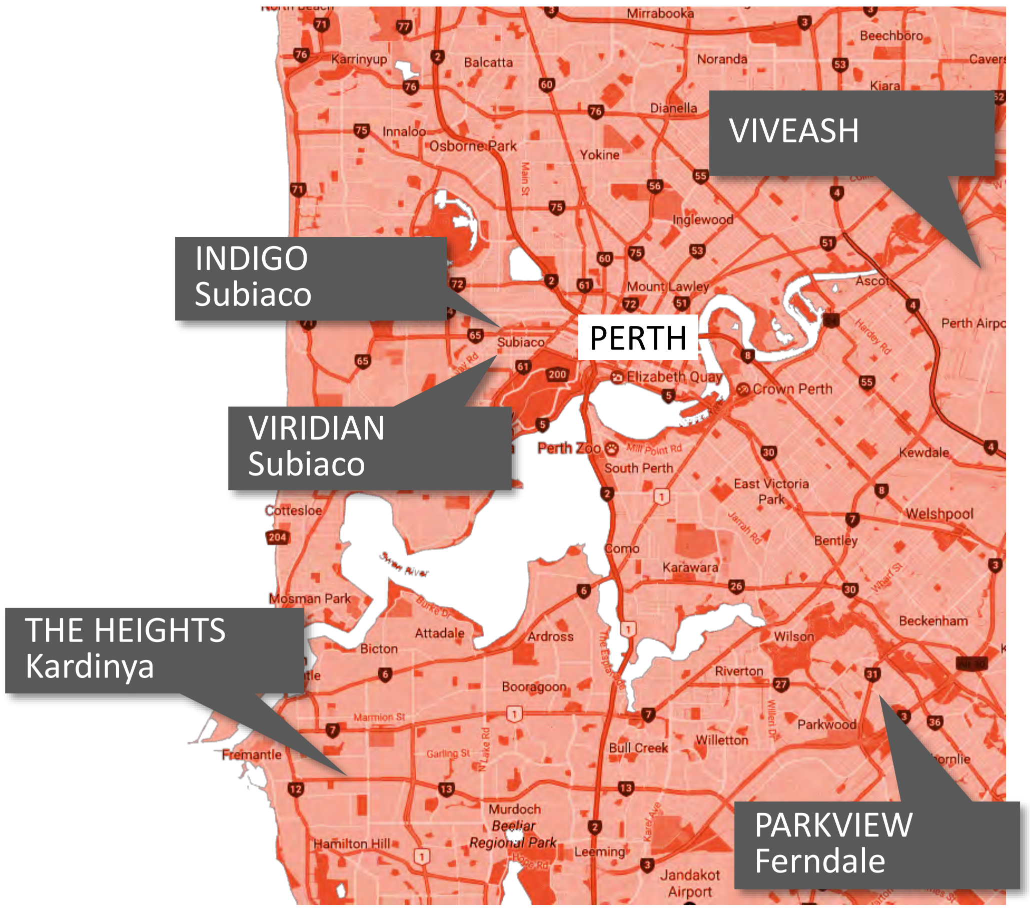
WA Project Pipeline – funds employed is only $8m across 5 JVs

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



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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

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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