AVJennings Limited

Speaker Notes

FY17 Results Presentation Teleconference

18 August 2017

Mr Peter Summers, CEO & MD

Mr Larry Mahaffy, CFO

STARTS:

Thanks Tara and welcome everyone to this teleconference investor briefing for AVJenning results for the 2017 financial year.

I do thank you for taking the time to dial in on this teleconference. Sometimes numbers alone can't explain trends and underlying momentum. Not everything neatly fits into what is recorded in the accounts for a particular reporting period.

As in the past, I will mainly stick to the Full Year Results 2017 Presentation which was lodged with the ASX earlier today. If you do have a copy of that handy it will be useful but if you don't I'm sure you will still be able to follow this teleconference. However, I would encourage you to read that document later.

Turning to that document, the first page of content, which is Slide 3, sets out a number of key facts in relation to AVJennings. I won't go through these now as most are covered in further detail later in the presentation. But it is a handy and informative snapshot of us.

Slide 4 is a good starting point to begin the detailed analysis and discussion.

There are a number of key points that are covered by this slide. I believe you need to have an understanding of these to not only understand our results, but our outlook and our strategy. It is also important if you are to adequately compare our results to other property companies.

Firstly, you will notice that all references are to residential property - we operate exclusively within the residential property industry.

Secondly, everything we do starts with acquiring land, whether that be outright purchase, entering into a joint venture agreement or under development agreements etc.

From there we develop land and either sell that land or we develop some type of housing product on the land and then sell that housing product. The types of product are set out on slide 4, but what I would like you to pay particular attention to is that we do not produce or sell high rise, inner city apartments. The rationale for this will be explained later in the presentation when we look at our customer profile.

The other thing I would ask you to note is the difference in timelines between land and built form. Obviously, any bias towards built form will mean a delay in revenue recognition given almost all housing sales are recognized on settlement and take longer to construct.

I mentioned earlier numbers as recorded in accounting records don't always tell the full story. And to me Slide 5 tells a more expansive story that lets you better understand the journey we have been on, and the journey we are on.

Taking the work in progress numbers first, you will see that over the last few years work in progress numbers were increased year on year but that in the 2016 financial year the work in progress numbers somewhat flattened out.

This is reflected in the accounting outcomes for Financial Year 2017 that Larry Mahaffey, our CFO, will talk about in a moment, but what I also want to highlight on this slide is the significant kick again in work in progress numbers in the 2017 financial year.

A similar trend can be observed in contract signing numbers although the impact is even more recent in that the large increase has occurred in the second half of the 2017 financial year.

In essence, during the 2017 financial year the business entered a phase where there have been two significant components to its operations.

Entering the 2017 financial year, the increased momentum that had been generated in recent years from exisitng or older projects, which underpinned growth in profits, had reached more mature levels.

Whilst similar levels of activity were generated from those older projects in FY17, focus shifted to the next stage of the Company's development. This involves the commencement of a number of new projects, many of significant scale. The nature of residential development is that new projects take time to reach profit recognition stage.

Slide 6 sets out these new projects. It is the commencement of some of these projects that has been behind the kick in work in progress and contract signing numbers that we achieved in financial year 2017, and it is these projects that will drive future growth in results.

Slide 7 highlights another change that has occurred during the 2017 financial year which creates additional value but impacts on the timing of profit recognition.

The nature of some of the new projects has also seen a greater focus on built form. Our Waterline Place project in Williamstown Victoria is a good example of that. Additionally, we have felt the time is right to have a greater focus, where practical, on increasing the amount we build on our own land. We believe this is a sounder risk strategy than a heavy reliance on the land only market.

Ultimately this increased level of built form results in greater profitability due to the greater value-capture from underlying work completed, and you can see that set out on slide 7 where even in the current year we've seen, excluding the New Zealand B2B business, the average contract value that is recognised in AVJ's books, i.e. that is only taking into account our proportional share of things like JV's, has increased from $246,000 per contract signing last year, to $292,000 this year, but it does come at the cost of time which we mentioned earlier on.

The last slide I want to talk to before looking at the actual results for 2017 is Slide 8. We have been on a journey and it is important to understand how strong the results have been over that journey. If you only look at a starting point of 2014 we have seen significant growth. Yes, 2017 saw a smoother result a little under last year but it remains a solid result. And as we saw from the earlier numbers around work in progress, contract signings and new projects, a further growth period is coming.

Turning to the results themselves which start on slide 9, I will now hand over to Larry Mahaffy, our CFO.

Thank you Peter.

Turning to Slide 9, revenue was down 4.8% to $401.6M driven by weather and titling delays affecting some 98 lots located mainly in NSW (at Spring Farm), Victoria (at the Hazelcroft project) and in QLD (at the Villaggio and Kenmore projects). The impact of this flowed through to Profit before Tax of $51.0M, which was 13.2% lower than in 2016 and to Net Profit after Tax of $35.7M, down 12.7% on the prior year. Had these 98 lots settled by 30 June as originally anticipated the results for the year would have been like those for 2016.

Gross margins were nominally lower at 24.0%, down from 25.2% in 2016 due mainly to lower margins earned from the St Clair project in South Australia. On a like-for-like basis, margins on most other projects, particularly those located in the eastern capitals were steady or up slightly from fiscal 2016 levels.

The full year results include a low level of inventory provision write back in the first half of $3.5M after tax.

Net Tangible Assets rose to 99 cps in 2017 from 95 cps the year before.

The Company maintained its fully franked dividend at 5 cps for fiscal 2017 notwithstanding nominally lower earnings per share of 9.3 cents. This stance reflects strong confidence in the period ahead supported by good contract signings and a high level of work in progress.

A summary balance sheet is depicted on Slide 10. I will draw your attention to the continued increase in Net Tangible Assets and will comment upon interest bearing debt and inventory levels when we reach Slide 12. Suffice it at the moment to say that the Company's balance sheet footings are very sound.

A contracted statement of cash flows is given in Slide 11. When reviewing this document, it is important to remember that accounting standards require us to include land creditor payments within operating activities, which obscures the level of net cash generated by the business from period to period. Land creditor payments support inventory replenishment that in turn underpins future profits.

The graphs on Slide 12 show the upward trend in total, fully franked dividend payments since 2014 and maintenance of the Company's policy of paying out between 40-50% of total annual Net Profit after Tax, which Directors and management believes strikes a fair balance between rewarding shareholders for their support during the year and ensuring that the Company can continue to grow and generate good returns in a sustainable manner.

The other graph on this slide, shows net debt of $164M corresponding with low gearing of 23% of total assets, which sits in the middle of the company's targeted range of 15-35%. This is up from 17.9% in 2016 and directly correlates with the continued expansion of work in progress to 2,161 lots, up from 1,681 lots in the prior year. The Company's longstanding emphasis on horizontal development activity typically produces very low levels of completed unsold stock, which are in turn a function of extremely low rates of settlement failure, leading us to confidently expect this WIP to convert to cash in the short term.

The Company is well supported by a consortium of four banks that extended its revolving $250M corporate debt facility to September 2019. A further extension of this facility will very shortly be sought.

Turning to Slide 13, the purpose here is to demonstrate that the Company's Net Tangible Asset value is very soundly based and strongly reflective of land valued at the lower of cost or net realisable value in accordance with the Inventory Accounting Standard.

Slide 14 shows that the Company finished the financial year with 9,654 lots under control, down from just over 10,000 lots at 30 June 2016. Strong sales and acquisition timing conspired to create this position and you will note that two further acquisitions were announced shortly after balance date. Further acquisition announcements are expected to be made during the current financial year.

And at this point I will hand back to Peter Summers.

Thanks Larry.

What I would now like to talk about is market conditions and fundamentals.

For those of you who have been to our briefings before you will be well aware of the graphs set out on Slide 15. But it is just too important to not include these again. If you read the media you could easily form the view that all Australian housing markets are out of control. In fact, what has been happening is quite logical.

As explained by the graph on the left-hand side of Slide 15 Australia produced considerably less housing than needed for well over a decade. It is this impact of imbalance between supply and demand, whilst delayed during the GFC due to low consumer confidence, that we are seeing playing out in pricing. And in those areas where supply was most constrained, Sydney would be the best example, those price increases have been the strongest.

So, if you want to understand housing prices we need to start by looking, not at recent trends which can seem extreme, but by also looking at those periods leading up to this.

The second graph on Slide 15 identifies the market which has changed the supply side of the equation the most in recent times and that's apartments, most of which have been high rise in the inner city or CBD areas. We have not entered this market as we believe that the fundamentals, particularly in relation to the demand or buyer profile, are not sustainable or predictable.

The outcome being, traditional housing, the most sought after housing for most, has and continues to be, under supplied in most areas.

Taking a more macro economic look, market conditions are equally favourable. These are set out on Slide 16.

Population growth continues to be strong on the back of migration.

Employment also remains strong and even stronger in those industries where our customers are traditionally employed as we adjust from a mining investment dominated economy.

Interest rates remain at historical lows.

Slide 17 summarizes these points but also identifies a few other factors to be considered.

Firstly, whilst the undersupply I discussed earlier provides a good market fundamental for us, it comes with the caveat over affordability. Housing prices in Australia are high and that's caused by the lack of supply, by the lack of land releases, inadequate infrastructure spend, planning delays and uncertainty, and significant increases in government charges and taxes, although I would temper this conclusion on affordability being reached based on factors such as overseas comparisons.

None the less, our business continues to rely on our ability to meet the threshold of affordability, and our ability to do so is something I will address a little later in the presentation.

Slide 17 also talks about risks. The first one, inner city or CBD apartments, I have already stated is not an area in which we operate.

The second risk, government policy, continues to frustrate and worry us. Whilst governments talk about their concern in relation to affordability, government taxes and charges from government authorities, continue to increase and dominate government revenues. Governments continue to believe that a stick approach through increased rules and charges is the solution to housing affordability. However, the solution lies in cooperation between government and industry.

The last point on Slide 17 reminds us of why this is so important to get right. Apart from how important affordable and suitable housing is to all Australians, it is also vital to our economy.

So, if I can stop there briefly, you will see that we believe that providing the challenge of affordability is met, market and economic fundamentals remain very strong.

Now let's look at how AVJennings is placed to ensure we can operate successfully in a sustainable way.

If we can turn to Slide 18 that sets out our 6 key strategic platforms.

Firstly, you can't be strong and sustainable if you don't set that out as your strategy. Property provides plenty of chances to speculate and to act opportunistically. And it is not our strategy to do so.

Secondly, as we spoke of earlier, we operate entirely within the residential sector and mainly as a horizontal developer. This focus on horizontal development provides greater flexibility to scale up or scale down to meet short term changes in demand overall, or for certain product type.

Thirdly, we strongly believe in geographic diversity. Residential markets in Australia are cyclical, both in terms of buying and selling. These cycles are often related, and being diversified allows us a better platform for sustained results in an industry that is cyclical.

The fourth and sixth strategies I will speak on further in a moment. The fifth strategy is that we are a volume business. Obviously price is relevant to us but it isn't what drives our results. If you go back to some of the earlier slides you will see margins throughout the periods have remained relatively stable. It is the movement in volumes that has driven movements in our results.

Just going back to our fourth strategy, can I ask you to turn to Slide 19. We target markets which we believe are stable and traditional in profile. That is not to say we ignore new or emerging markets or areas of focus such as social housing. What it means, at its heart, is we need to understand the demand aspects. Unless we understand why people will buy and what those types of markets or segments are, and that they are sustainable, then we will not pursue those types of opportunities.

And what you see set out on Slide 19, is the current profile of our buyers which we believe is both traditional and sustainable.

Finally, one other important aspect of our strategy which I talked about earlier, is that we aim to produce attractive, high quality product that is affordable. Our success in continuing to do so is set out on Slide 20.

What that slide shows you is, if I can just explain it, the orange bar is the average house price for each of those cities, the green is our average contract value for a housing product, obviously to compare apples with apples we need to exclude land sales, so that just relates to anything that has built form on it, and the yellow bar is the lower quartile pricing for each of those capital cities. What you will see is that AVJennings is very much in line with that lower quartile pricing, i.e. we are in fact meeting the afforadability challenge in each of those markets.

In terms of Outlook, we address this on Slide 21:

At the start of the presentation I highlighted the increase in work in progress and the number of new projects that will commence this year. This will see some growth in 2017 as these projects begin to impact on our results and we are certainly expecting an increase in contract signings in FY18. In terms of revenue and earnings, it is in FY19 and FY20 that they will all be impacting the strongest.

In terms of capital management, we will continue to target a dividend payout ratio of between 40-50% of earnings. And we will continue to focus on a gearing level that we believe is appropriate which is to maintain a net debt to total assets in the range of 15-35%.

To finish we set out on Slide 22 what we see is the compelling rationale for investing in AVJennings.

Firstly, we offer a diversified portfolio, both geographically and in terms of product itself. We operate in most of the major areas within Australia and we also operate in Auckland, New Zealand which is a market very simialr to Sydney in tems of dynamics.

We target to be a sustainable business. We've operated since 1932 and it is a legacy that everyone at AVJennings is very proud of, not only from the past but to contribute to going forward.

Our balance sheet, as Larry pointed out, remains conservative and we continue to target those markets that we believe are sustainable and hence a reason for at this stage staying away from city or high rise apartment projects.

In terms of growth, one of the things that is often forgotten is it is not just housing growth, we operate in growth corridors throughout Australia and New Zealand where growth itself is very pronounced.

In terms of value creation for shareholders, while we are a cyclical business, we do believe we provide a very stable earnings platform and that can translate into a reasonably stable dividend profile as well.

In terms of that dividend, the current yield is around 6.9% and if you take the franking credits into account it equates to effective rate of about 9.9% based on the current share price.
And we also note, finally, that there continues to be a gap bewteen our current share price and NTA which we believe provides a value gap for value creation for shareholders as well.

That concludes the formal part of the presentation.

ENDS.

Full Year Results 2017 Presentation

18 AUGUST 2017



YOUR COMMUNITY DEVELOPER

AVJennings®

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AVJennings at a glance

ESTABLISHED

1932

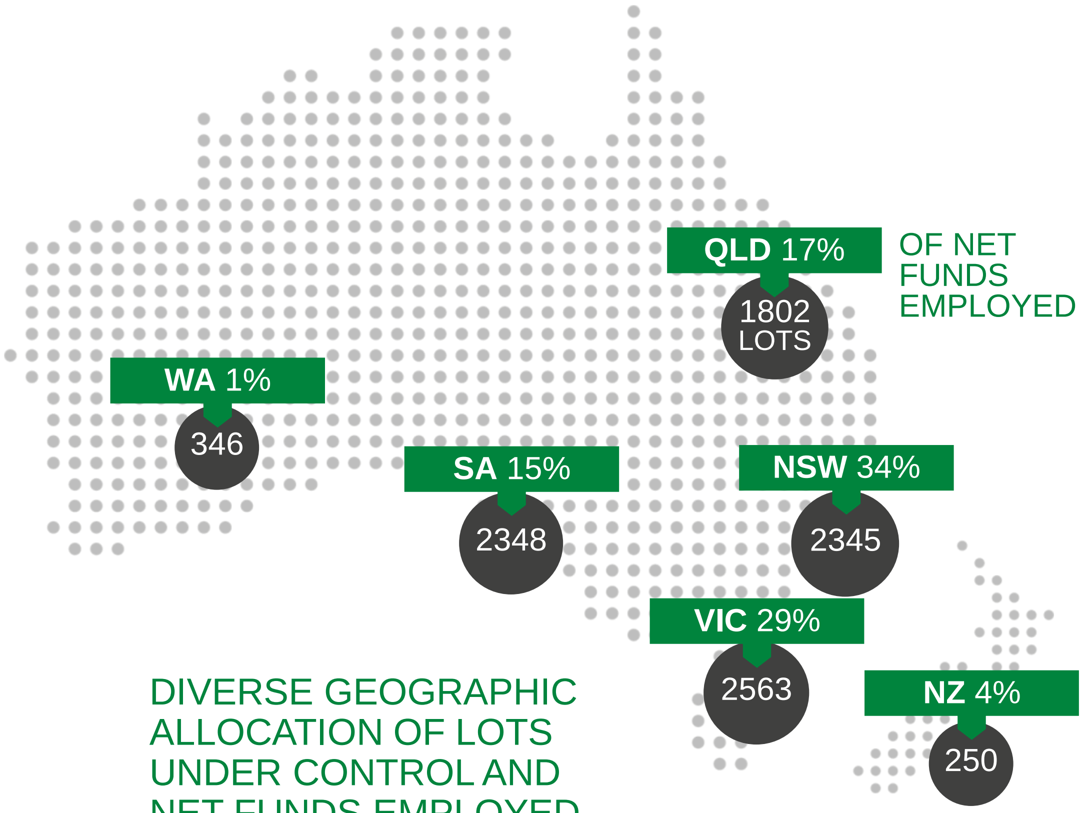
FOCUS

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 9,654 LOTS ACROSS 40 PROJECTS

99% OF **CUSTOMERS** ARE DOMESTIC BUYERS



DIVERSE GEOGRAPHIC ALLOCATION OF LOTS UNDER CONTROL AND NET FUNDS EMPLOYED

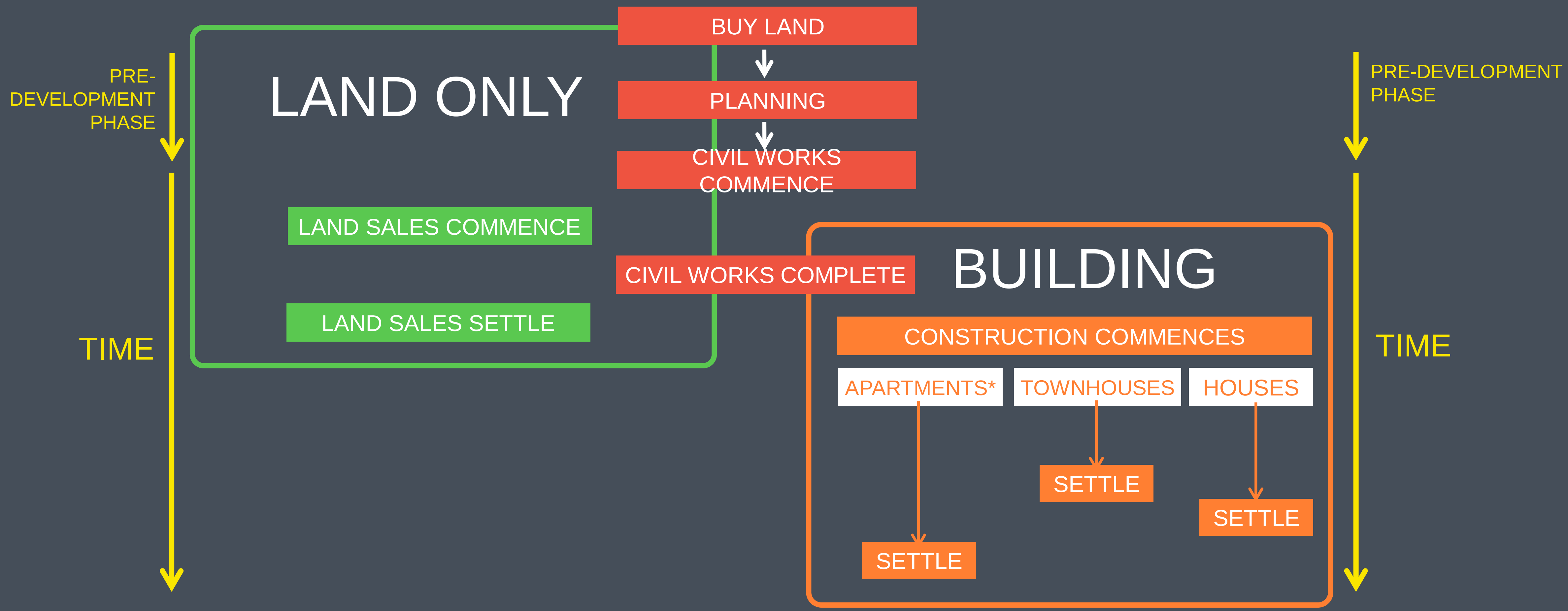
VALUATION METRICS*: • MARKET CAP $279M • FY17 DIV YIELD 6.9% (FF 9.9%) • FY17 PER 7.8X • 1 YR TRADING RANGE $0.57 - $0.78 • NTA 99 CPS

* Using a 72.5 cents share price (17/08/17) and FY17 results

AVJennings

What We Do

1) We buy land (2) develop and sub-divide it (3) then sell a mix of land and AVJ built homes on our land



* Apartments – not high rise, not in CBDs

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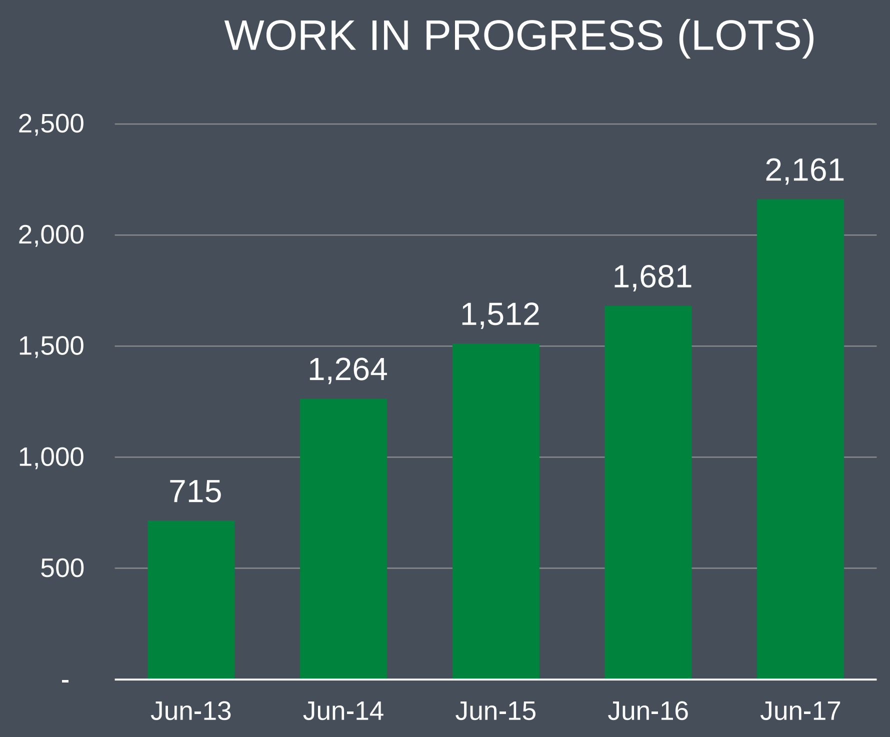
Momentum continues



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New projects driving growth

	PROJECT	STATE	LOTS	FY17	FY18	FY19	FY20
1	WATERLINE	VIC	447	■ →	→	→	→
2	BRIDGEMAN DOWNS 2	QLD	16	● ▲ ■	→	→	→
3	LYNDARUM NORTH	VIC	1820	● ▲	■ →	→	→
4	BOUNDARY RD, SCHOFIELDS	NSW	11	● ▲ ■	→	→	→
5	SPRING FARM EAST	NSW	540	▲	● ■ →	→	→
6	SPRING FARM	NSW	79	▲ ●	■ →	→	→
7	JIMBOOMBA	QLD	1196	▲ ●	■ →	→	→
8	BRIDGEMAN DOWNS 1	QLD	63		▲ ● ■	→	→
9	COBBITTY RD, COBBITTY	NSW	57		▲ ● ■	→	→
10	WARNERVALE	NSW	595		▲ ●	■ →	→
11	KOGARAH*	NSW	67		▲ ●		■ →
12	ROCHEDALE*	QLD	81		▲ ● ■	→	→

* Acquired after 30 June 2017

▲ DEVELOPMENT START

● FIRST CONTRACT SIGNINGS

■ FIRST SETTLEMENTS

→ SETTLEMENTS CONTINUE

- ~50% of the inventory pipeline is in these projects.
- Activity is based on forecast project plans.

The changing mix in our product pipeline

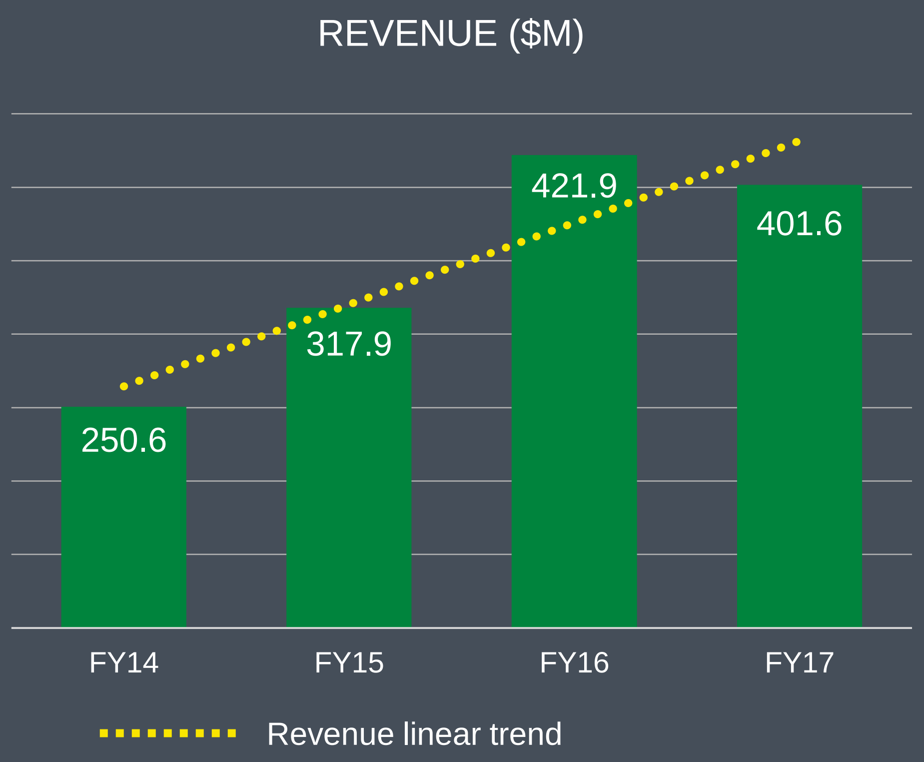
	FY16	FY17
Product mix	Relatively higher mix of land sales to built form compared with FY17	Relatively higher mix of built form to land sales compared with FY16
Average contract value* has increased		
- Total Company	$235k	$273k
- Total Company (excl. NZ)	$246k	$292k

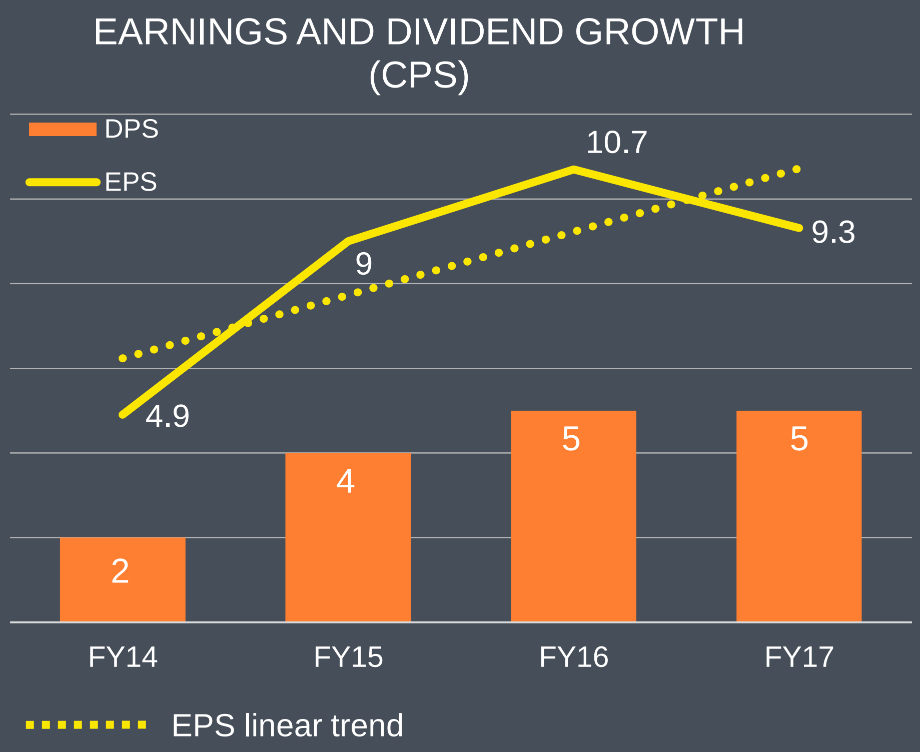
This is an intentional rebalancing of our product pipeline towards retail customers and more built form. Built form increases the project value and extends the amount of time between development starting and settlement.

* Average contract value is based on net contract price to AVJennings

AVJennings

A proven track record





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FY17 Results – financial summary

	FY17	FY16	% Change	FY15	FY14
REVENUE	$401.6m	$421.9m	(4.8%)	$317.9m	$250.6m
STATUTORY PROFIT BEFORE TAX	$51.0m	$58.8m	(13.2%)	$48.2m	$27.0m
STATUTORY PROFIT AFTER TAX	$35.7m	$40.9m	(12.7%)	$34.4m	$18.8m
GROSS MARGINS	24.0%	25.2%	(1.2pp)	26.8%	21.9%
INVENTORY PROVISION WRITE BACK (AFTER TAX)	$3.5m	$2.6m	+38.0%	$2.6m	$3.6m
NET TANGIBLE ASSETS (NTA)	$378.2m	$361.1m	+4.7%	$334.5m	$313.0m
NTA PER SHARE	$0.99	$0.95	+4.3%	$0.88	$0.81
EPS (CENTS PER SHARE)	9.3	10.7	(13.1%)	9.0	4.9
DIVIDEND FULLY FRANKED (CPS)	5	5	-	4	2

FY17 Results – Balance Sheet

$ MILLIONS	June 2017	June 2016
CURRENT ASSETS		
Cash and cash equivalents	15.6	43.1
Inventories	211.1	209.9
Total Current Assets	351.6	361.2
NON-CURRENT ASSETS		
Inventories	308.1	343.1
Total Non-Current Assets	361.2	380.2
TOTAL ASSETS	712.8	741.4
CURRENT LIABILITIES		
Trade and other payables	75.6	117.6
Total Current Liabilities	89.0	144.5
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	177.0	165.5
Total Non-Current Liabilities	242.8	233.0
TOTAL LIABILITIES	331.8	377.5
NET ASSETS	381.0	363.9

FY17 Results – Cash Flow Statement

$ MILLIONS	FY17	FY16
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	408.6	417.9
Net receipts from joint venture related activities	0.2	1.4
Payments to suppliers, land vendors and employees	(394.8)	(432.9)
Net cash used in operating activities	(13.0)	(26.9)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from / (used in) investing activities	0.7	(0.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	231.0	454.5
Repayment of borrowings	(226.9)	(405.7)
Net cash (used in)/from financing activities	(15.1)	31.5
Net (decrease)/increase in cash held	(27.4)	4.4

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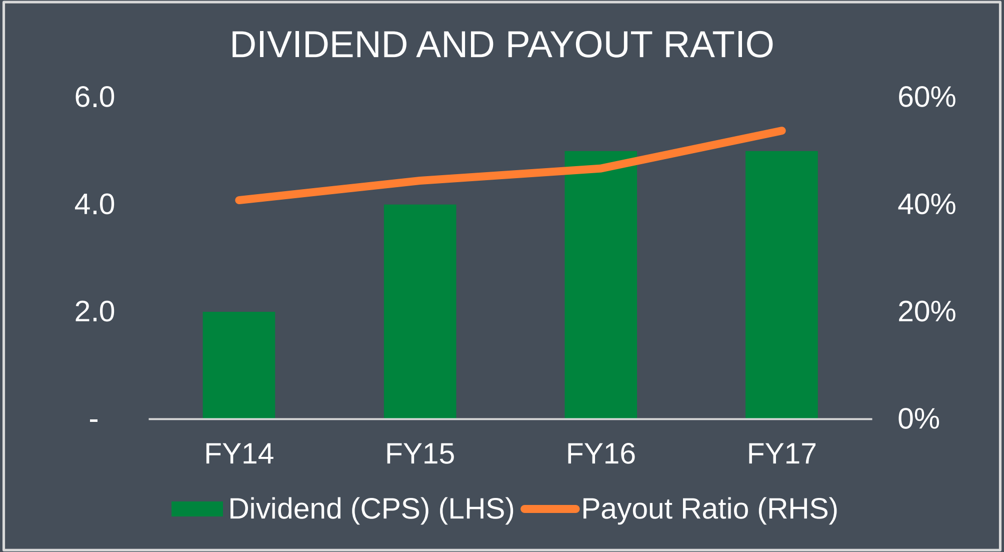
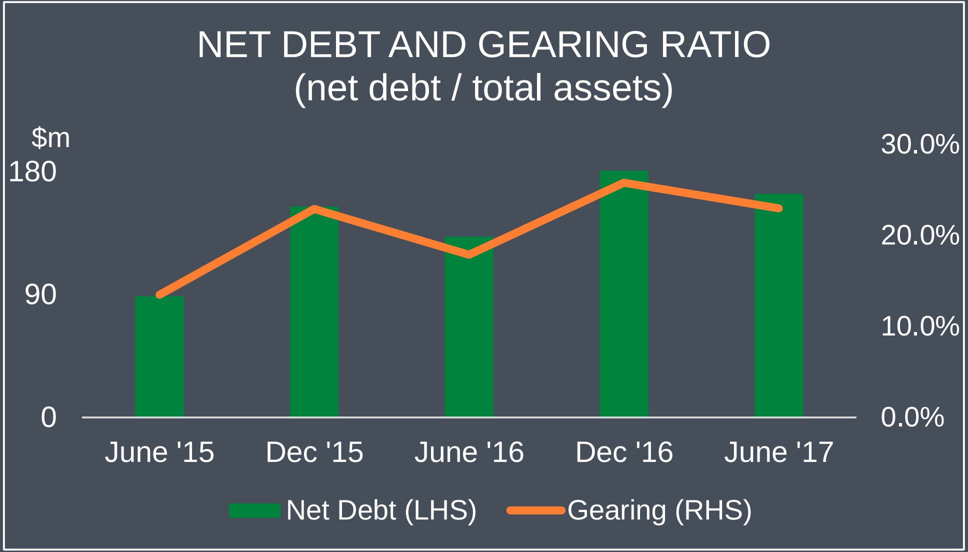
Clear capital management framework focused on dividends and maintaining financial flexibility



- Total dividends for FY17 comprising an interim 1.5 CPS and final 3.5 CPS (both FF)
- Focus on increasing dividends as the business grows while maintaining a target dividend payout ratio of 40-50% of earnings.



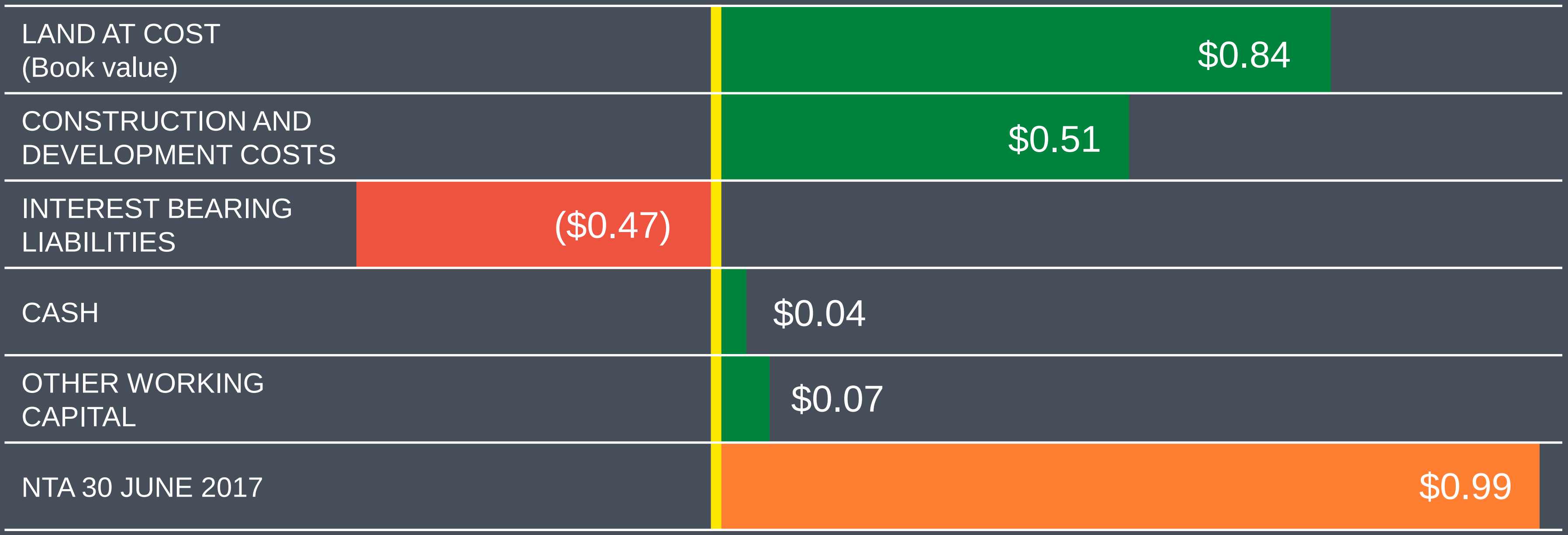
- Maintaining financial flexibility: Gearing remains comfortable at 23% with total net debt $164 million
- Gearing in the middle of targeted ratio of 15% to 35%
- Increased debt correlates with the higher WIP balance which converts to positive cash flow in the short term
- Completed extension of $250 million ‘Club’ banking facility to September 2019.

AVJennings

Our NTA is significantly driven by land valued at cost*

MAJOR COMPONENTS IN NET TANGIBLE ASSETS (NTA) PER SHARE

(30 JUNE 2017)



* Under Inventory Accounting Standard being lower of cost or net realisable value

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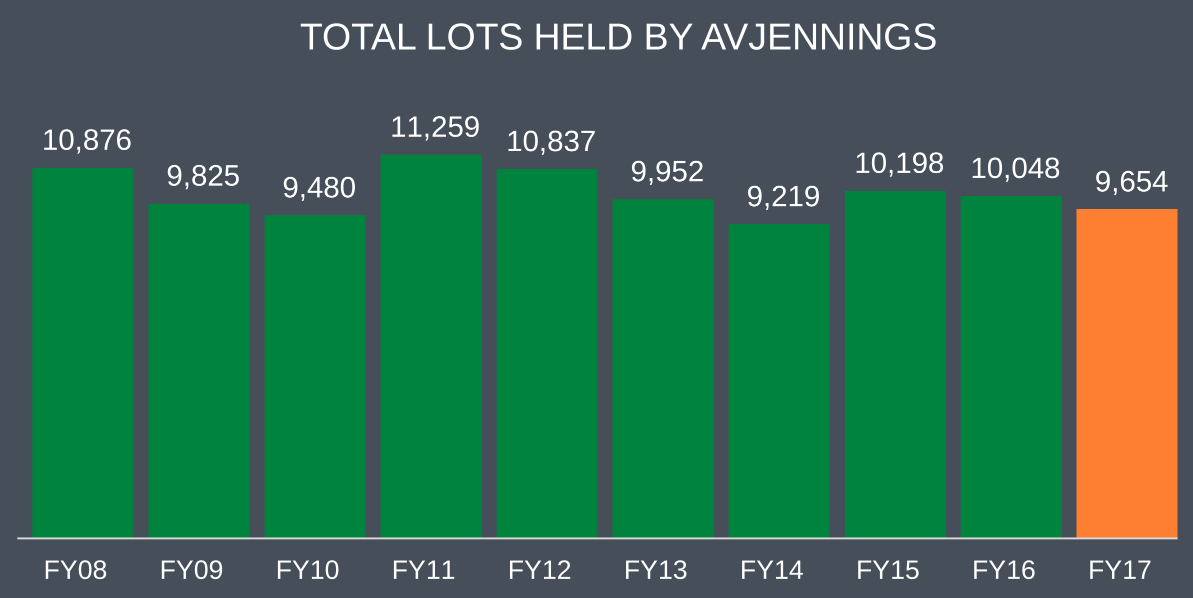
Lots under control ~10,000

Slight fall in total lots as sales were greater than acquisitions during FY17

Major FY17 acquisition was Riverton, Jimboomba:

- 50% interest in 127 hectares of land in Jimboomba, QLD (approx. 1,200 lots)



In August 2017 we acquired a 67 apartment development site in Kogarah, a middle ring southern suburb of Sydney and a green fields site at Rochedale near Brisbane with approximately 81 lots.

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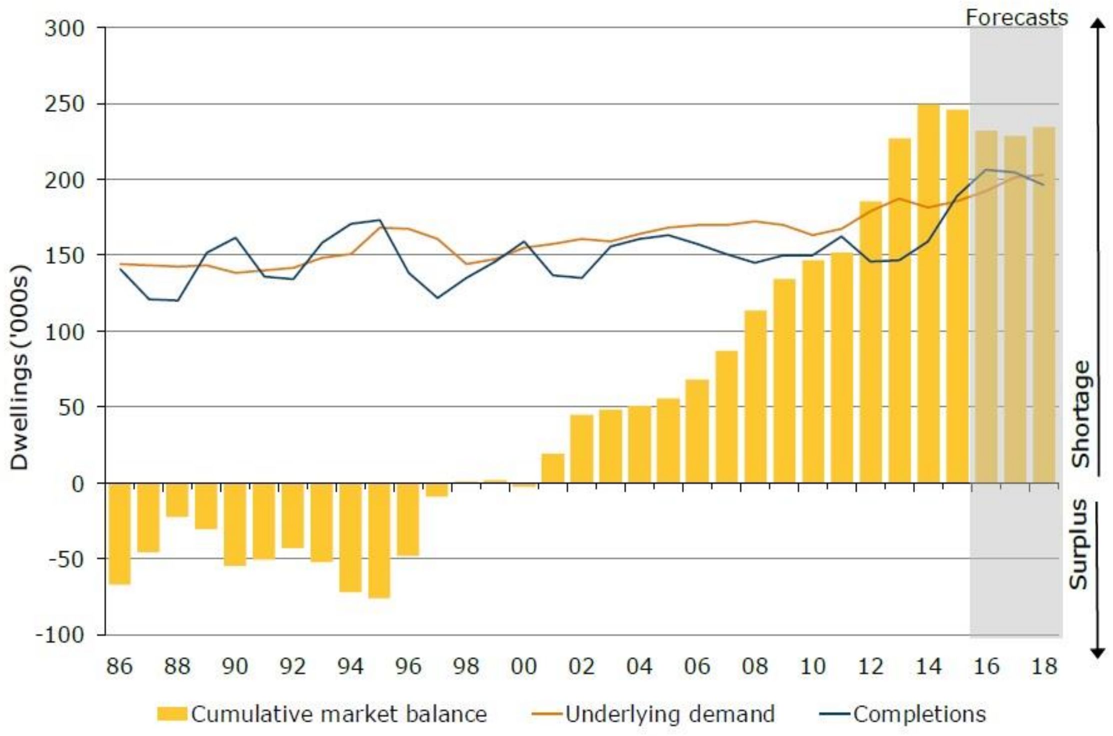
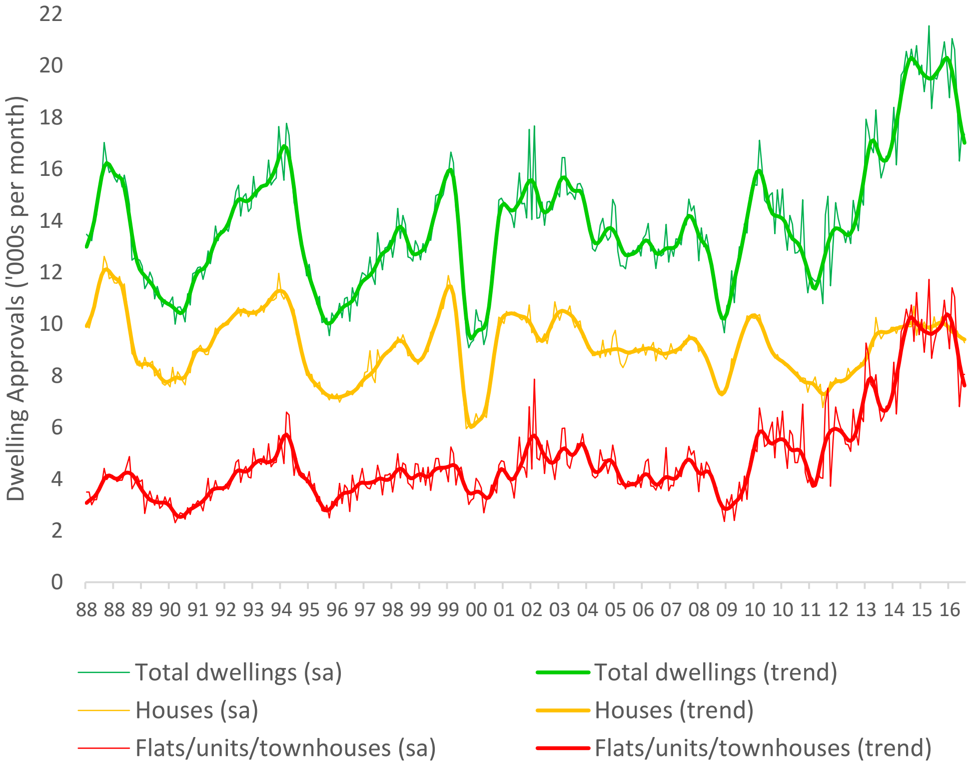
Market supply and demand

DWELLING SUPPLY AND DEMAND IN AUSTRALIA



Source: ABS, ANZ Research

DWELLING APPROVALS IN AUSTRALIA



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Market outlook continues to be supported by positive economic fundamentals

POPULATION GROWTH

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

YEAR

2000 → 19m

2016 → 24m

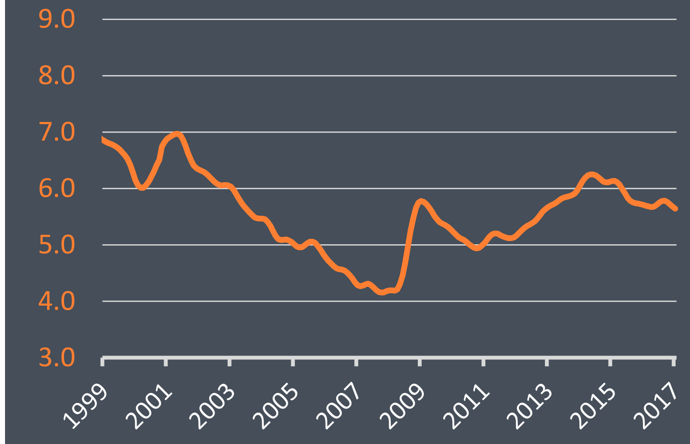
2040 → >31m

Source: Australian Bureau of Statistics

EMPLOYMENT

Employment outlook remains relatively stable

UNEMPLOYMENT RATE

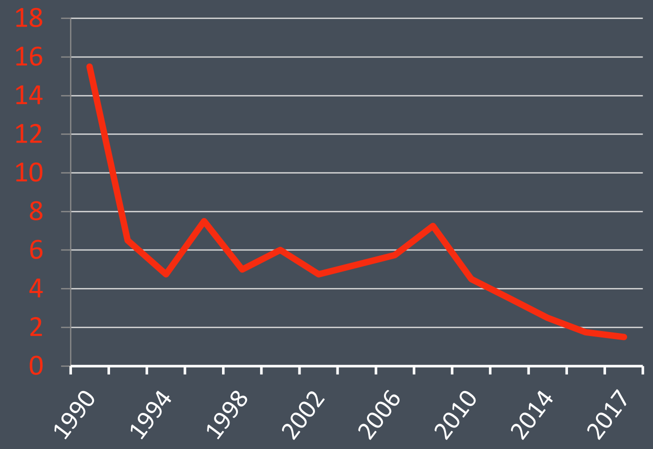


Source: Australian Bureau of Statistics

INTEREST RATES

Historically low interest rates expected to remain

CASH RATE



Source: Australian Bureau of Statistics

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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 MACRO-ECONOMIC CONDITIONS	• Population growth • Stable employment • Low interest rates
RISK	• Over-supply of inner city / CBD apartments in Melbourne and Brisbane. • Government policy.
RELEVANCE	Property is the largest industry in Australia* • 11.1% of GDP, 1.1 million jobs – more than mining and manufacturing combined. • Residential sub-sector provides the majority of property's economic activity.

*Data source: www.propertycouncil.com.au August 2017

AVJennings

Our strategy is delivering strong and sustainable 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

AVJennings

Stable and traditional market

AVJ CUSTOMER SEGMENTS

RETAIL CUSTOMERS FY17

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

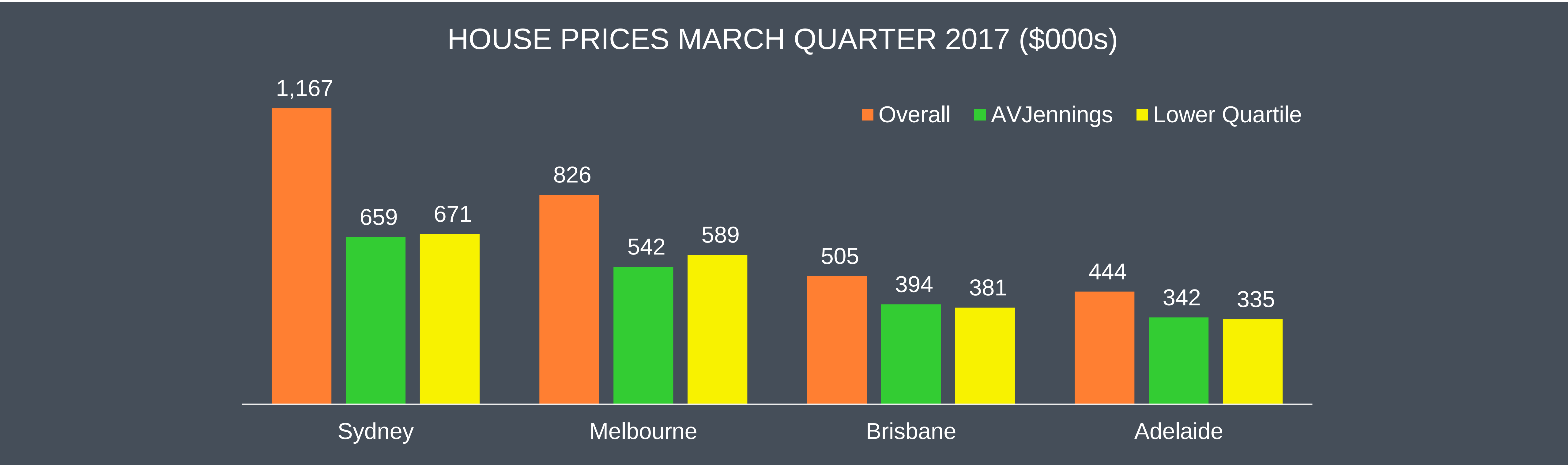
BUSINESS

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

This segment remains an important customer sector.

AVJennings

Continuing to provide affordable product



Capital city figures for the median and lower quartile are for the March 2017 quarter and sourced from BIS Oxford Economics.
AVJennings figures are based on average settlements for the 2017 financial year. Melbourne results for AVJennings include the Waterline project. AVJennings Brisbane data includes sales from projects in the Sunshine Coast, and Gold Coast.

Outlook for 2018

CONTRACT SIGNINGS

Between 1,900 to 2,100 lots
(Actual FY17 lots 1,843)

CAPITAL MANAGEMENT

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

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

REVENUE and EARNINGS

Positive momentum off FY17 base with earnings bias continuing to be skewed into the second half (2H18) given estimated timing of settlements

The strategy of delivering traditional housing solutions at affordable prices in well-planned communities will continue to provide shareholders with healthy returns.

AVJennings®

Why invest in AVJennings?

DIVERSIFIED PORTFOLIO + SUSTAINABLE BUSINESS + GROWTH = VALUE CREATION FOR SHAREHOLDERS

DIVERSIFIED PORTFOLIO

Geographic and product diversification provides a less riskier 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 23% 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

Stable market conditions

WIP and sales volumes bodes well for future growth.

VALUE CREATION FOR SHAREHOLDERS

Track record of earnings, dividend and NTA growth since FY13

Dividend yield of around 6.9% (FF 9.9 %)

The potential for continued share price appreciation given existing discount to NTA is ~26%.

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AVJennings

Waterline development at Williamstown continues to progress well

UPDATE

ROSNY APARTMENTS

- Completed on schedule in June 2017
- 90% settled
- Popular with local owner occupiers

GEM APARTMENTS

- Recently released, 29 sold
- Construction started in June 2017 and completion is targeted for 2HFY19

ELLERY TOWN HOMES

- 6 from 7 sold with settlements expected 1HFY18

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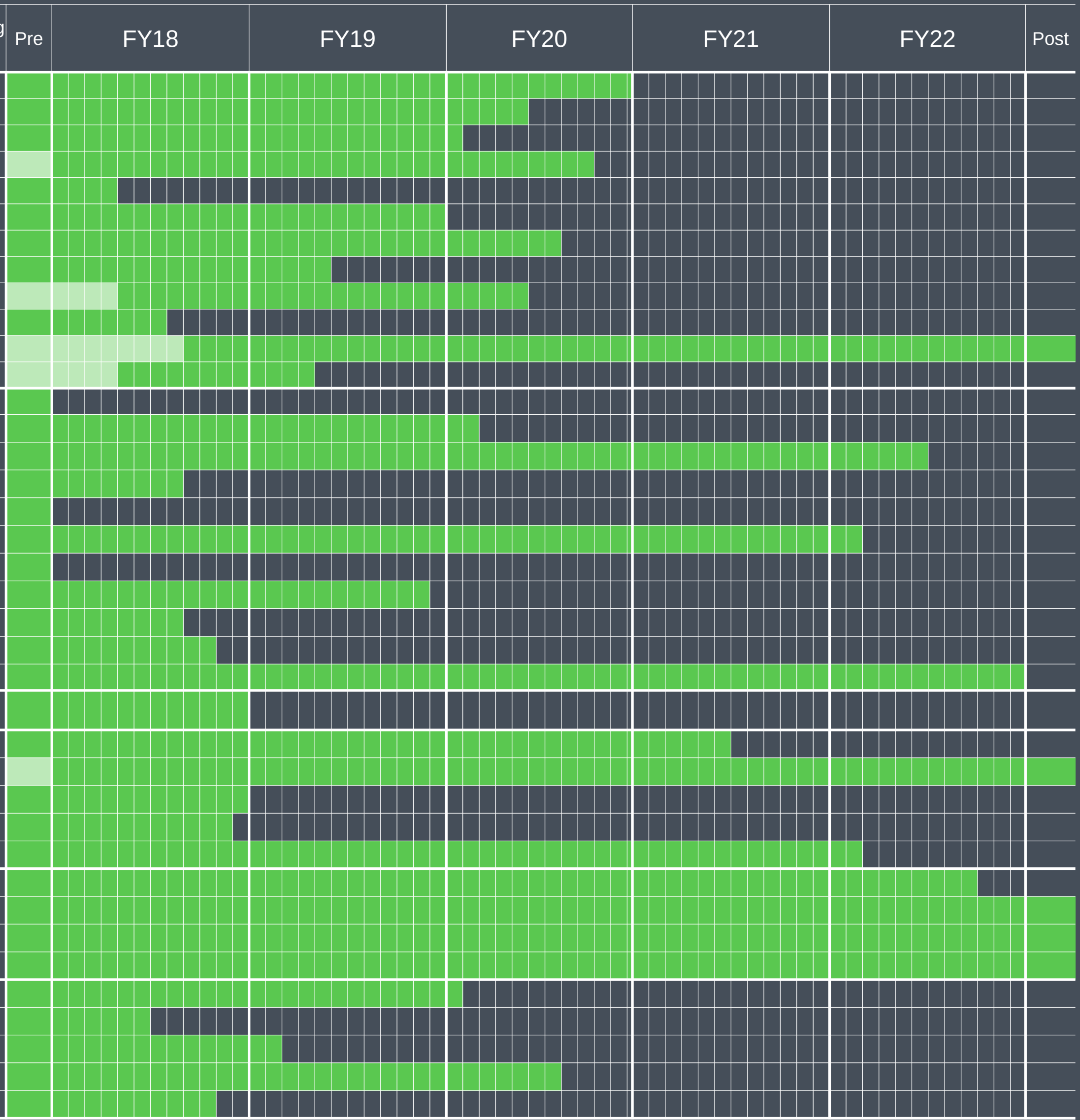
Appendix 2

State	Project	Remaining # of Lots
New South Wales	Argyle, Elderslie	196
New South Wales	Magnolia, Hamlyn Terrace	207
New South Wales	Evergreen, Spring Farm (South)	213
New South Wales	Evergreen, Spring Farm (East)	540
New South Wales	Ravensworth Heights, Goulburn	26
New South Wales	Seacrest, Sandy Beach	123
New South Wales	Arcadian Hills, Cobbitty Stages 1 - 8	174
New South Wales	Arcadian Hills, Cobbitty Stages 9 & 10	119
New South Wales	Cobbitty Road, Cobbitty	57
New South Wales	Boundary Road, Schofields	11
New South Wales	Warnervale	595
New South Wales	Evergreen, Spring Farm PDA	79
Queensland	Halpine Lake, Mango Hill	14
Queensland	Creekwood, Caloundra	129
Queensland	Glenrowan, Mackay	177
Queensland	Essington Rise, Leichardt	43
Queensland	Villaggio, Richlands	21
Queensland	Bethania	106
Queensland	Big Sky, Coomera	5
Queensland	Bridgeman Downs	63
Queensland	Kenmore	32
Queensland	Bridgeman Downs 2	16
Queensland	Jimboomba	1196
N.Z.	Buckley B	250
Victoria	Lyndarum, Wollert	51
Victoria	Lyndarum North, Wollert JV (Options)	1,820
Victoria	Arlington Rise, Portarlington	136
Victoria	Hazelcroft, Doreen	109
Victoria	Waterline, Williamstown	447
S.A.	Pathways, Murray Bridge	53
S.A.	River Breeze, Goolwa North	80
S.A.	St Clair	527
S.A.	Eyre at Penfield	1678
W.A.	Indigo China Green, Subiaco Fine China Precinct	124
W.A.	Viridian China Green, Subiaco Fine China Precinct	18
W.A.	The Heights Kardinya	107
W.A.	Viveash	58
W.A.	Parkview, Ferndale	39



Detailed project pipeline by State

🟩 PRE-DELIVERY PHASE

🟩 DEVELOPMENT PHASE

Project pipeline as at 30 June 2017. NSW also includes 5 remnant lots and SA 10 remnant lots. In August 2017 we acquired a 67 apartment development site in Kogarah (Sydney, NSW) and a green fields site at Rochedale (Brisbane, QLD) with approximately 81 lots.

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