AVJennings Limited

Speaker Notes

FY18 Results Presentation Teleconference

Friday, 17 August 2018 at 11.00 a.m. AEST

Mr Peter Summers, CEO & MD

Mr Larry Mahaffy CFO

STARTS:

Thanks Rachelle.

Firstly, can I welcome everyone to this briefing for the AVJennings 2018 Full Year results and thank you for taking the time to dial in today.

As usual, our briefing will follow the document we released to the ASX a short time ago. With me today is our CFO, Larry Mahaffy, who you will hear from soon, as well as our Company Secretary, Carl Thompson.

Turning to the investor briefing, the first detailed slide, slide 3 talks to our business model. I won't spend much time on this, but really, the heading says it all. We buy land; develop and subdivide it; and we then either sell it as land only or build on it.

Before I address slide 4, can I make a few general comments. The last 5 to 6 years of AVJennings can generally be divided into 2 parts.

The first part was the commitment to an accelerated work in progress program around 2013 in relation to projects which were owned around that time. This saw significant growth in activity levels and profit. It is this phase which is still driving most of our reported results.

The second part relates to a number of acquisitions made since that time. These projects are the stepping stone to the next phase of growth.

What I hope this briefing will give you is a sense how the success of phase 1 has generally continued throughout 2018, and that the growth from the second phase is now very much around the corner.

It is certainly my view that looking only at the reported results does not give you a full understanding of the Company.

Turning to slide 4, the first section talks to the results for FY18. The reported results are consistent with the market update we released on 6 August. As a qualified Chartered Accountant, I fully understand the integrity of reported results and the results as they are reported show a drop in both revenue and profit.

Without in any way dismissing the importance of reported results, and also recognising any year will have a multitude of wins and losses, the drop in revenue and profit compared to last year at least numerically, can be explained by the fact that a significant stage at our Arcadian Hills project at Cobbitty in Sydney was not included in the results for the year. I won't go into the total story around this other than to say it was a complex issue and line ball decision. What I would also emphasize is that the issue revolved around timing of recognition, not certainty, as firm contracts are on hand.

Larry will cover other aspects relating to strong cash flows soon.

The second section on slide 4 talks more to various things that are important to what comes next. Each of those are covered in more detail later, but what they say in an overall sense is our business continues to have a strong underlying base and what I referred to earlier as phase 2 is fast approaching.

The third section on slide 4 relates to matters which will also be covered in more detail a little later.

I will now invite Larry to take us through the financial results section.

Thank you Peter.

Turning to Slide 5 we see that revenue and statutory profit, both before and after tax, were down on the prior corresponding period. As Peter mentioned a few minutes ago, this is due to a combination of planning and production delays at key projects in NSW and Victoria that resulted in the deferral of revenue and margin attributable to a number of signed contracts from late FY18 into the first half of FY19.

Stripping out the effect of impairment written back, underlying pre and post-tax profit in FY18 and FY17 were comparable and gross margin remained stable at just under 24.5%.

Earnings per share of 8.1 cents remains attractive, though was down slightly on that for the prior year and the final declared dividend of 3.0 cents per share is fully franked. The Company's Dividend Reinvestment Plan remains open, although it will not be underwritten on this occasion. Management believes this approach strikes an appropriate balance between affording choice to shareholders while continuing to steadily grow the Company's capital base to better position it to take advantage of opportunities that may emerge as markets change.

The balance sheet remains strong with Net Tangible Assets overall and per share both increasing.

Slides 6 and 7 depict revenue, earnings and dividend growth over the past five years, revealing attractive compound annual growth rates of 10.6% in revenue and 13.4% in earnings per share.

Slide 8 highlights the strong contribution of NSW to the Company's results, which is expected to continue into fiscal 19.

The dip in accounting profit notwithstanding, slide 9 highlights that cash generation from settlements during the year was good, enabling the Company's revolving corporate debt facility to be paid down in anticipation of inventory restocking through the acquisition of Hall Farm in Auckland and other sites.

Considered together, slides 10 and 11 demonstrate the Company's sound balance sheet footings, with net debt and gearing both falling to low levels, in accordance with the familiar pattern of relatively stronger settlements flowing in the second half, followed by the ramp up of development expenditure in the first half of the succeeding financial year.

Slide 12 explains that approximately 883 lot equivalents were acquired during the year and these assets and their corresponding liabilities are reflected in the statutory balance sheet. Whilst Hall Farm in Auckland was also contracted in fiscal 18, as the purchase remains subject to the receipt of final regulatory approval (which is expected within the next six weeks), it is not currently reflected in our balance sheet or in the table of controlled lots shown in this slide.

The graphs on slides 13 and 14 show that the Company continues to operate at a mature level of production with significant net funds employed and that the average value of its contract signings is rising steadily. These trends are expected to continue as management actively strives to weight the mix of business further towards retail and built form sales, although business-to-business transactions are expected to remain an important component of future profitability.

The final matter I will mention this morning is the introduction of the new Revenue Recognition Accounting Standard AASB 15, which became effective on 01 July 2018. This standard introduces a new framework for determining whether, when and how much revenue should be recognised at a specific point in time. While we do not expect the new standard will have any effect upon the recognition of revenue arising from sales to retail clients, as this occurs upon settlement of the transaction, the same is not true of certain business-to-business transactions that historically may have been revenue-recognised prior to settlement. Business-to-business contracts revenue-recognised during FY18 that will settle in subsequent accounting periods are affected by the transition to the new standard. We expect that revenue from these transactions will be recognised in their period of settlement with a corresponding adjustment passed to retained earnings in order to avoid double counting. While the standard has been under development for some time there are aspects of its scope and application that remain to be agreed amongst industry participants and with that closing remark I will hand back to Peter.

Thanks Larry.

Many of the numbers Larry referred to, especially in relation to the FY18 result, were driven by those projects that were controlled by the company around the time of what I referred to earlier as the start of phase 1.

Slide 15 looks at those projects which will form the next phase of the Company. Importantly, especially for at least the next few years, those projects generally add to those projects already positively contributing to our business.

Frustratingly, some of these new projects have experienced delays, and impacted on our ability to produce greater results in FY18. However, the benefits that will flow from these projects are real and are now close to contributing to our results. Some we will discuss in more detail in the coming slides.

Slides 16 to 23, I believe, are the most important slides in the briefing.

Let’s start with Victoria on slide 16.

There is no better example of where accounting outcomes alone don’t give you a proper understanding of where our business is at.

In a market that has been very strong, albeit with some softening, our accounts show that Victoria has not contributed to our FY18 results. But throughout FY18 our Victorian team has continued to create value. We just haven’t been able to get the value of that work to a physical stage where it can be reflected in the accounts.

The reasons for this are varied. Some relate to the usual planning delay frustrations. But an emerging issue this year was the lack of readily available trades.

To talk to all of this in more detail, let's look at the two key projects in Waterline and Lyndarum North, starting with Waterline on slide 17.

Waterline is our high quality project in Williamstown, with a mixture of apartments and townhouses being developed in numerous stages. It is a great project for our brand and in so many other ways for our Company. However, it has had challenges and delays around approvals. In relation to the current group of townhouses, which we refer to as Lonsdale, trades have been harder to get, which has also led to delays.

Certainly the delays in the Lonsdale townhouses impacted on FY18.

Going forward, these issues are now behind us and Lonsdale townhouses will settle in FY19.

In terms of the next group of apartments, the GEM apartments, construction is progressing well and we are approaching the topping out stage. Sales are also progressing and all of this should see revenue and profit recognition in the second half of FY19, albeit late in that period.

Even more representative of the gap between value creation and accounting outcomes is Lyndarum North which is discussed on slide 18.

Lyndarum North is a large land subdivision we are doing in joint venture with AustralianSuper. It too has suffered many planning delays over recent years and this year was also impacted by a scarcity of specialist contractors.

Pleasingly, most of this is also behind us and at 30 June 2018 we saw our first small amount of revenue being recognised in the accounts.

However, at that date we also had 396 contracts on hand which have not been recognised and the vast majority of these will come through our FY19 accounts.

In fact our first settlements are due in coming months and this will then see this project become a consistent contributor to our results.

So whilst it is disappointing we haven't been able to advance profit recognition in Victoria it is certainly one of the key drivers for future improved results.

Slide 19 looks at our NSW operations.

As the first two dot points on slide 19 state, the NSW market has been strong in recent years although there are some signs of softening. Our view is this softening isn't such a bad thing as it will lead to the market being more sustainable in the long run both in terms of acquiring sites as well as our ability to produce and to sell land and housing.

Unlike our Victorian operations which are highly dependent on newer projects, our NSW operations have a good balance between mature projects and emerging projects. That has seen excellent results to date and should see that being maintained going forward.

The final dot point on slide 19 reminds us of the fact whilst it was disappointing Stage 6 at Arcadian Hills wasn't included in the FY18 results, it does provide a solid inclusion to future results and does provides some protection to any market softening.

Turning to slide 20, the first dot point discusses market conditions in QLD, especially South East Queensland. Our view is market conditions have been reasonable but certainly not overly strong. Going forward there is a reasonable argument that softening market conditions in Sydney and Melbourne will see a more positive market in Brisbane. Whilst I understand that logic I am not yet convinced things will play out that way. We are therefore planning for more neutral market conditions.

Our focus for improvement in Queensland is more internal as our results from FY18 were certainly below expectations.

One reason for that was a level of completed, unsold inventory that built up during the year. This was addressed late in FY18 and the benefits will mainly flow into FY19.

The second scope for improved results I would like to discuss is our Riverton JV at Jimboomba. For various reasons this is running well behind schedule. We are committed to now getting this project back on track and are working with our JV partner to achieve this.

Slide 22 discusses our SA operations. There is no doubt the Adelaide market has been challenging in recent years and is likely to remain so at least in the immediate future.

We will continue to work hard to achieve improved results in SA. Certainly, improved community infrastructure, in the form high quality sporting fields and club rooms, will help at our Eyre project.

Our St.Clair project is high quality and we believe the achievement of some super lot sales late in FY18 will create an extra layer of momentum which will benefit the project dynamics.

In terms of our NZ operations which are discussed on slide 23, we flagged early in FY18 that we would face delays due to issues with acquiring a component of our latest stage at Hobsonville Point. This related to an agreement which needed to be reached by two other parties. Pleasingly that has all been resolved and has seen our NZ operations return to full scale, including the construction of our first housing in NZ.

We are also pleased to announce today the acquisition of a site in Orewa. This 575 lot site which is in the north of Auckland area is a high quality site and will form the first part of our continuing investment in NZ beyond our highly successful involvement in Hobsonville Point.

Finally, on slide 24 we look at our WA investments. Our involvement in Perth is relatively recent and was more around strategy and forming longer term partnerships. All our investments are in joint ventures and not directly managed by the Company.

As I mentioned, I believe the slides we have just discussed are the most important in the presentation as they look specifically at our operations.

However, it is worth spending a few minutes looking at the wider aspects of residential property, especially in relation to traditional housing. If I can combine slides 25 to 27 into one commentary then that commentary would begin with the observation that overall the residential markets, especially in relation to traditional housing markets, remain positive and are supported by positive fundamentals in relation to firstly demand, supported by strong population growth, secondly stable levels of employment, and thirdly, the interest rate environment which remains at historically low levels.

There are risks that need to be understood and managed to the extent they can be. Issues we have pointed out in prior presentations are the oversupply of apartments in some areas, governments at all three levels continued obsession with property taxes, and the continued costly and inefficient approvals process.

On that last point, whilst we have a long way to go, I would like to acknowledge the efforts of the Victorian Government in recent times to address some areas of delays and there is now wider acceptance across the country of the impact delays have on affordability. But as I said we have a long way to go.

An addition to our presentation this year has been to add the risk of credit. No doubt the credit markets are tightening. To some extent this is a risk and to some extent it is an opportunity. The opportunity rests in the extent to which credit tightening has focussed on investors in favour of owner occupiers. As we will see in a moment, the latter form by far the bulk of our customers.

Finally, the slides refer to affordability - still one of the most important fundamentals to residential property.

For those of you who have been present for previous briefings you will be familiar with slide 28 which looks at 6 key aspects to our strategy. They are all important but without a doubt the two that are relevant to matters which attract significant media focus are discussed on the next few slides.

The first relates to buyer profiles. There is considerable media attention on investors and foreign buyers, both of which have been subject to various policy changes designed to negatively impact on them. What you will see from the chart on slide 29 is that the Company is not reliant on either of those buyer groups. We believe the current buyer profile represents a stable platform driven by our strategies.

The second issue often discussed in the media, and indeed by us, is affordability. Slide 30 looks at our ability to meet this important requirement.

You will see that the chart shows that in all markets we are operating very close to the lower quartile in pricing which of course is where most of the volume is located, with the exception of Melbourne. Melbourne may look like we are adopting a different strategy but this is just a reflection that all of our built form in FY18 was in our Waterline project in Williamstown. As Lyndarum North gathers momentum and building commences in that project we will see our average values come down substantially.

So as we turn to slide 31, let’s now consider where all of that leaves us and our outlook for FY19. That can best be summarized as follows:

We will continue to ensure our current strong results in NSW are maintained. To this we will add improved accounting outcomes for Victoria and we will work to improve our Queensland performance to ensure its contribution in FY19 is an improvement over FY18. In the short term we are not expecting any significant change in either SA or NZ. But certainly the finalization of the Hall Farm acquisition in NZ is an important milestone to achieve in FY19 to set up for strong contributions in future years.

In terms of capital management we continue to have a balanced focus. We are well placed to expand our operations as opportunities arise. We expect these opportunities will become more frequent than in recent years and at prices more in line with our expectations.

This does all add up to us being confident in future growth in revenue and earnings. Much of this is underpinned in FY19 by strong levels of contracts on hand on projects that are now well advanced in terms of development.

From an investment opportunity, as set out on slide 32, we present a positive story.

We offer a chance to invest in residential property through a company which is diversified both geographically and in terms of product offerings.

We operate in a way which is highly focussed on sustainability. This is reflected in our approach to gearing, to acquiring sites and to the markets we do and do not operate in.

We also offer an opportunity to invest in a company which operates in growth corridors, which not only see strong residential development, but which represent Australian growth more broadly. From our own point of view our record of growth in recent years has been strong.

Finally we offer an investment opportunity which has provided strong returns in recent years and which still continues to offer a strong dividend yield.

The final slide, being slide 33, sets out in more detail our full project pipeline. It is provided for reference and I won’t speak in detail to it so that therefore brings to an end the formal part of our briefing.

I will now hand back to Rachelle who will invite questions.

But before I do, can I express my thanks to the hardworking AVJennings staff, all our business partners, shareholders and to all of you for dialling in today.

ENDS

FY2018 Results Presentation

17 AUGUST 2018

YOUR COMMUNITY DEVELOPER

AVJennings®

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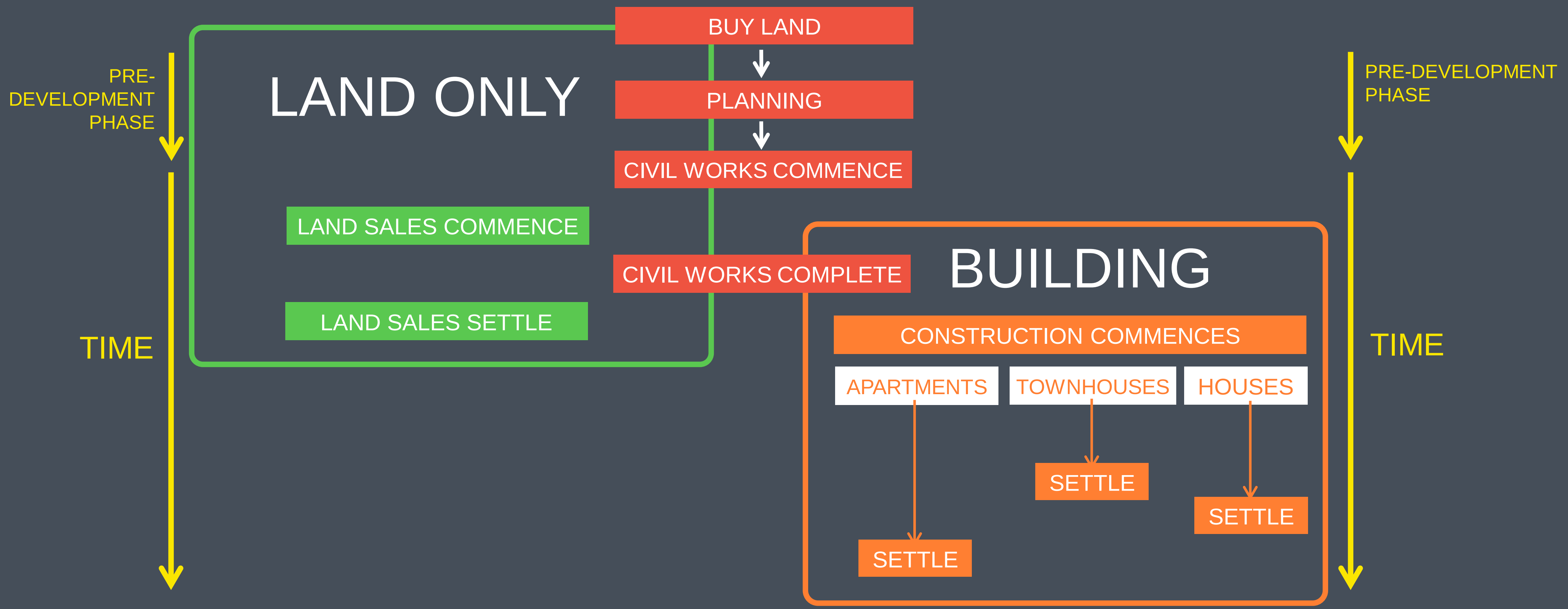
What We Do

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



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FY18 Highlights

FINANCIAL SCALE

- Revenue $374.3m, - 6.8%
- PBT $45.1m, -11.7%
- Strong net operating cash flow $47.9m (FY17 -$13.2m)
- Cash receipts from customers +10.3% to $450.8m

STABLE BUSINESS PLATFORM

- Good progress on major projects in Victoria
- WIP pipeline of ~2K lots
- Exciting NZ acquisition of 575 lots pending regulatory approval (Hall Farm)
- Sales contracts in hand covering > 1,000 lots
- Cobbitty Stage 6 to settle (~$6.1m PBT)

BALANCED APPROACH TO CAPITAL MANAGEMENT

- Total dividends maintained at 5 CPS fully franked
- Reduced net debt by -20.3% to $130.7m
- ~9.4k lots under control (~10k incl. Hall Farm)

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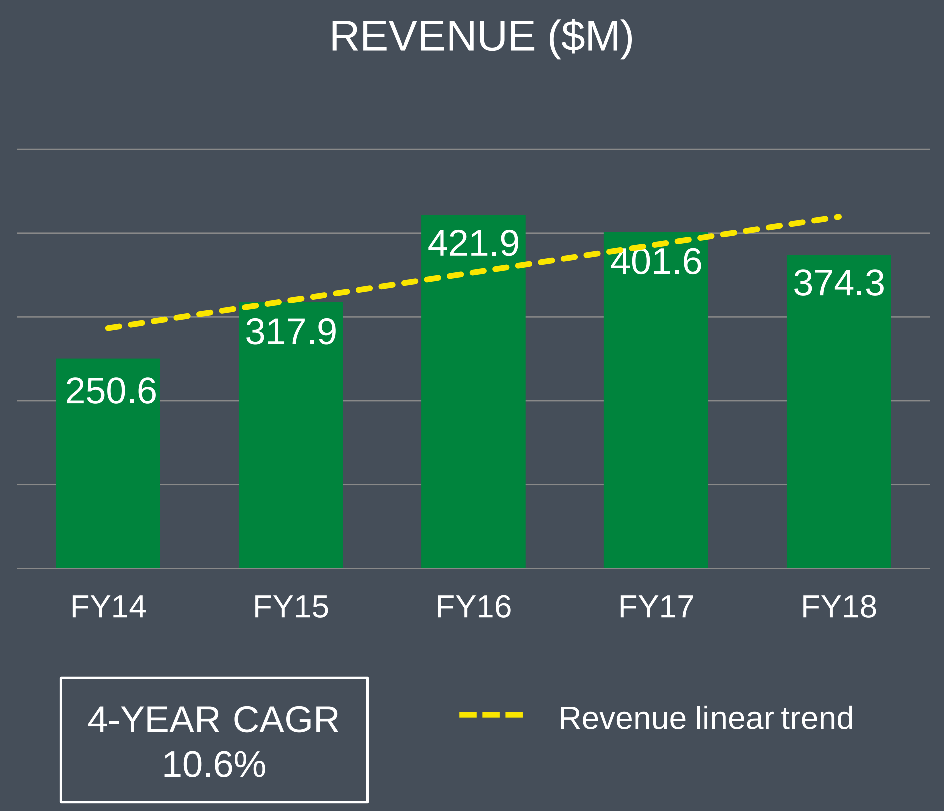
FY18 Results – financial summary

	FY18	FY17	% Change	FY16	FY15
REVENUE	**$374.3m**	$401.6m	(6.8)%	$421.9m	$317.9m
STATUTORY PROFIT BEFORE TAX	**$45.1m**	$51.0m	(11.7)%	$58.8m	$48.2m
STATUTORY PROFIT AFTER TAX	**$31.3m**	$35.7m	(12.2)%	$40.9m	$34.4m
GROSS MARGINS	**24.5%**	24.0%	0.5pp	25.2%	26.8%
INVENTORY PROVISION WRITE BACK (AFTER TAX)	**$0.8m**	$3.5m	(78.0)%	$2.6m	$2.6m
NET TANGIBLE ASSETS (NTA)	**$396.2m**	$378.2m	4.8%	$361.1m	$334.5m
NTA PER SHARE	**$1.00**	$0.99	1.8%	$0.95	$0.88
EPS (CENTS PER SHARE)	**8.1**	9.3	(12.7)%	10.7	9.0
DIVIDEND FULLY FRANKED (CPS)	**5**	5	0%	5	4

Steady revenue growth since FY14



- FY18 revenue $374.3m is 6.8% below FY17
- Strong contribution from NSW projects accounting for 53% of Company revenue
- Revenue recognition changes under AASB15 effective in FY19:
  - Likely no impact on revenue traditionally recognised upon settlement (eg. retail sales)
  - Expected to materially affect some revenue historically recognised prior to settlement (eg. builder sales)

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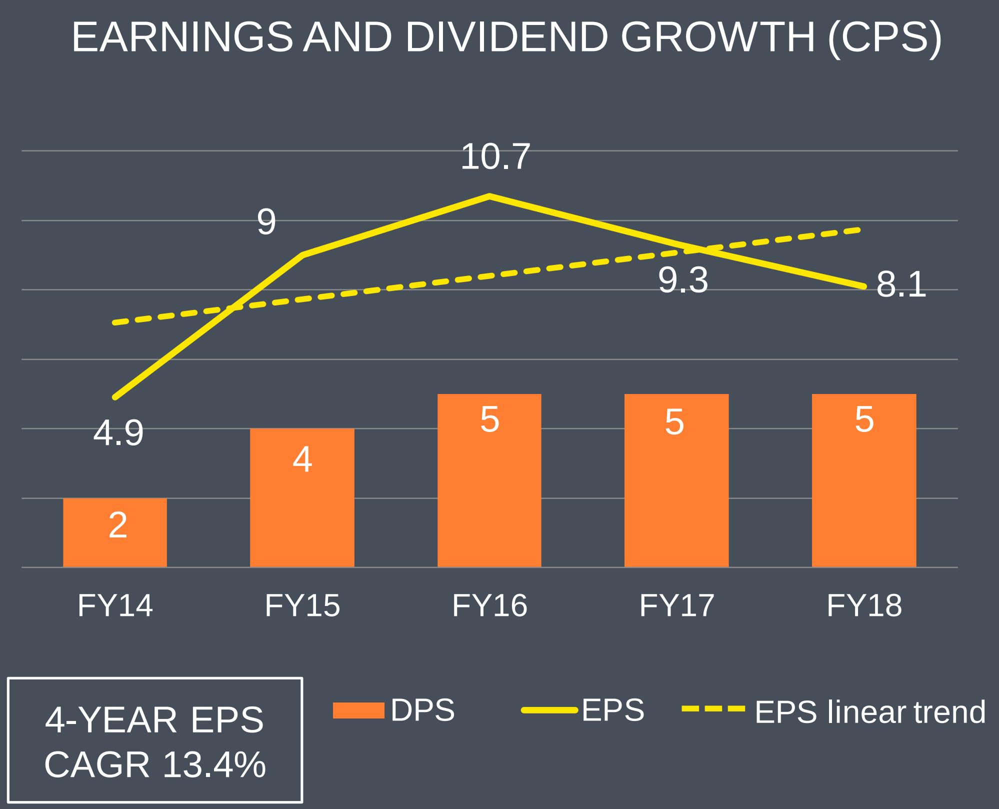
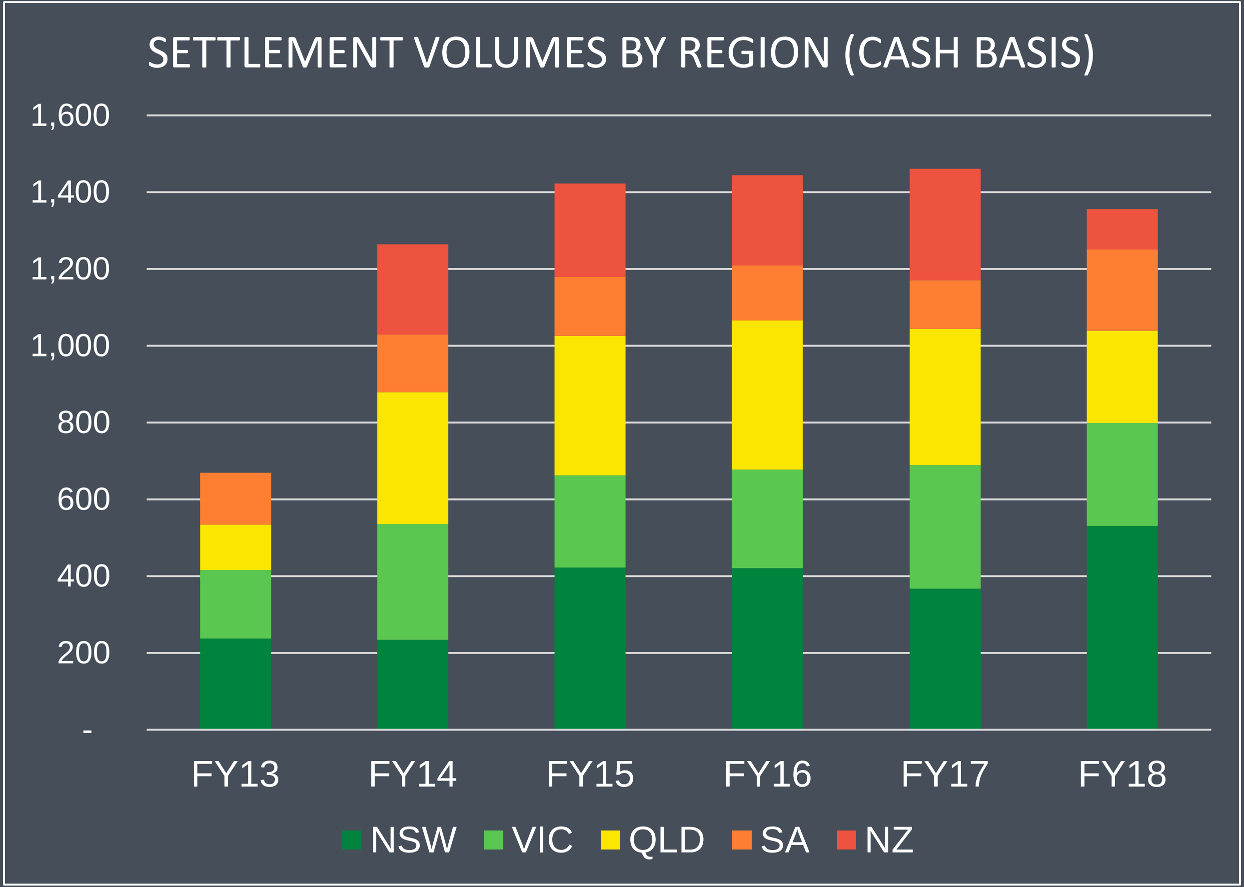
Earnings and Dividend momentum since FY14



- Dividend payout ratio of 62% was above the guidance payout ratio range of 40% to 50% of earnings
- Earnings would have been comparable with FY17 if not for the timing of revenue recognition delay at Cobbitty (PBT $6.1m). This, coupled with the strong net operating cash flow result, lower net debt position and confident outlook for FY19 provided the Directors with comfort to maintain dividends at 5 cents per share fully franked in FY18.
- DRP remains active to support existing and future acquisitions including Hall Farm in NZ. Any DRP shortfall will not be underwritten.

FY18 settlements driven by strong results from NSW projects



Sales contracts in hand covering > 1,000 lots at 30 June 2018 provides a solid platform heading into 2019

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FY18 Results – Cash Flow Statement*

$ MILLIONS	**FY18**	FY17
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	450.8	408.6
Payments to suppliers, land vendors and employees	(378.1)	(394.8)
Net cash from / (used in) operating activities	47.9	(13.2)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash (used in) / from investing activities	(0.7)	0.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	154.2	231.0
Repayment of borrowings	(194.6)	(226.9)
Net cash used in financing activities	(54.1)	(15.1)
NET DECREASE IN CASH HELD	(6.8)	(27.4)

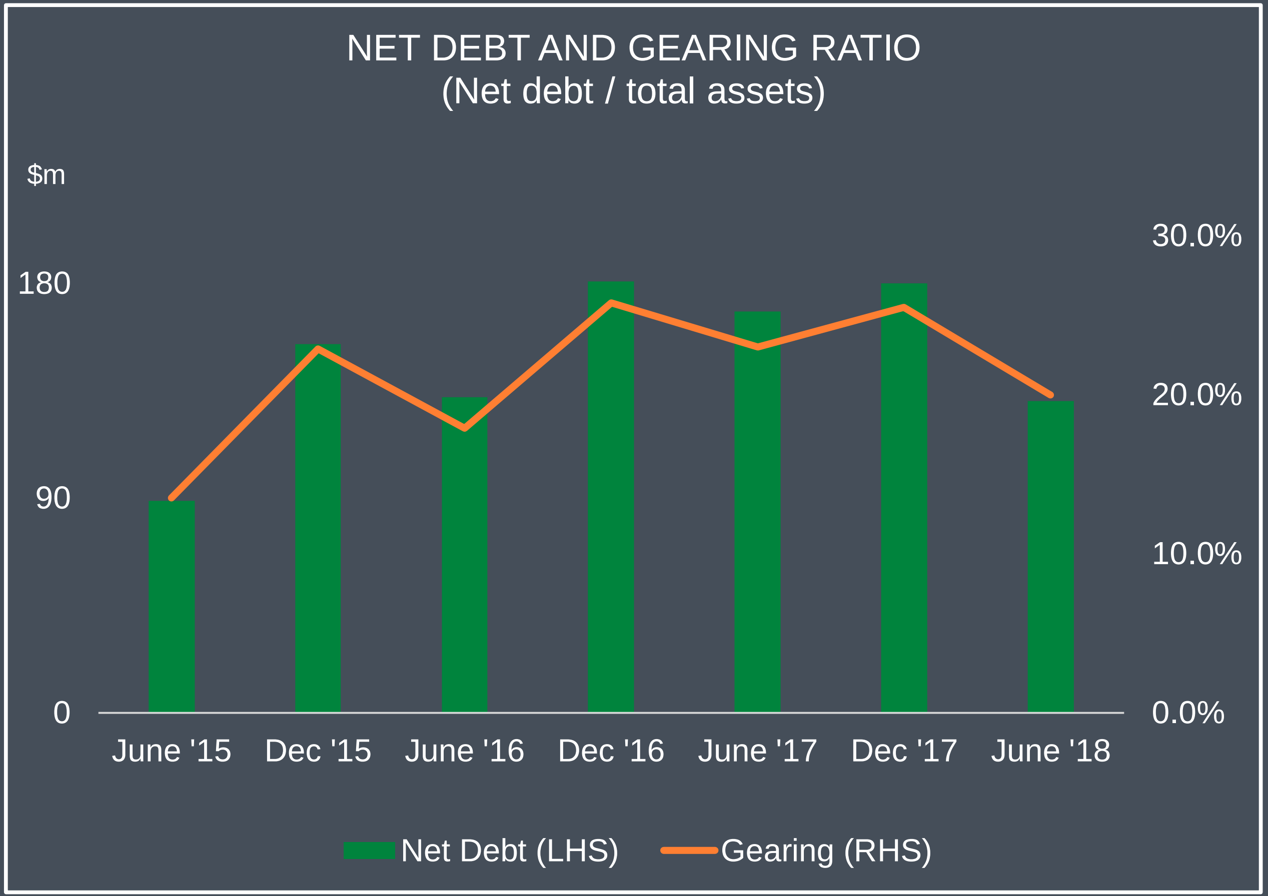
* Main line items are provided

FY18 Results – Balance Sheet*

$ MILLIONS	June 2018	June 2017
CURRENT ASSETS		
Cash and cash equivalents	8.5	15.6
Inventories	193.3	211.1
Total Current Assets	**304.1**	351.6
NON-CURRENT ASSETS		
Inventories	295.0	308.1
Total Non-Current Assets	**336.3**	361.2
TOTAL ASSETS	**640.4**	712.8
CURRENT LIABILITIES		
Trade and other payables	38.4	75.6
Total Current Liabilities	**68.4**	89.0
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	125.8	177.0
Total Non-Current Liabilities	**173.0**	242.8
TOTAL LIABILITIES	**241.4**	331.8
NET ASSETS	**399.0**	381.0

* Main line items are provided

Clear financial framework supports growth and maintains flexibility



- Maintaining financial flexibility:
  Current gearing of 20% provides capacity for acquisitions with total net debt at $130.7 million
- Gearing towards the low end of the targeted ratio of 15% to 35%
- Current debt reflects continuing strong investment in WIP which will turn into completed product in the short term

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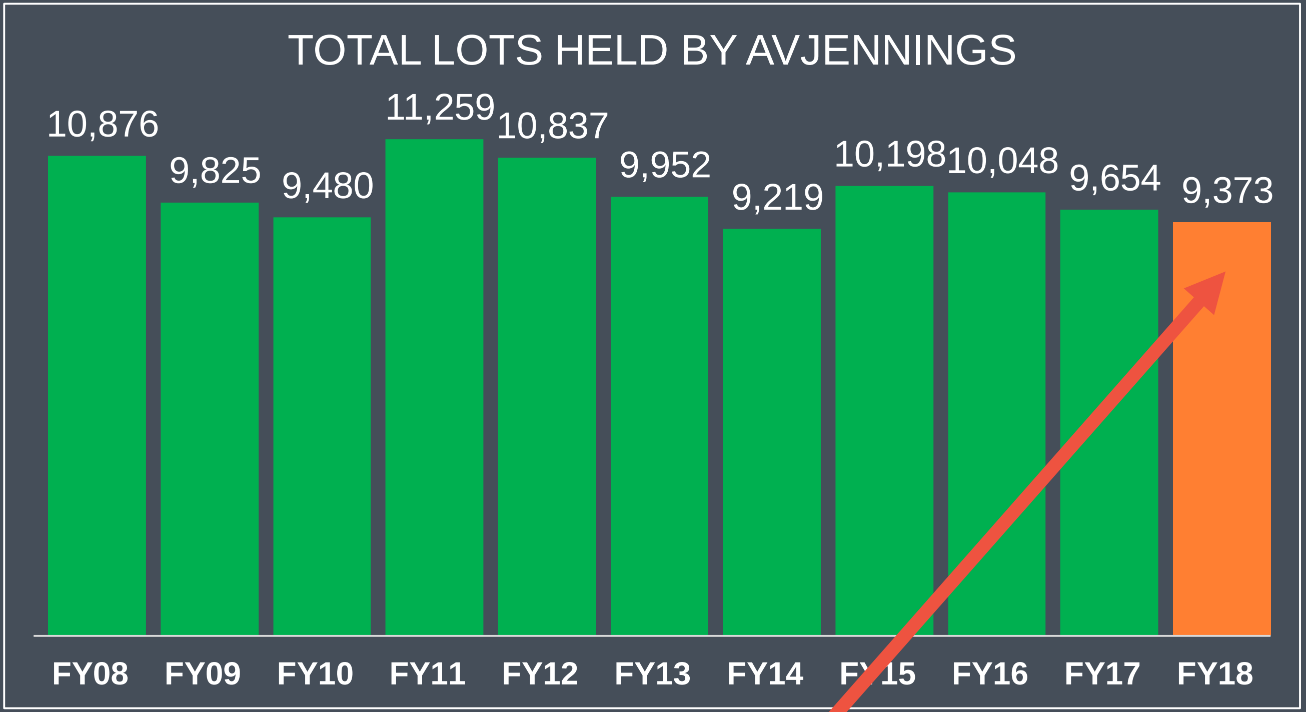
Lots under control fell moderately as settlements outpaced acquisitions

Notable acquisitions in FY18 were:

- Kogarah (Syd); ~67 apartments
- Huntley, greenfield site south of Syd; ~231 lots
- Ripley, Brisbane greenfield site; ~294 lots
- Deebing Heights, Brisbane greenfield site; ~210 lots
- Rochedale, Brisbane greenfield site; ~81 lots
- Acquisition pending at Hall Farm (NZ) ~ 575 lots



Pending acquisition at Hall Farm (NZ) 575 lots not included in FY18 closing inventory

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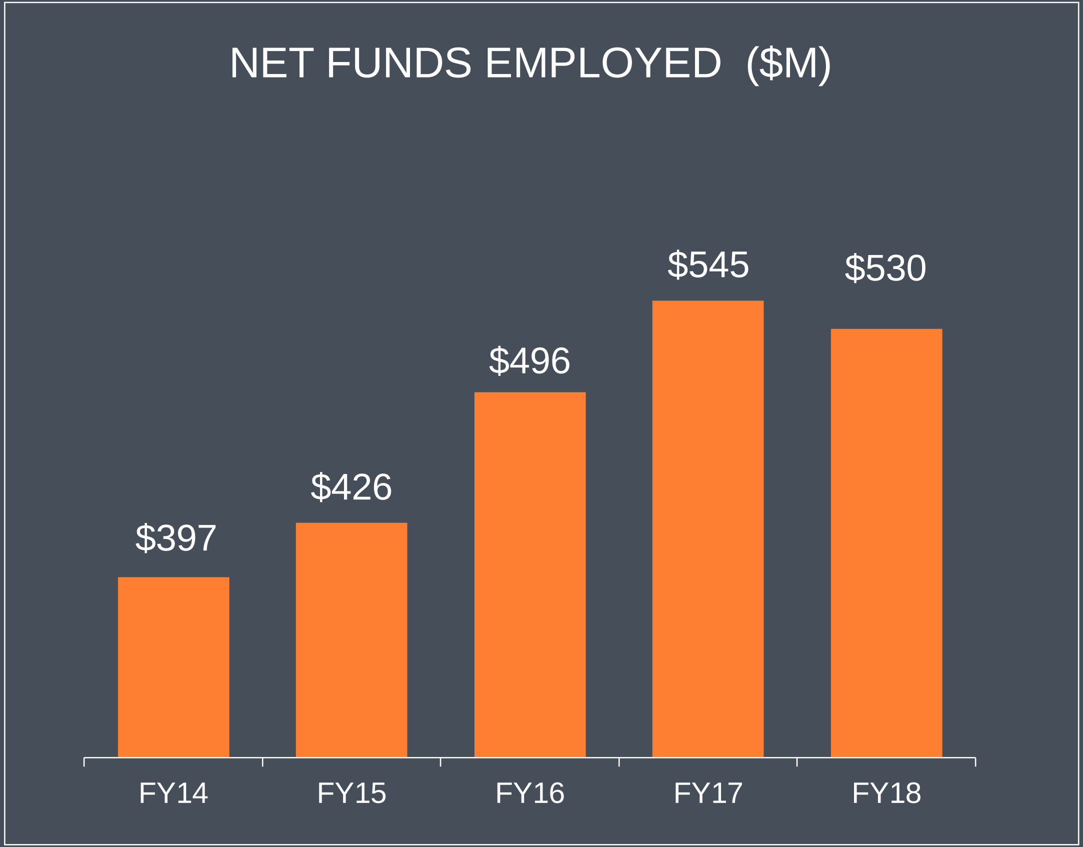
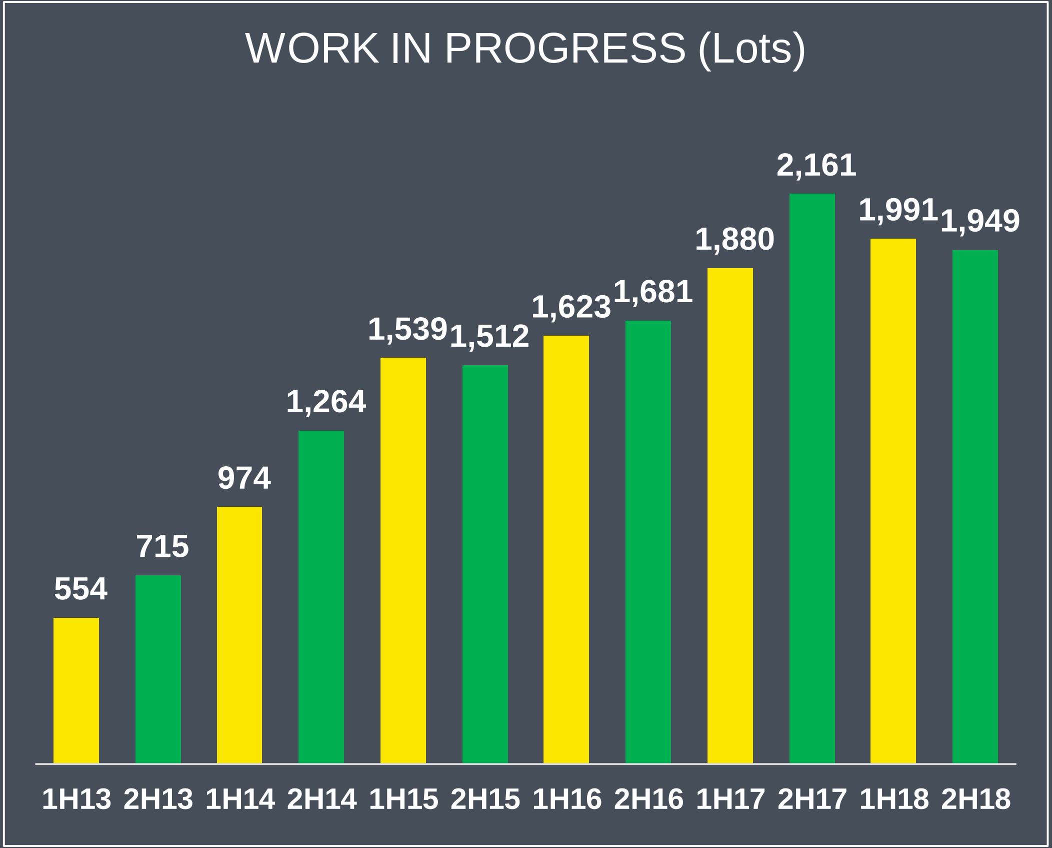
Net Funds Employed and WIP remain high





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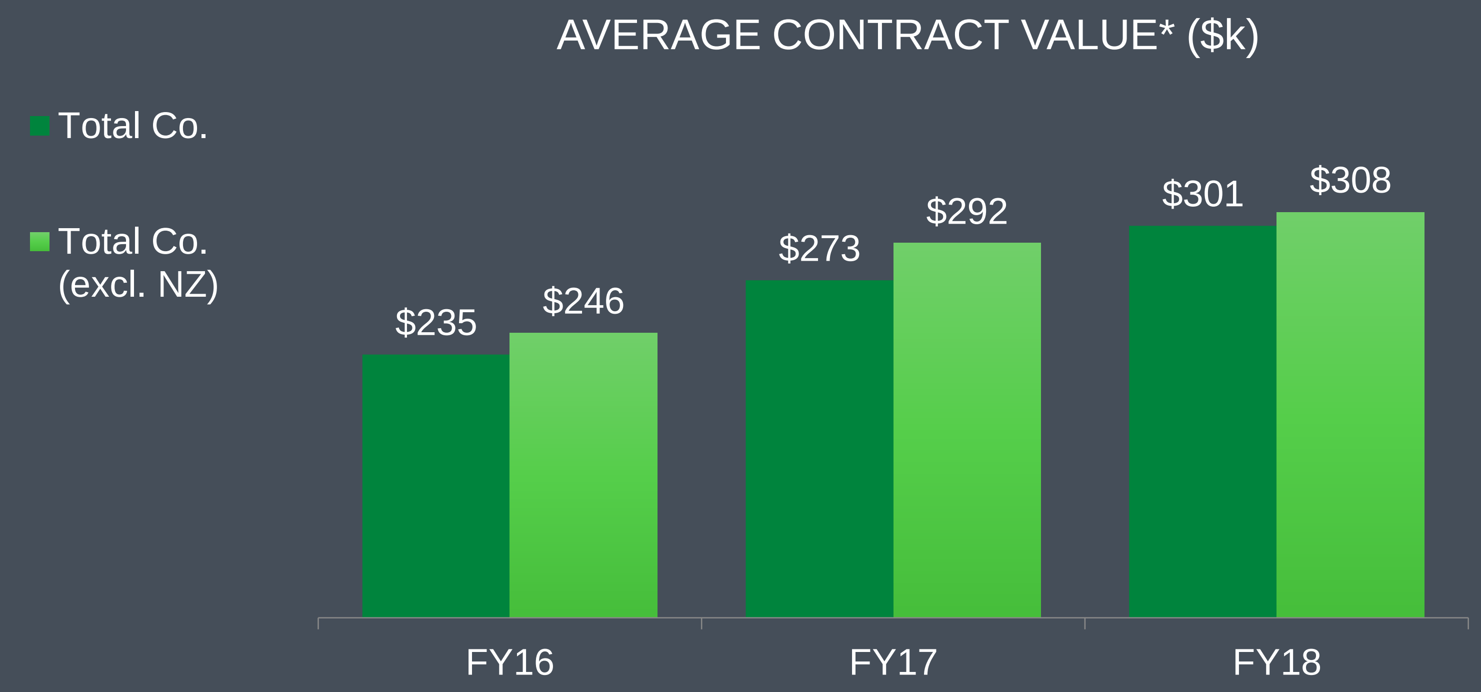
Increasing average contract value



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

New projects driving growth

	PROJECT	STATE	LOTS	FY18	FY19	FY20	FY21
1	WATERLINE	VIC	415				
2	LYNDARUM NORTH	VIC	2,129				
3	SPRING FARM EAST	NSW	453				
4	SPRING FARM	NSW	79				
5	RIVERTON	QLD	1,196				
6	BRIDGEMAN DOWNS 1	QLD	63				
7	COBBITTY	NSW	201				
8	WARNERVALE	NSW	595				
9	KOGARAH	NSW	67				
10	ROCHEDALE	QLD	81				
11	DEEBING HEIGHTS	QLD	210				
12	HAYES LANE, HUNTLEY	NSW	231				
13	RIPLEY 1	QLD	294				
14	HALL FARM	NZ	575				

DEVELOPMENT START

FIRST CONTRACT SIGNINGS

FIRST SETTLEMENTS

SETTLEMENTS CONTINUE

- ~66% of the inventory pipeline is in these projects.
- Activity is based on forecast project plans.

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VICTORIA
Market and significant project reviews

- Market remains strong although softening
- Have been some issues securing trades and services
- Key drivers remain advancement of Waterline and Lyndarum North

* *Completed Projects*

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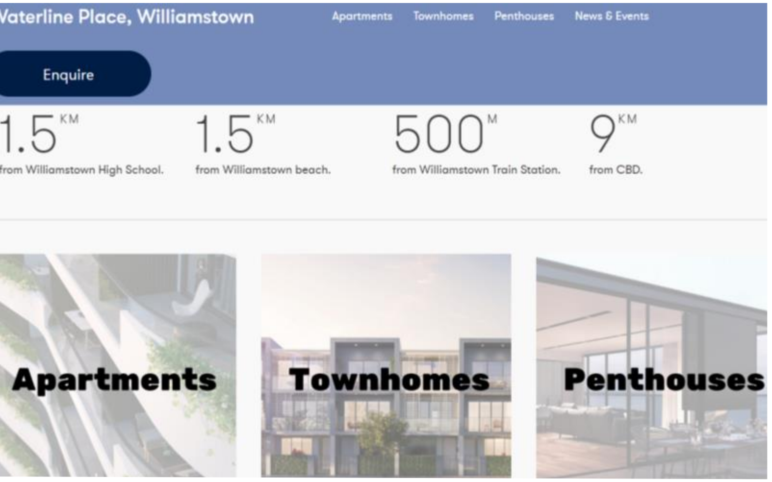
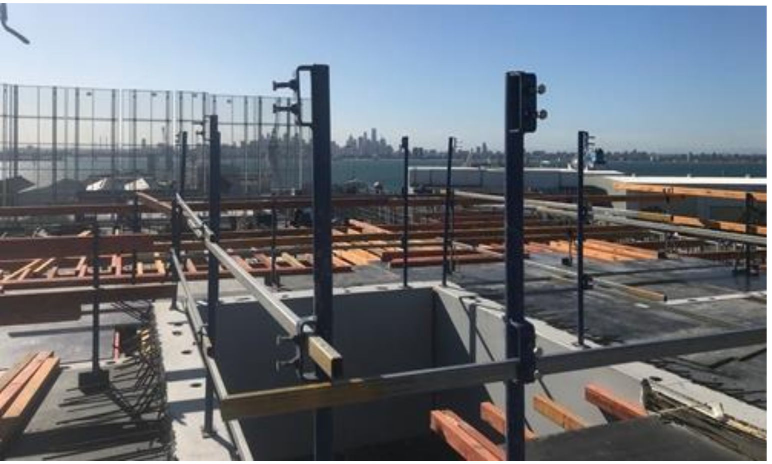
Good momentum at Waterline Place





- Minor revenue recognition in FY18 from the remaining Rosny apartments and Ellery townhomes settled
- The GEM apartments will soon reach a large milestone with the “topping out” of the structure, where the building reaches its maximum structural height
- 63% of the GEM apartments are sold including the first penthouse
- GEM value $92m, practical completion April/May 2019
- Lonsdale townhomes (12) expected to settle during 1H19

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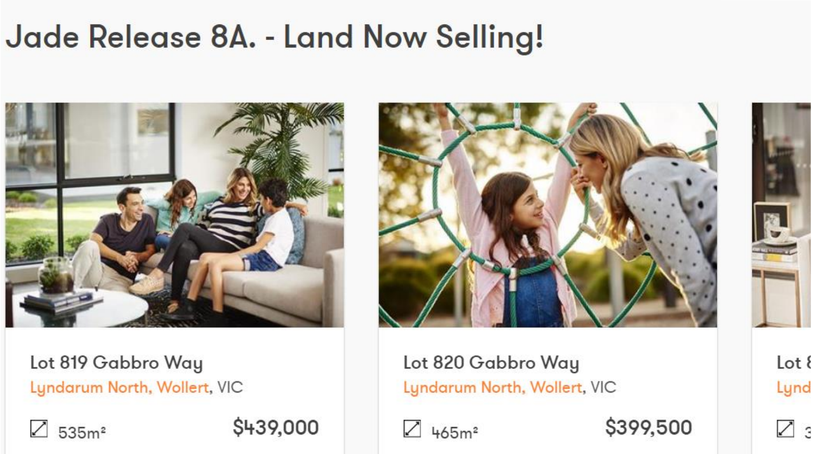
Lyndarum North approaches material revenue recognition backed by strong pre-sales



- $1.8m of revenue booked from Lyndarum North in FY18
- However there were 396 contracts on hand at this project which have not been realised as FY18 revenue or profit
- Settlements on ~ 361 lots are scheduled in FY19 (AVJ share 49%)
- The Lyndarum North JV partner is AustralianSuper

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NEW SOUTH WALES
Market and project reviews

- Market remains strong although some softening
- Main driver of Company’s results has been New South Wales
- Good balance of mature and emerging projects provides a platform for continued strong performance
- FY18 result impacted by decision not to recognise Arcadian Hills Stage 6: $6.1m impact on PBT

** Completed Projects*

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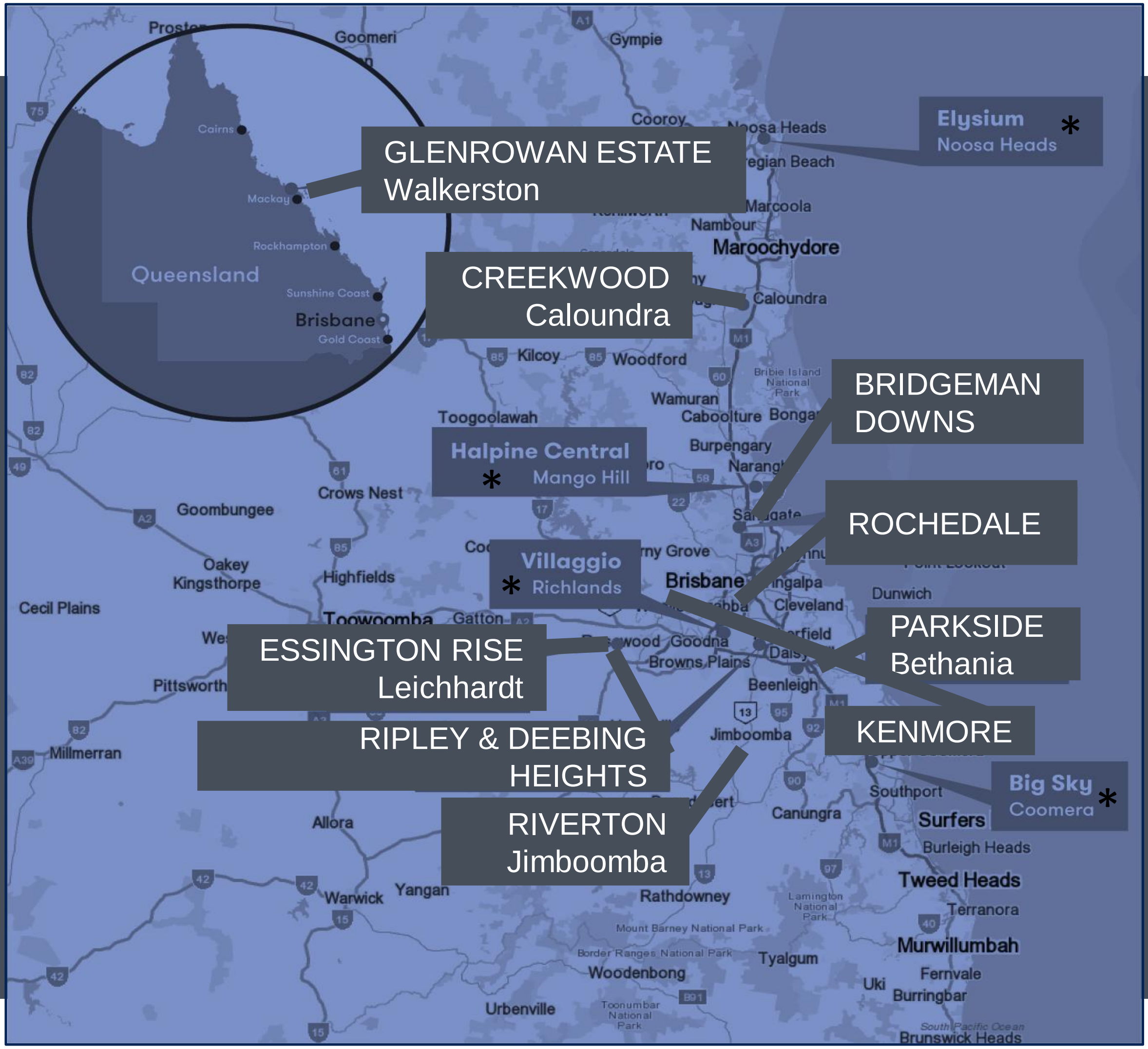
QUEENSLAND
Market and project reviews

- Market conditions reasonable and some commentary that reduced affordability in Victoria and New South Wales is positive for Brisbane market

- Results for FY18 below Company expectations:
    - Some completed, unsold inventory has been addressed but positive impact will mainly be in FY19
    - Project delays at Riverton, Jimboomba, to be resolved early in FY19



** Completed Projects*

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GOLD COAST 66mins
TAMBORINE MOUNTAIN 35mins
M1 MOTORWAY 35mins
BRISBANE CBD 50mins
LOGAN 32mins
BROWNS PLAINS 22mins
M2 LOGAN MOTORWAY 22mins
MOUNT LINDESAY HWY
JIMBOOMBA TOWNSHIP
BEAUDESERT 22mins
SPORTS FIELDS
CUSACK LANE
HILLS INTERNATIONAL COLLEGE
HILLS GOLF COURSE
LOGAN RIVER
RIVERTON
LIONS PARK
LOGAN RIVER
RIVERTON

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SOUTH AUSTRALIA
Market and project reviews

- Market conditions remain subdued

- Two major projects
  1. <u>Eyre at Penfield</u> where new community infrastructure is complete and a big positive going forward (see pic. below)
  2. <u>St Clair</u> where some super lot sales late in FY18 have increased momentum

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NEW ZEALAND
Market and project reviews

- FY18 result was lower due to delays in completing the acquisition of the latest stage at Hobsonville Point. These delays have been resolved.
- Commencement of first AVJennings housing construction in NZ
- Continuity of NZ operations secured by acquisition of ~ 575 lot site - Hall Farm, Orewa
  - Still subject to regulatory approval
  - Sign off expected in coming month
  - Acquisition settlement is expected in 1H19

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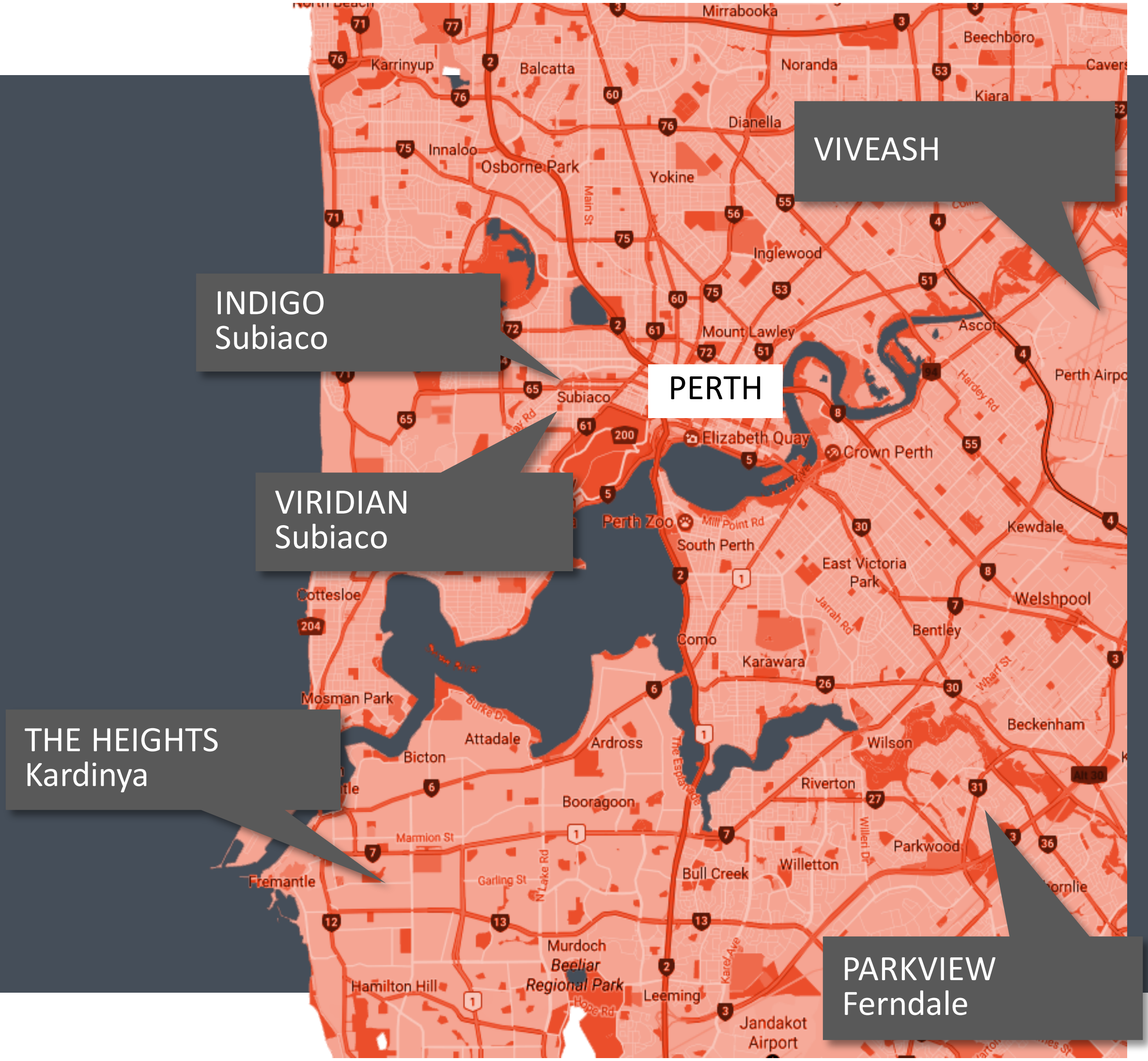
WESTERN AUSTRALIA
Market and project reviews

- Market showing early signs of improvement
- Company's investment remains small and strategically based
- All Project exposure is through minority JV positions



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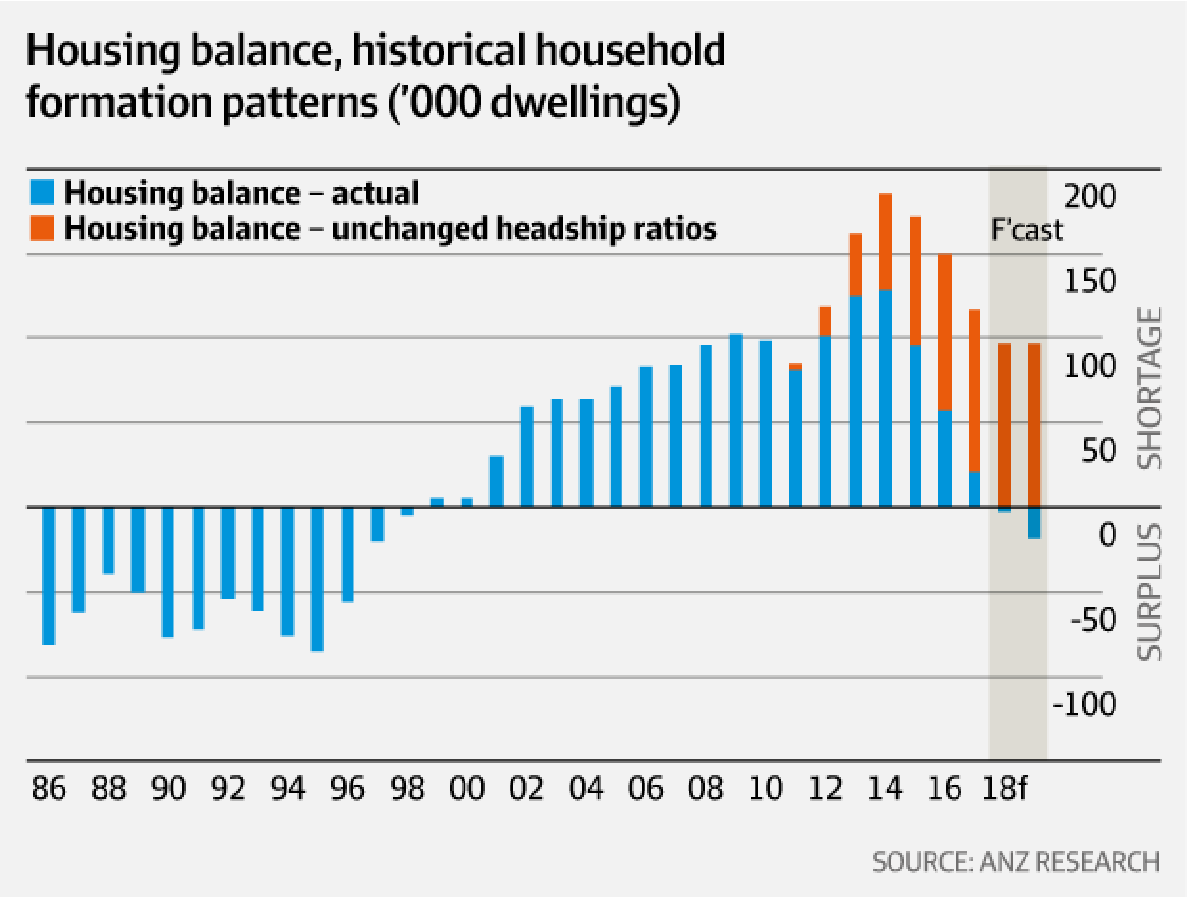
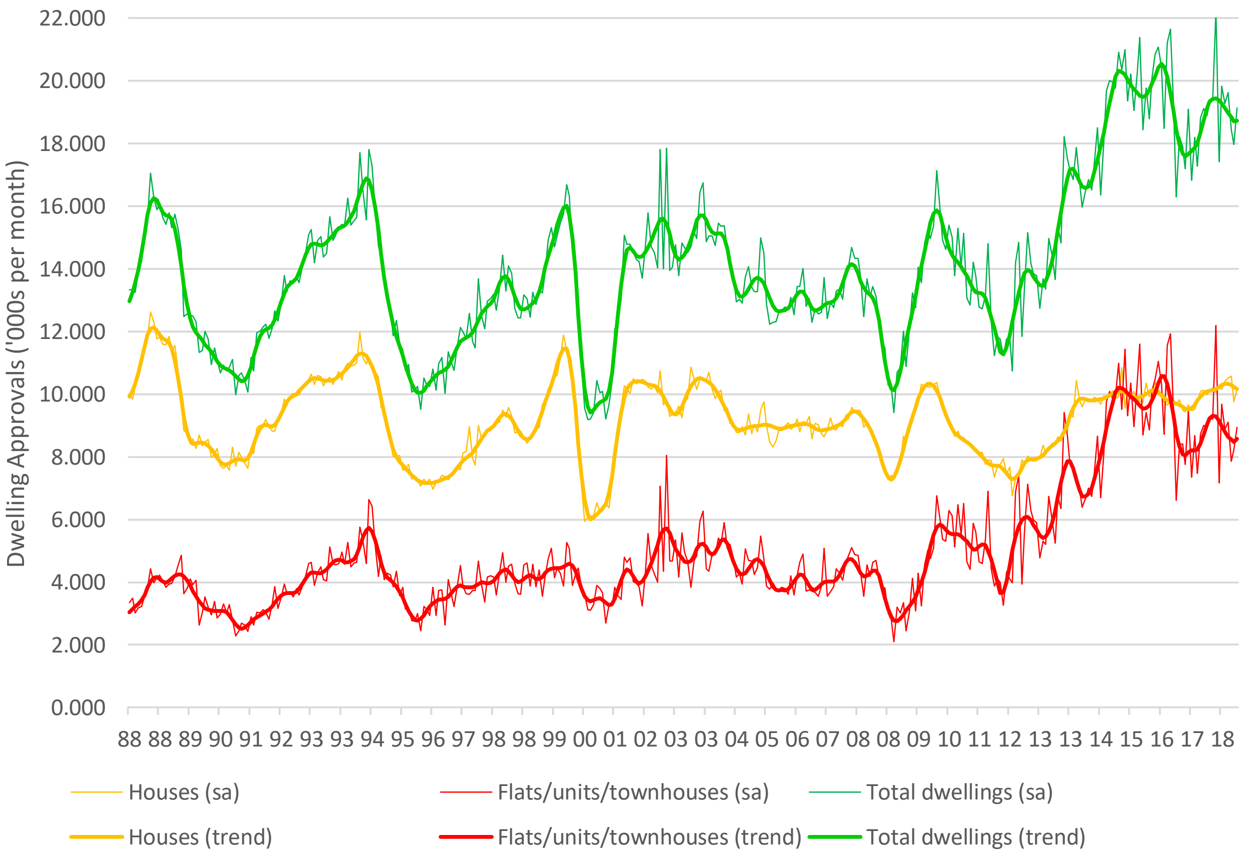
Market supply and demand





Source: ABS

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The residential real estate market in Australia

CONTINUING NEW DEMAND	A ‘new Melbourne’ is needed approximately every 10 years to accommodate forecast population growth
POSITIVE MACRO-ECONOMIC CONDITIONS	• Population growth • Stable employment • Low interest rates
RISK	• Over-supply of inner city / CBD apartments in Melbourne and Brisbane • Government taxation policy at all levels • Costly and inefficient approval processes
AVAILABILITY OF CREDIT	Changes in bank lending practices impacting the investor segment but less so the home occupier market
HOUSING AFFORDABILITY	While an ongoing issue it also provides great opportunity if it is achieved

Market outlook continues to be supported by positive economic fundamentals

POPULATION GROWTH

Population growth remains focused on Australia's capital cities

YEAR

2000 → 19m

2018 → 25m

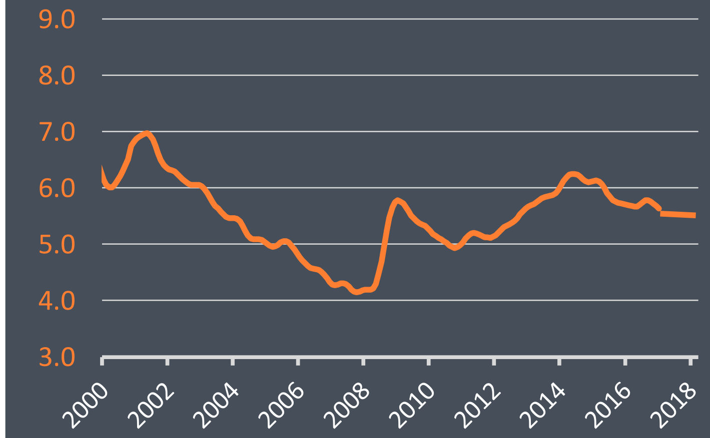
2040 → >31m

Source: Australian Bureau of Statistics

EMPLOYMENT

Employment outlook remains relatively stable

UNEMPLOYMENT RATE

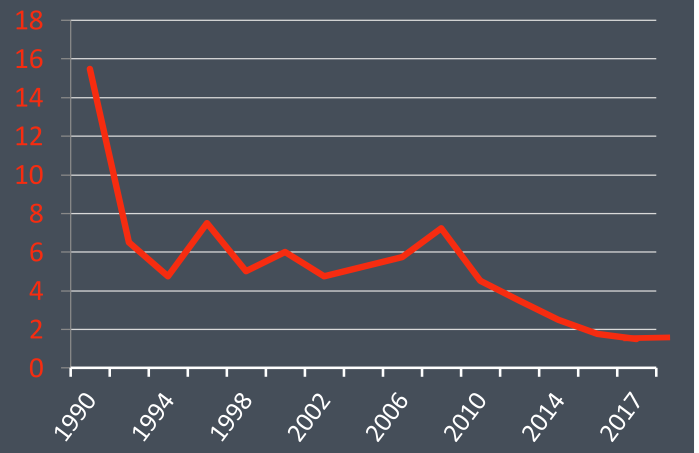


Source: Australian Bureau of Statistics

INTEREST RATES

Historically low interest rates expected to remain

CASH RATE



Source: Australian Bureau of Statistics

AVJennings

Our strategy is about 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

Stable and traditional market

AVJ CUSTOMER SEGMENTS

RETAIL CUSTOMER MIX

	FY18	FY17
FIRST HOME BUYERS	43%	37%
LOCAL INVESTORS	23%	30%
TRADE UPS / DOWNSIZERS	34%	32%
FOREIGN INVESTORS	0.1%	1%

BUSINESS

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

This segment remains an important customer sector.

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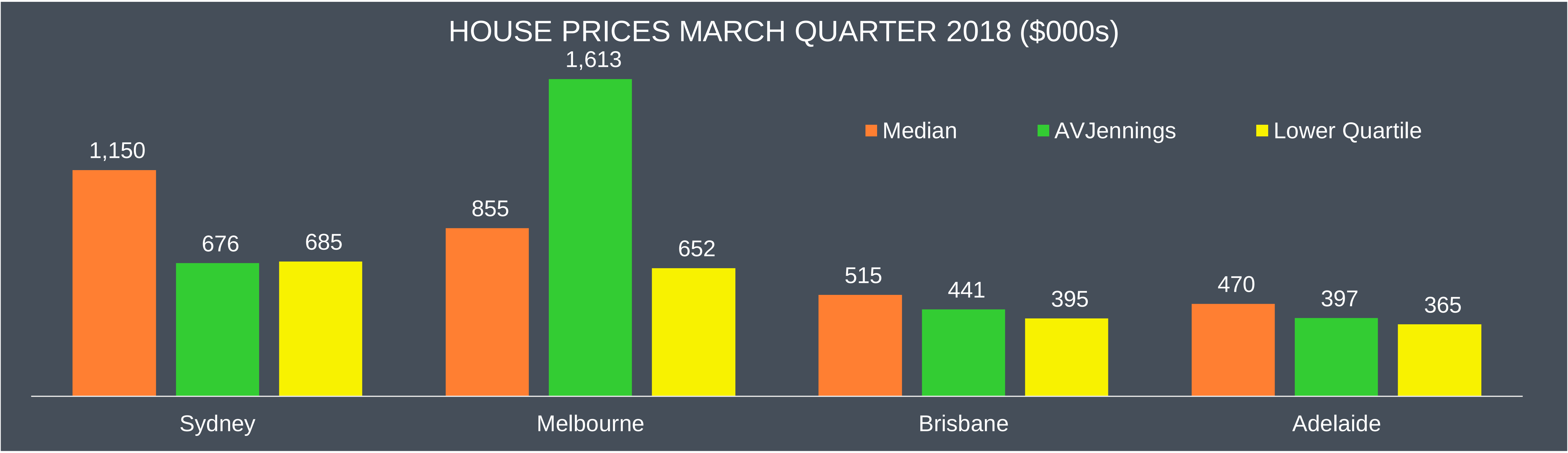
Continuing to provide affordable product



- Capital city figures for the median and lower quartile are for the March 2018 quarter and sourced from BIS Oxford Economics.
- AVJennings figures are based on average selling price for the 2018 financial year. Only town homes at Waterline Place, Williamstown (9km from CBD), have been sold in Melbourne by AVJennings in that period.
  - The AVJennings Melbourne average will reduce significantly when Lyndarum North sales commence
- AVJennings Brisbane data includes sales from projects in the Sunshine Coast, and Gold Coast.

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Outlook for FY2019

The strategy of delivering traditional housing solutions in prime markets as affordably as possible will continue to provide shareholders with healthy returns.

OPERATIONAL FOCUS

Acquisition of a 575 lot site north of Auckland in 1H19

Commencement of settlements at Lyndarum North in 1H19

Completed construction of the GEM apartments at Waterline Place in mid CY2019

Continue delivering strong results in NSW and address the issues in the QLD business

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%. Current 20% ratio provides scope for prudent acquisitions

REVENUE and EARNINGS

Growth in revenue and earnings skewed into the second half due to the expected timing of settlements

Strong pre-sales underpin confidence in the outlook for FY19

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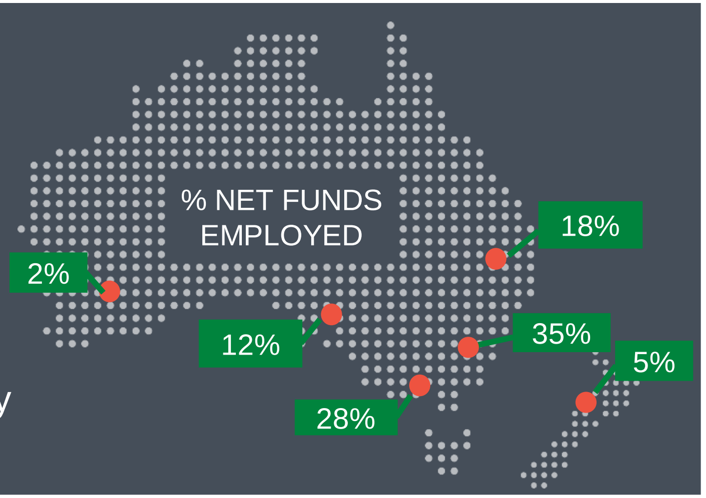
The Investment Opportunity

DIVERSIFICATION

- Geographic and product mix provides a less riskier portfolio
- Product mix includes a blend of detached homes, townhouses, medium density apartments and land sales



GROWTH

- Urban growth corridors growing at >2x GDP
- Stable market conditions
- ~10K Lot inventory pipeline with new projects driving growth
- Growth in NFE from $397m in FY14 to $530m at FY18
- 4 year CAGRs: Rev +10.6%, EPS +13.4%

SUSTAINABILITY

- Operating since 1932
- No inner city or high rise apartment projects
- Community focused
- Strong balance sheet

VALUE CREATION

- Dividend yield of 7.0% (fully franked 10.1%)*
- Trajectory of earnings, dividend and NTA growth since FY13
- TSR^ since last capital raising at 37.5 cents in May 2013 is +145%

*Calculated using a 5 cents fully franked dividend and 71 cents share price
^Calculated using a 71 cents price and 21 cents of declared dividends since May 2013

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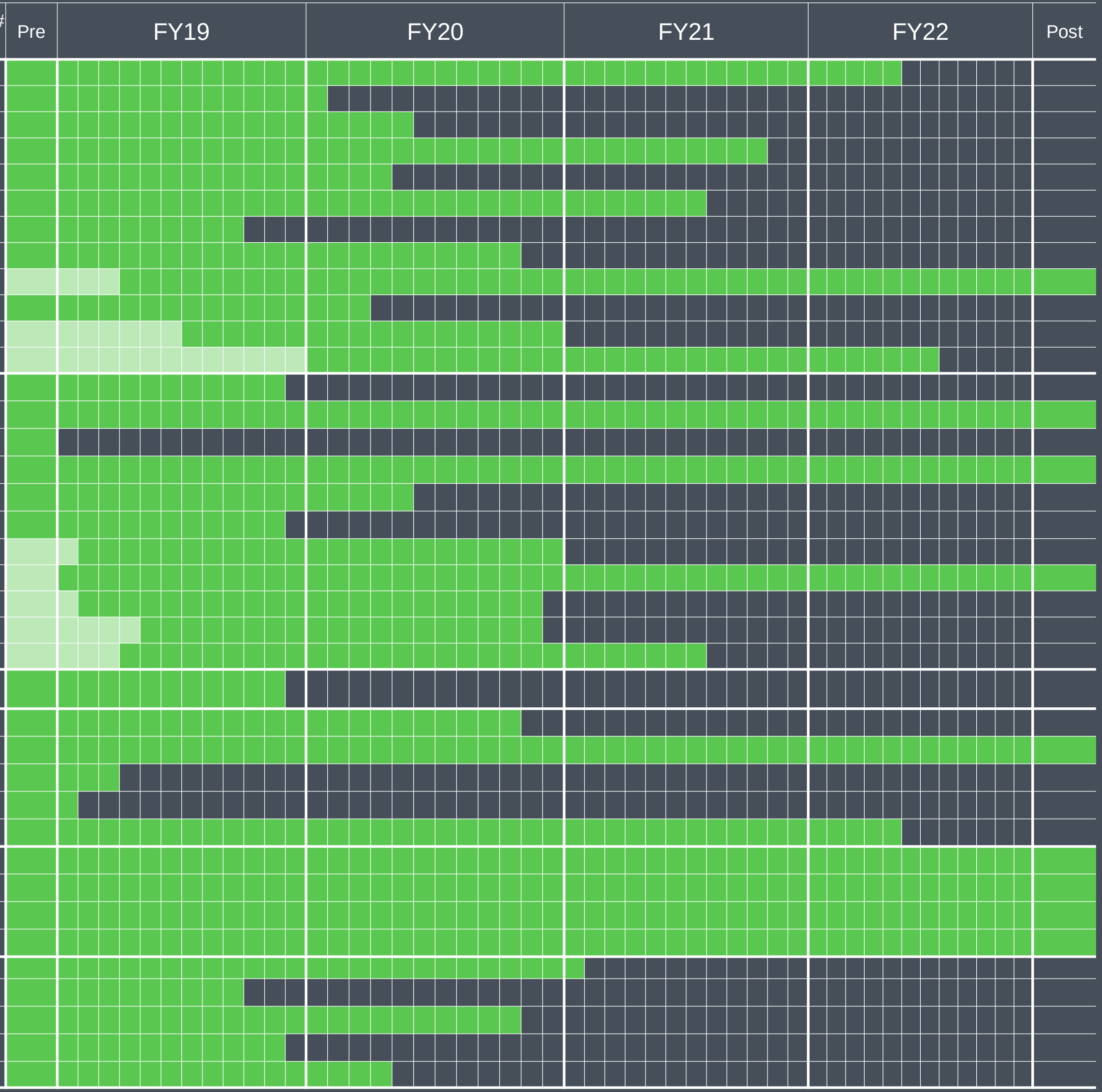
Appendix

State	Project	Remaining# of Lots
New South Wales	Argyle, Elderslie	164
	Magnolia, Hamlyn Terrace	62
	Evergreen, Spring Farm (South)	91
	Evergreen, Spring Farm (East)	453
	Seacrest, Sandy Beach	79
	Arcadian Hills, Cobbitty Stages 1 - 8	201
	Arcadian Hills, Cobbitty Stages 9 & 10	67
	Cobbitty Road, Cobbitty	57
	Warnervale	595
	Evergreen, Spring Farm PDA	79
	Kogarah (apartment project)	67
	Hayes Lane, Huntley	231
Queensland	Creekwood, Caloundra	80
	Glenrowan, Mackay	177
	Essington Rise, Leichardt	6
	Bethania	94
	Bridgeman Downs	63
	Kenmore	19
	Bridgeman Downs 2	11
	Riverton	1196
	Deebing Heights	210
	Rochedale	81
	Ripley 1	294
N.Z.	Buckley B	156
Victoria	Lyndarum, Wollert	95
	Lyndarum North, Wollert JV	2129
	Arlington Rise, Portarlington	50
	Hazelcroft, Doreen	1
	Waterline, Williamstown	415
S.A.	Pathways, Murray Bridge	53
	River Breeze, Goolwa North	80
	St Clair	292
	Eyre at Penfield	1473
W.A.	Indigo China Green, Subiaco Fine China Precinct	83
	Viridian China Green, Subiaco Fine China Precinct	14
	The Heights Kardinya	94
	Viveash	16
	Parkview, Ferndale	32



Detailed project pipeline by State

PRE-DELIVERY PHASE

DEVELOPMENT PHASE

Project pipeline as at 30 June 2018 – Excludes pending acquisition of Hall Farm (NZ)

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